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1997-98 BUDGET HIGHLIGHTS

Budget Sector Financial Management (see Chapter 1 for details)

- Underlying Budget surplus of \$27 million - excludes "extraordinary" items from equity restructures and sale of government business enterprises.
- First ever consecutive Budget to deliver an underlying surplus.
- Projected underlying surpluses of \$36 million in 1998-99 and \$195 million in 1999-2000 meet the Government's commitment to achieve sustainable Budget surpluses.
- Savings initiatives of \$146 million in a full year to further improve efficiency and effectiveness of service delivery.
- Budget Sector net debt as a percentage of GSP to decline from a high 10.1% in 1994 to 6.2% in 2000.

Economic Conditions in 1997-98 (see Chapter 2 for details)

- Economic growth expected at around 3½% - similar to the national level.
- NSW employment expected to rise by 1¾%.
- Inflation rate at around 2%.

Main Tax Measures (see Chapter 3 for details)

- Equitable tax increases to fund new health, education and other services. Measures include -
 - Introduction of an Electricity Distributors' Levy (yield of \$100 million).
 - Land tax rate to increase from 1.65% to 1.85% and extended coverage to high valued properties (yield \$109 million).
 - Introduction of a CBD accommodation duty (yield \$48 million).

□ **Other rate changes (yield \$125 million).**

1997-98 BUDGET HIGHLIGHTS (cont)

Police, Crime Prevention and Public Safety

- Police Integrity Commission established with budget of \$10.7 million per annum to detect, investigate and prevent police corruption and other serious police misconduct.**
- \$2.9 million to improve court security.**
- \$3.8 million to improve road safety, including breath testing devices.**
- \$1 million per annum for Indigenous Action Plan (Department of Corrective Services).**
- \$2.4 million over two years to train staff at Juvenile Justice Centres.**
- \$1.9 million (\$6.1 million over three years) for the establishment of a Youth Justice Conferencing Scheme.**

Education

- \$55 million for a "Back to School Allowance" to all parents with school-age children to help meet costs of equipping children for school each year.**
- An extra 250 teaching positions in schools. The Government has funded an additional 776 teaching positions since 1995.**
- Commence 15 new school education capital projects including 8 new schools.**
- Begin 8 major new capital developments at TAFE colleges.**

Social and Community Services

- Home and Community Care program of \$254 million, including growth funding of \$8 million for new and expanded services.**
- \$4 million to improve substitute care services for children and young people in care (\$20 million over three years).**
- \$6.4 million for a joint project involving Community Services, Health and Police for improved investigation and response to child abuse.**

1997-98 BUDGET HIGHLIGHTS (cont)

Health

- An extra \$452 million for all health services since the last Budget, including -
 - Additional funding for growth areas of South Western and Western Sydney, Central Coast, North Coast, Hunter and Illawarra.
 - \$7 million extra for mental health services.
 - Further \$6.4 million for medical teaching and research.
- \$471 million for capital works including major new hospital projects with an estimated total cost of \$258 million.

Transport

- \$348 million for rail infrastructure projects including -
 - \$193 million for the New Southern Rail/East Hills line.
 - \$12.9 million for Flemington Junction for the Olympic and Showground site.
 - Amplification of the Richmond rail line at a cost of \$8 million.
 - \$12 million for new suburban rail cars.
 - \$18 million for access, security and upgrade of stations.
- \$2,190 million for roads including -
 - \$145 million a year for roads in the West and South West of Sydney.
 - \$220 million (as part of a 10 year program) for the Pacific Highway.
- \$52 million for the M4/M5 Cashback Scheme.
- \$144 million for the M5 East project.

Housing, Water and Sewerage and the Environment

- \$30.6 million in 1997-98 for backlog sewerage projects in

1997-98 BUDGET HIGHLIGHTS (cont)

metropolitan fringe areas.

- \$17.1 million to arrest environmental degradation in irrigation areas.
- \$4.8 million for the Willandra Lakes World Heritage listing package.
- \$0.6 million for the first stage of a \$4 million rehabilitation of wetlands on Kooragang Island.

Recreation and Culture

- A record \$628 million in 1997-98 on Olympic and Paralympic facilities.
- \$5.2 million for new parks and wilderness areas.
- \$2.1 million to maintain additions to the National Parks and Wildlife Service estate.
- \$20 million for new national parks, as part of a \$50 million, 4 year program.

Mining, Energy and Construction

- \$52 million (\$12 million in 1997-98) over 3 years for the Sustainable Energy Development Authority for the development, promotion and use of sustainable energy technology.
- \$1 million for the Gretley Judicial Inquiry.
- \$2.9 million for various projects promoting research, development and reform in the electricity and gas industries.
- \$2.6 million for the Discovery 2000 project to continue mapping and collecting geophysical and geological data for the State.
- \$1.6 million (over two years) to build extensions to Mineral Resources core sample library.

Agriculture, Forestry and Fishing

- \$32 million in 1997-98 for the Forestry Industry Structural Adjustment Package (a total of \$120 million over the period

1997-98 BUDGET HIGHLIGHTS (cont)

1995-96 to 1999-2000, funded dollar for dollar with the Commonwealth).

- \$21.4 million to complete a \$47 million, 3 year program to create new eucalypt hardwood plantations.
- \$14.8 million for State's share of the Murray Darling Basin Agreement.
- \$16.4 million for native vegetation management reforms, including \$5 million for the Native Vegetation Management Fund (\$15 million to be provided over three years).
- \$2.5 million to establish the Acid Soil Action Program (\$7 million over three years).
- \$6 million to minimise problems associated with noxious weeds, including an additional \$1 million in 1997-98.

Economic Services

- \$7.6 million for business initiatives in agriculture, rural export and other export oriented industries, and industry and other assistance.
- \$1.6 million for Tourism special events marketing.

Chapter 1:

BUDGET POLICY AND POSITION

1.1 Budget Policy Statement

1.2 Budget Position

1.3 1997-98 Budget Measures

1.1 BUDGET POLICY STATEMENT

BACKGROUND

The General Government Debt Elimination Act was passed by Parliament in late 1995. The Act provides, inter alia, for the Treasurer to prepare a Budget Policy Statement as part of each year's Budget Papers. The Statement is to include information on the following matters -

- an assessment of progress achieved against the fiscal targets and fiscal principles set out in the Act;
- projection of the ability to achieve fiscal targets in the future and to progress the achievement of fiscal principles; and
- 3-year projections of all relevant economic and financial variables.

This Section of Budget Paper No. 2 provides the Budget Policy Statement for the 1997-98 Budget.

ASSESSMENT OF PROGRESS ACHIEVED AGAINST THE FISCAL TARGETS AND FISCAL PRINCIPLES AND PROJECTED POSITION

Principle no. 1 - adherence to fiscal targets

- **Past Trends**

As far back as consistent information is readily available (and probably for at least the last few decades), New South Wales would have been running budget deficits. The only exceptions to this were in 1988-89, when a massive increase in stamp duty revenue from the Sydney property boom resulted in a surplus of around \$200 million and in 1996-97, with a surplus of \$67 million arising from the Government's commitment to expenditure restraint and debt reduction under the General Government Debt Elimination Act.

After 1988-89, the Budget result deteriorated rapidly as the economy slowed and the boom in the Sydney property market reversed. The deficit peaked in 1991-92 (refer to Table 1.8 in Section 1.2 for details).

- **Policy and Prospects**

The *short term fiscal target* set out in the is to achieve a sustainable Budget surplus for the general government sector within three years from the commencement of the Act.

The projections in last year's Budget Papers showed a Budget broadly in balance in 1996-97, with moderate surpluses in the following years. Since then, additional pressures have arisen on the Budget. These pressures include cuts in Commonwealth funding, additional costs in the provision of public health services associated with the continuing fall in private health insurance and additional costs transferred to the Budget as a result of rail reform.

The expected Budget result for 1996-97 is now an underlying surplus of \$67 million - up from the Budget-time forecast of a \$5 million surplus.

This improvement largely reflects a changed treatment of certain costs related to the sale of the State Bank. As the proceeds from the sale were treated as an extraordinary item, the costs associated with the sale were similarly excluded from the underlying Budget results in 1994-95 and 1995-96. This treatment has now been adopted for 1996-97.

Had the 1996-97 Budget been presented with these costs treated on the basis now adopted, it would have projected an underlying surplus of \$51 million.

For 1997-98 and later years, the projections continue to indicate that the short term fiscal target will be met. While the projected surpluses are lower than those previously forecast, it was not seen to be appropriate to increase taxes beyond what has been necessary in this Budget, simply to achieve those forecasts. (It is important to understand the difference between targets and projections - the former would represent a committed position to be achieved; the latter simply represent the best available estimates of the future Budget position given the continuation of current expenditure and revenue policies.)

It should also be noted that the Budget Sector results for 1996-97 to 1998-99 include the impact of large net expenditures on the Olympics and Homebush Bay development (\$430 million, \$409 million and \$448 million in the respective years). These years represent the peak years of Budget impact from these projects, confirming the prospect of continuing sustainable surpluses in following years.

It should be noted that the Budget coverage at present is not based on the general government sector. On a general government basis, the revised result for 1996-97 is for a surplus in the order of \$300 million, while the forecast result for 1997-98 is likely to be a deficit of less than \$50 million (the turnaround partly reflecting the timing of SOCOG revenues and expenditures).

Projections are not produced beyond the Budget year for the general government sector at this stage. However it is anticipated that on a general government basis, the results in 1998-99 and beyond will move from a broadly balanced position to one of modest but growing surpluses.

The *medium term fiscal target* is to reduce the level of net debt to a sustainable level. This is defined as the level of net debt at which the Budget can absorb the full adverse impact of an economic cycle without the need for significant corrective action.

At present, the annual interest bill on Budget Sector debt is around \$1.5 billion. This consumes around 6½ per cent of Budget receipts. Reducing debt and hence interest costs will decrease the exposure of the Budget to economic downturns and free resources for service provision and/or a lower tax burden. A comprehensive review is being undertaken to determine the sustainable debt level.

The *long term fiscal target* is to eliminate net debt in the general government sector by 2020.

As part of the review of the sustainable debt level, work is also being undertaken to define a range of feasible time profiles for achieving the long term target.

Principle no. 2 - maintaining or increasing general government sector net worth

- **Past Trends**

General government sector net worth is defined as *total assets* less *total liabilities*.

As at 30 June 1996, the net worth of the Budget Sector was \$19.1 billion. The Public Accounts will present data as at June 1997 in November this year.

At present the Consolidated Financial Statements do not present information on the general government sector but it is likely to be broadly in line with the net worth of the Budget Sector.

Trends in the Budget Sector net worth are set out in Table 1.1.

Table 1.1: Trends in Budget Sector Net Worth

30 June	Assets	Liabilities	Net Worth
	\$m	\$m	\$m
1991	58,195	30,718	27,447
1992	56,416 (a)	32,795	23,621
1993	57,685	35,155	22,530
1994	59,755	35,068	24,687
1995	61,742	35,985	25,757
1996	54,824 (b)	35,729	19,095

(a) The decline between 1991 and 1992 is due to changes of coverage and valuation methodology, rather than an underlying deterioration.

(b) Reduction is due to the transfer of regional roads to local councils (\$6,179m) and downward adjustments of asset values by some agencies (\$2,742m).

- **Policy and Prospects**

The principle is to at least maintain the net worth of the general government sector in real terms. While information is not yet available on Budget Sector net worth

as at June 1997 or the projected position as at June 1998, some tentative conclusions can be drawn.

In view of the projected Budget surplus for 1997-98, the \$3½ billion capital program (which adds to the asset base) and the move to full funding of accruing superannuation liabilities, it can be assumed that Budget Sector (and by inference, general government sector) net worth will increase in real terms in 1997-98.

Similarly, given the projected Budget position for the forward years, this improving trend should continue.

Principle no. 3 - funding employer superannuation contributions

- **Past Trends**

Until 1992, the policy was to fund superannuation only on a *pay as you go* basis in respect of the employer liability. In 1992, the then Government introduced a new scheme, First State Super, which is an accumulation scheme for all new employees and is operated on a fully funded basis.

Trends in the level of unfunded superannuation liability for the Budget Sector are set out below in Table 1.2.

Table 1.2: Budget Sector Unfunded Superannuation Liability

As at 30 June	Budget Sector Unfunded Superannuation Liability
	\$m
1992	11,319
1993	12,431
1994	12,250
1995	12,687
1996	13,654
1997	14,683

The increases in the Budget Sector unfunded liability as at June 1996 and June 1997 substantially reflect the assumption, by the Budget, of unfunded superannuation liabilities of various Government Trading Enterprises and State Owned Corporations as part of the corporatisation process, rather than any deterioration in the underlying position.

- **Policy and Prospects**

Debt is only a subset, although a very large subset, of total liabilities. Accordingly, it is important that the same policy of restraint that applies to debt applies to other non-debt liabilities.

Of the Budget Sector's non-debt liabilities of broadly \$19.0 billion as at 30 June 1996, the most significant component was the unfunded superannuation liabilities of \$13.6 billion.

This principle requires that -

- accruing superannuation liabilities (for both the general government and public trading enterprise sectors) should be fully funded; and
- there should be phased-in funding to eliminate the existing level of unfunded liabilities.

In the absence of initiatives taken to bring unfunded superannuation liabilities under control, superannuation payments would consume an increasing proportion of Budget outlays and restrict the flexibility to cater for emerging social needs.

In accordance with the principle, this Budget continues the practice of fully funding each year's superannuation expenses in the First State Superannuation Scheme, phasing in full funding of other accruing superannuation liabilities and moving to address past unfunded liabilities. Based on latest actuarial assessments, while the accruing liability is funded to a substantial extent, it will not be fully funded on an ongoing basis until the year 2020. Similarly, the overall scheme will not be fully funded until the year 2045.

General government sector agencies currently outside the Budget Sector are also required to fully fund each new year's superannuation expense and where they have past unfunded liabilities, they are required to address these over a period, not exceeding 30 years (as from 1992).

Principle no. 4 - asset maintenance

- **Past Trends**

It is only in recent years that there has been a proper appreciation of the need to develop a formal asset maintenance policy. In the past such a policy was not in place due to the lack of adequate information on assets. This in turn resulted in a bias towards the acquisition of further assets at the expense of proper asset maintenance.

The introduction of accrual accounting in the Budget Sector has largely rectified the information deficiency.

- **Policy and Prospects**

Under the asset management policy, agencies are required to develop asset maintenance plans which identify all assets, set out a maintenance program for each asset or grouping of assets, identify any deferred maintenance requirements and establish a funding plan.

Asset maintenance plans for most Budget Sector agencies have now been prepared. These will be submitted to the Budget Committee of Cabinet in the second half of 1997 for consideration, following review by Treasury and the Department of Public Works and Services. The result of this process will be the endorsement of an asset maintenance program and the broad commitment by Government of funding. It needs to be acknowledged that this will absorb some of the funding that may previously have gone into new capital projects. However, it is clearly inappropriate to expand the capital stock to the exclusion of adequate maintenance of existing assets.

Principle no. 5 - constrained growth in net cost of services and outlays

- **Past Trends**

Over the longer term, there has been a trend of significant real growth in Budget outlays. Over the two decades to 1994-95, New South Wales' own purpose outlays by the general government sector grew by 2.6 per cent per annum in real terms. This compares with a slightly lower growth rate of 2.3 per cent per annum for the six States combined.

- **Policy and Prospects**

The main strategy for achieving the objective of reducing debt and eliminating the Budget deficit is through restraint of Budget outlays.

The principle is to keep the growth in net cost of services and outlays below the growth in inflation and population (i.e. zero real growth in per capita terms). In respect of capital outlays, the principle is to be applied over a 3 to 5 year period to allow for the impact of large projects, such as the Olympics.

Budgets have traditionally reflected cash transactions, with outlays defined as cash payments less cash user charges.

The accrual presentation of the Budget includes non cash items such as depreciation, superannuation expenses, accounts receivable and accounts payable. This means that estimates are made up of expenses and revenues which are attributable to the current year's activities.

With the introduction of accrual accounting into the Budget Sector, the Budget is now able to measure the *net cost of services*, i.e. total expenses less user charges.

Accordingly, the commitment to restraint of the net cost of services is an important extension of the policy of fiscal restraint.

In the 1997-98 Budget, current outlays are forecast to grow by 4.2 per cent. This represents a real per capita increase of only 1.0 per cent. Net cost of services is projected to increase by 3.5 per cent in nominal terms, a real per capita increase of only 0.4 per cent.

Excluding the impact of net advances (mainly payments from Non Budget Sector agencies resulting from equity restructures and sale of surplus assets), capital outlays will grow by 14.6 per cent in 1997-98 in nominal terms (including a near 50 per cent increase in Olympics related expenditures). This represents a real per capita increase of 11.1 per cent. Capital outlays excluding both net advances and Olympics related expenditures will increase by 9.6 per cent in nominal terms in 1997-98.

Principle no. 6 - prudent risk management

- **Policy and Prospects**

There are risks that are centrally identified and managed, and others that are the direct responsibility of individual agencies. Regardless of where the risk arises, it is vital that there is a comprehensive framework in place for identifying, assessing and addressing risk.

At the level of the whole general government sector, this involves seeking to reduce debt and other liabilities and to manage them in a prudent manner. Financial risks for the Budget Sector are centralised in the main, with Treasury Corporation managing total Budget Sector debt and relatively limited powers conferred on Budget Sector agencies for the management of financial assets.

During 1995-96 Treasury Corporation was reviewed, with a view to eliminating all functions that involved undertaking a financial risk that was not essential for its core roles of funding and debt management. This has resulted in its elimination of various activities that added to the level of State risk and the elimination of broadly \$6 billion of surplus debt.

As part of the process of developing Statements of Financial Performance, each Budget Sector agency is required to identify and assess all financial and operating risks and develop strategies for dealing with these in a cost effective manner.

Principle no. 7 - tax restraint

- **Past Trends**

Over the last recession and consequent deterioration in the Budget, there was substantial recourse to tax increases to keep the Budget deficit under control.

This experience was shared by most other States and as a result, while taxes in New South Wales increased in absolute terms, the tax burden relative to other States did not.

Table 1.3: Trends in Tax Levels

Year	Policy Induced Tax Changes (a)	Index of Tax Burden in NSW relative to the National Average
	\$m	
1989-90	200	n.a.
1990-91	310	n.a.
1991-92	80	103.8
1992-93	240	103.0
1993-94	100	101.6
1994-95	(40)	104.1
1995-96	10	102.6
1996-97	180 (b)	n.a.
1997-98	420 (b)	n.a.

(a) Net effect of all tax changes impacting on the year shown, whether announced in that year or in previous years.

(b) Includes impact (\$213 million in 1996-97 and \$17 million in 1997-98) of tax increases introduced to fund the Fiscal Contribution Payments to the Commonwealth.

- **Policy and Prospects**

This principle requires that the level of taxes should be constrained to the maximum extent possible and that policies should be pursued that give a reasonable degree of predictability about the level and stability of tax rates for future years.

The existing tax system is narrowly-based, generally regressive and relatively inefficient. New South Wales will continue to seek to achieve meaningful reform of Commonwealth-State financial relations in order to provide a more appropriate revenue structure for the State.

The Government recognises the need to balance the call on taxpayers to fund Budget outlays. The 1995-96 and 1996-97 Budgets achieved the financial targets set by the Government without recourse to tax rate increases. (In fact, the 1996-97 Budget exempted refinancing of existing loans from loan security duty as from 1 July 1996.)

Subsequent to the 1996-97 New South Wales Budget being presented, it was agreed at the 1996 Premiers' Conference that the States would make Fiscal Contribution Payments over a three year period to assist the Commonwealth in meeting its deficit reduction targets. For New South Wales, the payment in 1996-97 was set at \$209.5 million.

To fund this requirement, New South Wales was obliged to introduce a range of temporary tax increases, as detailed in Chapter 3.

For the 1997-98 Budget, it has been necessary to introduce a targeted tax package to fund the cost of a number of emerging needs, particularly in the health and public transport areas. The health needs reflect both the impact on the public health system of falling private health coverage and the requirement to increase the provision of health services in under-resourced areas of the State. Overall Budget receipts are estimated to increase by only 6.4 per cent, 1.2 per cent and 3.5 per cent in the years 1997-98, 1998-99 and 1999-2000 respectively.

However, the intention is for future Budgets to maintain the position of tax restraint and, if possible and consistent with the overall fiscal targets, to achieve targeted tax relief.

It is important for taxpayers in the State to have a degree of certainty as to the level of taxes they will face in the future.

It is also intended to seek over time to improve the structure of taxes in a revenue-neutral way. At present a number of interstate reviews in the areas of payroll tax, stamp duty and financial taxes are underway or nearing completion.

ECONOMIC AND FINANCIAL VARIABLES

The General Government Debt Elimination Act also requires the Treasurer to include 3-year projections of all relevant economic and financial variables in the Budget Papers.

The following table sets out key economic and financial variables relevant to the Budget. More detailed data and discussion is contained in Section 1.2 (in relation to Budget aggregates) and in Chapter 2 (in relation to economic conditions and forecasts).

Table 1.4: Economic and Financial Variables

Variable	1996-97	1997-98	1998-99	1999-2000
NSW real GSP growth (%)	3	3½	3½	3¾
NSW employment growth (%)	1	1¾	2	2
NSW unemployment rate (%)	8	7¾	7½	7¼
Sydney CPI (%)	1½	2	2½	2½
10 Year bond rate (as at June) (%)	7½	8	8	8
Budget surplus (underlying) (\$m)	67	27	36	195
Budget Sector net debt (% of GSP)	7.5	7.1	6.7	6.2
Budget Sector debt costs (% of budget receipts)	6.3	6.4	6.1	6.1
Real growth in Budget Sector current outlays (%)	6.5	2.0	0.5	1.0
Real growth in Budget Sector capital outlays (a) (%)	(-) 4.0	14.6	(-) 11.7	(-) 0.3
Real growth in Budget Sector receipts (%)	3.9	4.1	(-) 1.0	1.7
Budget Sector employment (000)	228.8	230.9	n.a.	n.a.

(a) Excluding net advances.

1.2 BUDGET POSITION

BUDGET AGGREGATES

1997-98 Budget Projections

Table 1.5 shows a summary of the major Budget aggregates on both a “headline” and “underlying” basis.

Table 1.5: Summary of Major Budget Aggregates (a)

	1996-97	1997-98		1998-99		1999-2000	
	(Revised) \$m	\$m	% change	\$m	% change	\$m	% change
Headline Basis							
Current Outlays	19,697	20,516	4.2	21,070	2.7	21,656	2.8
Current Receipts	21,543	22,763	5.7	23,284	2.3	24,098	3.5
Current Result	1,846	2,246		2,214		2,442	
Capital Outlays	2,599	3,383	30.2	3,083	(-) 8.9	3,138	1.8
Capital Receipts	872	1,081	24.0	847	(-) 21.6	870	2.7
Capital Result	(1,727)	(2,302)		(2,236)		(2,269)	
TOTAL RESULT (a)	119	(56)		(22)		173	
Underlying Basis							
Current Outlays	19,690	20,515	4.2	21,070	2.7	21,656	2.8
Current Receipts	21,543	22,763	5.7	23,284	2.3	24,098	3.5
Current Result	1,853	2,247		2,214		2,442	
Capital Outlays	2,658	3,301	24.2	3,025	(-) 8.4	3,117	3.0
Capital Receipts	872	1,081	24.0	847	(-) 21.6	870	2.7
Capital Result	(1,786)	(2,220)		(2,178)		(2,247)	
TOTAL RESULT (a)	67	27		36		195	

(a) For reasons of commercial confidentiality, the table excludes expected proceeds from the sale of Axiom Funds Management and the TAB.

The “headline” basis of presentation incorporates all transactions of the Budget Sector. The “underlying” basis excludes items which are “extraordinary” in nature. Such items include transactions relating to the sale of government-owned businesses (e.g. the GIO, State Bank, Axiom Funds Management and the TAB) or arising from major equity restructuring of Non Budget Sector agencies (principally the electricity sector).

On a “headline” basis, the 1997-98 Budget projects a deficit of \$56 million.

On an "underlying" basis the projected Budget result in 1997-98 is a surplus of \$27 million. Details are shown in Table 1.6, with an analysis of the major components appearing later in this Section.

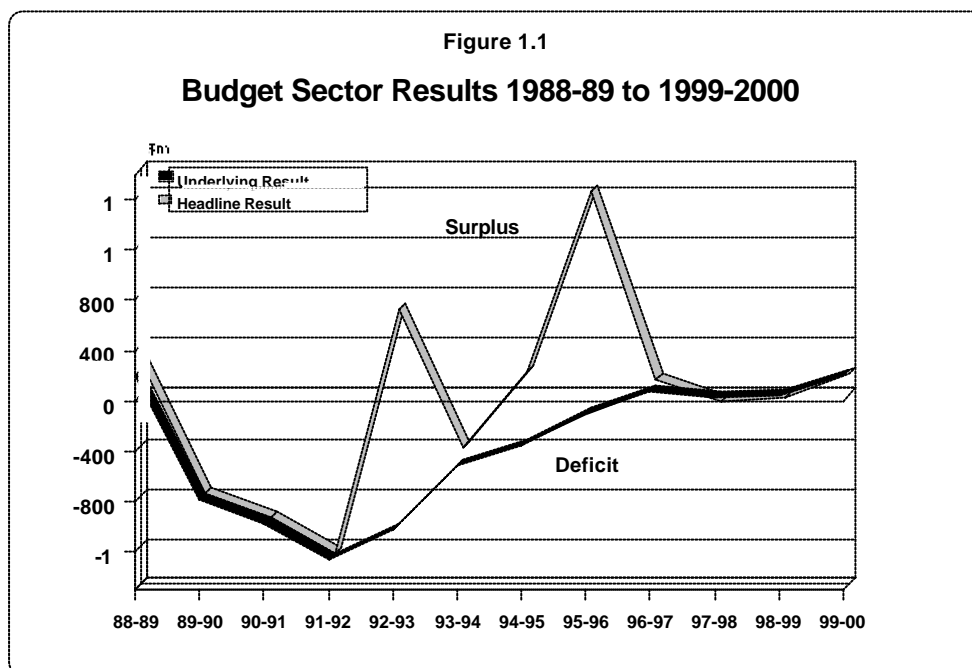
The projected underlying Budget results for the period of the forward estimates are surpluses of \$36 million in 1998-99 and \$195 million in 1999-2000. (The substantial increase in the projected surplus in 1999-2000 largely reflects reduced capital commitments for the Olympic Games.)

Table 1.6: Major Budget Aggregates - Underlying Basis (a)

	1996-97 (Revised)		1997-98		1998-99		1999-2000	
	\$m	\$m	% change	\$m	% change	\$m	% change	
Current Outlays								
Interest Payments	1,422	1,527	7.4	1,481	(-) 3.0	1,527	3.1	
Superannuation	1,290	1,451	12.5	1,579	8.8	1,666	5.5	
Subsidies to Non Budget Sector								
Agencies -								
Redundancies	32	63	96.9	37	(-) 41.3	24	(-) 35.1	
Other	1,003	866	(-) 13.7	825	(-) 4.7	812	(-) 1.6	
Departmental Payments -								
Redundancies	25	38	52.0	10	(-) 73.7	10	...	
Other	17,210	17,816	3.5	18,323	2.8	18,738	2.3	
Treasurer's Advance	20	100	n.a.	200	100	300	50.0	
Total, Current Payments	21,002	21,862	4.1	22,455	2.7	23,077	2.8	
less User Charges	1,312	1,347	2.7	1,385	2.8	1,422	2.7	
Total, Current Outlays	19,690	20,515	4.2	21,070	2.7	21,656	2.8	
Current Receipts								
Taxes, Fees and Fines	11,825	12,912	9.2	13,405	3.8	13,758	2.6	
Income from Non Budget Sector								
Agencies								
Commonwealth Grants	7,373	7,646	3.7	7,848	2.6	8,268	5.4	
Other	889	864	(-) 2.8	843	(-) 2.4	838	(-) 0.6	
Total, Current Receipts	21,543	22,763	5.7	23,284	2.3	24,098	3.5	
Current Result	1,853	2,247		2,214		2,442		
Capital Outlays								
Gross Fixed Capital Payments -								
Olympics/Homebush Bay	430	628	46.0	448	(-) 28.7	181	(-) 59.6	
Other	1,940	2,037	5.0	1,947	(-) 4.4	2,178	11.9	
Capital Grants	1,120	1,240	10.7	988	(-) 20.3	932	(-) 5.7	
Advances made	44	15	(-) 65.9	14	(-) 6.7	14	...	
Total, Capital Payments	3,534	3,920	10.9	3,397	(-) 13.3	3,305	(-) 2.7	
less Advances repaid to the Budget Sector	512	297	(-) 42.0	151	(-) 49.2	52	(-) 65.6	
less Asset Sales	364	322	(-) 11.5	221	(-) 31.4	136	(-) 38.5	
Total, Capital Outlays	2,658	3,301	24.2	3,025	(-) 8.4	3,117	3.0	
Capital Receipts								
Commonwealth Grants	861	854	(-) 0.8	842	(-) 1.4	865	2.7	
Other	11	228	n.a.	5	(-) 97.8	5	...	
Total, Capital Receipts	872	1,081	24.0	847	(-) 21.6	870	2.7	
Capital Result	(1,786)	(2,220)		(2,178)		(2,247)		
TOTAL RESULT - SURPLUS (a)	67	27		36		195		

(a) The underlying basis of presentation excludes "extraordinary" items such as equity restructure payments from Non Budget Sector agencies and certain transactions relating to the sale of government enterprises (e.g. GIO, State Bank, Axiom Funds Management and the TAB).

Budget results since 1988-89 on both the headline and underlying bases are illustrated in Figure 1.1. The main differences between the two bases relate to the sales of the GIO in 1992-93 and the State Bank in 1995-96.



1996-97 Estimated Result

The underlying result for 1996-97 is projected to be a surplus of \$67 million, an increase of \$62 million on the estimate as at Budget time last year. This variation is due to the combination of the following factors -

- **current outlays \$444 million above Budget**

	\$m
Revised interest payments	(-) 154
Guns buy back scheme	+ 50
Rail services payments	+ 263
Health	+ 230
Additional funding for victims of crime compensation	+ 23
Community Services/Ageing and Disability Services	+ 50

- **current receipts \$53 million above Budget**

	\$m
Fiscal Contribution Payment to the Commonwealth (treated as a negative receipt)	(-) 210
Revenue raising to fund the State's Fiscal Contribution Payment to the Commonwealth to reduce Commonwealth debt -	
• vehicle registration duties	+ 58
• land tax	+ 40
• payroll tax	+ 118
Contracts and conveyances stamp duty	+ 220
Share transfer stamp duty	+ 40
Tobacco licence fees	+ 66
Revenues from Non Budget Sector agencies	(-) 93
Commonwealth general purpose payments	(-) 57
Guns buy back reimbursements from the Commonwealth	+ 62
Reclassification of income from Non-Budget Sector agencies to advances repaid (treated as a negative capital outlay)	(-) 266

- **capital outlays \$517 million below Budget**

Reclassification of State Bank transactions	(-) 52
Repayment of advances by the M5 consortium and SOCOG	(-) 139
Reclassification of income from Non Budget Sector agencies to advances repaid	(-) 266
Increase in GTE asset sales revenue	(-) 55

- **capital receipts \$65 million below Budget**

Commonwealth National Highway Program funding	(-) 90
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The main aggregates relating to 1996-97 are shown in Table 1.7, while a more detailed explanation of the factors leading to the variations from Budget is given in Appendix B of this Budget Paper.

Table 1.7: 1996-97 Estimated Budget Result - Underlying Basis (a)

	Budget	Revised	Variation
	\$m	\$m	\$m
Current Outlays			
Interest Payments	1,576	1,422	(-) 154
Superannuation	1,272	1,290	18
Subsidies to Non Budget Sector Agencies -			
Redundancies	76	32	(-) 44
Other	887	1,003	116
Departmental Payments -			
Redundancies	26	25	(-) 1
Other	16,610	17,210	600
Treasurer's Advance	100	20	(-) 80
Total, Current Payments	20,548	21,002	454
less user charges	1,301	1,312	11
Total, Current Outlays	19,246	19,690	444
Current Receipts			
Taxes, Fees and Fines	11,284	11,825	541
Income from Non Budget Sector Agencies	1,494	1,456	(-) 38
Commonwealth Grants	7,609	7,373	(-) 236
Other	1,102	889	(-) 213
Total, Current Receipts	21,490	21,543	53
Current Result	2,243	1,853	(-) 390
Capital Outlays			
Gross Fixed Capital Payments -			
Olympics/Homebush Bay	442	430	(-) 12
Other	1,969	1,940	(-) 29
Capital Grants	1,158	1,120	(-) 38
Advances made	14	44	30
Total, Capital Payments	3,583	3,534	(-) 49
less Advances repaid to the Budget Sector	(-) 1	512	513
less Asset Sales	409	364	(-) 45
Total, Capital Outlays	3,175	2,658	(-) 517
Capital Receipts			
Commonwealth Grants	931	861	(-) 70
Other	6	11	5
Total, Capital Receipts	937	872	(-) 65
Capital Result	(2,238)	(1,786)	452
TOTAL RESULT - SURPLUS(a)	5	67	62

(a) The underlying basis of presentation excludes "extraordinary" items such as equity restructure payments from Non Budget Sector agencies and certain transactions relating to the sale of government enterprises (e.g. State Bank and Axiom Funds Management). These items total roundly \$53 million net income in 1996-97.

Trends in Budget Results

Prior to 1991-92, the Budget was presented solely on a Consolidated Fund basis. This basis was not supported by statistical standards and did not involve a complete and accurate presentation of the financial position of the Budget Sector.

The Budget was first presented on a Government Finance Statistics (GFS) basis in 1991-92. The Government Finance Statistics are the statistical standards for the presentation of public sector outlays, receipts and financing transactions on a cash basis.

In order to provide a longer history of Budget results, it has been necessary to reconstruct Budget data for prior years on a GFS basis. Of course, this may give aggregates and components different to those which were published in the Budget Papers for those years. Aggregates for the period 1988-89 to 1994-95 also vary from those previously published due to data refinements.

Trends in the Budget position over recent years and projected over the forward estimates period are shown in Table 1.8 (and in Figure 1.1).

Table 1.8: Budget Sector Results, 1988-89 to 1999-2000 (a)

Year	Current			Capital			Total Result	
	Outlays	Receipts	Result	Outlays	Receipts	Result	Underlying	Headline
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
1988-89	12,743	13,613	870	1,516	851	(665)	205	257
1989-90	13,836	14,340	504	2,449	1,160	(1,289)	(785)	(785)
1990-91	14,719	15,007	288	2,473	1,212	(1,261)	(973)	(973)
1991-92	15,604	15,709	105	2,405	1,038	(1,367)	(1,262)	(1,262)
1992-93	15,877	16,439	562	2,827	1,241	(1,586)	(1,024)	678
1993-94	16,561	17,933	1,372	3,129	1,245	(1,884)	(512)	(416)
1994-95	17,497	18,912	1,415	2,786	1,020	(1,766)	(351)	182
1995-96	18,178	20,310	2,132	3,161	920	(2,241)	(109)	1,611
1996-97	19,690	21,543	1,853	2,658	872	(1,786)	67	119
1997-98	20,515	22,763	2,247	3,301	1,081	(2,220)	27	(56)
1998-99	21,070	23,284	2,214	3,025	847	(2,178)	36	(22)
1999-2000	21,656	24,098	2,442	3,117	870	(2,247)	195	173

(a) Underlying basis of presentation, other than last column.

Table 1.8 and Figure 1.1 show quite clearly a pattern of a Budget result deteriorating substantially up to 1991-92 (most noticeably in 1989-90), with a

turnaround since 1991-92 leading to underlying surpluses in 1996-97 and the period to 1999-2000.

The history over many years in New South Wales (as in most other States) has been one of continuing underlying Budget deficits of varying magnitudes. Comparable data for the Budget Sector are not available prior to 1988-89 because of the wider range of transactions now included in the Budget and because of other accounting changes.

However, analysis of data compiled by the Australian Bureau of Statistics for the General Government Sector (a wider, but broadly similar coverage to the Budget Sector) would tend to confirm that the State has been running a Budget deficit over a long period.

MAIN COMPONENTS OF BUDGET RESULTS

Historic Trends

Budget aggregates change over time as a result of factors such as inflation, wages and population growth, policy initiatives and productive efficiency. One approach for measuring the year to year growth in Budget aggregates is to compare the increase in components of the outlays and revenues with the growth in the State economy. While such an approach has a number of deficiencies (particularly during pronounced economic cycles), it provides an approximate measure of the impact of government on the economy generally.

Table 1.9 shows the variations in Budget aggregates compared with what might be expected if growth had been in line with GSP. Over the period 1988-89 to 1991-92 the underlying Budget deficit expanded by around \$1.5 billion. Subsequent to 1991-92, the deficit fell by \$900 million during the next 3 years and is expected to fall a further \$300 million in the period 1994-95 to 1997-98.

Table 1.9: Growth in Budget Aggregates Compared with GSP (a) (b)

	1988-89 to 1991-92 \$m	1991-92 to 1994-95 \$m	1994-95 to 1997-98 \$m
Current Outlays -	1,048	(-) 415	(-) 78
Interest	(-) 27	(-) 489	(-) 584
Redundancies	343	(-)177	(-) 80
Superannuation	245	54	275
Other	488	197	311
Capital Outlays -	673	106	146
Net Advances	(-) 196	272	(-) 172
Casino Licence	...	(-) 376	376
Other	869	210	(-) 59
Total Outlays	1,722	(-) 308	68
Receipts -	226	566	397
Tax	110	338	986
Income from NBS	513	283	124

Grants	(-)188	(-)78	(-)895
Other	(-) 208	22	182
Deficit	1,496	(-) 874	(-) 329

- (a) Defined as the increase in the relevant aggregate less growth in line with GSP.
- (b) Adjustments have been made to a number of aggregates to facilitate time series comparisons. All aggregates have been adjusted for the impact of equity sales and equity restructure payments.

The main conclusions which can be drawn from the above analysis are as follows

-

- During the period 1988-89 to 1991-92, the impact of the severe recession produced a rise in the relationship between outlays and GSP. The relative growth in current outlays was exacerbated by the need to fund redundancies and the movement to more fully fund superannuation liabilities. Capital outlays, in relative terms, also increased rapidly over the 3 years to 1991-92 with the deficit being only held down by special repayments of debt by the non-Budget sector.

A policy response to the recession and its negative impact on the Budget was an increase in tax rates. This produced an increase in revenues, despite the high base achieved in 1988-89 with the boom in property market transactions. These tax rate increases more than offset the underlying decline in the tax base. They included the introduction of the 3x3 fuel franchise fee, an increase in tobacco franchise fees from 30 to 50 per cent, the doubling of FID and an increase in payroll tax to 7 per cent. The impact on revenue of these tax changes is shown in Table 1.3.

However, the main source of revenue growth in the 3 years to 1991-92 was dividend payments from the Non Budget Sector.

- After the deficit peaked in 1991-92 at \$1,262 million, the growth in current outlays was constrained during the following 3 years, reflecting both policy actions and the impact of a slowly recovering economy. The process of winding back the growth was assisted greatly by a reduction in interest rates, with interest payments falling relative to GSP by nearly \$500 million. While current outlays fell relative to GSP, capital outlays continued to increase strongly, although revenue from the licensing of the casino in 1994-95 minimised the impact on the deficit. (Under GFS principles the proceeds from the casino fee were treated as an offset to capital outlays.)

On the revenue side, tax revenue continued to increase substantially as the economy recovered from the recession. The growth in taxes over this period was assisted by a further increase in tobacco franchise licence fees to 75 per cent, an increase in liquor licence fees from 10 to

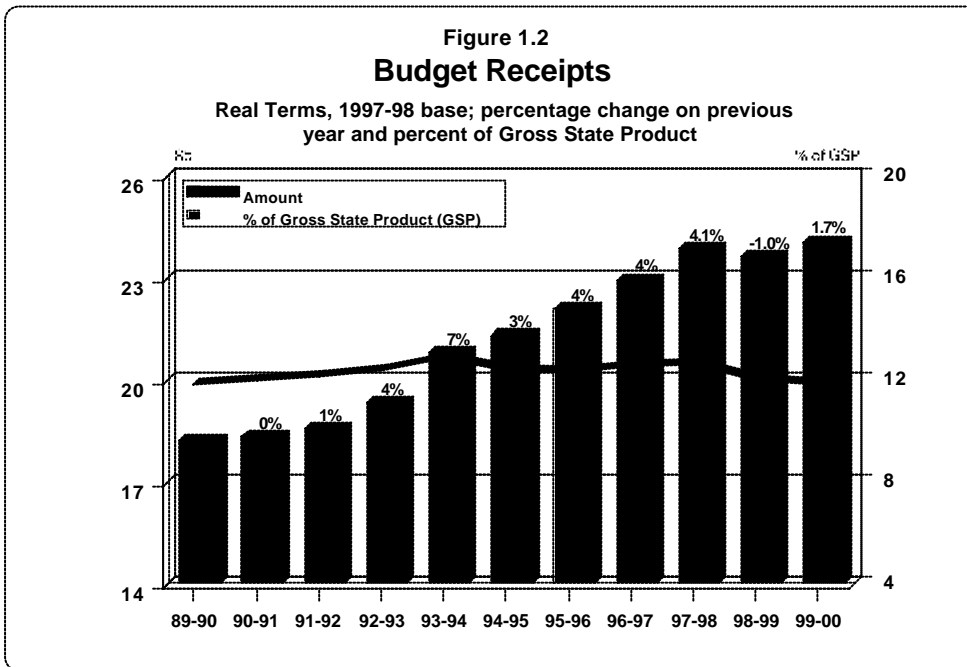
13 per cent and a doubling of debits tax. Revenue from the Non Budget Sector also continued to increase strongly.

- Between 1994-95 and 1997-98 it is expected that the deficit will be eliminated. In the main, the projected improved financial result will be achieved through the impact of lower interest rates on debts costs, lower capital outlays (although in 1997-98 there will be a significant increase) and higher own source revenues. Of note is the significant reduction in Commonwealth grants which almost completely offset the increases in tax revenue.

Receipts

Non-policy variations in Budget Sector receipts have by far the most significant impact on the State's overall Budget result, substantially greater than discretionary changes in expenditures.

State receipts, with the exception of payroll tax, are in fact not strongly affected by the general level of economic activity, in contrast to the position with Commonwealth revenue, which moves in line with the level of economic activity.



In the period 1989-90 to 1996-97, Budget receipts increased by 3.7 per cent per annum in real terms and, by 1996-97, reached 12.7 per cent of Gross State Product. Increased State revenues over this period largely reflect the impact of tax increases in the years to 1993-94, together with the increases introduced earlier this year to meet the State's Fiscal Contribution towards reduction of the Commonwealth's Budget deficit. In contrast total Commonwealth payments to New South Wales have only increased by 1.6 per cent per annum in real terms over the seven years to 1996-97.

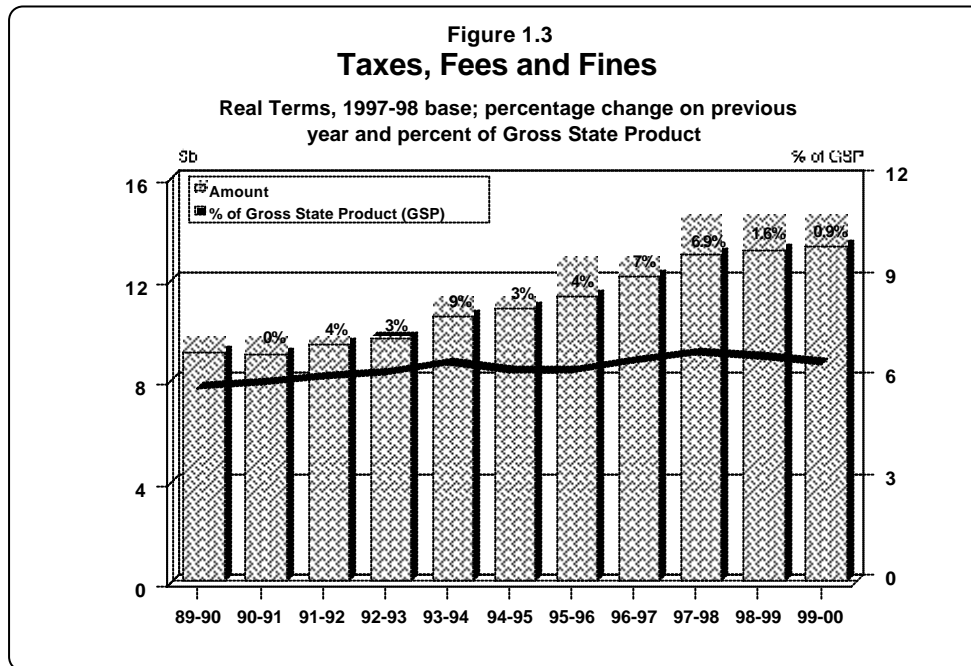
For 1997-98, Budget Sector receipts are projected to increase by 4.1 per cent in real terms, with a fall of 1.0 per cent in 1998-99 and an increase of 1.7 per cent

in 1999-2000. Expressed as a percentage of Gross State Product, Budget Sector receipts are projected to decrease from 12.7 per cent in 1996-97 to 12.0 per cent in 1999-2000.

The main features of the projected receipts position for 1997-98 are as follows -

- **an increase in revenue from taxes, fees and fines**

Revenue from taxes, fees and fines will increase partly as a result of the tax initiatives introduced in this Budget, as well as the continuing impact of tax measures funding the State's Fiscal Contribution to the Commonwealth.



Overall, receipts from taxes, fees and fines are projected to increase by 9.2 per cent in 1997-98 (6.9 per cent in real terms).

The main contributors to this increase are -

- an anticipated 3.2 per cent increase due to the various tax measures to be introduced in 1997-98, including -
 - the introduction of an Electricity Distributors Levy, expected to yield \$100 million;
 - increasing the rate of land tax from 1.65 to 1.85 per cent and extending the coverage of land tax to high valued owner occupied properties, expected to yield \$109 million;

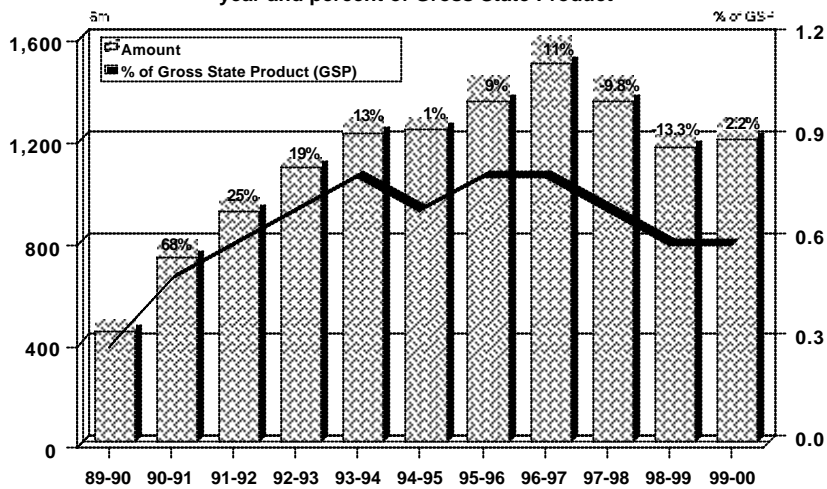
- increasing club gaming device duty, expected to yield \$56 million;
- increasing the concessional rate of duty on general insurance, expected to yield \$51 million; and
- the introduction of an accommodation duty, expected to yield \$48 million.
- the continuation of a relatively buoyant property market in the first half of 1997-98 impacting on receipts from contracts and conveyances duty and loan security duty;
- an increase in revenue from payroll tax in line with wage and employment growth as well as increase in employer superannuation contributions;
- increases in revenue from gambling, particularly from -
 - the opening of the permanent casino in November 1997;
 - higher tax rates on profits from club gaming machines;
- **a decrease in income from Non Budget Sector agencies**

Income from Non Budget Sector Agencies is projected to decrease by 9.8 per cent in real terms in 1997-98. In the main, this reflects the inclusion in 1996-97 of two one-off factors -

- revenue from a cross border lease is included in the Generation sector tax and dividend payments; and
- increased tax revenue from the change in timing of tax payments.

**Figure 1.4
Income from Non Budget Sector Agencies**

Real Terms, 1997-98 base; percentage change on previous year and percent of Gross State Product

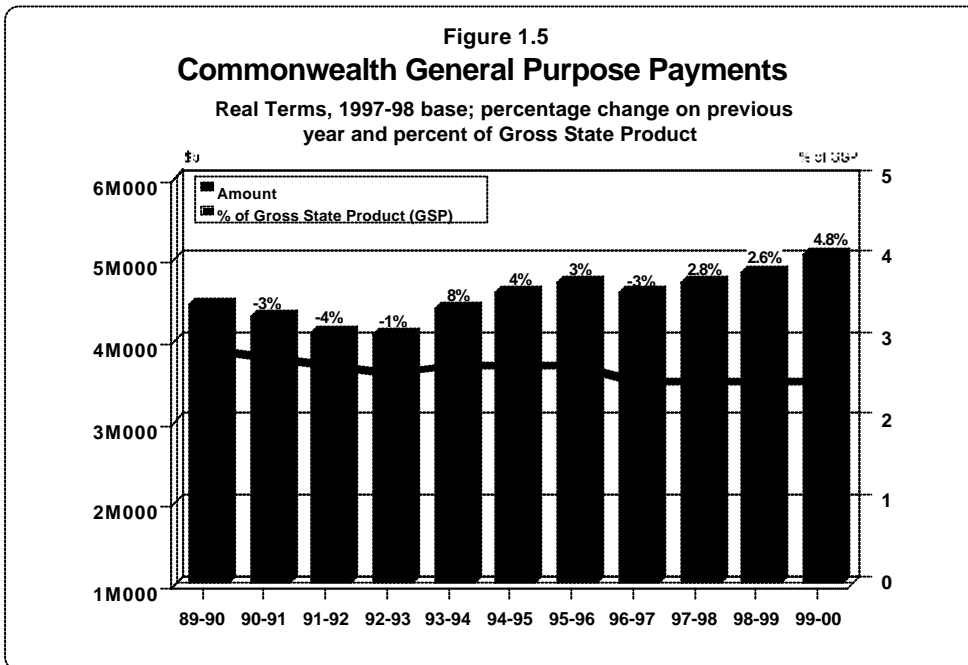


In line with the Australian Taxation Office determination bringing forward company tax payments, an additional quarterly income tax equivalent payment is being made in 1996-97. Thus, 75 per cent of 1995-96 tax liability is payable in 1996-97. In each subsequent year, 50 per cent of the previous year's liability and 50 per cent of the current year's liability will be paid in that year. Excluding the one-off impacts of the cross border lease payment and the timing of tax payments, income from Non Budget Sector agencies has increased between 1996-97 and 1997-98 by \$108 million, or 8.7 per cent. Beyond 1997-98, income (excluding revenue from the sale of surplus assets) from Non Budget Sector agencies is projected to decline in real terms and as a percentage of Gross State Product. This decline largely reflects the impact of declining profits in the electricity generation area due to reduced prices from increasing competition with the emergence of the national electricity market.

Beyond 1997-98, income from Non Budget Sector agencies is projected to decline in real terms and as a percentage of Gross State Product. After reaching a peak of \$1,342 million (or 0.76 per cent of Gross State Product) in 1995-96, it is expected to decline to \$1,188 million (or 0.59 per cent of Gross State Product) by 1999-2000. This decline largely reflects the impact of declining profits in the electricity area due to reduced electricity prices.

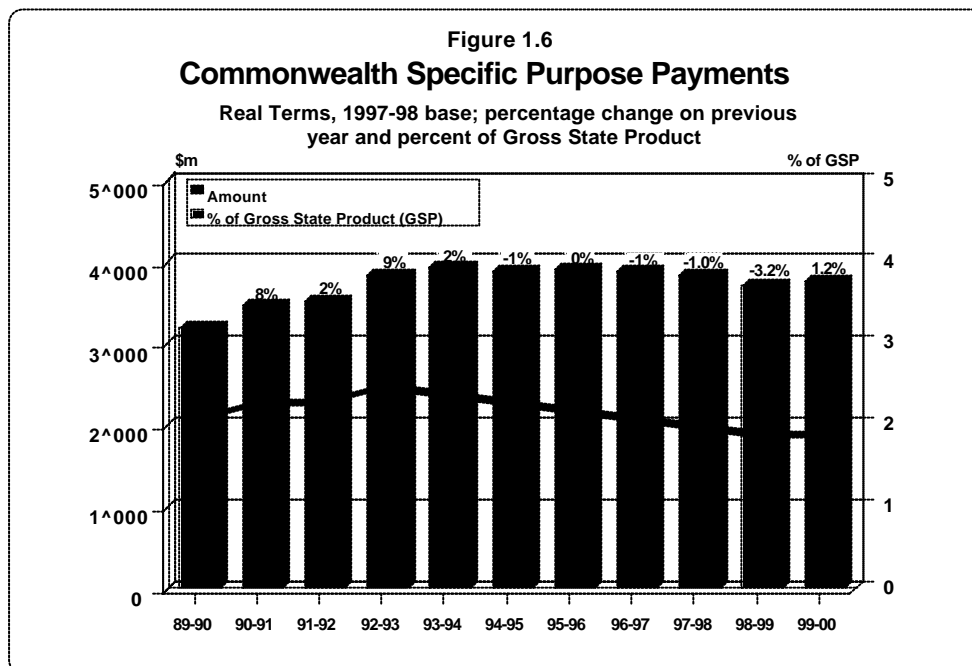
- **increase in Commonwealth grants**

In assessing Commonwealth grants, a distinction needs to be made between general purpose or untied payments and specific purpose or tied payments as they exhibit disparate trends and have quite different implications for State finances.



General purpose payments, consisting of financial assistance grants, special revenue assistance and untied roads funding (and in years prior to 1994-95, general purpose capital payments) declined sharply in real terms between 1987-88 and 1992-93 by about \$800 million (or a reduction from 3.2 per cent to 2.6 per cent of Gross State Product), but increased by about \$640 million between 1992-93 and 1995-96. General purpose payments again decreased by 2.9 per cent in real terms in 1996-97 as a result of the Commonwealth's requirement for the States to make a Fiscal Contribution towards reducing the Federal Budget deficit over the three years from 1996-97.

Net of the Fiscal Contribution Payments, general purpose payments are expected to increase in real terms by 2.8 per cent in 1997-98, by 2.6 percent in 1998-99 and by 4.8 per cent in 1999-2000 and remain a constant 2.5 per cent of GSP till 1999-2000. This reflects, among other things, the assumption that financial assistance grants will be maintained in real per capita terms and that the Commonwealth Government will make the scheduled payments under the National Competition Policy Agreement beginning in 1997-98.



At the same time that general purpose payments declined, specific purpose payments (current and capital) increased from 38 per cent of total Commonwealth payments in 1988-89 to 47 per cent in 1992-93. In the four years to 1997-98 this percentage has declined to 44 per cent.

The increase in tied grants during the period prior to 1992-93 did not compensate for the cut in untied grants. Tied grants impose hidden costs through matching requirements, reporting and other administrative arrangements, resulting in duplication and overlap, as well as a loss of funding flexibility.

While a reduction in the share of specific purpose payments on an unchanged policy basis is expected beyond 1997-98, this will hardly be sufficient to

compensate for adverse trends in the Commonwealth funding mix during the decade prior to 1992-93.

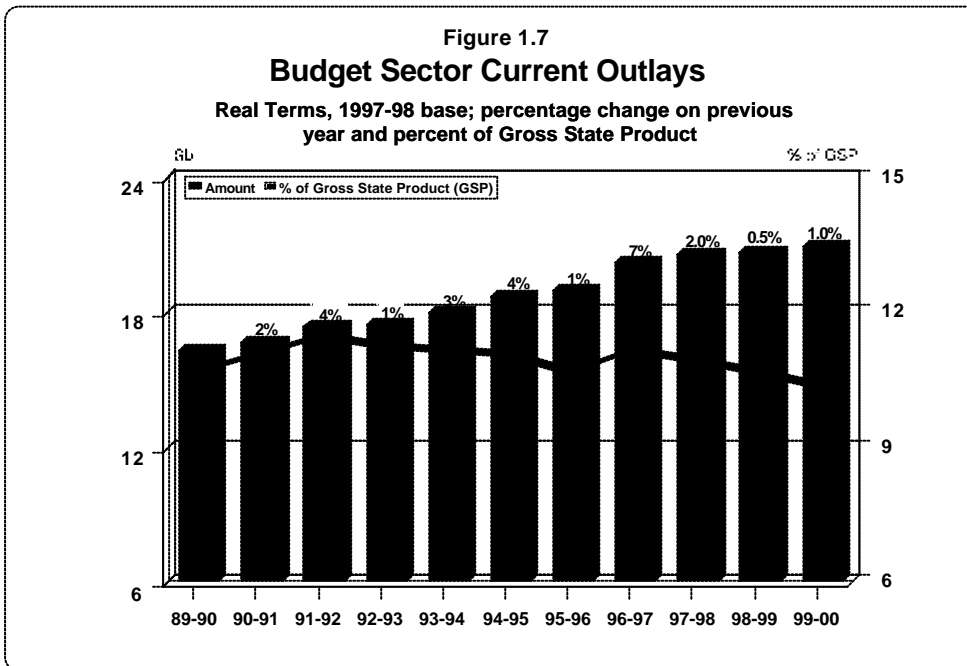
Current Outlays

Current outlays are projected to increase by 4.2 per cent in 1997-98, a real increase of 2.0 per cent.

Table 1.10: Summary of Current Outlays

		1996-97 Estimate	1997-98 Estimate	1998-99 Estimate	1999-2000 Estimate
Current outlays	\$m	19,690	20,515	21,070	21,656
Change over previous year	%	8.3	4.2	2.7	2.8
Real change over previous year	%	6.5	2.0	0.5	1.0
As a proportion of GSP	%	11.2	11.0	10.7	10.4

Over the three year period to 1999-2000, current outlays are projected to increase by 3.5 per cent in real terms and decline as a proportion of Gross State Product to 10.4 per cent.



The real increase of 2.0 per cent in current outlays in 1997-98 reflects the net impact of the following factors -

- the 5.1 per cent real increase in interest payments in 1997-98;

- a 10.1 per cent real increase in superannuation payments;
- the real decline of 12.1 per cent in subsidies to Non Budget Sector agencies, mainly reflecting the further reduction in transport authority operating cost structures; and
- a real increase in departmental payments of 1.9 per cent, reflecting growth in governmental priority areas including health, police and education.

Within the current outlays area, there are a number of important trends and these are set out below.

- **interest payments**

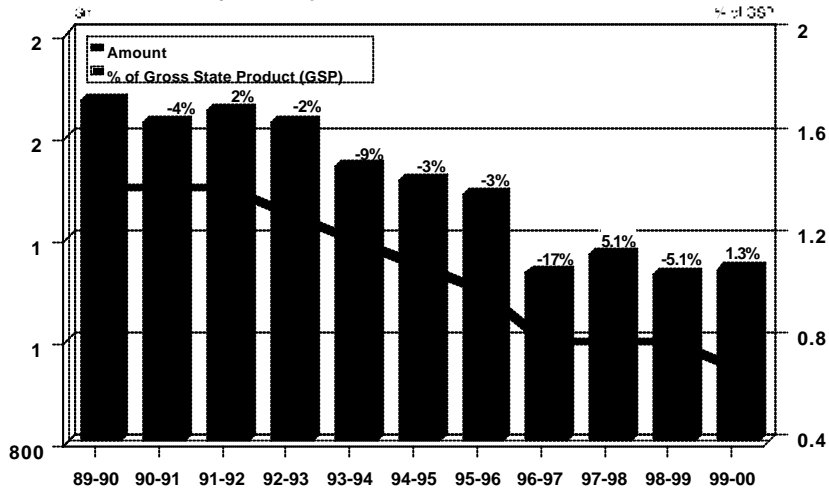
Budget Sector debt servicing costs, as a percentage of Budget receipts, have declined from 11.2 per cent in 1990-91 to 6.4 per cent in 1997-98 and are projected to fall to 6.1 per cent in 1999-2000 with further falls in future years as the debt reduction strategy of the Government continues to deliver ongoing benefits.

The decline in interest payments reflects both the containment of the growth in debt levels plus the very substantial decline in interest rates that have occurred over the last three years. The decline in interest rates has a lagged effect, reducing interest payments as new debt is raised and existing debt matures.

The increase in payments in 1997-98 reflects the debt management undertaken in 1995-96 which increased interest payments in 1995-96 and substantially reduced payments in 1996-97 but not in 1997-98.

**Figure 1.8
Budget Sector Interest Payments**

Real Terms, 1997-98 base; percentage change on previous year and percent of Gross State Product



- **superannuation**

Superannuation payments are projected to increase by 12.5 per cent in 1997-98, a real increase of 10.1 per cent. This large increase is the result of the planned increase in payments aimed at extinguishing the unfunded superannuation liability.

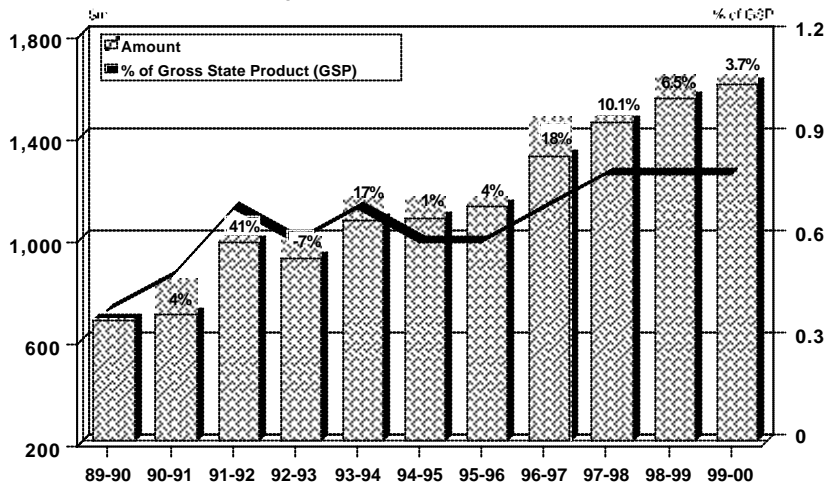
Over the six year period from 1990-91 to 1996-97, superannuation payments have increased by an average 18.1 per cent per annum, or 14.8 per cent per annum in real terms.

The policy of increasing cash payments into superannuation schemes previously funded on an emerging cost basis (as detailed in Section 7.3) is addressing the unfunded superannuation liability and will, over time, reduce the cost of superannuation relative to what otherwise would have been the case.

However, in the short to medium term, the reform will involve substantially increased cash payments as the new scheme, First State Super, is financed on a fully funded basis. Additional payments will also be made into the closed schemes, as part of the strategy to first fully fund accruing liabilities by the year 2020 and then to extinguish Budget Sector unfunded liabilities relating to these schemes by the year 2044-45. Additional cash payments over the 10 year period 1997-98 to 2006-07 are projected to be about \$2.9 billion (in June 1997 dollars).

Figure 1.9 Superannuation Payments

Real Terms, 1997-98 base; percentage change on previous year
and percent of Gross State Product

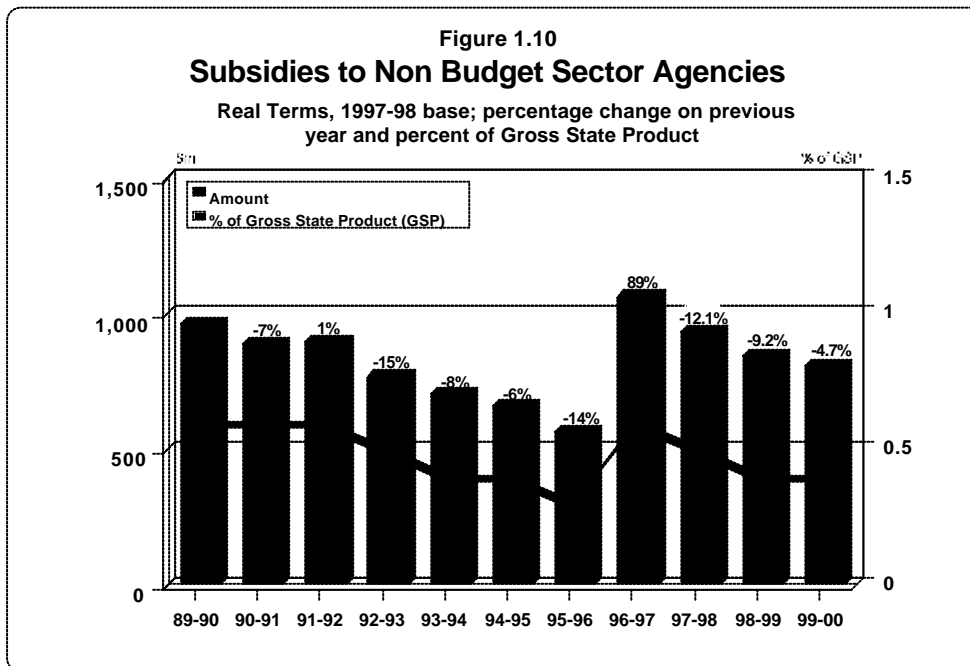


- **subsidies to Non Budget Sector**

Subsidies to Non Budget Sector agencies, principally to the transport authorities (but excluding redundancy subsidies) continue to decline in real terms reflecting the continuing impact of reforms and restructure in this area.

The large increase in subsidies in 1996-97 is primarily due to three aspects of the rail restructure. Firstly, the reclassification of rail capital grants to subsidies. Prior to 1996-97 the former SRA received capital grants to construct and maintain track infrastructure. From 1996-97 the Rail Access Corporation (RAC) is responsible for track infrastructure. To fund this work it recovers access charges from FreightCorp and the State Rail Authority. These charges are now current outlays to FreightCorp and SRA. RAC also receives a CSO for non commercial line services.

Secondly, funding to the SRA increased in 1996-97 after new commercial arrangements removed the cross subsidies between entities of the former SRA. Thirdly, additional payments are being made to fully fund future employer superannuation and workers' compensation liabilities of employees transferred from the former SRA to RAC and Rail Services Authority.

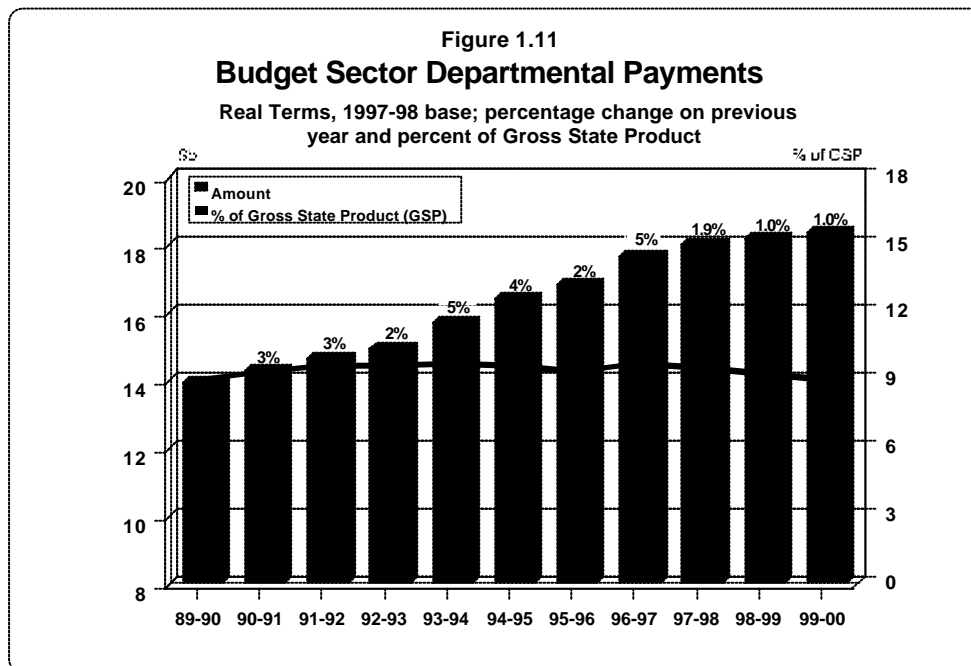


- **Departmental payments**

Departmental payments exclude interest and superannuation payments and subsidies to Non Budget Sector agencies.

Over the three years to 1999-2000, departmental payments are projected to increase by 3.9 per cent in real terms but decline as a proportion of Gross State Product from 9.8 per cent in 1996-97 to 9.1 per cent in 1999-2000.

Departmental payments are projected to increase by 1.9 per cent in real terms in 1997-98. This increase is primarily due to the impact of the relatively low increase in the measure of inflation used to calculate real growth; coupled with substantially increased funding for both schools and health services. Payments by the Department of Health will increase by \$106 million, or almost 2 per cent, in real terms in 1997-98, while School Education will increase its payments by some \$177 million in real terms, largely as a result of increases in teachers salaries and the costs of recently introduced and new initiatives.



Further minor real increases in departmental payments are budgeted for both 1998-99 and 1999-2000.

Details of current payments by policy area and sector and by Minister and agency are provided in Chapter 4 and in Appendices E and F respectively to this Budget Paper.

Capital Outlays

Over the period 1989-90 to 1997-98, Budget Sector capital outlays will have increased by 14.7 per cent or nearly \$423 million in real terms. Major factors contributing to the real growth over this period include the acceleration in the State's roads program (the 3 cents petroleum levy and the full hypothecation of motoring taxation), increased funding for hospital infrastructure, including the relocation of hospital facilities to the west and south-west of Sydney, the major infrastructure renewal program of the State Rail Authority, and (since 1996-97) the substantial expenditure on Olympics and Homebush Bay projects.

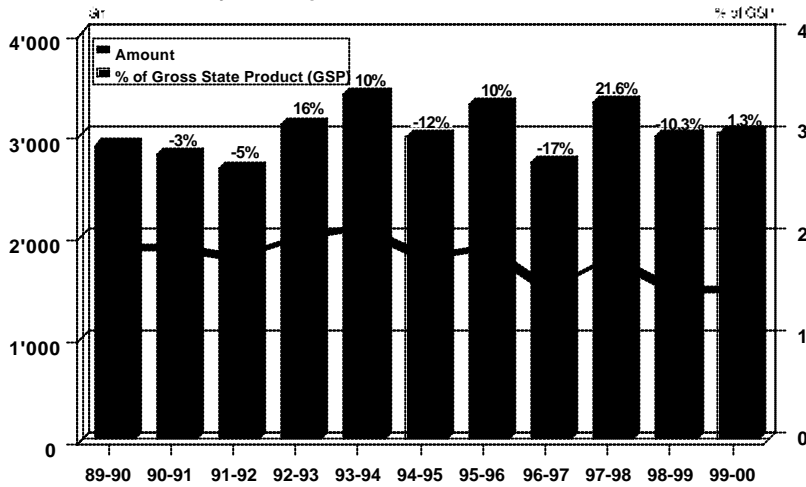
Expressed as a percentage of Gross State Product, Budget Sector capital outlays have remained relatively constant at around 1.9 per cent over the period 1990-91 to 1997-98 but are projected to decline to 1.5 per cent in 1999-2000, as the peak years of Budget funded expenditure on the Olympic/Homebush Bay projects are passed.

Budget Sector capital outlays are projected to increase by 24.2 per cent in 1997-98, a real increase of 21.6 per cent. Excluding Olympic related expenditure, outlays will still increase by 16.0 per cent in real terms in 1997-98. This increase in outlays is primarily due to the impact of reductions in both asset sales and advances repaid to the Budget (asset sales and advances repaid are negative capital outlays), coupled with a substantial increase in capital grants for rail services.

Gross fixed capital payments by Budget Sector agencies are expected to increase by only \$97 million, or 2.8 per cent in real terms, in 1997-98.

Figure 1.12
Budget Sector Capital Outlays (a)

Real Terms, 1997-98 base; percentage change on previous year and percent of Gross State Product



(a) Excludes revenue offsets from the sale of business assets and equity restructure payments

The Budget Sector capital outlays include the full assessed commitment for the Olympics and Homebush Bay development. The Olympics related capital payments will increase from \$56 million in 1995-96 to \$628 million in 1997-98 and decrease to \$448 million in 1998-99 and \$181 million in 1999-2000.

OVERVIEW OF BUDGET SECTOR FINANCIAL PERFORMANCE

The Government is firmly committed to reducing and ultimately eliminating the State's Budget Sector debt in order to ensure that future generations are not left with a legacy which will reduce their ability to enjoy the same level of public services as are currently enjoyed by this generation. The only lasting way that this goal can be achieved is to produce an ongoing Budget surplus.

Indicators of the Budget Sector financial performance are summarised in Table 1.11.

Table 1.11: Key Budget Sector Performance Indicators

Financial Indicator	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Debt and Interest Burden										
Net debt: % of Budget receipts	n.a.	77.3	78.5	77.7	75.0	63.5	58.9	55.3	54.5	51.9
% of GSP	n.a.	9.5	9.9	10.1	9.5	8.0	7.5	7.1	6.7	6.2
Debt servicing costs: % of Budget receipts	11.2	11.2	10.6	9.0	8.5	7.8	6.3	6.4	6.1	6.1
% of GSP	1.4	1.4	1.3	1.2	1.1	1.0	0.8	0.8	0.8	0.7
Unfunded Superannuation Liability										
% of Budget receipts	65.2	72.3	70.3	63.9	63.7	64.3	65.5	63.8	64.1	63.1
% of GSP	8.0	8.9	8.8	8.3	8.0	8.1	8.3	8.2	7.8	7.6
Budget Result (underlying)										
% of Budget receipts	(-) 6.0	(-) 7.5	(-) 5.8	(-) 2.7	(-) 1.8	(-) 0.5	0.3	0.1	0.1	0.8
% of GSP	(-) 0.7	(-) 0.9	(-) 0.7	(-) 0.3	(-) 0.2	(-) 0.1	...	...	...	0.1
Tax Burden										
NSW Tax Severity Index (base = 100)	n.a.	103.8	103.1	101.6	104.1	102.6	n.a.	n.a.	n.a.	n.a.
Trends in Payments and Receipts										
Current outlays: real change (%)	2.1	4.0	0.5	3.3	4.2	1.1	6.5	2.0	0.5	1.0
% of GSP	11.1	11.5	11.3	11.2	11.1	10.7	11.2	11.0	10.7	10.4
Capital outlays: real change (%)	(-) 3.1	(-) 4.6	16.2	9.6	(-) 12.2	10.4	(-) 17.3	21.6	(-) 10.3	1.3
% of GSP	1.9	1.8	2.0	2.1	1.8	1.9	1.5	1.8	1.5	1.5
Total Outlays: real change (%)	1.3	2.8	2.6	4.2	1.6	2.4	3.0	4.3	(-) 1.0	1.0
% of GSP	12.9	13.2	13.3	13.3	12.9	12.6	12.7	12.8	12.2	11.9
Receipts: % real change (%)	0.4	1.3	4.3	7.4	2.5	3.6	3.9	4.1	(-) 1.0	1.7
% of GSP	12.2	12.3	12.6	13.0	12.6	12.5	12.7	12.8	12.2	12.0
Budget Sector Employment (as at 30 June)										
Number (000)	228.9	222.2	225.3	223.1	228.5	227.7 ^(a)	228.4 ^(a)	n.a.	n.a.	n.a.
% change	1.2	(-) 3.0	1.4	(-) 1.0	2.4	(-) 0.2	0.3	n.a.	n.a.	n.a.
% of labour force	8.1	7.7	7.9	7.7	7.6	7.5	n.a.	n.a.	n.a.	n.a.

(a) Figures as at 31 March.

1.3 1997-98 BUDGET MEASURES

BACKGROUND

Notwithstanding the achievement of its broad fiscal targets, the Government has been able to provide additional funding in a number of key priority areas.

Current outlay initiatives in 1997-98 are set out in Table 1.12 below. In addition, a selection of some of the major new capital projects to commence in 1997-98 is detailed in Table 1.13 of this Section.

Savings measures and revenue initiatives which have been implemented to assist in funding the current outlay initiatives and major new capital projects while also assisting to achieve the debt reduction and budget deficit targets are set out in Tables 1.14 and Table 1.15 respectively.

CURRENT OUTLAY INITIATIVES

Table 1.12 summarises major Budget initiatives impacting on current outlays. More detailed coverage of each of the initiatives is provided in the relevant sections of Chapter 4.

Under the global approach to budgeting, agencies have far greater flexibility to reallocate resources amongst priorities and can retain savings achieved through operational efficiencies. This flexibility gives agencies substantial capacity to address priorities and emerging needs within their existing levels of Budget (i.e. Consolidated Fund) support. Accordingly, while the major part of the initiatives is funded by additional Consolidated Fund appropriations, there are certain initiatives that are internally funded.

Table 1.12: Summary of Major Current Outlay Initiatives

Initiative (a)	Impact of Initiative	
	1997-98	Maximum Cost (b) 1998-99 or 1999-2000
	\$m	\$m

**PREMIER, MINISTER FOR THE ARTS AND MINISTER FOR
ETHNIC AFFAIRS**

Historic Houses Trust

Government House's cultural program

0.8

0.8

Australian Museum

Biodiversity Research

0.2

0.2

Table 1.12: Summary of Major Current Outlay Initiatives (cont)

Initiative (a)	Impact of Initiative	
	1997-98	Maximum Cost (b) 1998-99 or 1999-2000
	\$m	\$m
Premier's Department		
Grant towards completion of spires for St Mary's Cathedral	2.0	1.5
Celebration of the Centenary of Federation	0.5	1.0
Security expenses for dignitaries attending before and during the Olympic and Paralympic Games	0.4	0.6
Grant to the University of Wollongong Science Centre	2.0	...
Ethnic Affairs Commission		
Assistance to Carnivale	0.2	0.2
Community grants	0.1	0.1
MINISTER FOR AGRICULTURE		
Department of Agriculture		
Soil Acidity	2.5	2.5
Noxious Weeds	1.0	1.0
ATTORNEY GENERAL AND MINISTER FOR INDUSTRIAL RELATIONS		
Attorney General's Department		
Enhanced court security measures	1.5	0.8
Funding for the Office of Public Guardian	4.8	4.8
Safer Communities Development Program	0.5	0.5
Specialist unit to assist women affected by violence*	1.5	1.5
Office of the Director of Public Prosecutions		
Witness Assistance Service	0.6	0.6
Special Crime Unit	0.7	0.7
Department of Industrial Relations		
Grant to Working Women's Centre	0.1	...
MINISTER FOR COMMUNITY SERVICES, MINISTER FOR AGED SERVICES AND MINISTER FOR DISABILITY SERVICES		
Department of Community Services		
Improvements in substitute care services	4.0	8.0
Expansion of joint investigation teams into child abuse	2.4	2.4
Appointment of mobile casework specialists	0.3	0.3
Adoption information and reunion register	0.2	0.1
Ageing and Disability Department		
Home and Community Care Program - growth funding	8.4	8.4
Community Services Commission		
Additional staff for the Commission and Community Visitors Scheme	0.3	0.3

Table 1.12: Summary of Major Current Outlay Initiatives (cont)

Initiative (a)	Impact of Initiative	
	1997-98	Maximum Cost (b) 1998-99 or 1999-2000
	\$m	\$m
Department of Juvenile Justice		
Competency based training for staff at Juvenile Justice Centres	1.2	1.2
Youth Justice Conferencing System	1.4	4.3
MINISTER FOR CORRECTIVE SERVICES AND MINISTER FOR EMERGENCY SERVICES		
Department of Corrective Services		
Indigenous Action Plan	1.0	1.0
Home Detention Scheme	2.3	2.3
New South Wales Fire Brigades		
Staffing for new fire stations in growth areas of Sydney	2.3	2.7
Department of Bush Fire Services		
Training in rescue and emergency management	0.3	0.3
Hire of dedicated aircraft for bushfire fighting	1.0	1.0
State Emergency Service		
New division controllers	0.1	0.1
MINISTER FOR EDUCATION AND TRAINING		
Department of Training and Education Co-ordination		
Building and construction industry training strategy	5.0	2.0
Department of School Education		
Back to School Allowance	55.0	55.0
MINISTER FOR THE ENVIRONMENT		
Environment Protection Authority		
Establishment of waste levy audit function	0.5	0.5
National Parks and Wildlife Service		
New parks and wilderness areas	5.2	5.2
Additions to the existing park estate	2.1	2.1
Species recovery plans	0.5	0.5
Bicentennial Park Trust		
Increased expenditure on asset maintenance	0.8	0.8
MINISTER FOR GAMING AND RACING		
Department of Gaming and Racing		
Introduction of hotel gaming and statewide linking of gaming machines	1.8	0.7

Table 1.12: Summary of Major Current Outlay Initiatives (cont)

Initiative (a)	Impact of Initiative	
	1997-98	Maximum Cost (b) 1998-99 or 1999-2000
	\$m	\$m
MINISTER FOR HEALTH AND MINISTER FOR ABORIGINAL AFFAIRS		
Department of Health		
Increased recurrent funding to improve access to health services, primarily in population growth areas	232.0	232.0
Mental health services	7.0	7.0
Teaching and research activities	5.9	5.9
Schizophrenia research	0.4	0.4
Reducing waiting times for people requiring dentures	1.0	1.0
Planning, management and delivery of services to address violence against women	0.6	0.6
Service delivery pilot models in community health	0.8	0.8
Additional community health nurses in priority areas including Aboriginal health, mental health and aged care	1.5	1.5
Increased recurrent funding approved after the 1996-97 Budget to improve access to health services, primarily in population growth areas.	138.0	138.0
MINISTER FOR LAND AND WATER CONSERVATION		
Department of Land and Water Conservation		
Native Vegetation Management Fund	5.0	5.0
Other native vegetation management reforms *	11.4	11.4
MINISTER FOR MINERAL RESOURCES AND MINISTER FOR FISHERIES		
Department of Mineral Resources		
Gretley Judicial Inquiry	1.0	...
MINISTER FOR THE OLYMPICS		
Olympic Co-ordination Authority		
Venue operations and events co-ordination	3.0	2.2
MINISTER FOR POLICE		
Police Integrity Commission		
Establishment of Commission from December 1996	9.7	9.7
New South Wales Police Service		
Expansion of joint investigation teams into child abuse*	3.2	3.2
MINISTER FOR PUBLIC WORKS AND SERVICES, MINISTER		

Table 1.12: Summary of Major Current Outlay Initiatives (cont)

Initiative (a)	Impact of Initiative	
	1997-98	Maximum Cost (b) 1998-99 or 1999-2000
	\$m	\$m
FOR ROADS AND MINISTER FOR PORTS		
Roads and Traffic Authority		
M4/M5 Cashback Scheme	52.0	63.0
MINISTER FOR SPORT AND RECREATION		
Department of Sport and Recreation		
Social Justice Sports and Development program	0.4	0.4
MINISTER FOR TRANSPORT AND MINISTER FOR TOURISM		
Tourism NSW		
Special Events Marketing	1.6	1.6
TREASURER, MINISTER FOR ENERGY AND MINISTER FOR STATE AND REGIONAL DEVELOPMENT		
Department of Energy		
Gas and electricity reforms	1.5	1.2
Department of State and Regional Development		
Agribusiness Alternatives *	1.3	0.7
Business Export Focus *	2.5	1.4
Olympic Business Services *	0.5	0.5
Lead-in-Fighter	1.2	...
Tamworth Regional Entertainment Centre	1.0	...
Manildra Ethanol Project	1.1	...
MINISTER FOR URBAN AFFAIRS AND PLANNING AND MINISTER FOR HOUSING		
Department of Urban Affairs and Planning		
Water Licence Regulator	0.2	0.2
Heritage Office		
Maintenance and conservation of heritage assets	8.5	8.5

(a) Initiatives marked with a * symbol are either fully or substantially funded internally by the agency.

(b) Maximum cost in either of the forward years 1998-99 and 1999-2000.

CAPITAL OUTLAY INITIATIVES

Each new capital project can be regarded as an "initiative" in its own right.

Table 1.13 lists the more significant Budget Sector projects (or Budget funding towards Non Budget Sector projects) which are planned to commence in 1997-98. More detailed information appears in Chapter 4 of this Budget Paper and in Budget Paper No. 4 "State Capital Program".

Table 1.13: Significant New Capital Projects to Commence in 1997-98

Project	Estimated Completion Date	Estimated Total Cost	Allocation in 1997-98
		\$m	\$m
PREMIER, MINISTER FOR THE ARTS AND MINISTER FOR ETHNIC AFFAIRS			
Australian Museum			
Public programs	2002	12.1	1.9
Air conditioning	2001	3.0	0.8
Archives Authority			
Kingswood stage V	2001	4.9	0.3
ATTORNEY GENERAL AND MINISTER FOR INDUSTRIAL RELATIONS			
Attorney General's Department			
Court security improvements	2000	5.3	1.4
Orange Court House refurbishment	2000	4.7	0.4
Courts Administration System	2001	14.8	2.0
Bega Court House refurbishment	2000	1.7	0.3
IT infrastructure	2000	5.9	2.0
MINISTER FOR COMMUNITY SERVICES, MINISTER FOR AGED SERVICES AND MINISTER FOR DISABILITY SERVICES			
Department of Juvenile Justice			
Construction of new juvenile justice centre in the Hunter region	2000	16.2	3.0
MINISTER FOR CORRECTIVE SERVICES AND MINISTER FOR EMERGENCY SERVICES			
Department of Corrective Services			
Long Bay Redevelopment	2003	37.0	2.7
Mulawa Redevelopment	2000	5.1	1.0
Goulburn Redevelopment - Stage One	2000	6.3	0.8
New South Wales Fire Brigades			

Communications equipment	2001	20.0	5.0
New fire stations in growth areas of Sydney	1999	6.0	1.7

Table 1.13: Significant New Capital Projects to Commence in 1997-98 (cont)

Project	Estimated Completion Date	Estimated Total Cost	Allocation in 1997-98
		\$m	\$m
Department of Bush Fire Services			
Additional tankers and fire fighting equipment	1999	8.8	4.4
State Emergency Service			
Construction of new Clarence division headquarters	1998	0.4	0.4
MINISTER FOR EDUCATION AND TRAINING			
Department of School Education			
Camden High School - replacement	1999	17.4	0.8
Nirimba Senior High School - new school Stage 2	2000	10.5	0.9
Glenmore Park High School - new school Stage 2	2000	7.1	2.0
Carnes Hill Public School - new school	2000	4.9	1.9
Unanderra Public School - relocation	2000	5.0	0.1
Bodalla Public School - relocation	2000	4.6	1.1
Narara Public School - relocation	2000	5.1	1.8
Caringbah High School - new library	2000	1.3	0.4
Revesby Public School - relocation of Gillawarna and Broderick Schools for Specific Purposes	2000	6.3	0.4
Tuggerah Public School - upgrade	2000	4.5	2.1
Sandon Public School - replacement	2000	3.9	2.4
Macksville High School - upgrade Stage 2	2000	3.5	2.0
NSW TAFE Commission			
Hornsby - new facilities for adult basic education, library, student support and administration	2001	5.9	0.3
Wetherill Park - new facilities for student support, library and general purpose classroom	1999	5.5	3.0
Bathurst - new facilities for automotive training, rural studies, administration and ancillary areas	1999	4.3	3.5
Blacktown - refurbishment to provide business studies, fashion and staff offices	1999	1.0	0.8
Griffith - Wine and Grape centre	1999	1.3	0.5
Lithgow - new facilities for tourism and hospitality, business services, information technology, general purpose laboratory and administration	1999	1.9	0.5
Liverpool - vocational and professional centre	2000	3.5	0.2
Connection of all colleges to the Internet	2002	22.2	1.1
Department of Training and Education Co-ordination			
Redevelopment of the Conservatorium of Music	2000	55.3	5.1
MINISTER FOR THE ENVIRONMENT			
Environment Protection Authority			
Additional equipment for monitoring air toxics	2000	0.5	0.5
National Parks and Wildlife Service			
Additions to the park estate	1999	1.2	1.0
New parks and wilderness areas	1999	4.0	3.1

Table 1.13: Significant New Capital Projects to Commence in 1997-98 (cont)

Project	Estimated Completion Date	Estimated Total Cost	Allocation in 1997-98
		\$m	\$m
Upgrading of the Perisher Waste Treatment Plant	1999	14.0	6.0
Centennial Park and Moore Park Trust			
Restoration of Centennial Park ponds	1999	6.1	1.2
Refurbishment of Hordern Pavilion/Royal Hall of Industries	1998	14.0	14.0
MINISTER FOR FAIR TRADING AND MINISTER FOR WOMEN			
Department of Fair Trading			
Fitout of amalgamated regional offices	1998	1.2	1.2
Development of computer systems arising from amalgamation of agencies into the Department	1999	2.8	2.4
MINISTER FOR HEALTH AND MINISTER FOR ABORIGINAL AFFAIRS			
Department of Health			
Central Coast Area Community Health Strategy stage 1	1998	3.0	3.0
Information Management and Telecommunications Strategy stage 2	2000	59.3	24.0
Macarthur Sector Strategy	2002	79.0	1.0
Nepean stage 2a redevelopment	2002	58.8	14.0
State Government Nursing Home Program	2001	75.1	8.0
Royal North Shore Hospital paediatric services	2000	11.7	1.0
Tweed Heads stage 3 redevelopment	2000	25.0	1.5
Westmead Institutes of Health	1998	5.3	5.3
MINISTER FOR LAND AND WATER CONSERVATION			
Department of Land and Water Conservation			
Kooragang wetlands rehabilitation	2003	4.0	0.6
MINISTER FOR MINERAL RESOURCES AND MINISTER FOR FISHERIES			
Department of Mineral Resources			
Extensions to core library	1999	1.6	0.5
Accounting system	1998	1.0	1.0
MINISTER FOR THE OLYMPICS			
Olympic Co-ordination Authority			
Construction of Olympic venues:			
• Velodrome	1999	33.8	3.0
• Stadium - Government contribution	2001	121.7	34.8
• Equestrian	1999	32.5	12.2
• Hockey	1998	11.7	6.6

Table 1.13: Significant New Capital Projects to Commence in 1997-98 (cont)

Project	Estimated Completion Date	Estimated Total Cost	Allocation in 1997-98
		\$m	\$m
MINISTER FOR POLICE			
New South Wales Police Service			
Improvement in accommodation for Kings Cross Police Station	1998	0.9	0.9
Replacement of speed and breath testing equipment	1998	8.8	3.8
MINISTER FOR SPORT AND RECREATION			
Department of Sport and Recreation			
Grants to sporting facilities		5.5	5.5
MINISTER FOR PUBLIC WORKS AND SERVICES, MINISTER FOR ROADS AND MINISTER FOR PORTS			
Office of the Minister for Public Works and Services			
City improvement project	1999	41.0 #	16.2 #
Roads and Traffic Authority			
M5 East project	2000	580.0	144.0
MINISTER FOR TRANSPORT AND MINISTER FOR TOURISM			
Department of Transport			
New Rolling Stock	2005	210	12
MINISTER FOR URBAN AFFAIRS AND PLANNING AND MINISTER FOR HOUSING			
Water and Sewerage Assistance			
Backlog sewer projects	1999	75.8	30.6

* Estimated total cost to be determined following review of project proposals.

Includes contribution from Sydney City Council and other non Budget contributions.

SAVINGS MEASURES

In order to meet the new initiatives detailed in the previous tables and to also achieve the Budget result and debt reduction targets, a series of savings measures are being implemented. Table 1.14 below provides a listing of the savings measures.

Table 1.14: Summary of Major Savings Measures

Savings Measure	Impact of Measure	
	1997-98	Maximum Savings 1998-99 or 1999-2000
	\$m	\$m
CROSS PORTFOLIO SAVINGS MEASURES		
Corporate support	27.0	27.0
Service competition savings	32.0	32.0
AGENCY SPECIFIC MEASURES		
The Legislature	1.2	1.2
Cabinet Office	0.2	0.2
Parliamentary Counsel's Office	0.1	0.1
Premier's Department	1.4	1.4
Independent Commission Against Corruption	0.5	0.5
Ombudsman's Office	0.1	0.1
State Electoral Office	0.1	0.1
Independent Pricing and Regulatory Tribunal	0.1	0.1
Historic Houses Trust	1.6	0.6
Ethnic Affairs Commission	0.2	0.2
Department of Agriculture	2.8	2.8
Attorney General's Department	1.4	1.4
Office of the Director of Public Prosecutions	0.8	0.8
Ageing and Disability Department	0.2	0.2
Community Services Commission	0.1	0.1
Department of Industrial Relations	0.4	0.4
Department of Juvenile Justice	1.3	1.3
Department of Corrective Services	4.5	6.7
Department of Training and Education Co-ordination	6.4	6.4
Department of School Education	1.5	5.8
NSW Technical and Further Education Commission	8.1	11.6
Environment Protection Authority	1.3	1.3
National Parks and Wildlife Service	3.0	3.0
Royal Botanic Gardens and Domain Trust	0.3	0.3
Centennial Park and Moore Park Trust	0.1	0.1
Department of Fair Trading	7.3	7.3
Department for Women	0.1	0.1
Department of Gaming and Racing	0.6	0.6
Casino Control Authority	0.1	0.1
Health Care Complaints Commission	0.1	0.1
Department of Aboriginal Affairs	0.1	0.1
Department of Land and Water Conservation	8.4	8.4
Department of Mineral Resources	0.7	0.6

New South Wales Fisheries	0.4	0.4
New South Wales Police Service	12.6	19.5

Table 1.14: Summary of Major Savings Measures (cont)

Savings Measure	Impact of Measure	
	1997-98	Maximum Savings 1998-99 or 1999-2000
	\$m	\$m
AGENCY SPECIFIC MEASURES (cont)		
New South Wales Crime Commission	0.1	0.1
Office of the Minister for Public Works and Services	0.8	0.8
Office of Marine Administration	0.1	0.1
Department of Sport and Recreation	0.8	0.8
Department of Transport	0.4	0.4
Tourism NSW	0.6	0.6
Treasury	1.4	1.4
Department of Energy	0.1	0.1
Sustainable Energy Development Authority	0.2	0.2
Department of State and Regional Development	1.4	1.4
Department of Urban Affairs and Planning	1.2	1.2

REVENUE MEASURES

The 1997-98 Budget also incorporates a package of revenue measures designed to raise revenue to support high priority expenditure areas. These measures are shown in Table 1.15, with more detail provided in Chapter 3.

Table 1.15: Summary of Major Revenue Initiatives

Initiative	Revenue Gain	
	1997-98	Full Year
	\$m	\$m
Introduce an Electricity Distributors' Levy	100.0	100.0
Increase the rate of land tax from 1.65% to 1.85%	67.0	80.0
Extend the coverage of land tax to owner occupied properties with a land value of \$1 million or more and remove 2,100 square metre size threshold	42.0	50.0
Increase the marginal rate of club gaming device duty to 30% of annual profit above \$1 million from 1 September 1997	56.0	74.0
Increase the concessional rate of duty on general insurance		

from 2.5% to 5% where the period of insurance begins on or
after 1 July 1997

51.0

56.0

Table 1.15: Summary of Major Revenue Initiatives (cont)

Initiative	Revenue Gain	
	1997-98	Full Year
	\$m	\$m
Introduce a 10% duty on accommodation provided by hotels, motels, guest houses etc in and round the Sydney CBD from 1 September 1997	48.0	64.0
Increase the health insurance levy from 63 cents to 83 cents per policy per week for singles and from \$1.26 to \$1.66 per week for families from 1 July 1997	15.0	15.0
Introduce a 5% marginal rate of stamp duty at \$45,000 on the transfer of certain classes of motor vehicles from 1 July 1997	10.0	11.0
Increase the parking space levy from \$200 per space to \$400 per space from 1 July 1997	7.8	7.8
Broaden the exemption from contracts and conveyances duty for intergenerational rural property transfers between siblings and exempt leases made between generations and siblings from stamp duty from 7 May 1997	n.a.	n.a.

Chapter 2:

THE ECONOMY

2.1 Introduction

2.2 Economic Trends and Outlook

2.3 Alternative Budget Scenarios

**2.4 An Economic Development Strategy
For New South Wales**

2.1 INTRODUCTION

Both the revenue and the outlay sides of the Budget are affected by conditions in the New South Wales and Australian economies. This chapter reviews the recent performance of these economies, and provides forecasts for the economic variables that underlie the 1997-98 Budget.

Economic forecasts are always subject to uncertainty, and therefore subject to a number of caveats. The qualifications below should be borne in mind when interpreting the forecasts contained in the next section.

- Presenting the Budget before the start of the financial year has many benefits. However, the early timing does make the economic forecasts subject to greater uncertainty. The available data is necessarily more limited. For example State and National Accounts data, which provides the starting point for the Budget, is only available for the first two quarters of 1996-97.
- Much of the data that influences the forecasts will be subject to revision. Such revisions have on past occasions been sufficiently large to have required a re-interpretation of the path taken by the economy in the recent past.
- The quality of much State Accounts data is significantly poorer than National Accounts data, because of larger sampling errors, data availability, and for conceptual reasons. The Australian Bureau of Statistics (ABS) categorises its real Gross State Product (GSP) estimates as *experimental* to reflect their imprecision. Therefore the significance of GSP trends, whether actual or forecast, should *not* be overstated.
- The forecasts are significantly influenced by assumptions regarding events which are themselves very uncertain, such as the outlook for the world economy, future wages outcomes and the industrial relations climate, and the Commonwealth Government's fiscal strategy.

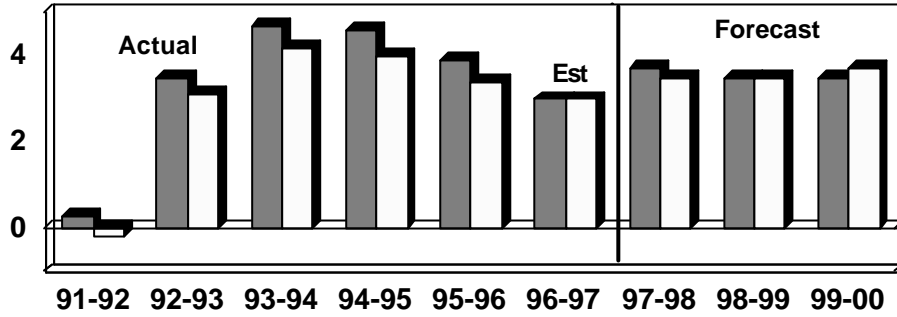
In addition, the relationship between the economy and Budget outcomes is imprecise, and therefore the implications of changes in the economic forecasts for the Budget cannot be precisely determined.

The expectation for 1997-98, as summarised in Figure 2.1, is for faster growth in both national and State output compared with 1996-97. Employment growth is also expected to accelerate but will fall short of the growth rates achieved in 1994-95 and 1995-96.

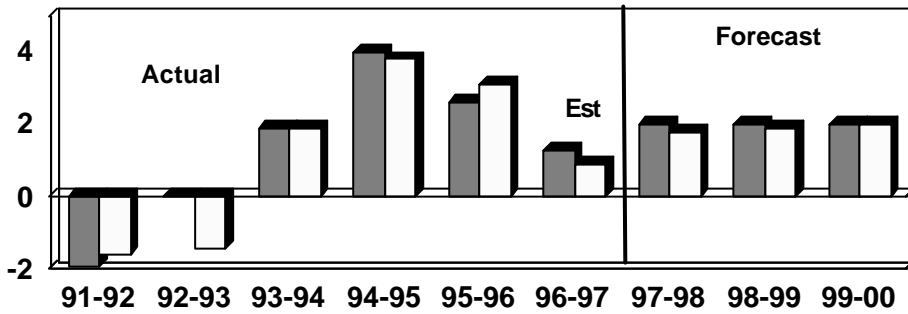
In each of the following two years, growth of the economy and employment are expected to remain steady at about 3½ per cent and 2 per cent respectively. Annual inflation is expected to edge up to 2½ per cent by the end of 1998-99 and then is projected to steady in the middle of the Reserve Bank's inflation target range.

Figure 2.1
Key Indicators
 Percentage Changes

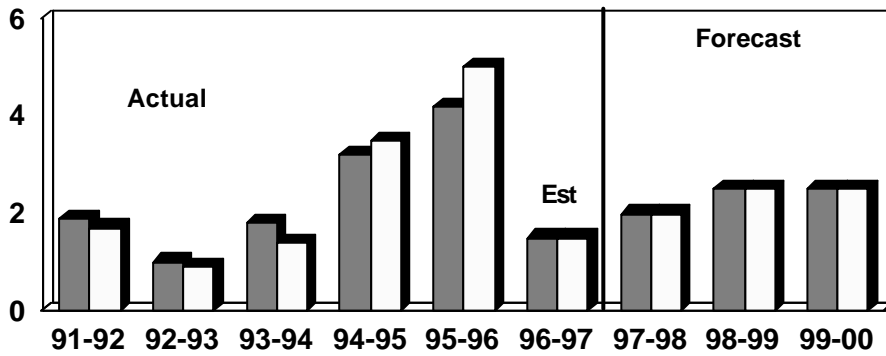
Gross Domestic Product



Employment



Consumer Price Index



■ Australia □ New South Wales

2.2 ECONOMIC TRENDS AND OUTLOOK

Due to the timing of this Budget, the information utilised in this section is mainly limited to data covering the period to the end of the December 1996 quarter.

RECENT PERFORMANCE OF THE AUSTRALIAN AND NSW ECONOMIES

Real national Gross Domestic Product (GDP(I)) growth fell from 4.6 per cent in 1994-95 to 4 per cent in calendar 1996. Partial indicators since the beginning of 1997 suggest that growth was probably sluggish during the March 1997 quarter. Better prospects for dwelling construction and continued high business investment suggest that the economy may be a bit stronger in the June quarter.

New South Wales' GSP growth in 1995-96 of 3.4 per cent was a little below the national average. Growth in GSP in calendar 1996 increased to 3.6 per cent, with somewhat slower growth in State Final Demand offset by larger increases in inventory investment as well as interstate and international trade. For 1996-97 as a whole, GSP is expected to increase by 3 per cent, the same as national GDP growth. This expected outcome is a consequence of a slow down in growth in the first half of 1997.

Labour Market

Growth in employment nationally slowed dramatically during the course of 1995-96 to the point that demand for labour was virtually static in the June quarter of 1996. Despite that, average employment grew by 2.6 per cent for the year. In 1996-97, the reverse will be true. Although employment growth was higher through the first three quarters of 1996-97 than in the June 1996 quarter, growth for the financial year is expected to fall to 1¼ per cent. The national unemployment rate was 8.5 per cent in the June quarter 1996, compared with 8.4 per cent a year earlier, but then moved up to 8.7 per cent in the March quarter 1997. Little change is expected in the unemployment rate before the end of 1996-97.

Employment growth was stronger in New South Wales than the national average during the second half of 1995, averaging almost 1 per cent per quarter compared to 0.4 per cent nationally. In the first half of 1996, however, NSW employment was flat, but it began to rise again in the second half of the year. As a result, growth in average employment for the State for 1996-97 is expected to be down from 3.1 per cent in 1995-96 but similar to the national level. Employment growth through the year from June 1996 to June 1997 should be about 1½ per cent. The year average unemployment rate is expected to be 8 per cent which will be below the average for the other States.

Wages

The growth in adult weekly ordinary time earnings (AWOTE), which had accelerated during the buoyant economic conditions of 1994-95, peaked nationally at an annual rate of 5.1 per cent in the September 1995 quarter. With the subsequent deceleration of economic activity, the annual growth in earnings slowed to less than 4 per cent by the December quarter of 1996.

Wage growth in the State peaked at 6.6 per cent in 1995. By the end of 1996 the annual rise in AWOTE in New South Wales had fallen to 3.7 per cent. The moderation in earnings growth is expected to persist both nationally and in New South Wales during the second half of 1996-97, reflecting the weak labour market.

Prices

Headline inflation (CPI), fuelled partly by rising mortgage interest charges, accelerated nationally during 1995 to a peak of 5.1 per cent in the December quarter. The "underlying" inflation measure (which excludes mortgage interest charges amongst other things) peaked at 3.3 per cent in the March quarter of 1996. During 1996 the rate of inflation fell even more quickly than it had risen, as a result of falling interest rates, more moderate wages growth, and a rising exchange rate which held down the price of imports. By the March 1997 quarter, the headline rate was down to 1.3 per cent. For 1996-97, headline inflation is expected to average 1½ per cent while the underlying rate is likely to be about half a percentage point higher.

The annual rate of inflation in New South Wales had been higher than in Australia since 1993-94, but the difference was eliminated by the March quarter 1997 from a full percentage point above the national average a year earlier. Hence CPI growth in the State is also expected to average 1½ per cent for the 1996-97 year.

Balance of Payments and Exchange Rates

From a peak of \$28.8 billion in 1994-95, Australia's current account deficit narrowed to \$20.1 billion in 1995-96 as growth in capital equipment imports slowed to 15 per cent from more than twice that in 1994-95 and growth of exports accelerated to 11 per cent from just 2 per cent the year before.

While there is no current account measure for the State, a similar pattern emerged for trade in merchandise for New South Wales, with merchandise import growth slowing from 23 per cent in 1994-95 to 11 per cent in 1995-96. Over the same period, merchandise export growth accelerated from 3.1 per cent to 8.5 per cent.

Australia's balance on the current account improved a little further in the first quarter of 1996-97 but deteriorated sharply in the second quarter as imports of capital and intermediate goods again shot up, and a rising exchange rate put pressure on exporters. In December, the Trade Weighted Exchange Rate Index (TWI) was 10 per cent higher than a year earlier. For 1996-97 as a whole, the current account deficit is expected to again total around \$20 billion or 4 per cent of GDP.

Interest Rates

Monetary policy was progressively loosened in the second half of 1996, with three reductions in the cash rate totalling 1.5 percentage points. The RBA might cut rates again before the end of the financial year to counter weak jobs growth, and given the low CPI for the March quarter. However, rising interest rates in the United States may preclude such a move. The easings in monetary policy and fierce competition in lending markets saw home mortgage rates fall in the first quarter of 1997 to the lowest levels since the 1960s.

Australia's long term interest rates are set in world capital markets. They largely reflect expectations for world inflation and demand for capital, but there is also a fluctuating premium which varies with Australia's inflation performance and exchange rate risk. Ten-year bond rates rose steadily from 8 per cent in January 1996, to 9 per cent at the beginning of April on concerns that world output growth and inflation were about to accelerate. However, when it became clear that inflation in Australia had fallen sufficiently for the RBA to consider easing monetary policy, bond rates in Australia reversed course and fell to 7 per cent in November. At that point the margin over US bonds had reached a historically low 0.75 percentage points (down from more than 2 full points at the end of 1995) and international considerations again began to dominate domestic bond markets. Fears of inflation and tighter monetary policy in the United States saw bond rates rise back to 8 per cent in April 1997.

Revisions to 1996-97 Budget Forecasts

The expected outcomes for 1996-97 are little different from Budget projections a year ago.

- Expected GDP growth has been reduced from 3¼ per cent to 3 per cent despite the fact that growth in the first half of the year was somewhat higher than the forecast for the full year.
- NSW GSP is still expected to grow at about 3 per cent, although, as with GDP, growth was faster than that in the first half of the financial year.
- NSW employment is now expected to grow by 1 per cent rather than the 1¼ per cent forecast last year.¹
- The expectation for the Sydney CPI has been revised downward to 1½ per cent to reflect the much lower than expected inflation in the first three quarters of the 1996-97 financial year.

Estimates for the 1996-97 Budget outcomes are based on these expectations for the economy.

¹ The lower forecast for employment growth is due to a technicality rather than to a weaker than expected labour market in 1996-97. A sharp fall in employment in the second half of 1995-96 meant that the end of year employment number, the starting point for employment growth in 1996-97, was much lower than the average level of employment for 1995-96. As a result, any given growth of employment in the course of 1996-97 would give a lower average growth rate for the year than had previously been expected.

MEDIUM TERM PROSPECTS FOR THE NSW ECONOMY

The economic projections for the Budget year and the two forward years need to be considered in the context of some noteworthy characteristics of the NSW economy. These characteristics have significant implications for the scope for economic growth in New South Wales in the medium term compared to that of other States.

Abstracting from cyclical factors, trend NSW GSP growth has been about 0.3 percentage points less than national GDP growth since State Accounts data was first published for 1984-85². Over the period the growth in GSP in New South Wales averaged 2.8 per cent compared to 3.1 per cent nationally. Nevertheless, NSW average per capita GSP growth (a better measure of welfare) was 1.7 per cent, just under the national average of 1.8 per cent.

There are no compelling reasons to expect recent trends to change over the next few years, with the possible exception of the economic impacts of the 2000 Sydney Olympics.

- The fact that New South Wales accounts for around one third of the national economy makes it inevitable that the performance of the State economy will be close to that of the national economy.
- New South Wales, as the first of the Australian colonies, has a more mature economy than most of the other States. An important repercussion is that there is less scope for significant additional exploitation of natural resources in New South Wales.
- A consequence of the stage of the State's resource development is that New South Wales does not benefit from growing world demand and the favourable price outlook for some commodities to the same extent as Queensland, Western Australia and the Northern Territory in particular.
- Nevertheless, some of the rapid growth in commodity sectors in other States produce benefits for New South Wales that are not reflected in State Accounts output or income measures. Much of the return to Australian capital that is invested in the resource sectors in other States accrues to New South Wales' residents. This is demonstrated by ABS estimates of higher household income in New South Wales than the national average, which take account of income flows interstate and overseas.
- Overall, the industry structure of the NSW economy is the most diverse of all of the States, and also closest to that of the national average. This has the advantages of reducing the sensitivity of the NSW economy to external shocks, lowering the volatility of State output and income, and helping to ensure that growth in the State tends to be fairly widely spread rather than concentrated in particular sectors. However this structure also tends to limit the extent to which aggregate State growth can be pulled along by fast growth in any one sector.

² Given the difficulties in compiling the State Accounts, annual differences of this magnitude are generally not significant, although over a 10 year period such a difference consistently would be significant.

- Annual population growth in New South Wales has averaged about a quarter of a percentage point below Australia for the last 25 years due to a combination of a relatively low rate of natural population growth, and net interstate emigration. The ABS projects³ that New South Wales' share of the national population will continue to decline over the next half century (though clearly a large degree of uncertainty is attached to such long-run projections).
- In the long run, the growth of an economy is closely correlated to its population and productivity growth. On the one hand, additions to population provide an additional source of output demand, and on the other they increase the productive capacity of the economy. However, of more importance is the fact that per capita growth is not affected in a consistent way by absolute population growth, while productivity growth clearly does increase per capita growth.
- New South Wales has a slightly older population structure, with relatively fewer new entrants to the workforce. The future age structure of the population is in part a consequence of the present age structure. ABS projections show New South Wales' share of the most economically active age group will decline more rapidly than its overall share of the national population for the foreseeable future.
- The relatively good labour market outcomes in New South Wales are helped by the fact that fewer new jobs need to be created to absorb growth in the labour force than in some States.
- Finally, it is important to note that the NSW economy has performed better than that of other States such as Victoria, South Australia and Tasmania in the last decade or so. Therefore New South Wales cannot benefit from any catch up growth.

Therefore given the absence of any strong factors offsetting the above, New South Wales' growth in 1997-98 is expected to be close to the national average as discussed in the following section.

ECONOMIC OUTLOOK FOR 1997-98

The estimates and forecasts for the main economic variables that underlie the 1997-98 Budget and forward estimates are shown in Table 2.1.

The outlook for economic growth nationally and in New South Wales in 1997-98 is a little more optimistic than was expected at the time of the 1996-97 Budget. Growth in output is anticipated to accelerate from the moderate result expected in 1996-97. As a consequence, employment growth is expected to be stronger and the unemployment rate should fall. Inflation is likely to move up from the very low rate expected in 1996-97 but should not pose a threat to sustainable growth in the remainder of the decade.

- Nationally, economic growth is expected to increase to 3¾ per cent in 1997-98 from 3 per cent in 1996-97.
- In line with the trend of the last decade or so, NSW output growth is likely to be slightly less than the national average in 1997-98.

³ ABS Pub 3222, Population Projections - Australia, Series A assumptions.

- Dwelling construction is expected to make a large contribution to the higher growth rate, but there is likely to be a small negative effect from net foreign trade.
- Growth in employment nationally in 1997-98 is expected to be somewhat stronger than in the previous year.
- NSW employment growth is expected to almost double in 1997-98 following a year of relatively weak growth in 1996-97.
- The headline rate of inflation is likely to rise a little in 1997-98 but the underlying rate should be steady.

Factors that influence the forecasts about which there is the greatest uncertainty include the prospects for the world economy, the outlook for wages and industrial relations, and the impact of the Federal Government's budget on economic growth. These issues are discussed at the end of this section, and an analysis of the possible Budget implications of changes to some critical assumptions is contained in section 2.3.

Private Consumption

Growth in private consumption in both New South Wales and Australia is expected to rise marginally in 1997-98 due to faster employment growth, offset by slower expected real wage growth.

Dwelling Construction

There is expected to be strong growth in private dwelling investment in 1997-98 led by New South Wales and Victoria. Growth in New South Wales will be sustained by a shortage of housing stock. Low mortgage interest rates can only enhance demand.

Business Investment

Business investment growth is forecast to slow to around 8 per cent in 1997-98 for Australia with a similar outcome expected for New South Wales.

Expenditure on plant and equipment, which has grown fastest in recent years, is expected to rise by a little less than non-dwelling construction in 1997-98. As a large proportion of plant and equipment is imported, any slowing in this component of business investment is substantially offset by lower import growth, leaving a relatively small change in short term domestic growth.

A change in business and consumer confidence could lead to business investment growth outcomes significantly different to those forecast. Further increases in interest rates in the United States are one of the factors which could affect business confidence.

Table 2.1: Economic Performance and Outlook⁽¹⁾

	1995-96	1996-97(e)	1997-98(f)	1998-99(f)	1999-2000(f)
1. ECONOMIC OUTPUT⁽²⁾					
Income Based GDP	3.9	3	3¾	3½	3½
Private Consumption	4.2	2½	2¾	2¾	2¾
Private Dwelling Construction	(-) 13	(-) 3	10	8	(-) 8
Business Sector Investment	11.0	12¼	8	6	5
Public Final Demand	0.8	1¼	1½	2¼	2
Gross National Expenditure	3.1	3	4	3	2½
Exports	10.3	9¾	8¼	9½	10
Imports	5.5	9½	10	7¼	6¾
2. CURRENT ACC'T DEFICIT (\$b)	20.9	20	24	25	23
Per cent of GDP	4.3	4	4½	4½	3¾
Net Foreign Debt (\$b) ⁽³⁾	186.9	201	217	234	238
3. PRICES					
National CPI Index	4.2	1½	2	2½	2½
Cwlth Treasury "Underlying" CPI	3.2	2	2	2½	2½
Non-Farm GDP Deflator	2.8	1¾	2	2¼	1¾
Terms of Trade	4.1	2	...	...	...
4. WAGES:⁽⁴⁾					
Survey AWE (full time adult)	4.3	3¾	3¾	3¾	3¾
National Accounts AWE	4.4	4	3½	3½	3½
5. NATIONAL EMPLOYMENT	2.6	1¼	2	2	2
Unemployment Rate ⁽⁵⁾	8.5	8¾	8½	8¼	8
6. FINANCIAL VARIABLES⁽⁵⁾					
Interest Rates					
90-day bills	7.5	6½	7	7	7
10-Year Bonds	8.7	7½	8	8	8
Mortgages ⁽⁶⁾	10.4	8½	8½	8¾	8¾
Exchange Rates: \$US/\$A Rate	.76	.79	.79	.79	.79
TWI Index	55.1	58	58	58	58
7. NEW SOUTH WALES					
Output (Gross State Product) ⁽²⁾	3.4	3	3½	3½	3¾
Private Consumption ⁽²⁾	4.4	2¼	2½	2½	2¾
Private Dwelling Construction ⁽²⁾	(-) 6.4	(-) ½	9¾	8	(-) 8
Business Sector Investment ⁽²⁾	5.9	9¾	7	6½	5½
State Final Demand ⁽²⁾	3.0	2¾	3¼	3½	2½
Employment	3.1	1	1¾	2	2
Unemployment Rate ⁽⁵⁾	7.8	8	7¾	7½	7¼
Inflation (Sydney CPI)	5.0	1½	2	2½	2½
Wages AWE (full time adult) ⁽⁴⁾	5.6	4½	3¾	3¾	3¾

(1) All figures are annual average rates of change unless otherwise indicated.

(2) Growth in real (constant price) terms.

(3) Levels in June quarter, current \$.

(4) Growth in nominal (current price) terms.

(5) Average for financial year.

(6) Predominant bank variable rate.

(e) Estimate (Rounded to nearest ¼ per cent).

(f) Forecast (Rounded to nearest ¼ per cent).

Public Final Demand

The contribution to growth from public final demand is expected to again be negligible in 1997-98. The Commonwealth found its Budget position had deteriorated by \$5¼ billion in the mid-year review and will again be looking to cut expenditures and increase revenue. Privatisation of public trading enterprises and sales of assets will add to the slow down in the rate of public sector growth.

Foreign Trade

Australia's export growth is expected to slow in 1997-98, but with imports expected to grow at a similar rate to 1996-97 the trade balance is expected to deteriorate slightly. The net contribution of foreign trade to GDP growth is therefore expected to be marginally negative in 1997-98.

While the value of the Australian dollar has fallen a little from recent highs, its value is likely to be maintained through 1997-98.

The Labour Market

The weak labour market resulted in a rise in the unemployment rate in 1996-97. That is expected to be reversed in 1997-98. Steady employment growth coming off a low base is likely to result in full year outcomes well above those achieved in 1996-97.

Wages and Prices

At both the national and State levels, average weekly earnings growth is expected to be around 3¾ per cent in 1997-98, a slowing in New South Wales.

The benefits for the CPI from falling mortgage interest charges are expected to fade during the course of 1997-98, even if interest rates do not rise. As a result, headline inflation is expected to be a little higher in 1997-98. However, the underlying rate of inflation should be little changed.

Major Risk Factors

Outlook for the World's Major Economies

The Australian and NSW economies are strongly influenced by events in the world's major economies, in particular the United States, Japan, South-East Asia, and Europe.

Underlying the forecasts for the Australian and NSW economies is the expectation that world economic growth in 1997 will be a little stronger than 1996, followed by even stronger growth in 1998. As the United States is near or at full employment, with an unsustainably high growth rate, economic activity there will have to slow. The forecasts have been based on the assumption that the deceleration in the United States will be mild and will be offset by somewhat stronger growth in Europe and Japan. The restrictive policies in China in 1996 appear to have slowed growth to sustainable levels while in South East Asia growth rates are expected to remain strong if not quite as high as a few years ago.

However, attempts to slow growth in the United States could push the country into recession. Deficit reduction measures in Europe might stifle private spending rather than stimulate it and the upturn in Japan might once again prove elusive. The upside risks, mainly that growth in China and South East Asia could bounce back to early 1990s levels, seem lower.

Industrial Relations

There are concerns that recent wage increases have not been spread evenly throughout the community. Employees with bargaining power have obtained settlements well above the average while many employees have received little or no increase for some time. While the recent decision by the Australian Industrial Relations Commission on the ACTU's *Living Wage* claim removes the immediate threat of a wage blow-out, it will not have eliminated pressures for catch-up claims.

Business Investment

As business investment is one of the most volatile components of GDP growth (fluctuating between a low of -14 per cent and a high of +15½ per cent over the last six years), its prospects are one of the most uncertain.

Fiscal Policy

The Commonwealth's forward budget estimates encompass tax cuts of \$4 billion in 1999-2000, and most of the Budget shortfall identified in the Mid-Year Review could be made up by abandoning that measure. However, the Federal Government appears to be intending a further series of expenditure cuts and revenue measures in their 1997-98 budget to cover the shortfall. Further fiscal tightening will be on top of the measures announced in the 1996-97 Budget, and might be equivalent to a ½ per cent reduction in GDP and NSW GSP (in the absence of any offsetting factors such as a positive impact on business or consumer expectations).

ECONOMIC OUTLOOK FOR THE FORWARD YEARS

Table 2.1 contains forecasts out to 1999-2000 predicated on the following medium term economic outlook -

- economic growth is expected to ease marginally in 1998-99 due to slower growth in private investment and a downturn in the inventory cycle;
- Australia's non-inflationary growth potential over the coming decade will be lifted by microeconomic and competition policy reforms; and
- New South Wales is likely to receive a modest boost at the end of the decade from economic activity associated with the 2000 Sydney Olympics.

2.3 ALTERNATIVE BUDGET SCENARIOS

Both sides of the NSW Budget are influenced by uncertainty, though to different degrees. Items which can be quite sensitive to economic factors on the revenue side, include payroll tax and stamp duties, both of which are very important sources of revenue. Payroll tax is affected by both employment levels and wage rates. Stamp duty income from contracts and conveyances and share transfers are significantly affected by changes in trading volumes, while those taxes as well as land tax are affected by changes in asset values. Such changes are difficult to forecast accurately. Other sources of tax revenue, such as the amount spent on cars, petrol, alcohol, tobacco and gambling, are affected by general economic conditions.

In the short term, the expenditure side of the Budget is relatively insensitive to changes in economic conditions. Many expenditure quantities are locked in at the time of the Budget. Nevertheless, changes in wage rates could have some impact on outlays as wages account for a large proportion of recurrent outlays. Changes in interest rates also have some impact on the cost of servicing the Budget Sector debt.

There are always different views on the outlook for the economy. Recent published forecasts for GDP growth in 1997-98 range from 3.5 to 4.8 per cent, though the range of possible outcomes extends beyond the 3-5 per cent band.

In order to illustrate the potential impact of some of the sources of uncertainty on the Budget outcome, three alternative scenarios are explored: a *high demand* scenario; a *wage blow-out* scenario; and a *low demand* scenario.

The *high demand* scenario is consistent with higher world growth increasing domestic growth, or the response of domestic growth to a given rate of world growth being stronger than forecast. With output growth of 5 per cent, supply side and balance of payments constraints would put pressure on prices and interest rates. In the *wage blow-out* scenario, increases in average weekly earnings over 6 per cent would lead to a tightening in monetary policy and a significant reduction in demand and output. The *low demand* scenario could eventuate from sluggish growth in the US, Europe and Japan coupled with tight fiscal policy, leading to some softening of wages and prices, very weak employment growth, and looser monetary policy.

Table 2.2: Economic Scenarios

	Budget Estimates	Growth Rates - Change on Budget Estimate		
		High Demand	Wage Blow -out	Low Demand
	%	% points	% points	% points
Aggregate Demand (GSP)	3½	1½	(-)¾	(-)1½
NSW Employment	1¾	1	(-)½	(-) ½
Wages (AWE)	3¾	1	2½	(-)1½
Budget Sector Wages	3	½	1½	(-) ½
Consumer Prices (Sydney)	2	½	1	(-) ½
90-Day Bill Rate	7	1	1	(-) 1
10-Year Bond Rate	8	1	...	(-) ½

The alternative scenarios are defined in terms of key economic parameters that influence the Budget, with the deviations from the base forecast given in Table 2.2. The values in Table 2.2 represent the average deviations over a twelve month period. The alternative budget outcomes in Table 2.3 are on the basis of *no* explicit revenue or expenditure response on the part of the State government compared to the base forecast.

While the expected underlying budget outcome is for a surplus of \$27 million, under the *high demand* scenario the surplus could increase to \$192 million, and under the *wage blow-out* scenario the budget outcome could be a deficit of \$228 million. These are not confidence limits or alternative forecasts, but indicate some of the possible sources of deviation from the base case and potential magnitudes.

Table 2.3: Alternative Budget Outcomes

	Budget Estimates	Change on Budget Estimate ⁽¹⁾		
		High Demand	Wage Blow -out	Low Demand
	\$m	\$m	\$m	\$m
Current Financial Result	2,247	175	(-)230	(-)165
Outlays	20,515	130	180	(-) 95
Receipts	22,763	305	(-) 50	(-)260
Tax	12,912	260	5	(-)220
Non-tax	9,851	45	(-) 55	(-) 40
Capital Financial Result	(2,220)	(-) 10	(-) 25	10
Outlays	3,301	10	25	(-) 10
Receipts	1,081	...	...	...
Total Result	27	165	(-)255	(-)150

(1) Values should be added to budget estimate to give a revised budget estimate.

The *wage blow-out* scenario is particularly bad for the Budget. The expenditure side of the Budget is increased while on the revenue side the positive impact of higher wages on payroll tax receipts is more than offset by the negative impact of lower employment with the result that revenues fall. In the *low demand* scenario there is a big fall in revenues which is only partially offset by some reduction in expenditures. The *high demand* scenario is a mirror image of the previous scenario because a rise in revenues is only partially offset by some growth in outlays.

These scenarios demonstrate the point that the budget outcome is the difference between two very large values (total outlays and total receipts both exceed \$20 billion), and a given outcome can be achieved in many different ways. Moreover, the composition of the revenue side in particular could be somewhat different than the base forecasts.

2.4 AN ECONOMIC DEVELOPMENT STRATEGY FOR NEW SOUTH WALES

The role of State Governments in economic development has been and continues to be a source of discussion amongst policy makers. The Industry Commission undertook an inquiry into State, Territory and Local Government Assistance to Industry in 1996. In its July 1996 draft report (the final report is yet to be released), it concluded that the provision of some project specific assistance may be against the national interest. It recommended options that would require agreement by jurisdictions ranging from greater transparency, with external monitoring, to forward limits on certain types of assistance. State and regional economic development depends far more on a broader range of issues, however, than direct assistance that State Governments may provide to specific firms. Some of the issues that need to be considered include -

- the efficiency of the State taxation regime;
- improving productivity and the efficiency of public service delivery;
- the division of roles and responsibilities between the States and the Commonwealth;
- balancing national and state interests; and
- education and training requirements for the 21st century.

Macro-economic policy, and most obviously monetary policy, is predominantly the concern of the Commonwealth government. Nevertheless, this does not mean that the role of the States is negligible or irrelevant.

The NSW Government is currently examining the issues and questions raised above, and plans to release an Economic Development Strategy for New South Wales later in 1997. This Strategy will not prescribe detailed policies by portfolio, but will provide a blueprint for the future broad economic policy directions of the Government against which specific policies can be tested.

Chapter 3:
BUDGET RECEIPTS

3.1 Budget Receipts, 1997-98

3.2 Forward Estimates of Budget Receipts

3.1 BUDGET RECEIPTS, 1997-98

OVERVIEW

Budget receipts for 1997-98 are projected to increase by 6.4 per cent to \$23.8 billion, consisting of a 5.7 per cent increase in current receipts and a 24.0 per cent increase in capital receipts.

Table 3.1 is a summary of major Budget receipts aggregates from 1994-95 to 1997-98. Over this period, the share of own source receipts has increased from 60.4 to 64.4 per cent, reflecting subdued growth in Commonwealth funding including the requirement to make Fiscal Contribution Payments to assist in reducing the Commonwealth budget deficit.

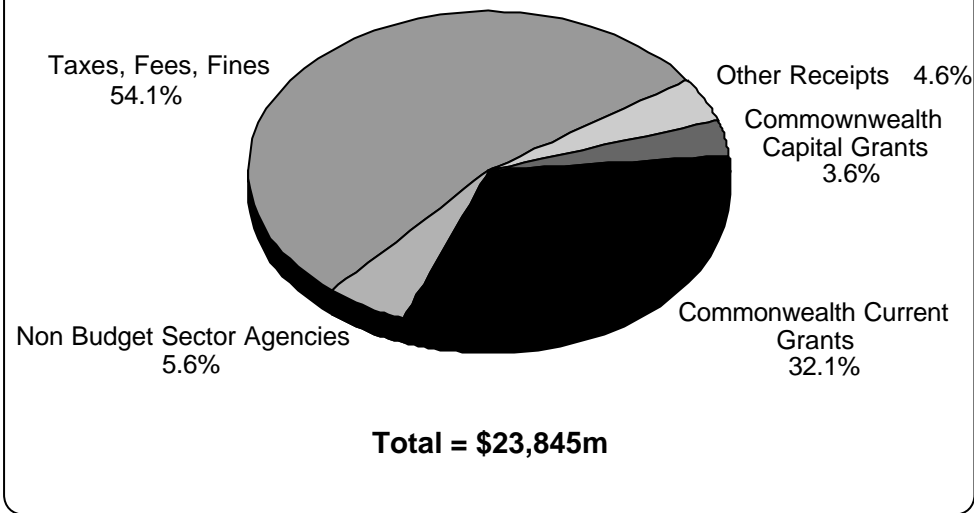
Tables 3.4 to 3.8 provide details of Budget receipts for 1996-97 and 1997-98 and show changes between the current year's projected receipts and the 1997-98 Budget estimates.

Table 3.1: Budget Receipts, 1994-95 to 1997-98

	1994-95		1995-96		1996-97		1997-98	
	\$m	\$m	% change	\$m	% change	\$m	% change	
CURRENT RECEIPTS								
Taxes, Fees and Fines	10,145	10,871	7.2	11,825	8.8	12,912	9.2	
Income from Non Budget Sector								
Agencies	1,152	1,292	12.2	1,456	12.7	1,341	(-) 7.9	
Commonwealth Grants	6,888	7,339	6.5	7,373	0.5	7,646	3.7	
Other	727	808	11.1	889	10.0	864	(-) 2.8	
TOTAL, CURRENT RECEIPTS	18,912	20,310	7.4	21,543	6.1	22,763	5.7	
CAPITAL RECEIPTS								
Commonwealth Grants	1,008	912	(-) 9.5	861	(-) 5.6	854	(-) 0.8	
Other Capital Receipts	12	8	(-) 33.3	11	(-) 37.5	228	n.a.	
TOTAL, CAPITAL RECEIPTS	1,020	920	(-) 9.8	872	(-) 5.2	1,081	24.0	
TOTAL, RECEIPTS	19,932	21,230	6.5	22,415	5.6	23,844	6.4	

An overview of forward estimates of Budget receipts is provided in Section 3.2.

**Figure 3.1
Budget Receipts, 1997-98**



TAX MEASURES

Measures Introduced Since the 1996-97 Budget

Since the 1996-97 Budget a number of tax changes have been introduced principally relating to the need to fund the State Fiscal Contribution Payments to the Commonwealth. New South Wales is required to make Fiscal Contribution Payments totalling \$540 million over three years. These payments are being funded through adjustments to payroll tax, motor vehicle registration duty and land tax. These tax measures as well as other tax changes since the 1996-97 Budget are summarised in Table 3.2.

Table 3.2 Tax Measures Introduced Since the 1996-97 Budget (\$1996-97)

Initiative (a)	Revenue Gain	
	1996-97	Full Year
	\$m	\$m
Include employer superannuation contributions in the payroll tax base and decrease the rate of tax from 7.0% to 6.85% from 1 July 1996 with a further reduction to 6.7% from 1 July 1999	104.0	113.0
Increase the stamp duty on motor vehicle registrations from 2.5% to 3.0% from 1 July 1996 until 30 June 1999	62.0	62.0

Table 3.2 Tax Measures Introduced Since the 1996-97 Budget (\$1996-97) (cont)

Initiative (a)	Revenue Gain	
	1996-97	Full Year
	\$m	\$m
Increase the rate of land tax from 1.5% to 1.65% for the 1997, 1998 and 1999 land tax years	47.0	55.0
Replace the 29.7% tax on lottery and lotto subscriptions and the 34% tax on soccer pool subscriptions with an annual licence fee and 15% tax on subscriptions to all products from 1 January 1997	...	...
Change the basis of taxation for hotel gaming machines from turnover to player loss from 1 April 1997	...	2.0
Revise the rates of duty applying to club gaming machines including the introduction of a top marginal rate of tax on annual profits greater than \$2.5 million from 1 March 1997	0.5	2.0
Introduce a new rate of duty on the profits of multi-terminal gaming machines in clubs at a rate of 30% from 1 March 1997	...	0.1

Payroll Tax

From 1 July 1996, the payroll tax base was expanded to include employer superannuation contributions within the definition of the taxable payroll. At the same time the rate of tax was reduced from 7 per cent to 6.85 per cent. From 1 July 1999, the rate of tax will be further reduced to 6.7 per cent. The expansion of the payroll tax base combined with the first stage reduction in the rate of tax will raise around \$104 million in 1996-97 and \$113 million in a full year.

The extension of the payroll tax base to employer superannuation contributions improves the efficiency characteristics of payroll tax since remuneration decisions will no longer be influenced by State tax considerations. The burden of payroll tax in New South Wales is still broadly in line with other States when the impact of thresholds are taken into account.

Stamp Duty on Motor Vehicle Registrations

Between 1 July 1996 and 30 June 1999, the stamp duty on the transfer of motor vehicle registrations has been increased from 2.5 per cent to 3 per cent. This will raise around \$62 million in 1996-97 (full year impact).

The current rate of stamp duty is broadly in line with other States. In addition, because the amount payable increases in line with vehicle values, the increased burden of the tax will fall more heavily on those transferring higher valued vehicles.

Land Tax

For the 1997, 1998 and 1999 land tax years, the rate of land tax has been increased from 1.5 per cent to 1.65 per cent. This will raise around \$47 million in 1996-97 and \$55 million in a full year.

Lotteries and Lotto

As part of the corporatisation process, the taxation arrangements applying to NSW Lotteries were restructured effective from 1 January 1997.

The new arrangements involve a two tier tax structure involving, an annual fee and a 15 per cent tax on subscriptions. The annual fee is based on 14.7 per cent of estimated subscriptions in 1996-97, with the amount thereafter indexed to forecast changes in the Sydney CPI. Previously, lottery products were taxed at a rate of 29.7 per cent of subscriptions, except Soccer Pools which were taxed at a rate of 34 per cent of subscriptions.

The annual fee component will be adjusted after the end of each financial year for any variance between the actual CPI and the forecast. The annual fee will also be subject to a cap of 15 per cent of subscriptions.

Hotel Gaming Device Duty

Prior to 1 April 1997, gaming machines in hotels were taxed at 3 per cent on the first \$2 million of annual *turnover* per hotel and 4 per cent on the excess. Since 1 April 1997 the basis of taxation has changed to *profits* (player loss) since this more accurately reflects capacity to pay and encourages hotels to offer a better rate of return to the player. This is consistent with the basis of taxation on gaming machines in the Casino and clubs. The following marginal rates of tax now apply to profits from gaming machines in hotels-

Marginal Tax Rates Applying to Gaming Machines in Hotels

Profit Level (\$)	Marginal Tax Rate (%)
up to 25,000	15.00
25,001 - 400,000	25.00
400,001 - 1,000,000	35.00
in excess of 1,000,000	40.00

Club Gaming Device Duty

To improve competitive neutrality in the gaming machine industry, a new marginal tax rate of 24.75 per cent on profits (player loss) above \$2.5 million from gaming machines in clubs was introduced from 1 March 1997. Additional tax concessions were also provided for small clubs, with the first \$100,000 of annual profit becoming exempt and the marginal rate of tax on profits between \$100,000 and \$200,000 being reduced from 22.5 per cent to 1 per cent.

A flat 30 per cent tax rate on profits from multi-terminal gaming machines in clubs was also introduced on 1 March 1997.

Racing Totalisator Taxation

As part of the privatisation of the NSW Totalisator Agency Board (TAB), the effective tax rate applying to both the TAB and on-course racing will be lowered and the basis of taxation changed from turnover to player loss (i.e. the difference between the amount invested and that returned to punters in the form of dividends).

Currently, legislated taxation and deduction rates apply for each type of totalisator bet with the average rate of tax being around 8.4 per cent of turnover (equivalent to 52 per cent of player loss).

In conjunction with the privatisation of the TAB, the taxation of totalisator betting will be set at 28.2 per cent of player loss for both off-course and on-course activity. This change will put the taxation of totalisator betting in New South Wales on an equivalent basis to that operating in Victoria.

1997-98 Budget Tax Measures

The tax measures for the 1997-98 Budget are summarised in Table 3.3.

Table 3.3: 1997-98 Budget Tax Measures

Initiative	Revenue Gain	
	1997-98	Full Year
	\$m	\$m
Introduce an Electricity Distributors' Levy	100.0	100.0
Increase the rate of land tax from 1.65% to 1.85%	67.0	80.0
Extend the coverage of land tax to owner occupied properties with a land value of \$1 million or more and remove the 2,100 square metre size threshold	42.0	50.0
Increase the marginal rate of club gaming device duty to 30% of annual profit above \$1 million from 1 September 1997	56.0	74.0
Increase the concessional rate of duty on general insurance from 2.5% to 5% where the period of insurance begins on or after 1 July 1997	51.0	56.0
Introduce a 10% duty on accommodation provided by hotels, motels, guest houses etc in and around the Sydney CBD from 1 September 1997.	48.0	64.0
Increase the health insurance levy from 63 cents to 83 cents per week for singles and from \$1.26 to \$1.66 per week for families from 1 July 1997	15.0	15.0

Table 3.3: 1997-98 Budget Tax Measures (cont)

Initiative	Revenue Gain	
	1997-98	Full Year
	\$m	\$m
Introduce a 5% marginal rate of stamp duty at \$45,000 on the transfer of certain classes of motor vehicles from 1 July 1997	10.0	11.0
Increase the parking space levy from \$200 per space to \$400 per space from 1 July 1997	7.8	7.8
Broaden the exemption from contracts and conveyances duty for intergenerational rural property transfers between siblings and exempt leases made between generations and siblings from stamp duty from 7 May 1997	n.a.	n.a.

Electricity Distributors' Levy

From 1 July 1997 the maximum price for distribution charges levied on electricity customers eligible to be non-franchise customers will be increased. An Electricity Distributors' Levy will be imposed on electricity distributors equal to the extra revenue gained from the increase in distribution charges. It is estimated that the levy will raise \$100 million in 1997-98.

There will be no increase in electricity prices for franchise customers, which includes the residential sector and small business. The levy will only affect those customers who can avail themselves of the substantial price reductions, often in the order of 20 per cent, that have emerged since the introduction of retail competition in October 1996.

The benefits to consumers of electricity reform have been significant and the introduction of the levy will not stop the Government meeting its target of a 20 per cent real reduction in prices by the turn of the century.

Land Tax

The rate of land tax will be increased from 1.65 per cent to 1.85 per cent for the 1998 and 1999 land tax years and from 1.5 per cent to 1.7 per cent thereafter. This will raise around \$67 million in 1997-98 and \$80 million in a full year.

Owner-occupied land is currently exempt from land tax except where the land exceeds 2,100 square metres. To improve the equity of the tax system, from 31 December 1997, the value of owner-occupied residential land over a threshold of \$1 million will be subject to land tax and the 2,100 metre size threshold will be abolished. This measure is expected to bring additional revenue of \$42 million for 1997-98, and \$50 million in a full year. It should be noted that a threshold of only \$200,000 for owner-occupied residential property applies in Victoria, resulting in the burden of land tax on these properties being higher than in New South Wales. Special arrangements will be put in place to allow deferral of the payment of tax in certain hardship circumstances.

Revenue from land tax has declined substantially over the last few years. In 1991-92, receipts from land tax totalled \$826 million or 9.7 per cent of taxation receipts. This compares with expected receipts of \$786 million. in 1997-98 representing 6.1 per cent of taxation receipts.

Club Gaming Device Duty

Currently the tax rates applying to gaming machines in clubs are significantly lower than for either hotels or the Sydney Harbour Casino. For example, for a profit (player loss) of \$1 million, the average tax rate paid by a club is 18.1 per cent, compared with 30.8 per cent for a hotel and an estimated 30 per cent for the Casino after including the impact of the up front licence fee.

In addition, the tax rates applied to gaming machines in NSW clubs are much lower than those imposed in other States.

In New South Wales, there are currently around 40 clubs that earn over \$10 million per annum in revenue from gaming machines. Given that the gaming operations of large clubs are essentially commercial in nature, the tax rate applying to these clubs will be increased to help ensure competitive neutrality.

From 1 September 1997, the top marginal rates of duty on club gaming machines will be increased from 22.5 per cent of annual profit (player loss) above \$1 million and 24.75 per cent of annual profit above \$2.5 million to 30 per cent of annual profit above \$1 million. The marginal rate of tax of 22.5 per cent on profits between \$200,000 and \$1 million will be unchanged. These changes are expected to raise \$56 million in 1997-98 and \$74 million in a full year.

The changes to the tax regime applying to gaming machines in clubs are as follows

Marginal Tax Rates Applying to Gaming Machines in Clubs

Profit Level (\$)	Prior to 1 Mar 97 (%)	Current (%)	From 1 Sep 97 (%)
up to 100,000	1.00	0.00	0.00
100,001 - 200,000	22.50	1.00	1.00
200,001 - 1,000,000	22.50	22.50	22.50
1,000,001 - 2,500,000	22.50	22.50	30.00
in excess of 2,500,000	22.50	24.75	30.00

General Insurance Duty

Stamp Duty is currently levied at 2.5 per cent for Class 2 items defined in section 86(1) of the Stamp Duties Act compared to the basic rate of 11.5 per cent. The categories of class 2 insurance includes motor vehicle (excluding compulsory third party), aviation, disability income, occupational indemnity and crop and livestock insurance.

The concessional regime offered in New South Wales is the most generous of all the States. The concessional rate is considerably lower and the extent of the concessional categories considerably larger than in other States.

The concessional rate of duty will be increased from 2.5 per cent to 5 per cent for all policies as defined in section 86(1) of the Stamp Duties Act, excluding crop and livestock insurance, where the period of insurance begins on or after 1 July 1997. This new concessional rate will still be the most generous of all States. The increase in the concessional rate will raise around \$51 million in 1997-98 and \$56 million in a full year.

Accommodation Duty

From 1 September 1997, duty of 10 per cent will be levied on the cost of accommodation provided by hotels, motels, guest houses, etc in and around the Sydney CBD.

The structure of the tax will minimise the tax burden on NSW residents because a substantial proportion of the tax will be paid by foreign and interstate visitors (for business and holiday purposes). Given that high income earners spend proportionately more on holidays, there will be some improvement in the equity of the tax system. The introduction of an accommodation duty will broaden the State's tax base.

It is estimated that the accommodation duty will raise around \$48 million in 1997-98 and \$64 million in a full year.

Health Insurance Levy

To support additional funding provided to the health portfolio in this year's Budget, the health insurance levy will be increased from 63 to 83 cents per week for singles and from \$1.26 to \$1.66 per week for families as from 1 July 1997. This will raise around \$15 million in 1997-98 (full year impact).

Stamp Duty on Motor Vehicle Registrations

Stamp duty of 3 per cent of the market value is currently payable on the transfer of all motor vehicles. It is planned that the flat rate will revert to 2.5 per cent in 1999-2000, when New South Wales' obligation to contribute to the Commonwealth deficit reduction program terminates.

To improve the equity of the tax system, a marginal stamp duty rate of 5 per cent will be introduced on vehicle transfers above \$45,000 for the following RTA classes of motor vehicles: convertibles, coupes, forward control passenger vehicles, small buses, sedans, three wheel cars, snow vehicles, station wagons, four wheel drive vehicles with seats and windows, two wheel drive panel vans with windows and seats and motor homes. This measure will take effect from 1 July 1997, and is expected to raise an additional \$10 million in 1997-98 and \$11 million in a full year.

Parking Space Levy

A parking space levy equal to \$200 is imposed on each car space in the City of Sydney, Milsons Point and the North Sydney areas. These areas were chosen because they are subject to high levels of car use causing congestion and pollution, while being well served by public transport. The revenue raised from this levy is hypothecated to fund public transport infrastructure.

To further assist in the reduction of congestion and pollution in the Sydney Central Business District, the parking space levy will be doubled to \$400 per space from 1 July 1997. This will raise around \$7.8 million in 1997-98 (full year impact). The additional revenue raised from this measure will be used to fund a broad range of public transport infrastructure.

Contract and Conveyances Duty

Exemptions for the transfer of rural property between siblings will be broadened to remove the criterion that considers the source of ownership of the property. This will lower the cost of transferring rural property and encourage continued involvement by the family in farming.

Lease Duty

Leases of rural property established between members of the same family will be exempt from lease duty. This initiative will remove the current distortion which promotes transferring rural property rather than leasing.

CURRENT RECEIPTS, 1997-98

Estimated current receipts in 1997-98 are \$22,763 million, an increase of \$1,220 million or 5.7 per cent on 1996-97.

The two major sources of taxation are payroll tax and stamp duties, together contributing more than half of the State's tax collections. While payroll tax is a relatively stable tax, total stamp duty revenue varies significantly from year to year as its components are affected differently by the business and property cycles.

Taxes, Fees and Fines

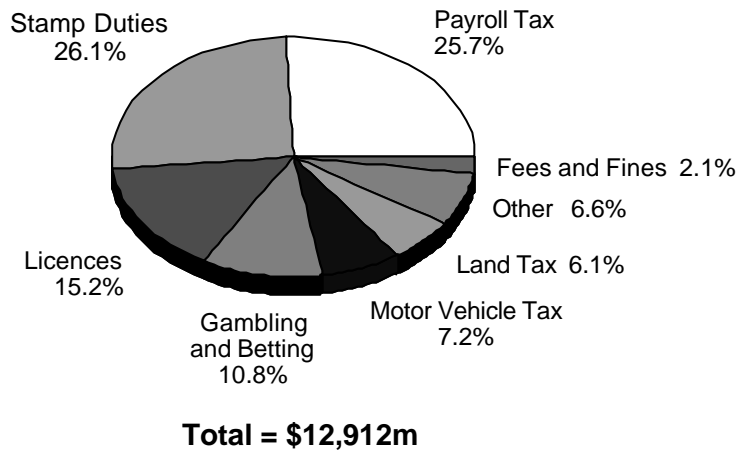
Table 3.4: Taxes, Fees and Fines

Category	1996-97		1997-98	
	Budget	Revised	Budget	Increase
	\$000	\$000	\$000	%
Stamp Duties				
Contracts and Conveyances	1,230,000	1,450,000	1,575,000	8.6
First Home Purchase Scheme	29,000	22,000	22,000	...
Insurance	268,000	272,000	337,000	23.9
Loan Securities	120,000	132,000	142,000	7.6
Share Transfers	192,000	232,000	245,000	5.6
Motor Vehicle Registration Certificates	319,000	375,000	401,000	6.9
Financial Institutions Duty	526,000	515,000	534,000	3.7
Hiring Arrangements	53,000	53,800	59,000	9.7
Leases	35,000	35,000	35,000	...
Deeds Agreements	6,400	8,500	9,000	5.9
Adhesive Stamps	3,800	3,800	4,000	5.3
Other	9,090	9,100	9,600	5.5
	2,791,290	3,108,200	3,372,600	8.5
Payroll Tax	3,016,085	3,146,372	3,337,852	6.1
Land Tax	576,000	625,000	786,000	25.8
Debits Tax	327,000	320,000	322,000	0.6
Taxes on Motor Vehicle Ownership and Operation				
Weight Tax	634,000	641,000	673,000	5.0
Drivers Licence Fees etc.	61,900	57,700	49,600	(-) 14.0
Vehicle Registration and Transfer Fees	172,500	172,500	180,200	4.5
Other Motor Vehicle Taxes	27,000	26,200	27,400	4.6
	895,400	897,400	930,200	3.7
Health Insurance Levy	44,000	44,000	63,000	43.2
Fire Brigades Levy	178,491	178,966	184,604	3.2
Accommodation Duty	...	...	48,000	n.a.
Gambling and Betting				
Racing	337,123	325,411	339,029	4.2
Club Gaming Devices	472,000	480,000	560,000	16.7
Keno	14,700	14,200	16,900	19.0
Soccer Football Pools	2,700	...	...	n.a.
Lotteries and Lotto	266,900	265,600	270,100	1.7
Footytab Commission	1,950	1,600	1,630	1.9
Casino	84,400	83,900	135,000	60.9
Hotel Gaming Devices	62,000	52,000	69,000	32.7
	1,241,773	1,222,711	1,391,659	13.8

Table 3.4: Taxes, Fees and Fines (cont)

Category	1996-97		1997-98	
	Budget	Revised	Budget	Increase
	\$000	\$000	\$000	%
Licences				
Petroleum	571,000	562,000	579,000	3.0
Tobacco	874,000	940,000	950,000	1.1
Liquor	305,780	296,720	309,820	4.4
Electricity	...	...	100,000	n.a.
Pollution Control	28,152	33,334	34,321	3.0
Other	4,598	5,947	5,370	(-) 9.7
	1,783,530	1,838,001	1,978,511	7.6
Fees				
Motor Dealers	1,000	1,000	1,030	3.0
Firearms and Dangerous Weapons	704	450	786	74.7
Corporate Affairs	12,000	12,000	12,360	3.0
Environment Protection Authority	855	1,050	876	(-) 16.6
Weights and Measures	1,200	1,200	1,236	3.0
Builder's Licences	...	167	20,068	n.a.
Other	11,556	14,730	20,918	42.0
	27,315	30,597	57,274	87.2
Fines	175,892	183,841	219,612	19.5
Other				
Racecourse Development Fund	11,000	11,000	11,000	...
Government Guarantee of Debt	10,500	14,507	8,769	(-) 39.6
Bush Fire Services Levy	43,962	43,962	51,400	16.9
Parking Space Levy	7,600	7,700	15,600	102.6
Court Fees	45,845	49,055	49,434	0.8
Waste Disposal Levy	28,000	24,000	27,500	14.6
Gas Industry Contributions	6,150	6,169	6,150	(-) 0.3
Private Transport Operators Levy	4,900	4,840	5,400	11.5
Port Cargo Access Charges	15,210	15,951	11,566	(-) 27.5
Other	53,740	52,488	33,780	(-) 35.6
	226,907	229,672	220,599	(-) 4.0
TOTAL, TAXES, FEES AND FINES	11,283,683	11,824,760	12,911,911	9.2

Figure 3.2
State Tax Receipts, 1997-98



Stamp Duties

As shown in Figure 3.3, the major sources of stamp duty receipts are contracts and conveyances, motor vehicle registrations and financial institutions duty.

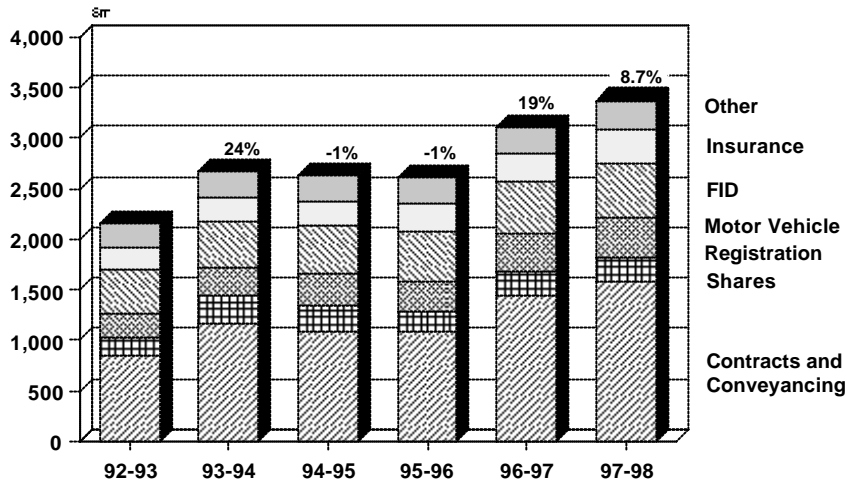
- **Contracts and Conveyances Duty**

The property market settled to a more sustainable level of activity in mid 1995 after a short-lived boom in early 1994. The market experienced a surge in activity again in the latter part of 1996, with transactions being concentrated at the high end of the residential market, as well as in large commercial properties. The upsurge has been sustained into 1997 partly as a result of historically low interest rates and the intense competition between home lending institutions. These factors are expected to result in revenue from contracts and conveyances duty of \$1,450 million in 1996-97, compared with \$1,122.7 million in the previous financial year.

It is expected that the recent upsurge will begin to subside by the end of 1997, bringing contracts and conveyances revenue receipts of around \$1,575 million for 1997-98. Activity in the residential market which has so far been concentrated in the lower North Shore, Inner and Eastern suburbs, is expected to extend to some degree to other parts of Sydney although turnover in the inner areas is likely to moderate.

Due to the volatile nature of the commercial property market, it is not anticipated that the volume of large transactions which occurred in the latter part of 1996 will be repeated in 1997-98. Nevertheless, the underlying level of activity is expected to be sustained.

Figure 3.3
Stamp Duty Receipts, 1997-98



- **Insurance Duty**

Insurance stamp duty continues to grow broadly in line with nominal Gross State Product and household disposable income. An additional \$51 million is expected for 1997-98 from the increase in concessional rate of duty to 5 per cent which will take effect from 1 July 1997. Total insurance stamp duty revenue for 1997-98 is expected to be around \$337 million.

- **Loan Security Duty**

Loan security duty revenue is expected to continue to grow strongly in 1997-98 in line with the anticipated strength in the property market and the growth in credit. Total revenue for 1997-98 is expected to be \$142 million, reflecting a 7.6 per cent increase on 1996-97.

- **Share Transfer Duty**

It is expected that revenue will increase broadly in line with the nominal value of economic output, although the longer term trend suggests that share transfers are increasing relative to GDP. Share transfer duty for 1997-98 is expected to increase by 5.6 per cent on 1996-97 to \$245 million.

- **Motor Vehicle Registration Duty**

Revenue from this item is determined by vehicle prices and the volume of new and used car sales. Prices are anticipated to grow in line with general price inflation while volumes are expected to grow by 2.0 per cent. The forecast includes the \$10 million expected to be raised from introducing a 5 per cent marginal tax rate on the transfer of selected high value motor vehicles.

- **Financial Institutions Duty**

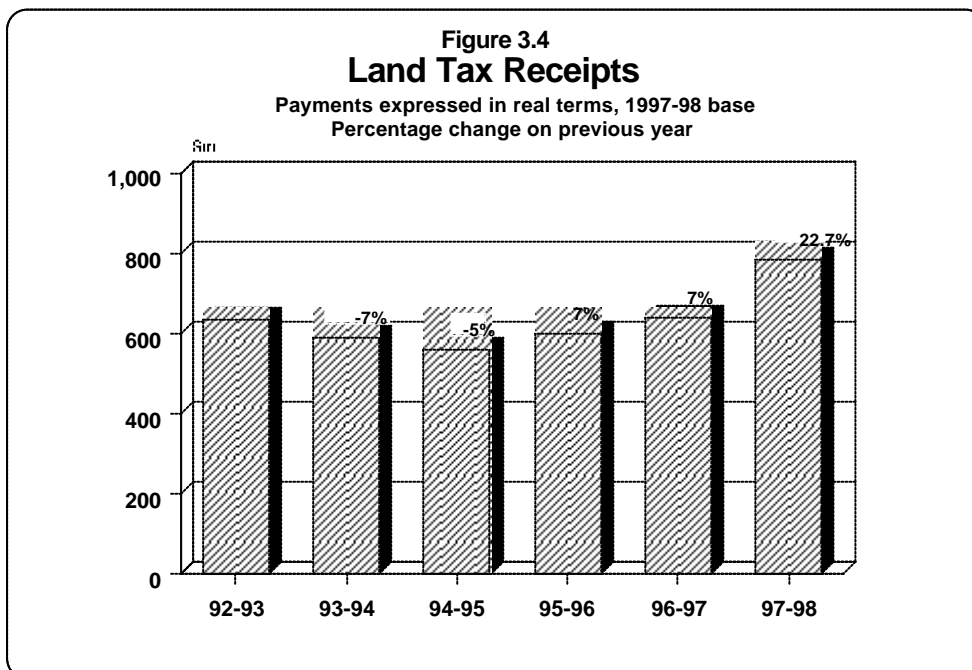
Underlying revenue is expected to grow at a lower rate than the nominal value of economic output. This continuing weak trend in revenue is due to advances in technology and further minimisation strategies. Revenue in 1997-98 is expected to reach \$534 million, up 3.7 per cent on 1996-97.

Payroll Tax

Payroll tax receipts are expected to benefit from moderate growth in wages and employment in 1997-98 and the inclusion of superannuation into the tax base since 1996-97. In 1997-98 a total of \$3,338 million is forecast to be collected, representing a growth of 6.1 per cent.

Land Tax

In addition to the growth in unimproved capital land values, receipts from land tax in 1997-98 will be enhanced by the increase in the rate of tax from 1.65 to 1.85 per cent and the extension of land tax to high value owner-occupied residential properties.



These two initiatives are expected to increase tax revenue by around \$109 million in 1997-98. The inclusion of Landcom into the tax base as well as additional compliance activity is expected to add an extra \$20 million to revenue. A total of \$786 million in land tax is expected to be collected in 1997-98.

Debits Tax

Revenue is expected to grow by 0.6 per cent in 1997-98 to \$322 million. The growth of this revenue source is constrained by its regressive rate scale and changes in banking practices.

Taxes on Motor Vehicle Ownership and Operation

The major items in this category are motor vehicle weight tax and vehicle registration fees. Estimates for these revenues reflect growth in the stock of motor vehicles, the rate of growth in the number of transfers and the indexation of fees.

The forecasts are based on a vehicle stock growth of 1.9 per cent for 1997-98 and CPI indexation.

Weight tax revenues are expected to increase by 5.0 per cent given expectations regarding stock growth, the increased registration of heavy vehicles in New South Wales and indexation of fees. Vehicle registration fees and transfer fees are estimated to grow by 4.8 per cent to \$152 million and 2.5 per cent to \$28.2 million respectively in 1997-98.

Revenue from drivers' and riders' licence fees is expected to decline in 1997-98 by 14.0 per cent to \$49.6 million as a result of the renewal pattern of three and five year licences.

Gambling and Betting

- **Racing**

Revenue growth in 1996-97 has been adversely affected by the decrease in the number of race meetings, particularly provincial and country races.

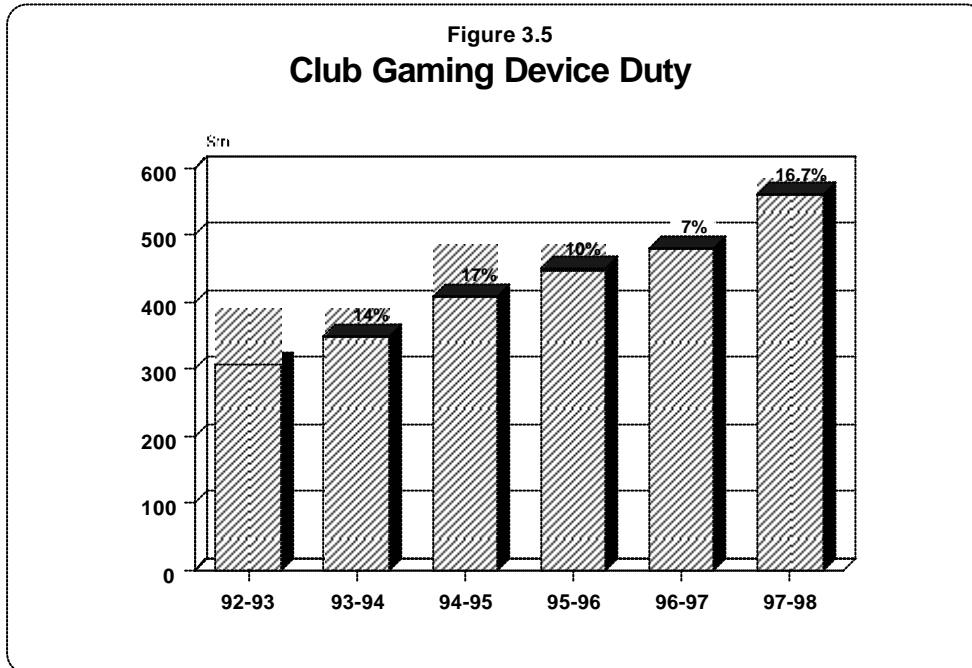
Underlying revenue growth from off-course bets is expected to benefit from increases in household disposable income. Legislative changes which will allow an increase in the number of Sunday race meetings being held in New South Wales, and bookmaker betting on thoroughbred racing events after sunset, are expected to boost revenue by \$6 million per annum.

A total of \$339 million from various racing taxes is forecast for 1997-98, an increase of 4.2 per cent on 1996-97.

No allowance has been made at this time for any changes to taxation arrangements associated with the sale of the TAB.

- **Club Gaming Device Duty**

In the last few years, revenue has grown rapidly in line with the expansion in betting options and improved marketing by clubs. However, 1996-97 revenue growth is likely to be more in line with longer term historical patterns. Underlying revenue growth is expected to follow growth in household disposable income. Continued phasing in of X-standard machines, which offer higher prize and bet limits, greater competition from hotels and the increase in the tax rate will impact on revenues.



- **Lotteries and Lotto**

Revenue growth is dominated by the size and timing of jackpots, marketing and new product innovation. However, this form of gambling is becoming less popular with competition from less traditional forms of gambling. The forecasts are based on the new tax structure which came into effect on 1 January 1997. Revenue of \$270.1 million is expected in 1997-98, an increase of 1.7 per cent on 1996-97.

- **Casino Duty**

Tax revenue in 1997-98 is expected to grow in line with household disposable income and international tourist numbers allowing for the impact of the opening of the permanent Casino in November 1997. It is expected that \$135 million will be collected in tax from the Casino in 1997-98, compared to \$83.9 million in 1996-97.

Business Franchise Licences

- **Petroleum**

Lower consumption growth and indexation is expected to result in a moderate increase of 3.0 per cent in estimated petroleum revenues for 1997-98 to \$579 million.

- **Tobacco**

Despite reduced revenue leakage from interstate purchases, tobacco licence revenue is expected to grow by only 1.1 per cent as a result of falling consumption. The reduction in avoidance and evasion has been assisted by the increase in the Queensland licence fee to 100 per cent, effective from 1 September 1996, and tougher regulations regarding licensing effective from 1 February 1997.

- **Liquor**

Revenue in 1997-98 will be based on the value of liquor consumed in 1996-97. The value of liquor consumed in 1996-97 is expected to have increased in line with household disposable income. Revenue for 1997-98 is estimated to be \$310 million, an increase of 4.4 per cent.

Fines

The main receipts under this heading relate to fines under the Motor Traffic Act (estimate \$192.7 million - an expected increase of 12.2 per cent). The bulk of these are collected by the Police Service through on the spot infringement notices issued by Police and Parking Patrol Officers.

These fines are also collected through Local Courts for the more serious offences and through the Roads and Traffic Authority which has the authority to cancel motor vehicle registrations or drivers and riders licences unless unpaid on the spot infringement notices are paid.

Income from Non Budget Sector Agencies

Table 3.5: Income from Non Budget Sector Agencies

Category	1996-97		1997-98	
	Budget	Revised	Budget	Increase
	\$000	\$000	\$000	%
Dividends				
Advance Energy	4,370	2,096	11,400	n.a.
Australian Inland Energy	1,090	137	1,486	n.a.
Darling Harbour Authority	490	809	1,222	51.1
energyAustralia	88,370	41,000	222,000	n.a.
Freight Rail	n.a.	10,600	16,700	57.5
Generation Sector ^(a)	316,000	459,736	205,464	(-) 55.3
Great Southern Energy	4,460	4,009	14,203	n.a.
Hunter Water Corporation	31,200	29,600	28,700	(-) 3.0
Integral Energy	84,400	22,004	91,011	n.a.
Land Titles Office	20,440	18,690	10,160	(-) 45.6
Landcom	107,720	1,126	21,620	n.a.
Marine Ministerial Holding Corporation	n.a.	5,900	13,325	n.a.
Newcastle Port Corporation	3,990	5,403	3,009	(-) 44.3
NorthPower	11,110	7,354	11,803	n.a.
NSW Lotteries	24,530	35,891	15,372	(-) 57.2
Port Kembla Port Corporation	5,500	7,939	4,906	(-) 38.2
Public Works and Services	8,100	4,949	4,900	(-) 1.0
Rail Access Corporation	n.a.	54,000	40,000	(-) 25.9
Registry of Births, Deaths and Marriages	2,910	2,820	3,502	24.2
State Forests	7,770	5,975	12,089	n.a.
State Transit Authority	3,770	5,177	497	(-) 90.4
Sydney Cove Authority	250	661	1,300	96.7
Sydney Market Authority	500	471	...	n.a.
Sydney Ports Corporation	14,350	15,091	11,639	(-) 22.9
Sydney Water Corporation	26,000	40,000	33,000	(-) 17.5
TransGrid	57,500	59,774	46,900	(-) 21.5
Treasury Corporation	26,500	26,400	20,100	(-) 23.9
Waste Service of NSW	6,080	5,445	6,320	16.1
Other Dividends	250	448	370	n.a.
	857,650	873,505	852,998	(-) 2.3
Tax Equivalent Payments				
Advance Energy	5,830	4,650	5,870	26.2
Australian Inland Energy	890	880	1,693	92.4
Darling Harbour Authority	1,150	1,954	1,371	(-) 29.8
energyAustralia	61,300	68,000	71,000	4.4
Freight Rail	n.a.	14,400	32,000	n.a.
Generation Sector ^(a)	167,000	213,500	128,100	(-) 40.0
Great Southern Energy	1,470	8,588	10,640	23.9
Hunter Water Corporation	4,400	5,150	10,100	96.1
Integral Energy	22,630	5,442	3,099	(-) 43.1
Land Titles Office	9,510	8,380	7,670	(-) 8.5
Landcom	11,350	11,946	18,106	51.6
Newcastle Port Corporation	5,770	3,622	3,192	(-) 11.9
NorthPower	9,130	10,054	13,830	37.6
Port Kembla Port Corporation	6,230	7,484	5,113	(-) 31.7
Public Works and Services	9,400	8,300	5,600	(-) 32.5

Table 3.5: Income from Non Budget Sector Agencies (cont)

Category	1996-97		1997-98	
	Budget	Revised	Budget	Increase
	\$000	\$000	\$000	%
Tax Equivalent Payments (cont)				
State Forests	1,300	1,440	1,440	...
State Transit Authority	4,870	8,983	6,705	(-) 25.4
Sydney Cove Authority	720	1,450	1,350	(-) 6.9
Sydney Market Authority	2,620	3,035	2,208	(-) 27.2
Sydney Ports Corporation	18,760	17,468	12,812	(-) 26.7
Sydney Water Corporation	108,500	120,300	92,500	(-) 23.1
TransGrid	20,400	30,400	15,100	(-) 50.3
Treasury Corporation	11,400	17,600	7,200	(-) 59.1
Waste Service of NSW	7,010	8,970	7,170	(-) 20.1
	491,640	581,996	463,869	(-) 20.3
Dividend and Tax Equivalent Payments	1,349,290	1,455,501	1,316,867	(-) 9.5
Proceeds from Sales of Surplus Assets^(b)	145,000	...	...	...
Other Income	...	179	24,126	n.a.
INCOME FROM NON BUDGET SECTOR AGENCIES	1,494,290	1,455,680	1,340,993	(-) 7.9

(a) Comprises Delta Electricity, Macquarie Generation and Pacific Power.

(b) These proceeds are now treated as negative capital outlays.

Dividend and Tax Equivalent Payments

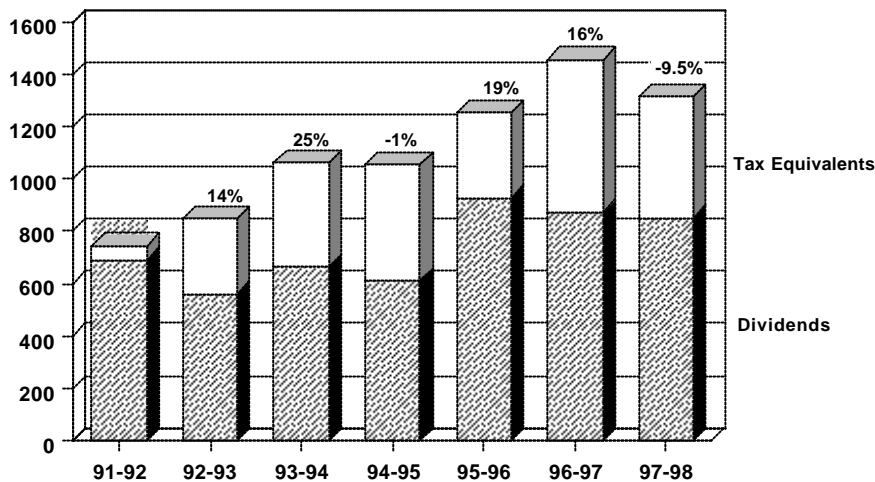
Dividends represent a return on State Government equity and, combined with tax equivalents, are a key element in the Government's policy of creating a commercial environment for Government businesses.

In accordance with an agreement reached with the Council of Australian Governments (COAG), the NSW Government has developed a Tax Equivalent Regime under which tax equivalent payments mirror as closely as possible those taxes which would apply were the Government businesses owned by the private sector, i.e. Commonwealth corporate income and sales taxes.

Dividend and tax equivalent payments from Government Trading Enterprises and State Owned Corporations increased significantly since 1991-92, as shown in Figure 3.6. In 1991-92, these payments were \$744 million, or 4.7 per cent of total Budget receipts, while in 1997-98, they are expected to total \$1,317 million or 5.5 per cent of total Budget receipts.

The main contribution to the increase has been the growth of tax equivalent payments, primarily due to the increased number of Government Trading Enterprises being covered by the tax equivalent regime. Tax equivalent payments, which were \$52 million in 1991-92, are expected to reach \$464 million in 1997-98. Dividends, on the other hand, are expected to increase by \$161 million from \$692 million in 1991-92 to \$853 million in 1997-98.

Figure 3.6
Dividend and Tax Equivalent Payments From Non Budget Sector Agencies



The difference between the 1996-97 Budget and 1996-97 Revised figures for expected dividend and tax equivalent payments are due to three main factors. In the 1996-97 Revised figures -

- revenue from a cross border lease is included in the Generation sector tax and dividend payments;
- revenue from the accelerated sell down of Landcom's landbank assets is excluded from dividends; and
- an interim dividend payment that was to be paid in June 1997 by the Electricity distributors is excluded.

In the 1996-97 Budget, the anticipated receipts from cross border leases were included in Other Crown Receipts and not in tax and dividend payments.

Landcom's 1996-97 Revised dividend figure only reflects dividends from normal business operations, with the revenue from the accelerated sale of the landbank assets being included under 'Advance Repayments'. This treatment is in line with ABS Government Finance Statistics.

A consequence of the restructure of the Electricity industry is the redistribution of profitability from the Generation to the Transmission and Distribution sectors. At the time of the 1996-97 Budget, the expectation was that increased profitability through efficiency gains would take some time to be achieved as there would be substantial costs incurred by the Distribution sector in the first years of operation.

Hence, there would be a consequent fall in overall profits in the industry available for distribution to the Budget in 1996-97. To smooth this transition, the interim dividend payable in August 1997 was brought forward in the 1996-97 Budget to June 1997.

As the profitability of the Electricity distributors has improved earlier than expected, the timing of the interim dividend payment has now been moved back to August 1997, in line with all other dividend-paying agencies.

An important factor influencing the decrease in tax equivalent payments between 1996-97 and 1997-98 is the change in timing of tax payments. In line with the Australian Taxation Office determination bringing forward company tax payments, an additional quarterly income tax equivalent payment is being made in 1996-97. Thus, 75 per cent of 1995-96 tax liability and 50 per cent of 1996-97 tax liability is payable in 1996-97. In each subsequent year, 50 per cent of the previous year's liability and 50 per cent of the current year's liability will be paid in that year.

Excluding the one-off impacts of the cross border lease payment and the timing of tax payment, the financial distribution has increased between 1996-97 and 1997-98 by \$110 million, or 9.1 per cent, with a rise in dividends of \$95 million, or 12.5 per cent and in tax equivalent payments of \$15 million or 3.4 per cent.

Significant changes are also expected in the dividend and tax equivalent payments of several individual agencies, after taking into account the 1996-97 tax change impact.

In particular, in the Generation sector (excluding the impact of the inclusion of the cross border lease payment in 1996-97), the dividend and tax equivalent payments are expected to decline by 40 per cent and 30 per cent, respectively, in 1997-98 reflecting the significant fall in prices for electricity generation during 1996-97.

The decline in electricity generation prices during 1996-97 has in part benefited the electricity distribution sector. As a result, the 1997-98 dividend and tax equivalent payments of the electricity distributors are expected to increase substantially compared with 1996-97.

The dividend for Landcom is also expected to increase substantially between 1996-97 and 1997-98, mainly as a consequence of the much stronger property market in 1995-96 compared with 1996-97.

The projected increase in dividends from State Forests between 1996-97 and 1997-98 is primarily due to the expected improvement in profitability from the softwoods. State Forest's profit was hard hit by the slump in the housing market which is the primary market for softwood products. The housing market is now emerging from this slump with consequential effects on the overall profitability of State Forests.

During 1996-97, Freight Rail has benefited from the State's largest wheat harvest since the early 1980s, with the consequent expected improvement in financial distribution in 1997-98.

Return on shareholders' equity is expected to be less than 1.0 per cent for Sydney Water Corporation and about 2 per cent for Hunter Water Corporation. Expected funding payments by the Government to the Sydney and Hunter Water Corporations during 1997-98 are as follows -

Expected Funding Payments to Sydney and Hunter Water Corporations

Funding	Sydney Water Corporation	Hunter Water Corporation
	\$m	\$m
Pensioner, Water and Sewerage Rebates (CSOs) ¹	60.5	7.5
Exempt Properties (CSOs) ¹	12.1	0.7
Environmental Protection ²	8.6	9.2
TOTAL FUNDING PAYMENTS	81.2	17.4

1. Social Programs are non-commercial activities of GTEs which have social objectives. Community Service Obligations (CSOs) are Social Programs delivered by GTEs when directed by the Government, with explicit contracts in place and funded from the Budget.
2. Includes funding for Environmental Impact Statements for backlog sewer projects, plus the Hunter Sewerage project via Country Towns Water Supply and Sewerage Program.

Commonwealth Grants¹

General Purpose Payments

Commonwealth General Purpose Payments consist of monies paid as Financial Assistance Grants (FAGs), special revenue assistance and identified road funds. These are expected to increase by 4.9 per cent in 1997-98 over 1996-97 in nominal terms, or 2.8 per cent in real terms.

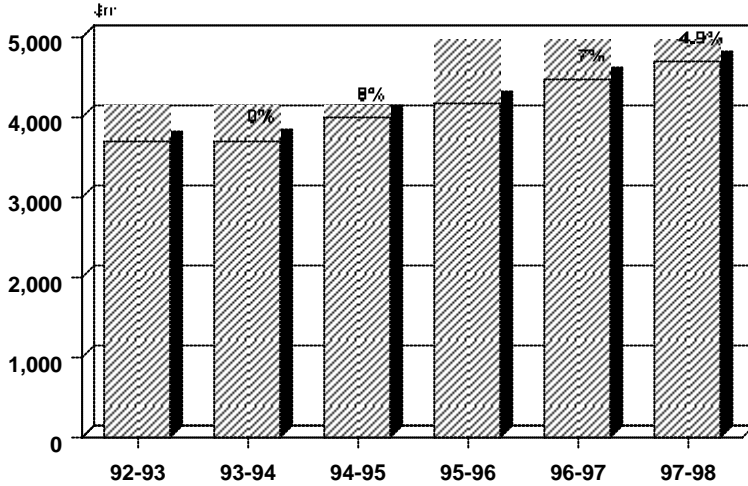
The increase in Financial Assistance Grants reflects the first tranche of National Competition Payments of \$73 million. FAGs estimates also take into account an improvement in Grants Commission relativities and the maintenance of the real per capita terms guarantee. In 1997-98, New South Wales will make a Fiscal Contribution Payment of \$216.3 million to assist in reducing the Commonwealth budget deficit.

¹ Growth rates in this section differ from those in Chapter 5 because of differences in coverage and timing. Chapter 5 has wider coverage, is based on 1997 Premiers' Conference announcements, but excludes TAFE because it is considered a Commonwealth own-purpose payment. This Chapter deals with payments to the Budget Sector only, but includes TAFE payments.

Table 3.6: Recurrent Commonwealth Grants

Category	1996-97		1997-98	
	Budget	Revised	Budget	Increase
	\$000	\$000	\$000	%
General Revenue Grants	4,727,000	4,670,100	4,900,100	4.9
Commonwealth Specific Purpose Payments				
Companies Regulation	43,599	43,599	44,907	3.0
Legal Aid	43,754	43,604	45,198	3.7
Gun Buy-back Scheme	...	50,000	70,000	40.0
Technical and Further Education	196,471	197,040	207,342	5.2
Schools	401,328	417,394	420,725	0.8
High Cost Drugs	32,678	62,000	63,860	3.0
Medical Speciality Centres	982	9,986	10,286	3.0
Other Health Care Access	3,516	3,564	3,671	3.0
Hospital Funding Grant	1,549,321	1,524,396	1,560,128	2.3
Drug Education Campaigns	9,396	9,198	9,474	3.0
Dental Program	37,490	17,620	...	n.a.
Immunization - HIB	4,785	4,793	4,937	3.0
Magnetic Resonance Imaging	6,882	5,626	5,795	3.0
Breast Cancer	14,319	14,613	15,051	3.0
Artificial Limb Scheme	2,572	2,030	2,091	3.0
Funds to Combat AIDS	21,560	21,841	22,496	3.0
National Mental Health	6,786	...	...	...
Geriatric Assessment	13,742	12,911	13,298	3.0
Home and Community Care	143,800	144,183	151,176	4.9
Supported Accommodation Assistance	41,809	41,809	42,933	2.7
Assistance to Disabled	102,231	101,971	104,565	2.5
Pensioner Concessions	47,000	48,743	49,767	2.1
Rural Adjustment Scheme	47,096	45,312	29,980	(-) 33.8
Soil Conservation	10,167	10,260	10,167	(-) 0.9
Debt Redemption Assistance	25,769	25,775	25,391	(-) 1.5
Natural Disaster Relief	1,900	1,900	1,900	...
Interstate Road Transport	1,000	8,302	8,900	7.2
Aboriginal Advancement	6,073	6,073	10,100	66.3
Blood Transfusion Services	16,636	15,590	16,058	3.0
Forestry Development	33,000	8,500	12,500	47.1
National Land Care	12,082	6,580	10,795	64.1
Other	22,660	26,483	8,523	(-) 67.8
Total, Commonwealth Specific Purpose Payments	2,900,404	2,931,696	2,982,014	1.7
Less:				
State Fiscal Contribution Payment	...	209,500	216,300	3.2
State share of higher education superannuation	18,109	18,882	19,800	4.9
TOTAL, COMMONWEALTH GRANTS	7,609,295	7,373,414	7,646,014	3.7

Figure 3.7
Commonwealth General Revenue Grants
 (Percentage change on previous year)



Commonwealth Payments for Specific Current Purposes

Payments to the States by the Commonwealth are made under Section 96 of the Australian Constitution. Specific purpose payments are made under terms and conditions essentially determined by the Commonwealth. The range of payments made has varied over time, reflecting the Commonwealth's priorities and/or funding policies.

Payments for which the State acts as a paying agent (e.g. assistance to local government, private schools and universities) are not passed through the State Budget.

The principal current specific purpose payments relate to health, education and community services. Health and education payments in aggregate are expected to increase in 1997-98. Substantial cuts are expected in programs to be wound down or terminated (e.g. Dental Health and the Rural Adjustment Scheme).

Other Current Receipts

Table 3.7: Other Current Receipts

Category	1996-97		1997-98	
	Budget	Revised	Budget	Increase
	\$000	\$000	\$000	%
Crown Receipts				
Sale of Crown Land	53,898	25,298	26,102	3.2
Leases	26,737	27,359	29,719	8.6
Royalties	173,353	180,688	181,610	0.5
Unclaimed Racing Dividends	10,000	10,000	10,000	...
Fire Brigades Levy on Local Government	29,789	29,868	30,809	3.2
Department of Housing - Interest	80,172	80,296	78,990	(-) 1.6
Interest on Crown Funds	56,250	56,310	58,875	4.6
Other Interest	18,625	16,505	14,948	(-) 9.4
Contribution - Environmental Trust	59,388	35,407	43,853	23.9
Cross Border Leases	200,000	...	...	n.a.
Other Crown Receipts	34,368	41,629	35,087	(-) 15.7
Agency Receipts				
Grants received	106,566	102,683	91,365	(-) 11.0
Donations and industry contributions	154,156	146,231	141,790	(-) 3.0
Interest on agency cash balances	58,608	68,036	75,215	10.6
Other agency receipts	40,377	68,697	45,476	(-) 33.8
TOTAL, OTHER RECEIPTS	1,102,287	889,007	863,839	(-) 2.8

Sale of Crown Land

Revenue is generated by Landcom from the development and sale of Crown land for residential purposes in the metropolitan area. Development and sale of Crown land in the remainder of the State is undertaken by the Department of Land and Water Conservation.

Leases

The Department of Land and Water Conservation collects annual instalments relating to the purchase of Crown Land and generates revenue from leases, licences and permissive occupancies on Crown land.

Royalties

The forecast increase in royalties is mainly attributable to an anticipated increase in coal sales. No increase is forecast for other royalty payments.

Interest on Crown Funds

The estimate for 1997-98 is projected to decline as a result of higher interest rates and higher average cash balances.

Cross Border Leases

Included in this amount is \$200 million for cross border leases budgeted in 1996-97. This item is now treated as income from Non Budget Sector Agencies.

Agency Receipts

These principally relate to grants received and industry donations across agencies, notably in the areas of health, community services and education.

CAPITAL RECEIPTS, 1997-98

Estimated capital receipts in 1997-98 are \$1,081 million - an increase of \$209 million, or 24.0 per cent on 1996-97.

Table 3.8: Capital Receipts

Category	1996-97		1997-98	
	Budget	Revised	Budget	Increase
	\$000	\$000	\$000	%
COMMONWEALTH GRANTS				
Schools	70,000	70,000	72,000	2.9
Technical and Further Education	80,774	81,525	65,950	(-) 19.1
Public Housing	292,945	292,658	279,870	(-) 4.4
Sydney Olympics 2000	...	32,000	...	n.a.
Housing Assistance for Aborigines	17,777	17,777	17,777	...
Australian Land Transport Development	406,200	315,800	381,420	20.8
Housing	35,141	35,107	34,153	(-) 2.7
Building Better Cities	14,000	14,000	...	n.a.
Other	14,000	2,318	2,375	2.5
TOTAL, COMMONWEALTH GRANTS	930,837	861,185	853,545	(-) 0.9
OTHER CAPITAL RECEIPTS	6,307	10,956	227,537	n.a.
TOTAL, CAPITAL RECEIPTS	937,144	872,141	1,081,082	24.0

Commonwealth Capital Grants

In 1997-98 funding will no longer be provided for the Building Better Cities Program, while cuts are projected in the areas of TAFE and housing.

Road grants under the Land Transport Development Program will increase from \$316 million in 1996-97 to \$381 million in 1997-98. The Commonwealth Government untied a substantial portion of specific road grants from 1994-95, providing a commensurate amount by way of untied grants. However, these grants will continue to be separately identified by the Commonwealth.

Of the remaining capital Specific Purpose Payments, only Schools are expected to receive an increase in funding.

Other Capital Receipts

The principal item included in this category in 1997-98 is the payment of \$219 million by SOCOG as a construction reimbursement towards the cost of the aquatic and athletic centres.

3.2 FORWARD ESTIMATES OF BUDGET RECEIPTS

INTRODUCTION

This section provides estimates of Budget receipts for the period 1996-97 to 1999-2000 by major receipt category. This information has been provided to give an appreciation of the factors impacting on the future receipts.

Overall for the three year period 1996-97 to 1999-2000, Budget receipts are projected to increase by 3.8 per cent per annum, a real increase of 0.8 per cent per annum.

Table 3.9 provides details of receipts for the period 1995-96 to 1998-99. The Table is supported by the following comments on the major receipt categories.

CURRENT RECEIPTS

Taxes, Fees and Fines

Contracts and Conveyances Duty

The property market is expected to return to a more sustainable level of activity in 1998-99 and 1999-2000. The downturn in the cycle, which is expected to occur during the course of 1997-98 implies a reduction in revenue by 11 per cent from the 1997-98 level to \$1,400 million for 1998-99 and 1999-2000.

Motor Vehicle Registration Duty

Revenue will continue to benefit in 1998-99 and 1999-2000 from price growth and growth in the number of vehicles transferred, although the reduction in the rate of tax on 1 July 1998 will cause revenue to fall in 1999-2000.

Other Stamp Duties

Other stamp duty items are expected to grow moderately in 1998-99 and 1999-2000 in line with general economic activity.

Payroll Tax

Underlying payroll tax revenue is expected to benefit from the gradual increase in wages and employment. Growth in payroll tax revenue will be limited by the tax rate falling back to 6.7 per cent on 1 July 1999.

Land Tax

The pick-up in the residential property market in previous years is expected to have a positive impact on land tax receipts in 1998-99. Tax receipts in 1999-2000, however, will be dampened by the rate reduction from 1.85 per cent to 1.7 per cent from 1 July 1999.

Taxes on Motor Vehicle Ownership and Operation

Growth in revenue from motor vehicle weight tax and vehicle registration fees is expected to strengthen in the out years as a result of continued economic growth and indexation. Lower fees charged under the national scheme for heavy vehicles has encouraged more registrations in New South Wales.

The forecast revenue for drivers licence fees in 1999-2000 reflects the renewal cycle for five year licences.

Business Franchise Licences

Petroleum licence revenue is expected to grow moderately in the out-years. Growth is driven primarily by indexation of licence fees to inflation with some additional growth from small increases in consumption.

Tobacco licence fee revenue increased in 1996-97 as a result of reduced revenue leakage. Revenue in the out years will decline marginally as the impact of inflation is more than offset by falling consumption.

Increased growth in household disposable income will have a positive impact on revenue from liquor licence fees.

Table 3.9: Budget Receipts, 1995-96 to 1998-99

	1996-97	1997-98		1998-99		1999-2000	
	\$m	\$m	% change	\$m	% change	\$m	% change
CURRENT RECEIPTS							
Taxes, Fees and Fines							
Stamp Duties -							
Contracts and Conveyances	1,450	1,575	8.6	1,400	(-) 11.1	1,400	...
Insurance	272	337	23.9	361	7.1	382	5.8
Share Transfers	232	245	5.6	260	6.1	273	5.0
Motor Vehicle Registrations	375	401	6.9	417	4.0	362	(-) 13.2
Financial Institutions Duty	515	534	3.7	554	3.7	574	3.6
Other	264	281	6.4	284	1.1	296	4.2
Payroll Tax	3,146	3,338	6.1	3,573	7.0	3,699	3.5
Land Tax	625	786	25.8	888	13.0	886	(-) 0.2
Taxes on Motor Vehicle							
Ownership and Operation	897	930	3.7	979	5.3	1,073	9.6
Gambling and Betting	1,223	1,392	13.8	1,519	9.1	1,587	4.5
Business Franchise Licences	1,838	1,979	7.6	2,005	1.3	2,035	1.5
Other	988	1,114	12.8	1,165	4.6	1,191	2.2
Total, Taxes, Fees and Fines	11,825	12,912	9.2	13,405	3.8	13,758	2.6
Income from Non Budget Sector Agencies							
Dividends	874	853	(-) 2.4	734	(-)14.0	771	5.0
Tax Equivalent Payments	582	464	(-) 20.3	454	(-) 2.2	464	2.2
Other	...	24	n.a.	...	...	...	...
Total Income from Non Budget Sector Agencies	1,456	1,341	(-) 7.9	1,188	(-)11.4	1,235	4.0
Commonwealth Grants							
General Revenue Grants	4,670	4,900	4.9	5,015	2.3	5,242	4.5
Specific Purpose Payments	2,913	2,962	1.8	2,935	(-) 0.9	3,026	3.1
Less: State Fiscal Contribution	210	216	2.9	101	(-) 53.2	...	n.a.
Total, Commonwealth Grants	7,373	7,646	3.7	7,848	2.6	8,268	5.4
Other	889	864	(-) 2.8	843	(-) 2.4	838	(-) 0.6
TOTAL, CURRENT RECEIPTS	21,543	22,763	5.7	23,284	2.3	24,098	3.5
CAPITAL RECEIPTS							
Commonwealth Grants	861	854	(-) 0.8	842	(-) 1.4	865	2.7
Other Capital Receipts	11	228	n.a.	5	n.a.	5	...
TOTAL, CAPITAL RECEIPTS	872	1,081	24.0	847	(-)21.6	870	2.7
TOTAL, RECEIPTS	22,415	23,844	6.4	24,131	1.2	24,968	3.1

Gambling and Betting

Moderate underlying growth is forecast for most of the gambling taxes consistent with the projected trend for household disposable income. Revenue will also benefit from the increased tax rates imposed on gaming machines in clubs. Revenue from hotel gaming devices is expected to increase by 30 per cent in 1998-99 due to the full year impact of changed taxation arrangements, the increase in the number of machines allowed from 10 to 30 and the spread of poker machines.

The opening of the permanent casino in November 1997 will further boost revenue from gambling and betting. Revenue will also benefit from legislative changes which will allow more Sunday race meetings as well as bookmaker betting on thoroughbred racing events after sunset. No allowance has been made for the impact of the sale of the TAB.

Other State Receipts

Income from Non Budget Sector Agencies

Tax equivalent payments by Government businesses are expected to remain fairly constant over the next three years, with a marginal decline of 2.2 per cent in 1998-99, followed by an increase of 2.2 per cent in 1999-2000.

Revenue from dividends is projected to decline in 1998-99 by \$119 million and increase in 1999-2000 by \$37 million.

Commonwealth Funded Grants

General Purpose Payments

Financial Assistance Grants (inclusive of payments for untied road grants and national competition policy payments, and after deducting Fiscal Contribution Payments to the Commonwealth) are projected to increase in nominal terms by 4.9 per cent in 1998-99 and 6.7 per cent in 1999-2000. This represents maintenance in real per capita terms of Financial Assistance Grants in line with the decisions of the Premiers' Conference in 1994 and the Council of Australian Governments (COAG) meeting in 1995 and the winding back of Fiscal Contribution payments in 1999-2000.

Specific Purpose Payments

For the most part, funding for specific purpose payments for the forward years will be determined by the relevant Commonwealth-State agreement, subject to any changes in indexation arrangements and the review or renegotiation of major specific purpose payments such as public housing, disability services and Medicare.

CAPITAL RECEIPTS

Commonwealth Grants

A decline in specific purpose capital payments may be expected in future years, due in part to the winding down of major infrastructure expenditures including the Olympics. Forward estimates will also depend on changes in major specific purpose payment programs which may be introduced by the Federal Government.

For the forward years the amounts payable under individual agreements have been included or, where forward information is not available, the amount has been indexed in line with existing arrangements.

Chapter 4:

BUDGET PAYMENTS

- 4.1 Trends in Current and Capital Payments**
- 4.2 Current and Capital Payments by Policy Area**
- 4.3 Current and Capital Payments by Minister and Agency**
- 4.4 Budget Current Expenditure Forward Estimates**
- 4.5 Budget Concessions**

4.1 TRENDS IN CURRENT AND CAPITAL PAYMENTS

INTRODUCTION

This section provides an overview of recent trends in the major Budget aggregates of current and capital payments. While trends in the two aggregates are discussed separately, it should be understood that the aggregates are not fully independent of one another. In particular -

- new assets constructed or acquired by an agency may have implications for its annual operating costs - where a new asset is to expand services, operating costs may also increase; where it is replacing an obsolete asset, there may be operating cost savings;
- services can be provided in different ways - over time the mix may vary between asset-intensive and labour-intensive methods of service delivery or between in-house provision (which may involve some capital expenditure) and contracted provision (where the full costs of the contractor are reflected in the agency's operating costs); and
- the classification between current and capital has been refined over recent years - while every effort has been made to adjust previous years' data when this occurs, it is not always possible to fully do so.

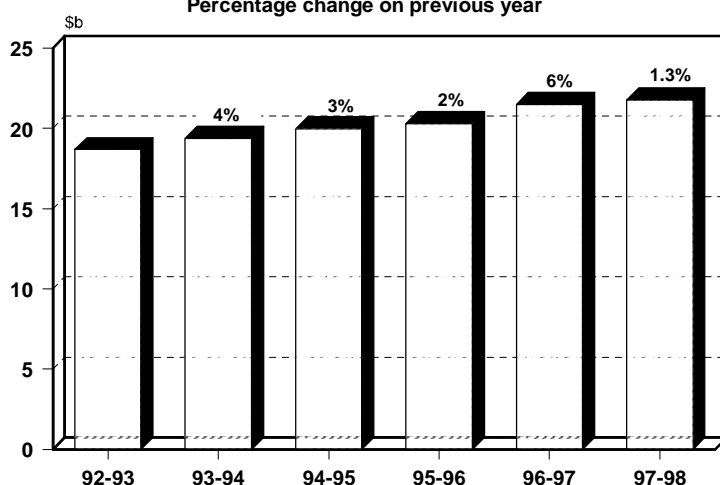
CURRENT PAYMENTS

Trends in total current payments from 1992-93 to 1997-98 are outlined in Figure 4.1. Total current payments will increase in real terms over this period by 16.5 per cent and are estimated to increase in 1997-98 by 1.3 per cent.

Figure 4.1

Total Current Payments

Payments expressed in real terms, 1997-98 base
Percentage change on previous year



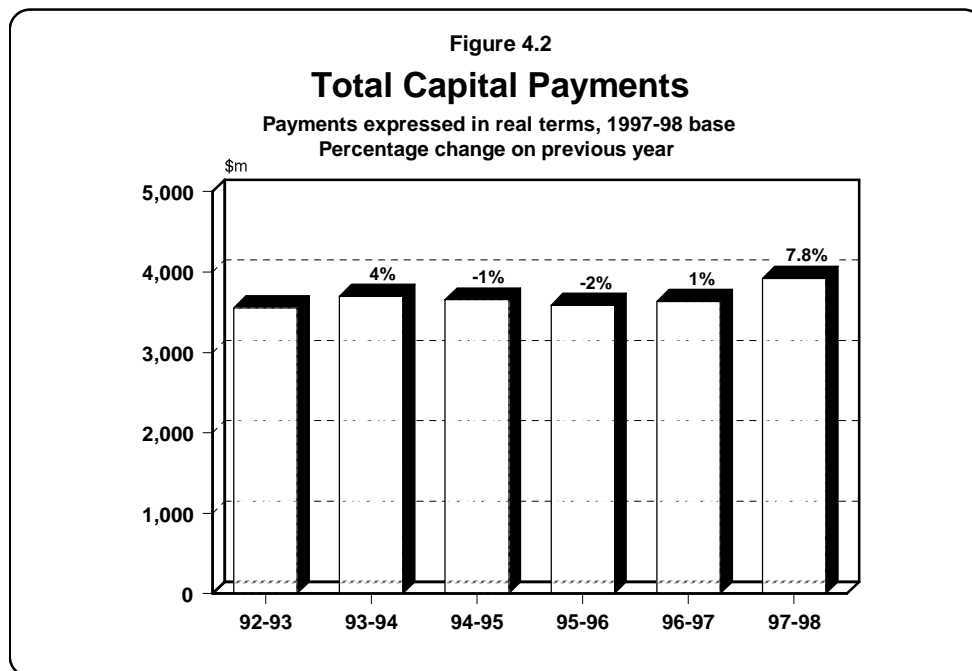
There has been steady real growth in total current payments since 1992-93. This reflects increasing superannuation payments almost fully offset by the decline in interest payments, and real growth in Law, Order and Public Safety, Health, Education, Social and Community Services, and Transport and Communication

CAPITAL PAYMENTS

The total State capital program comprises capital expenditures of both Budget and Non Budget Sector agencies. This chapter covers the Budget Sector only. (Budget Paper No. 4 *State Capital Program* provides an overview of both the total capital program and the Non Budget Sector component, as well as project details for both sectors.)

Budget Sector capital payments include capital grants and advances to Non Budget Sector agencies and non State organisations. The major agencies that receive grants are the Department of Housing (for the provision of welfare housing) and the State Rail Authority (for the provision of public rail services).

Trends in total capital payments from 1992-93 to 1997-98 are outlined in Figure 4.2. Over this period, total capital payments will increase in real terms by 10.1 per cent including an estimated increase in 1997-98 of 7.8 per cent.



The nature of major capital projects is such that expenditure on them will vary considerably over the period of construction. Where the project (or a grouping of related projects) is significant, this can impact on the overall level of Budget Sector capital payments in one or more years. The following text attempts to draw out the more significant factors impacting on year to year movements in the total Budget Sector capital program. More detailed analysis of movements in individual policy areas is provided in Section 4.2.

In the five years up to and including 1997-98, the Budget Sector capital program is forecast to increase by \$664 million, or \$361 in real terms. The major policy areas growing over the five year period are Health, Transport and Communication, and Recreation and Culture (which includes the majority of Olympics payments).

The Budget Sector capital program grew strongly in real terms in 1993-94. Real growth occurred in the policy areas of Health, Housing, Water and Sewerage and the Environment (due to Commonwealth grants under the

Building Better Cities program) and Recreation and Culture. Significant decreases occurred in Social and Community Services (reduced payments to the Aboriginal Land Council reflecting the fall in land tax revenue collections) and in Transport and Communication (reflecting the end of additional Commonwealth roads funding under the One Nation program and for road blackspots).

In 1994-95, the Budget Sector capital program decreased slightly in real terms. Strong real growth occurred in General Public Services (reflecting natural disaster relief following severe storms in the Hunter region in 1992) and again in Health, with lesser growth in Education. Payments associated with Olympic facilities at Homebush Bay decreased substantially reflecting the completion of the Aquatic Centre and Athletics Stadium. Payments in most other policy areas declined in real terms.

In 1995-96 a real growth in Law, Order and Public Safety (mainly reflecting the reclassification of the John Maddison Tower as a finance lease) was more than offset by the net decrease in other policy areas. The 1996-97 growth in Olympics payments was mostly offset by decreases in other areas, principally Health.

In 1997-98, capital payments in the Budget Sector are forecast to increase by around 7.8 per cent in real terms. This increase is mainly the result of the continuing increase in expenditure in 1997-98 on Olympic and Homebush Bay facilities and increases in the Roads and Rail Transport areas. Excluding Olympics increases, capital payments will increase by 2.3 per cent in real terms.

4.2 CURRENT AND CAPITAL PAYMENTS BY POLICY AREA

INTRODUCTION

The Policy Area Classification

Financial data can be presented on various bases.

Under the Westminster system, the structure of Government is based on individual Ministers having control over a number of agencies. Presenting data according to this hierarchy allows Parliament to see the resources being made available to each Minister and agency (in particular the moneys to be appropriated from the Consolidated Fund) and informs each Minister and agency of the financial resources they have available to devote to their programs.

While this presentation may be useful in the short term, changes in agency responsibilities and structures and in Ministerial portfolios make longer-term comparisons difficult. This is particularly the case when trying to analyse expenditures on functional areas (e.g. Law, Order and Public Safety) which cover a number of Ministers and agencies that may change over time.

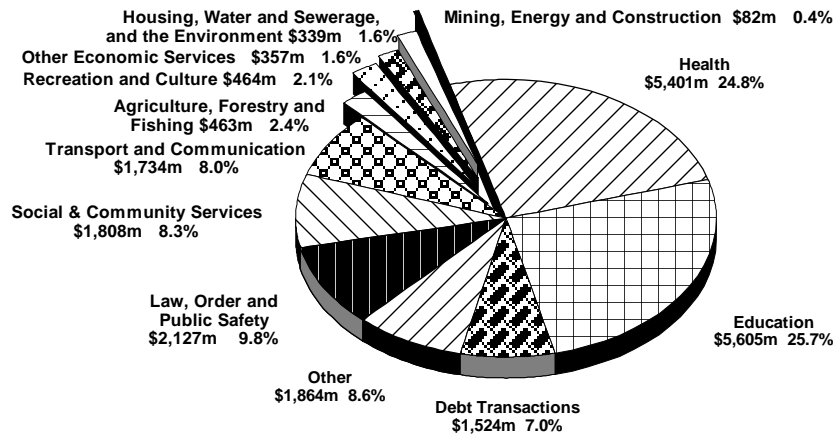
The basis of the information presented in this section is the *Government Finance Statistics* (GFS) coding of payments according to the *Government Purpose Classification* (GPC). This classification system is that used by the IMF in comparing government outlays over time and across jurisdictions.

The policy area figures used in the following analyses are shown in Appendix E for 1996-97 and 1997-98.

1997-98 Current Payments

Estimated total current payments by policy area in 1997-98 are shown in Figure 4.3, together with the share of the total budget for the respective areas.

Figure 4.3
Total Current Payments 1997-98
by Policy Area



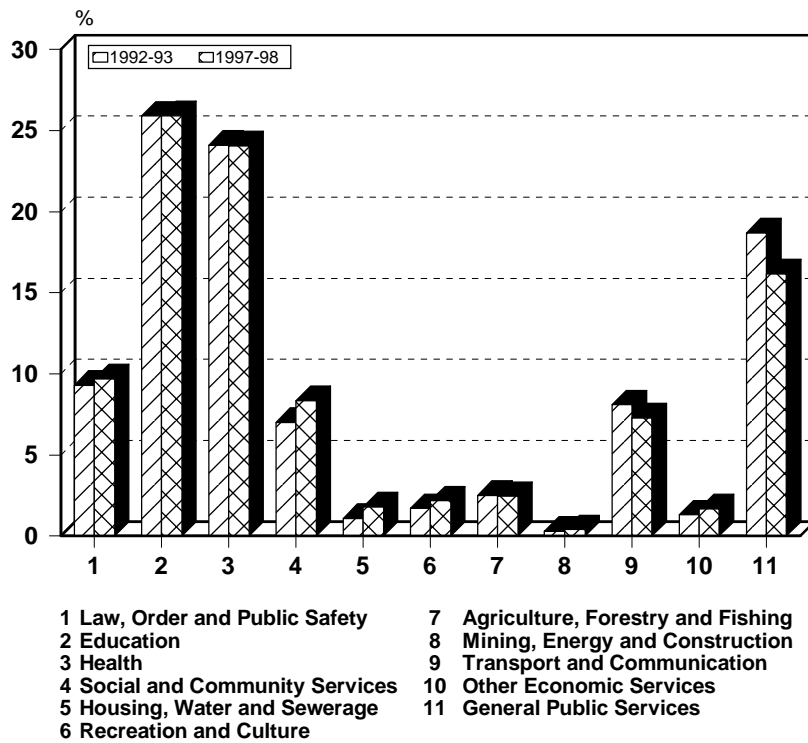
Total = \$21,768m

The most apparent feature of the information on total current payments by policy area is the high proportion that is either in areas of high Government priority and social need or is contractually committed. In aggregate, the policy areas of law, order and public safety, social and community services, education and health, together with debt transactions and superannuation, account for 81.8 per cent of total current payments.

Changes in Policy Area Shares

Over the period since 1991-92, there have been some significant shifts in the share of various policy areas in total current payments, as shown in Figure 4.4.

Figure 4.4
Movement in Total Current Payments
by Policy Area
 Percentage share of total, 1992-93 to 1997-98



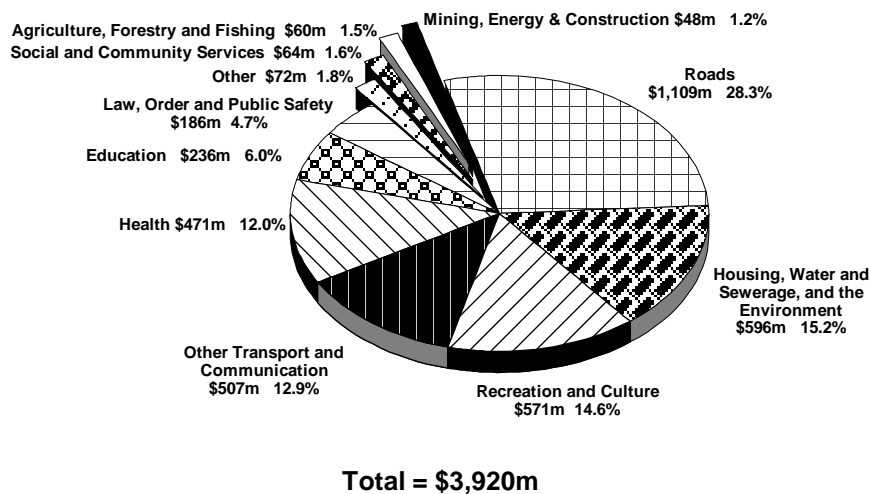
The most notable features of Figure 4.4 are -

- a substantial increase in the Social and Community Services share, reflecting increases in programs such as Home and Community Care and funding under the Commonwealth/State Disability Agreement, as well as increased Budget funding for the Department of Community Services for child protection services and places for people with disabilities;
- an increase in the Recreation and Culture share, reflecting the establishment of the Olympic Co-ordination Authority and the Casino Control Authority and additional funding for the Arts and for the National Parks and Wildlife Service;
- maintenance of relatively stable shares in both the Health and Education areas despite recent initiatives to improve educational outcomes and additional funding allocated for health services;
- growth in the Law, Order and Public Safety share due to the continuing appointment of additional police, the expansion of correctional facilities, the expansion of fire protection facilities in both metropolitan and rural areas and a significant improvement in services for juvenile offenders.
- a substantial decrease in the General Public Services share, largely reflecting reductions in debt costs, partly offset by increasing superannuation costs.

1997-98 Capital Payments

Estimated Budget Sector capital payments by policy area in 1997-98 are shown in Figure 4.5, together with the share of total Budget Sector capital payments for the respective areas.

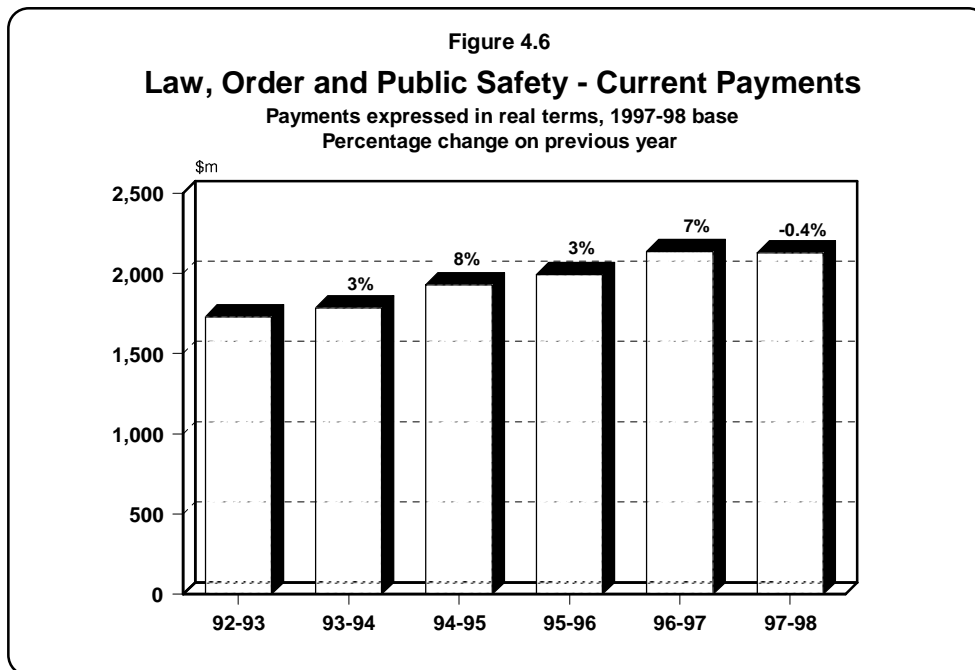
Figure 4.5
Budget Sector Capital Payments 1997-98
by Policy Area



Total estimated Budget Sector capital payments of \$3,920 million in 1997-98 represent a real increase of 7.8 per cent compared with 1996-97 forecast payments.

LAW, ORDER AND PUBLIC SAFETY

The Law, Order and Public Safety policy area covers the cost of maintaining the State's police service, corrective services, fire fighting and emergency services, as well as administration of court systems and legal processes throughout the State. The policy area includes payments of the Ministry for Police, Police Integrity Commission, NSW Police Service, NSW Crime Commission, Department of Corrective Services, Department of Juvenile Justice, NSW Fire Brigades, Department of Bushfire Services, State Emergency Service, Attorney General's Department, Judicial Commission of NSW, Legal Aid Commission of NSW and the Office of the Director of Public Prosecutions.

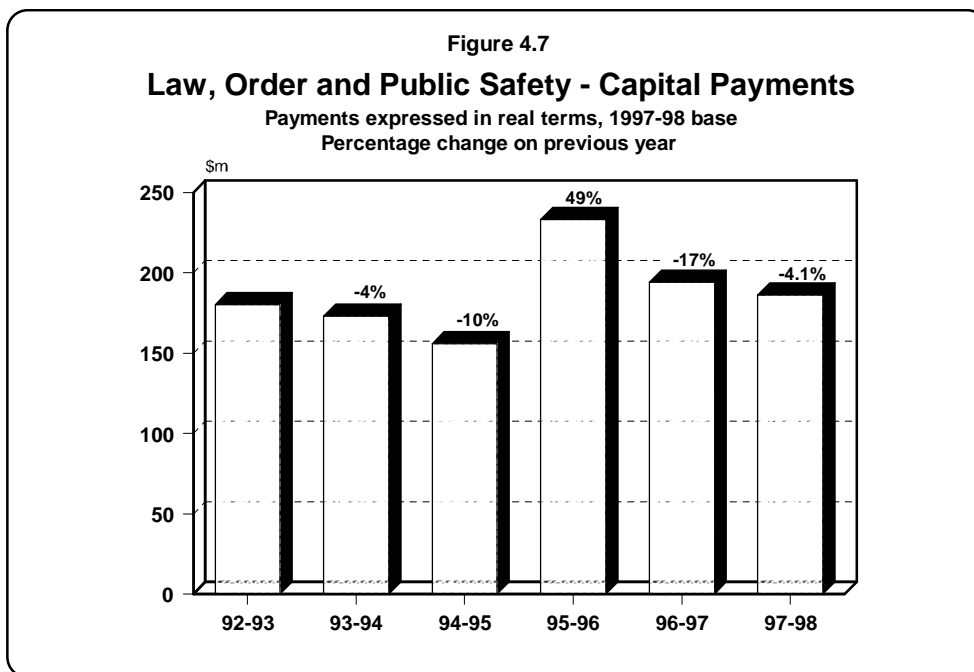


Current payments for this policy area will increase by 23.1 per cent in real terms over the five year period to 1997-98, including a modest projected decrease in real terms of 0.4 per cent in 1997-98. The strong upward trend reflects the continuing appointment of additional police, the expansion of correctional facilities, the expansion of fire protection facilities in both metropolitan and rural areas and a significant improvement in services for juvenile offenders.

The 8 per cent increase in 1994-95 relates mainly to the appointment of additional police, the opening of three additional correctional centres to deal with the increased inmate population of 32 per cent between 1989-90 and 1993-94, and the implementation of a range of new initiatives for dealing with juvenile crime.

The 7 per cent increase in 1996-97 relates mainly to further increases in funding for the Police Service to provide for the appointment of additional police, substantial salary increases arising from the enterprise agreement and payments made under the Guns Buyback Scheme (which are reimbursed by the Commonwealth).

Payments to this policy area will be relatively stable in 1997-98, reflecting the culmination of many of the above initiatives. The exception is funding for the Legal Aid Commission, which is expected to be reduced by 20 per cent as a result of reductions in Commonwealth funding.



Capital payments for this policy area will increase by 3.3 per cent in real terms over the five years to 1997-98, however, as the graph shows, there have been significant fluctuations throughout that period.

After higher levels of funding in the years prior to 1992-93 to provide for the expansion of court, correctional and juvenile justice facilities, and replacement and upgrading of police equipment, payments declined over the next three years to more modest levels.

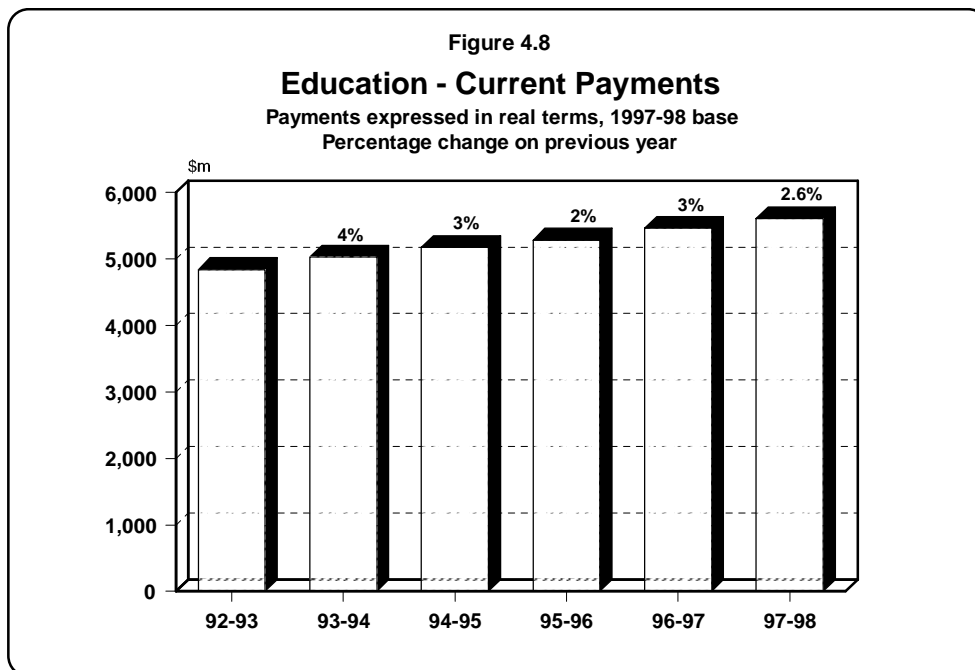
The increase in 1995-96 is caused by the need to reflect the value (\$52 million) of a leased asset (John Maddison Tower) as a capital payment in 1995-96. Excluding this factor, capital payments have moved upwards since 1994-95, reflecting increased payments on the provision of fire fighting equipment, juvenile justice centres and new court facilities.

Whilst there is a modest decline for this policy area in 1997-98 (4.1 per cent in real terms), the capital payments are still above those in the years 1992-93 to 1994-95.

EDUCATION

The Education policy area incorporates -

- Primary and Secondary Education, including the Department of School Education, the Office of the Board of Studies and the provision of assistance to non-government schools;
- Tertiary and Vocational Education, consisting of the New South Wales Technical and Further Education Commission (TAFE NSW) and the educational activities of the Department of Agriculture;
- Pre-school Education, including pre-schools administered by the Department of School Education and the Department of Community Services;
- the School Student Transport Scheme which encompasses payments for student conveyance to various government and non-government service providers funded primarily through the Department of Transport; and
- the training and educational policy activities of the Department of Training and Education Co-ordination.



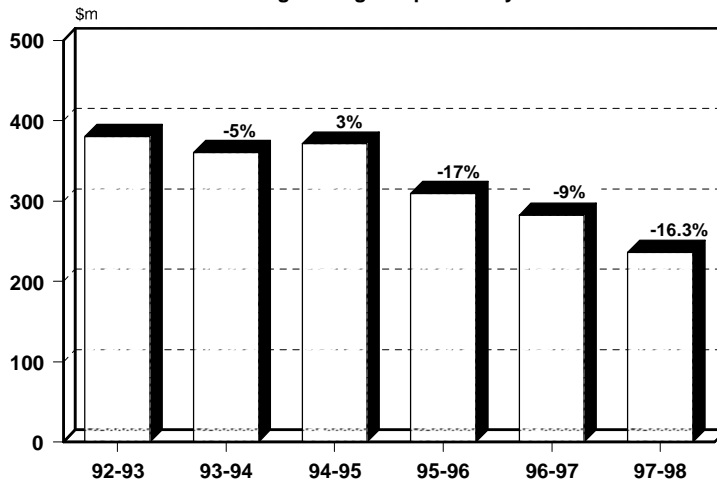
Current payments for Education have continued to increase in real terms. Over the 5 years to 1997-98, total current payments are projected to increase by 15.8 per cent in real terms including an increase of 2.6 per cent in real terms in 1997-98.

The overall growth in payments in this policy area reflects both the impact of demographic changes and specific initiatives designed to improve educational outcomes. Increasing school student enrolments have increased demand related spending components. Teaching numbers were increased by over 1,500 in 1994-95 to meet specific commitments. In 1995-96 the Government provided funding for a further program to employ additional teachers over a four year period. These additional costs are reflected in the 1997-98 allocations. Additional funding has also been provided in 1997-98 for the Government's School Technology Program and the new Back to School Allowance.

Payments in this policy area have also increased due to the strong growth in TAFE NSW over the past five years (11.3 per cent in real terms). New funding arrangements commenced in 1993-94 under the Australian National Training Authority (ANTA) Agreement with the Commonwealth. Under this agreement, the Commonwealth agreed to provide increased funding between 1993 and 1996 for growth in vocational education and training, on the basis that the State "maintains its effort" in the sector. Funding has since been extended to 1997. In recent years a higher proportion of ANTA funding has been directed to the "Training and Education Services" program, which forms part of the "Other Economic Services" policy area.

Figure 4.9

Education - Capital Payments
Payments expressed in real terms, 1997-98 base
Percentage change on previous year



Over the five years to 1997-98, Education capital payments have fluctuated in line with overall capital program priorities, the availability of Commonwealth funding, the need for new educational facilities and ongoing requirements for the upgrading of existing infrastructure.

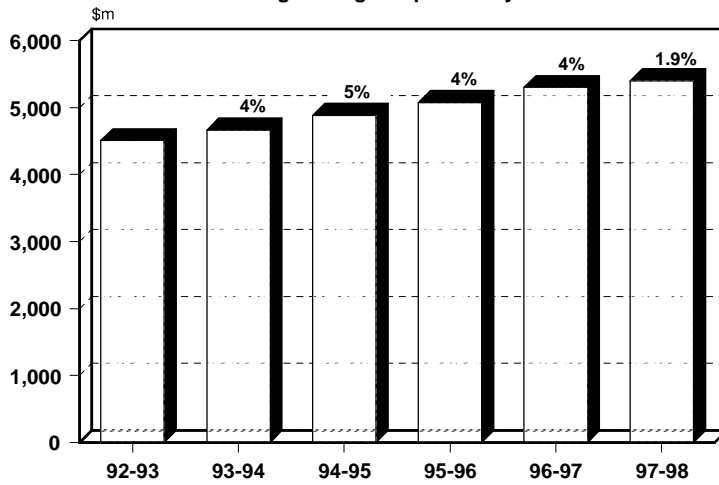
The allocation for 1997-98 of \$236 million includes increased expenditures for pre-school centres and construction of new TAFE facilities to meet growth in demand, offset by a reduction in the schools capital program. Expenditures in 1997-98 reflect the commencement of redevelopment of the Sydney Conservatorium High School and the Conservatorium of Music.

HEALTH

The Health policy area includes all payments and receipts for the health system (excluding some mental health, rehabilitation and community services which are included in the social and community services policy area) and includes health-related activities funded through the Health Care Complaints Commission.

Figure 4.10

Health - Current Payments
Payments expressed in real terms, 1997-98 base
Percentage change on previous year



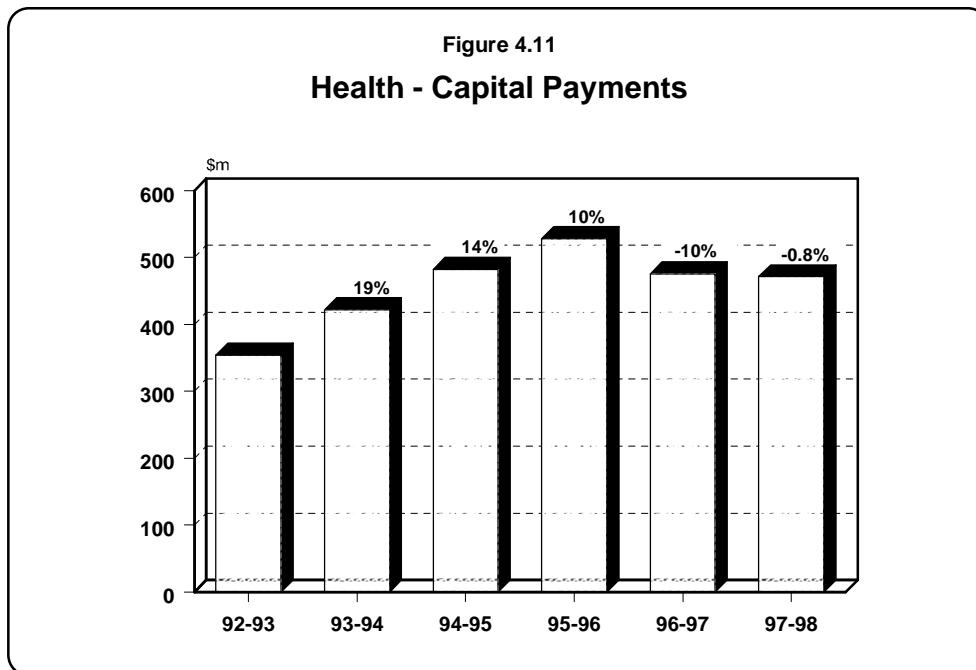
The public health system continues to experience a significant growth in demand for services, reflecting the combined effect of population growth, the ageing of the population, advances in medical technology and the decline in private health insurance coverage.

Spending on Health is expected to increase by 19.8 per cent in real terms over the five years to 1997-98. The growth in 1993-94 reflects the merger of the Concord Repatriation Hospital into the State health system from 1 July 1993 and the full effect of the inclusion of own-source funding of hospitals and area and district health services.

The increase in current payments in 1994-95 resulted from a significant increase in Commonwealth funding (including funding carried forward from 1993-94) and substantial use of the agency's cash balances. A further significant expansion of activity occurred in 1995-96 derived from additional State funding associated with the Government's waiting list reduction program and increased Commonwealth funding.

The 4.4 per cent increase in payments in 1996-97 resulted from enhancement funding of \$134 million approved after the Budget to support population growth areas and to maintain services in established areas. In addition, the Department has experienced additional costs associated with insurance payments, enterprise agreements and budget overruns in some Area Health Services.

A further real increase in payments of 1.9 per cent is projected in 1997-98 with additional Consolidated Fund support of \$223 million being directed to improving overall access to the health system with particular emphasis on population growth areas. In addition, expenditure growth will occur in priority programs such as community health, mental health and Aboriginal health.



Capital payments continue to be directed at both redistribution and general upgrading of health care facilities throughout the State. Operating funds are being progressively transferred to growth areas and major capital projects have similarly been targeted to these areas with the aim of ensuring the most effective future delivery of health care services. Other specific capital programs and projects are aimed at upgrading substandard facilities and at the general upgrade of information technology equipment essential for modern health practices.

Over the five year period to 1997-98, Health capital payments will increase by 33 per cent in real terms. From 1993-94, the cost of certain plant and equipment items has been accounted for as capital rather than current payments. The growth in expenditure in 1994-95 was associated with increased activity on a number of large capital works including hospital redevelopments at Liverpool and Bankstown/Lidcombe, consolidation of services on the Prince of Wales Hospital site and the transfer of the Children's Hospital to Westmead.

The increase in expenditure in 1995-96 was associated with the large capital works in progress and the commencement of significant new projects including the Prince of Wales Ambulatory Care Clinic and the redevelopment of hospitals at Blacktown, Lithgow, Dubbo and West Wyalong.

The reduction in 1996-97 reflects completion of a number of projects funded primarily from the Department's own sources and a reduction in the level of new own-source funded projects. A number of significant works were commenced including the Central Sydney Resource Transition Program and the redevelopment of Manning Base Hospital and Broken Hill and Coffs Harbour Hospitals.

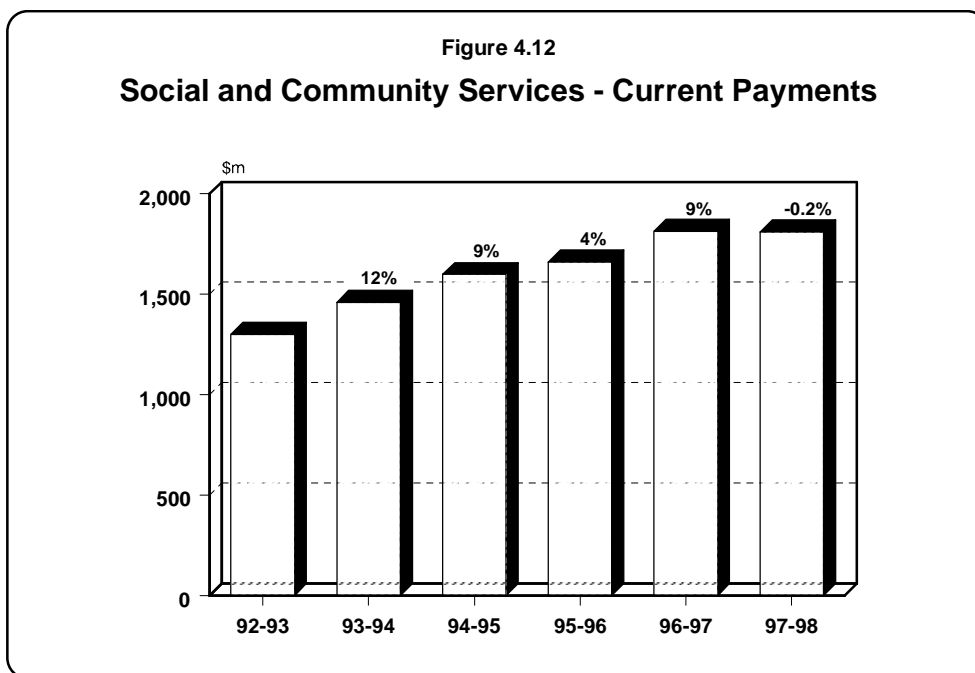
The 1997-98 program maintains the level of activity achieved in the previous year and allows the continuation of all works in progress. A number of new works will commence including the Macarthur Sector Strategy, construction of a new women and children's health building and other facilities at Nepean Hospital, upgrading of various State Government Nursing Homes, stage 3 works at Tweed Heads Hospital, provision of new paediatric services at the Royal North Shore Hospital, new community health services in the Central Coast area, new Westmead Institutes of Health and a number of information management and technology projects.

SOCIAL AND COMMUNITY SERVICES

Funding provided under this policy area is primarily for -

- services for children, older people, people with disabilities and families (it includes the operations of the Department of Community Services, the Ageing and Disability Department, the Community Services Commission and the Home Care Service);

- people with special needs or requiring a particular focus and commitment (services provided by the Department of Aboriginal Affairs, the Ethnic Affairs Commission and the Department for Women);
- some of the mental health services provided by the Department of Health;
- compensation to victims of crime; and
- Budget-funded concessions to social security beneficiaries (including payments by the Department of Transport).

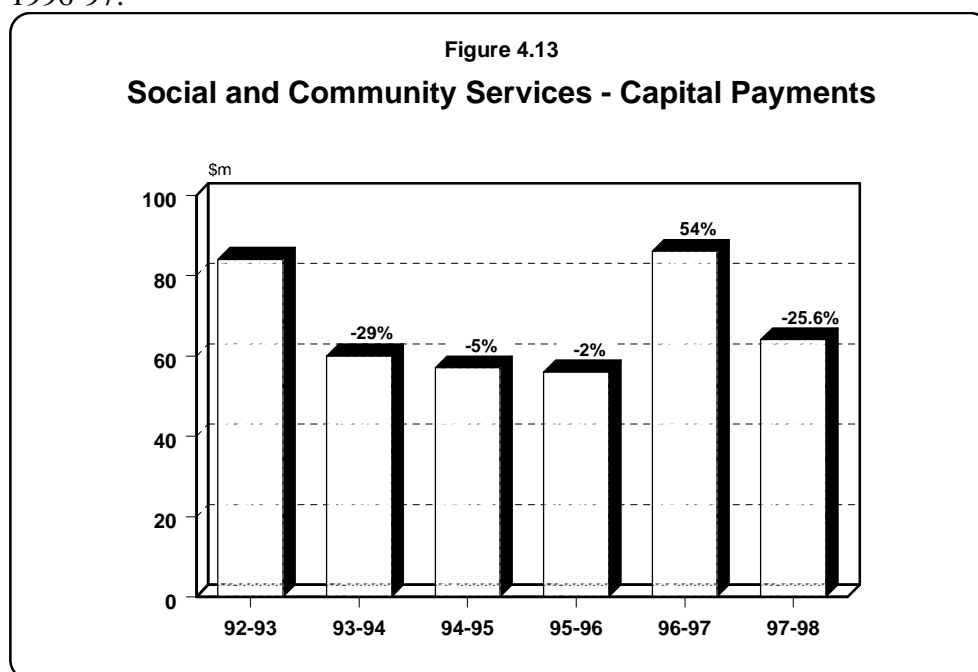


Over the five years to 1997-98, social and community services current payments will increase by 39.2 per cent in real terms. This movement mainly reflects increases in the Home and Community Care program and the transfer from the Commonwealth from 1 July 1993 of responsibility for accommodation and support services for people with disabilities.

Since 1994-95 payments have also increased due to enhancement of child protection services and additional supported accommodation and other services for people with disabilities.

The 9 per cent real increase in current payments in 1996-97 is due to the extra spending on programs to assist people with disabilities and on child protection and substitute care services. Payments in 1996-97 also rose due to inclusion of the cost of pensioner electricity rebates in the Budget following corporatisation of electricity distribution authorities.

The minor decline in current payments between 1996-97 and 1997-98 largely reflects over-expenditure by the Department of Community Services in 1996-97.

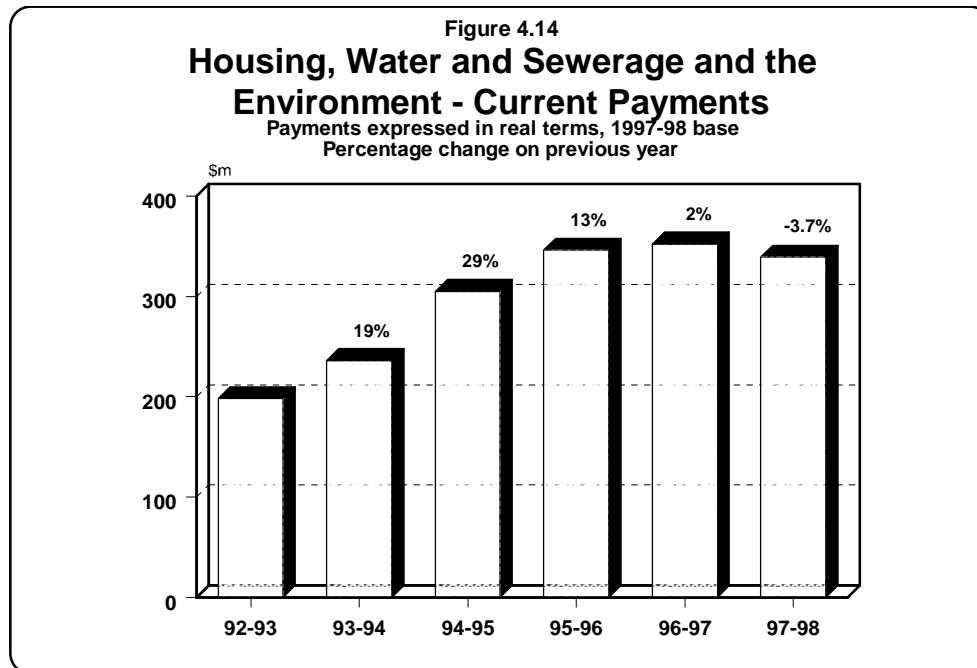


The largest component of capital payments within the Social and Community Services policy area relates to payments to the NSW Aboriginal Land Council. These payments are based on 7.5 per cent of the previous year's land tax collections and as such reflect movements in values in the property market.

Capital payments increased in 1996-97 as a result of the purchase of group homes for people with disabilities. This project is expected to be completed in 1996-97.

HOUSING, WATER AND SEWERAGE, AND THE ENVIRONMENT

The Housing, Water and Sewerage, and the Environment policy area covers programs relating to assistance for housing, urban development, water and sewerage schemes, protection of the environment and State and regional planning.



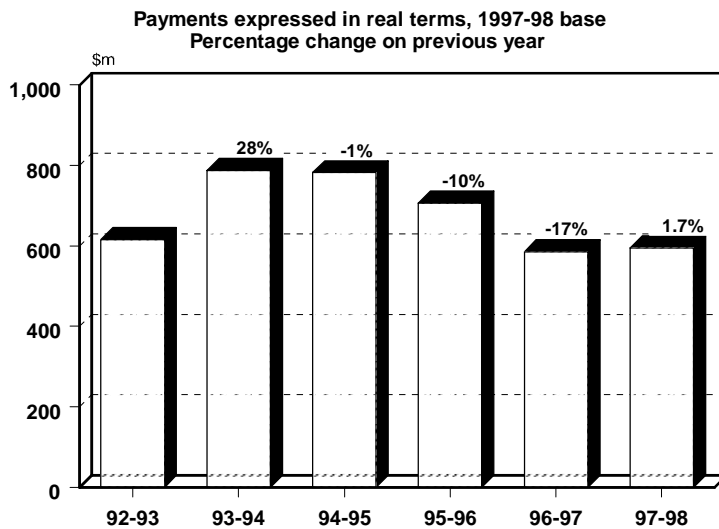
Growth in current payments of 71.2 per cent in real terms over the five years to 1997-98 reflects significant increases in funding for the environment area and, until 1997-98, a steady increase in funding for housing.

Current payments increased each year over 1993-94 to 1996-97. The largest increase was in 1994-95 when current payments rose by 29.4 per cent or \$69 million in real terms. The increase was due to a change in the accounting treatment of operating costs under the Commonwealth/State Housing Agreement which had been capitalised up to 1993-94.

Estimated current payments for 1997-98 will decrease in real terms by \$13 million or 3.7 per cent. The decrease is mainly due to further savings from the merging of various agencies to form the Department of Land and Water Conservation.

Figure 4.15

Housing, Water and Sewerage a



Over the five years to 1997-98, capital payments in this policy area have decreased by 3.2 per cent in real terms. A large increase occurred in 1993-94 due to urban development projects by City West and Honeysuckle Development Corporations and once-off payments to local government to assist with funding country towns water supply and sewerage projects.

The decreases in 1995-96 and 1996-97 estimated capital payments mainly reflect the scaling down of the Better Cities program, particularly in relation to the City West precinct and a transfer of housing assistance funds from capital to recurrent.

In 1997-98, capital payments are expected to increase in real terms by 1.5 per cent. Large increases in some areas have been partially offset by decreases in others. The changes are principally due to -

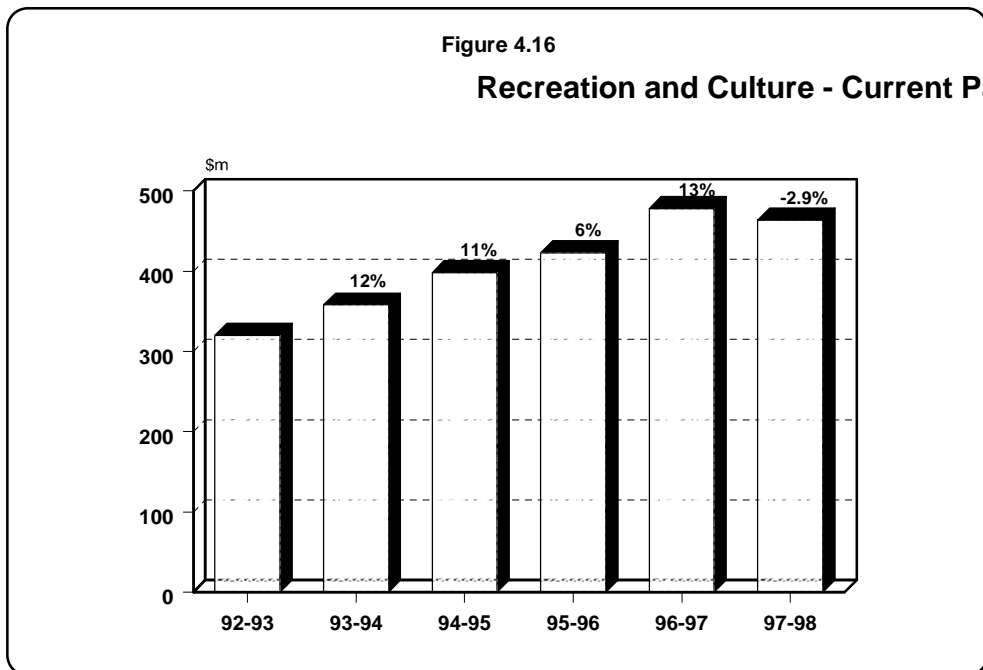
- increased expenditure on development of Homebush Bay and related sites (\$25.8 million);
- increased payments for water and sewerage assistance (\$22.6 million);

- a reduction in the Country Towns Water Supply and Sewerage program due to a once-off recovery of developer contributions in 1996-97 (\$12 million); and
- reduced expenditure following the completion of the Better Cities program (\$12.9 million).

RECREATION AND CULTURE

The Recreation and Culture policy area includes funding for the operating costs of recreation facilities and services and for cultural facilities and support of the arts. The policy area includes major functions of the National Parks and Wildlife Service, the Department of Sport and Recreation, the Olympic Co-ordination Authority, the Casino Control Authority, the Ministry for the Arts and the State's cultural and historical institutions.

This policy area also includes funding for the Royal Botanic Gardens and the Domain Trust, the Centennial Park and Moore Park Trust and the Bicentennial Park Trust.

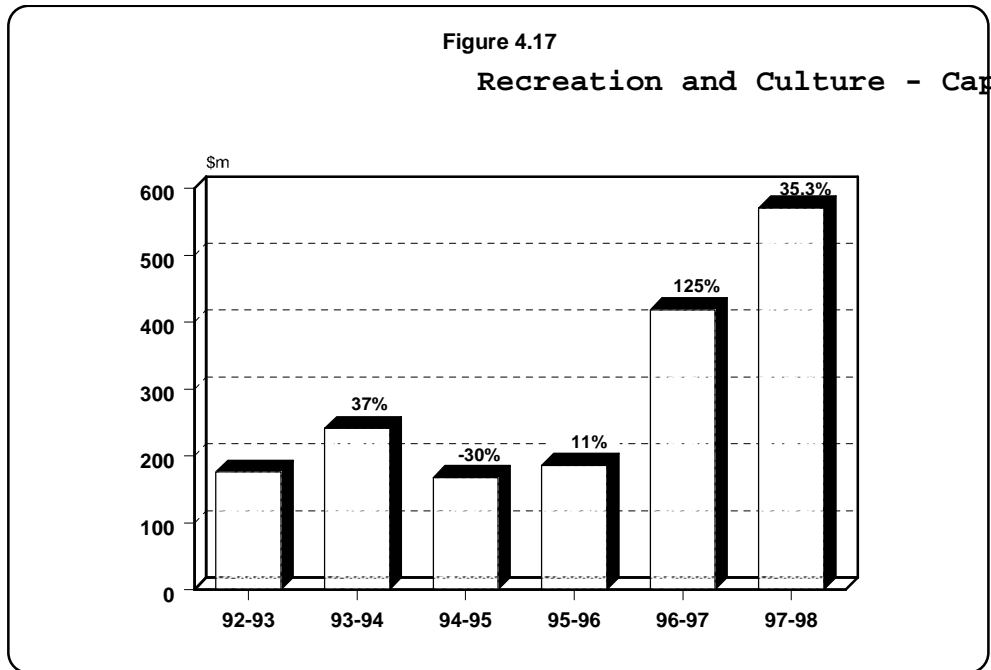


Over the 5 years to 1997-98, current payments in this policy area will increase by 45 per cent in real terms.

Since 1992-93 there has been a steady increase in current payments reflecting the establishment of the Casino Control Authority and the Olympic Co-ordination Authority and additional funding for the arts.

Significant contributing factors to real growth in this policy area include the addition of new parks and wilderness areas to the National Parks and Wildlife estate, preservation of threatened species and the third year of substantial additional funding for the National Parks and Wildlife Service for fire management, pest species management and neighbour relations.

The decrease in 1997-98 largely results from a reduction in subsidies to the Darling Harbour Authority and an estimated reduction in grants by the Film and Television Office, after an abnormally high level in 1996-97.



The significant growth in capital expenditure in 1993-94 largely reflects the impact of the Sydney Olympic venues and facilities.

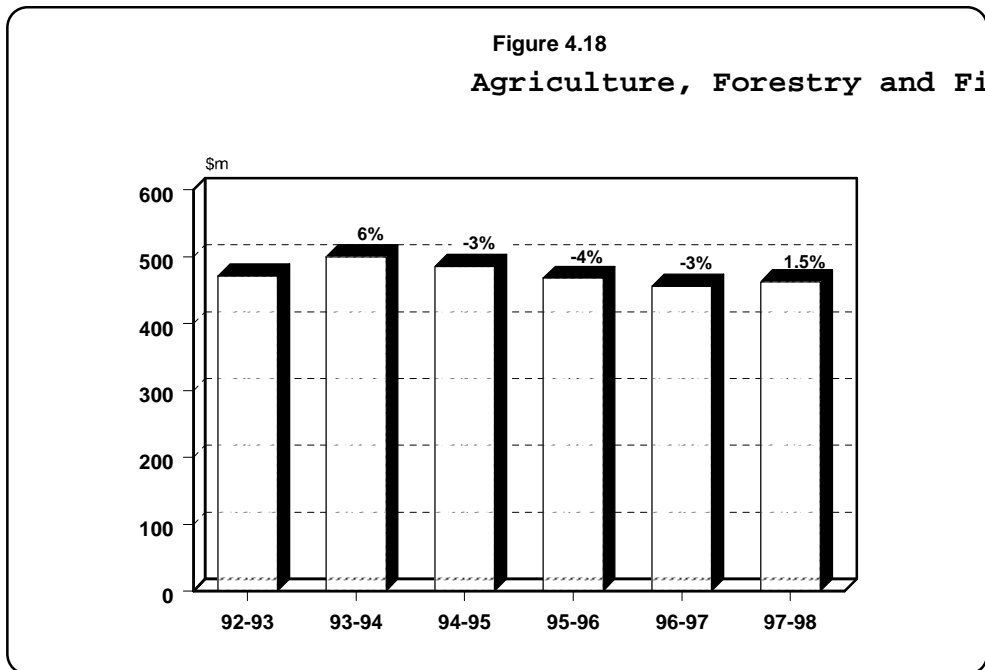
The decrease in 1994-95 followed substantial completion of the Aquatic Centre and the Athletics Stadium at Homebush Bay.

The increase in 1995-96 is largely due to the commencement of pre-planning activities for Olympic and Paralympic facilities and venues and an increase in the development of racecourse facilities. In addition, capital payments for the National Parks and Wildlife Service increased for key priority areas such as pest control, upgrading and maintenance of fire trails and purchase of equipment for fire fighting and land acquisitions.

Repeating the 1996-97 trend, the estimated large increase in 1997-98 is due to an increase in expenditure on Olympic and related projects and the refurbishment of the Hordern Pavilion, the Royal Hall of Industries and the Moore Park Equestrian Centre on the old Showground site. Olympic related construction expenditure will increase by \$129 million to \$414 million reflecting the gearing up of construction of venues and facilities (\$181 million), the relocation of the Royal Agricultural Society to Homebush Bay (\$179 million) and the continuation of construction of the Olympic Stadium (\$35 million).

AGRICULTURE, FORESTRY AND FISHING

The Agriculture, Forestry and Fishing policy area consists of the major functions performed by the Department of Agriculture, NSW Fisheries and the Rural Assistance Authority plus certain activities of the Department of Land and Water Conservation (particularly rural water management and infrastructure and catchment management activities) and financial assistance to State Forests.



Over the five years to 1997-98, current payments in the Agriculture, Forestry and Fishing policy area will decrease by 1.7 per cent in real terms. This includes a 1.5 per cent real increase in 1997-98.

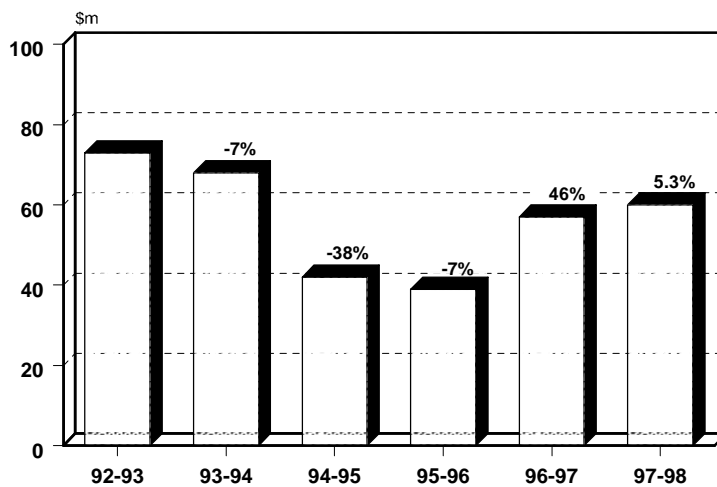
The decrease over the five year period is mainly attributable to reduced drought relief expenditure. In 1992-93, \$53 million was provided to rural communities under the Rural Adjustment Scheme. Due to improvements in drought conditions, assistance under this scheme in 1997-98 is anticipated to be \$26 million lower in real terms. If drought relief expenditure is excluded, current payments in this policy area would increase by 4.0 per cent in real terms over the five years.

This increase reflects the introduction of the Forestry Industry Restructure Package, increased payments under the Commonwealth National Landcare Program and increased industry contributions and user charges.

The growth in current payments in 1997-98 reflects the impact of increased expenditure on the Forestry Industry Structural Adjustment Package (\$12 million), the Drought Regional Initiatives Program (\$2 million), the establishment of the Native Vegetation Management Fund (\$5 million) and the Acid Soil Action Program (\$2.5 million). These increases are mainly offset by reduced expenditure requirements for drought relief assistance (\$20 million).

The State and Commonwealth are jointly funding the Forestry Industry Structural Adjustment Package on a dollar for dollar basis. Under this package, \$120 million will be provided over 5 years (\$32 million in 1997-98) for training, redeployment, relocation and redundancy benefits for workers, as well as compensation for owner drivers of logging trucks and incentives for value adding in the forestry industry.

Figure 4.19
Agriculture, Forestry and Fi

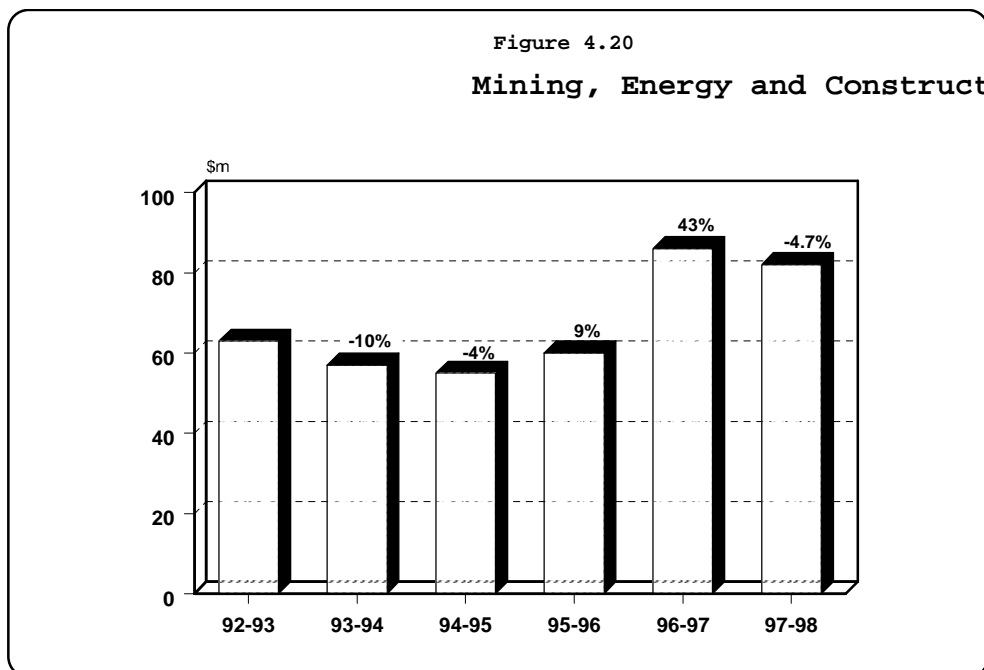


The high level of capital payments in this policy area in 1992-93 and 1993-94 was mainly attributable to expenditures on the Pindari Dam enlargement and Burrinjuck Dam flood security works. A significant proportion of the total cost of the two projects was incurred in these years.

Growth in the level of capital payments for this policy area between 1995-96 and 1997-98 largely relates to the additional funding being provided to State Forests to accelerate the establishment of hardwood plantations.

MINING, ENERGY AND CONSTRUCTION

The Mining, Energy and Construction policy area encompasses mineral resources assessment, allocation and management, energy management, utilisation and adverse environmental impact reduction, compensation for former owners of coal rights acquired by the State, capital project risk management services and performance assessment and policy development for the building and construction industry.

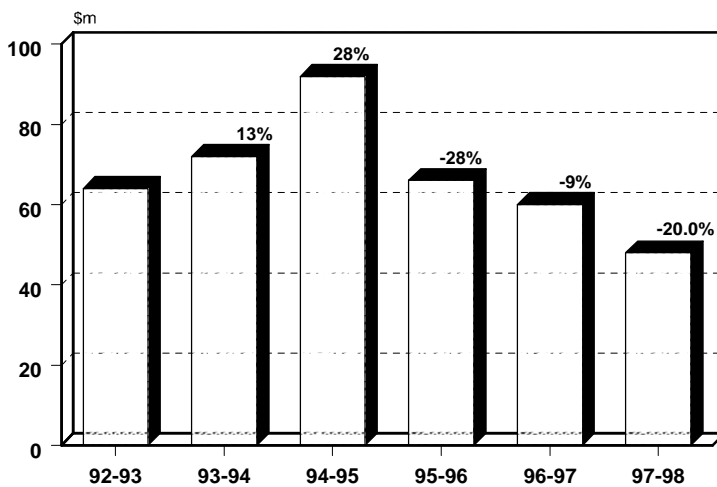


Over the five year period to 1997-98, current payments to this policy area will increase by 30.2 per cent in real terms. The decline in current payments to 1994-95 is attributable to reduced redundancy payments for the commercialisation of the Department of Public Works and Services which commenced in 1992-93.

The large increase in current payments in 1996-97 is attributable to the establishment of the Sustainable Energy Development Authority (\$6.6 million) and the inclusion of activities of the former Building Services Corporation within the Department of Fair Trading (\$15 million). These increases are partly offset by reduced expenditure of the Department of Energy following its restructure.

The decrease in payments in 1997-98 can be attributed to reduced assistance to rural electricity distributors (\$3.2 million), reduced payments by the Coal Compensation Board (\$1.8 million) in anticipation of its wind-up, and various minor budget savings initiatives (\$2.1 million). This was partially offset by increased research grants provided by the Sustainable Energy Development Authority (\$5.3 million).

Figure 4.21
Mining, Energy and Construct



The increasing trend in capital payments up to 1994-95 reflects expenditure on the Far West Electrification Scheme that commenced in 1992-93 and was completed in 1994-95. The increase in 1994-95 is also attributable to additional coal compensation payments (\$10.0 million) and the commencement of the Discovery 2000 project (\$9.0 million), aimed at improving and updating the State's geoscience database over a six year period.

The decline in payments in 1995-96 and 1996-97 is mainly attributable to the completion of the Far West Electrification Scheme and the Baryulgil mine site rehabilitation. In addition, there was reduced expenditure on Discovery 2000 project.

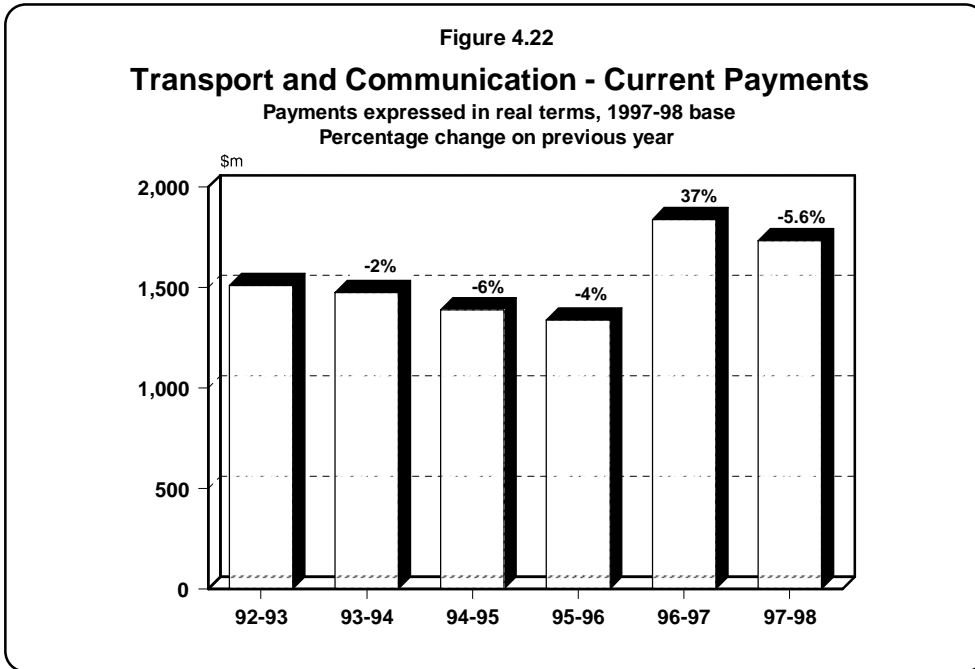
The decline in 1997-98 is almost entirely attributable to reduced compensation payments for coal acquisition (\$9.1 million) and reduced expenditure on the Discovery 2000 project (\$1.8 million).

TRANSPORT AND COMMUNICATION

Budget funding provided for this policy area primarily covers -

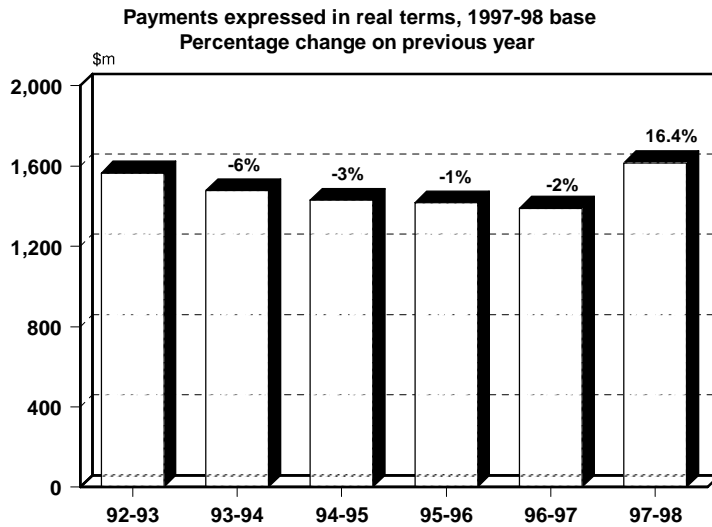
- the Roads and Traffic Authority's motor registry services, capital works program and maintenance of the State's road network;
- activities of the Department of Transport, including the payment of subsidies to public and private transport operators, community groups and certain individuals;

- payments by the Olympic Co-ordination Authority for the development of transport infrastructure for the 2000 Olympics and Paralympics at Homebush Bay and related sites; and
- the operations of the Office of Marine Administration and the Waterways Authority within the portfolio of the Minister for Ports.



Over the 5 years to 1997-98, current payments have increased by 14.8 cent in real terms. In 1997-98 these payments will decrease by 5.6 per cent. The major portion of this decrease is related to purchases of passenger and freight transport services reflecting cost savings arising from the progressive introduction of competition in rail operations.

Figure 4.23
Transport and Communication - Capital Payments



Capital payments for Transport and Communication primarily cover road works undertaken by the Roads and Traffic Authority, capital grants for the development of the rail network and payments by the Olympic Co-ordination Authority for the development of transport infrastructure for the 2000 Olympics and Paralympics.

Over the period 1992-93 to 1997-98 capital payments have increased by 3.3 per cent in real terms. In 1997-98 these payments are expected to increase by 16.4 per cent in real terms due to an increase in road network development and rail infrastructure.

In 1997-98 capital payments on roads network development by the Roads and Traffic Authority will increase by 19.7 per cent in real terms. Variations in total capital payments by the Roads and Traffic Authority reflect changing levels of funding provided for special purposes by both the State and Federal Governments. State funding for roads from dedicated sources such as motor vehicle taxation and fuel levies has essentially been maintained in real terms over the past 5 years.

Olympic transport infrastructure expenditure will increase by \$37.8 million in 1997-98, a real increase of 25.7 per cent. Major Olympic related projects include the Homebush Bay rail line and station to service the Olympic site (\$23.0 million), Flemington Junction (\$12.9 million) and the development of other transport infrastructure, such as roads, bridges, parking, pedestrian and ferry facilities (\$147.8 million).

Capital payments for rail transport will increase by 3.8 per cent. Major projects include the New Southern Railway and East Hills Stage 1 for a total of \$193 million. Other projects include station upgrading works and purchase of new rolling stock for CityRail services.

In 1997-98 capital works totalling \$7.3 million related to port management, marine safety and wetlands management will be undertaken by the Office of Marine Administration and the Waterways Authority.

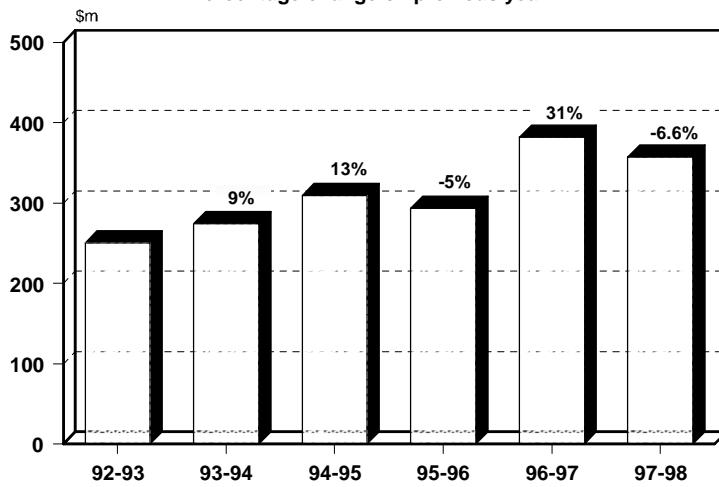
OTHER ECONOMIC SERVICES

The Other Economic Services policy area includes the Industrial Court Registry program of the Attorney General's Department, the Department of Industrial Relations, payments of the Training and Education Services program of the Department of Training and Education Co-ordination, the Department of State and Regional Development, Tourism New South Wales, the Department of Fair Trading, the Independent Pricing and Regulatory Review Tribunal, payments of the Liquor and Machine Gaming Compliance and Revenue programs of the Department of Gaming and Racing, the Integrated Natural Resources Information and Spatial Land Information and Standards programs of the Department of Land and Water Conservation and minor Crown Transactions payments.

Figure 4.24

Other Economic Services - Current Payments

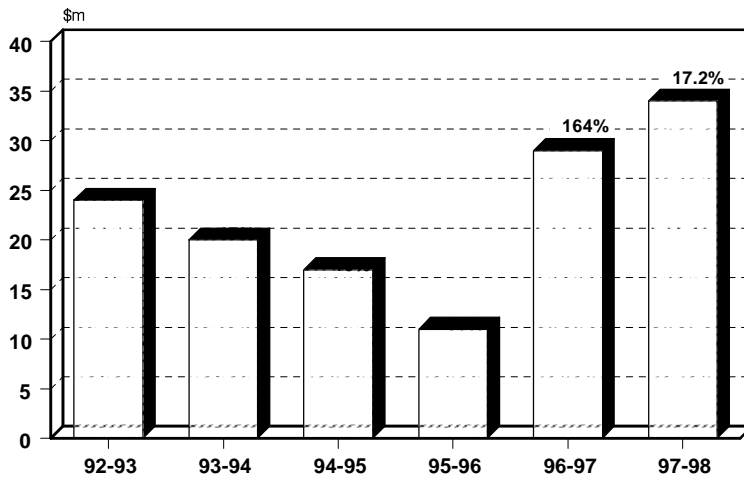
Payments expressed in real terms, 1997-98 base
Percentage change on previous year



Over the five years to 1997-98, total current payments will have increased by roundly 43 per cent in real terms. This substantially reflects the inclusion of the former Building Services Corporation and Real Estate Services Council from 1996-97 onward. Increased payments have also been incurred on employment programs, industry assistance, regional development, tourism marketing and land information services.

In 1997-98 total current payments will be 6.5 per cent lower in real terms than the previous year, mainly due to a decrease in industry training and education access services as a result of reductions in Commonwealth funding.

Figure 4.25
Other Economic Services - Capital Payments



Capital expenditure in the Other Economic Services policy area is relatively minor and therefore subject to sharp variations when a new project is commenced or completed. The increase in capital payments in 1997-98 is primarily due to \$18 million of grants that will be paid for rehabilitation works at the Moore Park Showground.

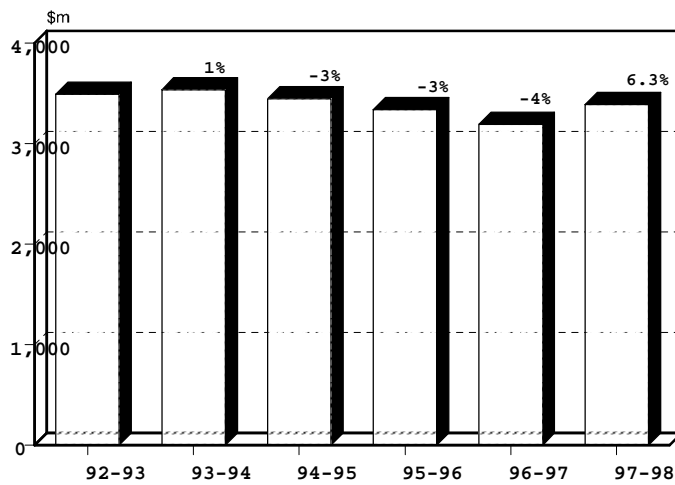
GENERAL PUBLIC SERVICES

The General Public Services policy area covers a range of activities including

- legislative services including the Legislature and Parliamentary Counsel's Office;
- interest payments of the Budget Sector including the RTA and other transactions such as long service leave and superannuation (administered by Crown Transactions) which cannot be specifically allocated to other policy areas;
- operations of the central agencies, namely Treasury, Cabinet Office, and Premier's Department (excluding the Office of the Director of Equal Opportunity);

- State Electoral Office, Ombudsman's Office, Independent Commission Against Corruption and Archives Authority of New South Wales;
- operations of the Department of Local Government and the policy and development functions of the Department of Gaming and Racing; and
- funding provided to the Department of Public Works and Services for the administration and co-ordination of community and general government services and maintenance of certain Crown assets.

Figure 4.26
 General Public Services - Cu

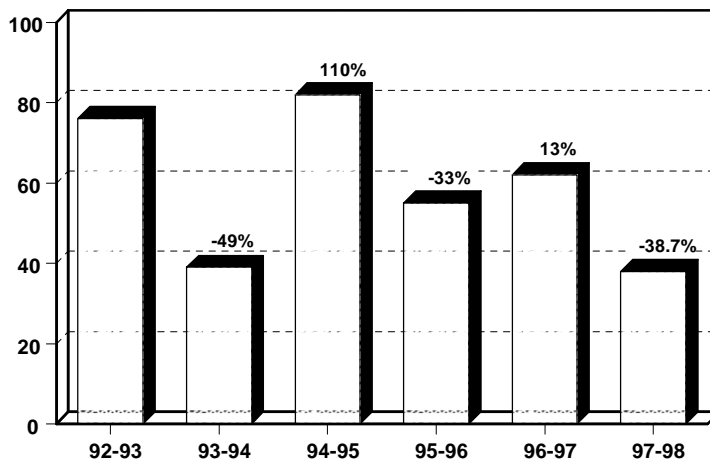


Payments for this policy area have been relatively stable over the five year period.

As shown in Figure 4.26, current payments in this policy area are expected to increase by \$200 million or 4.3 per cent in real terms in 1997-98. This is principally due to an increase of \$162 million in Crown payments for superannuation and long service leave, an increase in debt servicing costs of \$105 million and a decrease of \$26 million in respect of the cessation of the Royal Commission into the NSW Police Service.

In accordance with the Government's strategy to reduce unfunded liabilities over the medium term, contributions to the four closed superannuation schemes are projected to increase in real terms by more than 9 per cent in 1997-98. Under the Government's superannuation funding policy, cash payments are set at a level which, after adjustment for inflation and allowing for the existing level of reserves held by the superannuation schemes, will fully meet emerging liabilities and smooth out year to year fluctuations in cash contributions over the long term.

Figure 4.27
General Public Services - Capital Payments



The major proportion of capital payments included under this policy area relates to the natural disaster relief program and to the maintenance and management of public buildings, including the CBD asset strategy.

Capital expenditure has fluctuated significantly over the five year period. Payments in 1992-93 and 1994-95 reflect natural disaster relief costs associated with the Newcastle earthquake in December 1989 and severe storms in the Hunter region during February 1992.

Payments for capital works in this area are projected to decrease by \$24 million in real terms in 1997-98, principally due to the non-recurring nature of the capital advance made to Axiom, the newly established funds manager for public sector superannuation schemes.

4.3.1 THE LEGISLATURE

OVERVIEW

Agency	Forecast 1996-97	Estimate 1997-98	Variation
	\$m	\$m	%
The Legislature			
Current Payments	59.9	61.5	2.7
Capital Payments	3.2	1.7	(-) 46.9
Total, The Legislature	63.1	63.2	0.2

1997-98 Budget

Current Payments

Funding is provided to the Legislature to service the needs of Members of Parliament in performing their legislative and constituency duties.

Total current payments of \$61.5 million will be made by the Legislature in 1997-98. Specific areas to be addressed by the Legislature this year include -

- finalisation of new security arrangements at Parliament House;
- rearrangement of Members' Parliamentary Committee and support services accommodation to provide additional space for Legislative Council research and secretarial staff;
- further review of non-member related programs to achieve further efficiencies;
- restructure of purchasing procedures and commitment accounting to maximise the benefits of the new Financial Management Information System; and
- extend electronic access to Members via Lotus Notes to parliamentary bills, statutory rules and instruments.

Capital Payments

An allocation of \$1.7 million has been provided to the Legislature for computer projects, items of minor plant and equipment and electorate office fitouts during 1997-98.

An amount of \$0.4 million has been allocated to fit-out Legislative Assembly electorate offices as part of an on-going program when Members find it necessary to relocate their office at the expiration of an existing lease. Funds of \$0.9 million have been provided for the fifth stage of the current Information Technology Strategic Plan. This involves re-equipment of Members' computer equipment and further development of a Parliamentary Computer Network, incorporating electorate offices and Legislative Council Members' home offices. The third component is the development of core business systems to provide access to parliamentary data bases and information through the Parliamentary Network by Members of Parliament and support staff.

An amount of \$0.3million will be spent to complete installation of a new Financial Management Information System at a total cost of \$0.4 million. This will overcome deficiencies with the present system including the year 2000 program coding.

4.3.2 PREMIER, MINISTER FOR THE ARTS AND MINISTER FOR ETHNIC AFFAIRS

OVERVIEW

Agency	Forecast 1996-97	Estimate 1997-98	Variation
	\$m	\$m	%
Cabinet Office			
Current Payments	9.1	9.2	1.1
Capital Payments	0.1	0.1	...
Parliamentary Counsel's Office			
Current Payments	4.1	4.1	...
Capital Payments	0.1	0.1	...
Premier's Department			
Current Payments	66.8	43.6	(-) 34.7
Capital Payments	0.7	0.3	(-) 57.1
Independent Commission Against Corruption			
Current Payments	12.7	12.4	(-) 2.4
Capital Payments	0.3	0.2	(-) 33.3
Ombudsman's Office			
Current Payments	5.2	5.3	1.9
Capital Payments	0.1	0.1	...
State Electoral Office			
Current Payments	7.7	8.6	11.7
Capital Payments .....	...	0.2	...
Independent Pricing and Regulatory Tribunal			
Current Payments	3.7	4.2	13.5
Capital Payments	0.1	0.1	...
Ministry for the Arts			
Current Payments	35.8	36.8	2.8
Capital Payments	27.1	20.6	(-) 24.0
State Library			
Current Payments	42.4	42.3	(-) 0.2
Capital Payments	6.2	6.8	9.7
Australian Museum			
Current Payments	20.8	19.6	(-) 5.8
Capital Payments	2.2	5.2	136.4
Museum of Applied Arts and Sciences			
Current Payments	28.3	26.9	(-) 4.9
Capital Payments	1.2	1.6	33.3
Historic Houses Trust			
Current Payments	11.4	11.5	0.9
Capital Payments	1.0	1.2	20.0
Art Gallery of New South Wales			
Current Payments	18.8	19.0	1.1
Capital Payments	4.1	5.4	31.7
Archives Authority of New South Wales			
Current Payments	4.7	7.2	53.2
Capital Payments	0.1	2.6	n.a.

Agency	Forecast 1996-97	Estimate 1997-98	Variation
	\$m	\$m	%
New South Wales Film and Television Office			
Current Payments	11.8	7.8	(-) 33.9
Capital Payments	0.3	0.1	(-) 66.7
Ethnic Affairs Commission			
Current Payments	11.2	11.4	1.8
Capital Payments	0.2	0.2	...
Total, Premier, Minister for the Arts and Minister for Ethnic Affairs	338.3	314.7	(-) 7.0

The main reason for the reduction in total payments relates to the completion of the Royal Commission into the Police Service. Royal Commission costs have been met by the Premier's Department.

CABINET OFFICE

The Cabinet Office provides support to the Premier and Cabinet through the development, co-ordination and implementation of Government policy. It co-ordinates New South Wales' involvement in the Council of Australian Governments' process. It co-ordinates social policy as well as policy in relationship to children and young people.

The Cabinet Office has estimated total payments of \$9.2 million. This includes \$180,000 for the new Office of Children and Young People. The capital allocation of \$10,000 is for upgrading and replacing minor works.

PARLIAMENTARY COUNSEL'S OFFICE

The Parliamentary Counsel's Office is responsible for developing, drafting and publishing Government legislation for presentation to Parliament or the Governor-in-Council in accordance with the Government's legislative program. The Office advises on and drafts or settles environmental planning instruments and provides a legislative drafting service for non-government Members of Parliament. The Office provides legal and administrative advice to the Government and undertakes research on legislative and related matters. It also provides a legislative publishing service to the Government,

Parliament, and the public - including the production of Bills, new Acts and Regulations.

The Office's current payments are estimated at \$4.1 million. The capital program of \$40,000 is for replacement and upgrading of equipment.

PREMIER'S DEPARTMENT

Expenditure Trends and Recent Developments

The Department has continued its work in quality customer service by developing guidelines for measuring performance of agencies in improving customer service, promoting best practice and facilitating interagency networks.

The improved co-ordination of Government responses to issues and concerns of regional communities was continued by the regional co-ordinators in Lismore and Dubbo. The evaluation of this program has led to its being expanded into four additional regions. The six regions now covered are Northern Tablelands, Hunter Newcastle, Central Coast, Illawarra/Southern Tablelands, South Coast and Riverina/Southwest.

Police Royal Commission

The Police Royal Commission will report its findings to Parliament and cease activities by 30 June 1997. Payments for the Commission in 1996-97 are estimated at \$23 million.

Public Sector Management Office

The Office, established in October 1996 with the re-integration of the Public Employment Office into the Department, provides advice to the Government on people management policies, practices and programs, strategic planning on public sector reform, and sector-wide executive development. Its activities are targeted at strengthening the effectiveness and efficiency of the public sector, in the context of enhanced accountability and ethics.

During the year, other former Public Employment Office functions such as the Office of the Council on the Cost of Government, the Office of the Director of Equal Opportunity in Public Employment, and the Government Actuary's Office were also transferred to the Premier's Department.

Strategic Projects Division

The key role of this new Division is to provide whole of government service to projects of strategic importance to the State in terms of their likely economic, business or social impact.

Strategic Directions

The Department provides services including -

- a core secretariat function which provides support for the Premier as Head of Government and for the portfolio responsibilities;
- agenda setting whereby the Department supports the Premier's role in defining, guiding and monitoring the achievement of the whole of government priorities and policy outcomes;

- whole of government co-ordination of major business, investment and infrastructure proposals;
- issues relating to the machinery of government; and
- management and co-ordination of community projects.

1997-98 Budget

Current Payments

Current payments are estimated at \$43.6 million. Funding allows for a grant of \$2 million to St Mary's Cathedral towards the completion of its spires and \$1.136 million for the Australia Day Council, including \$500,000 to plan celebrations for the Centenary of Federation. The funding also allows for a grant of \$2 million to the University of Wollongong Science Centre.

The capital allocation of \$250,000 provides for minor equipment and office fitout.

INDEPENDENT COMMISSION AGAINST CORRUPTION

The Independent Commission Against Corruption is responsible for promoting integrity in public administration throughout New South Wales by exposing and minimising corruption.

In the past year the Commission has been able to continue its move towards a broader approach to combating corruption involving greater emphasis on collaboration, advice and education while still retaining a strong investigative capacity. The Commission has been involved in four major investigations during 1996-97; the "Semple Matter", the Glebe Morgue, the former State Rail Authority and its successor organisations, and Local Government. All of these investigations have resulted in changes being implemented to improve the structure of the organisations involved.

During 1996-97 significant work was undertaken to develop the Commission's interactive multi media resources for use in primary and secondary schools as well as developing materials for TAFE and universities. A poster competition and exhibition was undertaken which resulted in significant direct community involvement in the Commission's work across New South Wales.

During 1997-98 the Commission will increase its investigation activity while at the same time continuing its emphasis on co-operative corruption prevention and education projects. In particular, the investigation into Aboriginal Land Councils will be completed, involving direct input from the Aboriginal community. An investigation examining corruption in, and affecting New South Wales prisons will continue.

Additional educational work will be undertaken jointly with the Premier's Department to promote ethics in the New South Wales public sector as well as the development of various community awareness programs.

OMBUDSMAN'S OFFICE

The Ombudsman's Office exists to protect the rights and interests of users of government and local government services and to ensure public officers act honestly, fairly and reasonably. It also monitors the use of telecommunication interception activities by eligible authorities.

An amount of \$5.3 million has been provided to the Ombudsman's Office in 1997-98. Increasing complaint levels and the final report from the Royal Commission into the Police Service are expected to impact on the Office. To focus the work of the office, the Ombudsman has identified a number of priorities for the 1997-98 financial year. These are -

- more "own motion" and other formal investigations focusing on systemic or public interest issues;
- more Special Reports to Parliament on public interest issues;
- greater focus on areas of need, for example issues affecting indigenous people, youth and people from non-English speaking backgrounds; and
- development of new guidelines, and the updating of an existing guideline, including -
 - a guideline on options for redress for loss or damage arising out of maladministration, and
 - the second edition of the Ombudsman's Freedom of Information Policies and Guidelines.

A total of \$24,000 has been allocated for the purchase of capital equipment to support the investigation of complaints.

STATE ELECTORAL OFFICE

The State Electoral Office is responsible for the management and administration of Parliamentary elections, by-elections and referenda, the Political Education Fund and, through the Election Funding Authority, the public funding of election campaigns. In addition it conducts, on a

commercial basis, such elections as local government, trade unions, statutory boards, registered clubs and enterprise agreements.

During 1997-98 the Office will undertake the necessary preparatory work for the State General Election due to be held in March 1999.

To assist in the production of results for the Legislative Council, the Office is developing a system which will enable electronic counting of an anticipated four million ballot papers with the objective of producing an earlier result than has been the case in the past. It is also expected that this will lead to reduced costs in respect of this activity.

The Office is also pursuing improvements in performance of the administration of elections by Returning Officers through the computerisation of aspects of their office activities. These particular improvements should benefit parties, candidates and electors. In addition, it is anticipated that a redistribution of electoral boundaries will be undertaken during the next financial year.

Accordingly an amount of \$8.5 million has been provided to the State Electoral Office in 1997-98, an 11.7 percent increase on 1996-97.

INDEPENDENT PRICING AND REGULATORY TRIBUNAL

The Government Pricing Tribunal commenced operations in 1992 with the role of setting maximum prices and undertaking pricing reviews of monopoly services supplied by government agencies in New South Wales. In 1996 the name was changed to the Independent Pricing and Regulatory Tribunal in recognition of a wider role which now covers undertaking general reviews of industry, pricing or competition, regulation of natural gas pricing and third party access to gas networks, and registering agreements for access to infrastructure assets and providing arbitration for disputes about such agreements.

The Tribunal's current payments are estimated at \$4.2 million. The capital program of \$32,000 is for replacement and upgrading of equipment.

MINISTRY FOR THE ARTS

Expenditure Trends and Recent Developments

The Ministry for the Arts provides policy advice to the Government regarding the allocation of cultural grants to non-profit, non-government arts organisations. The Ministry is also responsible for the implementation, review and development of arts and cultural policy in relation to the cultural institutions, current and capital budget allocations to the cultural institutions and portfolio-wide priorities, projects and issues.

Strategic Directions

The Ministry's mission is to preserve and enhance the artistic life and cultural heritage of the State through the management of special programs and initiatives, and the provision of advice to the Government of the highest professional quality on the policy and resources of the cultural institutions.

1997-98 Budget

Current Payments

The Sydney Festival exists to promote Sydney as a city of world class cultural events and to expose the people of Sydney to cultural events of the highest standard. Support for the Sydney Festival has been increased to \$1.5 million in 1997-98, recognising the important contribution the Festival makes to the cultural life of Sydney.

Capital Payments

Significant upgrading and improvement of the Ministry's properties is proposed in 1997-98. New or continuing projects include -

- structural repairs and upgradings (including roof repairs and replacement) at Wharf 4/5, Walsh Bay (\$873,000);
- refurbishment and upgrading works within the Government House arts precinct (\$961,000); and
- roof repairs at Garry Owen House, Rozelle (\$211,000).

The Sydney Opera House will commence two new works in 1997-98. These are a new project to improve disabled access and stairs (\$427,000) and the introduction of a new security system (\$250,000). Work will continue on the Concert Hall anteroom (\$470,000), Broadwalk Studio (\$2.9 million) and canopy refurbishment (\$774,000) projects. Allocations to the Sydney Opera House Upgrade program and the Total Asset Maintenance project will be \$13.6 million in 1997-98.

STATE LIBRARY

The State Library of New South Wales is the major public reference library and information service for the people of New South Wales. The Library fulfils a Statewide role by providing services to people who visit the Library or who seek information by mail, telephone, fax or e-mail. The Library maintains and ensures the security of the unique heritage Mitchell and Dixson collections of Australian and New South Wales resources.

The Library also supports the network of public libraries throughout New South Wales. The Library administers a program of public library subsidies and grants to Local Government Authorities. The Library provides policy advice and consultancies to public libraries, as well as loans, supply of documents and reference services on request to users of public libraries.

Expenditure Trends and Recent Developments

The State Library continues to experience increases in the demand for its services from clients visiting the Library and those contacting the Library direct or through other libraries.

Recent initiatives such as the refurbishment of the General Reference Library are assisting the State Library to meet these continuing increases in clients' demand for library and information services. Work is also continuing on replacement of the Library's computer system to further improve clients' access to the collections.

Strategic Directions

The State Library adopted a new mission statement in June 1996 to inspire, educate, inform and entertain by providing quality library and information programs to support the cultural, research and educational needs of its clients.

The Library's commitment to ongoing improvements in client services and the management and preservation of the documented cultural heritage of New South Wales is reflected in programs to evaluate services for clients with disabilities, enhancement of the Library's collections and upgrading of information technology to improve community access to the Library's services.

1997-98 Budget

Current Payments

The Budget provides for grants and subsidies to local public libraries totalling \$16.7 million. The grants and subsidies program is administered by the State Library.

Capital Payments

The State Library's capital program provides \$3.9 million for the purchase of resources for the Library's collection, including books, journals, pictures, maps, manuscripts, CD-ROMs and other print and electronic materials. This represents an increase of \$400,000 over the previous year.

The capital program also provides \$1.8 million for the continuing replacement of the existing computer system. An amount of \$459,000 has also been provided for upgrading of the lifts in the heritage Mitchell Wing of the State Library, improving access particularly for clients with a disability.

AUSTRALIAN MUSEUM

Expenditure Trends and Recent Developments

The Museum is Australia's leading natural history museum which seeks to increase understanding of, and influence public debate on, the natural environment, human societies and human interaction with the environment.

Strategic Directions

The Museum is undertaking a range of initiatives to increase its vitality and viability into the next century. Priorities will include a major redevelopment of public programs, increasing scientific research activities into key areas

such as biodiversity conservation, and improving information and technology.

1997-98 Budget

Current Payments

The Museum will continue to increase understanding of the natural environment and human societies through the new Indigenous Australians Gallery and other semi-permanent exhibitions, including “Search and Discover” and “More than Dinosaurs”. A new Museum on the Road program featuring “More than Dinosaurs” will be touring New South Wales in 1997-98.

The Museum has been allocated additional funding of \$191,000 in 1997-98, rising to \$256,000 per annum, to fund biodiversity research. These funds will enable the Museum to establish a Biodiversity Unit which will concentrate on biodiversity research, collection enhancement, community education and enable a biodiversity survey.

Capital Payments

Capital payments will be \$5.2 million in 1997-98, a substantial increase over the previous year. This increase reflects the Museum's focus on providing the community with more innovative, exciting and educational exhibitions, enhancing scientific research and upgrading the Museum's facilities.

Significant initiatives are as follows -

- enhanced activity in relation to its public programs (\$1.9 million). This will include a temporary exhibition on spiders and a large touring exhibition on Egypt. It will also include preliminary work on future exhibitions relating to a semi-permanent display on the biodiversity of Australia's fauna, temporary exhibitions covering bats and reptiles, and a large temporary exhibition about the history of Australia's fauna until the end of the last ice age;
- air conditioning of public areas (\$750,000) to improve the comfort of the public;
- biodiversity research program (\$750,000);
- information technology enhancement (\$600,000) to update the Museum's systems and to expand the computer network system; and
- upgrading of building technical and safety equipment, and conversions to satisfy occupational health and safety requirements.

MUSEUM OF APPLIED ARTS AND SCIENCES

Expenditure Trends and Recent Developments

The Museum of Applied Arts and Sciences includes the Powerhouse Museum and the Sydney Observatory.

The Museum has adapted to rapid advances in information technology by establishing an imaging system and opening an information technology centre. The Museum has also been concerned with the consolidation and maintenance of Museum sites, assets, plant and equipment and the development of key exhibitions.

Strategic Directions

Faced with the challenge of providing an increasingly broad range of services to a diverse community, the Museum is focused towards 2000 on the utilisation of contemporary technology for collections management, the integration of visitor services across the entire museum and securing storage facilities for the majority of the collection not on display.

1997-98 Budget

Current Payments

In 1997-98 the Museum will be mounting a number of exhibitions to highlight the contemporary, cultural and historic aspects of the collection. Major exhibitions planned for 1997-98 include-

- Star Trek™ -opening in September 1997;
- in conjunction with the Olympic “Festival of the Dreaming” exhibitions featuring music and batik of the Aboriginal and Torres Strait Islander communities; and
- an historical presentation of the Sydney Observatory site in conjunction with an interactive astronomy exhibition.

As part of a Government review of museum operations in the Sydney Central Business District, the Sydney Mint Museum will close during 1997, and control of this site will be transferred from the Museum of Applied Arts and Sciences to the Historic Houses Trust. The building will be used to house the Trust’s administrative functions, with public access maintained through targeted programs.

Capital Payments

The Museum’s five-year program to establish a system of digitised images of the collection has been allocated \$664,000 in 1997-98. This project, which will cost a total of \$3.3 million, is a unique development in collections management and will increase efficiency across the Museum’s core activities and allow public access to the vast collection not on display while minimising risk to the collection.

An amount of \$200,000 has been allocated in 1997-98 to commence a refurbishment of its galleries over the next five years. In addition, the Museum has been allocated \$764,000 for asset replacement and minor capital works in 1997-98, an increase of \$464,000 over the previous year.

HISTORIC HOUSES TRUST

Expenditure Trends and Recent Developments

The objectives of the Historic Houses Trust of New South Wales are to conserve and manage key heritage properties in the State, their surrounds and collections, and to provide a range of public and school programs to increase awareness of the cultural heritage of the State.

Strategic Directions

The Trust aims to maintain, develop and preserve its properties and collections on an on-going basis so as to benefit public awareness and accessibility.

1997-98 Budget

Current Payments

The Trust is developing a number of major exhibitions including Architecture in Transition, Natural History Paintings of Australia by Ferdinand Bauer at the Museum of Sydney, and Francis Greenway and Western Lives at the Hyde Park Barracks Museum.

An additional \$800,000 per annum will be provided to the Trust from 1997-98 to meet expenditures for Government House, including -

- the Government House cultural program;
- demands from schools for education activities;
- development of ongoing displays; and
- conservation and presentation of the collection.

These activities have successfully contributed to the Government's efforts to make the House more accessible to the people of the State. These funds are unrelated to the activities hosted by the Governor at Government House.

Following the closure of the Sydney Mint Museum, when control of this site (as noted above) will be transferred to the Historic Houses Trust from the Museum of Applied Arts and Sciences, it is planned to relocate the Trust administration from its present site at 'Lyndhurst' in Glebe to the Mint site. Continued conservation and public access to 'Lyndhurst' will be guaranteed through preservation orders and suitable covenants on the property prior to its sale.

Capital Payments

An amount of \$420,000 has been provided as the first stage in a major project to document and conserve Rouse Hill House, and to develop the associated Regional Heritage Centre. Completion of this project is expected by the year 2000.

The Trust's capital program for 1997-98 includes an ongoing allocation of \$620,000 for the maintenance of its properties and upgrade of its computer

system. An amount of \$500,000 has also been provided from the Trust's own resources for continuing work at the Museum of Sydney.

ART GALLERY OF NEW SOUTH WALES

Expenditure Trends and Recent Developments

The Art Gallery of New South Wales exhibits works of art from its own holdings, from important international collections and other Australian sources. It conducts free guided tours for schools and the public, presents lectures, screens art-related films and provides an advisory service.

Strategic Directions

The Art Gallery's major strategic objectives are to develop and maintain a collection of works of art and to propagate and increase knowledge and appreciation of art.

1997-98 Budget

Current Payments

A number of major exhibitions are planned for 1997-98. These include -

- Dancing to the Flute;
- Body;
- Orientalism;
- Archibald, Wynne and Sulman; and
- a special exhibition as part of the Festival of the Dreaming.

The Gallery is currently developing its exhibition program through to the year 2001. This will provide the opportunity to view important works of art not otherwise available to the people of New South Wales.

Capital Payments

An amount of \$634,000 has been provided to upgrade security access control systems to art storage areas within the Gallery, ensuring that it meets appropriate museum standards. Funding of \$2.4 million has also been provided for ongoing maintenance projects at the Gallery so as to guarantee the safe housing of its collection and loan items, and to ensure the prestige of the Gallery is maintained.

As part of the Gallery's capital program, an amount of \$1.0 million from the Gallery's own resources will be utilised to fund the acquisition of works of art as they become available. Funds (\$300,000) have also been provided for ongoing plant and equipment replacement.

ARCHIVES AUTHORITY OF NEW SOUTH WALES

Expenditure Trends and Recent Developments

The Archives Authority of New South Wales is responsible for the management of the Archive, the Government Records Repository and the Records Management Office. It serves the Government and the people of New South Wales by improving the management, quality and accessibility of State records.

The Authority is concerned with all aspects of record keeping and has responded to rapid technological change by taking a leading role in the management of electronic records and the development of record keeping standards.

Strategic Directions

The Authority's current priorities include the development of new State Records legislation; the implementation of standards and codes of best practice in the New South Wales public sector; the encouragement of effective record keeping through the utilisation of appropriate technology and improved work process; the management and control of the State archives through an integrated automated control system; and the rationalisation of accommodation to ensure maximum storage space.

1997-98 Budget

Current Payments

The Authority has been provided with an additional \$70,000 to conserve and microfilm the correspondence files of the former Aboriginal Welfare Board. Demand for access to these records has escalated as a result of inquiries into the separation of Aboriginal and Torres Strait Islander children from their families. The additional funds will also allow the Authority to appoint an Aboriginal Officer to the project.

Capital Payments

Consistent with the Authority's strategic direction, capital funding of \$300,000 has been provided for the construction and fitout of an airconditioned archival storage building at Kingswood (Stage V). The construction will cost \$4.92 million over four years and will increase the Authority's capacity to meet the storage demands for the Government's permanent and semi-active records.

Capital funding of \$345,000 has also been allocated for miscellaneous minor works including the upgrade of Search Room equipment and the installation and upgrading of airconditioning, fire detection and sprinkler systems.

NEW SOUTH WALES FILM AND TELEVISION OFFICE

Expenditure Trends and Recent Developments

The New South Wales Film and Television Office promotes, encourages and facilitates film and television production, assists in script production development, provides a liaison service between filmmakers and property

owners and co-ordinates and supervises the production of documentary and promotional films for Government agencies.

Increased assistance for production investment has further enhanced the State's ability to attract and retain production. The implementation of the Revolving Film Fund has been instrumental in maintaining production levels in New South Wales. The recently established Young Filmmakers Fund has continued to attract considerable interest and large numbers of applicants.

The inaugural seven-member Board was appointed to the Office from 1 January 1997.

Strategic Directions

The promotion of employment, investment and export growth in the New South Wales film and television industry is a key priority of the Office, as is the commitment to quality, innovation and local identity. The new board will strengthen and expand the role and position of the Office within the industry as a whole.

1997-98 Budget

An allocation of \$4.7 million will enable the Office to continue its involvement with the film and television industry through script development, pre-production and production support and liaison with filmmakers and property owners.

The Office has also been allocated \$90,000 to improve and replace office equipment.

ETHNIC AFFAIRS COMMISSION

The Ethnic Affairs Commission continues to promote the value of cultural diversity and the rights of individuals and groups from non English speaking backgrounds. The Commission is responsible for promoting unity and harmony in the community and ensuring the full participation of all persons in the community in the social, economic, public and cultural life of New South Wales.

Expenditure Trends and Recent Developments

In October 1996, the Government released the report "Building on Cultural Diversity" which describes the future directions of ethnic affairs in New South Wales, including the major outcomes that are expected as part of the Ethnic Affairs Action Plan 2000.

The Community Outreach Unit will be established in July 1997 to ensure the needs and concerns of people of culturally diverse backgrounds living in rural New South Wales are acted upon.

Strategic Directions

The Commission will continue working to achieve results in three key areas identified in the Ethnic Affairs Action Plan 2000: Social Justice, Community Harmony and Economic and Cultural Opportunities. Assessment of the progress and achievements of the NSW public sector in implementing the Ethnic Affairs Action Plan 2000 will be reported annually to Parliament.

1997-98 Budget

Current Payments

Total current payments by the Commission amount to \$11.4 million. A total of \$1.546 million has been allocated to ensure an effective and targeted community grants program. Carnivale is hosted by the Commission and \$500,000 has been allocated in 1997-98 for this purpose.

Capital Payments

The Commission has been allocated \$246,000 for the upgrade of computer hardware and the purchase of various applications, in accordance with its Information Technology Plan.

4.3.3 MINISTER FOR AGRICULTURE

OVERVIEW

Agency	Forecast 1996-97	Estimate 1997-98	Variation	
	\$m	\$m	%	
Department of Agriculture				
Current Payments	170.6	183.1	7.3	
Capital Payments	10.4	11.7	12.5	
Rural Assistance Authority				
Current Payments	57.4	38.7	(-)	32.6
Capital Payments	10.1	11.1	9.9	
Total, Minister for Agriculture	248.5	244.6	(-)	1.6

The reduction in total payments in this portfolio in 1997-98 is due to reduced costs relative to 1996-97 on drought measures, following the improvement in drought conditions. This is partially offset by increased expenditure for the Acid Soil Action program (\$2.5 million), noxious weeds eradication (\$1 million) and papaya fruit fly eradication (\$1.2 million).

After allowing for these factors, the current payments of the Department of Agriculture will increase by 5 per cent in 1997-98. After adjusting for the improvement in the drought situation, Rural Assistance Authority current payments will increase by 6 per cent in 1997-98, which is mainly attributable to the drought regional initiatives program.

DEPARTMENT OF AGRICULTURE

The Department's key objectives are -

- to assist the New South Wales food and fibre industries to be economically and environmentally viable through the development and adoption of production and marketing practices that are both internationally competitive and environmentally sustainable;
- to assure consumer confidence in the quality of New South Wales food and fibre products; and

- to encourage the development and use of farm business and risk management skills that assist New South Wales primary producers to be economically viable and self reliant.

Expenditure Trends and Recent Developments

The Department of Agriculture has undergone substantial restructuring over the last six years to accommodate policy initiatives that make it more attuned to community and industry needs, competition and deregulation. Initiatives have also been taken in the manner in which the Department's research, extension, regulatory and other services are delivered. A major component of these changes has been the decentralisation and the use of improved consultative networks to provide the rural community with improved access to Government. These changes also included a recognition that some advisory services that were traditionally the exclusive province of the Department were increasingly being provided, at least in part, by the private agribusiness and consultancy sector.

In March last year the NSW Premier announced a new development and operational charter for the Department. This action plan is based on a coordinated network of "Centres of Excellence" and greater community consultation. Under this plan the Department's research, extension, regulatory and other services will be delivered by a system of specialised, integrated units that will provide more relevant and cost-effective services in close cooperation with universities, CSIRO, industry funding bodies and other providers.

NSW Agriculture will continue to be a bridge between consumers, food and fibre processors and primary producers. This will be achieved by providing integrated, market driven and scientifically based research, extension, education, regulatory and policy services.

The Government also recognises that this Department has a key role in ensuring that this State's food and fibre products are produced in a sustainable and consumer acceptable manner that does not threaten the environment and is in keeping with the community's expectations.

Strategic Directions

The Department's key strategies are as follows -

- decentralisation of the services provided by the Biological and Chemical Research Institute from Rydalmere to a number of more appropriate country locations plus rationalisation of the State's current five regional Veterinary Laboratories to three laboratories

including the “state of the art” Elizabeth Macarthur Agricultural Institute at Camden;

- consolidation of nine “Centres of Excellence” based on closer links with universities, CSIRO and industry funding corporations and an integrated approach between research, extension, education and other services. These nine larger centres will focus on particular industries and priorities and be complemented by a variety of other services strategically located in other parts of the State;
- providing better coordination between all Government services to rural communities and a more integrated and professional approach to rural policy research through the Office of Rural Communities;

- providing, through the Rural Communities Consultative Council and the Regional Consultative Network, a new level of, and better consultation between the Government, the Department of Agriculture, the rural community, community groups and other State and local government agencies including the New South Wales Rural Assistance Authority and Rural Lands Protection Boards;
- an increased commitment to the environment through the development of the NSW Centre for Agricultural Environment Research at Wollongbar, further development of the Department's Organic Waste Recycling Unit at Richmond and expansion of Trangie based programs to improve the management of our fragile western rangelands; and
- improvement of plant and animal disease surveillance and control, including the complete overhaul and modernisation of the Department's entire range of legislative responsibilities.

1997-98 Budget

Current Payments

The components of the Department's \$183.1 million payments for 1997-98 are -

- \$79.2 million for the Food and Fibre Products programs to encourage food and fibre industries to be internationally competitive, self reliant and meet customer requirements for efficient and environmentally sustainable production system;
- \$50.4 million for Quality Assurance programs to ensure that the producers and processors of food and fibre products meet the plant and animal product quality standards of local and overseas markets; to ensure that agricultural exports meet the requirements of overseas markets for pest, disease, residue and weed status; to reduce the threat of exotic pests, disease and weeds to New South Wales; and to minimise the impact of existing and future pests, diseases, residues and weeds in New South Wales;
- \$36.5 million for Resource Management programs to encourage agricultural systems and practices that are environmentally sustainable; to increase the ability of the agricultural sector to

recover from natural disasters (including drought); to minimise the impacts of vertebrate pests and noxious insects; to encourage the implementation of environment and resource management plans and policies which also take account of the needs of competitive and market driven agricultural industries; and, to encourage sustainable management of pastures and rangelands for the production of marketable food and fibre products; and

- \$17.0 million for Agricultural Education, Animal Welfare and Rural Support to assist farming enterprises achieve a high level of physical and financial planning skills; to improve the skills, knowledge and attitudes of the Department's agricultural clients through education programs; to ensure compliance with community standards and expectations; and to promote the welfare of animals.

Major additional allocations in the 1997-98 Budget are -

- An allocation of \$2.5 million in 1997-98 to address the serious problem of Soil Acidity across New South Wales. These funds will establish the Acid Soil Action program which will involve joint action by NSW Government, industry and the community. It will focus on two broad areas (i) the management of agricultural soils which are acid; and (ii) the management of acid sulphate soils. Soil acidity in both agricultural and acid sulphate soils is arguably the greatest environmental hazard faced by the State; and
- The provision of an additional \$1 million for noxious weeds grants. This will improve the delivery of noxious weed control in all areas of the State, by increasing funding to Local Control Authorities. The additional \$1 million will also be matched by Local Government. Weeds have been estimated to cost New South Wales more than \$600 million annually in lost agricultural production and control costs, and also cause substantial environmental impacts and health effects such as allergic reactions.

Capital Payments

In 1997-98, total capital payments for the Department will be \$11.7 million.

Capital payments will include -

- \$1.2 million to correct occupational health and safety related problems at various locations.
- \$1.6 million provided by the Commonwealth through TAFE for the construction of new teaching facilities at Wagga Agricultural Research Institute at the newly established Wine and Grape Centre in partnership with Charles Sturt University.
- \$1.5 million to relocate key functions from BCRI, Rydalmere, to decentralised locations.
- \$1 million enhancing and providing Information Technology infrastructure.
- \$1.9 million for the purchase of plant and equipment, ozone depleting gas phase-out, and office relocation.
- \$2.2 million for Industry funded, Commonwealth and Departmental annual provisions.
- \$2 million to address soil pesticide remediation work on the North Coast of the State.

RURAL ASSISTANCE AUTHORITY

The Authority administers -

- the provision of assistance to primary producers under the Commonwealth/State Rural Adjustment Scheme;
- the State's Special Conservation Scheme, which provides concessional rate loans to assist farmers to implement improved land management practices;
- the State's Natural Disaster Relief Scheme, which provides assistance to both primary producers and small businesses suffering from the effects of natural disasters; and
- other initiatives, such as the recently announced Drought Regional Initiatives Program and the State's Farm Debt Mediation Act.

Expenditure Trends and Recent Developments

The Rural Adjustment Scheme (RAS 92), which was introduced from 1 January 1993 -

- places strong emphasis on productivity improvement, farm adjustment, training and skills enhancement;
- enables special arrangements for assistance in exceptional circumstances (such as severe drought) where interest subsidies of up to 100 per cent may be made available; and
- provides for re-establishment grants to non-viable farmers to assist them in adjusting out of the industry.

The Commonwealth Government contributes 90 per cent of funding for the Rural Adjustment Scheme, with the State contributing 10 per cent. However, where exceptional circumstances are invoked, incremental increases are shared by the Commonwealth and the State on a dollar for dollar basis.

The "exceptional circumstances" provisions of the Rural Adjustment Scheme were invoked in August 1994 to provide assistance to farmers in specified areas of New South Wales who would otherwise have prospects of long term profitability and sustainability but for exceptional drought conditions. This

combined with the “exceptional circumstances” provisions invoked in May 1993, to assist the State’s wool growers affected by the downturn in commodity price, largely explains the significant funding for the Rural Adjustment Scheme from 1993-94 to 1996-97.

For the Rural Adjustment Scheme, a record \$72 million was provided to farmers in 1995-96 from State and Commonwealth sources, with \$47 million of this relating to drought “exceptional circumstances” assistance. Corresponding estimates for 1996-97 are \$52 million and \$33 million.

The Rural Assistance Authority began administration of the Farm Debt Mediation Act in February 1995. The aim of the Act is to encourage mediation between primary producers and financial institutions, prior to any legal recovery action being undertaken.

The Rural Assistance Authority has relocated from Sydney to Orange in line with the Government's regional development objectives.

Strategic Directions

The Authority, in providing financial assistance to farmers via the Rural Adjustment Scheme, will continue to place emphasis on measures which improve performance in the areas of productivity, profitability, sustainability and financial management skills of primary producers.

1997-98 Budget

Current Payments

In 1997-98 it is expected that \$31 million will be made available to primary producers under the Rural Adjustment Scheme. As a result of the improvement in drought conditions throughout New South Wales, expenditure under the "exceptional circumstances" provisions of the Rural Adjustment Scheme is forecast to significantly reduce, with anticipated expenditure of approximately \$12 million.

In addition, from 1996-97 to 1998-99, total funding of \$5 million will be directed to the Drought Regional Initiatives Program. Grants will be provided to encourage farmers to undertake on-farm drought preparedness works. Fifty per cent of the costs of this Program will be met by the State, with matching funds from the Commonwealth Government.

Funding of approximately \$2.6 million over the period 1996-97 to 1999-2000 will be directed to the WEST 2000 Program. This program is designed to achieve profitable and self reliant rural industries that can adapt to changing market, economic and resource conditions.

Capital Payments

The Rural Assistance Authority manages the State's Special Conservation Scheme which provides concessional rate loans to farmers for soil conservation purposes such as irrigation and water supply works. Loans are

provided on the basis that the proposed works will have a beneficial impact on the land, the community and the environment. In 1997-98, \$9 million will be made available for this scheme.

The Rural Assistance Authority also manages Natural Disaster Relief to primary producers and small businesses. Under this Scheme, concessional rate loans are made available to assist eligible primary producers and small businesses to recover from the effects of natural disasters, such as storms, floods or bushfires. In 1997-98, a notional allocation of \$2 million has been allocated for this Scheme. Additional funding will be provided if required and will depend on the level of natural disaster activity.

4.3.4 ATTORNEY GENERAL AND MINISTER FOR INDUSTRIAL RELATIONS

OVERVIEW

Agency	Forecast 1996-97	Estimate 1997-98	Variation
	\$m	\$m	%
Attorney General's Department			
Current Payments	355.7	357.1	0.4
Capital Payments	22.8	25.7	12.7
Judicial Commission			
Current Payments	2.4	2.4	...
Capital Payments	0.1	0.1	...
Legal Aid Commission			
Current Payments	88.1	70.7	(-) 19.8
Capital Payments	1.4	1.1	(-) 21.4
Office of the Director of Public Prosecutions			
Current Payments	39.5	40.6	2.8
Capital Payments	1.7	0.5	(-) 70.6
Department of Industrial Relations			
Current Payments	21.3	15.7	(-) 26.3
Capital Payments	1.3	0.6	(-) 53.8
Total, Attorney General and Minister for Industrial Relations	534.3	514.5	(-) 3.7

The decline in total payments for this portfolio is principally due to a reduction in the Commonwealth component of the budget of the Legal Aid Commission.

ATTORNEY GENERAL'S DEPARTMENT

The purpose of the Department is to provide an equitable and just legal system.

The Attorney General's Department provides the legal and administrative framework to facilitate the conduct of the Attorney General's role as the first Law Officer of the Crown, as well as providing the policy advice and other services to support the Attorney's legislative and advisory responsibilities to Parliament and Cabinet.

The Department is also responsible for providing management and operational support to the State's system of courts, as well as other major dispute resolution services, including the Community Justice Centres, Victims Compensation Tribunal and the Anti-Discrimination Board, and the regulation of the legal profession.

Expenditure Trends and Recent Developments

The Attorney General's Department over the last two years has concentrated on providing improved quality services to all of its clients and enhancing its efficiency. Through those improvements, the Department has been able to resource several initiatives, including: an additional Supreme Court Judge; the Council on Violence Against Women Specialist Unit; the Legal Management Service; the first stage of a new Fine Enforcement System; a Victims' Assistance Scheme; a Crime and Safety Survey; and the Aboriginal Infrastructure Project. It has also provided additional funding for the Law Reform Commission, the Equal Opportunity Tribunal and the Anti-Discrimination Board.

The Registry of Births, Deaths and Marriages now operates on a commercial basis and is returning a dividend to Government each year. The commercialisation process in the Crown Solicitor's Office has been completed, with the Office now charging competitive professional fees for the provision of legal services to government agencies. Through its commercialisation program, the Office has repaid the capital advance made by Treasury in 1993-94.

Over the past year all courts have continued to concentrate on reducing case backlogs and delays. Reductions are being achieved through the introduction of case management systems, the application of additional resources in the form of acting judicial officers, and expanded alternate dispute resolution programs, such as arbitration and mediation.

Acting judges were appointed to the Supreme Court, enabling a reduction of the existing backlog in the Court of Appeal. Acting judges were appointed to the District Court, allowing for the trial introduction of variable vacations and significant reductions in the number of pre-1996 civil cases on hand. Acting Magistrates were funded in Local Courts to assist in containing delays in long cases.

The Crime Prevention Division commenced operation, expanding the Department's role to encompass crime prevention policy generally, and now provides executive support to the Premier's Council on Crime Prevention.

The NSW Council on Violence Against Women has been established to provide high level legal advice on whole of government strategies in this important and sensitive area. The Unit works closely with the Crime

Prevention Division and is establishing a network of Regional Violence Prevention specialists in 17 regions of New South Wales.

The Victims Compensation Act 1996 and the Victims Rights Act 1996 have brought about fundamental changes in the provision of services to victims of crime. Central to these changes is the new Victims of Crime Bureau, which will play a pivotal role in co-ordinating the delivery of support and counselling services by government and community agencies. Advice and assistance with the preparation of victim impact statements will also be provided. Processing time for claims in the Victims Compensation Tribunal has been reduced to seven months.

A new Information Technology Strategic Plan has been prepared, taking into consideration the new Departmental structure and priorities. Business cases have been developed for the key priority areas in courts administration. Significant projects include: the implementation of the information technology infrastructure (personal computers, networks and communications) to court houses; the commencement of the migration of the existing COURTNET applications and the Sheriff's Office Jury Roll system from Prime to Unix; the continuing development of the Judicial Support System and the Electronic Data Interchange project between justice agencies; and the installation of a new Financial Management System and a new Human Resource Management System.

Major refurbishment work has been undertaken or commenced at a number of court houses including Goulburn, Wagga Wagga, Newcastle, Parramatta, the Downing Centre, Blayney, Taree, Yass, Kempsey, Coffs Harbour, Queanbeyan, Penrith, Narooma, Eden, Byron Bay, Blacktown and Balmain. Other major refurbishments include Downing Centre Tunnel, the historic King Street courts and the Crown Solicitor's Office. In addition, there has been an ongoing replacement of air conditioning in various court houses throughout the State.

Preparations have commenced for the construction and upgrading of facilities for a new Children's Court at Campbelltown. Pre-construction planning has commenced at Toronto for a new court house. New premises for the Land and Environment Court were completed at Windeyer Chambers in the Sydney CBD.

Strategic Directions

The Attorney General's Department continued with the regionalisation process within the courts administration areas, in particular Local Courts and the Sheriff's Office. Regionalisation has resulted in the devolution of responsibility to regional managers and increased local autonomy to improve customer service standards by making decisions based on strategic and local information. To assist with the regionalisation program, there has been an increase in information technology support through the infrastructure rollout, local networking, development of computerised forms and the establishment of a Help Desk.

The Quality Program continued to be a major departmental focus with the completion of the Guided Self Assessment process. This has provided the

Department with a benchmark of existing management systems against an external standard. Its findings are the basis for a comprehensive Quality Plan addressing the issues raised. Team training for almost 250 staff has commenced across all the major functional areas to review resource intensive tasks and provide innovative alternatives which will support better customer service practices. At the same time, the Department is investing in a workforce which will be better equipped to achieve continuous improvement of all services while creating a more dynamic and satisfying work environment for staff.

1997-98 Budget

Current Payments

Funding has been provided (\$2.9 million in 1997-98) to enhance court security through the implementation of the recommendations of the Department's Court Security Review. This will involve: an increased security presence in the courts; improved facilities in respect of public waiting areas, victim support, interview and jury rooms; the installation of alarm and surveillance systems; perimeter security and improved signage.

The introduction of new fine enforcement legislation will result in streamlined procedures for fine enforcement and better recovery rates. These changes are being targeted for implementation in early 1998.

The Crime Prevention Division, which provides support to the Premier's Council on Crime Prevention, is working on the development of a comprehensive strategic framework and direction on crime prevention for the State. It is anticipated that this will be finalised later this year. Additional funding of \$500,000 per annum has been provided to fund the Safer Communities Development program that is administered by this Division.

The Department is developing a Disability Strategic Plan outlining the resources required to comply with new State and Commonwealth legislation, including training in disability awareness and modification of some existing buildings to provide improved services.

In the courts, there will be a continuing focus on reducing case delays and backlogs, and enhancing the community's access to the justice system.

Subject to full consultation with the Chief Justice, the Chief Judge, the legal profession and all other interested parties, the Government will consider the possible benefits of extending the jurisdiction of the District Court in personal injury matters to reduce current backlogs. Additional contingency funding (\$1.0 million) has been made available for this purpose. Special funding has been continued for the appointment of Acting Judges in the Supreme Court to reduce a backlog of civil cases in the Common Law Division and for Acting Judges in the District Court for similar purposes.

The Industrial Registry and Conciliation Commission (formerly part of the Department of Industrial Relations) are being merged with the Industrial

Court to form the Industrial Relations Commission within the Attorney General's Department.

Capital Payments

The Attorney General's Department capital program provides for the construction of new court houses, expansion/modification of existing court houses, development of major computing facilities, and the purchase/replacement of plant and equipment.

The major components of the 1997-98 capital program of \$25.7 million are -

- the continued implementation of the Joint Criminal Justice Agencies Electronic Interchange Project (\$0.5 million);
- the continuing replacement/installation of air-conditioning in court houses throughout the State (\$1.5 million);
- continued construction of a Children's Court at Campbelltown (\$3.1 million);
- implementation of the Information Technology Infrastructure project (\$2.0 million) to provide standard office automation facilities across the Department and access to key applications such as the new Courts Administration System and the Financial Management System;
- implementation of the Courts Administration System (\$2.0 million) to provide a new generation of computer applications to support the Local, District and Supreme Courts. This system will assist in improving court registry operations and the services offered by the courts to the community and other justice agencies;
- construction of a court house at Toronto (\$3.1 million);
- the undertaking of backlog remedial maintenance of various court premises (\$1.5 million);
- the continued installation of closed circuit television systems in courts in major locations across the State (\$1.25 million);
- refurbishment of Orange Court House (\$0.4 million);
- refurbishment of Bega Court House (\$0.3 million); and
- a minor works allocation covering operational improvements such as office refurbishments, equipment replacement, communication networks, minor structural changes and strategic planning of major capital works for future programs (\$7.7 million).

JUDICIAL COMMISSION

The Commission is principally concerned with the provision of assistance to the courts in order to achieve consistency in imposing sentences, the organisation and supervision of an appropriate scheme of continuing education and training of judicial officers, and the examination of complaints concerning the ability or behaviour of judicial officers.

Expenditure Trends and Recent Developments

The newly re-engineered Judicial Information Research System (JIRS), which replaces the Sentencing Information System (SIS), is based on a micro-computer platform instead of a proprietary mini-computer. Facilities which have been added during 1996-97 include Selected High Court Judgements and Director of Public Prosecutions Advance Notes. These facilities are accessible in a "windows point and click" environment which lends itself to greater ease of use by judicial officers and enhances productivity. Planning is underway to market JIRS to external users in the near future.

The coding of the New South Wales legislation for the special project to provide a uniform set of law codes to enhance the exchange of electronic data between criminal justice agencies has been completed. The project has now moved into maintenance mode, and is currently being piloted by the Police Service in the Parramatta, Newtown and Dubbo Police stations. The state-wide "rollout" of this project is expected to be completed in December 1997.

Strategic Directions

To ensure the most efficient use of judicial resources, the Commission continues to expand and enhance the services provided to judicial officers and the courts through the provision of information services, continuing education, and computer training.

1997-98 Budget

Current Payments

An amount of \$2.4 million has been provided for the operation of the Commission during 1997-98. Improved delivery methods will allow a greater number of services to be provided by the Commission.

The Commission will continue to enhance access and use of the computerised Judicial Information Research System (JIRS) during 1997-98. A total of 36 judges and associates from various courts together with 69 magistrates have been connected to the JIRS system. In addition other judicial agencies such as the New South Wales Attorney General's Department, ACT Supreme Court, Commonwealth and State Directors of Public Prosecutions, together with several Law Libraries have been given access to JIRS. The Commission intends to complete its connection program during 1997-98.

Capital Payments

An amount of \$50,000 provides for the ongoing plant and equipment needs of the Commission and the upgrade of personal computers used by the judiciary.

LEGAL AID COMMISSION

The Legal Aid Commission assists financially and socially disadvantaged people to understand, protect and enforce their legal rights and interests by promoting access to the legal system and encouraging the use of appropriate alternative dispute resolution.

Expenditure Trends and Recent Developments

The Commission has been jointly funded by the State and Commonwealth Governments under an agreement since 1989. This agreement required the parties to contribute a fixed level of funding each year which could be used at the discretion of the Commission to provide legal aid within New South Wales.

In June 1996, the Federal Attorney General and Minister for Justice advised the State Attorney General of his intention to terminate the existing agreement with effect from 30 June 1997.

In October 1996, the Federal Attorney-General advised the Attorney that the Commonwealth Government proposed to reduce the Commonwealth component of the budget for the Legal Aid Commission in 1997-98 by \$10.6 million. In addition, the Commonwealth would not be providing the promised additional funding to the Commission arising out of the Justice Statement of \$1.743 million in 1997-98. The Commonwealth also stipulated that any future funding provided by it to the States and Territories should be used only for matters that arise under Commonwealth law and Commonwealth priorities. The Commonwealth proposal will effectively reduce Commonwealth funding of legal aid in New South Wales in 1997-98 and in future years by \$12.343 million annually. Unless negotiations vary this proposal, it will mean that funding for matters arising under New South Wales law will be reduced by a corresponding amount.

Strategic Directions

The full impact of the reductions on service delivery within New South Wales cannot be fully quantified at this stage as a new funding agreement is still being negotiated.

1997-98 Budget

Current Payments

The 1997-98 budget anticipates that a minimum of \$31.1 million of base funding will be received from the Commonwealth.

As this is required to fund Commonwealth matters, the reduction in overall funds available to the Commission has been reflected in the Criminal and General Law programs which contain a higher proportion of matters that fall under State law.

Capital Payments

An allocation of \$1.14 million will be made available to the Commission during 1997-98 to complete an upgrade of the information systems and replacement of computer hardware.

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

The Office of the Director of Public Prosecutions is responsible for the prosecution of indictable criminal matters and the conduct of appeals in the Local, District, Supreme and High Courts.

Expenditure Trends and Recent Developments

The Office conducted summary prosecutions in two pilot programs at Campbelltown and Dubbo Local Courts from June to December 1996. The results of the pilots are to be evaluated by the Premier's Department to assist the Government in deciding whether to transfer this function from the NSW Police Service. The Office continues to increase its productivity in conducting criminal proceedings so as to reduce backlogs in the District Courts.

Strategic Directions

The Office has had outstanding success with the Witness Assistance Service (WAS) and, with the provision of additional funding, will be expanding this Service by placing appropriate WAS staff in each regional office.

The Office will be developing strategies to achieve significant improvements in the criminal justice system in New South Wales through an integrated approach to both the development and use of technology.

1997-98 Budget

Current Payments

An amount of \$40.6 million will be provided to the Office in 1997-98 to continue its work. This amount includes ongoing enhancement funding of \$700,000 to assist the Special Crimes Unit of the Office in undertaking work generated by the continued referrals from Royal Commissions, major inquiries, the Independent Commission Against Corruption and the National

Crime Authority. Also included is \$601,000 per annum for the expansion of the Witness Assistance Service to all its regional offices and for the employment of a Specialist Domestic Violence Witness Assistance Co-ordinator.

Capital Payments

The Office will continue to develop and maintain the CASES computer system. The CASES system provides case tracking, practice management and research capabilities, and assists in the reduction of court delays by contributing to more effective and efficient preparation of prosecution cases.

An allocation of \$504,000 has been provided for ongoing plant and equipment replacement (including the continued acquisition of litigation support hardware and software), and for the fitout of accommodation.

DEPARTMENT OF INDUSTRIAL RELATIONS

The Department of Industrial Relations works with employers, employees and their representatives to facilitate equitable, innovative and productive workplace relations. The Department also provides support for the Tribunal dealing with appeals against promotion and disciplinary decisions in the public sector.

Expenditure Trends and Recent Developments

During 1996-97 the Department undertook a number of major projects. The Industrial Relations Commission and Registry is being transferred to the Attorney-General's Department from 1 July 1997. In-house corporate services are being introduced on the termination of an arrangement with another Government agency. In addition to the establishment of the Workers' Compensation Resolution Service (WCRS), six new Department contact centres were established.

Strategic Directions

The Industrial Relations Act 1996 commenced in September 1996. To effect the objects of the new Act, the following activities are being undertaken -

- Service delivery is being adjusted to take advantage of the establishment of contact centres, introduction of 1300 telephone numbers for award information and inspection services and the availability of improved information technology.

- The Women's Equity and Policy divisions are being amalgamated under a new Assistant Director-General (Policy and Equity) in order to further the Government's equity agenda. Workplace Change NSW and the Workplace Information Centre are expanding their workplace reform services.
- In response to a report by Sir Laurence Street, the WCRS has been established and is being funded by the Workcover Authority. The goal of the WCRS is to reduce the impost of workers' compensation claims on the State through compulsory conciliation of compensation claims, thus reducing costs, achieving speedier resolution, and reducing the impact on affected parties.

1997-98 Budget

Current Payments

The Department's estimated current payments will amount to \$15.7 million in 1997-98 compared with \$21.3 million in 1996-97. The major part of this variance is attributable to the transfer of the Industrial Commission and Registry to the Attorney-General's Department effective 1 July 1997.

The Department will enhance service delivery by focusing efforts on improving access to information and expanding the emphasis in achieving compliance from handling individual complaints to providing workplace education.

The Department will achieve efficiencies from the establishment of in-house corporate services. These savings will be reallocated to enhancement of core business.

Capital Payments

The Department's estimated capital payments will amount to \$0.6 million in 1997-98, including \$0.4 million for the development of a remote access computer technology which will enable field staff to access award, complaints and workplace change information across New South Wales.

4.3.5 MINISTER FOR COMMUNITY SERVICES, MINISTER FOR AGED SERVICES AND MINISTER FOR DISABILITY SERVICES

OVERVIEW

Agency	Forecast 1996-97	Estimate 1997-98	Variation
	\$m	\$m	%
Department of Community Services (a)			
Current Payments	493.0	494.7	0.3
Capital Payments	31.1	19.4	(-) 37.6
Ageing and Disability Department			
Current Payments	629.3	642.7	2.1
Capital Payments	11.2	1.9	(-) 83.0
Community Services Commission			
Current Payments	3.0	3.3	10.0
Capital Payments	0.1	0.1	...
Department of Juvenile Justice			
Current Payments	69.2	68.6	(-) 0.9
Capital Payments	6.0	23.0	283.3
Home Care Service (a)			
Current Payments	17.5	16.7	(-) 4.6
Capital Payments	2.0	2.0	...
Total, Minister for Community Services, Minister for Aged Services and Minister for Disability Services			
	1,262.4	1,272.4	0.8

(a) Payments shown for the Department of Community Services and the Home Care Service exclude those funded by the Ageing and Disability Department.

Current payments to the Department of Community Services in 1997-98 will be \$34 million more than the budget allocation in 1996-97. Actual expenditure in 1996-97 was greater than expected due to a failure to implement some savings initiatives in the first half of the year.

The Ageing and Disability Department's capital payments are lower due to completion of the purchase of housing associated with the 300 additional supported accommodation places for people with disabilities that was announced in 1995. Part of this capital funding was also passed onto the Department of Community Services. Successful completion of the program has also reduced that Department's capital payments.

The increase in current payments by the Community Services Commission is due to additional funding for the Community Visitors Scheme and complaints handling.

The substantial increase in the Department of Juvenile Justice's capital program is due to commencement or continuation of construction of new facilities at Dubbo, Grafton, Mt Penang, Cobham and in the Hunter.

DEPARTMENT OF COMMUNITY SERVICES

Expenditure Trends and Recent Developments

The Department's operations focus on assisting families and children and the provision of certain services to people with disabilities. The Department is continuing to improve its services, particularly within the areas of child protection, substitute care and services to people with disabilities.

The Department is implementing a further stage of its Information Technology Strategic Plan that will provide general office and network technology throughout the Department's service centres.

A condition audit has been undertaken of the Department's properties and the Department is currently finalising a strategic maintenance plan that will provide a sound basis for determining work to be undertaken in future years.

Strategic Directions

The Council on the Cost of Government's report on the management of the Department of Community Services outlined key priority areas for the Department. These include the placement of a new management structure, the development of a clearly articulated policy statement and corporate plan, identification of strategies to better monitor and manage the Department's financial resources and introduction of quality assurance procedures to ensure that the Department's services are client focussed and accountable.

The Department is also acting on recommendations for improved Departmental practices that have been made by the Police Royal Commission paedophilia inquiry, the Community Services Commission and the Legislative Council Standing Committee on Social Issues.

1997-98 Budget

Current Payments

Key activities of the Department of Community Services include -

- **Child and Family Support**

A total of \$270 million will be made available for child and family support. The Department's activities in this area are focussed on the need to provide support and assistance to children, adolescents and families under stress or in crisis.

Included within this program are projects associated with the protection of children from abuse and neglect. These projects involve a total of \$65 million in 1997-98.

An additional \$2.8 million (including \$400,000 for equipment) is being provided to undertake a program of joint investigative work with the Police Service and the Department of Health in matters where serious child abuse has occurred or is at risk of occurring. This program involves the establishment of eight investigative teams in the Sydney, Wollongong and Newcastle metropolitan areas and four additional specialist response units in rural areas.

Additional funding of \$4 million in 1997-98 (\$8 million thereafter) is being provided to develop foster care and residential services and to improve the standards in existing services.

Substitute care and child protection services will also benefit in 1997-98 due to the full year operation of ninety-six additional child protection field staff and district officers dealing with substitute care matters. This initiative was announced in the 1995-96 Budget.

An amount of \$103,000 per year is being provided to establish a Reunion and Information Register for people separated by adoption action. A further \$123,000 will be spent in 1997-98 researching and producing an index of care records held by government and non-government agencies in NSW.

Funding of \$300,000 has also been provided for an additional four senior casework specialists to be located in key rural/remote areas. These staff will provide professional supervision and leadership to frontline staff working with dysfunctional families and children at risk.

The Supported Accommodation Assistance Program (SAAP) also plays a key role in assisting people who are in crisis, homeless, moving towards independent living or who are returning to their own families. This Commonwealth-State program provides assistance to community organisations that operate accommodation or other support services for these people in need. Total SAAP payments in 1997-98 are estimated at \$85.2 million.

Other projects and programs that assist children and families include family and individual support (\$18 million) and the Child Sexual Assault Program (\$642,000).

- **Children's Services**

Funding of \$93.8 million has been allocated to assist in the provision of child care services. Programs funded include pre-schools and day care centres (\$77.2 million), vacation care (\$3.5 million) and early childhood resource and support services (\$4.1 million).

- **Community Resources**

An amount of \$103.1 million is being provided for support services and concessions which assist in reducing the effects of social disadvantage of local groups and increase community self sufficiency.

Included in this program is \$59 million relating to electricity rebates for pensioners and financially disadvantaged people.

Also included is \$17.6 million for community development such as the provision of neighbourhood houses and playgroups and \$13.3 million for community youth and adolescent support projects.

- **Disability Services**

An amount of \$238 million is being made available to the Department by the Ageing and Disability Department to enable Community Services to assist, accommodate and support persons with a disability.

The services provided by the Department are part of the Government's overall strategy to assist people with disabilities to maximise their independence and participation in the community.

Capital Payments

The Department's 1997-98 Capital Program of \$19.4 million covers the following projects -

- funding of \$10 million for a further stage of the Department's Information Technology Strategic Plan. This funding will provide general office and network technology throughout the Department's service centres;
- capital grants of \$5 million to assist in the development of child care places. These State funded grants provide for the establishment or expansion of child care centres throughout the State;
- funding of \$2 million towards the continued upgrading of residential accommodation, including removal of material containing asbestos. This amount also provides for the cost of essential capital maintenance and refurbishment; and
- a further \$2.4 million for minor projects including replacement of furniture and equipment and costs associated with design and preliminary planning.

AGEING AND DISABILITY DEPARTMENT

The Ageing and Disability Department operates on a funder/provider basis, providing funding to other government and non-government agencies to enable services to be delivered to frail aged and disabled people.

Expenditure Trends and Recent Developments

The Department's payments increased in 1996-97 due to additional payments to improve conditions for people with disabilities. These payments relate to transition plans approved in accordance with the Disability Services Act and are funded under the Commonwealth-State Disability Agreement.

Strategic Directions

The Department has responsibility for providing the Government with strategic policy and planning advice for matters relating to older people and people with disabilities. The Department also has responsibility for funding, monitoring and quality enhancement of programs for older people and people with disabilities through the Home and Community Care and Disability Services Programs.

1997-98 Budget

Current Payments

Specific allocations include -

- **Home and Community Care Program**

The Home and Community Care Program (HACC) is a joint Commonwealth-State program targeted at the frail aged and people with disabilities who live in their own homes, and their carers.

HACC provides funds for an extensive range of support services to assist people to continue to live independently. It is vital in avoiding premature or inappropriate admission to permanent residential care.

The program is administered by the Ageing and Disability Department with assistance from the Departments of Health, Housing and Transport. One of the main HACC service providers is the Home Care Service which is shown as a separate agency in the Budget Papers.

Total estimated expenditure on the HACC program is \$253.7 million, which includes \$8.4 million growth funding for new and expanded services. The NSW Government contribution to the HACC program will be \$101.9 million

In addition to these government contributions, certain HACC service providers receive fees from people who are able to afford to pay and this revenue is used to further expand services to people in need of HACC services.

The growth in HACC funding will enable services to be maintained as well as expanded in areas such as -

- home help and personal care;
- home maintenance;
- food services;
- community respite care;
- community paramedical services;
- community nursing; and

- education, information and co-ordination.

- **Commonwealth-State Disability Agreement**

The Commonwealth-State Disability Agreement (CSDA) aims to more clearly define the roles of the State and the Commonwealth in the delivery of services to people with disabilities.

The CSDA has resulted in the development of standards that aim to establish what is expected of present and prospective service providers and encourage service quality improvement.

Payments in 1997-98 are estimated at \$114.8 million. This includes funding available through the CSDA under transition arrangements to assist community organisations to upgrade facilities for clients with disabilities.

- **Supported Accommodation for People with a Disability**

The Department of Community Services will be provided with \$189.7 million in 1997-98 to assist, accommodate and support people with disabilities through direct accommodation services.

An amount of \$30.7 million is also being spent to provide additional places in both government and community based supported accommodation in order to maximise the independence and community participation of people with disabilities.

- **Community Support**

Community Support covers services such as non-centre based respite care, day programs, early intervention and therapy.

An amount of \$36.1 million will be spent by the Department of Community Services to provide direct care services to the ageing population and people with disabilities.

Funding of \$8.5 million will also be made available to community based agencies to provide these services to people with disabilities and their carers and a further \$1.2 million is being provided for services to aged persons.

An amount of \$1.5 million is being allocated to the Brain Injury Program to meet the cost of community support services for people with acquired brain injury, their families and carers.

- **Post School Options**

The Post School Options program aims to provide a planned transition from school to the wider community for people with disabilities. In 1997-98 \$27.7 million is being spent on this program.

Early identification of the needs of people with disabilities who are leaving school permits the development of individual transition plans that best suit the individual's needs and the needs of the family.

- **Assistance for Children with Disabilities**

An amount of \$4.6 million will be spent to improve services to children with disabilities. This funding will provide placements for children requiring respite care, early intervention services, out of school hours care and therapy services. Capital funding of \$1.6 million is also being provided for this initiative in 1997-98.

- **Joint Aged Care Policy**

Funding of \$2 million is being made available in 1997-98 to provide for a number of initiatives associated with the Department's joint aged care policy. There will be a focus on the priority areas of elder abuse, the NSW Action Plan on Dementia, transport demonstration projects, community care demonstration projects and public education on age discrimination.

- **Disability Council**

The Disability Council is a statutory body that provides advice to the NSW Government on issues affecting people with disabilities, their families and carers. The Council is funded through the Ageing and Disability Department.

- **Guardianship Board**

The Guardianship Board is an autonomous body that provides guardianship and advocacy services on behalf of people with disabilities and the aged. Funding for the Board is provided through the Ageing and Disability Department.

Capital Payments

The Department's capital funding provides for improvements to information technology systems. An amount of \$1.6 million is also available to meet capital costs associated with the improvement of services for children with disabilities.

COMMUNITY SERVICES COMMISSION

The Community Services Commission is a complaints and monitoring body that covers services provided by the Department of Community Services, the Department of Ageing and Disability, the Home Care Service and non-government services funded by the Minister.

The Commission was established in 1994 by the Community Services (Complaints, Appeals and Monitoring) Act 1993. Also established were the Community Services Appeals Tribunal, the Community Services Review Council and the Community Visitors Scheme.

Estimated total current payments for 1997-98 are \$3.3 million.

Strategic Directions

The Commission's objectives are to -

- monitor systemic issues arising from complaints, reviews and Community Visitors;
- deal fairly, competently and promptly with complaints;
- review the situation of children, young people and adults in care to ensure their protection and to promote their best interests;

- provide practical support to improve the quality and standard of community services and promote the right of consumers to complain; and
- co-ordinate Community Visitors for people receiving full-time care.

1997-98 Budget

The Premier's Department recently completed a management review of the Commission. As a result an amount of \$50,000 has been provided to increase the level of visits undertaken by Community Visitors from 1,200 days to 1,450 days. An additional \$200,000 has also been provided to manage and investigate complaints and monitor systemic issues.

DEPARTMENT OF JUVENILE JUSTICE

The Department of Juvenile Justice has the responsibility for effectively implementing court orders and providing appropriate services for juvenile offenders in detention and in the community.

Expenditure Trends and Recent Developments

During 1996-97 the implementation of the Department's restructure as recommended by the Premier's Department progressed. The restructure of the central support office and the cluster offices has been completed and it is envisaged that the restructure of the juvenile justice centres will be completed early in 1997-98.

In December 1996, the Ombudsman of NSW released a report on the Inquiry into Juvenile Detention Centres. This inquiry, initiated by the Government, has identified a number of areas for action.

The Department has experienced a decrease in the average weekly number of juveniles in custody from 480 in 1995-96 to 443 in 1996-97.

The implementation of White Paper and Burdekin initiatives continues to be a major focus of the Department.

Strategic Directions

In 1996-97 the Department released its "Juvenile Justice towards 2001" corporate plan. Implementation of the initiatives in the corporate plan will be a major activity for the Department in 1997-98 and future years.

A major capital program commenced in 1996-97 to upgrade the overall standard of accommodation in juvenile justice centres. This includes the construction of new facilities at Dubbo, Grafton, Mt Penang, Cobham and in the Hunter, so that juveniles are accommodated as close as possible to their communities of origin. The capital program addresses the most pressing accommodation issues raised by the Ombudsman in the recent inquiry.

The Cabinet has recently given approval to establish a system of Youth Justice Conferencing in accordance with the recommendations made by the Working Party established to explore this initiative. This scheme based on the restorative justice model aims to make young people answerable for their actions and provides an opportunity for participation of the victims in hearing proceedings conducted through the conferencing. Youth Justice Conferencing Scheme therefore is expected to provide a new alternative to the current system of court processing in dealing with young offenders. Funding of \$6.6 million over three years has been allocated for this scheme (\$1.4 million in 1997-98) which is expected to become operational from 1 April 1998.

Reforms to juvenile justice community based support services will continue to consolidate recently introduced post release support schemes, the Aboriginal Mentor Scheme, additional services for young people from ethnic backgrounds, and the statewide expansion of the Safehaven alternative placement program for young offenders who cannot live with their parents or families.

1997-98 Budget

Current Payments

In a significant initiative flowing from the Ombudsman's report, funding has been provided for the introduction of a Competency Based Training program for the staff at juvenile justice centres. The need for this training was highlighted in the recent Ombudsman's report. The additional funding (\$1.2 million per annum for two years) will be used to introduce training based on national competencies established by the Australasian Juvenile Justice Administrators for front line community based and custodial staff. This will ensure continuing improvement in the quality of services provided to juvenile justice clients and their families.

A sum of \$7.4 million has been allocated in 1997-98 for the continued implementation of major new initiatives in relation to crime prevention and community alternatives to court processing.

More than \$1 million is to be provided to the Department in 1997-98 for juvenile offender psychological and psychiatric services throughout New South Wales and to continue a specialist program for young violent offenders.

Major cyclic maintenance which commenced at a number of juvenile justice centres in 1996-97 will be extended in 1997-98, with the continuation of the increased funding (over \$3 million) first provided by the Government in 1996-97.

Capital Payments

The Department's 1997-98 capital program provides for the construction of new juvenile justice centres, upgrade and expansion of existing juvenile justice centres, asset replacement program, fitouts and minor computer upgrading.

The construction, upgrade and expansion of centres is part of a capital works strategic plan developed by the Department to address the standard of accommodation for juveniles held in detention and to address the various issues raised in the Ombudsman's report. The plan aims to locate juveniles as close to their families as practicable.

To this end, a new juvenile justice centre will be constructed at Grafton to accommodate juvenile offenders from the northern areas of the State, and another centre will be constructed at Dubbo to cater for young people in custody from the western areas.

The Government intends also to replace the Worimi Juvenile Justice Centre in the Newcastle area with a new centre, also to be situated in the Hunter region. This is in addition to the extension of Cobham juvenile justice centre and the replacement of Mt Penang juvenile justice centre.

The major components of the 1997-98 capital program of \$22.5 million are -

- construction of new 30 bed juvenile justice centres at Dubbo (estimated total cost \$7.9 million; \$4.5 million in 1997-98) and Grafton (estimated total cost \$8.1 million; \$4.2 million in 1997-98);
- the construction of a new 120 bed juvenile justice centre at Mt Penang (estimated total cost \$25.3 million; \$7 million in 1997-98);
- the construction of a new 60 bed juvenile justice centre in the Hunter region to replace the existing Worimi Juvenile Justice Centre (estimated total cost \$16.2 million; \$2.5 million in 1997-98);
- upgrade of Cobham juvenile justice centre at St Marys (estimated total cost \$3.3 million; \$2.2 million in 1997-98);
- the provision of additional counselling space at the Stanmore Intensive Programs Unit (estimated total cost in 1997-98 of \$0.5 million); and
- minor miscellaneous works comprising fitouts, computer upgrading and an asset replacement program (estimated cost in 1997-98 of \$1.5 million).

HOME CARE SERVICE

The Home Care Service is mainly funded through the Home and Community Care (HACC) program. The Service's objective is to provide high quality, cost effective household support services to people with disabilities, frail or at risk aged people and their carers.

Expenditure Trends and Recent Developments

The increasing demand for the services provided by Home Care to HACC target customers is a result of the ageing population generally and trends for people with mental and physical disabilities to be placed back in the community from residential institutions.

As a result, Home Care has had to respond increasingly to people with complex care needs. This is in line with the HACC objective of assisting people to avoid inappropriate residential care.

The impact on Home Care is that it is delivering a higher number of hours of service per customer to a reduced number of customers.

1997-98 Budget

Current Payments

Home Care will receive \$110 million from the HACC program through the Ageing and Disability Department. In addition, Home Care will receive HACC funding for specific local projects which are being undertaken in conjunction with regional offices of the Ageing and Disability Department and the Department of Housing.

The Home Care Service also manages the Hostel and Care program that provides assistance in project management for housing and care options for older people. Payments associated with this program are expected to be \$5.1 million in 1997-98.

Capital Payments

Home Care's \$2 million capital program provides for the purchase of computer equipment, miscellaneous plant and equipment as well as minor alterations to office accommodation at various locations across New South Wales.

4.3.6 MINISTER FOR CORRECTIVE SERVICES AND MINISTER FOR EMERGENCY SERVICES

OVERVIEW

Agency	Forecast 1996-97	Estimate 1997-98	Variation
	\$m	\$m	%
Department of Corrective Services			
Current Payments	336.3	339.7	1.0
Capital Payments	47.6	29.2	(-) 38.5
New South Wales Fire Brigades			
Current Payments	232.0	237.9	2.5
Capital Payments	22.0	25.6	16.4
Department of Bush Fire Services			
Current Payments	31.4	32.1	2.2
Capital Payments	40.6	43.0	5.9
State Emergency Service			
Current Payments	10.7	10.5	(-) 1.9
Capital Payments	2.2	1.6	(-) 27.3
Total, Minister for Corrective Services and Minister for Emergency Services	722.8	719.6	(-) 0.4

The current payments for agencies in this portfolio show steady continued percentage increases. The increases in the fire services agencies reflects the Government's commitment to ensuring that the Department of Bush Fire Services and the New South Wales Fire Brigades are adequately equipped. The capital payments for the State Emergency Service show a decrease in percentage terms from a low base after a significant increase last year.

The decrease in capital payments by the Department of Corrective Services largely reflects the Metropolitan Remand and Reception Centre project being due for completion in July 1997 and the overall capital program returning to more normal annual expenditure levels.

DEPARTMENT OF CORRECTIVE SERVICES

The Department of Corrective Services is responsible for carrying out both custodial and non-custodial orders of the criminal courts and its role focuses on sentenced and unsentenced adult inmates. The Department is responsible for the management of offenders who have been sentenced to imprisonment,

are on remand or are on appeal, or have been required to adhere to an order involving supervision by the Probation and Parole Service.

Expenditure Trends and Recent Developments

The daily average inmate population, excluding periodic detainees, over the period between June 1990 and June 1996 increased from 5,002 to 6,261. During 1996-97 the full time inmate population has increased marginally from the June 1996 level.

The recommendations arising from the Law Reform Commission Review of the Sentencing Act are currently being considered by the Government. Any impact on sentencing patterns is unlikely in the short term.

During 1996-97 a number of significant operational and administrative strategies have been implemented to improve cost efficiency by centralising accounts payable in regional offices, the reduction in the number of regions from four to three, destaffing redundant armed security towers and replacement of static security posts by electronic security equipment.

Strategic Directions

In April 1996 the Government announced a major overhaul of the New South Wales correctional system designed to -

- improve the overall management of inmates by reducing transfers of inmates, locating inmates near their families wherever possible, and establishing a major therapeutic complex at Long Bay Correctional Complex;
- achieve a better match between the location of correctional centres and the place of residence of inmate families;
- take full advantage of the opening of the Metropolitan Remand and Reception Centre currently being built; and
- focus upon the rehabilitative value of specialised care programs to counter-balance the negative aspects of imprisonment and to reduce recidivism.

In 1997-98 a range of significant changes will occur with the opening of the Metropolitan Remand and Reception Centre, the commencement of the Long Bay redevelopment including the establishment of a Drug and Alcohol Therapeutic community and the construction of a 300 bed minimum security extension of the John Morony facility at Windsor to accommodate inmates closer to their families in the Sydney metropolitan area.

The Government's Home Detention Scheme has started and will be progressively implemented during 1997-98 and 1998-99 as an integral part of the Government's policy to provide an alternative sentencing option for the judiciary in considering those who have committed crimes of a less serious nature.

The Department's capital strategic plan, 1997-2007 provides for the closure of a number of institutions and the redevelopment of others to make correctional facilities more functional, humane and cost effective.

Periodic detention provides an alternative sentencing option to full time custody with particular significance for female and Aboriginal offenders. To date, periodic detention for women has predominantly been available in the Sydney metropolitan area.

1997-98 Budget

Current Payments

The Government's Corrections Policy proposes the implementation of a number of improvements in the next five years. These proposals will be implemented as funding becomes available from closures and other cost reduction initiatives.

- **Metropolitan Remand and Reception Centre (MRRC)**

In early July 1997 the nation's largest correctional facility will be opened at Silverwater. This 900 bed facility will replace infrastructure which has been in use for the last one hundred years at Parramatta, and the Remand and Reception Centres at Long Bay. Recurrent expenditure on the MRRC will be about \$25 million per annum, to be met from savings that will be achieved from the closure of uneconomic facilities. The Centre will provide better access for families visiting inmates as well as a more humane correctional environment.

- **Therapeutic Centres**

Following the Waller Committee Report on suicide and self harm in custody, therapeutic centres are being constructed at Cessnock and Bathurst during 1997-98. These facilities will provide a therapeutic regime for inmates who exhibit behaviour of a potentially suicidal or self harming nature. The

Bathurst and Cessnock facilities are scheduled for completion by the end of 1997.

- **Home Detention Scheme**

The 1997-98 recurrent allocation includes \$2.3 million to progressively implement a Home Detention Scheme to provide a sentencing alternative to divert suitable minimum security offenders from full time custody whilst providing control and restriction of liberty similar to imprisonment. The scheme has been trialed since 1992, and should provide a more cost effective alternative than full time custody. It is intended that home detention will be used as an alternative to a custodial sentence of up to 18 months full time imprisonment in those cases where the nature of the offence and the background of the offender are such that the risk to the safety of the community is minimal.

- **Sex Offenders Program**

Extensive planning has been undertaken to implement a sex offender program to manage this category of inmates through the entirety of their sentences and after release.

Participants will be subject to specialist and detailed assessment in conjunction with the Probation and Parole Service prior to an offender's sentence by the judiciary. An intensive year long treatment program will commence at Long Bay for a core of inmates with custodial sentences. This program will be integrated with programs for long term community supervision after release.

- **Indigenous Action Plan**

A key plank of the Government's Social Justice Policy calls for the development of alternatives to full time custody for Aboriginal Offenders. Funding of \$1 million per annum has been provided to implement the initiatives outlined in the Indigenous Offenders Action Plan including the establishment of a "second chance" program for young Aboriginal Offenders.

Capital Payments

Highlights of the 1997-98 program, which totals \$29.2 million, are as follows -

- **Metropolitan Remand and Reception Centre**

The Metropolitan Remand and Reception Centre, to accommodate 900 unsentenced and new reception inmates, will provide the opportunity to significantly reduce per capita recurrent funding by establishing a more efficient inmate to staff ratio by taking full advantage of technology and modern purpose architecture.

The estimated total cost of the Centre is \$84.5 million, with completion scheduled for July 1997.

- **Emu Plains Periodic Detention Centre**

This project involves the construction of a purpose built 64 bed periodic detention centre for women at Emu Plains. The project is due for completion in January 1998 at an estimated total cost of \$1.8 million.

- **Bathurst and Cessnock Therapeutic Centres**

These two facilities were commenced as a result of the recommendations of the Waller Committee Report on suicide and self-harm and will provide health care for inmates who are considered emotionally unstable for mainstream correctional discipline. Intensive supervision, counselling and assessment are features of the treatment.

These centres are due for completion in December 1997, at an estimated total cost of \$1.6 million each.

- **Broken Hill Periodic Detention Centre**

A new 32 bed facility for male and female detainees in Broken Hill will extend the periodic detention program to take in remote areas of the State. This is part of the Government's strategy to reduce the over-representation of aborigines in the prison system.

The project also involves the provision of accommodation for up to 5 full-time female inmates who are currently required to be housed in the male correctional centre.

This new centre is due for completion in December 1997 at an estimated total cost of \$1.1 million.

- **Bathurst Periodic Detention Centre**

This project will provide a new 40 bed facility (10 female) and will offer periodic detention to those offenders from the surrounding region.

The centre is scheduled for completion in January 1998 at an estimated total cost of \$1.6 million.

- **John Morony Stage 2 Re-development**

It is proposed to develop a 300 bed minimum security facility adjacent to the existing Centre at Windsor. The new development will share much of the existing infrastructure. Construction is due to commence in January 1998 with completion scheduled for December 1999 at a cost of \$17.7 million.

- **Emu Plains Re-development Stage 2**

Seven new accommodation pods for 70 minimum security female inmates will be built within the existing security fence at Emu Plains Correctional Centre. Accommodation for mothers with babies, women of non-English speaking backgrounds, Aboriginal and special needs inmates has been incorporated in the design.

The total estimated cost is \$5.5 million, with completion scheduled for November 1998.

- **Probation Information Management System**

The NSW Probation and Parole Service's operations will be streamlined by new generation application systems, based on the Department's Offender Management System.

Networks and upgraded computing equipment will be supplied and installed at all probation office sites. The total estimated cost is \$3.05 million with \$2.05 million to be spent in 1997-98.

- **Long Bay Redevelopment**

It is proposed to commence the staged redevelopment of Long Bay at a total estimated cost of \$37 million (\$2.7 million in 1997-98). The redevelopment will concentrate on the provision of therapeutic and other special needs

programs such as those for sex offenders, violent offenders, intellectually disabled, special care, medical transients and drug and alcohol dependents.

The first stage of the redevelopment incorporates the construction of a purpose built facility for the sex offenders program. This will enable the transfer of sex offenders from antiquated and inadequate facilities at Cooma.

- **Goulburn Redevelopment - Stage One**

State One of the redevelopment of Goulburn Correctional Centre involves expenditure of \$6.25 million (\$0.75 million in 1997-98, \$3 million in 1998-99 and \$2.5 million in 1999-2000). It involves building a new administration block, safe cells, new gatehouse and the demolition of the old kitchen block.

- **Mulawa Staged Redevelopment**

The redevelopment of Mulawa Correctional Centre is a key recommendation of the Department's Women's Action Plan to provide for the special needs of female inmates. The Centre will be redeveloped to cater for medium and maximum security inmates, and inmates with special needs. The redevelopment has begun with the completion of the Therapeutic Unit.

The overall program is a combination of a retrofit of existing infrastructure and a new custom built facility for reception and induction and detoxification unit. The redevelopment involves upgrading the office for Inmate Development Services and program areas and accommodation for segregation and protection inmates.

The redevelopment will be undertaken at a total cost of \$5.1 million with \$1 million to be spent in 1997-98.

NEW SOUTH WALES FIRE BRIGADES

The NSW Fire Brigades works with the community to prevent fire and to respond to fires, hazardous material incidents, in order to protect and preserve life, property and the environment. It is responsible for providing fire protection to developed centres throughout the State, covering over 90 per cent of the population. In times of difficulty, such as bush fire crisis, it also supports the Department of Bush Fire Services in non-urban areas.

Expenditure Trends and Recent Developments

Under the Fire Brigades Act 1989, the recurrent expenditures of the agency are financed by contributions from local government (12.3 per cent) and insurance companies (73.7 per cent), with a net cost to the State of 14 per cent. These contributions are net of other funding, such as user charges, which is available to the agency.

The level of expenditure over the past six years has increased mainly due to significant increases in awards, superannuation and workers' compensation, as well as depreciation following the revaluation of assets during 1994-95. The agency has also progressively upgraded the level of protection to firefighters in accordance with occupational health and safety issues. As a consequence of new international standards, the Brigades is required to introduce new and improved protective clothing, boots and helmets, and make provision for specialised breathing apparatus and protective suits when combating incidents involving hazardous materials and other hazardous substances.

There was also an 18.2 per cent growth in incident levels attended by the Brigades between 1991-92 and 1994-95 and there has been further growth in incident levels over the last two years. This has placed heavy demands on existing resources and generated higher operational costs for attending incidents. Increased costs have been experienced through higher levels of overtime, greater demand for skills training, more (and improved) equipment, increased requirements for consumable firefighting materials and an increase in repairs and maintenance to fire stations and fire appliances which are required to be operational 24 hours a day.

Other cost increases have arisen following the State Consent Award in August 1994 which provided fire officers with salary increases of 13 per cent over 3 years to 1996. A further increase of up to 18 per cent over four years including 6 per cent for productivity improvements has recently been granted. This will result in significantly better fire protection for the community.

The Capital Program has also steadily increased in real terms over the past seven years.

Strategic Directions

The overall objectives of the NSW Fire Brigades are to improve emergency response capability and performance and to improve community safety through pro-active risk mitigation and community readiness, so that loss of life and property and damage to the environment is minimised. This is to be achieved through improvements in the Communications Network including the FireCad automated dispatch system, radio links and "000" responses, construction of new fire stations in growth areas and upgrading existing ones, purchase of replacement and additional firefighting vehicles to replace the aging fleet and increasing efforts in prevention through safety standards, public education and community readiness programs.

On 14 February 1997 the Premier announced a Strategic Program involving the construction of 12 fire stations throughout the south west, west and north western areas of Sydney. The new fire stations will be constructed at St Andrews, Marayong, Kellyville, Cecil Park, Regentville, Eastern Creek, South Campbelltown, Narellan/Mount Annan, Prestons, Cranebrook/Llandilo, Schofields/Parklea and Horsley Park. This program is to be completed over the next three years and will ensure an adequate and equitable level of fire service is provided in major growth areas. The increase in response resources will also allow the Brigades to provide increased prevention programs at the local level in the developing urban areas of the State.

1997-98 Budget

Current Payments

Total current payments in 1997-98 are estimated at \$237.9 million.

In 1997-98 the agency plans to expand its repairs and maintenance programs for both the firefighting fleet and also for fire stations. It will also continue with the subsequent stages of the replacement programs for breathing apparatus, Hazmat rescue and general communications activities. Allowance has also been made for increased operating costs arising from the latest Consent Award (18 per cent over four years from August 1996), and costs associated with the opening of new fire stations to meet the expanding demands of growth areas.

Capital Payments

The NSW Fire Brigades' 1997-98 capital program of \$25.6 million (a 16.4 per cent increase on 1996-97 estimated expenditure) makes provision for the following projects -

- communications network development (\$5.0 million);
- purchase of sites to commence construction of fire stations to allow redeployment of fire fighting resources to achieve more equitable distribution in the Greater Sydney Area (\$1.7 million in 1997-98);
- completion of a new fire station at Tweed Heads (\$665,000);
- completion of a new fire station in the Kariong area (\$900,000);
- relocation of Port Kembla fire station to a new site (\$1.2 million);
- completion of a new fire station for the Rouse Hill area (\$650,000);
- completion of communications facilities at Katoomba fire station (\$450,000);
- purchase of a site for a new fire station to service the Berkeley Vale area (\$225,000);
- continuation of a program of acquiring additional and replacement pumpers (\$4.0 million);
- continuation of a program to replace special appliances such as breathing apparatus, Hazmat (Hazardous Material Responses) and salvage vehicles (\$3.0 million);
- purchase of aerial fire fighting appliances (\$3.0 million);
- expansion and upgrading of existing training facilities (\$1.1 million);
- major computer upgrade and extension of the network including replacement of existing hardware and software (\$800,000);
- miscellaneous property works (\$2.3 million); and
- minor firefighting and other equipment (\$400,000).

These increases in capital funding will be of particular benefit to both city and rural areas of New South Wales as well as addressing the need for additional facilities required in growth areas.

DEPARTMENT OF BUSH FIRE SERVICES

The Department is responsible for the promotion of effective rural fire fighting services within the State, including the co-ordination of bush fire fighting and prevention activities.

The Office for Emergency Services is now included under the administration of the Department and is responsible for policy advice to the Minister and for rescue and emergency management throughout the State.

Under the Bush Fire Act, expenditure by the Department on bush fire fighting activity is financed by contributions from Consolidated Fund (14 per cent), local government (12.3 per cent) and insurance companies (73.7 per cent).

Expenditure Trends and Recent Developments

The Department has received significant funding increases over the past five financial years. Total payments for 1997-98 are estimated at \$75.1 million compared to \$25.2 million in 1992-93.

1997-98 Budget

The level of funding provided for 1997-98 will allow the Department to expand its program for the provision of additional tankers to the bush fire movement.

It is anticipated that 130 new tankers will be placed into various local government areas during the year, 20 more than in 1996-97. The allocation of these new tankers will be in accordance with the Standards of Fire Cover, which identify the nature and level of fire fighting resources required according to the local risk.

An amount of \$8.5 million will be allocated for the provision of second hand vehicles, and \$2.2 million for building and upgrading bush fire brigade stations.

The final phase of the UHF/GRN (Government Radio Network) statewide radio network will be completed during the year. An amount of \$3.6 million has been provided for this purpose.

Five additional staff will be employed by the Department during the year. The employment of these staff will enable the Department to meet its obligations in relation to its changing role and the recommendations of the Coroner's report into the January 1994 bush fires. The additional staff will provide administrative support in information technology, training, finance, records and perform the role of executive officer to the major committees in which the agency is involved.

An employee assistance scheme will be established using the services of professional counsellors. The program will assist bush fire volunteers and

staff with many of the problems which may affect their work, supporting the counselling currently provided by chaplains and members of the Critical Incident Debriefing teams.

Additional community education programs will be provided by specifically targeting identified community groups. Existing programs, directed at the general public, have improved public awareness of fire risks and avoidance measures. However, there remains a need to target specific community sectors to reduce fire risks which may arise from their particular circumstances.

Funding for the Office for Emergency Services has been provided at a level commensurate with that of the previous financial year.

STATE EMERGENCY SERVICE

The State Emergency Service is a volunteer based organisation dedicated to providing immediate assistance to the community in times of natural or man-made incidents or emergencies. Its main responsibility is as the lead agency for floods and storms.

Expenditure Trends and Recent Developments

During 1996-97, volunteer members of the Service attended numerous floods, windstorms, road rescues and searches, as well as providing major assistance in bushfires.

The majority of the Service's 1996-97 recurrent allocation was used to provide support directly to volunteers through the provision of equipment, insurance and training as well as repair and maintenance of equipment.

1997-98 Budget

Current Payments

The funding provided in 1997-98 (\$10.5 million) to the State Emergency Service will ensure a continued high level of support to the volunteers with the further provision of equipment, insurance, training and equipment repairs. The additional funding of \$200,000 provided for protective clothing and safety equipment will ensure speedy and appropriate responses to incidents thus reducing effects on life and property. An additional \$104,000 has also been provided for new positions of Divisional Controller. This role is currently performed by volunteers.

Capital Payments

The State Emergency Service's capital program makes provision for land and building costs and the purchase of rescue equipment.

The Service's 1997-98 capital program of \$1.6 million includes \$1.2 million for communications and rescue equipment throughout the State and the construction of a new headquarters for the Clarence Division at Grafton (\$0.4 million).

The high level of capital funding provided to the Service in 1996-97 and 1997-98 will enable volunteers to provide a superior response to emergencies and disasters throughout the State.

4.3.7 MINISTER FOR EDUCATION AND TRAINING

OVERVIEW

Agency	Forecast 1996-97	Estimate 1997-98	Variation
	\$m	\$m	%
Department of Training and Education Co-ordination			
Current Payments	145.3	134.4	(-) 7.5
Capital Payments	11.8	13.4	13.6
Department of School Education			
Current Payments	3,780.1	4,028.3	6.6
Capital Payments	150.3	129.8	(-) 13.6
New South Wales Technical and Further Education Commission			
Current Payments	986.1	977.3	(-) 0.9
Capital Payments	112.1	94.4	(-) 15.8
Office of the Board of Studies			
Current Payments	58.0	57.1	(-) 1.6
Capital Payments	3.3	0.7	...
Total, Minister for Education and Training	5,247.0	5,435.4	3.6

DEPARTMENT OF TRAINING AND EDUCATION CO-ORDINATION

The Department of Training and Education Co-ordination (DTEC) leads and co-ordinates New South Wales educational and training policy, planning, resource allocation and consultation. It also has a key role in ensuring a high level of cross-sectoral co-ordination and stakeholder involvement in these areas. This co-ordination will assist individuals, the community and industry to achieve high quality and equitable outcomes from education and training.

The Department is also the New South Wales nominated State Training Agency for the purposes of the Australian National Training Authority Act.

Expenditure Trends and Recent Developments

Total current payments are estimated at \$134.4 million in 1997-98. Reductions in Commonwealth funding account for the fall in current payments when compared with forecast expenditure in 1996-97.

The amalgamation of DTEC and TAFE NSW has continued throughout 1996-97. The process, conducted with extensive consultation, has streamlined administrative processes.

The savings arising as a result of the amalgamation enabled the provision of an additional 5,000 student places by TAFE in 1997, thus fulfilling the election undertaking of the Government.

Higher School Certificate Review

Throughout 1996-97, the Department provided support to the review of the Higher School Certificate undertaken by Professor Barry McGaw. The professor's report *Shaping their Future: Recommendations for Reform of the Higher School Certificate*, was compiled after the consideration of over a thousand submissions from the community and education groups and feedback from 38 public meetings throughout New South Wales.

The report contains recommendations concerning curricula, tertiary selection arrangements and the School Certificate and suggests that student results should be reported on the basis of whether they have met standards of difficulty in examinations.

1997 State Training Profile

The State Training Profile, prepared by DTEC, outlines the key strategic components of the State's approach to address vocational education and training (VET) priorities and to the allocation of State and Commonwealth sourced revenues.

The NSW State Training profile for 1997 identifies the following priorities -

- expanded provision of flexibly delivered VET;
- development and implementation of a new VET resources allocation model;
- increased development of new entry level training arrangements in schools and workplaces;
- provision of appropriate and timely industry training to meet the needs of the Sydney 2000 Olympics;
- establishment of equity accountabilities and inclusion of equity considerations in all VET strategies and plans; and
- establishment of a VET quality framework focusing on quality management practices.

The Competitive Training Market

In June 1996, the NSW Board of Vocational Education and Training (BVET) and the NSW TAFE Commission Board agreed to conduct joint public consultations with a range of VET stakeholders on the development of the VET sector and the role of TAFE within a competitive environment. The objective was to contribute to the development of a New South Wales policy position on competition in the training market.

During August 1996, consultation sessions were held involving more than 200 participants from peak industry groups and enterprises, private providers, unions and professional groups, the community sector, TAFE NSW, DTEC, equity groups and representatives from the school sector.

The views emerging from the discussions centred on several common themes. Participants saw that competition in the NSW training market should be supportive of the Government's economic and social imperatives and contribute to quality training, greater client focus and flexibility in delivery. Improved information to clients about the market, fairness in the sharing of public resources and building on the strengths of strategic alliances were seen as keys to constructive competition.

Vocational Education and Training Resources Model

The development and implementation of the new model will continue in 1997-98 and will reflect changes in funding arrangements including -

- the cessation of ANTA Growth funds from 1998;
- the introduction of the New Apprenticeship Scheme and User Choice arrangements; and
- competing resourcing priorities between entry level training and re-training the existing workforce.

Strategic Directions

Policy Development and Co-ordination

New policies under development in DTEC include the Information Technology Policy for Education and Training in NSW, encompassing both the Information Technology and Telecommunications Industry and education and training provision.

Ongoing developments in vocational education in secondary schools give rise to a need for continuing policy review and the development of a policy during 1997-98. National initiatives such as the Modern Apprenticeship and Traineeship Scheme have also created the need for policy research to underpin the proposed implementation, notably through a Board of Vocational Education and Training funded study examining the feasibility of part time apprenticeships and traineeships in schools.

In the higher education sector, policy development and co-ordination will focus upon the operation of private education institutions, overseas universities and the application of competitive neutrality principles.

Liaison with Industry

Development of increased industry involvement in the planning and conduct of VET will continue in 1997-98. The network of twenty Industry Training Advisory Bodies prepared structured industry plans for VET for the first time in December 1996. These represented the key industry input to State wide planning for vocational training.

DTEC will continue to work closely with industry in implementing initiatives to support the objective and principles of the New Apprenticeship Scheme during 1997-98.

DTEC will establish a number of one-stop shops for apprenticeship and traineeship support services in partnership with industry. More flexible arrangements for apprenticeship and traineeship training will ensure the further expansion of the number and coverage of apprenticeships and traineeships in the State. The piloting of new models of professional development and an extension of DTEC's registered provider role to support traineeships, will assist small business to participate in training reforms.

Commonwealth-State Relations

DTEC plays a major role in monitoring the impact of the Commonwealth Budget on schools, VET agencies and the higher education sector. The Department will also contribute to a number of major Commonwealth Government reviews including preparing submissions to the Review of Higher Education Financing and Policy, the Senate Inquiry on the Status of Teaching and the Review of the Educational Resource Index.

DTEC will also continue to liaise with the Commonwealth regarding schools funding through the States Grants (Primary and Secondary Education Assistance) Act.

1997-98 Budget

Current Payments

- **National Art School**

In May 1996, the Premier formally launched the new National Art School, a national centre of excellence in the visual arts. The establishment of the new school fulfilled an election undertaking of the State Government.

The principal role of the School is to give aspiring and practising artists access to high quality studio based art education in areas such as painting, drawing, sculpture, ceramics, printmaking and photography. The School will operate a fifty week school year and will offer both award and non-award courses and some twenty evening courses.

Two interim courses were accredited by the Vocational Education and Training Accreditation Board and the Higher Education Board for commencement in 1997. A degree course in fine arts, a range of post graduate diplomas and a masters degree are currently being developed and will be offered in 1998.

- **Training Strategy for the Building and Construction Industry**

In June 1996, the State Government announced the allocation of \$10 million for training and reskilling in the building and construction industry in the lead up to the Olympics. These funds have been made available to DTEC and are being directed to meeting training needs in 1997 and 1998.

A training strategy has been developed in consultation with the NSW Construction Industry Training Board and the relevant industrial parties. Under the strategy a small proportion of funds are directed towards data collection, tendering processes and monitoring. The bulk of the funds are allocated to training delivery.

- **Other Initiatives**

Other major initiatives to be undertaken during 1997-98 include -

- ongoing planning of recurrent funding directions for VET resources to address priority areas identified in the State Training Profile;
- ongoing development and implementation of a comprehensive VET resource allocation model incorporating capital, curriculum and recurrent allocations; and
- the development of strategies to ensure the appropriate and timely provision of industry training to meet the needs of the year 2000 Olympics.

Capital Payments

- **Sydney Conservatorium of Music**

In August 1996, the Premier requested a full scale management and technical assessment of the housing needs of the Sydney Conservatorium of Music and the Conservatorium High School.

Some \$55.3 million (\$5.1 million in 1997-98) has been allocated to the Department, over the next three years, to undertake the project.

- **Other Initiatives**

During 1997-98, DTEC will expend \$1.11 million on various fitouts, \$0.46 million to complete the development of an Integrated Vocational Education and Training Database, and \$0.62 million on other plant and equipment.

DEPARTMENT OF SCHOOL EDUCATION

The activities of the Department of School Education largely relate to the provision of primary and secondary education in government schools. Educational services are currently provided by the Department to roundly 766,000 students in over 2,200 schools. Assistance to non-government schools is also provided through the Department.

Expenditure Trends and Recent Developments

As a consequence of the Government's education initiatives, total current payments by the Department of School Education have continued to increase and in 1997-98 will reach some \$4,028.3 million, an increase of some \$248 million or 6.6 per cent on 1996-97 levels.

In August 1995 the Minister for Education and Training announced a restructuring of the Department of School Education. The restructure was fully implemented by December 1996. The new structure is based on considerations of quality standards, support for schools and effective delivery of the Government's school education services. It has eliminated administrative duplication and waste and produced a leaner and simpler bureaucracy which has significantly improved the quality and range of services available locally to schools and teachers.

The Department's program budget structure comprises four separate program areas, viz -

- **Core Education Services**, reflecting the general funding requirements of government schools. Total current payments on core programs will be \$2,944 million in 1997-98, an increase of \$170 million on 1996-97;
- **Equity Services**, providing a supplement to core services to address identified needs for a range of education services including programs targeting Aboriginal students, students from non-English speaking backgrounds and students disadvantaged by socio-economic factors. Government schools receive varying amounts of equity funding depending on the needs identified in each school. Total current payments on equity programs will be \$498 million in 1997-98, an increase of \$20 million on 1996-97;
- **Strategic Plan Programs**, representing areas of emphasis in the Department's strategic plan, including programs targeting literacy, anti-violence, computer technology, student assessment and community languages. These programs will change in focus as the strategic plan is updated to reflect new and emerging priorities. Total current payments on strategic plan programs will be \$223 million in 1997-98, an increase of \$28 million on 1996-97; and
- **Non Government School Services**, reflecting financial support to non government schools. Total current payments on these programs will be \$364 million in 1997-98, an increase of \$30 million on 1996-97.

- **Core Education Services**

The number of Government primary school students has increased from 446,670 in 1996 to an estimated 452,550 in 1997. A comprehensive literacy strategy is being implemented in 1997 for primary students. This strategy focuses particularly on the teaching of reading, supported by intervention where students are experiencing difficulty and careful monitoring of students' literacy needs as they move from primary to secondary schools. Numeracy, physical fitness and citizenship are also receiving increased emphasis in primary schools in 1997.

While the number of government secondary school students remains stable, there was a decline in senior secondary students (Years 11 and 12) from 1990 through to the end of 1995. The number of senior secondary students is projected to increase from 1997 and this is reflected in the core resourcing requirements and the decrease in pupil/teacher ratios. The Department of School Education continues to provide government secondary school students with a full range of courses in their senior year of schooling. The Department aims to raise the achievement of each student to maximise the student's employment, training and further education opportunities.

- **Equity Education Services**

The number of students receiving special education support continues to increase. Over 5,100 students with disabilities receive support in regular classes through special education services. These services include state integration support and itinerant support teachers.

In addition, special education services are provided through support classes in regular schools and in special schools. Special Education Consultants and Learning Difficulties Coordinators from district offices support schools in meeting the needs of students with disabilities or learning difficulties.

Current funding for the Aboriginal Education program has increased significantly in recent years in recognition of the special needs of students. Commonwealth funding to New South Wales under the Indigenous Education Strategic and Initiative Plan has increased by \$4.5 million per annum from 1996 levels in the 1997-1999 triennium as a result of the Commonwealth Government's revised per capita distribution. Funding for Aboriginal Education programs will be \$20 million in 1997-98.

Some \$51 million will be spent on specific rural programs in 1997-98.

- **Non Government School Services**

Funding is mainly in the form of student per capita grants and secondary text book allowances together with the interest subsidy scheme for capital projects. Schools must be registered in terms of the NSW Education Reform Act, 1990 to be eligible for government assistance. Funding under the Government's Interest Subsidy Scheme will amount to \$31.9 million in 1997-98. This funding takes into account minor refinements to the Scheme

which bring interest subsidy rates into line with current market trends and reduces the maximum loan period to 15 years for new subsidy applications.

- **Strategic Directions**

The Department of School Education's strategies are detailed each year in a corporate planning document to guide all schools and state office staff in improving service delivery and the educational outcomes of students. The document, *Agenda 1997*, describes the five priorities for 1997, the major strategic initiatives for the year under each priority and how the success of the initiatives will be evaluated.

The priorities for 1997 are -

- *getting the foundation right* - strategies include -
 - a comprehensive literacy strategy for primary and secondary schools;
 - implementing a new primary mathematics syllabus;
 - providing students with a physical fitness program as part of schooling;
 - preparing students to recognise their rights and responsibilities as citizens.
- *excellence in teaching and learning* - strategies include -
 - concentrating training programs on effective classroom practice;
 - providing teachers with the opportunity for training in the use of technology;
 - emphasising school leadership and management training;
 - implementing a coordinated primary and secondary language program.
- *partnerships in public education* - strategies include -
 - making further advances in reporting student learning outcomes;
 - promoting student participation in decision-making;

- developing parent and teacher partnerships for improved student learning;
- reporting on school performance to parents and the wider community.
- *safe, challenging and creative schools* - strategies include -
 - renewing efforts in child protection;
 - promoting good discipline and effective learning;
 - providing particular emphasis to drug education;
 - ensuring safe working practices for staff and students;
 - tackling the issue of truancy.
- *providing a fair go for all* - strategies include -
 - bringing about a new deal in Aboriginal Education;
 - implementing a fresh approach to special education;
 - implementing a gender equity strategy to provide fairness to boys and girls;
 - making particular provision for groups with special needs.

Significant trends in strategic plan programs that underpin *Agenda 1997* are -

- *Basic Skills Testing* - participation in the Basic Skills Testing program (in Years 3 and 5), for which the Department of School Education has management responsibility, has continued to grow. In 1996, 116,550 government school students and 9,186 non-government school students were tested. New South Wales also conducted this program for 22,400 students in South Australia;
- *Joint Secondary School/TAFE Programs* - students are able to complete their studies through a flexible range of study patterns which suit their needs. The traditional barriers between TAFE and secondary schooling have been further broken down to create innovative and flexible pathways to employment or further education and training;
- *Anti-Violence Programs* - the Government is committed to the identification of issues associated with violent incidents in schools

so that they can be redressed immediately. An anti-violence program, involving the appointment of an additional 102 staff, commenced in 1994;

- *Selective High Schools* - at present there are 19 selective high schools, an increase of 12 since 1988, and 4 agricultural high schools. About 5 per cent of Year 6 students are accepted into selective high schools and these students continue to achieve excellent results. The number of selective opportunity 'C' classes for gifted and talented students in Years 5 and 6 in government primary schools has increased from 83 in 1995 to 99 in 1997;
- *Technology Programs* - the provision of enhanced technology in schools has seen the installation in all government school of the Oasis Administration and Library systems. A number of software enhancements for OASIS will be released in 1997 and 1998 including an electronic census and additional modules for the financial package. A sophisticated centralised help desk system has been established to provide technology support to all government schools; and
- *Languages Other Than English Programs* - in the area of languages studies, programs are being targeted at increasing the number of students who undertake continuous and sequenced learning of a language for between 500 and 1,000 hours during their school career. A sponsorship program for senior secondary students to undertake language study within the country of their selected language is playing a key role in working towards this goal. This enhanced focus on languages in a number of high schools will play a key role in providing greater opportunities for students to study their home languages.

The Government is also providing additional funding to support Asian language programs and for the training of primary teachers to extend languages provision. Initiatives in Asian languages are consistent with the direction of the National Asian Language Strategy.

The Government has established a review into the teaching and learning of 20 languages in NSW schools in order to develop a comprehensive policy on languages.

1997-98 Budget

Current Payments

The Government is committed to fostering a school environment that promotes excellence in teaching and learning and encourages every child to participate in a range of school activities.

To take full advantage of school, children need to be properly equipped with clothes, shoes, books and other basic items. The Government is concerned that the rising cost of these basic items is denying some children the opportunity to participate fully in school.

From the commencement of the 1998 school year, every child attending school in New South Wales will be eligible for a Back to School Allowance of \$50 per year. The allowance will help parents and guardians meet the costs of getting their children back to school at the start of the year.

The allowance will be available to all the 1.1 million children attending school in New South Wales from Kindergarten to Year 12.

The estimates also incorporate a 4 per cent salary increase for teachers, as the second step in the salary increase awarded under the Crown Employees (Teachers and Related Employees) Salaries and Conditions Award. The award provides for an increase of 16 per cent payable in four instalments with the final instalment to be paid on 1 January 1999. The award incorporates 2 per cent funding from productivity offsets.

In 1995-96 the Government announced a wide ranging and comprehensive educational agenda supported by a four year plan of initiatives to be implemented during its first term of office. Details are -

- **Computers and Technology**

A total of \$186 million will be provided for the Government's Technology in Schools program over the four years to 1998-99. From 1999-2000, on-going funding will ensure the impetus gained in schools is maintained. During 1996-97 the Department's web site was developed and all schools were connected to the Internet. Over 22,000 computers were distributed to schools during the year.

An amount of \$65 million will be available in 1997-98 for the following:

- an additional 124 teaching positions for computer co-ordinator support in high schools;
 - the delivery of further significant numbers of computers to schools;
 - the enhancement of the Department's web site;
 - additional curriculum support materials for schools; and
 - further training for teachers in the use of technology in the classroom.
-
- **School Based Funding and Grants to Schools**

Grants to schools under global funding arrangements will total \$225 million in 1997-98. Global funding to schools commenced in 1988-89 and is being refined in line with the Government's *Fairer Schools Funding* policy.

The *Fairer Schools Funding* Report was distributed to interest groups for comment in 1996 and the implementation of any changes will involve wide consultation with school principals, parents and community groups.

- **Additional Teachers**

An additional 250 teaching positions will be funded in 1997-98, in the third step of a four year program to fulfil the Government's commitment to increase teacher numbers. This means that from 1995-96 the Government has funded an additional 776 teaching positions.

Over the period 1995-96 to 1998-99 an additional 1,405 teaching positions will be funded by the Government, comprising -

- *Literacy Teachers (Reading Recovery)* - 400 literacy teachers to provide release for teachers to train in reading recovery and to implement the program. Of these, 100 teaching positions were funded in 1995-96, a further 100 were funded in 1996-97 and 100 more will be funded in 1997-98.
- *Community Languages* - 24 community languages are taught in 172 primary schools across the State. The community languages are Arabic, Chinese, Filipino, Gamilaroi, German, Greek, Hebrew, Hindi, Indonesian, Italian, Japanese, Khmer, Macedonian, Persian, Portuguese, Punjabi, Russian, Samoan, Serbian, Spanish, Tamil, Tongan, Turkish, and Vietnamese;

The Government considers community languages a priority area and has committed an additional 96 positions to the community language program over a four year period. The allocation for 1997-98 provides for an additional 18 teaching positions bringing to 78 the number of positions provided for community languages since the Government took office;

- *Higher School Certificate* - 20 positions have been established to enable the commencement of HSC instruction at the beginning of Term 4 for Year 11 pupils and 7 positions have been created for HSC coaching;

Nineteen teaching positions have been allocated to provide a telephone advice service for HSC students by the Board of Studies. The advice line provides equal access to advice for all HSC students and in 1997 will operate during the mid semester break and the HSC examination period;

- *Technology Teachers* - The equivalent of an extra 833 teaching positions are being created over the period 1995-96 to 1998-99 to support the introduction of technology in the classroom; and
- *Support Teachers for Small Schools* - Country schools are receiving the benefit of a number of Government initiatives. The equivalent of an extra 30 teaching positions is being phased in over four years to be used for teacher professional development, curriculum development, educational enhancement plans, special school projects and administrative relief. A total of 7.5 positions is to be provided in 1997-98 which will bring the total of new positions under this initiative to 22.5.

- **Drug and Alcohol Education Program**

The Government is committed to quality drug education for all young people in schools, including those with special needs. It recognises that young people may experience great risk of harm from the abuse of alcohol, tobacco, analgesics and illegal drugs such as cannabis. As a result, it is important for primary prevention programs to be available to all students in New South Wales to assist students to understand the possible risks of drug use.

The Government is providing a further \$1 million in 1997-98 as part of a total program of \$5 million for an enhanced drug and alcohol strategy involving teacher training, quality resources, curriculum support and policy advice. Assistance will be provided to special groups such as Aboriginal students and communities, and students at increased risk of harmful drug use.

Capital Payments

The School Education capital program provides for the construction of new and replacement schools and upgrading and additions to existing facilities. The cost of sites for new schools, furniture and equipment and major computer acquisitions are also met from the capital allocation.

The capital allocation of \$129.8 million for 1997-98 will permit the commencement of 15 new projects including new or replacement schools at Carnes Hill, Unanderra, Bodalla, Narara, Armidale and Camden. Funding is also provided for the Stage 2 completions of Nirimba Senior High School and Glenmore Park High School. Facilities for behaviour disorder students will also be provided at two schools.

Work will continue on over 45 projects commenced in previous years including new or replacement schools at Blue Haven, Buxton, Camden Haven, Castle Hill, Claremont Meadows, Evans Head, Salamander and Tumby Umbi.

An amount of \$10.5 million will be spent on a wide range of minor capital works projects across the State. An amount of \$5 million will be spent continuing a program for the provision of air conditioning in schools and demountables. Roundly \$24.5 million will be spent during the year on other programs including new furniture for schools (\$4.2 million), health and safety improvements (\$6 million), facilities for integration of students with

disabilities (\$3 million), joint funded projects (\$2 million) and other various small capital projects (\$9.3 million).

NEW SOUTH WALES TECHNICAL AND FURTHER EDUCATION COMMISSION

TAFE NSW is the largest supplier of workforce training in Australia and contributes to the economic development of New South Wales through the creation of a better skilled and educated workforce. TAFE's programs are developed and delivered in a range of ways to meet the training needs of key industries, enterprises, community organisations and individuals.

During 1996, TAFE offered over 1,400 courses to over 400,000 students across New South Wales. Courses and services provided by TAFE are of high quality and are supported by relevant curriculum, comprehensive teacher skills, modern facilities and skilled managers.

Expenditure Trends and Recent Developments

Over the past few years, recurrent expenditure by TAFE NSW has increased steadily. Total current payments are estimated at \$977.3 million for 1997-98. Reductions in Commonwealth Labour Market Programs and Commonwealth Training Programs, amounting to \$7.4 million, largely account for the fall in current payments when compared with forecast expenditure for 1996-97.

Significant developments during 1996-97 included the following -

Enrolment Trends

The number of TAFE NSW enrolments in 1996 increased by 1.5 per cent to 417,873 compared with 411,643 in 1995. More than 254,000 enrolments were in major vocational award courses, making up sixty per cent of total enrolments. Between 1995 and 1996, enrolments in major vocational award courses increased by 2.2 per cent.

Enrolments in trade courses for apprentices continued to grow, an indication of increased confidence in the State economy. Trade enrolments in the hospitality and tourism area showed the greatest growth (10.2 per cent).

Indigenous student enrolment increased by 11.9 per cent and in 1996 over 13,000 indigenous students enrolled in TAFE NSW. The number of full fee paying overseas enrolments grew from 1,901 in 1995 to 2,014 in 1996, an increase of 5.9 per cent.

Young people made up a large percentage of TAFE NSW's enrolments, with over one quarter of enrolled students (103,384) being aged 19 years or under.

Restructure of TAFE and the Department of Training and Education Co-ordination

The Department of Training and Education Co-ordination (DTEC) and TAFE NSW have been restructured with the objectives of -

- creating one authority (DTEC) responsible for vocational education and training in New South Wales;
- eliminating duplication of functions; and
- streamlining the processes of policy, planning and resource allocation.

The restructure provides for the continuation of a strong TAFE NSW identity while establishing a framework for a more cohesive approach to vocational education and training, inclusive of non-government provision, within New South Wales.

TAFE and Industry

TAFE NSW works in partnership with Industry Training Advisory Boards and enterprises to ensure that courses are up to date and relevant to industry needs. Increased emphasis is being placed on workplace training and assessment and on the integration of literacy and language competencies into workplace training.

More than one thousand commercial short courses, together with training and consultancy services and the production of training resources offered through TAFE PLUS, provide custom designed services to meet the more specific needs of enterprises.

Teacher Consent Awards

The new TAFE teacher award, agreed to in October 1996, contains a number of productivity improvements including: an increased span of operating hours; a reduction in the rate payable for excess teaching hours; recognition that TAFE now operates over a fifty week year; and more flexible teacher programming provisions.

Teachers received salary increases of 8 per cent from July 1996 with provision for a further 3 per cent from July 1997 and 4 per cent from July 1998. The productivity offsets referred to above are expected to fund half of the first mentioned increase, with a further productivity offset of 1 per cent to be effected from July 1998.

Strategic Directions

Economic Development

As the largest supplier of workforce training in Australia, TAFE NSW contributes to the economic development of NSW by creating a skilled workforce. Throughout 1997-98, TAFE will continue to improve links with industry and the community to ensure that vocational education and training provision matches state wide and local training needs.

TAFE will also continue to make a contribution to economic development through the production of high quality curriculum products, in response to the training needs of industry and the community, and through the production of competency based materials and assessment methods.

Fiscal Responsibility and Increased Efficiency

TAFE NSW is participating in a number of strategies which are designed to increase the efficient use of human, physical and financial resources. These include improvement of management systems and processes, resources sharing and joint planning with other organisations and income generation through increased commercial activity and tendering for targeted funds.

Quality improvement strategies are in place to produce efficiencies and enable staff to develop more effective responses to new challenges and customer requirements.

Strategic Capital Development Plan

TAFE NSW Capital Development Plan reflects the need to maintain a responsive and cost effective system of vocational education and training throughout the State. Capital projects aim to support program areas which enhance productivity and upgrade the skills of the State's workforce. The plan has a strategic focus and is tailored to meet the training needs of the labour force. Projects address areas of high unmet demand and priority development areas.

The Strategic Capital Development Plan has four broad thrusts -

- provision for industries in which employment opportunities are projected to increase and are likely to impact on demand for training;
- facilities for identified industry training needs;
- additional student places in geographic locations experiencing substantial population growth; and
- provision of appropriate infrastructure to support innovative and flexible training, in particular, the use of communication technologies such as the Internet.

Industry and Population Growth and Demand

Meeting the priority needs of industry at State and regional levels is the major focus of TAFE NSW's capital program. The expansion and redevelopment of the building and construction facilities in Wollongong, the relocation of automotive training at Bathurst and the development of business related facilities at Liverpool, are designed to meet the local needs of industry.

Another major driver for TAFE's Capital Development Plan is regional population growth within New South Wales. Major regional growth centres continue to be in Western and South Western Sydney, Central Coast, South Coast and Far North Coast. TAFE NSW continues to improve facilities in these areas, with course provision that meets the needs of local industry and the community for skills training.

The provision of infrastructure to support innovative and flexible training is an important component of TAFE NSW's Capital Development Plan. A new project has been initiated to allow TAFE to take advantage of recent advancements in educational delivery technologies such as the Internet and multimedia teaching materials.

1997-98 Budget

Current Payments

User Choice and the Competitive Training Market

The introduction of User Choice arrangements for apprentices and trainees refers to an innovation whereby the funding for such training provision will follow the student to the trainer of the employer's choice. This will encourage the development of a competitive vocational education and training market, improve efficiency of training delivery and ensure that the diverse training needs of industry, the community and individuals are met.

TAFE NSW has been involved in the provision of user choice projects since 1996 and continues its involvement in 1997. The Government will implement user choice arrangements for all new apprentices and trainees from the commencement of 1998, subject to the resolution of a number of issues including the regulatory framework and access and equity considerations.

New Apprenticeship and Traineeship System

New South Wales has agreed to implement the New Apprenticeship and Traineeship System, within the framework of its existing legislation. The Government supports the development of a more flexible and responsive training system which is based on high quality training packages and meets the needs of industry, the community and individuals.

Particular attention will be given to consideration of the flexibility of training regulation and administration, expansion of apprenticeship and traineeship training to new industry areas and improved school to work transition. Issues associated with access and equity under the new arrangements will also be a focus for TAFE NSW.

Training for the Olympics

TAFE NSW institutes are planning appropriate training provision across the State in preparation for the Sydney Olympic Games. As part of TAFE's planning for the year 2000, it has increased provision in program areas which will service the Olympics including courses in tourism and hospitality, building and construction, languages, information technology and communications.

TAFE is already offering on site training in building and construction at the Homebush Olympic site and has negotiated to obtain accommodation on site to facilitate further training provision.

Technological Developments in Education and Training

TAFE NSW is cognisant of the value of employing a variety of educational technologies, including multimedia and Internet publishing, on line and broadband services, computer based graphic design and videoconferencing, in the provision of educational services.

Using such technologies, TAFE will continue to support its geographically dispersed student base and expand the scope of delivery methods. These developments will, in the main, be implemented through the Open Training and Education Network and the Educational Network Australia.

Capital Payments

TAFE NSW's 1997-98 capital program of \$94.4 million will permit the completion of major works at a number of colleges including Gosford, Granville, Gymea, Hornsby, Kingscliff and Shellharbour. It is also expected that the joint TAFE, Department of School Education and university development at Coffs Harbour and the refurbishment of the old Museum of Applied Arts and Sciences Building at Ultimo for the Sydney Institute will be completed.

Construction will continue on the joint TAFE and university facility at Ourimbah, the Salamander Bay project and further stages of the Campbelltown, Loftus and Wagga Wagga campuses.

Work will commence on eight new major projects in 1997-98. These include new developments at Bathurst, Griffith, Hornsby and Wetherill Park Colleges and refurbishment of sections of Blacktown College. Work will also commence on the construction of facilities in Lithgow and the refurbishment of the painting and decorating area at Wollongong College.

Construction will also commence on a vocational and professional training centre at Liverpool which will be a collaborative arrangement between the Western Sydney Institute of TAFE and the University of Western Sydney, Macarthur, with support from the private sector.

In line with Government objectives, TAFE has been allocated \$1.1 million in 1997-98 (a further amount of \$0.9 million will be spent from the recurrent budget) for the first phase of a \$22.2 million project to develop the educational use of the Internet over the next five years. A further \$2 million (including \$1.1 million from capital payments) has been allocated for the replacement and upgrading of hardware and communications equipment.

OFFICE OF THE BOARD OF STUDIES

The Office of the Board of Studies encompasses the Board of Studies, the Australian Music Examinations Board (NSW) and the Aboriginal Education Consultative Group.

Expenditure Trends and Recent Developments

In 1996-97 the Office consolidated a number of Government initiatives including the -

- implementation of the Eltis Committee Report *Focus on Learning: Report of the Review of Outcomes and Profiles in NSW Schooling*. This requires the progressive rewriting and reissue of many of the Board's syllabuses and support materials; and
- expansion of the Higher School Certificate Advice Line in 1996 which saw an almost 50 per cent increase in usage to more than 35,000 calls over a six week period.

A range of other successful initiatives were met from the Office's existing resources, including the increased involvement of country teachers in the HSC marking operation and the enhancement of examination security. Increased expenditure in 1996-97 on the capital program reflects costs associated with the relocation of the Office.

Strategic Directions

In 1997-98 the Office will continue to undertake the development and maintenance of high quality courses suited to the needs of the full range of students in primary and secondary education. It will ensure that the Board's

assessment and credentialling mechanisms provide comprehensive information and accurate measures of student achievement.

Key features will include the continuing implementation of the Eltis Report recommendations and the implementation of the Government's White Paper response to the report by Professor Barry McGaw *Shaping Their Future: Recommendations for Reform of the Higher School Certificate*.

The Office will continue to promote the maintenance of high standards in schooling in the non-government sector through rigorous application of its registration and accreditation processes and procedures.

1997-98 Budget

Current Payments

Total current payments for 1997-98 are estimated at \$57.1 million. While the major focus will be to consolidate the new services introduced in 1995-96 and 1996-97, high priority issues to be addressed in 1997-98 include -

- continuing implementation of the Eltis Committee Report recommendations which require the Board to progressively rewrite all of its Years K-6 and many of its Years 7-10 syllabuses and support documents over the next three years;
- the implementation of measures contained in the Government's White Paper on reforms to the Higher School Certificate; and
- the further expansion of opportunities for country teachers to participate in the HSC marking operation.

Capital Payments

An amount of \$670,000 will be provided to the Board in 1997-98 for capital projects. This includes \$270,000 for the ongoing program to replace examination furniture and \$400,000 for the purchase of a high speed/high quality laser printer for School Certificate and Higher School Certificate requirements.

4.3.8 MINISTER FOR THE ENVIRONMENT

OVERVIEW

Agency	Forecast 1996-97	Estimate 1997-98	Variation
	\$m	\$m	%
Environment Protection Authority			
Current Payments	83.3	84.4	1.3
Capital Payments	11.0	6.5	(-) 40.9
National Parks and Wildlife Service			
Current Payments	142.6	149.4	4.8
Capital Payments	45.2	41.9	(-) 7.3
Royal Botanic Gardens and Domain Trust			
Current Payments	16.9	18.4	8.9
Capital Payments	2.7	4.0	48.1
Centennial Park and Moore Park Trust			
Current Payments	6.2	7.0	12.9
Capital Payments	4.6	23.3	406.5
Bicentennial Park Trust			
Current Payments	1.5	2.3	53.3
Capital Payments	0.7	2.2	214.3
Total, Minister for the Environment	314.7	339.4	7.8

The increase in payments in 1997-98 compared with the previous year reflects the Government's commitment to the Environment portfolio. Specifically, the Environment Protection Authority will spend an additional \$3 million on waste management initiatives, while the increase in the National Parks and Wildlife Service has resulted from additional operating costs associated with the establishment of nine new national parks and nine new wilderness areas. The Bicentennial Park Trust will address asset maintenance requirements and Olympics related planning issues.

The reduction in capital payments by the Environment Protection Authority is mainly due to the completion of stage 1 of the scientific laboratories at Lidcombe.

The reduction in capital payments by the National Parks and Wildlife Service in 1997-98 has resulted from compensation payments of \$8.1 million made in 1996-97 to Landcom and Pacific Power for land acquired at Scheyville, Bolton Point and Lake Macquarie. This is partly offset by the commencement of repairs to the Perisher waste treatment plant.

The increase in capital payments by the Centennial Park and Moore Park Trust in 1997-98 reflects refurbishment of the Centennial Park Equestrian Centre and the Hordern Pavilion/Royal Hall of Industries. Capital payments by the Royal Botanic Gardens and Domain Trust include construction of a new garden at Mt Annan and completion of extensions to the National Herbarium building. Capital payments by the Bicentennial Park Trust in 1997-98 reflect park asset improvements and environmental management works which must be completed prior to the Olympic Games.

ENVIRONMENT PROTECTION AUTHORITY

The Environment Protection Authority's objectives are to protect, maintain and restore the quality of the environment, having regard to the need to maintain ecologically sustainable development, to reduce the risks to human health and to prevent degradation of the environment.

Expenditure Trends and Recent Developments

The Environment Protection Authority commenced operation in March 1992, with current and capital payments increasing by 30 per cent in real terms since 1992-93 to \$90.9 million in 1997-98. This increase reflects the Government's commitment to the environment as well as increased awareness by the community of environmental issues and the Authority's responsibilities.

A significant improvement in performance against the Government's waste reduction disposal target is forecast. It is estimated that there will be a 19.3 per cent reduction in waste going to landfill compared to the base year of 1990. The target by the year 2000 is a reduction of 60 per cent.

The Government will contribute \$18 million to the Waste Management Fund in 1997-98, as part of its overall waste reform package with expenditure of \$35.8 million over 1995-96 to 1997-98.

Strategic Directions

The Environment Protection Authority has developed strategies involving innovative and targeted monitoring, regulation and enforcement, the use of economic mechanisms, education programs and the planning process.

These strategies will assist the Environment Protection Authority in addressing -

- increased pressure on the environment as a result of urban population and development;
- the cumulative detrimental impacts of small and medium sized firms in contrast to the improving environmental performance of large firms;

- a continuing move to large scale, intensive agriculture and an increase in forest activities as land available for forestry diminishes; and
- the environmental impact of individual activities which combine, interact and accumulate over time.

1997-98 Budget

Current Payments

An amount of \$84.4 million will be spent by the Authority. Major allocations include -

- \$18.2 million for the Waste Planning and Management Fund; and
- contributions of \$5.2 million to the Zoological Parks Board for non commercial recurrent purposes including research and education.

Capital Payments

During 1997-98 the Environment Protection Authority will continue to improve facilities for computer supported scientific, technical and administrative facilities.

Capital funding is also provided for the initiation, on-going upgrade and installation of projects that will increase and improve the Authority's ability to undertake monitoring of all environment indicators, with specific emphasis on air and water quality monitoring, chemical contamination, waste management, laboratory processing and land contamination.

A capital payment of \$513,000 will be made to purchase equipment for monitoring toxic particles in the air. Funding is also provided for continued upgrading of the air quality monitoring network and the purchase of minor plant and equipment.

A capital grant of \$2.3 million is provided to the Zoological Parks Board.

NATIONAL PARKS AND WILDLIFE SERVICE

The overall objectives of the National Parks and Wildlife Service are to conserve, protect and manage the State's natural and cultural heritage and to provide opportunities for members of the public to enjoy, appreciate and support national parks, regional parks and conservation of the State's heritage.

Expenditure Trends and Recent Developments

Over recent years, the Service's recurrent allocation has been increased to enable improved performances in the areas of pest species and fire management, the maintenance of infrastructure within parks and the conservation of the State's biodiversity.

Since 1995-96, the Government has declared and resourced 37 new park areas as well as significantly increased the size of 18 existing parks. In addition funding has been provided for a number of smaller inclusions to the national park and reserve system.

Financial assistance towards the on-going maintenance costs of Parramatta Park has continued and preliminary work associated with the establishment of Rouse Hill and Western Sydney Regional Parks has commenced.

In 1995-96 the Government introduced the new Threatened Species Conservation Act. Given the decline in native animal and plant populations that has occurred over the past two centuries and the importance of biodiversity conservation on the environment, the Act is aimed at conserving threatened species, populations and ecological communities of native animals and plants so that they may remain viable into the future.

The Service is responsible for the management of over 40,000 assets of historical significance for New South Wales. In recognition of the conservation value of these sites a program for the maintenance of these important assets has commenced. Special attention was given to the historical assets in Sydney Harbour National Park (Fort Denison, Goat Island) and other historic sites such as Hartley Historic Site and Throsby Park.

Strategic Directions

Priorities for the Service for the coming year will relate to the establishment of new national parks, the implementation of new threatened species conservation legislation, the establishment of Western Sydney and Rouse Hill Regional Parks, improved park and reserve management and continued improvement in fire management strategies and pest species control.

These initiatives are being funded through a combination of increases in the level of Consolidated Fund support and the Environmental Trusts' funds as well as a realignment of existing resources within the Service.

1997-98 Budget

Current Payments

In continuing the Government's commitment to the environment, an amount of over \$14 million has been provided as part of a \$50 million initiative over four years for the establishment of new parks. An annual allocation of \$2 million has been provided for the on-going management costs of additions to the national park estate during the previous year.

The Service is required to prepare Species Recovery Plans for threatened species listed in Schedule 1 of the Threatened Species Conservation Act which came into effect on 1 January 1996. An initial annual allocation of \$500,000 has been provided to commence a program of recovery plans.

The program of heritage asset maintenance commenced in 1996-97 is continuing at a cost of \$2.1 million per annum.

Capital Payments

The Service's capital program enhances the community's appreciation of the environmental significance of areas and minimises environmental degradation. The program consists of acquisition of land, construction or major reconstruction of facilities and minor development works.

Expenditure on the Service's capital program over the past four years has increased from \$28.3 million in 1993-94 to \$45.2 million in 1996-97.

During this period the major fluctuations in the program were the result of infrastructure costs of new parks, land resumed under court order and the commencement of new programs aimed at improving the Service's performance over a range of areas, particularly fire and pest species management.

Historically, the Service's strategy has been to give priority to the restoration of infrastructure assets. The main criteria used for determining priorities are health and safety issues, mitigation of environmental damage and use of parks by the public. A portion of the Budget is allocated to the acquisition of land with outstanding environmental significance with the balance being directed towards replacement of the Service's motor vehicles and plant and equipment.

The allocation of \$41.9 million includes \$5.8 million for necessary infrastructure associated with the establishment of new national parks in line with the Government's pre-election commitment to the environment, and \$3.5 million for ongoing establishment works for the Western Sydney and Rouse Hill Regional Parks.

The allocation also includes \$6 million towards major augmentation works at the Perisher Valley Sewerage Treatment Plant within Kosciuszko National Park. The Government is contributing to this project following breakdowns in the Perisher sewerage system, bearing in mind the environmental value of the alpine region.

The capital program provides \$31 million for the continuation of major works including -

- ongoing roadworks in Kosciuszko National Park (\$3.3 million);
- the establishment of the Jervis Bay National Park (\$3.2 million);
- land acquisitions (\$4 million);
- fire management and pest species management initiatives (\$1.5 million);
- initial works for the establishment of other national parks (\$1.9 million);
- improvements to Lake Macquarie foreshore at Green Point (\$500,000); and
- acquisition of plant and equipment (\$7.3 million).

ROYAL BOTANIC GARDENS AND DOMAIN TRUST

The Royal Botanic Gardens and Domain Trust maintains the Sydney Gardens and Government House Grounds, the National Herbarium of New South Wales, the Domain and the Mount Tomah and Mount Annan Botanic Gardens. It also provides research, advice, education and extension services in botanical and horticultural areas.

Strategic Directions

The major priorities to be addressed by the Trust during the coming year include -

- further development of each botanic garden and the Domain to better meet the needs of visitors and service users;
- reducing costs through market testing of all non-core activities and strategic capital investment in the latest technologies; and
- continued focus on the development of opportunities to increase and diversify the Trust's revenue base.

1997-98 Budget

Highlights of the 1997-98 Budget include -

- emphasis on development of plans of management for each garden and the Domain;
- improvement of electricity supply and lighting at the Mount Annan Botanic Gardens to allow for the introduction of night events; and
- supplementation of the Trust's Capital Program with \$3.3 million from sponsorship and Trust funds.

CENTENNIAL PARK AND MOORE PARK TRUST

The Centennial Park and Moore Park Trust is responsible for the management of a highly used area of open space in Sydney, namely Centennial Park, Moore Park, Queens Park and the E.S. Marks Athletic Field.

The principle challenge facing the Trust in the coming year is the planning and successful integration of the Sydney Showground facilities into the Trust's operations. The full impact of these additional responsibilities will not be known until redevelopment of the Showground has been completed and new management arrangements are in place. The Trust expects a substantial increase in the number of people visiting the local area and the Centennial Parklands.

Strategic Directions

The Trust will continue to develop opportunities to increase and diversify its revenue base. In recent years this has allowed the Trust to improve the quality of services and increase contributions towards costs.

Strategies will increasingly focus on preserving the Parklands heritage, maintaining the integrity of the Parklands and achieving best practice in urban park management.

1997-98 Budget

Total current payments by the Trust amount to \$7 million. Key initiatives planned include tree replacement and weed management programs, improved marketing of the Parklands and development of an educational program in the lead up to the Centenary of Federation in 2001.

An amount of \$23.3 million has been allocated for capital projects which include the restoration of the Centennial Park Ponds, refurbishment of the Hordern Pavilion/Royal Hall of Industries and the Centennial Park Equestrian Centre and upgrading of Driver Avenue.

BICENTENNIAL PARK TRUST

The Bicentennial Park Trust is responsible for the maintenance and management of a significant area of open space adjacent to Sydney's Olympic Park. Expenditure over the past 5 years has been influenced by increasing numbers of visitors and asset deterioration from landfill settlement.

Expected growth in tourism and proximity to the Olympic site will affect the needs of Bicentennial Park. The Trust is committed to improving visitor services, increasing efficiency and identifying new revenue opportunities.

The Trust aims to improve standards in environmental education to provide high quality services to students and other park visitors. Opportunities for private sector involvement will be examined.

1997-98 Budget

Total current payments by the Trust amount to \$2.3 million. The Trust has received additional maintenance funding of \$850,000 to address asset deterioration from landfill settlement and Olympics related planning requirements.

The Trust has allocated \$2.2 million for capital projects which include plant replacement, upgrading of Park assets and environmental management works.

4.3.9 MINISTER FOR FAIR TRADING AND MINISTER FOR WOMEN

OVERVIEW

Agency	Forecast 1996-97	Estimate 1997-98	Variation	
	\$m	\$m		%
Department of Fair Trading				
Current Payments	79.7	74.8	(-)	6.1
Capital Payments	9.4	6.3	(-)	33.0
HomeFund Commissioner's Office				
Current Payments	1.5	...	(-)	100.0
Capital Payments .....	...	...		...
Department for Women				
Current Payments	5.1	4.7	(-)	7.8
Capital Payments	0.1	0.1		...
Total, Minister for Fair Trading and Minister for Women	95.8	85.9	(-)	10.3

Current payments for this portfolio are expected to total \$79.5 million in 1997-98.

The HomeFund Commissioner's Office is expected to close by 30 June 1997, having dealt with all HomeFund borrower complaints received by the Office.

DEPARTMENT OF FAIR TRADING

Expenditure Trends and Recent Developments

The creation of the Department of Fair Trading in 1995 marked a new era for consumers and business in New South Wales. The new Department allows customers to register a business name, seek advice on home building matters, make general consumer enquiries, clarify their rights as landlords or tenants, form co-operatives and obtain information on licence requirements at any one of the Fair Trading Centres across the State.

Total payments by the Department are estimated at \$81.1 million for 1997-98, a reduction of 9.0 per cent on 1996-97. The funding reduction mainly relates to the realisation of amalgamation savings by the Department and higher 1996-97 capital payments for the rationalisation of metropolitan accommodation.

Strategic Directions

The strategic intent of the Department of Fair Trading is for New South Wales to be recognised for value and fairness in the marketplace. This will be achieved by -

- delivering services to foster fairness and ethical trading in the marketplace;
- developing conditions which create equity and balance in the relationship between traders and consumers; and
- being a leader within Australasia in developing and implementing policy which creates an active, competitive marketplace.

1997-98 Budget

Current Payments

Key initiatives in 1997-98 include -

- \$840,000 for financial counselling which, coupled with approximately \$530,000 from the Financial Counselling Trust Fund, will provide a total of \$1,370,000 for services this year; and
- the continued establishment of Fair Trading Centres in metropolitan and country areas to provide regional communities with access to the full range of departmental services.

Capital Payments

The Department's capital payments of \$6.3 million provides for -

- the fitout of amalgamated regional offices (\$1.1 million);
- development of new computer systems in line with the wider range of services provided by the Department (\$2.4 million) and upgrade of outdated existing computer systems (\$1.8 million); and
- replacement of minor plant and equipment (\$1 million).

HOMEFUND COMMISSIONER'S OFFICE

The HomeFund Commissioner's Office was established in May 1993 to assess the merits of complaints made against the Fund, whether the complainants were entitled to any legal remedy and to determine the value of any compensation applicable.

By March 1997 the Office had received 8,330 complaints. The costs associated with any determinations made by the Commissioner concerning those complaints are met from surplus funds in the housing portfolio and do not impact on the Consolidated Fund.

As at 31 March 1997, all HomeFund borrower complaints received by the Office have been dealt with and the Office is expected to close by 30 June 1997.

DEPARTMENT FOR WOMEN

The Department for Women was established in April 1995. It provides policy advice to the Government on issues of concern to women as well as providing leadership and direction in shaping whole of government policy, programs and services for women.

1997-98 Budget

Current Payments

The Department will continue to support the Government's social justice objectives through the implementation of the NSW Action Plan for Women. This will involve continuing to work closely with the Premier's Council for Women, other Government agencies and the community to help shape the provision of policy, programs and services for women. The emphasis is on a coordinated approach across private, public and community sectors to generate the best outcomes for women in New South Wales.

The Department has estimated total payments of \$4.7 million in 1997-98. Funding of \$1 million for the Women's Grant Program will continue.

Capital Payments

The Department's capital program of \$40,000 provides for the upgrading and replacement of computer office equipment.

4.3.10 MINISTER FOR GAMING AND RACING

OVERVIEW

Agency	Forecast 1996-97	Estimate 1997-98	Variation
	\$m	\$m	%
Department of Gaming and Racing			
Current Payments	26.9	28.6	6.3
Capital Payments	10.5	17.2	63.8
Casino Control Authority			
Current Payments	3.3	2.4	(-) 27.3
Capital Payments	0.1	0.1	...
Total, Minister for Gaming and Racing	40.8	48.3	18.4

The increase in current payments for the Department of Gaming and Racing in 1997-98 compared to 1996-97 is mainly due to an increase in surveillance activity when the permanent Casino opens in late 1997 and increases in monitoring and revenue collection activity from the introduction of hotel gaming and statewide linking of gaming machines. The decrease in total current payments for the Casino Control Authority is due to the opening of the permanent Casino, which will reduce the Authority's involvement.

The increase in capital payments for the Department of Gaming and Racing is mainly due to increased capital grant expenditure by the Racecourse Development Fund and the proposed refit of the Department's accommodation.

DEPARTMENT OF GAMING AND RACING

The responsibilities of the Department of Gaming and Racing involve the proper conduct and balanced development of the liquor, gaming, racing and charity industries.

Expenditure Trends and Recent Developments

Additional recurrent funding has been provided for the Department to undertake the additional work associated with the opening of the new casino in November 1997 and the introduction of hotel gaming and statewide

linking of gaming machines. Funding has also been provided over two years for upgrading the Department's current accommodation to reasonable standards.

Strategic Directions

The on-going strategic focus of the Department is to promote the integrity and viability of the liquor, charity, racing and gaming industries. The Department's role is to ensure compliance with legislation and to educate and monitor the viability of those industries.

1997-98 Budget

Current Payments

The estimated total current payments by the Department are \$28.6 million. This amount includes \$3 million, derived from the Casino Community Benefit Levy, for expenditure by the Casino Community Benefit Fund.

Capital Payments

In 1997-98, capital grants and advances to be paid from the Racecourse Development Fund to support and develop racing facilities throughout the State will amount to \$14.4 million. Payments from the Fund include -

- provision of finance towards permanent improvements or the provision of totalisator facilities on any racecourse, or for permanent improvements to a training track and its ancillary facilities, provided they are under the management of a racing club; and
- assistance to allow horse or greyhound trainers to transfer training activities to premises at or in the vicinity of a track.

CASINO CONTROL AUTHORITY

The Casino Control Authority was established in September 1992 with the objective of maintaining and administering systems for the licensing, supervision and control of a casino.

The purpose of the Authority is to ensure that the management and operation of the casino remains free from criminal influence or exploitation, that gaming is conducted honestly and to contain and control the potential of the casino to cause harm to the public, individuals and families.

1997-98 Budget

Total current payments will be lower in 1997-98 because operating costs will reduce when the permanent Casino is opened in late 1997 and the investigation into the casino operator, required by Section 31 of the Casino Control Act 1992, is completed.

The capital allocation of \$50,000 is for replacement of fully depreciated and/or obsolete computers and other office equipment.

4.3.11 MINISTER FOR HEALTH AND MINISTER FOR ABORIGINAL AFFAIRS

OVERVIEW

Agency	Forecast 1996-97	Estimate 1997-98	Variation
	\$m	\$m	%
Department of Health			
Current Payments	5,370.1	5,590.8	4.1
Capital Payments	464.6	470.7	1.3
Health Care Complaints Commission			
Current Payments	4.5	5.3	17.8
Capital Payments .....	...	0.02	...
Department of Aboriginal Affairs			
Current Payments	2.6	2.7	3.8
Capital Payments	42.9	45.2	5.4
Total, Minister for Health and Minister for Aboriginal Affairs			
	5,884.7	6,114.7	3.9

Total current payments by the Department of Health in 1997-98 will be \$221 million or 4.1 per cent higher than the forecast level of payments in 1996-97 and 8.8 per cent higher than the 1996-97 Budget estimate. During 1996-97, the Government provided an additional \$191 million to the Department including \$134 million to fund Area Health Services experiencing growth in demand for services and to maintain services in established areas.

The 1997-98 Budget provides a further increase in Consolidated Fund support to the Department of \$223 million. Since this Government came to office, total recurrent Consolidated Fund support for the Department of Health has increased by \$914 million or 23.4 per cent.

Total current payments for the Health Care Complaints Commission will increase by 17.7 per cent mainly due to legal costs awarded against the Commission in respect of long-standing cases brought by the Commission.

The increase in capital payments for the Department of Aboriginal Affairs reflects expected increases in land tax collections in 1997-98.

DEPARTMENT OF HEALTH

The 1997-98 Budget maintains the Government's commitment to the three principal goals of the NSW Health System -

Improving health: maintaining an ongoing concern with the health of the population and outcome of programs and services;

Improving access: ensuring access to comprehensive services is available on the basis of need; and

Improving quality of care and service: fostering best practice, providing the patient with a clear and easy pathway through the system and managing resources effectively.

The Budget will enable progress to be made in the achieving a fairer share of resources and increased access to health services in New South Wales. All health services will benefit from the increased funding but particular emphasis will be given to the population growth areas of South Western Sydney and outer Western Sydney, the Central Coast and the North Coast.

Initiatives and programs for improved health for specific population groups, including Aboriginal people and people with mental health problems, will receive a major funding boost.

The allocation also provides for a renewed emphasis on delivering increased community health services. The increased funding is allowing the Department to plan for and consult on a range of appropriate services, details of which will be announced for implementation from 1 July 1997.

Consistent with the Government's commitment to improve efficiency across the system, the Department will be achieving efficiency gains in specified areas, including in administration and support services. These efficiencies will be achieved with no adverse impact on the delivery of services.

Expenditure Trends and Recent Developments

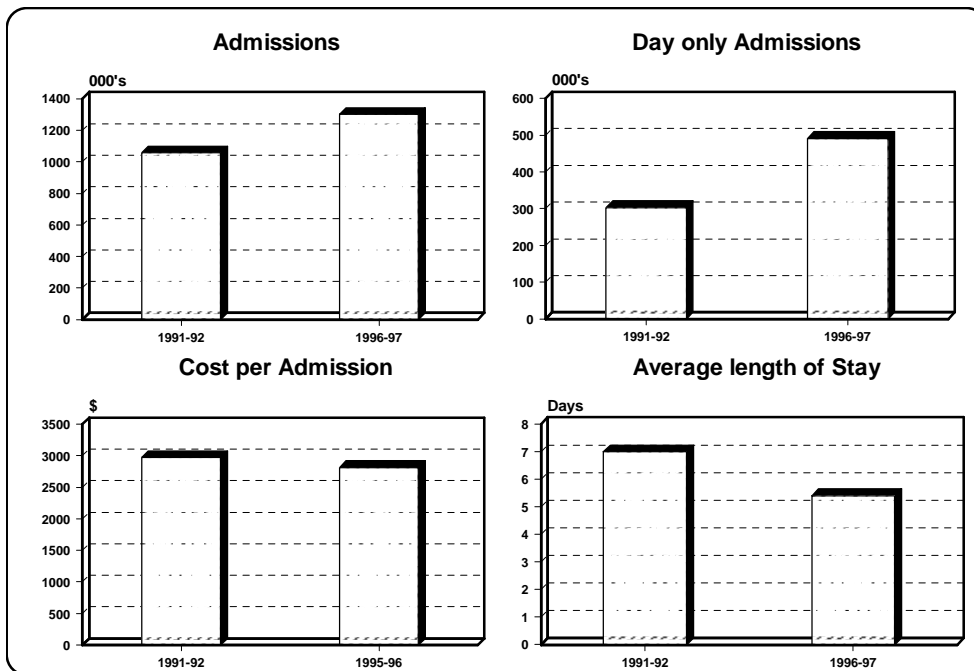
The NSW health system continues to experience increasing levels of activity due to the growth and ageing of the population, the availability of new treatments and rising community expectations. Demand pressures on the public health care system have been aggravated by declining private health

insurance coverage which has fallen by over 5 per cent per annum in the last three years.

There has been a 23 per cent increase in admissions from 1.06 million in 1991-92 to an estimated 1.3 million in 1996-97. Day only admissions continue to increase and now represent 37 per cent of all admissions compared to 29 per cent in 1991-92.

The average length of stay has declined from 7 days in 1991-92 to an estimated 5.4 days in 1996-97, a reduction of 23 per cent over this period.

The cost per admission has also reduced from \$2,971 in 1991-92 to \$2,815 in 1995-96, a reduction of 5.3 per cent.



Strategic Directions

The Government released *Caring for Health - The NSW Government's Vision for Health*, in August 1995. The statement provides a comprehensive outline of the objectives and policy priorities which the NSW health system is now pursuing. Renewed emphasis is placed on meeting the needs of vulnerable and disadvantaged groups in the community.

The vision statement was followed in October 1995 by the Government's *Economic Statement for Health* which sets out a range of reforms which will be phased in over the next few years.

During 1996 the Government reviewed its approach to achieving fairness in health funding. In 1997-98 the Government will improve the fairness of the allocation of health funding by targeting new funding to Area Health Services of highest need. New funding will be tied to the delivery of additional services. In addition, the following measures will be pursued in the coming years -

- arrangements for planning and funding specialty services will be established during 1997-98;
- over a three year period, hospitals will be required to achieve the cost level of their efficient peer hospitals;

- casemix information will be used as a tool by Area Health Services for setting the budgets of hospitals; and
- improved networking of support services across Area Health Service boundaries will be implemented progressively.

During 1997-98 the Department of Health will provide priority access to two groups of patients: those with the most urgent need for treatment and those who have been waiting a long time. This is intended to reduce waiting times for patients in hospital emergency departments and for patients requiring urgent elective surgery and to reduce the number of patients waiting longer than twelve months for elective admission.

Capital Strategy

The 1997-98 capital program promotes asset strategies which complement the restructuring of services and aim to achieve an improvement in the system's capacity to meet increased demand while maintaining equity and quality of services. The Department of Health will continue to improve asset management including establishing clearer linkages between asset performance and the services the assets support.

The capital program reflects investment in the priority areas of the Department of Health. For example, the Macarthur Sector Strategy aims to improve access to health services; Nepean Stage 2 and Royal North Shore Paediatrics will improve the quality of health services; the Central Coast Community Health project will focus on providing greater availability of primary and community health services; and increased expenditure on Information Management and Technology will build on past information reforms to improve the way in which Health performs its business and to enhance decision making at all levels.

1997-98 Budget

Current Payments

- **Mental Health**

The NSW Government places a very high priority on enhancing the range and standards of mental health services in this State. Additional recurrent funding of \$7 million was provided from December 1996 (\$10 million

annually) and a further enhancement of \$7 million per annum is projected for 1997-98.

Funds are being directed in accordance with the Government's Mental Health policy goals concerning social justice, including suicide prevention, adolescent depression intervention, specialist mental health services for children and young people including those of culturally diverse backgrounds.

- **Aboriginal Health**

NSW Health will continue its commitment to improving the health status of the Aboriginal and Torres Strait Islander peoples through the Partnership Agreement with the Aboriginal Health Resource Cooperative, the peak body for Aboriginal Community Controlled Health Services, which ensures greater community participation in the development of health services and programs.

Major areas which will be addressed are the development of Aboriginal Health Information data, the implementation of the Aboriginal Family Health Strategy, the development of Aboriginal local and State health strategic plans and the implementation of the NSW Aboriginal Health Policy.

Expenditure on Aboriginal health services is estimated to be \$18.1 million in 1997-98, an increase of \$6.2 million from 1996-97.

- **Community Health Services**

The Government is committed to a strong Community Health sector. The delivery of appropriate community-based services will enhance health education, disease prevention, and specific services in the areas of the health of young people, ageing and disability, multicultural health, palliative care, dementia and health responses to violence in the community. During 1997-98 the Department will issue a number of important documents including community health policies on aged care, disability, palliative care, dementia and refugee and youth health.

- **Child Protection**

The health effects and social consequences of sexual, physical and emotional abuse and neglect of children have been given a high priority. Services for physically and emotionally abused and neglected children and their families will be established in all Area Health Services.

- **Other Initiatives**

Additional funding provided in the 1997-98 Budget includes -

- \$5.9 million, on an annual basis, for teaching and research;
- \$400,000 for schizophrenia research;
- \$1 million on an annual basis to relieve waiting times for persons requiring dentures;
- \$550,000 to improve the planning, management and delivery of services which address violence against women;
- \$750,000 on an annual basis to pilot service delivery models in community health; and

- \$1.5 million annually for community health nurses in priority areas including Aboriginal health, mental health and aged care.

Capital Payments

The capital program allocation of \$470.6 million for 1997-98 provides for the continuation of major upgrading and redevelopment works at Blacktown/Mt Drutt, Broken Hill, Dubbo, Lower North Coast and Lithgow, as well as the ongoing implementation of works for Aboriginal, rural and mental health.

Provision has been made for the commencement of the following major new works -

Project	1997-98 Allocation \$m	Estimated Total Cost \$m
Macarthur Sector Strategy - upgrading of Campbelltown hospital; redevelopment of Camden hospital and new community health centres at Tahmoor and Rosemeadow.	1.0	79.0
Nepean Stage 2a Redevelopment - construction of a new Women and Children's Health building; replacement of ward accommodation; enhancement of intensive care; provision of on-site nuclear medicine services; co-location of the day hospital; provision of teaching and education facilities and upgrading of pathology.	14.0	58.8
Tweed Heads Stage 3 - improving the functional layout of the hospital including additional therapy areas and community health services.	1.5	25.0
Central Coast Community Health Strategy Stage 1 - new community health centre at Long Jetty with retention of some existing facilities and refurbishment of inpatient accommodation; new community health centre at Lake Haven.	3.0	3.0
Westmead Institute of Health Stage 1 - new facility to house the virology research group, Westmead Institute for cancer research, Storr liver unit and Institute for Immunology and Allergy Research.	5.3	5.3
Royal North Shore Hospital Paediatric Services - provision of a new paediatric services and emergency facility.	1.0	11.7
Information Management and Technology Strategy Stage 2.	24.0	59.3
Nursing Home Program - upgrading of various State Government Nursing Homes to comply with Commonwealth standards.	8.0	75.1

HEALTH CARE COMPLAINTS COMMISSION

The Health Care Complaints Commission is a statutory body reporting directly to Parliament. The Commission has powers to investigate complaints against all health practitioners, hospitals, institutions and health programs.

Total estimated payments for the Commission amount to \$5.3 million. No additional funding has been provided in 1997-98.

DEPARTMENT OF ABORIGINAL AFFAIRS

The Department of Aboriginal Affairs provides policy advice to the Minister and advisory services to the Government. The Department is committed to assisting Aboriginals in New South Wales achieve meaningful and sustainable improvements in their socio-economic conditions.

Through the provision of support to Government agencies, the Department seeks to maximise the effective delivery of Government programs and services, with an emphasis on improved outcomes for Aboriginal and Torres Strait Islander people.

Estimated total current payments for 1997-98 are \$2.7 million.

1997-98 Budget

Capital Payments

The major component of the capital program of the Department is the payment to the NSW Aboriginal Land Council. This is based on 7.5 per cent of the previous year's land tax collections, a statutory requirement of the NSW Land Rights Act 1983 which commenced in 1984 and concludes in 1998. For 1997-98 the funding estimate for the Land Council is \$43 million.

Since the first payments were made in 1984, over \$460 million has been provided to the Land Council, half of which has been invested in a statutory fund, the remainder being used for land councils' administration, maintenance of existing assets and purchase of land and related capital equipment.

The New South Wales Government and the NSW Aboriginal Land Council will each contribute \$2.25 million in 1997-98 to the Aboriginal Infrastructure Program. The program assists in the construction of new dwellings, house repairs and maintenance, water supply, sewerage and road works.

4.3.12 MINISTER FOR LAND AND WATER CONSERVATION

OVERVIEW

Agency	Forecast 1996-97	Estimate 1997-98	Variation
	\$m	\$m	%
Department of Land and Water Conservation			
Current Payments	362.5	375.5	3.6
Capital Payments	143.1	138.9	(-) 2.9
Total, Minister for Land and Water Conservation	505.6	514.4	1.7

Major variations in the 1997-98 current payments compared with the previous year include increased expenditures on the forestry restructure package (\$11.5 million) and additional funding for the commencement of the Native Vegetation Fund (\$5 million each year for three years).

Capital payments in 1997-98 include significant works such as the \$0.6 million provided as the first stage in a \$4 million project for rehabilitation of wetlands on Kooragang Island. Funding for works in progress includes \$2.7 million for flood security and upgrade works at major dams controlled by the department, \$6.1 million for natural resource information systems and \$1.9 million for the State Recreation Area infrastructure improvements.

DEPARTMENT OF LAND AND WATER CONSERVATION

Expenditure Trends and Recent Developments

During the latter part of 1996-97 the Department undertook a major organisational review. The review was aimed at developing a flexible organisational structure to better deliver services in rural areas and deliver the Government's priorities for land, water and vegetation management. The review will assist in achieving cumulative, ongoing expenditure savings. These savings are being achieved through the elimination of duplication of technical and administrative services, rationalisation of infrastructure and equipment and streamlining administrative processes.

Recent major developments include -

- the commencement in 1995-96 of a \$120 million program funded dollar for dollar with the Commonwealth for structural adjustment within the forestry industry;

- funding for Land and Water Management Plans for the irrigation areas and districts, in line with reforms in the water industry. These plans are designed to ensure ecologically sustainable development in specific areas. Plans are now being implemented in four districts in the Murray Region (Wakool, Berriquin, Denimein and Cadell) with development commenced for plans in Coleambally, Murrumbidgee and Jemalong and Western Murray;
- introduction of a \$10 million socio-economic package funded dollar for dollar with the Commonwealth to support the World Heritage listing of the Willandra Lakes area; and
- implementing the West 2000 initiative, an integrated adjustment and recovery program in the Western Division.

Strategic Directions

The Department of Land and Water Conservation is the State's major natural resource management agency. The Department adopts an integrated approach to managing the land, vegetation, water and coastal resources to achieve the mix of social, economic and environmental outcomes most acceptable to the community. To deliver the required outcomes the Department's strategies focus on four key result areas -

- improving the health and productivity of the State's ecosystems;
- providing security of access to resources and clarifying access rights of resource users;
- community involvement in the sustainable management of natural resources; and
- collecting and maintaining natural resource information to facilitate decisions on resource management by the community, Government and other stakeholders.

The major priorities of the Department in 1997-98 are the delivery of the Government's reforms to rural water supply, conservation of native vegetation and structural reform in the timber industry.

Major strategies in the delivery and sustainability of water supply include pricing reform and setting standards for environmental river flow and water quality.

The Government is establishing a Native Vegetation Management Fund which will provide an incentive package designed to support management of native vegetation while achieving a balance between public and private interests.

1997-98 Budget

Current Payments

Major expenditures include -

- \$32 million for the second year of the five year \$120 million Forestry Industry Structural Adjustment Package which covers payments for worker assistance and retraining, business exit assistance and industry development;
- \$5 million in 1997-98 for the Native Vegetation Management Fund out of a total of \$15 million to be provided over three years;
- \$5 million ongoing funding for the Total Catchment Management Program;
- \$3 million funding for the Salt Action program;
- \$4 million for the Rivercare program;
- \$14.8 million as New South Wales' contribution to the Murray Darling Basin Commission;
- \$5 million to reduce the incidence of algal blooms in the State's waterways;
- \$2 million for the continuing program of rehabilitation of artesian bores;
- \$13 million subsidy to irrigation areas and districts and \$17.1 million from the Commonwealth and State for the implementation of Land and Water Management Plans, with the Commonwealth component subject to negotiation; and
- \$4.8 million for the Willandra Lakes World Heritage listing package.

Capital Payments

Major capital payments in 1997-98 include -

- \$21.4 million towards the establishment of hardwood plantations;
- \$50 million for commitments to water supply and sewerage projects in country towns;

- \$8 million towards the Government commitment of \$15 million for the construction of the Wollongong Entertainment/Sports Centre;
- \$1.9 million for infrastructure projects in State Recreation Areas;
- \$6.2 million for the continuation of the Tweed River sand bypass project;
- \$0.6 million as the first stage in a \$4 million project for the rehabilitation of wetlands on Kooragang Island;
- \$2.7 million for flood security and upgrade works at Burrinjuck, Chaffey, Pindari, Burrendong, Copeton and Keepit dams;

- \$2.4 million for continuing development of the Crown Land Information Database;
- \$2.1 million for the completion of the Digital Cadastral Database; and
- \$0.4 million on automation of major regulatory weirs.

4.3.13 MINISTER FOR LOCAL GOVERNMENT

OVERVIEW

Agency	Forecast 1996-97	Estimate 1997-98	Variation
	\$m	\$m	%
Department of Local Government			
Current Payments	80.6	81.8	1.5
Capital Payments	3.5	4.4	25.7
Total, Minister for Local Government	84.1	86.2	2.5

DEPARTMENT OF LOCAL GOVERNMENT

The Department of Local Government's principal functions are the development and oversight of the legislative and policy framework within which local councils operate, the investigation of issues affecting local government performance and operations, the improvement of local council accountability to their residents and ratepayers for their performance and the establishment of best practice guidelines.

Expenditure Trends and Recent Developments

The Department's payments for 1997-98 will increase by \$1.2 million or 1.5 per cent. The principal element is the Pensioner Rebates Scheme (\$70.0 million).

The 1993 Local Government Act is the principal piece of legislation under which councils operate and is kept under regular review to meet the needs of systemic change, micro economic reform and changes in the method of regulation. Although its present functions relate to the policy and strategic management of the local government framework, the Department maintains a direct oversight of some local council operations and is responsible for the investigation and prosecution of pecuniary interest complaints about councillors and staff.

Strategic Directions

The Government's policy statement on the Application of National Competition Policy to Local Government was finalised in June 1996 and was followed by Competitive Tendering Guidelines in January 1997. Pricing and costing guidelines for local government and a guideline on the Management of Competitive Neutrality Complaints will be available for introduction during 1997-98 and the Department will take on the role of handling complaints about competitive neutrality in councils.

Benchmarking of local government services has been the subject of a number of studies in New South Wales and a reference to the Independent Pricing and Regulation Tribunal into benchmarking of local government services will be progressed during the year. A review of performance indicators published by the Department has been undertaken and an enhanced format will be available.

As an outcome of the Minister's Local Government Reform Task Force, work has commenced on a number of issues, including access and equity of local government services, encouraging regional co-operation among councils and establishing crime prevention strategies at the local government level.

The performance building code will be introduced for the 1997-98 year requiring substantial support during its introduction in order to obtain the maximum gains from a more flexible regulatory system.

1997-98 Budget

Current Payments

The Australian Building Codes Board has been responsible for the development of the performance based building code and the Department has had an active involvement in that process. New South Wales has the largest building industry and consequently has had a major input into the process.

The Australian Building Codes Board will continue to support the Fire Code Reform Centre which is undertaking research to increase the flexibility of the building code for construction of major buildings. There is further potential for significant savings on major buildings.

The development of companion animals legislation will continue. Proposals have been the subject of a Green Paper and it is expected that the Government's position will be finalised during 1997-98.

The Local Government Act will be kept under review to ensure that it remains up to date and in keeping with the contemporary expectations of public bodies.

Capital Payments

Total Capital Payments for 1997-98 will be \$4.36 million. This includes the second instalment to implement a Government commitment to spend \$15 million on urban stormwater run-off in the Blue Mountains area. The Roads and Traffic Authority will contribute an equal amount.

The first year of this program has concentrated on research and pre-design activities that will minimise the project's impact on sensitive environmental areas. The capital works will take place over the next two years of the

program. Capital works will be integrated with both land remediation and community education to ensure both involvement of the local community and a sustainable result.

In addition, the Department will complete its computer project ('Migration 97') during 1997-98. Implementation of this project assures that computer systems can continue to support achievement of the Department's corporate goals.

4.3.14 MINISTER FOR MINERAL RESOURCES AND MINISTER FOR FISHERIES

OVERVIEW

Agency	Forecast 1996-97	Estimate 1997-98	Variation	
	\$m	\$m		%
Department of Mineral Resources				
Current Payments	33.5	31.6	(-)	5.7
Capital Payments	6.9	6.9		...
Coal Compensation Board				
Current Payments	4.1	2.3	(-)	43.9
Capital Payments	50.0	40.8	(-)	18.4
New South Wales Fisheries				
Current Payments	25.6	25.1	(-)	2.0
Capital Payments	1.2	1.3		8.3
Total, Minister for Mineral Resources and Minister for Fisheries	121.3	108.0	(-)	11.0

DEPARTMENT OF MINERAL RESOURCES

Expenditure Trends and Recent Developments

Major recent developments for the Department of Mineral Resources include

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- the Discovery 2000 program, which has continued to provide high quality geoscientific data to industry and has been successful in encouraging exploration in New South Wales;
- exploration investment in New South Wales increased during 1996-97. This was highlighted by the discovery of a new base metal deposit near Girilambone, with a resource of 9.75 million tonnes of 3 per cent copper;
- a whole of Government approach has been introduced to streamline the approvals process to maintain continued investment in mine development. This approach will resolve land use conflicts while maintaining rigorous environmental controls;

- a major review of mine safety was undertaken in 1996-97 as the result of a number of serious and fatal accidents. This is in addition to the Gretley Judicial Inquiry. Mine safety continues to be a major priority for the Department with the development of a more effective approach to mine safety; and
- significant effort directed toward the improvement of the environmental management of mining operations. The Department has focused on facilitating the development of environmental management plans for all mine sites, and a program of environmental audits and investigations of these sites. Environmental guidelines and policies are currently under development.

Strategic Directions

The Department of Mineral Resources' mission is to ensure that the people of New South Wales benefit from the responsible assessment, development and management of the State's mineral resources. As such, the Department's core business focus is on the areas of resource assessment, resource allocation and resource management.

Current issues relate to land access and use, the environment and global competition. As such, the following long-term strategies have been developed -

- a rigorous program of promoting the potential of New South Wales for mineral resource exploration and mining;
- whole of Government discussions to resolve land access and use issues, to ensure that the Government's economic, environmental and social objectives can be achieved;
- implementation of the Mine Safety Review and the Gretley Inquiry recommendations;
- development and implementation of a community consultation process to ensure the community is involved in mining development assessment; and
- the review of environmental security deposit policy and processes, with the aim of ensuring that all mines have a realistic security deposit to meet the cost of rehabilitation works.

1997-98 Budget

Current Payments

Total current payments in 1997-98 will be \$31.6 million. This includes -

- \$9.2 million to acquire, analyse, interpret and disseminate geoscience and resource information to ensure that an appropriate level of resource information is available to industry and interested bodies;
- \$7.4 million to identify and promote mineral resource investment opportunities in New South Wales, to ensure the fair and timely allocation of the right to explore and mine, and to obtain an equitable return to the community from the development and allocation of mineral resources; and
- \$12.8 million to ensure that mineral resource development is carried out in a safe and environmentally responsible manner.

Capital Payments

Total capital payments in 1997-98 will be \$6.9 million. This includes -

- \$2.6 million for the Discovery 2000 project which will continue mapping and collating geological and geophysical information over large areas of the State. A major focus in 1997-98 will be the continued computerisation of existing hard copy geological data;
- \$2.3 million for the Information Technologies Facilities project which will review, enhance and re-engineer the Department's information systems in order to meet business needs and to improve service to the industry, community and Government; and
- \$0.5 million for the extension of the Department's core library at Londonderry. The library stores core samples for industry assessment.

COAL COMPENSATION BOARD

The Coal Compensation Board is responsible for receiving, determining and paying compensation for claims resulting from the acquisition of coal rights under the Coal Acquisition Act 1981.

The Board is continuing strategies to accelerate the processing of claims in order to complete the Coal Compensation Scheme by 31 March 1998. Total compensation paid since inception of the Scheme will have totalled \$424 million by 30 June 1997.

1997-98 Budget

Current Payments

Recurrent funding for 1996-97 of \$2.2 million has been provided for the Board to continue its processing of coal compensation claims. This includes \$400,000 allocated for redundancy payments related to the closure of the Board by 31 March 1998.

Capital Payments

An allocation of \$40.8 million for 1997-98 has been provided for compensation payments.

NEW SOUTH WALES FISHERIES

New South Wales Fisheries undertakes research, management, and compliance programs in order to conserve the State's fisheries resources and their habitat, to promote sustainable harvests, to allocate the resource fairly between users, and to facilitate the further development of viable aquaculture industries.

Expenditure Trends and Recent Developments

Key initiatives over the past year included -

- the implementation of revised consultative arrangements;
- the assessment of the catch histories of all commercial fishers;
- the introduction of a share management fishery for abalone and lobster;
- the introduction of restricted access for all commercial fisheries; and
- a review of management arrangements for the native freshwater recreational fishery and the commencement of reviews on spearfishing and the marine recreational fishery.

Strategic Directions

Monitoring of our fisheries stocks will continue to expand as will the development of management plans for each fishery. Increased priority will be given to conservation planning and management planning for the aquaculture industry.

Specific actions proposed include -

- ongoing improvements in the quality of commercial and recreational fishing databases;
- the progressive implementation of management plans that are consistent with the principles of ecologically sustainable development for all fisheries resources;
- the progressive development of Aquaculture Industry Development Plans and Quality Assurance Plans for the oyster industry; and
- increased emphasis on the conservation of our fisheries resources and their habitat.

1997-98 Budget

Current Payments

Key recurrent initiatives to be implemented in 1997-98 include -

- an increase in the number of fisheries resources with management plans, consistent with ecologically sustainable development, in place;
- the introduction of improved commercial fisheries database forms and the completion of additional stock assessments of fishery resources;
- an increase in the number of estuaries with aquaculture industry development plans and quality assurance programs in place;
- completion of reviews of the spearfishing and marine recreational fisheries; and
- the introduction of threatened species provisions in the Fisheries Management Act 1994 and renewed emphases on conservation issues.

Capital Payments

Key capital initiatives to be implemented in 1997-98 include -

- completion of the database enhancement commenced in 1995-96; and
- the completion of effluent pond construction at major research stations to comply with EPA requirements.

4.3.15 MINISTER FOR THE OLYMPICS

OVERVIEW

Agency	Forecast 1996-97	Estimate 1997-98	Variation
	\$m	\$m	%
Olympic Co-ordination Authority			
Current Payments	41.1	40.0	(-) 2.7
Capital Payments	431.7	628.1	45.5
Total, Minister for the Olympics	472.8	668.1	41.3

The large increase in capital payments for the Olympic Co-ordination Authority is the result of major program commitments and achievement of milestones in the delivery of facilities and infrastructure, including major new works at various Olympic sites and the escalation of construction activities on the RAS Showground, the Olympic Park rail station, the rail loop and associated infrastructure at Homebush Bay.

A detailed review of issues relating to the Sydney 2000 Olympics and Paralympics is given in Chapter 6.

OLYMPIC CO-ORDINATION AUTHORITY

The Olympic Co-ordination Authority is responsible for implementing strategies for the planning, redevelopment and management of the 760 hectare Homebush Bay area. It is responsible for the delivery of new sporting and recreational facilities and venues at Homebush Bay, Penrith Lakes, Blacktown, Bankstown, Horsley Park and Cecil Park to be used during the Olympic and Paralympic Games. The facilities are to be designed predominantly with their longer term, post 2000, use in mind. The Olympic Co-ordination Authority is also responsible for the relocation of the Royal Agricultural Society to the new Showground site at Homebush Bay.

The Authority also has responsibility for co-ordinating the New South Wales Government's involvement in the preparations for the Olympic and Paralympic Games and for maintaining close liaison with the Sydney

Organising Committee for the Olympic Games (SOCOG) and the Sydney Paralympic Organising Committee (SPOC).

In promoting, co-ordinating and managing the development of the Homebush Bay area, the Authority's functions include the provision and management of buildings, transport and other infrastructure to service the area.

Included within the Olympic Co-ordination Authority's allocation are amounts provided to the Darling Harbour Authority as a Social Program Policy payment for maintenance of assets and minor capital works.

Expenditure Trends and Recent Developments

The Olympic Co-ordination Authority (OCA) was established in June 1995 following the amalgamation of five agencies which previously shared the responsibilities for providing Olympic facilities. The budgets of the five agencies have been consolidated.

During 1996-97, close to \$2 billion worth of work was commenced or contracts were placed for major projects at Homebush Bay including the Olympic Stadium (\$690m), Olympic Athletes Village (\$470m), Sydney Showground (\$388m), internal roads and pedestrian ways (\$190m), rail loop and station (\$95m), undergrounding of the high-voltage power lines (\$40m), electrical and communications networks (\$40m) and remediation works (\$50m). The new Showground and the rail projects will be completed in time for the 1998 Royal Easter Show.

In addition, development work commenced on the Horsley Park Equestrian Centre, the Hockey Centre and Ferry Wharf at Homebush Bay. The venue for the additional Olympic sport of women's softball was chosen at Blacktown and Bankstown was selected as the location of the Olympic Velodrome. Both these facilities will be developed as permanent legacies to those respective sports after the Sydney Games, with the velodrome site serving as a multi-purpose sport and recreational venue for the community of Sydney's south-west.

Cecil Park has now been selected as the site for the international shooting venue which will provide a permanent first-class venue for the sport of shooting. The selection of the preferred proponent for the Multi-Use Arena is entering the final negotiation stages.

A Master Concept Design for the public domain at Homebush Bay was released early in 1997. The design provides for a linkage between the various venues at Homebush Bay and the adjacent parklands and recreational areas. The design will ensure that crowds flow freely in and out of Homebush Bay at the time of large events, an essential criterion for the Olympic period.

The Homebush Bay Masterplan also identified 350 hectares of land to be set aside for Millennium Park which would be a legacy of the Olympic Games. Combined with Bicentennial Park, this provides for the western suburbs a facility equivalent to but larger than Centennial and Moore Park in the

eastern suburbs. A design team has been established to develop concepts for the park, the environmental and economical development of which is a major challenge for the Authority to achieve integration with the proposed infrastructure and facilities being developed at Homebush Bay.

Strategic Directions

The Olympic Co-ordination Authority is required to build facilities which meet both the needs of the Sydney Organising Committee for the Olympic Games for staging the Games and importantly for also providing long term sporting, social and cultural benefits for the people of New South Wales. In developing these facilities, the Authority incorporates the special needs required for the staging of the Paralympic Games in 2000. The Authority seeks to maximise opportunities for the private sector to design, construct, finance and operate the major sporting facilities.

Homebush Bay's long term future is as a mix of uses - sporting and recreational, exhibition and entertainment, residential and commercial, as well as being the site for the Royal Easter Show and the primary zone for the staging of the 2000 Olympic Games and for all Paralympic Games events. As a result a number of strategies have developed which cover the variety of uses for the site -

- the Homebush Bay Masterplan divides the site into major project areas including an urban core, the Newington residential district with adjoining town centre and open space which provides ecologically distinct areas, nature corridors, habitat and active recreational opportunities including Millenium Park;
- the remediation and landscaping of contaminated sites primarily for open space and carparking. A program has been established to ensure that remediated sites do not pose any risk to the public or the environment;
- an environmental management strategy for the protection of the natural environment at Homebush Bay;
- a transport strategy to service Homebush Bay which ensures that the area is serviced by a flexible multi-modal system that will cater for peak, median and low demands and maximise the potential for utilisation of public transport systems;
- a water cycle strategy to address the issues of stormwater and waste water recycling, and minimisation of potable water consumption; and
- interactive processes at all stages to involve developers, environment and other community groups.

1997-98 Budget

Current Payments

Current payments include \$27.3 million for -

- supporting the delivery of sporting and recreation facilities suitable for the staging of the 2000 Olympic and Paralympic Games as well as the operating costs of the Penrith Lakes complex;
- supporting the urban development, infrastructure and remediation works at Homebush Bay and other Olympic and Paralympic venues;

- operation of the Information Centre at Homebush Bay to provide the public with information on the development of Homebush Bay in the lead-up to the new Sydney Showground and the venues for the 2000 Games;
- support and development of a number of Olympic related functions that will improve community participation in and understanding of the Olympic Games;
- co-ordination and monitoring the New South Wales Government's involvement in the Sydney Olympic and Paralympic Games;
- maintenance and operation of completed facilities as necessary for their Olympic use and their long term continued viability; and
- facilitation of the initial Royal Easter Show to be held at Homebush Bay in 1998.

The Sydney Paralympic Organising Committee will be provided with a \$4 million grant toward operating expenses.

Capital Payments

The significant level of funding of \$628.1 million for Olympic and Paralympic projects provides for costs associated with preparations for the Olympic and Paralympic Games and represents the acceleration of the development program at Homebush Bay to enable the relocation of the Royal Agricultural Society in time for the staging of the 1998 Royal Easter Show.

Significant revenues of \$266.6 million, including a \$218.8 million contribution from SOCOG and \$47.8 million in own source revenue, will be available which means that taxpayer support will actually fall to \$361.5 million in 1997-98, compared with \$429.8 million in 1996-97.

Expenditure in the current and next financial years has been fully provided for in framing the Budget and Forward Estimates to accord with Government policy that the costs associated with the Olympics should be funded within the Budget so that future taxpayers will not have to meet any debt.

Major projects to be progressed during 1997-98 include -

- expenditure of \$2.3 million on Stage 3 of the rowing course at Penrith Lakes;
- \$23 million to complete the railway loop and station which will link Homebush Bay with the Sydney rail network including improvements proposed by the State Rail Authority to rail infrastructure in the Flemington Junction area;
- an amount of \$178.9 million for the facilities at the new Showground;
- the remediation of the Olympic Village site at a cost of \$52.7 million in 1997-98;
- the continuation of infrastructure and services projects including provision for gas, water and sewerage at a cost of \$33.9 million in 1997-98;
- \$28.4 million for Olympic siteworks and landscaping;
- \$33.5 million for scoping and/or commencement of various Olympic and Paralympic facilities and venues including velodrome, tennis, hockey, equestrian, shooting and training facilities;
- \$147.8 million for other transport infrastructure including roads, bridges, parking, pedestrian and ferry wharfage projects; and
- \$34.8 million on Government-funded construction works associated with the Olympic Stadium.

The total cost of construction (escalated to 1997-98 dollar values) is estimated at \$2,111.8 million. This is offset by grants from the Commonwealth of \$175 million, contributions from SOCOG of approximately \$295.6 million and interest received from investments and other minor revenue of approximately \$42.8 million. The net cost to Government of the Olympic capital program (i.e. excluding investment by the private sector) to 2000-01 is estimated at \$1,598.4 million in 1997-98 dollar values. This represents less than 1.5 per cent of total State Budget outlays for the corresponding period.

4.3.16 MINISTER FOR POLICE

OVERVIEW

Agency	Forecast 1996-97	Estimate 1997-98	Variation
	\$m	\$m	%
Ministry for Police			
Current Payments	3.4	3.4	...
Capital Payments .....	...	...	...
New South Wales Police Service			
Current Payments	992.9	1,026.9	3.4
Capital Payments	43.8	34.7	(-) 20.8
New South Wales Crime Commission			
Current Payments	5.9	6.7	13.6
Capital Payments	0.4	0.3	(-) 25.0
Police Integrity Commission			
Current Payments	3.4	9.7	185.3
Capital Payments	1.2	1.0	(-) 16.7
Total, Minister for Police	1,051.0	1,082.7	3.0

Current payments for the NSW Police Service will increase in 1997-98 mainly due to additional compensation payments in respect of the Guns Buy Back Scheme. Whilst the Commonwealth will reimburse the State for the payments, they are included as an expense of the agency.

The increase in current payments for the Police Integrity Commission reflects its operation for a full year in 1997-98 as opposed to six months in 1996-97.

The reduction in the Police Service capital program in 1997-98 arises from the deferral of properties projects until assessment can be made of the impact of the restructure on the Police Service's accommodation needs.

MINISTRY FOR POLICE

The Ministry provides the Minister for Police with independent advice on policy and resource allocation across the Police portfolio and supports the Minister in the performance of ministerial functions including the Government's legislative programs for the portfolio.

Expenditure Trends and Recent Developments

The Ministry was created early in the 1992-93 financial year. It expanded late in 1992-93 to support the Emergency Services portfolio, and in 1994-95 became host agency to the Minister's Office. In 1995-96, following the change of Government, responsibility for the Emergency Services portfolio was transferred.

The Ministry provided administrative support, policy advice and research services to the Police Board, until the Board's abolition mid-way through 1996-97. Since then it has assumed some of the Board's residual functions. From 1997-98, the Ministry will fund the office of the Inspector of the Police Integrity Commission.

Apart from these changes, actual allocations and expenditures on the Ministry's activities and programs have remained relatively constant.

Strategic Directions

The Ministry will continue to develop policies and manage the Minister's legislation program covering the areas of police reform portfolio responsibilities, and wider issues arising from, or impacting on, the criminal justice system.

The Ministry provides support in development of policy for the Government.

It is now playing an important role in the police reform process, particularly in respect of its legislative aspects.

Issues of resource allocation will continue to be a focus of attention across the portfolio. These include recurrent and capital budget monitoring, industrial issues, police recruitment, the use of technology, and competition and market testing.

NEW SOUTH WALES POLICE SERVICE

The Police Service is responsible for working with the community to establish a safer environment by reducing violence, crime and fear.

Expenditure Trends and Recent Developments

At 30 June 1997 police numbers will be at a record high of 13,315. Increases of 100 police officers were funded in 1994-95, 1995-96 and 1996-97 budgets. Increases in expenditure levels in recent years are mainly due to these increases in police numbers and the cost of enterprise agreements for police officers.

Enterprise agreements provided a salary increase of 9 per cent from 1 July 1994 and 6 per cent from 1 July 1995 for non-commissioned officers. From July 1996, non-commissioned officers received a 2 per cent increase, with a further 3 per cent from March 1997. Commissioned officers received 9 per cent from 1 July 1994 and 4 per cent from 1 July 1995.

Productivity savings arising from the Government's Corporate Services Efficiency Project of \$2.45 million in 1995-96 and \$5.97 million in 1996-97 have partly offset increases in expenditure.

Strategic Directions

The Government has given its full support to the Royal Commission into the NSW Police Service. Major and lasting reform of the Service is now under way. Changes include the establishment of the Police Integrity Commission, enactment of legislation to give the Commissioner of Police clear authority to manage the Service, especially the power to dismiss officers in whom the Commissioner has lost confidence, and a new management structure supported by a halving of Senior Executive Service numbers.

SCORPIO was established by the Police Minister in May 1996 as a sub-committee of the Police Board. The aim of SCORPIO is to put more police where crime is worst. SCORPIO is currently implementing the recommendations of the Phase One Report, developing recommendations under the new terms of reference, and considering additional matters referred to it. The Honourable Peter Anderson chairs the Committee.

The reform program is now concentrating on improving management and operational efficiency. Improved management is essential for the ongoing prevention and elimination of corruption. It will ensure more effective allocation and use of resources and improved services to the public.

1997-98 Budget

Current Payments

The 1997-98 allocation provides for an increase in police strength of a further 100 officers.

Provision is also made for an increase in the salaries for non-commissioned Police officers of 1 per cent, for administrative staff of 3 per cent, and for maintenance and working expenses of 0.9 per cent.

The increases have been partly offset by savings in both current and capital costs, which are part of the Government's strategy to ensure efficiency and productivity improvements are returned to the State.

The structure of the Service is being streamlined. The present four regions, 25 district level and 164 patrol level commands are being restructured to 11 regions and 79 local area commands. This will eliminate unnecessary or duplicated functions, making large numbers of police available for front line duties and produce savings in administration.

Training for recruits and serving officers will integrate anti-corruption messages into all subjects. A greater emphasis will be placed on modern, intelligence-driven investigative techniques to further improve operational efficiency and effectiveness.

The current payments also include \$70 million for compensation for the surrender of prohibited firearms under the Guns Buy Back Scheme (\$50 million in 1996-97). Whilst the Commonwealth will reimburse the State for the payments, they are included as an expense of the agency.

An amount of \$3.2 million will be spent in metropolitan and regional areas to expand the Joint Investigation Teams formed by the Police Service and the Department of Community Services to investigate serious cases of child abuse.

Capital Payments

The Police Service capital program is focussed on safety, particularly on improving road safety and improvements in safety for operational police.

In 1995-96 the Government commenced a program to eliminate black spots in radio coverage. This work continued through 1996-97. In 1997-98, \$2.5 million is allocated for radio communication, which includes the completion of the black spot elimination program.

The progressive replacement of obsolete service revolvers will commence in 1997-98 at an estimated total cost of \$11.2 million. A total of \$4.5 million has been allocated to this project in 1997-98.

The Government is committed to improving road safety. A total of \$4.1 million has been designated for breath testing and analysis equipment, of which \$1.9 million is allocated in 1997-98. A further \$4.7 million has been approved for speed detection equipment, of which \$1.9 million is allocated in 1997-98.

The upgrading and extension of the Police Service's state-wide computer network continues with a total of \$4.6 million provided in 1997-98. Obsolete computers used by Police Patrols will be replaced by up to date machines at a cost of \$2 million. These expenditures will provide the Police Service with the communications, record keeping and intelligence gathering infrastructure, which are essential to the success of the reform process.

The restructure of the Police Service will see large numbers of police returned to operational functions at the local level from regional and district offices. Accommodation needs in some areas will be reduced with the elimination of a level of administration, whilst other stations may need to be expanded to accommodate the larger patrols.

Accordingly, it will be necessary to review the whole building program, including a number of major works for which funding was provided in 1996-97. These include new or upgraded police stations at Ashfield, Auburn, Kogarah, Penrith, Raymond Terrace, Thornton, Waverley and Woy Woy.

The consolidation and upgrade of the accommodation at Kings Cross is considered critical to deal with the level and nature of corruption identified at this location by the Royal Commission, and will proceed at a cost of \$900,000.

The upgrading of Ashfield Police Station will be revised to meet the needs of the new Service structure.

Construction of police facilities at the Olympic site is being planned to provide the most effective policing presence at the Olympic complex and the neighbouring communities of Auburn and Flemington.

Kogarah Police Station occupies a valuable site with development potential. The previous proposal was rejected by the local council. Plans are now under way to provide a cost-effective joint development on this site. At nearby Rockdale Police Station, facilities for the public and staff were upgraded in 1996-97.

It is proposed that, once the outcome of the restructure has been assessed, detailed accommodation briefs will be prepared, following which major building projects will recommence.

Meanwhile, the allocation for minor works totalling \$9.9 million includes \$4 million for minor building improvements which are not affected by the restructure. This includes work to improve conditions for customers, especially victims of crime, and urgent occupational health and safety improvements required for operational police.

The minor works allocation also provides for \$3 million expenditure on small items of operational equipment.

It is emphasised that the restructure will result in a streamlining and strengthening of the organisation, not the closure of police stations.

NEW SOUTH WALES CRIME COMMISSION

The objective of the New South Wales Crime Commission is to combat illegal drug trafficking and organised crime in New South Wales.

Expenditure Trends and Recent Developments

Through a program of measures, the Commission has been able to reduce its operating costs over the last five years whilst increasing the level of productivity. This enabled the Commission to purchase its premises in 1993-94.

Strategic Directions

The Commission is constantly reviewing its procedures and practices to ensure it is providing the most efficient and effective means to achieve its objectives. Specific attention is paid to changes in technology and the impact this has on the operations of the Commission. During 1996-97 the

Commission underwent significant restructuring to enable better employment of its resources.

1997-98 Budget

Current Payments

An amount of \$6.7 million is available to the Commission in 1997-98.

The ongoing activities of the Commission include -

- the targeting of high level drug traffickers and persons involved in organised crime;
- the obtaining of evidence for prosecution of those persons and/or the civil forfeiture of their assets;
- the furnishing of reports relating to illegal drug trafficking and organised crime; and
- the dissemination of investigatory, technological and analytical expertise.

Capital Payments

An amount of \$0.3 million provides for the purchase of minor plant and equipment items.

POLICE INTEGRITY COMMISSION

The Police Integrity Commission is responsible for preventing, detecting and investigating serious police misconduct, and managing and overseeing other agencies in the detection and investigation of police misconduct.

Expenditure Trends and Recent Developments

Flowing from recommendations of the Royal Commission into the New South Wales Police Service, the State Government established the Police Integrity Commission. The Commission commenced its operations in December 1996.

Strategic Directions

The Commission's major priority will be to ensure a smooth transition from the Royal Commission to the Police Integrity Commission. The Commission will also focus on the recruitment of staff, and the set up of the organisation and operations to enable its statutory functions to be effectively and efficiently implemented.

1997-98 Budget

Current Payments

An amount of \$9.7 million is available to the Commission in 1997-98 to cover the Commission's staffing and operational costs.

Capital Payments

An amount of \$954,000 is available to provide for the purchase of minor technological equipment and leasehold improvements.

4.3.17 MINISTER FOR PUBLIC WORKS AND SERVICES, MINISTER FOR ROADS AND MINISTER FOR PORTS

OVERVIEW

Agency	Forecast 1996-97	Estimate 1997-98	Variation	
	\$m	\$m		%
Office of the Minister for Public Works and Services				
Current Payments	39.0	34.2	(-)	12.3
Capital Payments	11.0	11.6		5.5
Roads and Traffic Authority				
Current Payments	1,056.4	1,064.6		0.7
Capital Payments	795.1	961.7		21.0
Office of Marine Administration				
Current Payments	7.3	6.2	(-)	15.1
Capital Payments	0.6	2.8		366.7
Waterways Authority				
Current Payments	25.2	27.4		8.7
Capital Payments	4.9	4.5	(-)	8.2
Total, Minister for Public Works and Services, Minister for Roads and Minister for Ports	1,939.5	2,113.0		8.9

OFFICE OF THE MINISTER FOR PUBLIC WORKS AND SERVICES

Recurrent funds provided to the Office of the Minister for Public Works and Services enable the purchase of a range of services from the Department of Public Works and Services including -

- Government wide information management and technology policy and services;
- advice on key resource issues such as total asset management;
- risk management services for the substantial portion of the State's capital works projects; and
- the development of a whole of Government approach to the procurement of goods and services.

The Office's capital program provides for the development of a number of specialist projects covering key Government buildings, facilities and heritage works.

Expenditure Trends and Recent Developments

Funding of \$21 million (\$1 million in 1996-97, \$3 million in 1997-98 and \$17 million in 1998-99) has been provided for the City Improvement Project. This project includes improvements to the Railway Square precinct and George Street south. The proposed work includes construction of kerb realignment in George Street (Bathurst Street to Railway Square) and Railway Square increasing footpath area and improving safety and amenity for pedestrians.

Total cost of the project is \$41 million to be jointly funded by the Sydney City Council (\$10 million) and the Government (\$31 million).

Strategic Directions

The Office of the Minister for Public Works and Services has an advisory role to Government and agencies on -

- the management of existing assets to meet service wide requirements through non-build solutions; and
- the application of information management and technology to provide efficient, affordable and accessible services which are responsive to community needs.

In addition, the Office will further -

- develop risk management and ensure value for money and public accountability when purchasing services from the private sector;
- develop industry reform strategies in the building and construction industry; and
- maximise benefits through whole of Government purchasing power and contractual arrangements.

1997-98 Budget

Current Payments

Funds totaling \$9.9 million have been allocated to project risk management and total asset management activities in 1997-98 to enable the continuation

and further development of strategies in managing the procurement and ongoing maintenance of infrastructure.

The development of information management and technology policy and services has been allocated \$2.8 million.

The Budget also provides \$4.3 million for ongoing construction industry development and \$3.7 million for the provision of Government wide contracts for goods and services which pass on savings to agencies through the bulk purchasing power of the Government.

An amount of \$1.3 million has been provided for the maintenance of Parliament House and Government House.

Capital Payments

An amount of \$4.3 million has been provided for stonework and heritage maintenance projects and \$1.5 million for the purchase of sandstone. Restoration work will be carried out on Sydney TAFE, the Australian Museum, the Art Gallery of New South Wales and Government House.

Funding of \$1.1 million has been provided for the completion of restoration work on the historic Coffs Harbour Jetty and \$1.7 million for the further development of the Government Radio Network to ensure that it can meet emergency service requirements.

ROADS AND TRAFFIC AUTHORITY

The Roads and Traffic Authority (RTA) of New South Wales manages the State's road and traffic systems. The Authority focuses on three main areas of business; road network infrastructure, road safety and traffic management, and driver and vehicle policy and registration. It also manages the M4/M5 Cashback Scheme.

Expenditure Trends and Recent Developments

The projected total roads program for 1996-97 is \$2,010 million, an increase of \$58 million over 1995-96.

Current payments for 1996-97 are \$1,056 million and include \$119 million to meet debt servicing costs, \$150 million for motor registry customer services, \$553 million for road maintenance works, \$189 million for road safety and traffic management and \$57 million for driver and vehicle management and regulation.

The M4/M5 Cashback scheme was introduced to reimburse tolls paid by motorists driving New South Wales privately registered vehicles on the M4

and M5 Motorways. In 1996-97 motorists will receive \$9 million under the scheme.

Capital payments for 1996-97 are \$795 million. This projected capital expenditure (in addition to the RTA's operating costs of maintaining roads and providing services to the community) will result in a total Capital and Maintenance program for 1996-97 of \$1,677 million, an increase of \$80 million over 1995-96.

Strategic Directions

Key objectives of the RTA are to -

- provide road related transport solutions for New South Wales, including alternatives to road building, in the context of the Government's integrated land-use and transport planning policy;
- provide a safe, efficient, environmentally acceptable road system for moving people and goods;
- improve the efficiency of road related public transport;
- create customer focus, especially in the areas of traffic management, registry services and community consultation;
- provide road related transport infrastructure, and an appropriate regulatory framework which meets the needs of State and regional development;
- ensure that road assets are properly maintained, at minimum whole of life cost;
- minimise the adverse impacts on natural and built environments; and
- provide advice to Government on ways to address the increasing demand for road travel, including alternatives to road building.

High level strategic plans, such as the *State Road Network Strategy*, currently under revision following community consultation, assist in developing and analysing options for the future.

The RTA cooperates with all other relevant agencies in the provision of transport services to the community. This involves coordination with Commonwealth and Local Governments, as well as with other State agencies.

The State Government's major commitment to the Pacific Highway Reconstruction Program will continue in 1997-98, with \$160 million provided for the maintenance and development of the highway.

The RTA has a major organisational improvement program underway to ensure that it becomes more efficient, commercially focused and customer

driven. Savings of at least \$24 million have been identified for 1996-97. This amount is being re-invested in better roads.

1997-98 Budget

Current Payments

Total current payments for 1997-98 will be \$1,065 million, an increase of 0.7 per cent over 1996-97.

A major influence on the NSW and Australia economy is the availability of a road transportation network in sound condition. Transport incurs vehicle operating costs such as fuel, tyres, oil, wear and tear on vehicles and vehicle depreciation that are directly related to the condition of the road surface. In New South Wales, total vehicle operating costs are estimated to be \$9 billion each year. This amount can be reduced by well maintained roads. The RTA aims to balance these savings against the cost of providing smoother roads.

The priority is to maintain road assets at minimum whole of life cost. This will improve customer satisfaction, reduce vehicle operating costs and improve the efficiency of the network.

As economic growth continues, road travel is expected to increase, adding to the challenge for road safety programs to further reduce road deaths, serious injuries and crashes in New South Wales.

Measures to achieve this improvement in road safety include an extension to the successful initiative to increase the level of Police enforcement (\$4.2 million), the continuing encouragement of participation by the community (\$3 million), provision of road safety education for children through schools (\$4.6 million), an integrated program to counter excessive speeding (\$8.5 million), further development of the capacity of Local Government to deliver road safety programs at community level (\$2.2 million) and encouragement for consumers to purchase safer vehicles (\$0.6 million).

Recognising that traffic management involves more than just motorised vehicles, improved facilities for pedestrians and cyclists continues to be emphasised in the Roads Program (\$16.6 million). Measures include new and enhanced pedestrian access and crossing facilities as well as the continued expansion of a quality bicycle network. The bicycle program will include the promotion of bicycle network usage, safe cycling and education.

In order to improve the reliability of travel times as well as average speeds, emphasis will be placed on managing traffic where incidents occur (\$19.9 million). Examples include installation of a centrally located computer system to manage the incident detection and driver information system.

The RTA continues to have extensive involvement in the development of many national driver and vehicle regulation initiatives, including projects such as: implementation of uniform licence classes, driving time limits for heavy vehicle drivers and reciprocal access to registration and licensing data between States and Territories.

Legislation was passed to adopt nationally uniform heavy vehicle regulation charges from 1 July 1996.

The roadworthiness of vehicles is being monitored more cost-effectively. The RTA is managing a national program to evaluate maintenance management assurance as an alternative to annual heavy vehicle inspections, potentially giving savings to truck operators.

Quality service has become a feature of RTA activities related to Motor Registry Customer operations and is reflected in significant enhancements in Registries such as the introduction of the Q Matic system, aimed at speedier management of customer queues, and operating in 92 high volume registries, and the establishment of Customer Service Centres for telephone enquiries.

During 1997-98, the first full year of the M4/M5 Cashback Scheme, payments are expected to significantly increase with total costs estimated at \$52 million.

Capital Payments

Total capital payments for 1997-98 will be \$962 million, an increase of 21 per cent over 1996-97. The major contributor to this increase is the M5 East project which has been partially funded by the sale of M5 loans and the RTA's light vehicle fleet.

The RTA is committed to the provision of integrated road-based transport and land-use planning solutions. It contributes to "whole of government" approaches to the provision of transport, so as to contain the environmental, financial and social impacts of roads. Its strategies are expected to increase transport choices, reduce the need to build new roads and moderate traffic growth in the Sydney, Newcastle and Wollongong urban areas.

At the same time the RTA's road Network Development Program will provide safer roads, promote economic growth, improve accessibility and assist regional development. The program continues to fund works in progress and commences other works to meet Government commitments.

The Western Sydney Improvement Program is designed to meet the Government's commitment to invest \$145 million per annum for roads in that area. Key projects currently under construction include the M4 west from Church St Parramatta to Mulgoa Road Penrith, grade separation of the Hume Highway/Roberts Road intersection, widening of Old Windsor Road

from Abbots Rd to Meurants Lane and the upgrading of Elizabeth Drive from Cabramatta to Cowpasture Rd.

Other major works currently underway in the Sydney area include the Victoria Rd/Devlin St interchange at Top Ryde. Works on the M5 East and on Stage 3 of the City West Link Road from Balmain Rd to Boomerang St are expected to commence in 1997-98.

In the Blue Mountains, work will continue on widening of the Great Western Highway at Warrimoo with planning also to be undertaken for similar works at Faulconbridge, Hazelbrook to Lawson and for Stage 3 of Linden Bends.

In the Hunter and Central Coast regions, work will continue on the West Charlestown Bypass and planning for a variety of other works committed by the Government's Hunter/Maitland policy. Improvements to Wyong Road are expected to be completed in 1997-98.

As part of the Government's Illawarra policy, work will continue on the widening of the F6 between Gwyneville and Ghosts Creek and on Princes Highway improvement works including the interchange with Lakes Entrance Road.

The Pacific Highway Reconstruction Program provides for continuation of State funding of \$160 million p.a. Major State-funded works, worth \$100 million in 1997-98 include the Raymond Terrace bypass, duplication between Raymond Terrace and Karuah, widening between Bray St and Archer St, Coffs Harbour and Gap Road overtaking lanes south of Ballina. Major works undertaken under the joint State/Federal Program include the Bulahdelah to Coolongolook Freeway, duplication of the Herons Creek deviation, bypasses of Raymond Terrace and Brunswick Heads, upgrading in Coffs Harbour between Lyons and Englands Roads and the Raleigh deviation. A total of \$60 million will be provided by the State for these joint projects.

Programs of works for upgrading both the Summerland Way in northern New South Wales and the Golden Highway (Dubbo-Newcastle) will continue. In addition sealing of the Kidman Way in western New South Wales and the East West Route from Bourke to Narrabri will be undertaken. The Gobba Bridge and deviation on the Olympic Way will be completed in 1997-98.

On the National Highways system, construction is expected to continue on the Lake George dual carriageways on the Federal Highway, the Leneghan's Drive duplication and Ourimbah works on the F3, the Belford deviation on the New England Highway and on the Bookham bypass on the Hume Highway. Major commencements of works in 1997-98 include additional access ramps on the F5 at Campbelltown, a driver aid system on the F3, widening of the New England Highway between Wiburtree Street and Scotts Road in Tamworth and duplication of Sheahan Bridge on the Hume

Highway. In addition a program of roadside rest areas, overtaking lanes and other works has been proposed to the Commonwealth. All of the proposed works on the National Highway System are subject to Federal allocation of funds.

The RTA's Public Transport Infrastructure Improvement Program (\$50 million in 1997-98) is improving priority for buses and making transfers easier at railway interchanges and commercial centres. Bus priority measures consist of more bus lanes, transit lanes, special 'B' signals and bus bays and examples include upgrading bus priority on routes to the Parramatta business district and a bus-rail interchange on Epping Road. Facilities are being provided at key interchanges such as Central, Wentworthville and Manly. At Westmead Hospital, a package of signals, roundabouts and turning bays will be constructed to improve traffic conditions in the area and additional parking will be provided at Wentworthville station.

The Public Transport Infrastructure Improvement Program involves \$170 million over four years and is funded by the '3x3' fuel levy. The Program also covers the replacement and upgrading of railway level crossings. Railway level crossings are being replaced at Leumeah and Quakers Hill, with completion expected in 1997-98.

Capital traffic management improvements are also being targeted to strategic routes and include intersection improvements and the upgrading and fine-tuning of the coordinated traffic signal system and a road safety program (\$20 million) that will address a reduction in the number of accident blackspot sites throughout the State.

Development and implementation of cycleways and other bicycle facilities (parking and maintenance of cycleways) involves \$5.8 million statewide.

OFFICE OF MARINE ADMINISTRATION

The former Office of Marine Safety and Port Strategy was renamed the Office of Marine Administration effective from 1 January 1997.

The Office is the policy and regulatory body responsible for maintaining a high level of marine and environmental safety in New South Wales ports and waterways. The Office is also responsible for providing advice on the overall strategic direction for New South Wales port development and performance, and the management of the regional ports of Eden and Yamba.

Expenditure Trends and Recent Developments

During 1996-97, the Budget Committee of Cabinet endorsed a review of the Office undertaken by the Premier's Department. The review, amongst other things, recommended the outsourcing of certain operations with a view to achieving cost savings. As a result, the base level of recurrent funding for the Office will be reduced from 1997-98.

Strategic Directions

The objectives of the Office of Marine Administration are to -

- achieve a high level of marine and environmental safety in New South Wales ports and waterways;

- provide the Minister for Ports with high level advice with regard to longer term strategic marine issues including the development of ports in New South Wales;
- manage the strategic port assets of New South Wales in a responsible and commercial manner to ensure that they contribute to the State economy;
- manage the operations and development of the minor ports of New South Wales to maximise their contribution to the economic development of their regions;

- exercise the role of consent authority under the Environmental Protection Agency Act, and provide planning advice in proposed developments within Sydney Harbour and other wetlands (land below the mean high water mark) within the Marine Ministerial Holding Corporation; and
- efficiently and effectively manage the Marine Ministerial Holding Corporation with regard to the residual responsibilities of the former Maritime Services Board.

1997-98 Budget

Current Payments

Total current payments in 1997-98 will be \$6.2 million. This includes a subsidy of \$0.08 million to the Newcastle Ports Corporation for lease administration at Kooragang Island.

Capital Payments

Total capital payments in 1997-98 will be \$2.8 million. This includes \$2.5 million for the dredging of the Clarence River at Yamba.

WATERWAYS AUTHORITY

The Waterways Authority is responsible for all waterways management functions under the marine legislation relating to commercial vessels and recreational boats. The Authority also manages land vested in the Marine Ministerial Holding Corporation.

The Authority is responsible for the safe navigation of all vessels which do not require a pilot on navigable waters within New South Wales. The Authority also undertakes the Sydney Harbour cleaning function and provides sewage pumpout services in Sydney Harbour and Myall Lakes.

Expenditure Trends and Recent Developments

The Authority was established under the Ports Corporatisation and Waterways Management Act 1995. From 1997-98, the Authority will receive no Consolidated Fund support and will operate on a self funding basis. To generate sufficient revenue to fund operating and capital

expenditure, the Authority's core business revenues are derived from charges collected from commercial vessels and recreational boating customers.

In 1996-97, changes were made to the Water Traffic Regulations to strengthen controls over Personal Water Craft (PWC). These changes were accompanied by an extensive educational package and compliance program. The Authority is also completing a computer network system linking all its service centres. This will enable better and faster customer service.

Agreement has also been reached with Marine Ministerial Holding Corporation, whereby the Authority will collect revenue from property rentals, with the cost of management and administration being met from revenue collected.

Strategic Directions

The Authority's corporate plan promotes a commercial approach to service delivery management. It is directed towards specific external challenges such as -

- balancing the needs and requirements of all waterways users and ensuring safe navigation;
- protecting the marine environment from the impact of recreational and commercial vessels;
- preparing for staging Olympic and other special events on Sydney Harbour and other waterways; and
- implementation of a national marine safety strategy for commercial and recreational vessels.

1997-98 Budget

Current Payments

Total current payments in 1997-98 will be \$27.4 million which includes \$15.7 million for the provision of recreational boating functions including the promotion of safety on the water through patrols, education, seminars, publications, compliance and enforcement activities. In addition, the conduct of commercial vessel surveys (\$1.8 million), the cleaning of Sydney Harbour and the provision of sewage pumpout services in Sydney Harbour and Myall Lakes (\$2.2 million), navigation aid maintenance (\$2.2 million), and accident investigation (\$2.0 million) will be provided.

Capital Payments

The Authority gives priority to the renewal of assets such as vehicles and vessels for regulatory compliance and operational requirements. This priority is maintained in the Authority's capital strategy.

Total capital payments in 1997-98 will be \$4.5 million. This includes amounts for the purchase of motor vehicles and boats (\$1.4 million), the implementation of a new property management system (\$0.4 million), and purchase and installation navigational aids (\$0.4 million).

4.3.18 MINISTER FOR SPORT AND RECREATION

OVERVIEW

Agency	Forecast 1996-97	Estimate	Variation
	\$m	\$m	%
Department for Sport and Recreation			
Current Payments	55.8	49.8	(-) 10.8
Capital Payments	13.4	14.9	11.2
Total, Minister for Sport and Recreation	69.2	64.7	(-) 6.5

The decrease in current payments for 1997-98 is mainly due to the cessation of payments for the Australian Motor Cycle Grand Prix Rights fees and the finalisation of payments to Eastern Creek Raceway.

The increase in capital payments is mainly due to an increase in capital grants provided under the Sport and Recreation Fund.

DEPARTMENT OF SPORT AND RECREATION

Expenditure Trends and Recent Developments

During 1996-97 the Department focussed on developing and extending partnerships with other Government agencies and industry stakeholders in order to provide a more integrated approach for improving community participation in sport and recreation. This approach will continue in 1997-98 with assistance provided to various peak industry and sporting and recreational organisations.

A re-prioritising of staffing in core business areas will assist in providing a more comprehensive and co-ordinated range of programs designed to increase active participation by the community.

The Women in Sport Unit (established in 1995-96) will continue to develop women for leadership positions through the provision of sporting scholarships.

The contracting out of the operations of Eastern Creek Raceway was successfully completed during the year whilst the New South Wales Institute of Sport was permanently located at the Sydney International Athletic Centre in Homebush Bay.

Strategic Directions

A comprehensive review of the strategic directions of the Department was undertaken during the year which resulted in a new corporate plan being developed.

The Department's mission is to provide and facilitate a diverse range of services for the people of New South Wales to participate in sport and recreation to improve their quality of life.

It is the Department's intention to be recognised as an industry leader, effective partner and the provider of quality customer focussed, culturally diverse sport and recreation services. To achieve this, performance targets in the areas of sport and recreation development, quality management, social justice and communication have been identified and will be pursued.

In addition, in the lead up to the Sydney 2000 Olympic Games, the Department will facilitate overseas team visits to New South Wales through a partnership arrangement with the Department of State and Regional Development and New South Wales Tourism.

1997-98 Budget

Current Payments

A total of \$49.8 million will be spent by the Department to provide and facilitate quality sport and recreation services. Major features of the Department's expenditure include -

- \$3 million towards the ongoing operating costs of the NSW Institute of Sport; and
- \$2.2 million for the operation of the International Athletic and Aquatic Centres.

Capital Payments

In 1996-97 the Department either completed or continued various minor works projects, including upgrading accommodation and the provision of improved facilities for its clients at its Sport and Recreation Centres and Academies of Sport. The new mess hall/kitchen complexes at the Sydney Academy of Sport, Narrabeen, and the Lake Ainsworth Sport and Recreation Centre were commenced and are expected to be completed in 1997-98.

The capital program for 1997-98 amounts to \$14.9 million, comprising capital works of \$2.3 million and capital grants and advances of \$12.6 million.

The capital works program of \$2.3 million includes -

- \$350,000 for the upgrading of the waste treatment plant and \$300,000 for the construction of an amenities block at Milson Island Sport and Recreation Centre; and
- \$300,000 for the construction of a multi-purpose indoor recreation facility at Lake Keepit Sport and Recreation Centre.

The capital grants and advances program of \$12.6 million includes \$11.6 million in grants from the Sport and Recreation Fund and \$1 million in capital advances to various sporting bodies. Major features of the capital grants program include -

- \$4.5 million for regional sporting facilities; and
- \$1 million for the Capital Assistance Program. (The program provides annual grants on a dollar for dollar basis, up to 50 per cent of the total cost of the project, to assist in the development of sporting and recreational facilities which have a broad community orientation.)

4.3.19 MINISTER FOR TRANSPORT AND MINISTER FOR TOURISM

OVERVIEW

Agency	Forecast 1996-97	Estimate 1997-98	Variation
	\$m	\$m	%
Department of Transport			
Current Payments	1,416.7	1,347.1	(-) 4.9
Capital Payments	425.1	475.8	11.9
Tourism New South Wales			
Current Payments	40.2	38.9	(-) 3.2
Capital Payments	0.7	...	n.a.
Total, Minister for Transport and Minister for Tourism.....	1,882.7	1861.8	(-) 1.1

DEPARTMENT OF TRANSPORT

The budget for the Department of Transport includes equity and compensation payments to the Commonwealth's National Rail Corporation under an Agreement struck in 1993 to improve interstate freight rail services.

When these payments are excluded, total current and capital payments by the Department on public transport in New South Wales will increase from \$1,782.7 million in 1996-97 to \$1,818.1 million in 1997-98.

The Department of Transport works to increase the use of public transport in New South Wales by ensuring the provision of a safe, accessible, efficient and seamless transport network. The Department is a key agent in improving transport planning, delivery and access and is also the contractor of public transport services provided to the people of New South Wales.

The Department supports the Minister for Transport and the Government in meeting the public transport needs of the people of New South Wales through the provision of expert advice and the development of major policy initiatives. Additionally, the Department is responsible for establishing and monitoring the regulatory framework within which the private sector and State transport authorities must operate.

Expenditure Trends and Recent Developments

School Student Transport (SSTS)

The School Student Transport Scheme provides free travel to and from school for eligible students on Government and private bus, rail and ferry services, school charter services, long distance coaches and in private vehicles where no alternative transport services exist.

The Scheme provides transport for approximately 61 per cent of all State students notwithstanding changes introduced in 1995-96 to extend the distance based eligibility criterion for high school students for free travel. Five year costs and trends within this Scheme are as follows -

Table 4.1: School Student Transport Scheme Costs

		1993-94	1994-95	1995-96	1996-97	1997-98
Total student population (a)	'000	1,052.2	1,052.3	1,056.6	1,066.4	1,070.6
Beneficiaries	'000	666.2	658.0	638.8	645.9	649.8
Total cost (b)	\$m (year)	314.8	324.1	333.0	325.1	341.0
Total cost per beneficiary	\$ (year)	472.56	492.59	521.33	503.32	524.82

(a) Source data to 1995-96 from the Department of School Education Annual Census
(b) Inclusive of payments to State Rail Authority and State Transit Authority

Total Scheme costs have risen by 8.3 per cent from \$314.8 million in 1993-94 to an estimated \$341 million in 1997-98. Apart from increases in fares, expenditure increases are driven by growth in the total student population and an increasing demand for new services in part generated by the decision of parents to send children to schools outside their local area.

Further changes were made to the School Student Transport Scheme during 1996-97 which targeted significant cost savings, including (a) revision of payments criteria for non-commercial bus operators and (b) reduction in payments to operators due to the pass usage rate being decreased from 92 per cent to 77 per cent for metropolitan areas and to 79 per cent for country areas. This is in anticipation of a move towards making payments based on actual trips taken.

Rail Services

On 1 July 1996, the NSW rail industry was restructured into 4 separate entities. This new structure is designed to enable each organisation to better focus on its core business and hence its clients, as well as to encourage contestability in specific areas.

The *Rail Access Corporation* owns all the mainline infrastructure. Its function is to permit other operators onto the rail system, allow competition between operators and increase the competitive edge of rail transport over other modes of transport. Rail Access receives some selected funding to enable it to maintain rural infrastructure, and capital grants to enable it to undertake growth projects such as the East Hills amplification.

The new *State Rail Authority* owns all passenger rolling stock, stations and train servicing depots to maintain its rolling stock. This enables the new SRA to concentrate on its passengers and focus on increasing its patronage.

FreightCorp was established as a State Owned Corporation as the operator responsible for the above rail freight operations of the former State Rail Authority. FreightCorp is required to operate on a commercial basis, and is therefore only able to support non-commercial services where the Government provides support through Social Program Payments.

The *Railway Services Authority* provides capital and maintenance engineering expertise, under contract, to the other three organisations and in future to other public and private sector agencies.

The introduction of the four separate entities was designed to improve responsiveness and accountability through more transparent funding. All funding arrangements between the entities are now undertaken on a commercial agreement basis. This ensures that the cross subsidies between the entities that were incorporated in the old SRA structure have been removed. The removal of these cross subsidies has resulted in a need for increased funding in 1996-97. This was partly offset by the rail entities not making new borrowings that would have occurred under the old SRA structure. The restructure will also result in the new Corporations becoming part of the dividend and tax equivalent payment regime.

The SRA continues to focus on expenditure control through critically reviewing all expenditure in terms of value-for-money and relevance to strategic goals and improving resource utilisation. In 1996-97, there has

been an estimated 11 million increase in the number of passenger trips on the CityRail network.

State Transit Authority

State Government continues to contribute to the State Transit Authority for the provision of non-commercial services. State Transit is achieving patronage growth as well as pursuing productivity improvements. Between 1995-96 and 1996-97, the total number of State Transit passenger trips increased by an estimated 7 million.

Other major areas of improvement have included improved services, enterprise bargaining agreements and improvements to operating, financial and planning systems.

State Transit is required to meet minimum levels of service for which no reimbursement is provided. This is similar to the methodology used for the private bus industry. The patronage growth being generated by State Transit has resulted in increased reimbursements for holders of appropriate concessions such as school children and pensioners. This increased payment is not an operating subsidy but is a targeted social program to assist those in need.

Strategic Directions

The Department of Transport's mission is to increase the use of public transport in New South Wales by providing a safe, efficient, and seamless transport network, while playing an active role in protecting our environment.

To accomplish this mission, the Department's objectives are directed towards -

- improving transport services for all customers, including people with disabilities;
- ensuring transport is cost-effective for the public and Government;
- making public transport safer for passengers and transport workers;
- planning transport for the future;

- improving its work force; and
- reducing the impact of fuel emissions on the environment.

During 1996-97, the Department of Transport has supported the establishment of the Public Transport Authority and Public Transport Advisory Council. Both groups will have major work programs during 1997-98.

The State Rail Authority is redirecting its organisational focus to concentrate on its passengers. The State Rail Authority is committed to tapping into the business growth opportunities offered through continued population increases in Western Sydney, improved perceptions of passenger services and its role in network expansion projects such as the New Southern Line.

Strategies to achieve business growth include improved reliability, marketing and promotion of non peak services, improving rail access to Sydney's west and new ticketing initiatives.

FreightCorp is now better placed to focus on increasing its transport business and competing more effectively with road based transport. FreightCorp has in place a reform program to enable it to remain competitive in the new environment so that it can not only retain its existing business, but attract new customers.

The State Transit Authority is committed to offering improved services by supporting infrastructure improvements such as bus priority measures, increased ticketing integration, improved comfort and accessibility, and providing services to meet the changing needs of the community.

1997-98 Budget

Budget initiatives to be undertaken in the public transport area in 1997-98 continue to focus largely on reforms to rail services.

Current Payments

- **Rail Services**

This year will be a period for consolidating the progress made through the rail reform process. Work will continue addressing cost inefficiencies in the SRA, but services to passengers will be maintained.

Included in the current payments this year is funding to enable -

- commencement of Stage Three of the CityRail Carriage Refurbishment Program being 200 cars in 1997-98 (\$23 million);
- upgrading of station platforms and rebuilding pedestrian footbridges (\$5.8 million)
- major servicing of passenger cars to ensure reliability (\$42 million).

Included in the recurrent funding is \$177 million to ensure the Rail Access Corporation maintains the rail infrastructure at its current level, and funding to enable FreightCorp to continue to provide and carriage of freight that would otherwise not be commercially viable.

- **State Transit Authority**

State Transit operates bus and ferry services in Sydney and Newcastle metropolitan areas.

Operational efficiency and passenger growth are the key objectives of the business and the increased funding in 1997-98 reflects the continued strong growth in patronage.

Government Funding is provided to State Transit on a similar basis to private bus and ferry operators. Funding for 1997-98 will continue to reflect the goals of the Passenger Transport Act 1990.

- **Other Scheme Payments**

School Student Transport Scheme payments (including State Rail Authority and State Transit Authority) in 1997-98 are estimated to total \$341 million. This compares to \$325.1 million in 1996-97.

Payments to private operators and community groups are estimated at \$51.8 million in 1997-98, compared to estimates of \$49.7 million in 1996-97.

These payments include funding for concessions such as half-fare concessions for pensioners, transport subsidies provided under the Community Transport program, Home and Community Care program and subsidies for half-fare taxi transport for persons unable to utilise public transport because of severe and/or permanent disabilities.

Expenditure growth in these specific areas has been driven by factors such as the ageing of the population and the higher take up rates for the Seniors Card.

Capital Payments

Capital payments comprise both transport infrastructure programs administered by the Department of Transport and capital grants to the rail entities.

- **Department of Transport - Agency Program**

The Department's aim is to encourage greater patronage of public transport through improvements to infrastructure facilities including the construction of parking and transport mode (bus/rail/ferry) interchange facilities, bus

shelters, commuter parking at rail stations and ferry wharves, transport related studies and other specifically targeted measures to improve transport facilities and associated services.

These projects are funded largely from the Parking Space Levy with revenues sourced exclusively from an annual levy on all parking spaces in the CBD and parts of North Sydney.

Estimated major works expenditure for 1997-98 totalling \$11.4 million includes funding for a car park at Padstow, an interchange facility at Liverpool and a wharf at Abbotsford.

In addition, the Roads and Traffic Authority's capital and maintenance program will provide for capital expenditures taken from the proceeds of the Road Improvement (Special Funding) Act 1989 (3x3 Fuel Levy) as part of the RTA's Public Transport Infrastructure Improvement program. Works to be funded under this program, administered by the Department, include an interchange facility at Manly Wharf and various car parks and interchanges.

- **Department of Transport - Capital Grants for Rail Services**

Capital grants are provided to SRA and RAC for the renewal and development of infrastructure, to aid in the strategic repositioning of services currently provided, and to enable the growth of the rail system.

In addition to the Capital programs for which grant funding is provided, FreightCorp, the Railway Services Authority and the Rail Access Corporation have commercial capital programs which are self funded.

In 1997-98, capital grants will be provided to SRA and RAC as follows -

	\$m
Rail Access Corporation - Growth	47.2
State Rail Authority -	
Asset renewal	25.1
Operational requirements	60.5
Regulatory compliance	13.5
Growth (including New Southern Railway)	201.3

Total

347.6

Asset renewal expenditure is for the ongoing replacement and enhancement of infrastructure and rolling stock for the passenger rail business, while funding for *operational requirements* is targeted to improve efficiency and customer services. Funding in 1997-98 on projects under these categories include station upgrading, improved station security (\$5 million), Police Shopfronts (\$0.4 million), and systems for network control to improve timetabling, service reliability and incident reporting (\$3.7 million).

Growth funding is required to meet the increasing demand for rail services and to implement the Government's objective to encourage the use of public transport. Apart from expenditure on the New Southern Railway in 1997-98 which continues to be a major component of the growth program, this year sees \$12 million being provided as the start of a major program for new passenger rolling stock (4th generation cars), easy access (\$7.7 million) including Springwood and Ashfield stations, and Liverpool station upgrade (\$5 million).

Regulatory compliance projects are to satisfy environmental and other legislative requirements. Projects in 1997-98 include fire and life safety works in the City Underground (\$5 million) as well as new facilities and remediation of contamination at refuelling sites.

TOURISM NEW SOUTH WALES

Tourism New South Wales is responsible for the marketing of New South Wales as a holiday destination in the Australian domestic market and in the international markets of Europe, United States, Asia, Japan and New Zealand.

It also provides strategic direction and leadership to the New South Wales tourism industry to ensure a wide range of tourism product and holiday experiences are available in the marketplace.

Expenditure Trends and Recent Developments

During 1996-97 major developments included implementation of the “We’ll do Wonders for You” Australian marketing campaign and the continuation of the “Sydney All Day long, All Night Long” marketing campaign in Asia.

“New South Wales Holidays” entered its second year as a major tourism wholesaling campaign targeting the 4,000 travel agents across Australia.

During the year Tourism New South Wales launched Visnet, a new tourism product database for New South Wales accessible by Intranet to a network that includes Visitor Information Centres throughout the State and Countrylink New South Wales Travel Centres.

Tourism New South Wales also established a Special Events unit to integrate the development and promotion of New South Wales’ wide range of special events into mainstream marketing activities.

Tourism New South Wales provided leadership to the Tourism Olympic Forum, staging the successful “Lessons from Atlanta” mini conference, and distributing the conference video and “Working Towards 2000 Regional New South Wales” kit to regional New South Wales tourism operators.

Strategic Directions

Tourism New South Wales strategic objectives are to -

- increase industry efficiency, yield and economic benefits to the State;

- increase benefits from travel by targeted markets to and within New South Wales;
- achieve demonstrated community and Government support for the development of the tourism industry;
- optimise the tourism benefits to the State up to, during and beyond 2000 as a result of the staging of the Olympic Games and Paralympics; and
- deliver quality service in all aspects of Tourism New South Wales' operations to internal and external stakeholders.

1997-98 Budget

Current Payments

Total current payments by Tourism New South Wales are estimated at \$38.9 million in 1997-98, with the major components being -

- \$20.4 million for the further development and implementation of an integrated Australian marketing campaign and the continuation of international marketing programs;
- \$2.3 million to support specific regional marketing and development activities;
- \$0.5 million to ensure tourism product and infrastructure supply meets demand through the implementation of the New South Wales Tourism Masterplan;
- \$0.1 million to co-ordinate the implementation of an Olympics Strategy to benefit tourism through the Tourism Olympic Forum; and
- \$1.6 million to assist with the development and promotion of special events in Sydney and regional New South Wales.

4.3.20 TREASURER, MINISTER FOR ENERGY AND MINISTER FOR STATE AND REGIONAL DEVELOPMENT

OVERVIEW

Agency	Forecast 1996-97	Estimate 1997-98	Variation	
	\$m	\$m		%
Treasury				
Current Payments	75.1	72.6	(-)	3.3
Capital Payments	4.0	3.8	(-)	5.0
Crown Transactions				
Current Payments	2,850.4	3,168.3		11.2
Capital Payments	40.8	16.6	(-)	60.3
Department of Energy				
Current Payments	23.5	19.3	(-)	17.9
Capital Payments	0.1	0.1		...
Sustainable Energy Development Authority				
Current Payments	6.6	12.2		84.8
Capital Payments	0.6	...	(-)	100.0
Department of State and Regional Development				
Current Payments	69.8	69.5	(-)	0.4
Capital Payments	7.1	18.3		157.8
Total, Treasurer, Minister for Energy and Minister for State and Regional Development	3,078.0	3,380.7		9.8

The significant variations in current and capital payments are mainly due to -

- an increase in interest payments on existing debt held with Treasury Corporation, the Commonwealth and other reflecting a change in the maturity profile of the portfolio;
- increased employer's cash contribution to superannuation liability; and
- State and Regional Development funding in 1997-98 for rehabilitation works at Moore Park Showground offset by declines reflecting the completion of other capital works.

TREASURY

Treasury consists of the Office of Financial Management (OFM) and the Office of State Revenue (OSR). The broad role of OFM is to serve the Treasurer and the Government by advising on and accounting for the overall management of the States finances, while OSR administers and collects taxes and implements legislation relating to State taxes.

Expenditure Trends and Recent Developments

Office of Financial Management

During 1996-97 major core activities undertaken by OFM included the production of the Public Accounts and the Public Sector Consolidated Financial Statements in respect of the financial year ending 30 June 1996. Statements of Financial Performance for 1996-97 were negotiated with Government Trading Enterprises and State Owned Corporations.

Work on the development of consolidated financial legislation continued during 1996-97, with draft legislation to be ready for Parliament's consideration in early 1997.

Further progress was made with the development and implementation of a comprehensive financial management framework to be supported by best practice guidelines for agencies. Agencies were also assisted with the implementation of internal control and internal audit best practice guidelines.

Considerable progress was made with the development of performance measures for both Budget Sector and Commercial Sector agencies.

Reform of the electricity industry, based on national competition policy principles, continued. In particular, Treasury facilitated the introduction of retail market competition through the development of policy proposals and an implementation strategy.

OFM also undertook a key role in conjunction with other State Treasuries in developing proposals for the reform of State financial taxes. It prepared the State's submission to the Commonwealth Grants Commission's major review of State tax sharing relativities.

To enhance OFM's organisational effectiveness and efficiency, a corporate technical training program was implemented in conjunction with the University of Technology Sydney. Considerable progress was also made with the development of a financial information system to coordinate and rationalise OFM's data requirements. This system will be implemented during 1997.

Office of State Revenue

The Stamp Duties Act is currently being rewritten in conjunction with other jurisdictions. With OSR's commitment to the consultative process with clients, the proposed legislation is still the subject of discussion. It is anticipated that the new Duties Act should be passed this Session to operate from October 1997. The Tax Administration Act, which incorporates many of the administrative aspects of existing State legislation, came into effect on 1 January 1997. Changes are being made to OSR's computer systems to comply with the Tax Administration Act provisions. The Tax Administration Act changes for Stamp Duties have been deferred pending the outcome of the new Duties Act.

Over the past three years OSR has systematically replaced or upgraded its desktop computer. The next phase of the project will entail the replacement of the network infrastructure to ensure that staff have optimum access to computer systems in order to continue to generate revenue and provide a quality service.

OSR has developed an Information Technology Plan for the period 1997 to 1999. An integral part of that plan is the development of the Revenue and Compliance Process System. The objective of the project is to support the restructure of the revenue and compliance work processes, and to re-engineer information systems and data to properly support business strategies and information needs, both now and in the future. The first stage of the project involves the development of the functional specifications and an analysis of the various options.

Electronic Data Management Technology was introduced into OSR in June 1994. After a thorough evaluation of its application, it was recognised that the perceived benefits would not eventuate at the levels expected. It was therefore decided to dispense with the technology in 1996-97.

Taxline has been in operation since September 1994. Options are being evaluated to expand and/or modify the system. OSR is also investigating opportunities for the introduction of electronic commerce which includes examining alternative methods of payment. These actions are designed to improve OSR's efficiency through lowering transaction costs and raising the quality of service delivery.

Strategic Directions

Office of Financial Management

The main issues to be addressed in 1997-98 can be categorised according to each of OFM's four corporate objectives -

- **Maximising net worth**

Emphasis will continue to be given to maximising over time, within a prudent risk management framework, the net worth of the public sector. This will include advice on the establishment of an appropriate medium term debt strategy, financial targets and a time path of required Budget results to achieve those targets. Emphasis will also be given to strengthening risk management of key areas.

- **Resource allocation**

Strategies will include continuing emphasis on improving the linkage between performance and resource allocation in the Budget process. This will involve the ongoing development of a more strategic approach to the allocation of capital funds and development of a Statement of Financial Performance for each Budget sector agency.

OFM will also advise on the development of an overarching State development strategy to link the Budget and economic development initiatives.

The reform of Commonwealth-State financial relations will be pursued to gain greater fiscal flexibility and maximum contributions to New South Wales. This will involve efforts to clarify the application of Section 90 of the Commonwealth Constitution.

- **Accountability**

OFM will continue to promote financial management best practice, including the reform of legislation and the issue of best practice guidelines to agencies.

In respect of the Commercial Sector, OFM will advise on the corporate governance of Government Trading Enterprises and finalise monitoring arrangements based on the shareholder value added concept.

- **Management and communication**

Within the framework of the OFM Enterprise Agreement, an integrated approach to management and employee relations will be adopted. This will better link corporate planning, performance agreements, remuneration and staff development and training within OFM. The result will be a more flexible organisation that can capitalise on change. Other strategies include an emphasis on improved technical and management development of staff and implementation of best practice information systems within OFM.

Office of State Revenue

For 1997-98 OSR will be striving to maximise revenue, efficiency and client satisfaction. To ensure that these objectives are achieved the following strategies have been identified -

Compliance effectiveness - this will entail increasing the awareness of taxpayers of their obligation to State tax laws.

Service cost reduction and process simplification - this involves reviewing existing processes to identify areas where cost reductions can be achieved for both OSR and the client.

Compliance cost reduction - this involves the introduction of uniform legislation such as the new Duties Act, which will replace the existing Stamp Duties Act.

Service quality - this will include the use of OSR's client survey to develop strategies that will meet client expectation.

Skilled people - focussing on quality programs designed to enhance technical and managerial skills across the organisation.

1997-98 Budget

The current allocation for Treasury is \$72.6 million, a decrease of 3.3 per cent.

Office of Financial Management

The allocation for OFM includes the provision of \$1.5 million for the Electricity Reform Taskforce.

The capital program comprises further work on computer projects and replacement of plant and equipment.

Office of State Revenue

OSR continues its substantial commitment for the supply of data for the assessment of land tax. In 1997-98 the cost is again estimated to exceed \$10 million, the bulk of which will be paid to the Valuer General. With competitive tendering for valuations in land districts it is possible that costs will reduce over time.

CROWN TRANSACTIONS

Expenditure Trends and Recent Developments

“Crown Transactions” reflect service-wide transactions for which individual agencies are not directly accountable. The major components relate to provisions for superannuation contributions, the employer’s cash contribution to superannuation liability, long service leave payments, interest payments on Government debt to Treasury Corporation and the Commonwealth, and the payment of interest on bank balances held by Non Budget Sector agencies.

Proceeds from the sale of Government businesses are being utilised for debt retirement and the Government is phasing in full funding of accruing superannuation liabilities which should be achieved by 2020. For detailed commentary on debt and superannuation liability management refer to Chapter 7.

The Budget estimates provide for the payment of \$216 million in Special Revenue Assistance grants to the Commonwealth in 1997-98 (1996-97: \$210 million). The State is also required by the Commonwealth to make a contribution to higher education superannuation. This is estimated to be \$20 million in 1997-98. Other payments include State Bank post sale management costs, refunds and remissions of Crown revenue, rate concessions on exempt properties within the Sydney and Hunter Water Districts, contribution to the Treasury Managed Insurance Fund, debt/investment management costs, and an operating subsidy to Far West Energy.

1997-98 Budget

Current Payments

Estimated payments in 1997-98 are \$3,168 million, with the major components being -

- \$1,400 million for interest payments on existing debt held with Treasury Corporation, the Commonwealth and other organisations. This is a 3.7 per cent increase in real terms on 1996-97 reflecting a change in the maturity profile of the portfolio;

- \$1,168 million towards the employer's cash contribution to superannuation liability;
- \$216 million in Special Revenue Assistance grants to the Commonwealth;
- \$136 million for payments of long service leave entitlements of public service employees;
- \$110 million for State Bank loan loss indemnity claims and \$23 million in post sale management costs paid under the State Bank sale agreement;
- \$25 million for refunds and remissions of Crown revenue;
- \$20 million as the State's contribution to higher education superannuation; and
- \$12 million to Sydney Water for rate concessions on exempt properties.

Capital Payments

The Crown Transactions Capital Program provides for improvements and refurbishments to the Crown property portfolio and capital grants for natural disaster relief.

The 1997-98 capital program includes \$8 million for improvements to the Crown's rental property portfolio. The expenditure relates to removal of asbestos and general refurbishments and upgrades. An allocation of \$0.6 million to the CBD Asset Strategy reflects the substantial completion of the Strategy which provided for the refurbishment and heritage restoration of the Education Building and fitout of the Governor Macquarie Tower. Natural disaster relief capital grants are estimated to be \$8 million.

The significant decrease in capital payments between 1996-97 and 1997-98 is largely explained by the \$25 million loan made to Axiom Funds Management Corporation in 1996-97 to provided for the working capital needs of the Corporation.

- **Equity Restructure Payments**

Equity restructure payments have been returned to the Budget over recent years as a result of the capital restructure of some commercial agencies and

the return of surplus capital in the case of others. Under Government Finance Statistics principles, these payments are treated as advances repaid to the Budget (and hence an offset to capital outlays) rather than receipts.

In 1996-97, \$143 million is being received from restructure payments. This amount is in line with initial Budget projections. No further payments are anticipated in 1997-98.

Natural Disaster Relief

Natural disaster relief provided by the Government is funded through Crown Transactions (for certain Budget and Non Budget Sector agencies) as well as within the normal works programs of State agencies such as the Roads and Traffic Authority and the State Rail Authority.

Under Commonwealth/State Natural Disaster Relief Arrangements, New South Wales is required to fund the full cost of disaster relief up to a "base amount" which was \$50.3 million in 1996-97. In 1996-97 the State's overall Natural Disaster Relief Arrangements expenditure is expected to be \$37 million.

However, relief for personal hardship and distress attracts a dollar for dollar Commonwealth contribution regardless of whether State expenditure reaches the base amount. In 1996-97 the Commonwealth is expected to contribute \$3.2 million, being half of the State's estimated personal hardship and distress expenditure.

Expenditure in 1996-97 for natural disaster relief is \$7.9 million. In 1997-98, \$14 million has been provided for Natural disaster relief commitments.

The Commonwealth does not recognise drought relief expenditure under the Natural Disaster Relief Arrangements. Notwithstanding this, the New South Wales Government has decided that relief measures (such as stock and fodder transport subsidies) should continue to be made available due to difficulties currently facing the rural sector. These drought assistance measures are made available through an allocation to the Minister for Agriculture.

DEPARTMENT OF ENERGY

Expenditure Trends and Recent Developments

The Department provides strategic policy advice and high level regulation for the management and utilisation of the State's energy resources in a national market. During 1996-97, the Department progressed from a focus on industry structural reform (the disaggregation of electricity generation, amalgamation of distributors and their subsequent corporatisation during 1996), to a concentration on market issues. The focus during 1996-97 has been in establishing the policy and legislative framework for the operation of state and national markets for electricity and gas.

The Department has provided considerable support and advice to the Electricity Reform Task Force which was established in Treasury for the development and implementation of the electricity reform strategy. During 1996-97, the Task Force has been winding down and functions progressively transferred to the Department.

The new Gas Supply Act 1996 was proclaimed and a Third Party Access Code for Natural Gas Distribution Networking in New South Wales was gazetted as first steps in providing choice of supplier to customers.

In 1996-97, the Department provided \$1.5 million to industry, research organisations and universities for research and development. The Department also provided assistance of \$12.6 million as transitional funding to rural electricity distributors to enable adjustment to revised transmission pricing arrangements.

Strategic Directions

The Department of Energy is focused on strategic policy development, providing the Minister and Government with integrated policy advice and industry oversight to ensure the most efficient and effective implementation of the Government's energy policy initiatives. The key issues facing the energy portfolio currently are micro-economic and regulatory reform of the energy industries.

Of particular importance will be advice relating to the integrated state and national energy markets for electricity and gas. Issues include entry barriers between markets, competitive neutrality and equity. In addition, the rapid market transformation creates an increased need to update and refine legislation on short timetables to ensure smooth and effective operation.

The Department also provides advice to the State and Federal Governments on environmental issues relating to the energy sector with the current focus being on the review and implementation of the National Greenhouse Response Strategy. There is also a significant emerging role for the Department in supporting the Minister in developing and monitoring the environmental performance objectives of electricity retailers in the competitive market.

1997-98 Budget

Current Payments

Estimated total current payments for 1997-98 are \$19.3 million. In addition to the core functions of the Department of policy development and high level regulation, this includes -

- \$1.4 million for energy research and development of new energy technologies by industry, research organisations and universities;
- \$9.4 million for transitional funding to rural electricity distributors to enable adjustment to revised transmission pricing arrangements; and
- \$1.5 million for the reform of the gas and electricity industries in New South Wales including the development of national electricity and gas market arrangements.

Capital Payments

The Department is undertaking minor capital works of \$0.1 million to upgrade its information technology capabilities.

SUSTAINABLE ENERGY DEVELOPMENT AUTHORITY

Expenditure Trends and Recent Developments

SEDA's expenditure of \$7 million during 1996-97 was directed towards -

- establishing an Energy Efficient Office Demonstration Fit-out.
- design, development and launching of -

- Energy Smart Buildings in the NSW Government
- Co-generation Investment Program
- Energy Star Office Equipment
- Sustainable Energy at the Sydney Olympics
- Green Power Campaign
- Energy Smart Fast Foods
- Energy Smart Homes
- providing direct financial assistance in the form of grants and/or subsidised loans for the commercialisation of a number of sustainable energy technologies.

Strategic Directions

SEDA's mission is to reduce the level of greenhouse gas emissions in New South Wales by investing in the commercialisation and use of sustainable energy technologies.

In achieving this mission, the key goals of SEDA are -

- to facilitate reduced energy service costs and reduced customer energy bills through application of sustainable energy;
- to provide customers with an improved quality and range of energy services (e.g. more comfortable homes, improved lighting, greater control over energy use);
- to redress market barriers affecting those industries manufacturing, supplying, and installing sustainable energy technologies and services and to assist those industries to gain recognition and acceptance and to become commercially competitive;
- to encourage the development of employment and export opportunities in sustainable energy businesses in New South Wales; and
- to provide reliable, useful and timely information and advice to consumers, appropriate bodies and to the Government on issues relevant to increasing commercial application of sustainable energy technologies.

1997-98 Budget

Current Payments

During 1997-98, SEDA's funding of \$11.8 million will cover the following areas -

- *Energy Efficiency* - aims to target specific energy consumption sectors, or specific technologies, processes or practices. This program also aims to encourage more efficient delivery of energy services.
- *Co-generation and Fuel Substitution* - promotes the use of fossil fuel to generate electricity and heat at the same time and the use of

non-toxic waste materials from agricultural or manufacturing processes for power generation and concurrent heat production. This also involves promotion of the substitution of less carbon-intensive energy forms.

- *Renewable Energy* - expand, strengthen and promote the market for renewable energy technologies.
- *Core* - programs aimed to support the other portfolio categories through putting in place appropriate information, education and communication strategies.

DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT

Expenditure Trends and Recent Developments

The Department of State and Regional Development was established in December 1995 to provide assistance to industry.

The Department has been successful in attracting major investment projects to New South Wales, including the establishment of Foxtel's headquarters, Capital Finance's regional telemarketing operations, the establishment of the Lead-in-Fighter project in Newcastle and the Port Kembla Copper project.

A March 1997 audit of the Department's development projects found the Government has facilitated investment projects worth \$4.29 billion, creating 27,000 new jobs since March 1995. The audit has also revealed there are 150 projects in the pipeline for regional New South Wales worth \$11.2 billion that have the potential to create 32,700 jobs.

Strategic Directions

State and Regional Development works with business to develop New South Wales as a prosperous and internationally competitive economy, through attracting and retaining investment, boosting exports, fostering industry skills and innovation, and creating sustainable jobs to enhance the quality of life for people throughout the State.

This is achieved by -

- securing and sustaining investment;
- working with industry to ensure that export market opportunities are maximised;
- working with regions to expand and diversify economic opportunities;
- building the capabilities of small and medium sized businesses to pursue opportunities for growth;
- enhancing innovation, research and development, technology commercialisation and take-up;

- advocating and initiating policy change and infrastructure development to improve the business climate; and
- coordinating and expediting relevant government agency input on investment projects, to ensure a whole-of-Government approach.

1997-98 Budget

Current Payments

The Department's current payments for 1997-98 total \$69.5 million, a decrease of \$0.3 million over the forecast for the 1996-97 financial year. The decrease is due to the cessation of the Commonwealth/State National Industry Extension Service program in 1996-97, offset by the following new initiatives for which the Government has approved \$6.9 million over the next two years -

- **Agribusiness Alternatives** - The location of 12 new facilitator positions across rural New South Wales will extend a program of strategic advice on agribusiness issues to Regional Development Boards. These positions are expected to enhance the marketing performance of agricultural industries and develop sustainable alternative business use of rural land. The facilitators will foster the development of networks, business plans for individual proponents and encourage export market enhancement.
- **Regional Business Export Focus** - Evidence indicates that many small and medium sized firms do not consider participation in international markets as an option for business growth because the market fails to provide information on opportunities and because complex government regulations and procedures impede export activity. To address this market gap the Department will create six Export Advisors to be placed in areas of the State with critical mass of firms able to consider export growth.
- **The heightened export focus** will include a number of business partnership programs with key industries to facilitate the development of business skills in the community, export readiness and promote increased export growth with a particular focus on regional New South Wales.
- **Olympic Business Services** - The staging of the Olympics in Sydney provides a unique opportunity to change the international perception of Australian business and leverage investment and export opportunities from now and beyond the year 2000. The Department will be supporting a number of new initiatives including showcasing Australian technology and multimedia presentations

accessible via the Internet, and other extension activities to supplement the Investment 2000 project.

- Business Environment - The aim is to maximise the potential of New South Wales to attract new business and work with existing business to increase the economic benefit to people in the State.

In addition, the 1997-98 budget includes the following allocations -

- Regional Headquarters Tax Concessions - This incentive program encourages international companies to establish their regional headquarters in Sydney.
- Assistance to Industry - The allocation promotes, encourages and stimulates the establishment and development of industry.
- Regional Development Assistance Scheme - The scheme provides assistance to businesses starting up, expanding in, or relocating to, a regional location. The program aims to assist firms during times of critical cash flow to help overcome initial cost hurdles which may discriminate against viable regional locations being selected.
- AusIndustry - A joint State and Commonwealth funded program which provides assistance to help businesses exposed to international competition to compete successfully, expand and create additional employment opportunities.

Capital Payments

The Department's capital program provides \$18.1 million for the rehabilitation works at Moore Park Showground for the establishment of Fox Studios.

In addition, \$200,000 has been provided for replacement of departmental plant and equipment.

4.3.21 MINISTER FOR URBAN AFFAIRS AND PLANNING AND MINISTER FOR HOUSING

OVERVIEW

Agency	Forecast 1996-97	Estimate 1997-98	Variation
	\$m	\$m	%
Department of Urban Affairs and Planning			
Current Payments	109.9	110.9	0.9
Capital Payments	424.3	422.0	(-) 0.5
Ministry of Urban Infrastructure Management			
Current Payments	0.4	1.2	300.0
Capital Payments .....	...	...	...
Heritage Office			
Current Payments	2.1	6.7	219.0
Capital Payments	0.2	0.4	200.0
Payments to other Government Bodies under the Control of the Minister			
Current Payments	79.9	82.6	3.4
Capital Payments	23.6	33.3	41.1
Total, Minister for Urban Affairs and Planning and Minister for Housing	640.4	657.1	2.6

The increase in current payments for the Heritage Office reflects expenditure on heritage projects as a result of the \$21.5 million contribution to the Heritage Fund in 1996-97 and 1997-98.

The increase in capital payments to Other Government Bodies under the control of the Minister reflects the increase in funding for backlog sewerage infrastructure projects.

DEPARTMENT OF URBAN AFFAIRS AND PLANNING

The Department deals with planning policy and regulation, urban management - including the coordination of urban growth, renewal and consolidation - and the development of housing policies. Its primary function is to develop planning policies and regulate land use in New South Wales. In addition, it funds and implements projects that impact on urban development. The major expenditure is on public and community housing, with substantial funds passed on to the Department of Housing.

Expenditure Trends and Recent Developments

Recent developments include -

- release for public consultation of the Integrated Development Assessment White Paper and Exposure Draft Bill, detailing proposed reforms to the development assessment process;
- review of the Commonwealth/State Housing Agreement currently being undertaken with the Commonwealth;
- preparation of regional planning strategies throughout New South Wales such as the North Coast Regional Plan; Williams River Regional Environmental Plan and the City South Strategic Plan;
- commencement of the Comprehensive Regional Assessment process, following the completion of the Interim Forestry Assessment, under the direction of the Resource and Conservation Assessment Council;
- transfer of the Metropolitan Monitoring and Analysis Branch to the newly created Ministry of Urban Infrastructure Management;
- establishment of the Heritage Office;
- transfer of the Water Licence Regulator from the Department of Land and Water Conservation; and
- establishment of the South Sydney Development Corporation to coordinate development in the South Sydney growth area.

Strategic Directions

The Department undertakes programs to fulfil its role in developing plans and policies for environmental management, developing and monitoring housing policy and promoting initiatives in urban development.

Major features of the Department's strategic direction are -

- promotion of a whole of government approach to housing and urban planning policy to ensure that the Greater Metropolitan Region is planned in accordance with broader government objectives for managing urban growth and for improving service planning and coordination;

- undertake State and regional planning programs to implement government policies which ensure a high quality and coordinated approach to the environment and development;
- delivery of a quality planning and environmental impact assessment framework to help achieve ecologically sustainable development in accordance with the State Government's economic development and environmental mandates;
- continued development of guidelines and planning policy statements which are consistent with the Government's coastal policy;
- the provision of high level advice on forestry issues including extensive consultation with environmental and industry groups; and
- the encouragement of a more diversified housing assistance system, improving access to housing assistance for disadvantaged groups and influencing housing affordability and choice in the private market.

1997-98 Budget

Current Payments

Current payments include -

- \$34.8 million planned for the promotion, implementation and coordination of government policies in the program areas of metropolitan planning (\$19.9 million), State and regional planning (\$10.6 million) and environment policy and assessment (\$4.3 million);
- \$5.1 million for the commencement of the comprehensive regional assessment process, under the direction of the Resource and Conservation Assessment Council; and
- \$6 million for the provision of funding to community projects under the Area Assistance Scheme.

Housing Assistance Program

The Housing Assistance Program uses funds agreed under the Commonwealth State Housing Agreement (CSHA) to provide housing

assistance to low income households unable to access or maintain adequate and appropriate housing. The Program is based on CSHA funds of \$466.5 million, with the State Government contributing \$136.7 million and the Commonwealth contributing \$329.8 million. Housing assistance is delivered by the Office of Housing Policy, the Office of Community Housing, the Department of Housing and the Home Purchase Assistance Authority.

In addition to CSHA funds, \$68 million will be made available from the Department of Housing's internal funds, mainly from sales of housing stock, and \$3.5 million from the Home Purchase Assistance Authority's internal funds. The Commonwealth will provide \$3.8 million in loan repayment subsidies including interest to meet borrowings under the Social Housing Subsidy Program. Specific State funding of \$5.5 million will be provided for the Mental Health Supported Housing Program (\$3 million) and other housing initiatives.

The 1997-98 Program has been formulated in an environment of uncertainty about the total level of funding under the Commonwealth State Housing Agreement. To date, the Commonwealth has guaranteed base funding only until December 1997. Full year funding has been offered for the Aboriginal Rental Housing Program and the Crisis Accommodation Program.

Ongoing programs for new dwellings, improvements to existing public housing, financial assistance, crisis accommodation and supported housing have been maintained and continue to reflect the Government's strategies to diversify housing assistance programs and supporting broader government strategies including social justice and urban planning policies.

The main features of the 1997-98 program are -

- the housing assistance program will provide for approximately 13,500 new households to be accommodated in the social housing system, financial assistance to 42,700 tenants in the private rental market and homeowners and 2,500 crisis accommodation places;
- a new supply of 2,249 dwellings under the capital program and a further 1,000 dwellings will be achieved through leasing from the private rental market;
- a substantial increase in the level of funding for improvements to the public housing stock with \$90 million for capital upgrading, \$16 million for maintenance in addition to Department of Housing

internal funds and \$35 million to continue improvements to large estates under the Neighbourhood Improvement Program;

- a more diversified housing provider system with \$123.2 million allocated to community housing programs to yield 1,400 new dwellings and \$31 million directed to Aboriginal housing programs providing 149 new dwellings mainly through community based providers; and
- continued emphasis on urban consolidation with 80 per cent of the Department of Housing's supply of new dwellings achieved through redevelopment; and
- a sustained focus on assisting special needs groups both through mainstream public housing and a range of specific programs such as housing linked to support services (\$16 million providing 63 new dwellings) and others targeted to youth, homeless people and older persons.

Capital Payments

The Department's program consists primarily of acquiring coastal land, designated as such by the Coastal Lands Protection Scheme, which is part of the overall framework for the planning and development of the State's unique coastal areas.

Funding of \$1.5 million is provided for various land acquisitions identified under the Scheme. This will enable the Department to fulfil its role in encouraging proper management, development and conservation of coastal land within the State.

Minor works funding of \$100,000 is provided for the purchase of plant and equipment.

MINISTRY OF URBAN INFRASTRUCTURE MANAGEMENT

The Ministry of Urban Infrastructure Management was established in December 1996. The Ministry will assist the work of the Urban Management Committee of Cabinet which is responsible for setting directions for urban growth and change and priorities for urban infrastructure projects in the Greater Metropolitan Region (Sydney, Newcastle, Wollongong).

The Ministry will improve the coordination and assessment of strategic infrastructure planning and expenditure. It will prepare a five year Urban Infrastructure Management Plan that outlines the infrastructure needs in the Greater Metropolitan Region and identifies priorities for expenditure on major infrastructure projects.

It will also investigate how major infrastructure projects are funded, including opportunities for private sector involvement.

Current payments will be \$1.2 million and staff have been drawn from relevant portfolios.

HERITAGE OFFICE

The Heritage Office was formed in July 1996. It is responsible for administration of the Government's heritage policies. It has a major educational and promotional role to encourage conservation of the State's heritage assets.

The Government has provided \$30 million to the Heritage Fund over 1996-97 to 1998-99, of which \$13 million is being paid in 1996-97. The capital of this Fund will be maintained, with earnings used to fund heritage projects. An additional \$669,000 has been provided for heritage conservation in western Sydney, from the proceeds of sale of airspace over the First Government House site.

Strategic Directions

Major features are -

- broadening the focus of the Heritage Council to include Aboriginal, natural and moveable heritage;
- completion of a comprehensive inventory of the State's most significant heritage items;
- streamlining of development approval processes for heritage items; and
- better protection and management of heritage items owned by State agencies and corporations.

1997-98 Budget

Current Payments

Current payments include -

- \$3.5 million for payment of heritage grants, including a minimum of \$669,000 earmarked for western Sydney;
- \$400,000 for preparing the State Heritage Inventory; and
- \$200,000 to increase the public profile of heritage through education and promotion.

PAYMENTS TO OTHER GOVERNMENT BODIES UNDER THE CONTROL OF THE MINISTER

City West Development Corporation

The Department of Urban Affairs and Planning administers Budget payments to the City West Development Corporation for the Ultimo-Pyrmont and the Eveleigh Area strategies. Payments in 1997-98 include \$1.5 million for the Australian Technology Park at Eveleigh.

Budget contributions to Honeysuckle Development Corporation have ceased from 1996-97 with the completion of stage 1 of the Building Better Cities Program.

Payments for Water and Sewerage Assistance

Current payments of \$82.6 million comprise -

- \$53.8 million for water and sewerage rate rebates for pensioners provided by Sydney Water and the Hunter Water Corporation;
- \$14.2 million for transitional water rebates associated with the move to usage pricing;
- contributions to environmental trusts by Sydney Water of \$14.2 million; and
- \$399,000 for the Blue Mountains septic pumpout service.

An amount of \$30.6 million is being provided for capital payments associated with four non-commercial backlog sewer schemes at Picton, Gerringong/Gerroa, Bundeena/Maianbar and Winmalee.

4.4 BUDGET CURRENT EXPENDITURE FORWARD ESTIMATES

INTRODUCTION

A system for estimating forward expenditures is essential for aiding governments in the control of their future budget positions, for measuring their success in achieving stated targets and for giving a broad indication of any changes in resource allocations arising either from deliberate policy decisions or as a result of demand-driven factors.

There is no one budget aggregate measure which is unequivocally the best at meeting each of these needs. The three aggregates presented in the table below (for the Budget Sector in total) and, in the following tables (for individual agencies), give alternative views of the recent and future trends in Budget current expenditures.

Table 4.2: Budget Current Expenditure Aggregates, 1996-97 to 1999-2000

Aggregate		1996-97	1997-98	1998-99	1999-2000
Consolidated Fund					
Recurrent Allocations	\$m	21,020	22,183	22,227	22,603
Growth: nominal	%	n.a.	5.5	0.2	1.7
real	%	n.a.	3.3	(-) 2.0	(-) 0.1
As a proportion of GSP	%	11.9	11.9	11.3	10.8
Total Current Payments	\$m	21,002	21,862	22,455	23,077
Growth: nominal	%	n.a.	4.1	2.7	2.8
real	%	n.a.	1.9	0.5	1.0
As a proportion of GSP	%	11.9	11.7	11.4	11.1
Net Cost of Services	\$m	22,017	22,977	23,125	23,444
Growth: nominal	%	n.a.	4.4	0.6	1.4
real	%	n.a.	2.2	(-) 1.5	(-) 0.4
As a proportion of GSP	%	12.5	12.3	11.7	11.3

EXPLANATION

In interpreting the usefulness of these aggregates, it is important to understand the relationships between them, including the differing coverage of transactions that they encompass. Both Consolidated Fund recurrent allocations and net cost of services are aggregates controlled directly or indirectly through the Budget process, with the former representing the level of cash support appropriated by Parliament and the latter the level of operating expenses incurred by the agency. In contrast, total current payments is not formally controlled in aggregate and represents the total level of cash payments made for operating purposes, funded from all sources, including the revenues and cash resources of agencies.

Detail of these concepts are set out below. Reference should also be made to the Introduction to Budget Paper No. 3, which contains a detailed explanation of the various terms.

Consolidated Fund Allocations

Consolidated Fund allocations represent the aggregate over which the Government (as opposed to individual Ministers and agencies) has the greatest degree of control, as it is these amounts which form the basis of the formal budgetary process and are presented to Parliament in the annual Appropriation Bills.

Once the Appropriation Bills are passed by Parliament, the Government is authorised to draw those amounts from the Consolidated Fund to support the services provided by Budget Sector agencies (and to pay for certain services provided by Non Budget Sector agencies). As such, the forward estimates of Consolidated Fund appropriations provide a strong indication of the extent to which the Government has restrained, or intends to restrain, the use of taxpayers' funds.

However the Consolidated Fund does not cover all transactions which contribute to the overall Budget result and hence it does not provide a comprehensive picture of the Budget result, on either an historic or forward estimates basis. Furthermore it recognises transactions only when they result in a cash payment or receipt, even though an action may have been taken which imposes a liability to make a future payment (e.g. superannuation commitments).

Total Current Payments

The main advantage of total payments data as a forward estimates aggregate is that they provide a comprehensive view of the total value of services (measured on a cash basis) to be made available in the year by the Budget Sector and its agencies, not only the level of Consolidated Fund support.

Information on a total payments basis is provided by agencies for incorporation in the Budget Papers. To the extent that sources of cash other than the Consolidated Fund are used to fund their services, there is an inherent degree of uncertainty in forward estimates, as an agency may not necessarily attain the level of user charges revenue, grants from industry bodies, etc. that it has assumed in making its estimates.

Net Cost of Services

The net cost of services represents the full amount committed from the public purse (as opposed to charges on users or donations, etc.) for the services provided in a year by an individual program, agency or the total Budget Sector.

As an accrual accounting concept, this aggregate records costs whether or not they result in a cash payment in the year, and whether or not any cash payment is made out of the resources of the agency or made from a central allocation (e.g the "Crown Transactions" allocation for the cash payments in respect of superannuation). The Treasurer sets the net cost of services for each Budget Sector agency as an upper limit on commitments, with any increase above this limit subject to the Treasurer's approval. In order to provide adequate flexibility between years, agencies are able to transfer forward or backward up to 2 per cent of net cost of services between years (or such higher amount as may be agreed).

FORWARD ESTIMATES BY AGENCY

Forward estimates of Consolidated Fund Allocations, Total Payments and Net Cost of Services are shown by portfolio and agency in Table 4.4.

It is important to note that these estimates are in "inflation escalated" terms rather than constant prices, i.e. they take into account the current forecasts of wage and price inflation over the period. Estimates by agency which will appear in the 1998-99 and 1999-2000 Budgets will differ from those shown in the table due to revised forecasts of wages and prices. In relation to the estimates of Consolidated Fund allocations in particular, it should be appreciated that these differences will not represent a change in the level of support to be provided to agencies, but simply a variation in the forecast of inflation.

Furthermore, the level of total payments are based on agencies' estimates of the amounts they will have available from sources other than the Consolidated Fund (e.g. user charges and grants from industry). To the extent to which these revenues ultimately exceed or fall short of current forecasts, total payments can be expected to vary.

RECONCILIATION BETWEEN THE BUDGET AND THE FORWARD ESTIMATES

Changes over time in the forward estimates of outlays for a particular year may occur for a number of reasons.

Firstly, the forward estimates are based on a continuation of the Government's current policies and programs. These will change over time as new programs are introduced or existing programs are enlarged or reduced. Such changes may or may not impact on the financial aggregates at the agency, portfolio or Budget Sector level as the changes may be offset through a reordering of priorities.

Secondly, existing policies may result in real expenditure growth or contraction where the policies are in terms of demand variables. To the extent that demographic forecasts for a particular year change, there will be a corresponding refinement in the forecast payments for such services. Thirdly, changes over time in the forecasts of parameters such as wages growth and interest rates will result in changes in forecast expenditures between the time of the forward estimates being produced for a year and the Budget for that year.

As part of the discipline of maintaining its undertaking to restraining expenditure growth, the Government has committed itself to publishing, for each year's Budget, details of how those Budget Estimates differ from the previously released forward estimates for that year.

Table 4.4 shows a reconciliation between the total current outlays proposed in this Budget and the forward estimate for 1997-98 published in last year's Budget Papers.

Table 4.3: Reconciliation of 1997-98 Budget and 1997-98 Forward Estimates

	\$m
FORWARD ESTIMATE OF TOTAL 1997-98 CURRENT OUTLAYS AS SHOWN IN 1996-97 BUDGET	19,618
Adjustments to Reflect Changes In Coverage and/or Accounting Arrangements	
Reclassification of expenditures between capital and current	
• Department of Transport	104
• Roads and Traffic Authority	(-) 37
• NSW Technical and Further Education Commission	23
• Department of Urban Affairs and Planning	6

Revised accounting treatment in relation to payroll tax and financing transactions with other Budget Sector agencies	
• Roads and Traffic Authority	(-) 26
• NSW Technical and Further Education Commission	(-) 8
Revised accounting treatment for State Bank loan indemnities	(-) 15
ADJUSTED FORWARD ESTIMATE FOR 1997-98	19,665

SUBSEQUENT VARIATIONS

Parameter Changes

Escalation adjustment	(-) 67
Superannuation	70
Debt servicing costs	(-) 116
Increased workers' compensation and other insurance costs	65
Revised Commonwealth funding -	
• Department of Health	(-) 42
• Department of Training and Education Coordination	(-) 16
• Legal Aid Commission	(-) 15
• Department of School Education	10
• Rural Assistance Authority	9
• Department of Land and Water Conservation	(-) 5
Guns Buyback Scheme	70
Victims Compensation Fund	38
Provision for redundancy payments	20
Transport fare concessions - State Transit Authority	17

Table 4.3: Reconciliation of 1997-98 Budget and 1997-98 Forward Estimates (cont)

	\$m
Department of Energy - transitional payments to rural authorities	9
Department of Local Government - revised pensioner rebates	7
Revised cashflow - creation of 24 new national parks	(-) 7
Reduction in State housing expenditures to match Commonwealth's 4% efficiency dividend	(-) 6
Compensation payment to the National Rail Corporation	5
Impact of increased secondary enrolments on government schools expenditure and payment to non-government schools	5
Additional payments funded from agency revenues, use of cash balances, and other minor variations -	
. Department of Land and Water Conservation	15
. Department of Training and Education Coordination	12
. RTA	10
. Attorney General's Department	10
. Department of Community Services	9
. NSW Technical and Further Education Commission	9
. Department of State and Regional Development	6
. NSW Police Service	5
. Ageing and Disability Department	5
. Other	24
Post-Budget Policy Decisions	
Increased grants for Rail services	266
Additional funding for school education initiatives	55
Additional funding for pay increases in excess of Budget provision	
. school teachers and support staff	32
. nurses and other health workers	5
Reduced Budget subsidy to the Darling Harbour Authority	(-) 7
Significant current payments initiatives (refer Section 1.3)	536
Agency specific savings and savings from contracting and corporate support services*	(-) 119
Other minor variations	8
Treasurer's Advance - incorporation in above adjustments	(-) 80
TOTAL CURRENT OUTLAYS - 1997-98 ESTIMATE	20,516

* Reflects the impact of savings measures outlined in Section 1.3 on current outlays only.

Table 4.4: Forward Estimates by Minister and Agency

All figures are expressed in \$m in terms of dollars of the year

	1996-97 Revised			1997-98 Estimate			1998-99 Estimate			1999-00 Estimate		
	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund
THE LEGISLATURE												
THE LEGISLATURE	59.9	72.5	60.3	61.5	74.7	60.7	62.5	76.0	62.4	64.3	78.1	64.2
TOTAL FOR MINISTER	59.9	72.5	60.3	61.5	74.7	60.7	62.5	76.0	62.4	64.3	78.1	64.2
PREMIER, MINISTER FOR THE ARTS AND MINISTER FOR ETHNIC AFFAIRS												
CABINET OFFICE	9.1	10.1	9.5	9.2	10.2	9.5	9.4	10.5	9.8	9.7	10.8	10.0
PARLIAMENTARY COUNSEL'S OFFICE	4.1	4.7	3.8	4.1	4.6	3.8	4.2	4.8	3.9	4.3	4.9	4.0
PREMIER'S DEPARTMENT	66.8	67.6	65.1	43.6	45.9	42.1	42.3	44.9	41.1	41.5	44.4	40.7
INDEPENDENT COMMISSION AGAINST CORRUPTION	12.7	14.6	12.7	12.4	14.3	12.8	12.8	14.6	13.2	13.1	15.0	13.6
OMBUDSMAN'S OFFICE	5.2	6.1	5.3	5.3	6.3	5.4	5.3	6.4	5.5	5.5	6.6	5.7
STATE ELECTORAL OFFICE	7.7	8.2	7.7	8.6	9.1	8.6	34.0	34.5	34.0	12.9	13.4	12.9
INDEPENDENT PRICING AND REGULATORY TRIBUNAL	3.7	3.7	4.0	4.2	4.6	4.0	3.9	4.3	4.1	4.0	4.4	4.2
MINISTRY FOR THE ARTS	35.8	56.9	54.9	36.8	55.0	53.0	37.8	47.6	45.6	38.8	48.0	46.0
STATE LIBRARY	42.4	40.4	36.8	42.3	40.7	37.3	43.0	41.3	37.8	43.7	42.0	38.4
AUSTRALIAN MUSEUM	20.8	18.3	14.6	19.6	17.4	15.0	20.2	17.6	15.1	21.0	18.2	15.5
MUSEUM OF APPLIED ARTS AND SCIENCES	28.3	35.5	24.1	27.0	34.1	24.1	27.8	32.3	24.7	28.6	32.3	25.4
HISTORIC HOUSES TRUST	11.4	9.8	8.4	11.5	10.6	9.5	11.8	10.8	9.8	12.2	11.1	10.0
ART GALLERY OF NEW SOUTH WALES	18.8	13.2	12.9	19.0	13.2	12.8	20.1	14.6	13.2	21.0	15.0	13.5
ARCHIVES AUTHORITY OF NEW SOUTH WALES	4.7	5.0	4.4	7.2	4.0	4.5	7.3	4.1	4.6	7.5	4.2	4.7
NEW SOUTH WALES FILM AND TELEVISION OFFICE	11.8	9.6	4.8	7.8	6.6	4.8	6.9	5.6	4.8	6.7	5.5	4.8
ETHNIC AFFAIRS COMMISSION	11.2	9.7	8.5	11.4	9.8	9.1	11.1	10.1	9.3	11.4	10.3	9.5
TOTAL FOR MINISTER	294.6	313.5	277.3	269.8	286.3	256.3	297.9	304.1	276.5	282.0	286.0	259.0

Table 4.4: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1996-97 Revised			1997-98 Estimate			1998-99 Estimate			1999-00 Estimate		
	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund
MINISTER FOR AGRICULTURE												
DEPARTMENT OF AGRICULTURE	170.6	158.5	124.3	183.1	170.8	138.3	183.0	170.6	136.9	187.4	174.4	139.6
RURAL ASSISTANCE AUTHORITY	57.4	57.2	53.8	38.7	38.4	38.1	24.9	24.4	23.9	22.6	22.6	22.1
TOTAL FOR MINISTER	228.0	215.8	178.1	221.8	209.2	176.4	207.9	195.0	160.8	210.0	197.0	161.7
ATTORNEY GENERAL AND MINISTER FOR INDUSTRIAL RELATIONS												
ATTORNEY GENERAL'S DEPARTMENT	355.7	303.9	262.7	357.1	301.6	259.8	354.8	297.8	255.2	369.8	311.1	267.7
JUDICIAL COMMISSION	2.4	2.9	2.5	2.4	2.9	2.4	2.4	2.9	2.5	2.5	2.9	2.6
LEGAL AID COMMISSION	88.1	70.4	70.1	70.7	56.9	57.3	71.5	58.7	57.7	72.3	59.1	58.1
OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS	39.4	48.7	41.0	40.6	50.3	42.3	41.4	51.1	43.1	42.6	52.7	44.3
DEPARTMENT OF INDUSTRIAL RELATIONS	21.3	22.7	22.1	15.7	16.9	14.9	16.1	17.3	15.2	16.5	17.8	15.7
TOTAL FOR MINISTER	507.0	448.7	398.4	486.5	428.5	376.8	486.2	427.9	373.9	503.7	443.7	388.4
MINISTER FOR COMMUNITY SERVICES, MINISTER FOR AGED SERVICES AND MINISTER FOR DISABILITY SERVICES												
DEPARTMENT OF COMMUNITY SERVICES	493.0	527.6	465.7	494.7	544.3	497.1	508.6	560.3	514.3	522.6	575.6	528.4
AGEING AND DISABILITY DEPARTMENT	629.3	646.2	628.1	642.7	644.6	638.9	660.1	661.0	656.2	679.3	680.2	675.6
COMMUNITY SERVICES COMMISSION	3.0	3.4	3.0	3.3	3.8	3.4	3.4	3.9	3.5	3.5	4.0	3.6
DEPARTMENT OF JUVENILE JUSTICE	69.2	77.1	70.1	68.6	77.5	70.3	75.7	84.8	77.5	70.2	79.4	72.0
HOME CARE SERVICE	17.5	0.2	0.0	16.6	0.0	0.0	20.2	3.8	3.7	24.0	7.6	7.6
TOTAL FOR MINISTER	1,212.0	1,254.5	1,166.9	1,225.9	1,270.2	1,209.8	1,267.9	1,313.8	1,255.2	1,299.6	1,346.8	1,287.2

Table 4.4: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1996-97 Revised			1997-98 Estimate			1998-99 Estimate			1999-00 Estimate		
	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund
MINISTER FOR CORRECTIVE SERVICES AND MINISTER FOR EMERGENCY SERVICES												
DEPARTMENT OF CORRECTIVE SERVICES	336.3	363.8	322.2	339.7	369.6	329.7	342.0	372.1	331.3	346.1	376.6	335.1
NEW SOUTH WALES FIRE BRIGADES	232.0	240.8	242.8	237.9	253.4	255.2	244.7	263.4	263.4	252.1	271.2	271.2
DEPARTMENT OF BUSH FIRE SERVICES	31.4	14.9	10.0	32.1	14.1	11.4	33.2	13.0	12.2	33.5	14.3	13.5
STATE EMERGENCY SERVICE	10.7	10.5	8.2	10.5	11.1	8.6	10.6	11.3	8.8	10.9	11.7	9.0
TOTAL FOR MINISTER	610.4	630.0	583.3	620.2	648.2	604.9	630.4	659.7	615.7	642.6	673.9	628.8
MINISTER FOR EDUCATION AND TRAINING												
DEPARTMENT OF TRAINING AND EDUCATION												
CO-ORDINATION	145.3	158.9	146.0	134.4	148.0	130.6	128.7	135.1	119.7	130.0	134.8	119.6
DEPARTMENT OF SCHOOL EDUCATION	3,780.1	4,539.1	3,923.4	4,028.3	4,740.5	4,179.0	4,238.4	4,969.8	4,396.2	4,364.3	5,107.9	4,534.0
NEW SOUTH WALES TECHNICAL AND FURTHER EDUCATION COMMISSION	986.1	1,057.4	840.4	977.3	1,061.2	861.8	1,009.0	1,085.4	880.9	1,033.9	1,110.4	901.5
OFFICE OF THE BOARD OF STUDIES	58.0	59.3	54.9	57.1	58.8	54.5	58.1	60.4	56.1	59.8	62.1	57.7
TOTAL FOR MINISTER	4,969.5	5,814.8	4,964.7	5,197.1	6,008.5	5,225.9	5,434.2	6,250.7	5,452.7	5,587.9	6,415.2	5,612.7

Table 4.4: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1996-97 Revised			1997-98 Estimate			1998-99 Estimate			1999-00 Estimate		
	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund
MINISTER FOR THE ENVIRONMENT												
ENVIRONMENT PROTECTION AUTHORITY	83.3	94.5	81.4	84.4	97.8	87.0	82.2	94.7	85.1	80.2	94.0	83.1
NATIONAL PARKS AND WILDLIFE SERVICE	142.6	134.3	106.9	149.4	140.2	113.4	154.1	142.7	117.0	157.7	147.0	120.1
ROYAL BOTANIC GARDENS AND DOMAIN TRUST	16.9	17.2	13.8	18.4	17.7	13.8	19.3	18.2	14.2	20.2	18.7	14.6
CENTENNIAL PARK AND MOORE PARK TRUST	6.2	4.1	3.7	7.0	5.8	3.6	7.7	4.5	3.7	7.9	4.5	3.7
BICENTENNIAL PARK TRUST	1.5	1.7	1.3	2.3	2.4	2.1	2.4	2.4	2.1	2.4	2.5	2.1
TOTAL FOR MINISTER	250.4	251.9	207.1	261.6	264.0	219.9	265.7	262.5	222.1	268.4	266.6	223.7
MINISTER FOR FAIR TRADING AND MINISTER FOR WOMEN												
DEPARTMENT OF FAIR TRADING	79.7	42.2	34.8	74.8	61.2	50.8	79.6	61.2	51.5	81.7	63.0	52.9
HOMEFUND COMMISSIONER'S OFFICE	1.5	1.4	1.4	...	...	...	...	...	...	...	...	...
DEPARTMENT FOR WOMEN	5.1	5.4	4.5	4.7	4.9	4.7	4.7	5.0	4.8	4.8	5.1	4.9
TOTAL FOR MINISTER	86.3	49.0	40.7	79.5	66.1	55.4	84.3	66.3	56.3	86.4	68.1	57.7
MINISTER FOR GAMING AND RACING												
DEPARTMENT OF GAMING AND RACING	26.9	26.3	25.0	28.6	34.8	39.0	35.5	39.4	35.0	36.6	40.4	35.9
CASINO CONTROL AUTHORITY	3.3	3.1	2.5	2.4	2.1	1.7	2.2	2.6	2.1	2.3	2.6	2.2
TOTAL FOR MINISTER	30.2	29.4	27.5	31.0	36.9	40.6	37.6	42.0	37.1	38.9	43.0	38.1

Table 4.4: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1996-97 Revised			1997-98 Estimate			1998-99 Estimate			1999-00 Estimate		
	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund
MINISTER FOR HEALTH AND MINISTER FOR ABORIGINAL AFFAIRS												
DEPARTMENT OF HEALTH	5,370.2	5,106.7	4,570.9	5,590.9	5,406.6	4,824.5	5,770.5	5,575.7	5,006.3	5,897.1	5,698.2	5,120.9
HEALTH CARE COMPLAINTS COMMISSION	4.5	4.9	4.4	5.3	4.8	4.3	4.4	4.9	4.4	4.5	5.0	4.6
DEPARTMENT OF ABORIGINAL AFFAIRS	2.6	45.5	45.3	2.7	47.9	47.7	2.7	15.7	15.5	2.8	2.8	2.6
TOTAL FOR MINISTER	5,377.4	5,157.1	4,620.5	5,598.9	5,459.4	4,876.6	5,777.6	5,596.3	5,026.3	5,904.4	5,706.1	5,128.0
MINISTER FOR LAND AND WATER CONSERVATION												
DEPARTMENT OF LAND AND WATER CONSERVATION	362.5	435.8	397.3	375.5	445.3	401.0	358.9	402.6	349.6	353.8	393.5	339.9
TOTAL FOR MINISTER	362.5	435.8	397.3	375.5	445.3	401.0	358.9	402.6	349.6	353.8	393.5	339.9
MINISTER FOR LOCAL GOVERNMENT												
DEPARTMENT OF LOCAL GOVERNMENT	80.6	85.4	82.3	81.8	87.6	86.2	81.5	85.5	84.2	81.8	83.3	82.0
TOTAL FOR MINISTER	80.6	85.4	82.3	81.8	87.6	86.2	81.5	85.5	84.2	81.8	83.3	82.0

Table 4.4: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1996-97 Revised			1997-98 Estimate			1998-99 Estimate			1999-00 Estimate		
	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund
MINISTER FOR MINERAL RESOURCES AND MINISTER FOR FISHERIES												
DEPARTMENT OF MINERAL RESOURCES	33.5	35.9	30.4	31.6	33.7	29.7	31.8	33.7	29.4	32.7	34.5	30.2
COAL COMPENSATION BOARD	4.1	54.4	52.2	2.3	43.3	43.0	0.0	9.5	9.5	0.0	0.0	0.0
NEW SOUTH WALES FISHERIES	25.6	24.5	22.0	25.1	25.1	21.9	25.3	25.7	22.7	25.6	26.1	23.3
TOTAL FOR MINISTER	63.2	114.9	104.6	59.0	102.2	94.6	57.1	68.8	61.6	58.3	60.7	53.6
MINISTER FOR THE OLYMPICS												
OLYMPIC CO-ORDINATION AUTHORITY	41.1	26.8	35.8	40.0	16.1	33.1	37.2	38.3	30.9	34.3	35.1	27.8
TOTAL FOR MINISTER	41.1	26.8	35.8	40.0	16.1	33.1	37.2	38.3	30.9	34.3	35.1	27.8
MINISTER FOR POLICE												
MINISTRY FOR POLICE	3.4	3.8	3.3	3.4	3.8	3.5	3.3	3.7	3.4	3.2	3.7	3.3
POLICE INTEGRITY COMMISSION	3.4	3.6	3.5	9.7	10.2	10.0	10.0	10.5	10.3	10.2	10.8	10.6
NSW POLICE SERVICE	992.9	1,201.6	1,014.8	1,026.9	1,252.3	1,051.6	974.4	1,212.8	1,004.9	1,003.0	1,248.3	1,033.5
NEW SOUTH WALES CRIME COMMISSION	5.9	6.8	5.8	6.7	7.9	6.7	6.7	8.3	6.9	6.8	8.6	7.0
TOTAL FOR MINISTER	1,005.5	1,215.8	1,027.4	1,046.6	1,274.2	1,071.7	994.4	1,235.4	1,025.5	1,023.3	1,271.4	1,054.5

Table 4.4: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1996-97 Revised			1997-98 Estimate			1998-99 Estimate			1999-00 Estimate		
	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund
MINISTER FOR ROADS, MINISTER FOR PUBLIC WORKS AND SERVICES AND MINISTER FOR PORTS												
ROADS AND TRAFFIC AUTHORITY	1,056.4	972.8	941.5	1,064.6	969.2	959.4	1,086.2	982.6	977.9	1,102.9	989.1	989.2
OFFICE OF THE MINISTER FOR PUBLIC WORKS AND SERVICES	39.0	49.9	48.1	34.2	45.8	45.7	29.8	53.9	53.9	29.8	36.9	36.9
OFFICE OF MARINE ADMINISTRATION	7.3	5.9	5.6	6.2	3.9	4.8	5.3	4.8	3.9	5.6	5.0	4.1
WATERWAYS AUTHORITY	25.2	0.4	1.9	27.4	0.6	...	28.9	-0.9	...	29.6	-1.0	...
TOTAL FOR MINISTER	1,127.9	1,029.0	996.9	1,132.4	1,019.4	1,009.9	1,150.1	1,040.5	1,035.7	1,167.8	1,029.9	1,030.1
MINISTER FOR SPORT AND RECREATION												
DEPARTMENT OF SPORT AND RECREATION	55.8	48.7	41.0	49.8	48.0	40.7	50.3	43.3	38.5	51.1	43.6	38.7
TOTAL FOR MINISTER	55.8	48.7	41.0	49.8	48.0	40.7	50.3	43.3	38.5	51.1	43.6	38.7
MINISTER FOR TRANSPORT AND MINISTER FOR TOURISM												
DEPARTMENT OF TRANSPORT	1,416.7	1,801.3	1,789.9	1,347.1	1,780.0	1,792.9	1,325.4	1,525.0	1,528.6	1,329.6	1,531.2	1,529.1
TOURISM NEW SOUTH WALES	40.2	34.2	33.1	38.9	34.1	33.2	39.7	34.8	34.0	40.7	35.7	34.9
TOTAL FOR MINISTER	1,456.9	1,835.5	1,823.0	1,386.0	1,814.0	1,826.1	1,365.1	1,559.8	1,562.6	1,370.4	1,566.9	1,563.9

Table 4.4: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1996-97 Revised			1997-98 Estimate			1998-99 Estimate			1999-00 Estimate		
	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund
TREASURER, MINISTER FOR ENERGY AND MINISTER FOR STATE AND REGIONAL DEVELOPMENT												
TREASURY	75.1	82.9	69.8	72.6	81.1	69.8	72.7	81.2	70.0	74.4	83.0	71.7
CROWN TRANSACTIONS	2,850.4	3,326.7	3,158.9	3,168.3	3,585.2	3,589.5	3,245.8	3,560.2	3,472.9	3,391.0	3,477.0	3,479.0
DEPARTMENT OF ENERGY	23.5	20.6	14.9	19.3	18.7	16.8	15.5	15.0	14.0	12.1	11.6	10.5
SUSTAINABLE ENERGY DEVELOPMENT AUTHORITY	6.6	6.8	6.4	12.2	12.4	12.0	20.1	20.5	20.1	20.2	20.6	20.2
DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT	69.8	78.3	65.4	69.5	90.5	81.4	58.4	67.5	60.8	50.4	53.5	50.4
TOTAL FOR MINISTER	3,025.3	3,515.3	3,315.5	3,341.8	3,787.8	3,769.5	3,412.4	3,744.3	3,637.8	3,548.1	3,645.7	3,631.7
MINISTER FOR URBAN AFFAIRS AND PLANNING AND MINISTER FOR HOUSING												
DEPARTMENT OF URBAN AFFAIRS AND PLANNING	109.9	533.8	532.8	110.9	535.8	519.8	106.1	518.0	513.0	105.6	514.5	509.4
MINISTRY OF URBAN INFRASTRUCTURE MANAGEMENT	0.4	0.0	0.0	1.2	0.7	0.5	1.2	0.6	0.5	1.2	0.6	0.5
HERITAGE OFFICE	2.1	2.1	14.9	6.7	3.6	10.3	6.7	2.6	10.4	6.6	2.6	1.9
PAYMENTS TO OTHER GOVERNMENT BODIES UNDER THE CONTROL OF THE MINISTER	0.0	15.6	15.6	0.0	2.7	2.7	0.0	0.2	0.2	0.0	0.0	0.0
PAYMENTS FOR WATER AND SEWERAGE ASSISTANCE	79.9	87.9	87.9	82.6	113.2	113.2	84.8	117.4	117.4	86.9	99.5	99.5
TOTAL FOR MINISTER	192.2	639.4	651.2	201.5	655.9	646.5	198.7	638.9	641.5	200.2	617.2	611.3
TOTAL FOR BUDGET BEFORE ADJUSTMENTS	21,036.8	23,183.6	20,999.9	21,767.9	24,002.6	22,082.7	22,258.0	24,051.8	22,007.1	22,777.2	24,272.0	22,283.0

Table 4.4: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1996-97 Revised			1997-98 Estimate			1998-99 Estimate			1999-00 Estimate		
	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund
PLUS:												
UNUSED PORTION OF 1996-97 TREASURER'S ADVANCE AND FLOW-ON TO 1997-98 TREASURER'S ADVANCE	20.0	20.0	20.0	20.0	20.0	...	20.0	20.0	20.0	20.0	20.0	20.0
				100.0	100.0	100.0	200.0	200.0	200.0	300.0	300.0	300.0
LESS:												
INTRA BUDGET SECTOR TRANSACTIONS	5.1	...	...	(-) 19.0	...	...	(-) 21.2	...	...	(-) 21.4	...	...
CROWN REVENUE OFFSETS TO PAYMENTS												
- SUPERANNUATION	11.3	...	...	14.1	...	...	14.3	...	...	14.6	...	...
- OTHER	32.0	...	...	29.5	...	...	29.7	...	...	26.2	...	...
EXPENSES ACCEPTED BY CROWN		1,186.5	...	...	1,145.7	...	...	1,147.1	...	...	1,147.8	...
ADJUSTMENT TO PRESENT CURRENT PAYMENTS ON AN UNDERLYING BASIS	6.9	...	...	1.0	...	...	0.6	...	...	0.4	...	...
TOTAL FOR BUDGET	21,001.5	22,017.1	21,019.9	21,862.3	22,976.9	22,182.7	22,454.6	23,124.7	22,227.1	23,077.4	23,444.2	22,603.0

4.5 BUDGET CONCESSIONS

This section is included in the Budget Papers to identify revenue foregone by the Budget Sector in providing assistance to people or entities with special needs through *concessional charges* or *tax concessions*.

A concessional charge is made by government when a generally available service is provided to a particular customer at less than the standard charge, or free.

Examples of concessions that fall *within* the scope of this definition include those offered on entry to National Parks and to some Museums and selected exhibitions at the Art Gallery of New South Wales.

Major beneficiaries of such concessions include Commonwealth Pensioner Concession Card holders, low income householders and families with children.

Direct subsidies to people or entities for the provision of special services or facilities for people with special needs are *excluded* because they are services that are not generally available to the public. Examples include special transport for people with disabilities, provision of free spectacles and the School Dental Scheme.

Concessions that are funded entirely by the Commonwealth Government or by local government and concessions that are provided by agencies and authorities to their employees are also *excluded* by this definition.

Tax concessions are defined as reductions or exemptions for special classes of people or entities from generally levied taxes on certain activities or assets.

Exemption from Financial Institutions Duty for social security payments credited directly to a bank account is *included* under this definition because other individuals or entities pay this tax and this activity is part of the State's tax base. However, land tax on land with a value of less than \$160,000 is *excluded* because these assets are not part of the tax base.

In addition a number of concessions are made by Government Trading Enterprises (GTEs). The cost of such concessions may be reimbursed to the GTE directly from the Budget, may impact on the Budget indirectly through lower profits or dividends or may be offset in the GTE through cross-subsidies from other customers.

Table 4.5: Budget Concessions

Portfolio	Description of Concession	Actual 1996-97 \$000	Estimated 1997-98 \$000
CONCESSIONAL CHARGES			
Arts	Free entry to the Australian Museum and the Powerhouse Museum for pensioners and senior citizens	120	122
Education and Training	Exemption from the TAFE NSW administration charge for needy students	18,200	19,250
Environment	Free entry to national parks for pensioners	250	250
	Pensioner and Seniors Card holder discount entry fee to the Mount Tomah Gardens, Mount Annan Gardens and the Sydney Tropical Centre at the Royal Botanic Gardens	26	28
Health	Ambulance service concessions (primarily for pensioners)	41,300	42,105
	Outpatient pharmaceuticals for pensioners	2,006	2,045
Transport	Reimbursements to private bus and ferry operators for providing half-fare travel to pensioners, retired senior citizens and the unemployed	25,252	26,514
TAXATION CONCESSIONS^(a)			
Roads	Concessions to pensioners for -		
	• Drivers licences	29,902	18,200
	• Motor vehicle registrations	17,327	18,100
	• Motor vehicle tax	65,051	68,900
Treasurer	Contracts and Conveyances Duty		
	• Purchases by Housing Department tenants	n.a.	n.a.
	• First Home Purchase concession	7,300	7,500
	• Non commercial activities of charities	n.a.	n.a.
	• Exemption relief for corporate reconstructions not involving significant changes in the beneficial ownership of the property	50,000 - 100,000	50,000 - 100,000

Table 4.5: Budget Concessions (cont)

Portfolio	Description of Concession	Actual 1996-97 \$000	Estimated 1997-98 \$000
Treasurer (cont)	Financial Institutions Duty		
	• Directly credited Social Security and Veterans Affairs' pensions	4,114	4,176
	• Charitable, education and religious bodies	2,991	3,035
	• Public and non-profit hospitals	3,126	3,173
	Loan Securities		
	• Refinancing of loans of the same amount	41*	44*
	Payroll Tax		
	• Public benevolent institutions, charitable and religious bodies	25,000	26,500
	• Non-commercial local government employees	90,000	94,500
	• Non-profit hospitals and bodies	n.a.	n.a.
	• Public hospitals and area health services	200,000	210,000
	Land Tax		
	• Charitable, educational and religious bodies	n.a.	n.a.
	• Racing clubs	n.a.	n.a.
	• Hospitals and area health services	n.a.	n.a.
	Debits Tax		
	• Hospitals - public and private	n.a.	n.a.
	• Schools, colleges and universities (if there is no purpose of profit)	n.a.	n.a.
	• Non-business activities of government departments	n.a.	n.a.

(a) The list and cost of tax concessions is not exhaustive. Treasury is currently conducting a comprehensive review to identify and cost tax expenditures in New South Wales.

* Estimates are based on the assumption that the same value of transactions would occur in the absence of the concession, even though this is unlikely. The figures therefore overestimate the value of the tax expenditure.

Chapter 5:

FINANCIAL ARRANGEMENTS WITH THE COMMONWEALTH

5.1 Introduction

5.2 Recent Developments

5.3 The Tasks Ahead

5.1 INTRODUCTION

Commonwealth-State¹ financial relations in the last two years have been marked by growing paralysis, with reforms being delayed or abandoned due to an unwillingness of the Commonwealth to address fundamental structural issues such as the distribution of revenue powers and expenditure functions between various levels of Government.

Some have argued for centralisation on efficiency grounds and the maintenance of national standards of service delivery. On the other hand, arguments favouring the substantive devolution of taxing powers and spending decisions have also been based on the benefits flowing from efficiency improvements of reduced duplication of administrative overheads, and increased governmental accountability.

Commonwealth-State financial relations in Australia have changed little over the past decade and are characterised by the following -

- a high degree of *vertical fiscal imbalance* (VFI), referring to the mismatch between tax powers and expenditure responsibilities of the Commonwealth and State Governments. The Commonwealth collects significantly more tax revenue than it requires for its own purposes. Consequently, it transfers funds to the States in the form of general purpose payments (GPPs)² and specific purpose payments (SPPs)³; and

1 All references to 'States' in this chapter should be interpreted as referring to States and Territories.

2 GPPs are unconditional grants originally intended to compensate the States for losses on tariff revenue at Federation and the Commonwealth's takeover of income taxing powers after 1942. GPPs consist of financial assistance grants (FAGs) and special revenue assistance. For a number of years FAGs were determined annually. At present they are governed by a rolling 3-year real terms per capita guarantee subject to certain conditions relating to the implementation of National Competition Policy, as agreed by the Council of Australian Governments in April 1995.

3 SPPs are grants contingent on the States' compliance with certain conditions - for example, the purposes for which the funds may be used; specific monitoring and review arrangements; annual increases in funding; and/or maintenance of expenditure requirements. SPPs generally have a duration of one to five years depending on the terms of the individual SPP agreements, which are separately negotiated between the Commonwealth and States.

- an extensive system of *horizontal fiscal equalisation* (HFE) which governs the interstate distribution of Financial Assistance Grants (FAGs) and overseen by the Commonwealth Grants Commission (CGC). This results in the transfer of roughly \$2 billion annually from donor States (New South Wales, Victoria and the ACT) to other States⁴.

Annual decision-making has traditionally been made through established mechanisms which include all Heads of Government. These mechanisms are the Financial Premiers' Conference/Loan Council, which determines the distribution of FAGs and Loan Council Allocations for the coming year; and the Council of Australian Governments (COAG), which deals with all other aspects of government policy.

Much of the current debate concerning Commonwealth-State financial relations and the latitude for reform is rooted in the issues of HFE and VFI. There remains much room for improvement, particularly to enhance governmental accountability and service delivery and to enable States to adopt more efficient tax policy regimes.

The issue of VFI remains intractable. At present, States account for only 19.5 per cent of total general government tax revenue, yet remain responsible for about 42 per cent of aggregate own-purpose outlays⁵. On the other hand, the Commonwealth earns 77.1 per cent of tax revenue but spends only 54.7 per cent of general government expenditures.

Vertical imbalance has worsened in the last three years. After declining over the preceding three years, the ratio of the percentage share of own-source tax revenue to the percentage share of own-purpose outlays for the Commonwealth has increased from 1.39 in 1993-94 to 1.41 in 1996-97, while the same ratio for States has fallen from 0.52 to 0.48⁶. These numbers indicate that there continues to be a very high degree of centralisation of tax powers and hence expenditure decisions.

4 In the 1997 Update of the Commonwealth Grants Commission, the shift in Western Australia's general revenue grant relativity means that that State has joined the ranks of donor States for the first time.

5 Own purpose outlays include payments to public trading enterprises.

6 The ratio should be at or close to 1.00 for each level of government in order for revenue powers to be broadly commensurate with expenditure responsibilities.

The determination of the Commonwealth Government to reduce its budget deficit through cuts to SPPs to the States has placed additional pressure on State finances and has highlighted the deficiencies associated with the current level of VFI. The Commonwealth announced a 3 per cent cut to the level of SPP funding at the 1996 Premiers' Conference, increasing by 1 per cent every financial year. An additional 1 per cent cut to SPPs, above and beyond these earlier reductions, was imposed by the Commonwealth at the March 1997 Premiers' Conference.

The Commonwealth continues to hold all of the broadest tax instruments including income and sales taxes and customs and excise duties. Section 90 of the Australian Constitution provides that States can levy all but customs and excise duties. A series of decisions by the High Court of Australia has expanded the definition of "excise" such that States are effectively barred from imposing sales taxes except for a few franchise fees.

The outcome of the recent *Allders* case in the High Court implies that businesses operating on Commonwealth property may not be liable for some State taxes. Moreover, matters currently being considered by the High Court of Australia relating to the interpretation of Section 90 of the Constitution hold the potential to bar States from imposing even the few business franchise fees which they currently levy. Such developments raise the prospect of a significant worsening in the degree of VFI.

In the absence of a High Court decision on Section 90 reinterpreting the definition of an 'excise' in a way that allows the States access to a broader range of taxes, there remain a number of options for reform. These include a redistribution of the existing Commonwealth tax take - which would effectively result in an expansion of State tax powers without increasing the overall tax burden - and alternative forms of tax-sharing. The current Commonwealth Government has ruled out these options in its first term of office.

Payment arrangements relating to microeconomic reform also have VFI implications. Conditions imposed by the April 1995 *Agreement to Implement the National Competition Policy and Related Reforms* on States' access to competition-related payments in the nine years to 2005-2006 have effectively converted into tied grants a portion of GPPs to be made in those years.

On the expenditure side, the ongoing COAG review of roles and responsibilities has largely stalled. A clearer delineation of expenditure responsibilities would have offered the potential to reduce tied grants or otherwise improve the conditions under which they are provided to States. Little substantive progress has been made on such issues. In the last two years, the Commonwealth has focused on expenditure cuts rather than a fundamental redistribution of expenditure responsibilities.

New South Wales is expecting a real increase in GPPs of about 2.3 per cent in 1997-98. This follows a 2.9 per cent decline in GPPs in 1996-97. Growth in real terms has not kept pace with expenditure demands and with growth in the economy more generally.

Specific purpose payments are expected to be cut by a maximum of about 2 percent in nominal terms (of which 1 percent was already foreshadowed in the Commonwealth 1996-97 Budget) from the level in 1996-97, on the basis of information provided at the March 1997 Premiers' Conference.

On the whole there has been little qualitative change in Commonwealth-State financial relations in the past year. Data on Commonwealth payments to New South Wales, measures of VFI over the past five years, and measures of the impact of fiscal equalisation are given in the tables at the end of this chapter.

The remainder of this chapter describes developments during the past year and canvasses issues in intergovernmental financial relations which are likely to remain of concern in the immediate future.

5.2 RECENT DEVELOPMENTS

LONG TERM TRENDS IN COMMONWEALTH PAYMENTS TO STATES

Recent developments in Commonwealth payments to New South Wales should be viewed within the larger context of long term trends in payments to all States.

A comparison of Commonwealth payments with other Commonwealth and State fiscal aggregates reveals the following trends -

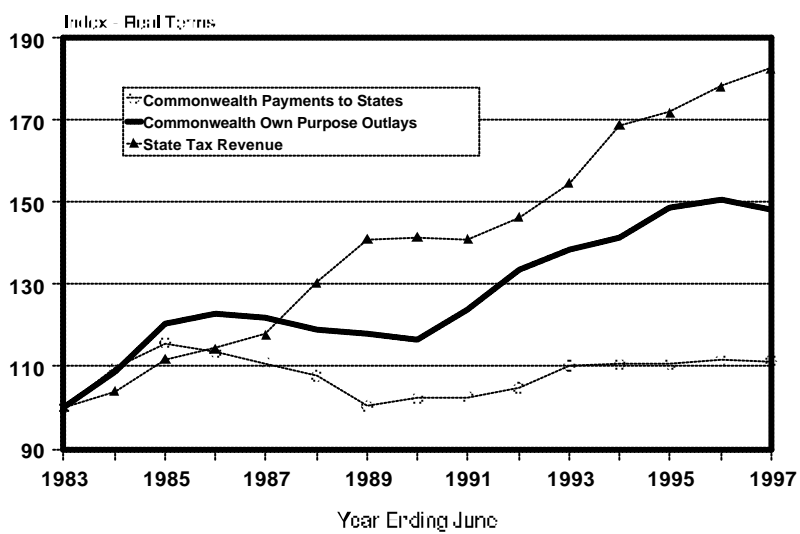
- Overall, Commonwealth payments to all States have shrunk in real terms since 1982-83 by a cumulative \$2.8 billion, while Commonwealth own purpose outlays have increased by \$31 billion and Commonwealth taxes have grown by \$44 billion over the same period.
- The Commonwealth improved its own budgetary position in the late 1980s and early 1990s largely by shifting the burden to States via substantial cuts in grants. States have not benefited from buoyant Commonwealth tax growth particularly since 1992-93 (4.8 per cent per annum in real terms).
- On average, between 1983 and 1997 Commonwealth own purpose expenditure and Commonwealth taxes have increased in real terms by 2.9 per cent and 3.2 per cent per annum respectively, while payments to States have increased by only 0.8 per cent per annum. Payments to States declined drastically during the late 1980s, averaging (-)2.4 per cent per annum during 1986 to 1990. (See Figure 5.1.)
- In contrast, States undertook fiscal consolidation and expenditure restraint, resulting in substantial improvements in States' aggregate fiscal position after 1991-92. This was reflected in average annual growth in real State tax revenue (3.8 per cent) substantially exceeding growth in State own purpose expenditure (1.8 per cent) during 1990-91 to 1996-97.
- The decline in Commonwealth payments during the late 1980s was effected through cuts in FAGs. Increasing Commonwealth inroads into the delivery of State services is reflected in the progressively increasing

share of SPPs to total Commonwealth payments to States during this period, from 36 per cent in 1982-83 to 44 per cent in 1996-97. (See Figure 5.2).

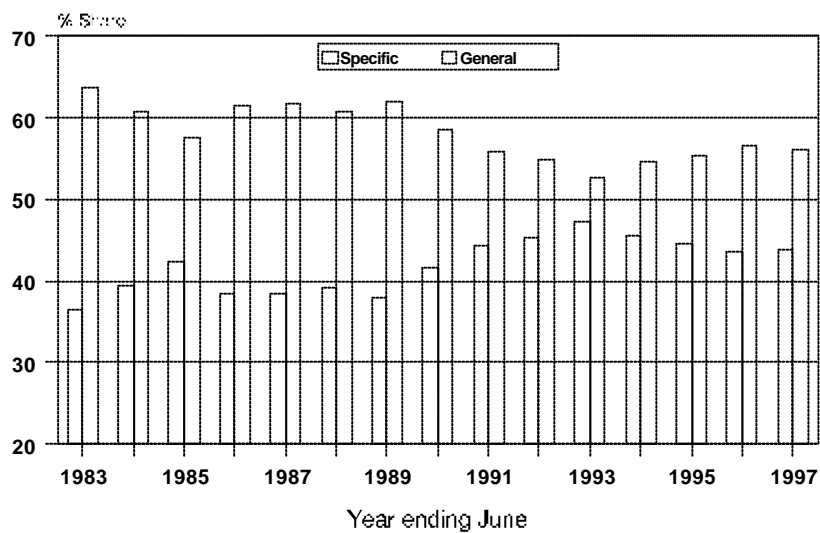
The Commonwealth has continued to shift its deficit problem to States via Fiscal Contribution Payments in 1997-98. In addition, the Commonwealth has imposed cuts in SPPs such that these payments no longer provide for growth in demand.

Since Commonwealth payments to States were already drastically pared down in previous budget cycles, and since States continue to be front line service providers or funders, the quantity and quality of State services will be threatened by further curtailment without a redistribution of revenue-raising powers or clearer delineation of expenditure responsibilities.

Figure 5.1
Commonwealth Own Purpose Outlays, Payments to States and State Tax Revenue, 1982-83 to 1996-97



**Figure 5.2
Commonwealth General and Specific Purpose Payments
to States, 1982-83 to 1996-97**



GENERAL PURPOSE PAYMENTS

The following developments will affect the level of general purpose payments to New South Wales in 1997-98 -

- maintenance of the real per capita terms guarantee on FAGs to States, including a roll-over of the guarantee to 1999-2000;
- release of the first tranche of Competition Payments pending the final recommendations of the National Competition Council (NCC) in June 1997;
- full absorption of Identified Road Grants into general purpose payments following a three-year transition period which ended in 1996-97; and
- Fiscal Contribution Payments (FCPs) to the Commonwealth to continue in 1997-98.

The combined result of these developments is that Commonwealth general purpose payments to New South Wales will increase by 2.3 per cent in real terms in 1997-98. Excluding Competition Payments, general purpose payments will increase by only 0.7 per cent in real terms (or by \$33 million in 1997-98 dollars).

National Competition Payments

The Agreement to Implement National Competition Policy and Related Reforms signed by the COAG in April 1995 sets out a schedule of Commonwealth payments which constitute the States' share of the revenue benefits of NCP reforms, with the payments commencing in 1997-98. The NSW potential share of the first tranche will be \$73 million.

The 1995 *Agreement* also specifies that compliance with the schedule of national competition policy (NCP) reforms will be a precondition for maintenance of the per capita component of the three-year rolling real terms guarantee on the growth of the FAG pool. Specifically, the Competition Payments and the per capita FAG growth for 1997-98 will depend on States meeting deadlines on the regulatory review, competitive neutrality, local government, and effective implementation of COAG agreements on reforms in electricity, gas and road transport.

Compliance with NCP conditions is being assessed by the NCC. States submitted their respective reports to the NCC on 31 March 1997. Based on these reports and consultations with States, the NCC is scheduled to make recommendations to the Commonwealth Treasurer in June 1997 regarding the

eligibility of States to receive their respective Competition Payments. It is expected that New South Wales will receive the full payment.

Fiscal Contribution Payment

At the June 1996 Premiers' Conference it was agreed that the need for State FCPs to the Commonwealth would be assessed each year. The Commonwealth made clear that given the deterioration in its fiscal position (documented in the *Mid-year Fiscal and Economic Outlook 1996-97* released in February 1997), the need for FCPs remains. Accordingly, New South Wales will make an FCP of \$216.3 million to the Commonwealth in 1997-98 following last year's contribution of \$209.5 million.

Identified Roads

At the July 1991 Premiers' Conference it was agreed to untie \$350 million worth of grants for arterial roads. This was followed by a three-year transition period where one-third of these road grants were successively absorbed each year into the FAG pool from 1994-95, with the remainder distributed to States based on historical shares.

In 1997-98, Identified Road Grants are to be fully absorbed into general purpose payments and distributed to States according to the grant relativities recommended by the Commonwealth Grants Commission (CGC). These grants will continue to be separately identified as road grants.

COMMONWEALTH GRANTS COMMISSION 1997 UPDATE REPORT

In the 1997 Update Report the CGC recommended a \$24.7 million increase in New South Wales' share of general revenue funds in 1997-98. The most significant reasons for the net gain to New South Wales are -

- data updates which resulted in the identification of increased expenditure needs for hospital services, corrective services, agriculture and fisheries and debt charges;
- a substantial increase in some Commonwealth SPPs to the smaller States, which reduced their relative financial need;

- reduced revenue raising capacity mainly in land, financial transactions and gambling taxes relative to other States, reflecting below-average growth in Gross State Product, wages and salaries, and employment in New South Wales; and
- relatively lower declines in government student numbers and higher growth in pensioner numbers relative to other States, which increased New South Wales' need for government education and housing, respectively.

A significant development in recent years has been an increasing share of own-source revenues for all States. This increase appears to have been more pronounced for the medium-sized and faster growing States, which accounts, in part, for the increased share of FAGs to the larger States such as New South Wales and Victoria.

Worthy of note for 1997-98 are changes in the assessed per capita global relativities used by the CGC to calculate State shares of FAGs. Western Australia's assessed global relativity for 1997-98 is now less than 1.00, shifting that State's status from recipient to donor for the first time. On the other hand, New South Wales' assessed per capita relativity is slightly larger in 1997-98 than in 1996-97.

DEVELOPMENTS IN SPECIFIC PURPOSE PAYMENTS

At the time of compilation, no details are available from the Commonwealth as to the amounts to be paid for individual SPPs. 'No policy change' estimates of selected SPPs were provided in the Commonwealth Offer at the 1997 Premiers' Conference, although the language of the Offer clearly foreshadowed that cuts in SPPs are planned. The estimates in the Offer were carefully qualified by statements that funding will be subject to decisions in the 1997-98 Commonwealth Budget.

The Commonwealth's 1996-97 Budget previously announced a 3 per cent 'efficiency dividend' to be applied in 1996-97 to all but a number of SPPs, with the dividend to increase by 1 per cent each year. On this basis, a 1 per cent cut in aggregate SPPs in 1997-98 was foreshadowed in the 1996-97 Commonwealth Budget.

At the March 1997 Premiers' Conference, the Commonwealth indicated that aggregate SPPs to all States would be cut in the 1997-98 Budget by no more than 1.3 per cent from the forward estimates for 1997-98 provided in the previous year's Commonwealth Budget.

Given the cutbacks already included in the 1996-97 Commonwealth Budget, this implies a total cut in the aggregate level of SPPs to States in 1997-98 of the order of 2.1 per cent (a further cut of around \$140 million) from the levels in 1996-97. This means that Commonwealth SPPs to the States in 1997-98 (excluding Debt Redemption Assistance) are expected to fall in real terms by \$409 million or 3.8 per cent (up to \$146 million or 4.2 per cent for New South Wales) in 1997-98.

Specific purpose payments which are expected to suffer the largest cuts are Commonwealth-State Housing Agreement (CSHA) block grants and funding for National Highways, and to a lesser extent disability services.

Negotiations on long-term reform in funding arrangements in public housing have stalled primarily over the funding implications. At present, CSHA funding is based on a three year interim agreement whereby the level of funding is determined unilaterally by the Commonwealth from year to year.

To date, the Commonwealth has not provided a formal commitment to funding the remaining two years of the interim agreement (1997-98 and 1998-99). Should there be a significant drop in funding levels, the State would need to urgently reassess the extent of its role in the area of public housing.

With respect to National Highways, SPP cuts are expected to lead to lower maintenance expenditure on national highways.

In regard to disability services, the Commonwealth Offer estimated a cut of 0.6 per cent from the previous year, which closely approximates the incremental 1.0 per cent efficiency dividend announced in 1996-97. A new Commonwealth-State Disability Agreement (CSDA) is being negotiated, as the current agreement expires in June 1997.

While the new draft agreement represents a considerable improvement over the current CSDA (in terms of framework, principles, and roles and responsibilities), negotiations have been hampered by the announcement of the Commonwealth's

intention to impose a 6 per cent cut in CSDA net transfers over the next four years. Support for the new agreement is unlikely without satisfactory resolution of funding issues.

The Commonwealth Offer indicated an increase of about 3.0 per cent in Medicare funding, although this is subject to decisions to be taken in the 1997-98 Commonwealth Budget. In 1996-97, the Commonwealth implemented a cost shifting penalty which involves a reduction in hospital funding grants if a State is deemed by the Commonwealth to be shifting on to Medicare those costs which the Commonwealth Government claims the State should have shouldered.

The public hospital system already faces severe funding pressures, and the policies proposed by the Commonwealth to lift private health insurance are costly and unlikely to be successful. Under the Medicare Agreement, reductions in the level of private health insurance by 2 per cent or more was supposed to trigger a renegotiation of funding levels. This has not occurred, at a cost to the NSW health system of \$17 million for every one per cent reduction in the level of insurance.

Any further withdrawal of Commonwealth funding for hospitals is likely to further aggravate the problem.

TAX TREATMENT OF STATE TRADING ENTERPRISES

At the March 1994 Premiers' Conference the Commonwealth and States agreed on a Statement of Policy Intent (SOPI) covering the taxation of all State Trading Enterprises (STEs). Under the SOPI it was agreed that all STEs would be exempted from both Commonwealth sales and income taxes. The States, in return, would apply tax equivalent regimes to their STEs so that they would gain no competitive advantage from the exemption.

The SOPI was intended to clarify the tax status of STEs, as it was unclear which were subject to Commonwealth taxation and which were exempt. It was therefore agreed that the States would compensate the Commonwealth for any revenue it was estimated they may lose as a consequence of clarifying the situation. The legislation providing the exemption was finally enacted by the Commonwealth Parliament in December 1995.

At the time the SOPI was agreed to, it was generally accepted by all parties that few, if any, STEs were Commonwealth taxpayers (being entitled to specific exemptions in taxation legislation) and therefore the scope for compensation from the States to the Commonwealth was very limited.

The Commonwealth has since sought to substantially broaden the scope for compensation under the 1994 agreement by applying two recent decisions of the full Federal Court which have cast doubt on the scope of the exemptions previously relied on by STEs.

The first case (*State Bank of New South Wales Ltd v Commissioner of Taxation for the Commonwealth of Australia and the Commonwealth of Australia 1994*) was a decision of the Federal Court in 1995 regarding the ability of the State Bank of New South Wales to claim a sales tax exemption. The sales tax legislation provides an exemption for 'authorities'. The Court decided that the State Bank was not entitled to an exemption because it was not an 'authority', as it did not have coercive or regulatory powers.

The Commonwealth used this decision to argue that all STEs were previously subject to Commonwealth income tax and wholesale sales tax (WST) on the basis they could not qualify for the relevant exemptions (as a 'public authority' under s23 (d) of the Income Tax Assessment Act or as an 'authority' under Item 126 of the First Schedule to the *Sales Tax (Exemptions and Classifications) Act 1992*). The Commonwealth argued that the States must therefore compensate the Commonwealth by transferring to it all tax equivalent revenue collected from STEs.

However, the States' liability to provide compensation should rightly be limited to those instances where the Commonwealth actually collected taxation from an STE which has since become exempt. To widen the scope for compensation would introduce the very uncertainty which the agreement with the Commonwealth was designed to eliminate. The Commonwealth acknowledged this point, but indicated that further discussion was required.

The second decision of the Federal Court having a bearing on the issue (*Totalizator Agency Board v Commissioner of Taxation 1995*) determined in 1996 that the TAB was liable to pay sales tax, again because it did not qualify for an exemption. This decision reinforces the Commonwealth's position in relation to sales tax but not income tax.

Alternative arrangements for taxation of STEs are being investigated, including a proposal for States to abandon Tax Equivalent Regimes (TERs) for STEs which would be liable to be taxed by the Commonwealth. In return the Commonwealth would provide compensation to the States to ensure both revenue and budget neutrality.

The issue remains unresolved. Of particular concern is the way in which the revenue neutrality principle is applied, as the concept has not been defined with any satisfactory precision.

The SOPI is a reflection of a broader principle, namely that one level of Government should not tax another. The Commonwealth sought to depart from this principle at the 1996 Premiers' Conference by seeking to apply WST to all State Government activities. This approach was rebuffed by the States, although a compromise resulted in States agreeing to make FCPs to the Commonwealth over the next three years and pay WST on motor vehicle purchases used for private purposes.

LOAN COUNCIL ALLOCATIONS

As part of the Loan Council arrangements each jurisdiction is required to bid for a Loan Council Allocation (LCA) for the coming financial year. These bids are reviewed annually at Premiers' Conference for consistency with macroeconomic policy and prudent financial management.

Loan Council endorsed the LCAs nominated by the Commonwealth and each State for 1997-98. The 1997-98 LCA bid of New South Wales amounted to minus \$1,413m, as against an estimated outcome (as at Premiers' Conference) of minus \$549 million in 1996-97. The latest estimate for the 1996-97 outcome is given in Budget Paper No. 6.

Since an LCA is intended to provide an indication of the call on financial markets in the coming year, the negative LCA bid by New South Wales indicates that the State expects to contribute to (rather than make demands on) national savings in 1997-98.

In regard to exposure to infrastructure projects with private sector involvement, Loan Council agreed last year to shift from a risk-weighted approach to the full contingent exposure, as measured by the government's termination liabilities (to be disclosed as a footnote to rather than a component of LCAs). This in-principle decision was confirmed at the 1997 Loan Council meeting.

Loan Council also agreed to exempt Telstra Corporation Ltd from its monitoring and reporting arrangements under criteria agreed in 1991 for the exemption of public trading enterprises which operate within a sufficiently competitive environment.

REVISED UNIFORM REPORTING FRAMEWORK

In 1991, Premiers' Conference agreed to a number of uniform financial reporting requirements based on Australian Bureau of Statistics (ABS) standards. Following a review of the issue by Heads of Treasury, Loan Council agreed to the implementation of a revised uniform presentation framework (UPF) for government financial information beginning in 1998-99.

The revised UPF represents an attempt to rationalise reporting requirements under the existing Uniform Presentation Agreement, Loan Council Reporting and the National Fiscal Outlook (NFO). It is proposed to merge the three reporting frameworks and at the same time adopt various enhancements. The main enhancements are -

- Introduction of three year forward estimates (Budget year plus three years) for the general government sector as part of Budget Papers;
- Introduction of a mid-year report encompassing revised estimates for the Budget year and three forward years for the general government sector (to be published by end February at the latest); and
- Inclusion in the uniform presentation requirements of outcomes for the Public Financial Enterprise Sector (once the ABS develops standards).

The proposed framework represents a significant improvement on existing arrangements for the following reasons -

- The revised framework addresses the issues of duplication and complexity of current reporting arrangements. The number of reports required to be produced will be reduced with no loss of information for users.
- Simplifying the reporting process will result in reduced resource demands within jurisdictions.
- The framework will improve interstate consistency in reporting in Budget Papers.
- Reports will become more useful for users, with the focus on annual outcomes and forward estimates in the general government sector.

The most significant change proposed is the requirement to publish a mid-year report by February updating the position of the general government and providing projections for the following three years on a no policy change basis.

CHALLENGES TO STATE FRANCHISE FEES

New South Wales currently faces a number of challenges to its Constitutional right to levy tobacco and petroleum franchise fees. In the case of tobacco, two of these challenges were heard by the High Court in March 1997.

In previous High Court challenges of a similar nature (most recently the 1993 case of *Capital Duplicators Pty Ltd and Another v Australian Capital Territory and Another*), the High Court upheld a series of precedents which defined the term 'excise' broadly and thereby effectively barred States from imposing sales taxes except for a few franchise fees (tobacco, liquor and petroleum). These franchise fees are continually under threat.

In the latest challenge, the NSW submission (supported by most States and Territories) argued that the High Court reopen its decision in *Parton v Milk Board* (1949) 80 CLR 229. The *Parton* case was the first in which a majority of the High Court held that a tax on or with respect to the manufacture or production of goods or on any step in their distribution and sale (but not consumption) was an excise, and therefore contrary to section 90. New South Wales has argued that if the High Court does not agree to reopen this precedent, the existing precedents which enable the franchise fees to be levied should not be overruled.

The case put by the States stresses a number of factors which suggest that a narrower definition of s90 is appropriate -

- Firstly, the States have argued that at the time the Constitution Conventions debated the draft Constitution, the term 'excise' in Australia was applied only to taxes on manufacture and production, but not to taxes on sale, as was the case in the United Kingdom. Therefore it is inappropriate to use the broader definition to strike down State taxes on retail sales.
- Secondly, it was argued that other references to the word 'excise' in the text of the Constitution supports the proposition that the term 'excise' should only apply to taxes levied on the fact of production or manufacture, and not to non-discriminatory taxes on sale.
- Thirdly, if the first two arguments were not accepted and the meaning of the term 'excise' could only be determined from the purpose of s90, the definition of 'excise' adopted in the *Parton* case would have involved providing the Commonwealth with exclusive power over commodity taxation. It was argued by the States that s90 was only intended to

provide the Commonwealth with exclusive control of tariff policy. If this argument is accepted, State franchise fees are not inconsistent with s90 as they do not interfere with Commonwealth tariff policy.

The High Court heard the cases in March 1997. It has reserved its judgment, which will be handed down by the end of August 1997.

The High Court decision will have very significant implications for States' sources of revenue in future.

Should the High Court decide in the States' favour and redefine the term 'excise' narrowly, the legality of existing franchise fees would be beyond question, and the option of reforming these taxes to improve their efficiency would be available. Should the High Court confirm that the term 'excise' is to be interpreted broadly and rule that franchise fees are unconstitutional, New South Wales stands to lose revenue of up to \$1.8 billion per annum.

Any adverse decision would require the Commonwealth and States to agree on arrangements to provide a replacement source of revenue. In this event, the preferred option in the short term is for the Commonwealth and States to reach agreement on safety net arrangements whereby the Commonwealth collects the equivalent of State franchise fees and returns these funds to the States. However, this will increase VFI further, diminishing the political and fiscal independence of the States.

HIGH COURT DECISION IN THE *ALLDERS* CASE

In *Allders International Pty Ltd v Commissioner of State Revenue (Allders)*, which was decided in September 1996, the High Court found that the Victorian Government could not impose stamp duty on a lease of a duty free store at Tullamarine Airport. The High Court viewed the tax as having a direct effect on Commonwealth territory and therefore as a breach of section 52 (i) of the Constitution which provides that the Commonwealth shall have exclusive power over 'all places acquired by the Commonwealth for public purposes.'

The immediate outcome of the *Allders* case is that stamp duty cannot be levied on leases relating to Commonwealth places. Clearly, the loss of stamp duty on

such transactions would be a considerable loss of NSW tax revenue. The implication of this decision on the ability of the States to impose other taxes on businesses operating on Commonwealth property is still being assessed. Overall, the outcome of the *Allders* case carries the potential to considerably worsen VFI.

Another consequence of the decision is that it would confer a competitive advantage on businesses which would be exempt from stamp duty simply because they happen to be located on Commonwealth property. This contravenes the principles underlying NCP reforms.

In a related development at the March 1997 Premiers' Conference the Commonwealth requested States' cooperation in implementing a proposed surcharge of up to 15 per cent on superannuation contributions made on behalf of high income earners (persons receiving taxable income in excess of \$70,000 per annum). The Commonwealth sought States' support to ensure that public service employees were treated in the same manner as other employees subject to the charge.

Both the *Allders* and superannuation issues are currently the subject of discussions between the Commonwealth and States.

FINANCIAL TAXES REFORM

Two taxes are currently levied by most States on financial transactions - Financial Institutions Duty (FID) (imposed on all deposits) and Debits Tax (imposed only on debits to accounts with a cheque facility). These taxes are the subject of a great deal of criticism from both the finance industry and the community generally, and are considered to be inequitable, distortionary and involve very high compliance costs.

At the Leaders' Forum⁷ meeting on 7 March 1997, a majority of States agreed to a proposal by Heads of Treasury for reform of financial taxes. Discussions on the matter are continuing. The proposal consists of the following elements -

⁷ The Leaders' Forum is a consultative forum consisting of all State Premiers and Territory Chief Ministers.

- the replacement of the existing Debits Tax on cheque linked bank accounts with a broad based Debits Tax on all withdrawals from all accounts of financial institutions;
- abolition of FID so there is only one financial tax instead of two;
- replacement of the revenue lost from FID, by increasing the revenue raised by the reformed Debits Tax;
- a nationally uniform rate of tax to prevent accounts moving to the jurisdiction with the lowest tax rate; and
- a revenue sharing agreement between States which allows considerable simplification of the tax and ensures that all parties will receive a fair share of the available revenues.

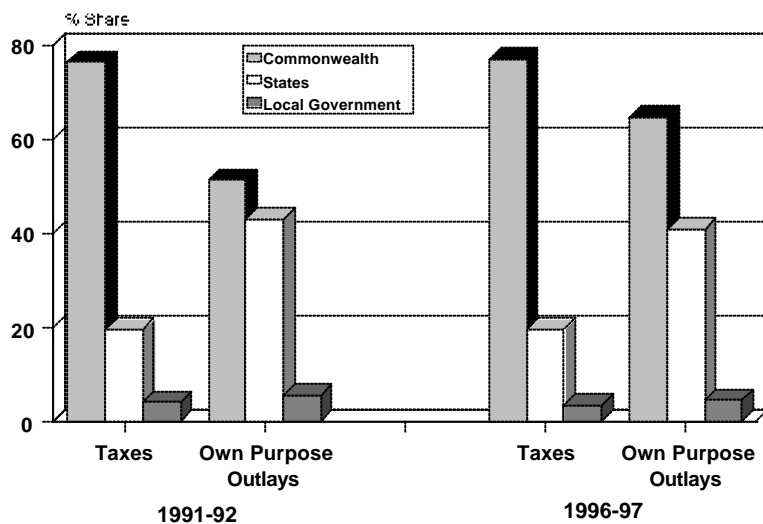
In the event the reform proposal is endorsed by all States (which is required for it to work effectively), low income households and small businesses will, on average, benefit through a reduction in their tax liability. In addition, the reform proposals have been well received by the financial community since they simplify State taxes and significantly reduce compliance costs.

5.3 THE TASKS AHEAD

VERTICAL FISCAL IMBALANCE

The degree of imbalance between the Commonwealth and State Governments remains excessive compared to other federations, and has changed little in the last five years (Figure 5.3).

Figure 5.3
Vertical Fiscal Imbalance, 1991-92 and 1996-97
 Percentage of Total Public Sector, General Government



VFI produces a number of negative consequences.

It undermines governmental accountability for taxing and spending decisions because governments responsible for providing services are not necessarily

responsible for raising the revenue to finance those services. This hampers States' ability to respond to community needs in a timely and effective manner.

To the extent that the Commonwealth imposes fund matching requirements on its payments to States, VFI produces a bias towards over-expenditure, distorts States' spending priorities, and serves as a disincentive for States to exercise fiscal discipline. The imbalance results in costly duplication and overlap of services and/or associated administrative systems.

Constitutional limitations force States to rely on narrow, inefficient and regressive taxes. Periods of fiscal consolidation tend to increase even further the dependence of States on these taxes to finance their services, creating a vicious circle.

Finally, VFI serves as a gross disincentive to the pursuit of microeconomic reform, since States must bear the brunt of the costs of implementation but cannot directly access the major increase in Commonwealth revenue resulting from these reforms.

The VFI problem may be addressed by a redistribution of either taxation powers or expenditure responsibilities.

Prospects for the immediate future in regard to tax powers will depend on the outcome of the High Court challenge on State franchise fees and remedies to the anomaly created by the *Allders* decision (discussed above).

In respect to expenditure responsibilities, work should continue on a clear delineation of Commonwealth and State roles in service delivery.

The increasing debate over the form and structure of the Australian Federation in the lead-up to the centenary of federation offers the opportunity to undertake fundamental reforms. Ideally the distribution of functions should be based on the principles of subsidiarity, accountability, structural efficiency and a recognition of the social, political and economic imperatives of nationhood.

Based on these principles, New South Wales remains of the view that appropriate financial arrangements (eg, whether Commonwealth payments should be an SPP or a contract/fee-for-service arrangement) and corresponding reforms in the system of tied grants can only be determined once a clear delineation is

made of roles and responsibilities between levels of government for specific governmental functions.

New South Wales has consistently argued for a reduction in the share of tied payments subject to their absorption into the general revenue pool, a wind-down of matching requirements on the remaining tied grants and interstate distributional issues being addressed.

At the June 1996 COAG meeting, Heads of Government agreed on a number of reforms in Commonwealth-State roles and responsibilities in respect to health and community services and public housing. However, in the past year little progress has been made.

To date, the Commonwealth's reform agenda has mainly been dominated by the need to rein in its budget deficit. In addition, the importance of COAG's role as a vehicle for reform appears to have been down played by the Commonwealth over the past year. The cancellation of the scheduled COAG meeting in November 1996 delayed the progress of reforms.

In respect to health, funding pressures are becoming more severe. At the Leaders' Forum held on 7 March 1997, State Premiers and Chief Ministers agreed that health reform was now becoming an urgent priority and that health should be a major area of discussion at the next COAG meeting. The current Medicare Agreement expires in June 1998, and is due for renegotiation soon. It is essential that the new agreement address these issues.

Funds allocated by the Commonwealth for private health incentives should be redirected to the public hospital system. New South Wales strongly supports the conduct of a wide-ranging assessment of the funding of health care in Australia, which goes beyond the investigation of private health insurance commissioned by the Commonwealth last year. The aim will be to develop a longer term framework for the health care system which provides improved incentives for efficiency, accountability and access to health care.

At the last Leaders' Forum, State and Territory leaders also expressed concern at the Commonwealth's wavering commitment to funding for public housing through the CSHA. In the meantime that there is no agreement on long-term reforms, the uncertainty of funding beyond the end of 1997 hampers States' ability to manage the provision of public housing services. For the remainder of

the interim agreement, it is unacceptable to New South Wales and other States for CSHA funding to continue to be provided for six-month intervals.

At a broader level, Commonwealth initiatives to date regarding SPPs (in public housing and health as well as other functional areas) have been couched mainly in terms of funding cuts rather than fundamental reform of functional responsibilities. This remains a major concern of States. Merely reducing SPPs without regard to the optimal distribution of functional responsibilities between levels of government does not provide a firm basis for reform of Commonwealth payments.

INTERSTATE COMPETITION FOR PRIVATE BUSINESS

Inducements offered to private businesses to locate in a jurisdiction entail the loss of tax revenue or the provision of additional expenditure by State governments. Examples include the reduction or waiving of payroll tax or stamp duties.

While horizontal competition between States can encourage greater efficiency, there is a high risk that it could yield a zero-sum or negative-sum result Australia-wide because public resources absorbed by incentives have opportunity costs. It is by no means certain that purported benefits would be sustainable.

Based on experience in other countries, incentives have been successful and their benefits more sustainable when they were addressed to pricing, regulatory or incentive regimes at a general level, rather than in the form of specific incentives to particular firms. For example, criteria which appear to have successfully generated productive investment include a preference for local over imported capability; activities with substantial positive externalities; and the use of instruments or implementing mechanisms which are firm- or interest-group neutral.

In July 1996 the Industry Commission (IC) completed a draft report on *State, Territory and Local Government Assistance to Industry* which canvassed some of these issues.

Analysis by the Commission and in the United States indicates that industry assistance by an individual State has significant cross-border spillover effects. In

the case of major events, in particular, a lack of incentives to take into account the impact of a State's actions on other States can result in over-bidding⁸.

Among other things, the IC report concluded that -

- most State budgetary assistance tends to be selective and discretionary, and tends to increase secrecy. In turn this creates conflicts of interest for officials who are publicly accountable;
- most industry assistance has little or no positive welfare effect on Australia as a whole. Gains from providing assistance at the State level are illusory. Rivalry between jurisdictions for development and jobs at best shuffles jobs between regions and at worst reduces overall activity; and
- on balance, while States find it difficult to abstain from competitive bidding because of the perceived economic and political cost of losing out to other States, there is a strong case for States to agree to cease or limit assistance to industry, possibly through COAG.

New South Wales remains of the view that a fiscally responsible State cannot compete effectively and innovatively with other jurisdictions unless the VFI problem is addressed. As long as States' revenue bases remain narrow, inefficient and inelastic, State Governments will have little or no room to manoeuvre on tax policy. Merely reducing or removing exemptions on existing State taxes would hardly be sufficient to resolve the vertical imbalance.

The conclusions of the IC report are consistent with New South Wales' views that interstate competition should be on the basis of business fundamentals rather than in the form of discretionary or firm-specific incentives.

One way of achieving this is for States to enter into voluntary agreements - for instance, on harmonised tax or pricing structures. Generally, greater competition can be encouraged on immobile tax bases and voluntary agreements on mobile

⁸ Industry Commission *State, Territory and Local Government Assistance to Industry* Draft Report, July 1996, p.58.

tax bases. The proposed national approach to reform in financial taxes, for instance, is a step in this direction.

HORIZONTAL FISCAL EQUALISATION

Despite an expected slight real increase in general purpose payments to New South Wales in 1997-98, the State's FAG per capita remains 32 per cent less than the average of the four smallest States. New South Wales and Victoria will receive an estimated average of \$733 per head (before FCPs to the Commonwealth) compared with \$1,064 for the other jurisdictions. The estimated FAG per capita by State for 1997-98 is given in Table 5.2 at the end of this chapter.

Based on the 1997-98 distribution of FAGs recommended by the CGC, New South Wales, Victoria and the ACT will continue to be net donors.

The level of transfers from New South Wales, Victoria and the ACT to the other States can be measured on two different bases.

The first is measured by reference to the difference between actual FAG payments and an equal per capita distribution of funding (CGC equalisation). On this basis New South Wales will be transferring \$866 million to the smaller States in 1997-98. The combined transfer from New South Wales, Victoria and the ACT is about \$1.5 billion before taking into account FCPs to the Commonwealth. FCPs increase the cross-subsidy from New South Wales because these payments are borne by States on an equal per capita basis, while FAGs are distributed on the basis of HFE relativities.

The cross-subsidy from New South Wales to other States due to CGC equalisation has increased from \$781 million in 1994-95 to \$866 million in 1997-98. On a per capita basis, this amounted to an increase from \$128 per head in 1994-95 to \$138 per head in 1997-98.

Since FAGs were originally intended as compensation by the Commonwealth to States for their loss of income taxing powers, a second method of measuring the equalisation transfer is by reference to the difference between FAGs paid to each State and the level of Commonwealth personal income tax raised in that State.

On this measure the transfer from the donor States is of the order of \$2.2 billion in 1997-98, over half of which is expected to come from New South Wales. In overall terms, the transfer from New South Wales clearly remains substantial. In fact there has been an increase in the total cross-subsidy by New South Wales from \$187 per head in 1994-95 to \$205 per head in 1997-98. Over the long run, such sizeable cross-subsidies are not sustainable. Table 5.3 at the end of this chapter indicates the amounts transferred from donor States to recipient States in 1997-98.

In relation to interstate competition, some jurisdictions which have historically been recipients of HFE transfers are in a position to offer incentives to private business which they may not otherwise have been able to do in the absence of HFE. In this respect, the current HFE process remains an obstruction to the design of efficient State tax regimes.

The CGC is due to review its grant distribution methodology in February 1999 and has sought State comments on this process. The NSW main submission (April 1997) has recommended a number of changes to the CGC's methodology. Among other things, the recommended changes seek to streamline the CGC's methodology and to take efficiency into account in the Commission's assessments.

More fundamentally, New South Wales continues to seek basic changes to HFE and remains committed to reformed arrangements which would put the fiscally stronger States (New South Wales, Victoria, the ACT, Queensland and Western Australia) on equal ground while preserving full equalisation for the three fiscally weakest jurisdictions.

**Table 5.1: Intergovernmental Financial Relations, Selected Indicators
1992-93 to 1997-98**

Item	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
COMMONWEALTH PAYMENTS TO NEW SOUTH WALES						
Million \$, Nominal						
General Purpose (Total)	3,744.3	4,099.4	4,386.2	4566.8	4,684.9	4,876.6
General Purpose (net of Competition Payments) (1)	3,744.3	4,099.4	4,386.2	4,566.8	4,684.9	4,803.6
Specific Purpose (2)	3,877.8	3,407.5	3,331.6	3,430.2	3,529.6	3,620.8
Gross Payments (2)	7,622.0	7,507.0	7,717.8	7997.0	8,213.9	8,497.4
Net Payments	6,451.5	7,116.4	7,044.3	7,609.5	7,756.3	8,071.9
Percent Annual Change, Real (1997-98) Terms (2)						
General Purpose (Total)	(-) 0.9	8.2	4.4	2.7	(-) 2.9	2.3
General Purpose (net of Competition Payments) (1)	(-) 0.9	8.2	4.4	2.7	(-) 2.9	0.7
Of which: FAGs	(-) 0.9	3.5	4.7	2.5	(-) 3.2	3.5
Specific Purpose	7.7	0.5	0.7	(-) 1.6	0.2	(-) 1.5
Gross Payments	3.0	4.6	2.7	0.8	(-) 1.6	0.6
Net Payments	9.3	(-) 0.9	(-) 5.3	5.1	(-) 2.5	1.2
Real Per Capita (1997-98 dollars) (2)						
General Purpose (Total)	675	726	750	762	731	748
General Purpose (net of Competition Payments) (1)	675	726	750	762	731	736
Of which: FAGs	660	678	703	713	681	705
Specific Purpose	606	605	603	587	581	572
Gross Payments	1,282	1,331	1,354	1,349	1,311	1,319
Net Payments	1,068	1,260	1,235	1,283	1,236	1,251
VERTICAL RELATIONS						
Ratio of % share of own-source tax revenue to % share of own-purpose expenditure (3)						
Commonwealth	1.44	1.39	1.38	1.32	1.41	n.a.
States	0.49	0.52	0.51	0.61	0.48	n.a.
Local Government	0.74	0.77	0.76	0.38	0.75	n.a.

n.a. - not available.

For footnotes, see next page.

NOTES TO TABLE 5.1

1. Identified Roads Grants have been subsumed into Financial Assistance Grants payments as from 1997-98.
2. Specific and general purpose payments are adjusted for letterbox, extraordinary or reclassified items (listed below, this footnote). In the calculation of real growth rates, nominal amounts are deflated using the Gross Non Farm Product deflator. Real per capita dollars and real annual growth rates reflect the following adjustments to nominal amounts published in the Commonwealth Budget Papers and Offer Document -

Only payments for State's own purposes are included. The following recurrent/capital payments are excluded - Higher Education; Non Government Schools including cost escalation; Research at Universities; Financial Assistance to Local Government; and Local Government Identified Roads.

Reclassification of Building Better Cities funding as a specific purpose payment rather than a general purpose capital payment.

For comparability across years, dollar amounts and growth rates are adjusted to account for the following changes during the period -

 - (a) the one-off payment in 1992-93 for GIO tax compensation; and
 - (b) reclassification of TAFE payments as a Commonwealth own-purpose payment beginning in 1994-95.
3. Own purpose expenditures include payments to public trading enterprises.

Table 5.2: Financial Assistance Grant Per Capita, By State, 1997-98*

State/Territory	Financial Assistance Grant (\$ Per Capita)
New South Wales	733
Victoria	734
Queensland	915
Western Australia	877
South Australia	1,062
Tasmania	1,461
Northern Territory	5,177
Australian Capital Territory	778
AUSTRALIAN AVERAGE	870

* Before taking into account Fiscal Contribution Payments to the Commonwealth. Most States are expected to take the FCP as a reduction in FAGs, while the remaining States are considering the option of taking the FCP as a cut in nominated SPPs.

Table 5.3: Estimates of Redistribution Through Fiscal Equalisation, 1997-98

	RECIPIENT STATES					
	Qld	WA	SA	Tas	NT	Total
DONOR STATES (\$ million)						
CGC Redistribution						
NSW	87	7	162	159	451	866
VIC	63	5	118	115	327	629
ACT	3	0	5	5	15	29
TOTAL	154	12	285	280	793	1,523
Tax Equalisation						
NSW	311	17	61	29	9	426
VIC	99	5	20	9	3	136
ACT	112	6	22	10	3	154
TOTAL	522	28	103	48	15	716
Total Redistribution						
NSW	398	23	223	188	460	1,292
VIC	162	10	137	124	330	764
ACT	115	6	28	16	18	183
TOTAL	676	40	388	328	808	2,239
NSW PER CAPITA CONTRIBUTION (\$ per Capita)						
CGC Redistribution	14	1	26	25	72	138
Tax Equalisation	49	3	10	5	1	68
Total Redistribution	62	4	36	30	74	205

NOTE TO TABLE 5.3:

Amounts shown above are before Fiscal Contribution Payments to the Commonwealth. Total redistribution is the sum of amounts redistributed due to (i) Commonwealth Grants Commission equalisation and (ii) tax equalisation. Tax equalisation is the difference between an equal per capita distribution and the level of payments if they were distributed in proportion to personal income tax collections in each State. Grants Commission equalisation consists of revenue equalisation (ie., taking into account the underlying revenue raising capacity of each State) and expenditure equalisation (ie. taking into account differential demand and supply factors which affect expenditure levels).

SOURCE: NSW Treasury estimates.

Chapter 6:

**SYDNEY 2000 OLYMPIC AND
PARALYMPIC GAMES**

**6.1 Sydney 2000 Olympic and
Paralympic Games**

6.1 SYDNEY 2000 OLYMPIC AND PARALYMPIC GAMES

In September 1993, the International Olympic Committee awarded the City of Sydney the right to host the Olympic Games in the Year 2000. The Games will be held between 15 September and 1 October 2000. The Paralympics will be held between 18 and 29 October.

As part of the process of mounting Sydney's bid for the Olympic Games, estimates were prepared of the costs of staging the Olympics and strategies developed for financing these costs. The estimates were used to develop two budgets: one for planning, organising and holding the Olympic Games; and one for constructing venues required to augment existing sports facilities.

In order to secure the Olympics for Sydney, the NSW Government was required to give an unqualified guarantee that the State would underwrite the Olympics' budget. The Government has a responsibility, therefore, to maintain close oversight of the planning for the Olympics and implementation of those plans to ensure that essential Olympic facilities are provided on time and within reasonable costs and that the Sydney 2000 Games are a success.

SYDNEY ORGANISING COMMITTEE FOR THE OLYMPIC GAMES

The Sydney Organising Committee for the Olympic Games (SOCOG), established in January 1994, is responsible for organising and staging the Olympic Games in a financially sound and responsible manner. Key functions include: organising accommodation and transport for athletes, officials and the media; organising the sports program; the cultural program and the opening and closing ceremonies; establishing a marketing program; providing appropriate security and health arrangements; and as host broadcaster, providing media facilities and services. SOCOG will raise revenue from television rights, sponsorship, licensing and ticketing. It is to pay for the fit-out of venues for Olympic events.

In September 1996, amendments were effected to the SOCOG Act whereby the Minister for the Olympics was appointed as President of SOCOG and the Shadow Minister for the Olympics appointed to the SOCOG Board.

Costs incurred by SOCOG will be financed by revenues generated from staging the Games. As SOCOG's costs are expected to be more than offset by its receipts, it is treated as a Non Budget Sector agency.

Under the original SOCOG Act 1993, any surplus arising from the Games was to be distributed between the International Olympic Committee (10 per cent), the Australian Olympic Committee (AOC, 10 per cent) and 80 per cent the AOC to be held in trust. Income generated by these funds was to be paid to the national federations for sports on the Olympic Program.

The Board of SOCOG could also not approve nor amend any Games budget without the approval of the President of the AOC. The Government has negotiated a revised financial agreement with the AOC.

The veto power of the AOC over the Budget of SOCOG and the AOC entitlement to 90 per cent of any operating surplus generated by SOCOG has been removed. In return, guaranteed payments of \$5 million (in 1992 Australian dollars) and \$70 million (in 1992 Australian dollars) will be made respectively to the AOC and the Australian Olympic Foundation to support Australian athletes for future international competition.

Necessary amendments to the SOCOG legislation were proclaimed in December 1996. These new arrangements allow taxpayers of this State to derive 90 per cent of any surplus from SOCOG's staging of the Olympic Games, with the remaining 10 per cent being distributed to the International Olympic Committee under the arrangements that apply to each Olympic Games.

SOCOG has revised its Games budget in the light of the new legislative framework, major television and sponsorship deals and observations made during the Atlanta Games in 1996. The revised Games Budget has been reviewed and approved by the Government and will be released shortly.

SYDNEY PARALYMPIC ORGANISING COMMITTEE

The Paralympics will be held after the 2000 Olympic Games at Sydney Olympic Park, Homebush Bay. The Sydney Paralympic Organising Committee (SPOC) is a Government controlled public company limited by guarantee which is organising the staging of the 2000 Paralympics.

SPOC is administered by a Board of Directors which is responsible to the Members of the Company including the Premier, the Minister for the Olympics and the Treasurer.

The New South Wales and Commonwealth Governments have agreed to contribute \$25 million each to the cost of the Games.

OLYMPIC CO-ORDINATION AUTHORITY

The Olympic Co-ordination Authority (OCA) is responsible for implementing strategies for the planning, redevelopment and management of the 760 hectare Homebush Bay area.

It is responsible for the delivery of new sporting and recreational facilities and venues at Homebush Bay, Penrith Lakes, Blacktown, Bankstown, Horsley Park and Cecil Park which will be used during the staging of the Olympic and Paralympic Games. The Olympic Co-ordination Authority is also responsible for the relocation of the Royal Easter Show to new showground facilities at Homebush Bay.

It is further responsible for co-ordinating the inputs of the various NSW Government agencies involved in the preparations for the Olympic and Paralympic Games, and for maintaining close liaison with SOCOG and SPOC.

The Authority is required to build facilities which meet both the needs of SOCOG and SPOC for staging the Games and, importantly, for also providing long term sporting, social and cultural benefits for the people of New South Wales.

Progress to Date

By the time Sydney was awarded the right to host the Olympics, construction was well advanced on the Aquatic and Athletic Centres at Homebush Bay and the International Regatta Centre at Penrith.

On taking office in March 1995, the Government appointed a Minister to take responsibility for the Olympics and replaced the former structure under which four Ministers and five separate Government agencies (in addition to SOCOG and SPOC) shared the State's core Olympic responsibilities. The following significant events have since occurred -

- a final Masterplan has been released for the redevelopment of Homebush Bay, firming-up planning for the location of the major sports venues;
- a Master Concept Design for the public domain at Homebush Bay has been developed. The design will provide for a linkage between venues, facilities and surrounding park and recreational areas. The open plaza areas will ensure that crowds flow freely in and out of Homebush Bay at the time of large events;
- construction of a rail loop which includes a three platform railway station that will enable up to 30 trains an hour to service the Olympic and Showground sites is well advanced;
- construction is also well advanced on the new Royal Agricultural Showground at Homebush Bay which will enable the Royal Easter Show to be held in 1998 at the new location for the first time;
- completion of Stage 1 and 2 of the Penrith Lakes International Regatta Course and commencement of Stage 3 which includes grandstands and storage facilities;
- a site adjacent to the major Homebush Bay Olympic venues has been acquired from the Commonwealth for construction of the Athletes and Officials Village. Remediation of the site has commenced, Mirvac Lend Lease Village Consortium was chosen as the preferred proponent for development of the \$470 million Village and a Development Application has been lodged. The NSW Government will contribute a total of \$57 million (in 1997-98 dollars);
- major remediation work on Wilson Park, the Auburn Tip and Haslam's Creek has been undertaken and is continuing;
- construction by Multiplex has commenced on the new 110,000 seat Olympic Stadium. The NSW Government will contribute \$121 million (in 1997-98 dollars) toward this \$690 million project;
- announcement of a strategy to develop the Lidcombe Hospital site for the housing of up to 6,000 media representatives during the year 2000 Games;
- Aquilina Reserve, within the City of Blacktown, has been chosen as the location for the Olympic Softball Centre to contain one competition field and three training diamonds with a spectator capacity of 8,000;
- the Olympic Roads and Transport Authority has been established to co-ordinate transport arrangements for the Olympic Games and will report to the Government via the Minister for the Olympics;

- Bankstown has been announced as the site for the new Olympic Velodrome and Cecil Park is the site for the new shooting venue;
- proposals have been requested for the construction and operation of a minimum three star standard 250 room hotel on the Olympic Plaza at Homebush Bay;
- construction work has commenced on various roads, car parks and infrastructure requirements including the Bennelong Road Ferry Wharf and the undergrounding of overhead powerlines;
- proposals have been called for the construction of the Multi-Use Arena at Homebush Bay with a seating capacity of 15,000 and a spectator capacity of 20,000 in post Olympic configuration. The Arena will be used for Gymnastics during the Olympics. Negotiations are continuing with two remaining preferred proponents; and
- development of the Equestrian site at Horsley Park has commenced.

In 1996-97 the Olympic Co-ordination Authority either commenced work or finalised arrangements worth approximately \$2 billion for the development of Homebush Bay.

Environmental Initiatives

The Authority has a strong commitment to Ecologically Sustainable Development (ESD). Environmental issues are at the forefront of criteria under which the various facility proposals are assessed by the Authority and infrastructure design and development is progressed. Major environmental initiatives include -

- the approval and public release of a formal OCA Environment Policy;
- the preparation of generic Environment Tender Specifications and the development of Energy Guidelines for domestic, commercial, industrial and sporting venues;
- incorporation of environmentally friendly principles into the design and construction of the Aquatic Centre;
- the use of solar power with solar collectors in the development of facilities wherever feasible;
- adoption of design techniques which maximise the use of natural lighting and maintenance of building temperatures at comfortable levels;
- incorporation of wetland re-generation, natural habitats and flora and fauna protection schemes into remediation works;
- protection of significant conservation and ecological areas near the Village site at Newington through buffer zones under an ecological plan of management. These include the natural woodland and wetland communities on the site and on adjacent saltmarshes and grasslands;
- the protection of mature trees and proposals for major green area landscaping across all Olympic and Showground sites;

- adoption of water cycle infrastructure strategies for effective water conservation recycling, storage and distribution;
- adoption of effective and efficient recycling programs which maximise the use of recycled materials;
- the establishment of a concept design team for the development of Millennium Park at Homebush Bay; and
- the commencement of a major independent external review of OCA's environmental performance.

Impact on the State Budget

The capital budget for which the Olympic Co-ordination Authority is responsible is funded through the State Budget and is subject to ongoing review. In 1996, the budget was reviewed in light of the revised Masterplan for Homebush Bay, Government decisions on the early relocation of the Royal Agricultural Society, the necessity for the provision of a rail loop line to service public transport needs of the major facilities and the redefinition and scoping of facilities and infrastructure required for the year 2000 Games and beyond.

The capital budget has now been further redefined to provide for the Government's contribution to the Olympic Villages and the development of facilities for the additional Olympic sport of women's softball.

Expenditure in the current and next financial years has been fully provided for in framing the Budget and Forward Estimates to accord with Government policy that the costs associated with the Olympics should be funded within the Budget so that a debt is not left to be met by future taxpayers.

A summary of the provisions made in the 1997-98 Budget and the Forward Estimates for Olympic projects is provided in the following table. Further details of the 1997-98 allocation is provided in Budget Paper No. 4 "State Capital Program 1997-98".

OLYMPIC AND PARALYMPIC CONSTRUCTION PROGRAM

(figures are in 1997-98 dollars)

PROJECT	START	FINISH	EST. TOTAL COST	EXP TO 30-6-97 \$m	1997-98 \$m	1998-99 \$m	1999-00 \$m
Homebush Bay rail line and station to service the Olympic site	1992	1998	94.7	71.6	23.0	...	...
Infrastructure works and services at Homebush Bay	1992	2001	805.7	419.8	211.2	112.8	34.3
Construction of the International Regatta Centre	1989	1998	36.0	33.7	2.3	...	...
Government contribution to Olympic Stadium and associated infrastructure	1996	2001	121.7	29.5	34.8	27.9	2.4
Olympic Village - development costs	1994	1997	9.0	7.7	1.2	0.2	...
Olympic Village site - acquisition and remediation including Wilson Reserve and Auburn Tip	1996	2000	96.4	7.5	52.7	35.9	0.3
Other Olympic and Paralympic facilities and venues including siteworks and landscaping	1994	2000	560.5	16.7	124.0	251.3	124.2
Relocation of the Royal Agricultural Society to Homebush Bay for the 1998 Royal Easter Show	1992	2000	387.8	204.1	178.9	3.5	0.4
TOTAL				790.6	628.1	431.6	161.6

The total cost to the Olympic Co-ordination Authority of the Olympic Capital Program (ie excluding investment by the private sector) to 2000-01 has been escalated into 1997-98 dollar values and is estimated at \$2,111.8 million compared to the benchmark of \$1,987.8 million (in 1997-98 dollars) established for the 1996-97 Budget. This revised estimate now provides for the known Olympic Co-ordination Authority contribution to the Olympic Villages and the new Olympic venue for women's softball to be constructed at Blacktown.

It is estimated that the total cost will be funded or recouped in part by grants from the Commonwealth of \$175 million, contributions from SOCOG of approximately \$295.6 million and interest received from investments and other minor revenue of approximately \$42.8 million. These offsets provide for a net cost to the Olympic Co-ordination Authority of \$1,598.4 million in 1997-98 dollar values. This represents less than 1.5 per cent of total State Budget outlays for the corresponding period.

Chapter 7:

LIABILITIES MANAGEMENT: DEBT AND SUPERANNUATION

7.1 Overview

7.2 Debt

7.3 Superannuation

7.1 OVERVIEW

The overall financial position of New South Wales is strong with the level of net debt continuing to improve. The ratio of net debt to adjusted revenue¹ is forecast to fall from 68.0 per cent at 30 June 1992 to 51.7 per cent at 30 June 1997. Over the same period, net debt per capita is expected to fall to \$3,011 - a drop of \$275 per capita.

Total State net debt as a percentage of Gross State Product (GSP) has declined from 14.3 per cent to 11.1 per cent over the four years to 30 June 1996 and is expected to continue to fall to 8.4 per cent by 30 June 2000. The forecast reductions in debt reflect the Government's commitments under the General Government Debt Elimination Act.

Superannuation is the State's single largest unfunded liability. In order to reduce superannuation liabilities, the Government is phasing-in full funding of the accruing liability. On current trends, full funding should be achieved by 2020 with the unfunded liability expected to be eliminated by 2045. As a proportion of GSP, unfunded superannuation liabilities have fallen from 10.7 to 9.1 per cent of GSP between June 1992 and June 1996. By 30 June 2000, unfunded superannuation liabilities are forecast to represent only 7.6 per cent of GSP.

Table 7.1: New South Wales Financial Position - Summary Indicators

Year ending 30 June	1992	1993	1994	1995	1996	1997 (est)
Net Debt/GSP (%)	14.3	13.5	13.3	12.3	11.1	10.6
Net Debt/Capita (\$)	3,286	3,174	3,256	3,195	3,059	3,011
Net Debt/Adjusted Revenue* (%)	68.0	68.1	59.3	55.2	51.7	51.7
Unfunded Superannuation Liabilities/GSP (%)	10.7	10.5	9.8	9.3	9.1	8.8

* Source: Standard and Poor's Rating Report on New South Wales Government, April 1997

Both Standard and Poor's and Moody's credit rating agencies have recently confirmed New South Wales' AAA/Aaa rating for long term local currency debt and have stated that the rating outlook is stable. This confirmation that the State has the highest possible credit rating reflects the continuing reduction in the State's net debt, a low level of unfunded superannuation liabilities as a percentage of GSP, the State's sound financial position and its diversified economic base.

¹ The ratio of net debt to adjusted revenue is sourced from Standard and Poor's April 1997 publication. Standard and Poor's uses a slightly narrower definition of financial assets which results in a higher level of recorded net debt. Adjusted revenue (or budgetary revenue) is defined by Standard and Poor's to include all revenues including user charges, asset sale proceeds and reimbursements.

7.2 DEBT

NEW SOUTH WALES DEBT SUMMARY

Table 7.2: Outstanding Current Capital Value* at 30 June

	1992	1993	1994	1995	1996	1997 (est)
	\$m	\$m	\$m	\$m	\$m	\$m
Budget Sector Gross Debt						
Commonwealth						
Financial Agreement	4,618	3,529	3,175	2,539	2,189	1,771
Specific Purpose advances	2,055	2,018	1,986	1,947	1,908	1,868
State						
Treasury Corporation and Other	9,910	12,056	12,926	13,269	12,753	12,978
Budget Sector Gross Debt	16,583	17,603	18,087	17,755	16,850	16,617
Financial Assets	3,640	3,719	3,191	2,810	3,378	3,411
Budget Sector Net Debt	12,943	13,884	14,896	14,945	13,472	13,206
Non Budget Sector Gross Debt	15,617	14,091	15,345	13,635	14,748	14,966
Financial Assets	9,047	8,979	10,601	9,131	9,375	9,455
Non Budget Sector Net Debt	6,570	5,112	4,744	4,504	5,373	5,511
Total State Gross Debt	32,200	31,694	33,432	31,390	31,598	31,583
Total Financial Assets	12,687	12,698	13,792	11,941	12,753	12,866
Net Debt	19,513	18,996	19,640	19,449	18,845	18,717

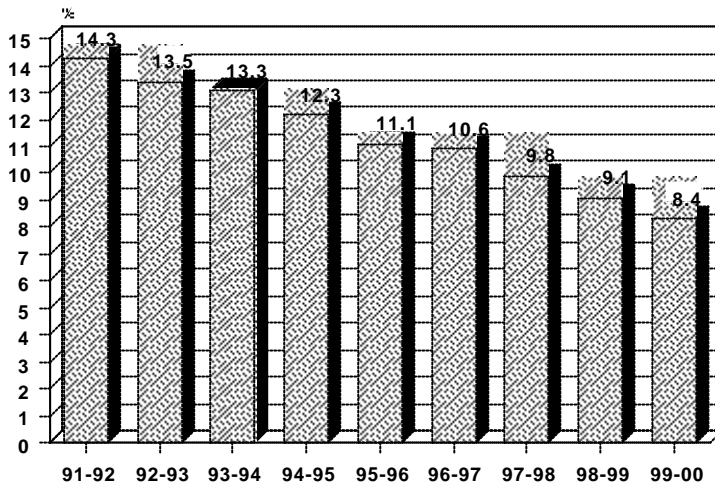
* Current Capital Value represents face value less any unamortised discount.

In 1996-97, total State net debt is expected to fall marginally reflecting the improved Budget Sector result and continuing cash surpluses in the Non-Budget Sector. While Non Budget Sector net debt is projected to increase in 1996-97, this is in fact due to the transfer of certain Workcover cash reserves to the Workers Compensation (Dust Diseases) Board. This Board is defined by the Australian Bureau of Statistics as a Public Financial Enterprise and therefore the transfer of cash increases the net debt of the non-financial public sector.

NEW SOUTH WALES NET DEBT POSITION

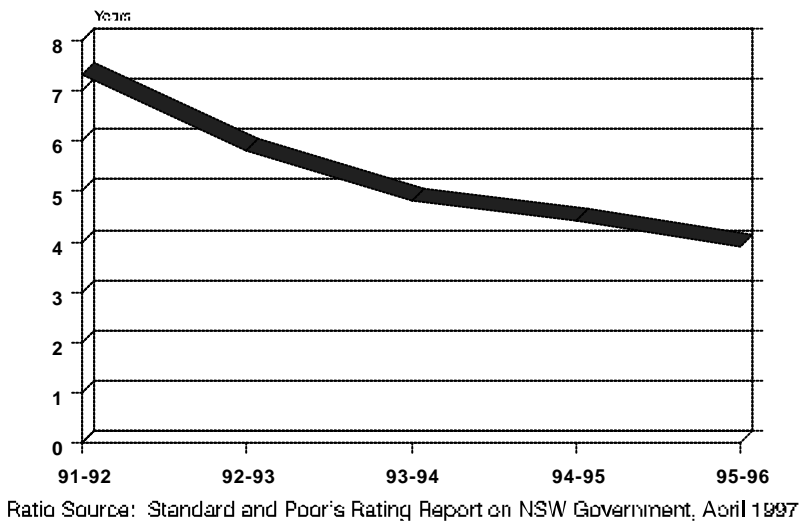
Since June 1992, Public Sector Net Debt as a percentage of GSP has fallen significantly as shown in Figure 7.1. Excluding the impact of the TAB privatisation, net debt as a proportion of GSP is expected to fall by around 40 per cent over the course of the decade with the largest reductions being concentrated in the Non Budget Sector.

Figure 7.1
NSW Public Sector Net Debt as Percentage of Gross State Product



As a result of the reduction in net debt, the payback period² for debt has almost halved in the 4 years since 30 June 1992 as shown in Figure 7.2.

Figure 7.2
NSW Public Sector Net Debt Payback in Years



² Net Debt Payback Period is net debt expressed as a percentage of internally available funds (i.e. operating balance plus net capital revenue and grants).

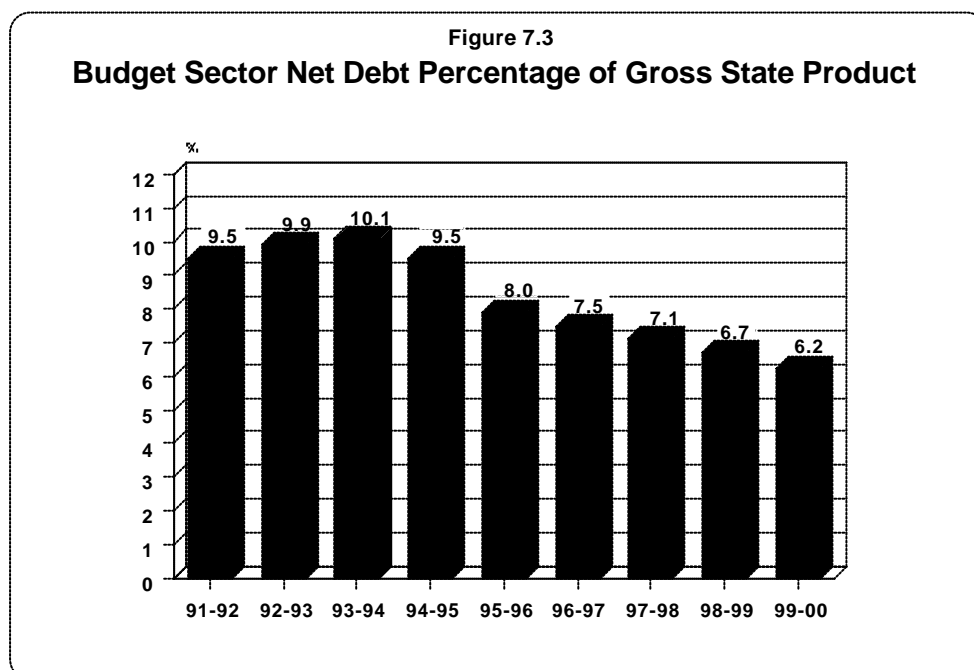
Budget Sector Net Debt

Since peaking in June 1994, Budget Sector gross debt has fallen by \$1.2 billion with a further fall of around \$200 million expected this financial year. Over the same period, net debt is expected to fall by \$1.7 billion with the ratio to GSP falling from 10.1 to 7.5 per cent.

The reduction in net debt since 1994 was achieved principally by using the equity restructure receipts from the electricity distribution industry and other agencies as well as the proceeds from the sale of the State Bank to repay Budget Sector debt. This is consistent with principles set out in the General Government Debt Elimination Act which seeks to reduce net debt and to manage it in a prudent manner.

Over the next 3 years, Budget Sector net debt is expected to continue to fall relative to GSP before account is taken of any privatisation proceeds.

The following graph shows the movement in Budget Sector net debt over the five year period ended 30 June 1996 as well as forecasts for the four year period ending 30 June 2000.



NEW SOUTH WALES CREDIT RATING

In part, the cost of debt is determined by the creditworthiness of the State. Both Standard and Poor's and Moody's Investors Service have placed New South Wales in the highest possible category based on the State's economic strength and the government's prudent fiscal and financial management. Only Queensland receives the same rating as New South Wales from both credit rating agencies.

The following table compares the States' ratings -

Table 7.3: Credit Ratings of States*

	NSW	Vic	Qld	WA	SA	Tas
Standard & Poor's	AAA	AA+	AAA	AA+	AA	AA-
Moody's Investors Service	Aaa	Aa1	Aaa	Aaa	Aa2	Aa2

* Based on long term domestic currency borrowings

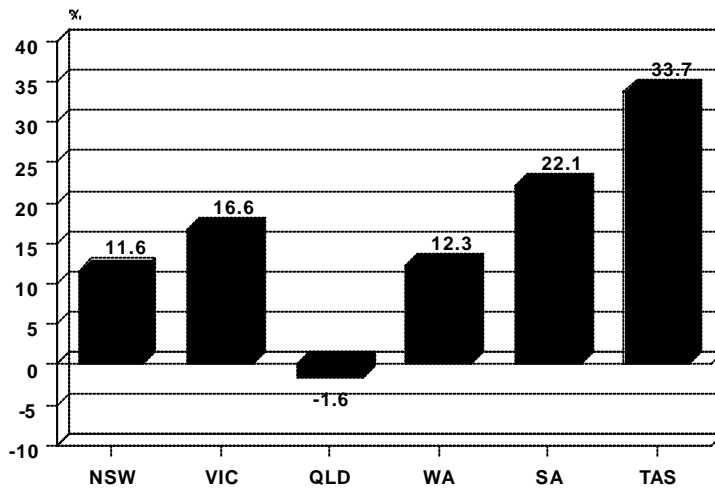
Victoria's rating was increased from Aa2 to Aa1 by Moody's due largely to the reductions in public sector net debt flowing from the privatisation of electricity industry assets. Queensland's ratings are based on the State's sound financial condition and its low level of indebtedness.

Western Australia's debt ratios have improved recently in line with fiscal consolidation in that State and the privatisation of BankWest. South Australia has ongoing financial challenges with relatively high levels of debt. Further progress towards debt reduction is expected to be gradual. Tasmania has a relatively high debt level and a limited economic base making the outlook for that State difficult.

New South Wales has the second lowest net debt to GSP and net interest paid to net revenue ratios in Australia as shown in Figures 7.4 and 7.5 -

Figure 7.4

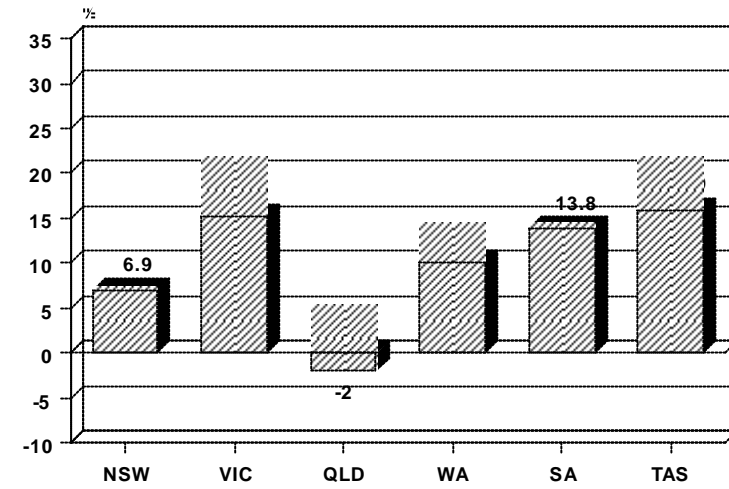
Australian States Net Debt as Percentage of Gross State Product as at 30 June 1996



Source: Australian States Report. Moody's Indepth Analysis, April 1997

Figure 7.5

**Australian States Net Interest Paid as Percentage of Net Revenue
as at 30 June 1996**



Source: Australian States Report, Moody's Indepth Analysis, April 1997

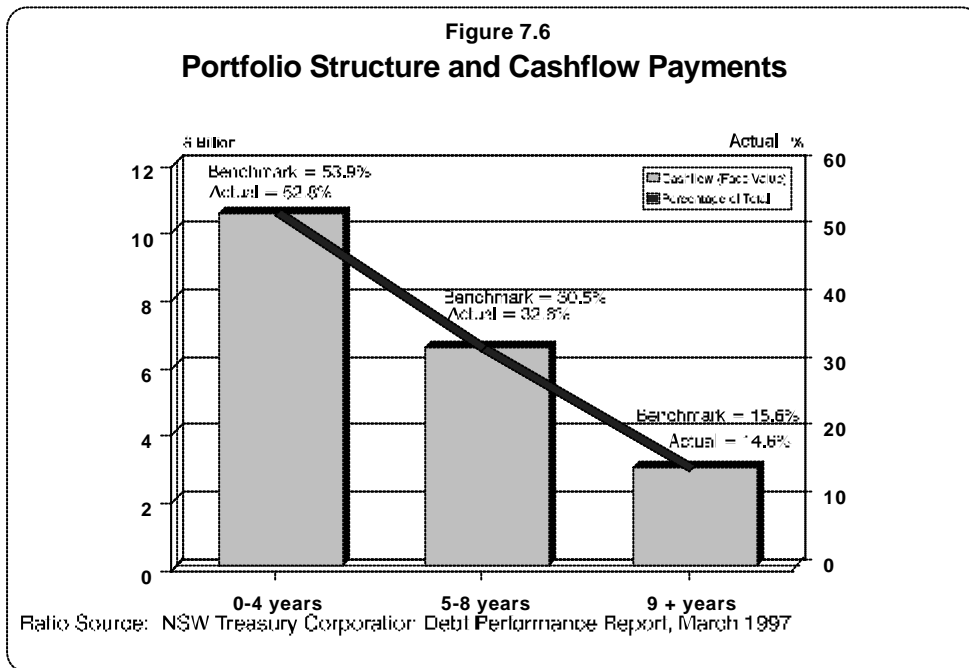
DEBT MATURITY PROFILE

New South Wales' debt comprises borrowings from three sources -

- borrowings from the Commonwealth under the Financial Agreement 1995 and Commonwealth repayable specific purpose advances covering a variety of projects of which housing is predominant;
- TCorp; and
- own name borrowings by statutory authorities.

The majority of State debt is actively managed through TCorp with maturities being concentrated in the Corporation's highly liquid benchmark bonds, ranging in maturity from 1 to 11 years.

The following graph displays the portfolio structure for 0 to 4 years, 5 to 8 years and greater than 9 years and the forecast cashflow payments relating thereto.



FIXED INTEREST MARKET ENVIRONMENT: JULY 1996 TO APRIL 1997

Short term interest rates declined approximately 1.5 per cent during 1996-97 following three 0.5 per cent reductions in the overnight interest rate by the Reserve Bank of Australia. The Bank cited the significant slowing in economic activity and the associated decline in price inflation and inflationary expectations as explanation for its decision to ease monetary conditions in Australia.

Long term bond yields fell in the first half of 1996-97 reflecting the softening of economic activity, a reduction in long term inflationary expectations among financial market participants and falling international long term interest rates. However since December 1996, there has been an increase in long term interest rates both internationally and domestically reflecting, in part, events in the United States.

BUDGET SECTOR DEBT MANAGEMENT

Under the provisions of the Treasury Corporation Act 1983, TCorp has been given the responsibility for the raising of loans on behalf of all New South Wales Public Sector organisations.

TCorp raises funds through the issue in Australia of inscribed stock and promissory notes, as well as overseas issues of bonds and commercial paper. All borrowings are government guaranteed. Issues of domestic term stock are concentrated into "benchmark" lines which, because of their volume and the market support provided by TCorp, are the most liquid and actively traded in the Australian market, with the exception of Commonwealth Government bonds. With the strength of the New South Wales Government guarantee and a AAA credit rating, TCorp is able to borrow at very economical interest rates.

TCorp has been contracted by Treasury to manage the Budget Sector debt portfolio (with the exception of loans undertaken by Roads and Traffic Authority) with a view to outperforming the debt costs of a specified benchmark portfolio. This is an active debt management approach where TCorp positions the portfolio with regard to its market risk characteristics so as to achieve a lower economic cost than the benchmark portfolio, given the expected movements in the yield curve. Performance is assessed primarily by measuring the change in total market value of the budget sector debt portfolio, relative to the change in the benchmark portfolio.

Historical TCorp debt management performance is detailed below -

Table 7.4: Budget Sector Debt Management Performance

Year	Basis Points Variation From Benchmark	Debt Saving
		\$m
1991-1992	0.41	67
1992-1993	0.60	105
1993-1994	(-) 0.96	(-) 157
1994-1995	0.54	91
1995-1996	0.05	7
1996-1997 to 31 March	0.24	33

The benchmark portfolio embraces a neutral borrowing strategy in which debt is issued evenly across the yield curve. Currently the Budget Sector benchmark portfolio has a maximum maturity of 13 years resulting in a modified duration, average portfolio maturity term, of 3.2 years.

BUDGET SECTOR INTEREST COSTS

Interest costs of the Budget Sector are influenced by average interest rates, portfolio maturity profile and variations in debt levels.

Table 7.5: Trends in Interest Costs

		1991-92	1992-93	1993-94	1994-95	1995-96	1996-97 (est)
Debt Costs -							
Commonwealth Loans	\$m	738.7	647.1	507.0	462.7	349.0	313.4
Other Loans	\$m	1,131.5	1,224.1	1,218.5	1,240.6	1,297.0	1,108.9
		1,870.2	1,871.2	1,725.5	1,703.3	1,646.0	1,422.3
Debt Cost/Budget Sector Receipts	%	11.2	10.6	9.0	8.5	7.8	6.3

Estimated reductions in interest costs in 1996-97 are mainly due to the retirement of debt utilising electricity industry equity restructure payments towards the end of 1995-96 and an overall fall in interest rates.

BUDGET SECTOR DEBT MANAGEMENT REVIEW

As part of Treasury's ongoing continuous improvement program, Bankers Trust Risk Management Advisory were engaged, following a tender process, to undertake an independent external review of the institutional and operational arrangements relating to the debt management of the Budget Sector portfolio and the benchmarks used for measuring the performance of TCorp.

The review, which was completed in March 1997, analysed the existing governance framework, arrangements and practices, the contractual arrangements between Treasury and TCorp and other issues such as roles and responsibilities, performance measurement, approach towards market risk etc.

Treasury's debt management committee is currently considering the review's recommendations which have been adopted in principle. It is relevant to note that the Bankers Trust report stated that TCorp enjoys a strong reputation in the financial markets as a professional and competent manager of debt and that they found TCorp's framework for strategy formulation and transaction execution process to be sound.

7.3 SUPERANNUATION

KEY STRATEGIES

The Government is committed to effective management and eventual elimination of the State's public sector superannuation liabilities.

Under the General Government Debt Elimination Act, the Government aims to -

- phase in full funding of accrued past service employer superannuation liabilities of both the general government and public trading enterprise sectors to eventually eliminate all unfunded liabilities. According to current projections, this will be achieved by 2044-45; and
- phase in full funding of accruing current service employer superannuation liabilities of both the general government and public trading enterprise sectors. With respect to Budget Sector agencies, this will be achieved by 2019-20, according to current projections. Non Budget Sector agencies and commercial activities of Budget Sector agencies, on the other hand, are already required to fully fund their current service superannuation costs.

Progress towards the implementation of the above funding policies commenced in 1992, with the establishment of the First State Super (FSS) scheme and the closure of the State Authorities Superannuation Scheme (SASS) and the State Authorities Non-contributory Superannuation (SANCS) Scheme, otherwise known as the Basic Benefit scheme.

CURRENT DEVELOPMENTS

Restructure of Public Sector Superannuation Administration

Following a comprehensive review of the structural and legislative arrangements for the administration of superannuation in the New South Wales public sector, a new structure was put in place as at 1 July 1996.

The former trustee, the State Authorities Superannuation Board, was replaced by two trustee boards -

- the FSS Trustee Corporation (FTC) which is responsible for the State's two accumulation schemes, the FSS and the Public Sector Executives Superannuation Scheme (PSESS); and
- the SAS Trustee Corporation (STC) which is responsible for the State's closed defined benefit schemes, the State Superannuation Scheme (SSS), SASS, Police Superannuation Fund (PSF) and SANCS. These schemes are collectively known as the Pooled Fund.

The former scheme administrator and funds manager, the State Superannuation Investment and Management Corporation, was replaced by two agencies -

- the Superannuation Administration Authority (SAA), which is responsible for scheme administration of the STC funds and which may compete to provide scheme administration of the FTC funds; and
- the Axiom Funds Management Corporation (Axiom), which is responsible for the investment management of the funds held in the Pooled Fund (currently around \$18.8 billion). It also managed the FTC funds until 30 September 1996, when the management of some of these funds was allocated to other investment managers.

Subsequently, the Government has decided to sell Axiom. The sale is likely to be completed by the end of the 1996-97 financial year and will assist in reducing the State's unfunded superannuation liabilities.

Local Government and Electricity Authorities Superannuation Schemes

The Government has approved the establishment of two new public sector superannuation schemes. One scheme will cover Local Government employees and another scheme will cover employees of the 6 electricity distributors and Transgrid.

A Treasury Task Force has been established to facilitate the implementation of the Government's decision to create separate schemes by the beginning of 1997-98. The impact of this initiative on the Government's unfunded liability and employer contribution figures is not expected to be material and is not reflected in the data provided in this chapter.

Review of University Employee Superannuation Costs and Liabilities

Some employees of universities and former Colleges of Advanced Education in New South Wales have remained members of State public sector superannuation schemes, rather than transfer to the Superannuation Scheme for Australian Universities (SSAU).

Under the current cost sharing arrangements between the Commonwealth and New South Wales, the State meets about half of the annual benefit payments associated with these employees.

New South Wales has instigated a review to clarify the allocation of superannuation liabilities between the Commonwealth and the State and the basis for current and future superannuation cost sharing arrangements. A working party, incorporating representatives from several States and chaired by the Commonwealth, has commenced preliminary work on the review which is not expected to be completed before the end of 1997-98.

Independent Actuarial Review of Superannuation Issues

An independent actuarial review into a number of superannuation related matters is currently being finalised. This includes a review of -

- the 1994 actuarial investigation (i.e. Triennial Review) of the four closed schemes in the Pooled Fund;
- the Budget Sector long-term funding plan relating to the four closed schemes in the Pooled Fund;
- the amount and status of the unallocated funds in the SSS Contributors' Reserve;
- the method of superannuation accounting used by Government Trading Enterprises and other public sector agencies; and
- the development of a monitoring system relating to the Budget Sector long-term funding plan.

It is anticipated that most of these reviews will be completed by the end of 1996-97 and their findings, where appropriate, acted upon during 1997-98.

Allocation of Funds in the State Superannuation Scheme Contributors' Reserve

An independent actuarial investigation has been undertaken to determine, amongst other things, the ownership of the unallocated funds currently held in the SSS Contributors' Reserve.

A majority of the unallocated funds in the Contributors' Reserve arose in 1988-89. Up to that year, the SSS was comprised of a single pool of funds for both employers and employees. This pool of funds was disaggregated by splitting it into a separate reserve for each employer and a single reserve for all contributors.

The unallocated amount in the Contributors' Reserve was estimated to be around \$986 million as at 30 June 1992. About \$622 million of the \$986 million arose from the fact that during disaggregation, the contributions of members were double counted. It is accepted that this portion of the Contributors' Reserve belongs to employers. Accordingly, legislation was enacted in 1996 to enable the distribution of this portion to employers' reserve accounts. The distribution will be carried out in conjunction with the allocation of Pooled Fund tax credits to individual employers.

The independent actuarial review has found that the balance of the SSS Contributors' Reserve (about \$528 million as at 30 June 1995) will ultimately benefit employers under existing funding arrangements. The SSS is a defined benefit scheme and therefore precludes the notion of a "surplus" in the fund that may be considered as belonging to employees.

It is expected that the resolution of each of these issues will have the effect of reducing the current level of reported public sector unfunded liabilities.

1997 Triennial Review

The preliminary stage of the 1997 Triennial Review into the state and sufficiency of the four closed schemes in the Pooled Fund has commenced. The process and methodology used in the Triennial Review will incorporate, where appropriate, the recommendations made in the independent actuarial review of the 1994 Triennial Review.

NEW SOUTH WALES PUBLIC SECTOR SUPERANNUATION SCHEMES

Over the last decade, there has been a general move in the public sector throughout Australia away from expensive and inflexible defined benefit superannuation schemes towards less costly, more flexible accumulation schemes. Consequently, defined benefit schemes have been closed to new entrants in most Australian jurisdictions.

In New South Wales, the closed defined benefit schemes are the SSS, SASS, SANCS and PSS. These schemes are components of the Pooled (Superannuation) Fund. The Judges Pension Scheme (JPS) and the Parliamentary Contributory Superannuation Scheme are the only defined benefit schemes which remain open to new entrants.

The Commonwealth Government's Superannuation Guarantee (Administration) Act 1992 prescribes the minimum level of superannuation support that must be provided by employers for all employees. The FSS scheme is a fully funded accumulation scheme that was introduced in 1992 to meet these requirements.

LIABILITIES OF NEW SOUTH WALES PUBLIC SECTOR SCHEMES

In the past, successive Governments have adopted a policy of largely funding public sector superannuation liabilities on an emerging payment basis. That is, the cost of the benefits was met when the benefits were paid. Additionally, some improvements were made to benefits without accompanying increases in employer or employee contributions.

Consequently, New South Wales, like the Commonwealth and most other States, has accumulated substantial unfunded liabilities. A significant portion of those unfunded liabilities relates to the Budget Sector, which has increased (in nominal dollars) from \$7.7 billion at June 1989 to an estimated \$14.7 billion at June 1997.

However, as a result of the Government's move towards full funding of employee entitlements, combined with an expected improvement in fund investment earnings, the latest actuarial estimates indicate that the level of unfunded liabilities (in real terms) will decline gradually over the long term and will be extinguished by 2044-45.

Figure 7.7 shows that Budget Sector unfunded liabilities expressed in 30 June 1997 dollars are expected to peak in June 1997 at around \$14.7 billion followed by a gradual decline to about \$11.3 billion by 30 June 2007. This result is conditional on the actuarial assumptions underlying the forecast being borne out in practice.

It is noted that the forecast level of unfunded liabilities reflected in Figure 7.7 may reduce materially once a number of currently outstanding matters are resolved. These matters have been covered earlier in this chapter and include the allocation of funds in the SSS Contributors' Reserve, the allocation of Pooled Fund tax credits and the sale of Axiom.

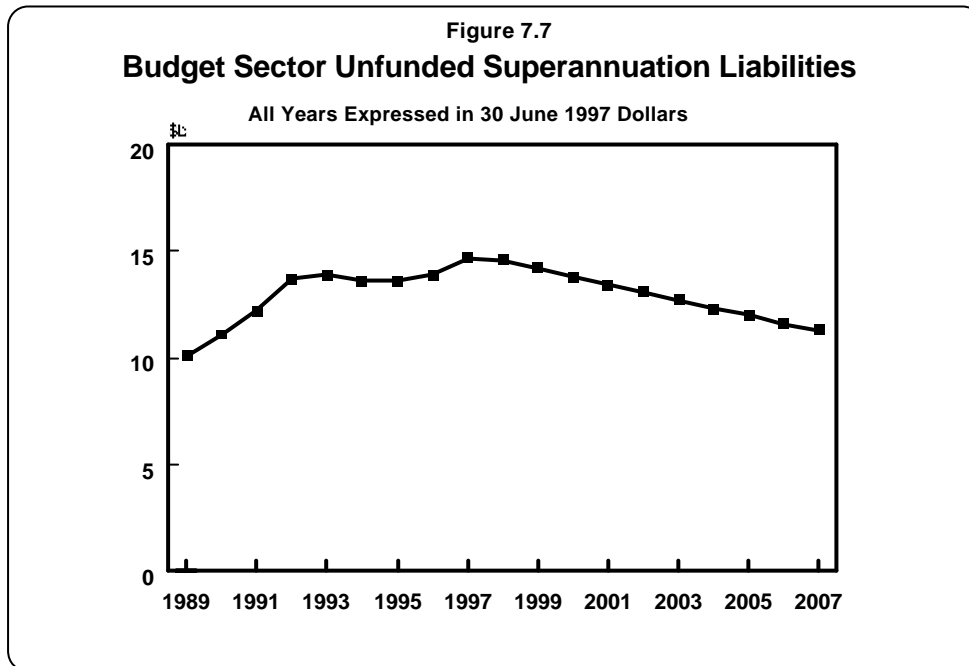


Table 7.6 shows that while total public sector unfunded liabilities at June 1997 are expected to increase marginally (\$70 million) compared to June 1996, Budget Sector unfunded liabilities have increased by \$1,029 million and Non Budget Sector unfunded liabilities have decreased by \$959 million over the same period. These changes are mainly due to the fact that the Crown has assumed the unfunded liabilities of some Non Budget Sector agencies which have been restructured and corporatised in line with the Government's Competition Reform Policy. The State Rail Authority is the largest example of such an agency, with about \$812 million of its unfunded liabilities to be assumed by the Crown in 1996-97.

Table 7.6: Net Unfunded Liabilities of New South Wales Public Sector Superannuation Schemes as at 30 June^(a)

		Actual 1993	Actual 1994	Actual 1995	Actual 1996	Estimate 1997 ^(b)
Budget Sector -						
4 closed schemes	\$m	11,662	11,476	11,837	12,764	13,723
other ^(c)	\$m	769	774	850	890	960
Total Budget Sector	\$m	12,431	12,250	12,687	13,654	14,683
Non Budget Sector	\$m	2,359	2,188	2,004	1,781	822
Total State Public Sector	\$m	14,790	14,438	14,691	15,435	15,505
Proportion of Gross State Product -						
Unfunded liabilities (Budget)	%	8.8	8.3	8.0	8.1	8.3
Unfunded liabilities (Non Budget)	%	1.7	1.5	1.3	1.0	0.5
Unfunded liabilities (Total)	%	10.5	9.8	9.3	9.1	8.8

(a) Figures are in nominal dollars.

(b) Unfunded liability figures are based on New South Wales Government Actuary's 1997 estimate.

(c) Includes JPS, PCSF and State's share of unfunded liabilities of university employees in New South Wales.

Total public sector net unfunded liabilities have declined from 10.5 per cent of GSP in 1993 to an estimated 8.8 per cent in 1997. As a result of the Government's policy regarding the management of superannuation liabilities, this trend is expected to continue over the long term.

Table 7.7 shows the average cost to employers of the major schemes based on 1996-97 actuarial estimates.

Table 7.7: Employer Cost of Major Public Sector Superannuation Schemes

Scheme	Employer Cost as a Percentage of Salary
First State Superannuation Scheme	6.0 to 9.0 ~
State Authorities Superannuation Scheme	8.6 *
State Superannuation Scheme	8.3 *
Police Superannuation Scheme	15.7 *

~ Currently 6.0 per cent increasing to 9.0 per cent by the year 2002.

* Excludes 3 per cent entitlement under Basic Benefit Scheme.

SUPERANNUATION FUNDING

Budget Sector

Table 7.8 provides a breakdown of payments made from the Consolidated Fund into public sector superannuation schemes for the period 1993-94 to 1997-98. The total payment in 1997-98 is projected to be \$1,442.5 million. This represents a projected increase of \$157.0 million compared to 1996-97 and is consistent with the Government's long-term objective of extinguishing Budget Sector unfunded liabilities by 2044-45.

Table 7.8: Consolidated Fund Payments into Public Sector Superannuation Schemes ^(a)

	Actual 1993-94	Actual 1994-95	Actual 1995-96	Estimated Actual 1996-97	Estimate 1997-98
	\$m	\$m	\$m	\$m	\$m
First State Superannuation Scheme	117.2	150.7	194.2	221.9	255.0
The Pooled Fund ^(b)	848.0	846.8	884.6	1,023.6	1,147.9
Other ^(c)	32.8	34.5	35.1	40.0	39.6
TOTAL	998.0	1,032.0	1,113.9	1,285.5	1,442.5

(a) Excludes certain Budget Sector agencies who meet their own superannuation payments (e.g. Roads and Traffic Authority)

(b) Includes SSS, SASS, PSS and SANCS schemes.

(c) Includes JPS, PCSF and the State's share of benefit payments in respect of university employees in New South Wales.

A key element of the Government's strategy to reduce unfunded superannuation liabilities over the medium term is to make cash contributions into the four closed superannuation schemes at levels that are greater than emerging benefit payments.

Based on the latest actuarial advice, the Government's cash payments into the closed schemes will need to be greater than benefits payments by about \$2.9 billion (in 30 June 1997 dollars) over the 10 year period 1997-98 to 2006-07. This is part of the Government's long-term funding strategy that is designed to set future cash payments at a level which, after adjustment for inflation and allowing for the existing level of reserves, will effectively extinguish Budget Sector unfunded liabilities relating to the closed Pooled Fund schemes by the year 2044-45.

Non Budget Sector

Consistent with the Government's overall liability management strategy, Non Budget Sector agencies and commercial activities of Budget Sector agencies are required to fully fund employee entitlements during the year. This is achieved by making employer superannuation contributions at rates equal to the full funding multiples which are actuarially determined every three years.

An additional requirement placed on commercial authorities is to develop a plan to fully fund their superannuation liabilities arising from employees' past service, over a period not exceeding 30 years after taking into account the age profile of fund members. Most authorities have complied with this requirement resulting in a reduction in their unfunded liabilities over time, as shown at Table 7.6.

Chapter 8:
**INTERSTATE PUBLIC SECTOR
COMPARISONS**

8.1 Introduction

8.2 Outlays

8.3 Revenue

8.4 Deficits, Debt and Debt Costs

8.5 Employment

8.6 Credit Ratings

8.1 INTRODUCTION

This chapter considers the relative cost of government in terms of the resources claimed and used by State¹ Governments to finance their spending programs. This should not be confused with the broader question of the overall economic impact of government, which would take into account the effects of government on incentives and other aspects of economic behaviour, and its impact on the efficiency of the economy by influencing resource allocation.

Table 8.1: Overview of General Government Projected Outcomes, 1996-97
Per cent of Gross State Product (GSP)

	Outlays	Revenue	Taxes	Deficit	Net Debt ¹	General Government Sector Employment
	% GSP	% GSP	% GSP	% GSP	% GSP	per 1,000 population
NSW	14.4	14.4	6.7	0.0	11.0	50.1
Vic	12.1	13.6	6.4	(-) 1.6	16.2	46.5
Qld	16.4	16.9	5.4	(-) 0.5	(-) 3.1	54.2
WA	13.4	14.0	5.3	(-) 0.6	12.0	58.8
SA	17.3	17.8	6.1	(-) 0.5	21.9	53.7
Tas	20.2	20.8	6.4	(-) 0.6	31.6	69.1
ACT	11.7	11.3	5.1	0.3	2.0	58.1
NT	31.9	32.4	5.7	(-) 0.6	27.3	89.0
All States (excl NSW)	14.5	15.4	5.9	(-) 0.9	11.6	53.1
All States	14.5	15.1	6.2	(-) 0.6	11.4	52.1

¹ Comparison based on total public sector net debt as at June 1996.

Sources: ABS Government Financial Estimates 5501.0, ABS Public Sector Financial Assets and Liabilities 5513.0, ABS Australian Demographic Statistics 3101.0, ABS Employed Wage and Salary Earners, Australia 6248.0, NSW Treasury GSP Estimates.

Table 8.1 shows that, with the exception of Tasmania and the Northern Territory, the estimated levels of outlays and revenues are similar in most States relative to the size of the economy. While there are currently only small differences in the relative size of the major aggregates, the accumulation of imbalances between outlays and revenues over time has resulted in widely differing relative levels of net debt, from a low of minus 3.1 per cent relative to GSP in the case of Queensland to a high of 31.6 per cent in the case of Tasmania. At the beginning of 1996-97, only Queensland and the Australian Capital Territory have lower levels of debt than New South Wales relative to GSP.

¹ Unless otherwise stated, references to "States" in this chapter should be interpreted as referring to States and Territories.

Gross State Product (GSP), defined as the value of all goods and services produced within the boundaries of a State, is used throughout this chapter as a base for interstate comparisons of specific items such as outlays and deficits. Although population is also used, GSP provides a better indication of the ability of the State to support its fiscal position.

In most cases, comparisons in this chapter relate to the general government sector, as opposed to the total non-financial public sector. A definition of government which excludes both public trading enterprises (PTEs) and public financial enterprises provides the most relevant guide to the non-commercial activity of the government. However, for net debt comparisons, total public sector aggregates are used, as the allocation of debt between the general government and PTE sectors is within the policy control of governments. Use of general government sector debt alone provides a limited picture of the financial position of a government.

Certain "one-off" extraordinary activities impact on the aggregates used. For example, sales of government business assets reduce capital outlays and therefore the deficit for a jurisdiction, which may distort underlying trends in government activity. While the aggregates presented in the tables are not adjusted for such transactions, their impacts are discussed.

Much of the data presented in this section are necessarily based on Budget estimates for 1996-97. Given this, actual outcomes may well be somewhat different to the data presented.

8.2 OUTLAYS

General government outlays can be compared interstate by expressing dollar values as a proportion of GSP. Table 8.2 disaggregates total outlays into current outlays (i.e. ongoing expenditures) and capital outlays (i.e. items such as the construction of public buildings and infrastructure). It should be noted that under Australian Bureau of Statistics (ABS) conventions asset sales reduce the recorded level of capital outlays.

Table 8.2: General Government Outlays, 1996-97 (% of GSP)

	Current Outlays	Capital Outlays	Total Outlays
	%	%	%
NSW	12.6	1.9	14.4
Vic	11.7	0.3	12.1
Qld	13.4	3.0	16.4
WA	12.5	0.8	13.4
SA	16.8	0.5	17.3
Tas	19.5	0.7	20.2
ACT	11.1	0.6	11.7
NT	28.3	3.6	31.9
All States (excl NSW)	13.3	1.2	14.5
All States	13.1	1.4	14.5

Notes: General government outlays include payments made to or on behalf of other governments and public trading enterprises and Local Government.

Sources: ABS Government Financial Estimates 5501.0, NSW Treasury GSP Estimates.

In 1996-97, general government sector current outlays in New South Wales relative to GSP are expected to be lower than the all States average. However, higher than average capital outlays result in total outlays relative to GSP in New South Wales being close to the average for all States. Total outlays relative to GSP are expected to be above the all States average in Queensland, South Australia, Tasmania and the Northern Territory.

**Table 8.3: Growth in General Government Sector
Current Outlays, 1996-97**

	Current Outlays
	%
NSW	6.4
Vic	2.6
Qld	7.6
WA	7.7
SA	(-) 0.1
Tas	3.8
ACT	8.1
NT	5.6
All States (excl NSW)	4.9
All States	5.4

Sources: ABS Government Financial Estimates 5501.0..

As shown in Table 8.3, in 1996-97 current outlays by all State governments are expected to rise by 5.4 per cent. Current outlays in New South Wales are expected to grow by 6.4 per cent. Victoria, South Australia and Tasmania are expected to have less than average growth in current outlays.

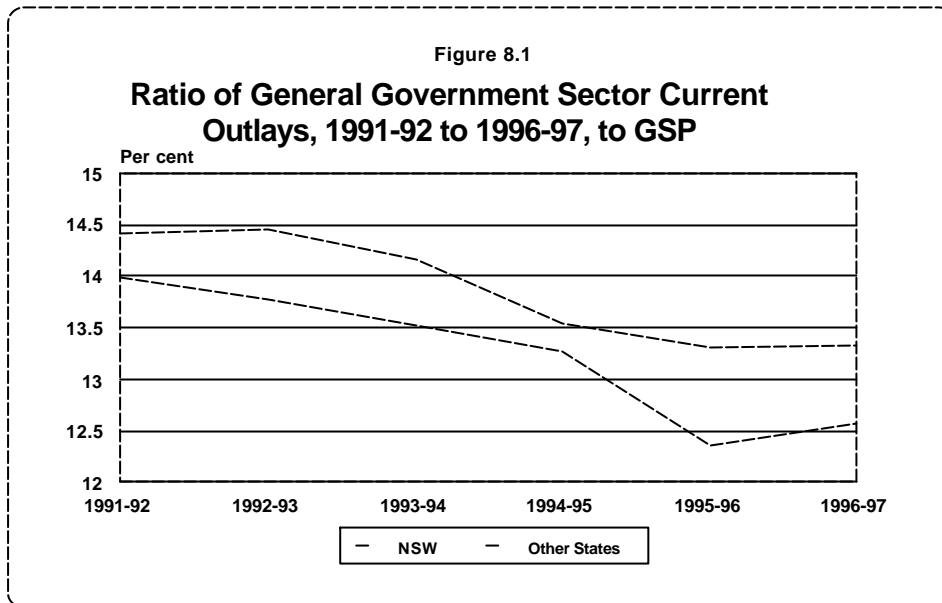
The expected decline in current outlays of 0.1 per cent in South Australia for 1996-97 is consistent with the ongoing need for fiscal consolidation in that State following the impact of the collapse of the State Bank of South Australia.

The significantly higher levels of growth expected in total outlays compared to current outlays in a number of States, including New South Wales, is strongly influenced by the impact of asset sales which reduced net capital outlays in 1995-96 compared to the expected outcomes in 1996-97. Total outlays in New South Wales are expected to grow by 13.6 per cent. Victoria is expected to record the highest increase in total outlays in 1996-97 with an increase of 24 per cent.

Trends in Outlays

In analysing the underlying fiscal position of the States, it is appropriate to focus on current outlays rather than capital outlays. Asset sales constitute a negative outlay in the capital accounts, offsetting expenditure. In recent years variations in asset sales and equity restructurings have resulted in sharp year-on-year changes in the annual growth of total outlays. Therefore, year-on-year changes in growth rates for total outlays tend to mask the trends in fiscal management.

A comparison of the movements in general government current outlays relative to GSP for the period 1991-92 to 1996-97 for New South Wales and the other States is provided in Figure 8.1. It shows that the level of outlays relative to the size of the economy has fallen significantly in recent years in New South Wales and on average in the other States. This fall is mainly a consequence of GSP growth following the recession.



Sources: ABS Government Financial Estimates 5501.0, NSW Treasury GSP Estimates.

Although the trend in current outlays relative to GSP has been generally downward, the situation differs between States. Current outlays in the Northern Territory were consistently more than 28 per cent of GSP for the period while in Tasmania current outlays were stable at around 20 per cent. In South Australia, current outlays have decreased from a high of 19.5 per cent in 1993-94, due to the impact of the Targeted Voluntary Separation package to an expected 16.8 per cent in 1996-97.

Table 8.4: Growth of General Government Sector Outlays from 1991-92 to 1996-97 (Average Annual Growth Rates)

	Current Outlays	Total Outlays
	%	%
NSW	3.1	3.4
Vic	2.1	1.1
Qld	7.5	7.9
WA	5.4	3.4
SA	3.7	(-) 3.8
Tas	4.1	3.0
ACT	3.2	2.1
NT	4.4	2.1
All States (excl NSW)	4.2	2.4
All States	3.8	2.8

Sources: ABS Government Financial Estimates 5501.0, NSW Treasury GSP Estimates.

Table 8.4 shows that, although falling relative to GSP, State current outlays are expected to increase by an average of 3.8 per cent annually over 1991-92 to 1996-97, with all States recording an increase.

Over the five-year period Queensland is expected to have the highest average annual growth in total outlays and current outlays, while, relative to GSP, both total and current outlays increased only slightly. This reflects the State's rapidly growing population and economy.

Victoria is expected to have the lowest average annual growth rate for current outlays and the second lowest rate after South Australia for growth in total outlays. This reflects the significant levels of fiscal consolidation achieved in that period in Victoria. The negative growth rate in total outlays of minus 3.8 per cent expected to be achieved in South Australia during the period reflects the very high level of capital outlays in 1991-92 associated with the rescue package for the State Bank of South Australia.

The average annual growth rate for current outlays in New South Wales is expected to be 3.1 per cent, the second lowest of all the States. Growth in total outlays of 3.4 per cent is expected to be higher than average.

Service Levels

The Commonwealth Grants Commission (CGC) calculates standardised expenditure, which is defined as the amount each State would need to spend in order to provide a national average standard of service. This assessment takes into account differences between States including demographic characteristics, dispersion of population and economies of scale in the provision of public services, and is confined to the recurrent operations of government. The CGC estimates a level of service provision index which relates the actual expenditure per capita of a State to its standardised expenditure.

According to the CGC's latest estimates, shown in Table 8.5, New South Wales provides a level of service about the same as the national average.

Table 8.5: Level of Service Provision Index, 1991-92 and 1995-96

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	All States excl NSW
1995-96	100.0	106.3	88.4	93.5	111.8	104.8	111.4	102.5	100.0
1990-91	97.9	112.5	85.0	94.9	106.2	104.4	115.5	101.0	101.1

Source: Commonwealth Grants Commission, *Report on General Revenue Grant Relativities, 1996 Update*.

In 1995-96, the service provision ratios were higher than average in Victoria, South Australia, Tasmania and the two Territories. Assuming an equal level of efficiency in each State, these figures suggest higher than average standards of services in these jurisdictions. CGC data also shows that the service provision ratios have increased since 1991-92 in New South Wales, Queensland, South Australia, Tasmania and the Northern Territory.

8.3 REVENUE

The main sources of State revenue are taxes², grants received from the Commonwealth, dividends and tax equivalent payments from public trading enterprises (PTEs), and royalty incomes.

Level of Revenue and Tax Receipts

The estimated level of revenue for each State in 1996-97, as a percentage of GSP, is shown in Table 8.6.

Table 8.6: Revenue of General Government Sector, 1996-97 (% of GSP)

	Tax Revenue	Grants Revenue	Total Revenue
	%	%	%
NSW	6.7	6.1	14.4
Vic	6.4	6.0	13.6
Qld	5.4	7.9	16.9
WA	5.3	6.6	14.0
SA	6.1	9.2	17.8
Tas	6.4	11.5	20.8
ACT	5.1	5.1	11.3
NT	5.7	23.5	32.4
All States (excl NSW)	5.9	7.3	15.4
All States	6.2	6.9	15.1

Sources: ABS Government Financial Estimates 5501.0, NSW Treasury GSP Estimates.

Taxation Revenue

New South Wales, Victoria and Tasmania have higher than average tax revenue relative to GSP.

As shown in Table 8.7, the proportions of total revenue raised from taxation for New South Wales, Victoria and the Australian Capital Territory are expected to be higher than the all State average in 1996-97. For New South Wales, this proportion has increased from 44.2 per cent to an expected 46.7 per cent in 1996-97, while in Victoria it has increased from 44.0 per cent to an expected 47.2 per cent.

The proportion of revenue collected via taxation in the Australian Capital Territory has been on an upward trend since 1991-92 when it accounted for 36.1 per cent of revenue compared with an expected 44.8 per cent in 1996-97. The proportion of State revenue from tax is directly linked to the level of Commonwealth grants which is addressed in detail in Chapter 5.

² Unless otherwise stated, references to "taxes" in this chapter refer to taxes, fees and fines.

Grants from the Commonwealth

The Northern Territory, South Australia and Tasmania are more dependent on Commonwealth grants as a source of revenue in 1996-97 than on own-source revenue. Northern Territory remains the most heavily dependent, with over 70 per cent of its total revenue coming from Commonwealth grants for the last five years. While grants as a proportion of total revenue have remained stable in New South Wales (above 40 per cent), most other States have shown a slightly downward trend.

Total Revenue

Total general government sector revenue for all States in 1996-97 is estimated to represent \$4,192 per capita or equivalent to about 15.1 per cent of Gross Domestic Product. New South Wales, Victoria, Western Australia and the Australian Capital Territory have below average revenue relative to GSP.

Between 1991-92 and 1996-97, growth in revenue was the strongest in Queensland (41.5 per cent) reflecting the rapid growth in the size of this economy over the period.

**Table 8.7: Composition of General Government Revenue, 1996-97
(% of Total Revenue)**

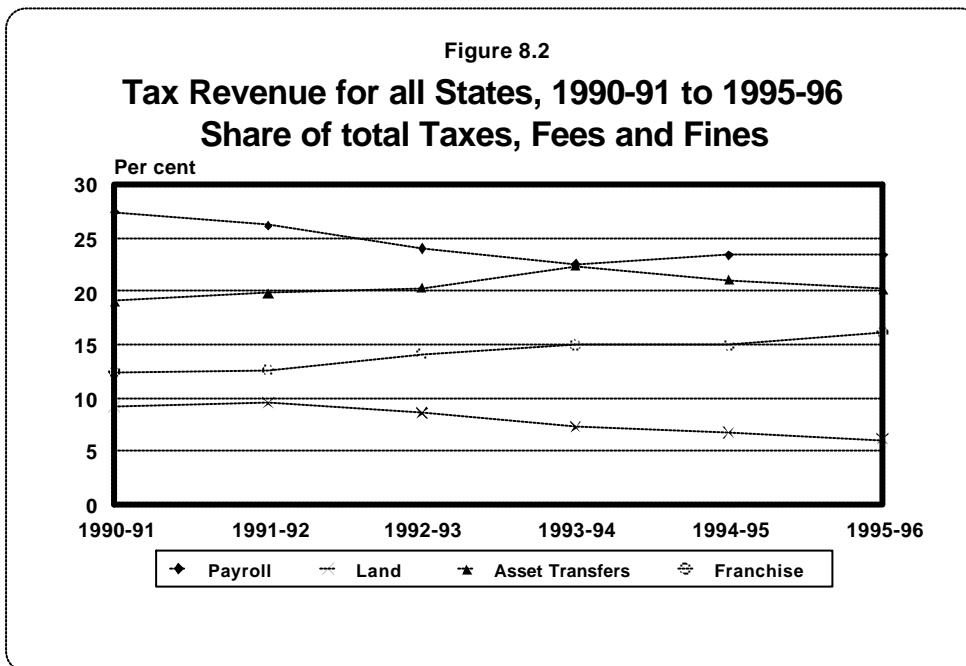
	Tax Revenue (1)	Other Own Source Revenue (2)	Total Own Source Revenue (1+2)	Grants Revenue
	%	%	%	%
NSW	46.7	10.7	57.3	42.7
Vic	47.2	8.9	56.1	43.9
Qld	32.1	21.3	53.3	46.7
WA	37.9	15.1	53.0	47.0
SA	34.5	13.8	48.2	51.8
Tas	30.8	13.8	44.6	55.4
ACT	44.8	10.2	55.0	45.0
NT	17.5	10.1	27.6	72.4
All States (excl NSW)	38.4	14.0	52.4	47.6
All States	41.1	12.9	54.0	46.0

Note: Other includes interest received from PTEs and other enterprises along with other revenue.

Source: ABS Government Financial Estimates 5501.0.

Composition and Trends in Tax Receipts

There have been some significant trends in the composition of taxation revenue in all States during the five-year period from 1991 to 1996, as shown in Figure 8.2.



Source: ABS Tax Revenue Australia 5506.0

After experiencing a trough in 1990-91 with the collapse of the property and share booms, taxes on asset transfers (which includes contract and conveyancing duty and financial taxes) for all States except the ACT trended steadily upward in terms of their proportion of total tax revenue. By 1993-94, these taxes had become almost as large a contributor to State tax revenue as payroll tax. However, revenue from these taxes fell in 1994-95, reflecting the impact of higher interest rates on asset markets. In 1995-96 these taxes were second to payroll tax as a source of State tax revenue, contributing 20.3 per cent of all State tax revenue.

The proportion of all State revenue from payroll tax declined steadily between 1990-91 and 1993-94 from 27.5 per cent to 24.1 per cent of total state tax revenue, reflecting increased tax-free thresholds, relatively low employment growth in the medium to large business sector and the increase in revenue from other taxes. The increase in the proportion of revenue collected from payroll tax in 1994-95 and 1995-96 reflects the strong employment growth in that period.

Franchise fee revenue from tobacco, liquor and petroleum gas increased as a proportion of total tax revenue for the States from 12.4 per cent in 1990-91 to 16.2 per cent in 1995-96. Queensland was a major contributor to this growth where franchise fees increased from 8.8 per cent of tax revenue in 1990-91 to 15.0 per cent in 1995-96. Franchise fees have been a more important revenue source for the Northern Territory and Tasmania relative to the other States for the whole period. In 1995-96, franchise fees represented 31.5 per cent of tax revenue in the Northern Territory and 22.7 per cent of tax revenue in Tasmania.

New South Wales and Victoria increased the franchise fee rate for tobacco from 75 per cent to 100 per cent in 1995 to compensate for the revenue loss caused by Queensland's unilateral move to halve the rate of stamp duty on share transactions. Largely as a result of this move, franchise fees as a percentage of tax revenue in New South Wales grew from 13.6 per cent in 1994-95 to 15.1 per cent in 1995-96 while in Victoria the proportion of tax revenue from franchise fees grew from 13.8 per cent in 1994-95 to 14.6 per cent in 1995-96. Queensland subsequently increased its tobacco franchise fee to 100 per cent.

Severity of Taxes

Table 8.8 presents CGC data comparing actual tax revenue with the revenue a State could raise if it applied the average national tax rate. Although New South Wales applies higher than average tax rates, the severity of NSW taxation has been on a slight downward trend during the five-year period from 1991-92 to 1995-96. However this trend is likely to be reversed in 1996-97.

Table 8.8: Severity of Tax Rates Index, 1991-92 and 1995-96

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	All States excl NSW
1995-96	102.6	111.6	81.0	94.3	99.4	104.6	100.6	106.5	98.5
1991-92	103.8	104.9	80.7	101.2	101.2	110.6	101.4	100.5	97.6

Source: Derived from Commonwealth Grants Commission, *Report on General Revenue Grant Relativities, 1996 Update*.

A detailed comparison of tax rates and charges can be found in the publication *Interstate Comparison of Taxes 1996-97* available from NSW Treasury.

8.4 DEFICITS, DEBT AND DEBT COSTS

Deficits, debt and debt costs are important measures of the financial position of government. They also provide pertinent intergovernmental comparisons when measured in relation to the size of State economies, population and revenue. The allocation of debt between the general government and PTE sectors is within the policy control of governments. For example, in 1995-96 around \$1.5 billion in equity restructuring payments were received by the NSW general government sector from the PTE sector. Therefore discussion on debt is focussed on total public sector aggregates.

Deficits

The deficit of a government is equal to its outlays less revenue and grants received, net of increases in provisions. The deficit provides a measure of the extent to which a government is adding to its total liabilities and consequently increasing or decreasing its demand on total savings.

Table 8.9 shows the general government sector deficits relative to GSP for 1995-96 and those expected for 1996-97.

Table 8.9: General Government Sector Deficits¹ (% of GSP), 1995-96 and 1996-97

	Current Deficit		Capital Deficit		Total Deficit	
	1995-96	1996-97	1995-96	1996-97	1995-96	1996-97
	%	%	%	%	%	%
NSW						
NSW	(-) 1.5	(-) 1.3	0.4	1.3	(-) 1.2	0.0
Vic	(-) 1.8	(-) 1.5	(-) 2.3	(-) 0.1	(-) 4.1	(-) 1.6
Qld	(-) 2.9	(-) 2.9	1.6	2.4	(-) 1.3	(-) 0.5
WA	(-) 1.2	(-) 1.0	(-) 1.1	0.4	(-) 2.3	(-) 0.6
SA	(-) 0.4	(-) 0.7	(-) 2.2	0.2	(-) 2.6	(-) 0.5
Tas	(-) 0.8	(-) 0.6	0.2	0.0	(-) 0.6	(-) 0.6
ACT	(-) 0.2	(-) 0.1	0.5	0.4	0.3	0.3
NT	(-) 2.9	(-) 2.3	1.4	1.7	(-) 1.5	(-) 0.6
All States (excl NSW)	(-) 1.8	(-) 1.6	(-) 0.9	0.7	(-) 2.6	(-) 0.9
All States	(-) 1.7	(-) 1.5	(-) 0.4	0.9	(-) 2.1	(-) 0.6

Sources: ABS Government Financial Estimates 5501.0, NSW Treasury GSP Estimates.

¹ (-) implies a surplus.

The data in Table 8.9 show -

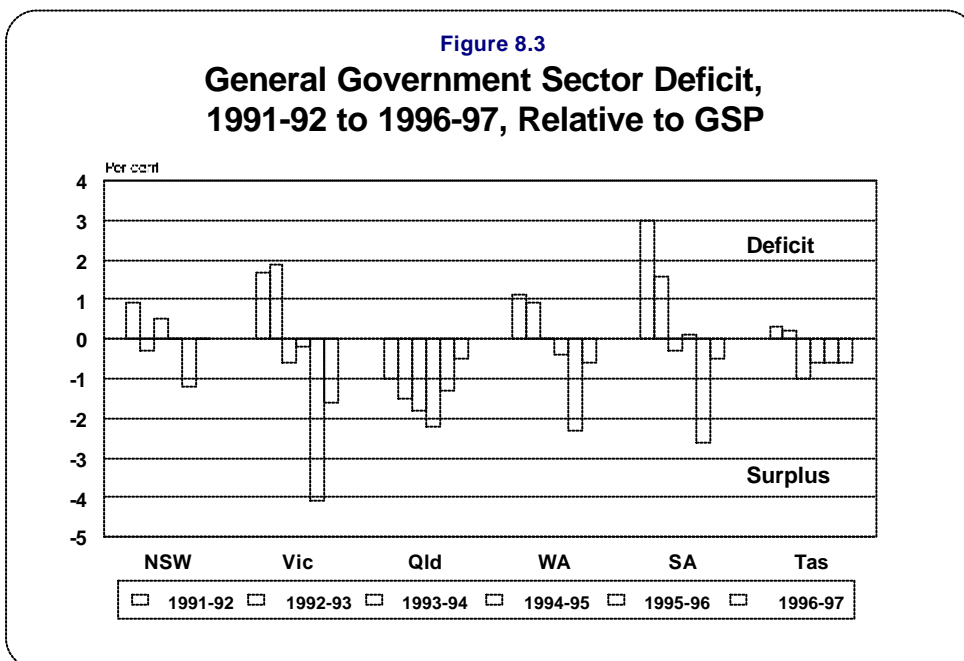
- nearly all States record a current account surplus combined with a capital account deficit; and
- in 1995-96 and 1996-97, current account surpluses are expected to more than offset the deficits on capital transactions for most States.

Trends in Deficits

Most States have implemented medium-term deficit reduction strategies. The common threads contained in these strategies include reducing the level of public sector employment (which causes one-off increases in outlays because of redundancy payments), measures to improve the efficiency of public trading enterprises and obtain appropriate levels of dividends, increased general government sector efficiency, reductions in capital expenditure, and asset sales.

In terms of performance over the past five years, Figure 8.3 indicates that the fiscal position of the five largest States has varied considerably but with a steady trend towards a surplus position.

As Figure 8.3 reveals, the volatility of changes in general government sector deficits for New South Wales has been less than that in most other States over this period, indicating a relatively stable fiscal position. As deficits are closely related to debt, the following section on net debt also addresses movements in deficit positions in recent years.



Sources: ABS Government Financial Estimates 5501.0, NSW Treasury GSP Estimates.

Net Debt

Table 8.10 provides information on the level of total public sector net debt for each State.

Table 8.10: Total Public Sector Net Debt, June 1996

	\$m	% GSP	\$ per capita
NSW ¹	18,582	11.0	3,002
Vic	20,617	16.2	4,540
Qld	(-) 2,456	(-) 3.1	(-) 732
WA	6,323	12.0	3,587
SA	7,753	21.9	5,241
Tas	3,283	31.6	6,935
ACT	147	1.4	478
NT	1,351	27.3	7,603
All States (excl NSW)	37,018	11.6	3,060
All States	55,600	11.4	3,041

Sources: ABS Public Sector Financial Assets and Liabilities 5513.0, ABS Australian Demographic Statistics 3101.0, NSW Treasury GSP Estimates.

1 As the net debt figures for all States were sourced from published ABS data to ensure comparability, the net debt figure for New South Wales differs slightly to that presented in Chapter 7.

Net debt in New South Wales relative to GSP has fallen significantly since 1990-91, assisted by a total public sector surplus in 1994-95.

For Victoria, significant total public sector deficits, including a deficit equivalent to 2.3 per cent of GSP in 1989-90, led to net debt increasing to the equivalent of 30.4 per cent of GSP in 1992. Since then, the upward trend has been arrested, partly through the use of business asset sales to retire debt, with net debt falling to the equivalent of 26.5 per cent of GSP as at June 1995. This downward trend continued and in June 1996 net debt was the equivalent of 16.2 per cent of GSP.

Queensland has a strong net debt position which improved further over the period 1991 to 1996 from the equivalent of 7.0 per cent of GSP in 1991 to minus 3.1 per cent in 1996. This improvement resulted from sustained high total public sector surpluses, assisted by the sale of the Gladstone Power station in 1994. The situation also partly reflects Queensland's accounting policy of offsetting debt with the financial assets of its superannuation schemes which, unlike other States, are operated within its general government sector. The net debt position of Queensland also benefits from the significant level of debt held by its Local Government sector which far exceeds that of other States. Placing New South Wales on a comparable basis with Queensland would reduce the State's net debt to GSP ratio from 11.0 to around 5.7 per cent.

Increasing total public sector deficits in the late 1980s and early 1990s resulted in a deterioration in Western Australia's net debt position. However, this situation has now been reversed in recent years with net debt falling from the equivalent of 20.3 per cent of GSP in 1993 to 12.0 per cent in 1996, reflecting total public sector surpluses in the years 1993-94 and 1994-95.

South Australia's net debt increased significantly over the period 1991 to 1993 from the equivalent of 18.7 per cent of GSP to 28.3 per cent, largely as a result of the support package for the troubled State Bank of South Australia. By 1996, net debt had fallen to the equivalent of 21.9 per cent of GSP following a number of major asset sales.

Tasmania has the largest net debt to GSP ratio of all the States which reached almost 40 per cent in 1991 partly as a result of borrowing for hydro-electric development as well as a decrease in Commonwealth grants in the late 1980s. In response, a five year plan of remedial action was put in place which aimed to reduce the Consolidated Fund net financing requirement to around \$40 million and contain debt costs by 1994-95. This has been achieved through asset sales, including the sale of the Government Insurance Office, and restraint in expenditure. Although falling, net debt was still well above other States at the equivalent of 31.6 per cent of GSP in 1996.

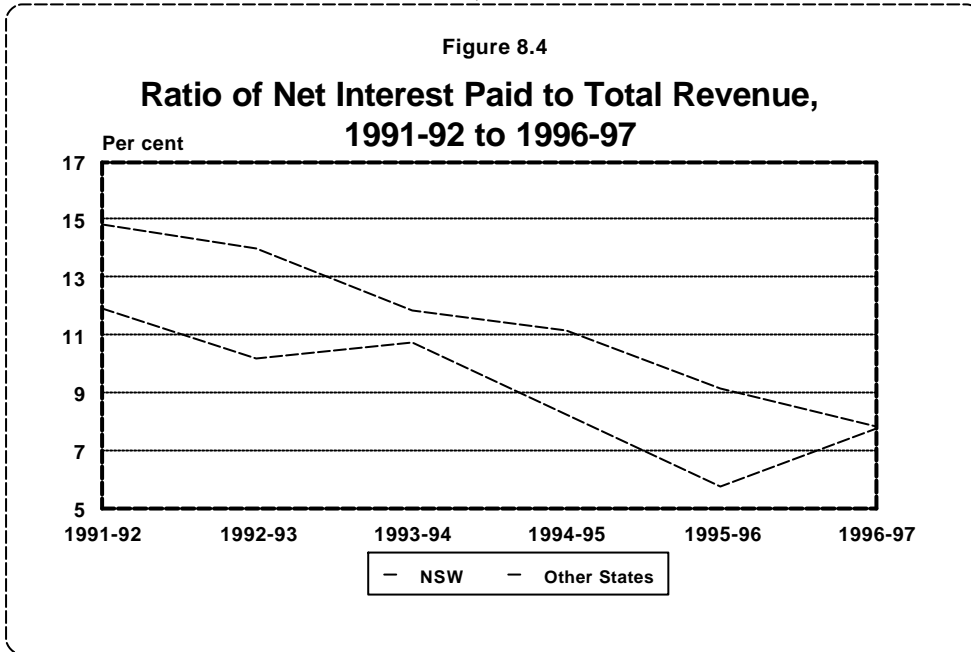
The Australian Capital Territory's low net debt position reflects the fact when self-government commenced in 1989, the Territory was allocated no debt. Since that time, the Territory has had small surpluses or deficits so that its net debt position was equivalent to only 1.4 per cent of GSP in 1996.

The Northern Territory has the highest net debt per capita, but unlike the other States it does not possess substantial revenue-producing assets which can be used to reduce that debt. Consequently any change in the Territory's net debt position is closely linked to changes in the level of Commonwealth grants.

Debt Costs

Debt costs are an indication of the recurrent burden created by past borrowings and the limitation they impose on budgetary flexibility.

Figure 8.4 shows movements in the ratio of net interest paid to total revenue (the debt servicing ratio) for New South Wales and the other States. It is important to note that, for the purpose of these calculations revenue, coverage includes all revenue received, including own-source revenue and grants, but excludes interest income received. Therefore the Northern Territory which receives over 70 per cent of its revenue in the form of grants relies very much on the Commonwealth to maintain a tenable debt servicing ratio.



Up until 1995-96, the New South Wales debt servicing ratio was notably below the average of the other States. It also decreased significantly over this time. Although the debt servicing ratio in New South Wales rose between 1995-96 and 1996-97, it is still expected to be below the level for the other States. The average debt servicing ratio of the other States also fell over the five year period, partly reflecting the fall in the ratio in Victoria from 23.2 per cent in 1991-92 to a projected 12.1 per cent in 1996-97. The overall decrease in the combined debt servicing ratio for the States reflects the impact of smaller deficits, reductions in interest rates and retirement of debt through asset sales. Nevertheless, with the exception of Queensland and the Australian Capital Territory, debt servicing costs represent a significant outlay for the States.

8.5 EMPLOYMENT

Total State public sector employment (excluding employment in public sector financial enterprises) has fallen significantly since 1991. Nationally, the number of State government employees was 1,134,300 in August 1991 and had fallen to 1,063,400 in August 1996 - a reduction of 6.3 per cent. Total public sector employment did not fall in all States, however. It grew in New South Wales (by 0.6 per cent), Queensland (by 9.7 per cent) and the Northern Territory (by 1.3 per cent). The reduction in overall employment levels mainly reflects changes in employment in the PTE sector, resulting from productivity improvements. Over the period, total State general government sector employment fell by only 0.7 per cent to 956,100 while PTE employment fell by 37.6 per cent to 107,400.

By 1996, as all remaining State Government owned financial enterprises were privatised, State public sector employment in this area had ceased.

Western Australia's general government sector employment increased notably over the period (by 7.1 per cent) although this was more than offset by a fall in PTE employment. Total public sector employment in Queensland increased by 9.7 per cent from its 1991 level, with a 4.2 per cent increase in employment in the general government sector.

Table 8.11 compares employment between the States in terms of employees per 1,000 of population.

**Table 8.11: State Public Sector Employment, August 1996
(per 1,000 of Population)**

	General Government Sector	PTE Sector	Total State Public Sector
NSW	50.1	7.6	57.8
Vic	46.5	3.3	49.7
Qld	54.2	7.5	61.7
WA	58.8	5.1	64.0
SA	53.7	5.3	58.9
Tas	69.1	2.7	71.8
ACT	58.1	6.2	64.2
NT	89.0	0.0	89.0
All States (excl NSW)	53.1	5.0	58.1
All States	52.1	5.9	58.0

Note: Excludes financial sector employment.

Sources: ABS Demographic Statistics 3101.0, Employed Wage and Salary Earners, Australia 6248.0.

Expressing the level of State public sector employees relative to State population further emphasises the reduction since 1991 as it shows that a significantly smaller proportion of the population is now providing State government services. Overall, State sector employment fell from 65.4 employees per 1,000 of population in August 1991 to 58.0 in August 1996 with employment in the general government sector falling from 55.5 to 52.1 and PTE employment falling from 9.9 to 5.9 persons per 1,000 of population.

8.6 CREDIT RATINGS

Prior to June 1990, the domestic debt of all mainland States was rated equally at triple A. The movement towards a differential ratings structure commenced with a decision by Moody's Investors Service and Standard & Poor's Ratings Group in June 1990 to lower the credit ratings assigned to the debt of Victoria. Under the current arrangements, both of the major agencies conduct an annual review of all State credit ratings.

The States have consequently become increasingly attuned to the need to maintain high credit ratings as a means of minimising borrowing costs, ensuring continued access to international capital markets and as a method of demonstrating their financial management.

Current Credit Ratings of the States

Table 8.12 outlines the current rating profiles of the States. The most recent change has been an upgrade by Moody's Investors Service for Western Australia for long term debt from Aa1 to Aaa. Standard & Poor's Ratings Group changed the credit outlook for both Victoria and South Australia from negative to stable in November 1993 and June 1994 respectively.

Table 8.12: State Domestic Credit Ratings

	Moody's Investors Service		Standard & Poor's Ratings Group	
	Short-term	Long-term	Short-term	Long-term
NSW	P-1	Aaa	A-1+	AAA
Vic	P-1	Aa1	A-1+	AA+
Qld	P-1	Aaa	A-1+	AAA
WA	P-1	Aaa	A-1+	AA+
SA	P-1	Aa2	A-1+	AA
Tas	P-1	Aa2	A-1+	AA-

New South Wales and Queensland are the highest rated on both indexes and therefore reap the benefit of lower interest costs.

It has been estimated that the impact of a downgrading of New South Wales' credit rating to the next level would add around \$30 million each year to the State's interest cost after five years.

Appendices:

- A. Guide to the Budget Papers, the Budget Process and Financial Documents**
- B. 1995-96 Budget - Summary of Variations**
- C. Public Sector Employment**
- D. Classification of Agencies**
- E. Financial Information by Policy Area and Sector**
- F. Financial Information by Minister and Agency**

APPENDIX A: GUIDE TO THE BUDGET PAPERS, THE BUDGET PROCESS AND FINANCIAL DOCUMENTS

INTRODUCTION

This appendix provides a broad outline of the structure of State finances in order to place the Budget in its proper context. A brief summary of each of the Budget Papers and how they relate to each other is also provided.

More detailed information on the State's accounting and financial procedures is contained in the Treasury publication, "Managing State Finance: The New South Wales Experience".

BUDGET AND NON BUDGET SECTORS

Budget Sector agencies are those predominantly funded from the Consolidated Fund, rather than user charges. In contrast, Non Budget Sector agencies are funded from user charges, but may receive funding from the Budget for "social programs" (i.e. non-commercial activities).

Budget Sector

Budget Sector agencies -

- include all departments and certain statutory bodies (e.g. Ethnic Affairs Commission);
- fund their operating costs mainly from the Consolidated Fund;
- are subject to Ministerial direction, the Public Finance and Audit Act 1983 and audit by the Auditor General; and
- are subject to the Annual Reports (Departments) Act.

Non Budget Sector

Non Budget Sector agencies -

- are self funded, being Government Trading Enterprises (e.g. State Transit Authority), State Owned Corporations (e.g. Hunter Water Corporation) and regulatory bodies funded by industry fees (e.g. WorkCover);
- fund their operating costs mainly from user charges and their capital works from borrowings and internal funds;

- are subject to Ministerial direction, the Public Finance and Audit Act 1983 and audit by the Auditor-General (other than State Owned Corporations which are not subject to the Public Finance and Audit Act); and
- are subject to the Annual Reports (Statutory Bodies) Act.

Budget Coverage

The Budget incorporates the full current and capital payments of all Budget Sector agencies. On the receipts side, Government receipts obtained by compulsion (i.e. taxes, fines and regulatory fees) are included, unless they are paid to industry regulatory bodies (such as WorkCover) or industry professional bodies such as the Health Professionals Registration Board. The Budget also includes all own source receipts of Budget Sector agencies (user charges, donations, industry contributions, etc). Such revenues are retained by the agency rather than paid into the Consolidated Fund and are not subject to Parliamentary appropriation and control.

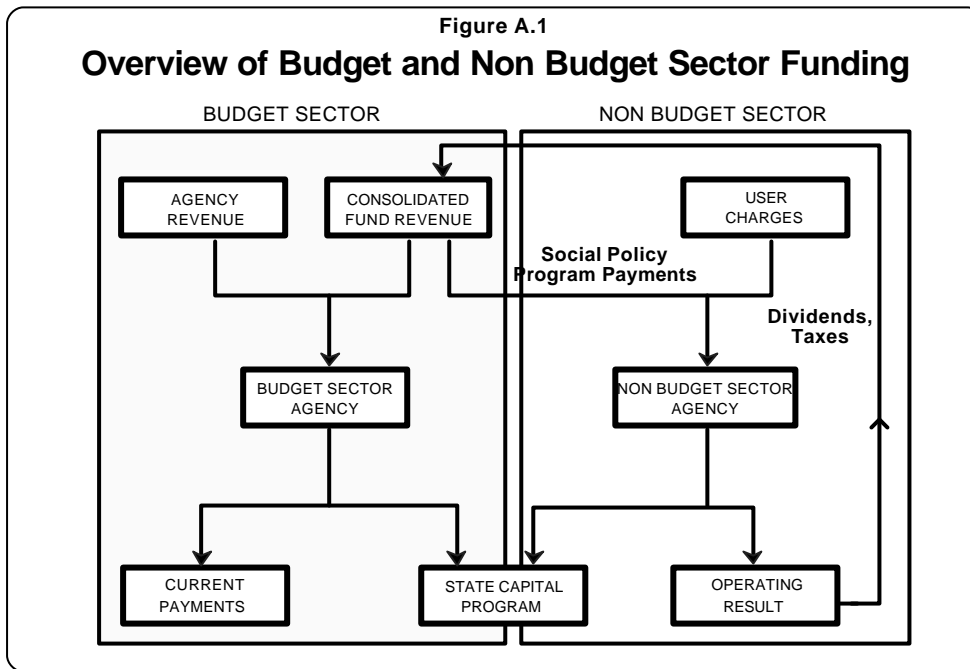
The financial transactions of Non Budget Sector agencies do not generally appear in the Budget. However, there are two exceptions -

- explicit payments for "social programs", which are non commercial requirements imposed on Government Trading Enterprises and State Owned Corporations by the Government - these are shown as a budget payment within the relevant policy agency of the GTE Minister (e.g. Department of Transport in relation to payments to the SRA) or, where there is no relevant policy agency, as a separate payment under the Minister's control (further details of Social Programs can be found in Chapter 4); and
- dividends, tax equivalent payments and guarantee fees payable by the Non Budget Sector are shown as receipts in the Consolidated Fund.

The Consolidated Fund is the main banking account of the Budget Sector and is the account which -

- receives virtually all taxes, fines and regulatory fees, as well as Commonwealth payments to the State;
- receives all receipts payable to the Crown from Crown property transactions and dividends and other contributions from Government Trading Enterprises; and
- channels all Parliamentary appropriations for recurrent and capital payments of the Budget Sector.

However, as stated above, the Consolidated Fund does not cover own source receipts of Budget Sector agencies or the expenditures funded from these receipts which are instead reflected through agencies' own bank accounts.



The Budget Papers also provide information on the State Capital Program, which is the sum of the Budget Sector and Non Budget Sector Capital Programs, adjusting for funding transfers between the two sectors.

Comparability with Government Finance Statistics

The Australian Bureau of Statistics adopts a similar classification structure to the Budget and Non Budget Sectors, namely the General Government and Public Trading Enterprises Sectors.

The General Government Sector is broadly similar to the Budget Sector but also includes a number of self funded agencies whose receipts are in the form of regulatory charges. Examples of these agencies include the Motor Accidents Authority and the WorkCover Authority. These agencies are not funded from the Budget but their funding sources nevertheless have the characteristic of a tax in that they are levied by legislative fiat rather than on the basis of voluntary transactions.

The Public Trading Enterprises Sector is broadly similar to the Non Budget Sector but excludes those agencies referred to above that are funded by off Budget regulatory fees.

A list of New South Wales public sector agencies (classified according to sector) appears as Appendix D.

THE BUDGET PROCESS

The major milestones for the annual Budget process as follows -

September	Update forward Budget estimates (i.e. 3 year rolling budget allocation) and release to Ministers. Treasury seeks capital program proposals and projections for recurrent and capital receipts.
November	Ministers respond to forward estimates and propose program enhancements. Capital programs are also submitted.
December-February	Meetings of Budget Committee to set Budget strategy, review Ministers' requests for enhancements and for capital projects and to determine Budget allocations.
March	Treasurer issues Budget allocation letters.
April	Meeting of Budget Committee to review final Budget position.
May	Presentation of Budget.

The Budget Committee of Cabinet has responsibility for developing Budget strategy, overseeing the budget preparation process and monitoring the budget position within the year.

THE BUDGET PAPERS

The Budget Papers consist of six volumes as follows -

Budget Speech (Budget Paper No. 1)

Sets out the Government's financial program for the year and budgetary strategy.

Particular emphasis is placed on the environment in which the Budget has been framed, the broad strategy adopted and significant new expenditure and revenue measures.

Budget Information (Budget Paper No. 2)

This Budget Paper presents detailed information both on the Budget itself and on State finances more generally. Specific topics covered are -

- **Budget Strategy and Position**

Summary of Budget aggregates, outline of financial strategy and details of expenditure and revenue measures contained in the Budget. The Budget provides information both for the Budget year and the two forward years.

- **The Economy**

Summary of trends in the Australian and New South Wales economies and prospects for the Budget and forward years, together with an outline of the sensitivity of the Budget to the economic parameters.

- **Budget Receipts**

Detailed information on Budget measures, Budget year receipts by category, together with summary information for the two forward years.

- **Budget Current and Capital Payments**

Description of current and capital payments both by policy area and by Minister/agency, covering recent trends, key issues and major measures and initiatives included in the Budget.

- **Financial Arrangements with the Commonwealth**

Outline of recent developments in intergovernmental financial relations and details of the payments from the Commonwealth and Loan Council allocations.

- **Olympics**

Detailed information on the role and responsibilities of the three main organisations which have direct involvement with the Olympics, including progress to date, the impact on the Budget and an overview of capital projects.

- **Debt and Superannuation Liabilities Management**

Summary information on debt and superannuation financial liabilities and the framework adopted for their management.

- **Interstate Public Sector Comparisons**

Interstate comparisons of four key variables - outlays, revenue, debt and employment. Also discussion on recent financial strategies of each State and States' credit ratings.

Budget Estimates (Budget Paper No. 3)

The Budget estimates contain the detailed revenue and expenditure information for the Budget Sector on a program, agency and portfolio basis.

Information is provided on an accrual accounting basis with information on the level of support from the Consolidated Fund and from other sources.

The total receipts and payments (cash) information reconciles with the Budget aggregates contained in Budget Paper No. 2, while the Consolidated Fund recurrent and capital appropriations reconcile with the Appropriation Bills (Budget Paper No. 5).

The Budget Paper also includes details of outputs (goods and services) for the majority of service delivery and regulatory programs. Outcome measures have also been published for a select number of programs, with the intention being to publish more in future budgets as measures are developed and refined.

State Capital Program (Budget Paper No. 4)

Works-in-progress and new capital works are listed individually for major projects undertaken by both Budget and Non Budget Sector agencies, with a total capital program figure for each agency also shown.

The listing is arranged under the Ministers and agencies responsible for each project. Details of estimated total cost, expenditure in previous years, estimated expenditure in the Budget year and locations are given.

Smaller works are not separately shown; however totals are included.

The more important capital works in the Budget Sector may be referred to in the Budget Speech and/or in Chapter 4 of Budget Paper No. 2.

Appropriation Bills (Budget Paper No. 5)

This Budget Paper contains three Bills - a Special Offices Bill to provide funding for the Ombudsman's Office, State Electoral Office, Independent Commission Against Corruption, and the Office of the Director of Public Prosecutions; a Bill to provide funding for the Parliament; and a general Appropriation Bill covering the remaining Budget Sector agencies.

The Appropriation Bills seek legislative authority for expenditure from the Consolidated Fund.

The Appropriation Bills include requests for parliamentary approval for -

- payments from the Consolidated Fund for the Budget year; and
- various rules proposed to permit flexibility in program payments.

A reconciliation is provided between the Consolidated Fund appropriation and the aggregates shown in Budget Paper No. 2.

Government Finance Statistics and Loan Council Reporting (Budget Paper No. 6)

This Budget Paper contains details of outlays, revenues and financing transactions for the entire New South Wales financial public sector (excluding financial enterprises).

Information is presented for the General Government and Public Trading Enterprises Sectors rather than the Budget and Non Budget Sectors. As such, the presentation differs from the Budget Sector presented in Budget Paper No. 2.

In addition, details of the State's Loan Council Allocation are also provided.

Other Budget Information

In addition to the formal Budget Papers, there are two additional sets of papers provided -

- Budget Summary, which sets out in simple diagrammatic form the key elements of the Budget; and
- Social Justice Budget Statement, which identifies the principle social justice initiatives that are currently being implemented or are proposed for implementation during 1997-98.

KEY BUDGET AGGREGATES

The Budget refers to a number of key measures including total payments, net cost of services, outlays and Consolidated Fund payments.

Budget estimates for programs of individual agencies are prepared on an accrual basis, with a reconciliation shown to the cash position.

In addition, information is provided on the dissection of cash funding between Consolidated Fund and other sources.

The term outlays refers to net payments after deducting from total payments, receipts from user charges, asset sales and any advances repaid to the agencies.

These concepts are discussed in more detail in the Introduction to Budget Paper No. 3.

FINANCIAL REPORTING AND ACCOUNTING IN THE BUDGET SECTOR

A number of financial statements are issued during the course of the year and at year end to report on progress against budget estimates and to account to Parliament.

Monthly Financial Statement

The Financial Statement is released monthly to provide cumulative summaries of the outlays, revenue and grants received by, and the financing transactions of, the Budget Sector for that part of the financial year completed. There is also a statement of the balances of cash and securities held by the Treasurer. These figures are shown against the estimates made for the year.

The statement is required to comply with Government Finance Statistics principles set down by the Australian Bureau of Statistics.

Quarterly Gazette

The quarterly gazette includes -

- a quarterly summary of the outlays, revenue and grants received by, and the financing transactions of, the Budget Sector, and a statement of the balances of trust money held by the Budget Sector, as at 30 September, 31 December and 31 March in each financial year; and
- quarterly balances as at the same dates, summarised and distributed into cash and securities.

Mid Year Budget Update

A statement is issued each February which provides an update of the latest economic and Budget projections for the current financial year as at the end of the previous December. The statement also includes an explanation of significant variations in major aggregates from the projections included in the Budget Papers.

The Public Accounts

The Public Accounts comprise a Consolidated Statement of Financial Position, Operating Statement and Cash Flow Statement for the Budget Sector.

The Public Accounts also include -

- the financial statements for the "Consolidated Fund Reporting Entity" (covering service-wide transactions of both core and commercial nature);
- the budget result for the past year determined in accordance with the Government Finance Statistics principles; and
- a number of supplementary tables covering such matters as a Summary Statement of the Consolidated Fund, trust funds and loan liabilities owing to the Commonwealth.

An abbreviated set of Public Accounts, comprising a Consolidated Statement of Financial Position, Operating Statement and Cash Flow Statement for the Budget Sector, is also issued for the half year ended December.

Consolidated Financial Statements for the New South Wales Public Sector

The Consolidated Statements are released each year around December and present accrual accounting information on the Budget, Non Budget and Total State Sectors. An Operating Statement, a Statement of Financial Position (i.e. balance sheet) and a Cash Flow Statement are produced.

In addition, an abbreviated set of consolidated financial statements for the Budget Sector are published for the six month period to 31 December in about March of the following year.

The Auditor-General's Reports

The Public Finance and Audit Act 1983 requires the Auditor-General to audit the Public Accounts and provide an audit opinion to the Treasurer.

Each year, the Auditor-General also submits to Parliament a comprehensive Report comprising three Volumes.

Volume I covers the State's Consolidated Financial Statements and those statutory bodies with a non 30 June balance date.

Volume II of the Report covers the reviews of the financial operations of Budget Sector agencies.

Volume III of the report provides comments and reports on the Treasurer's Public Accounts and the State's statutory bodies.

The Auditor-General may include in his report suggestions to improve the financial management of departments and statutory bodies.

Annual Reports - Departments and Statutory Bodies

Both departments and statutory bodies are required by legislation to prepare annual reports. The reports are to include the audited financial statements prepared in accordance with the Public Finance and Audit Act 1983 and a narrative report as specified in the Annual Reports Acts and Regulations.

Statutory bodies have to provide a detailed budget for the financial year and an outline budget for the following year. Other information required in annual reports includes statements of the organisation's charter, aims and objectives, a summary review of its operations, and a description of its activities including performance indicators. The annual reports must be submitted to the appropriate Minister, and simultaneously to the Treasurer, no later than four months after the end of the financial year.

NSW Parliamentary Public Accounts Committee Reports

The Public Accounts Committee comprises five members of the Legislative Assembly. It is appointed to examine the Public Accounts, the accounts of authorities and the Auditor-General's Reports and to report to the Legislative Assembly on any matter connected with those accounts or reports either on its own initiative or as a result of a reference from the Legislative Assembly, a Minister or the Auditor-General. A report by the Committee is printed and published once it has been transmitted to the Clerk of the Legislative Assembly. Thus publication is not dependent on Parliament being in session.

The Committee has a wide charter to report on financial management and related matters. As mentioned above it can act on its own initiative. The recommendations of the Committee generally are directed at improving the efficiency and effectiveness with which Government policy is implemented.

Appendix B: 1996-97 Budget - Summary of Variations

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
CURRENT OUTLAYS				
Interest Payments				
Roads and Traffic Authority	124.8	118.9	(-) 5.9	Restructuring of agency debt portfolio to take advantage of lower interest rates.
Crown Transactions	1,447.8	1,299.0	(-) 148.8	Interest prepaid in 1995-96 and reduction resulting from changes in interest rates and the maturity profile of the portfolio.
Other	3.2	4.4	1.2	
Total, Interest Payments	1,575.8	1,422.3	(-) 153.5	
Superannuation				
Roads and Traffic Authority	...	21.1	21.1	Reclassified from Departmental Payments - Other.
Other	1,272.4	1,268.8	(-) 3.6	
Total, Superannuation	1,272.4	1,289.9	17.5	
Subsidies to Non Budget Sector Agencies - Redundancies				
Department of Transport	70.0	27.3	(-) 42.7	Reduction in SRA redundancy costs.
Other	6.0	5.0	(-) 1.0	

Total, Subsidies to Non Budget Sector	76.0	32.3	(-) 43.7
Agencies - Redundancies			

Appendix B: 1996-97 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Subsidies to Non Budget Sector Agencies - Other				
Department of Transport	706.7	782.7	76.0	Additional funding for STA (\$12m), SRA (\$306m), Freight Corp (\$8m), National Rail Corporation for rail reforms (\$14m), offset by reclassification of School Student Transport Scheme and pensioner concessions to departmental payments (\$263m).
Payments for Water and Sewerage	0.3	14.1	13.8	Reclassified from Departmental Payments - Other.
Department of School Education	...	6.5	6.5	Reclassified from Departmental Payments - Other.
Department of Sport and Recreation	1.3	7.3	6.0	Reclassified from Departmental Payments - Other.
Department of Urban Affairs and Planning	65.4	59.1	(-) 6.3	Change of accounting treatment for costs of housing from recurrent to capital.
Department of Energy	...	12.6	12.6	Transitional payments to rural distributors.
Other	113.6	120.2	6.6	
Total, Subsidies to Non Budget Sector Agencies - Other	887.3	1,002.5	115.2	
Departmental Payments - Redundancies				
Department of School Education	...	5.0	5.0	Redundancy payments following organisational restructure.
Crown Transactions	10.0	...	(-) 10.0	Budget provision for redundancy costs now reflected in School Education and other agency expenditures.

Appendix B: 1996-97 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Departmental Payments - Redundancies (cont)				
Other	15.8	20.0	4.2	
Total, Departmental Payments - Redundancies	25.8	25.0	(-) 0.8	
Departmental Payments - Other				
Payments for Water and Sewerage	84.5	65.8	(-) 18.7	Reclassified from other aggregates (\$13m), reduction in number of pensioners claiming rebate.
Department of Health	5,133.9	5,364.0	230.1	Additional State funding for health services in growth areas and to maintain services in established areas (\$134m), higher insurance premiums (\$35m), Health service budget over-runs (\$30m), increase in Commonwealth funded programs (\$18m), Health and Research Employees Association and Nurses pay settlement (\$18m).
NSW Police Service	933.1	992.7	59.6	Mainly costs associated with the Gun Buyback Scheme.
Attorney General's Department	316.2	343.6	27.4	Additional compensation to victims of crime (\$23m) and increase in Crown Solicitor's Office fees (\$6m).
Department of Land and Water Conservation	360.8	315.5	(-) 45.3	Revised timing of expenditure on Forestry Industry Restructure Program (\$45.5m), including \$24.5m from Commonwealth sources.
Department of Gaming and Racing	34.6	26.9	(-) 7.7	Lower than projected expenditure by the Casino Community Benefit Fund.

Appendix B: 1996-97 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
New South Wales Technical and Further Education Commission	949.9	986.1	36.2	Reclassification of minor plant purchases from capital to current outlays (\$16m), salaries agreement productivity offsets not achieved (\$16m), expenses funded by additional course revenue (\$4.2m).
Departmental Payments - Other (cont)				
Department of Training and Education Co-ordination	136.0	144.1	8.1	Expenditure funded by additional revenue (\$4.8m), recoupment of administrative costs lower than estimated (\$3.3m).
Rural Assistance Authority	62.4	56.9	(-) 5.5	Lower payments resulting from improved drought conditions.
NSW Fire Brigades	207.8	214.1	6.3	Higher level of overtime, sick leave and travel expenses.
Department of Community Services	460.6	493.0	32.4	Carry-forward of 1995-96 under-expenditure (\$6m), higher insurance premiums (\$2m) and increase in expenditure on various government initiatives (\$21m).
Department of Agriculture	176.7	169.2	(-) 7.5	Lower drought transport subsidies, dairy herd scheme privatisation and delays in recruitment.
Department of State and Regional Development	63.4	69.8	6.4	Additional grant funding for small business and industry assistance.
Department of Transport	350.1	606.8	256.7	Reclassification of School Student Transport Scheme and Pensioner Concessions.
Department of Local Government	74.7	80.4	5.7	Higher than anticipated Pensioner Rate Rebate claims.
New South Wales Film and Television Office	6.1	11.8	5.7	Use of cash balances to promote film development.
Sustainable Energy Development	17.2	6.6	(-) 10.6	Pacific Power payment given direct to Pacific Solar for research.

Appendix B: 1996-97 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Roads and Traffic Authority	937.1	911.4	(-) 25.7	Reclassification of superannuation payments (\$21.1m).
Ageing and Disability Department	610.9	629.3	18.4	Increase in disability transition grants (\$14m) and 1995-96 under-expenditure carried forward (\$5m).
Departmental Payments - Other (cont)				
Department of Corrective Services	316.8	336.3	19.5	Forecast decrease in inmate numbers not achieved (\$10m), introduction of home detention scheme (\$1.3m), insurance increases (\$2.2m), planning for new Metropolitan Remand and Reception Centre (\$1.5m), delay in achievement of corporate support savings (\$2.0m).
Other	5,377.3	5,392.1	14.8	Minor variations of less than \$5m per agency.
Total, Departmental Payments - Other	16,610.1	17,216.4	606.3	
Treasurer's Advance	100.0	20.0	(-) 80.0	Expenditure from Treasurer's Advance is shown in individual agency payments. The \$20 million shown as unspent covers the remainder of the 1996-97 year.
less User Charges				
Department of Health	635.9	627.7	(-) 8.2	Reduction in income from patient fees.
Department of Training and Education Co-ordination	4.7	9.9	5.2	Increase in revenue.
Crown Transactions	105.9	113.7	7.8	Increase in rent and lease income.

Appendix B: 1996-97 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Other	554.7	560.3	5.6	
Total, User Charges	1,301.2	1,311.6	10.4	
TOTAL, CURRENT OUTLAYS	19,246.4	19,696.8	450.4	

CURRENT RECEIPTS

Taxes, Fees and Fines

Stamp Duty -

Contracts and Conveyances	1,230.0	1,450.0	220.0	Stronger than expected activity in the residential and commercial property markets partly flowing from lower interest rates and reduced oversupply of commercial property.
Loan Securities	120.0	132.0	12.0	Stronger than expected credit growth and stronger performance of the property market.
First Home Purchase	29.0	22.0	(-) 7.0	Higher housing prices lowering the number of eligible properties.
Share Transfers	192.0	232.0	40.0	Lower interest rates and strength of overseas exchanges resulted in higher prices and volumes.
Motor Vehicle Registration	319.0	375.0	56.0	Primarily due to rate increase to 3%.

Appendix B: 1996-97 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Financial Institutions Duty	526.0	515.0	(-) 11.0	Expected legislative changes to reduce leakage and extend tax base rejected by Legislative Council. Cost estimated at \$10.5m.
Land Tax	576.0	625.0	49.0	Primarily due to rate increase from 1.5% to 1.65%.
Weight Tax	634.0	641.0	7.0	Increased registrations of heavy vehicles in NSW.
Debits Tax	327.0	320.0	(-) 7.0	Higher than expected movement away from accounts with cheque facilities.
Club Gaming Device Duty	472.0	480.0	8.0	More buoyant growth than expected.
Taxes, Fees and Fines (cont)				
Hotel Gaming Device Duty	62.0	52.0	(-) 10.0	Primarily due to declining popularity of this form of gambling.
Petroleum Licence Fee	571.0	562.0	(-) 9.0	Due to reduced fuel consumption and an increase in off-road diesel exemptions.
Liquor Licence Fees	305.0	296.0	(-) 9.0	Assessments for 1997 were lower than expected.
Tobacco Licence Fees	874.0	940.0	66.0	Increase in Queensland franchise fee and greater compliance effort reduced revenue lost through avoidance and evasion.
Off-Course Betting	272.0	266.0	(-) 6.0	Lower than expected number of race meetings scheduled for this year.
NSW Police Service - motor traffic fines	125.6	131.2	5.6	Mainly increase in fines from speed cameras.
Payroll Tax	3,016.1	3,146.4	130.3	Inclusion of superannuation into payroll tax base (\$104m), in conjunction with a reduction in the rate of tax and higher than expected wage growth.
Other minor variations	1,633.0	1,639.2	6.2	

Appendix B: 1996-97 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Total, Taxes, Fees and Fines	11,283.7	11,824.8	541.1	
Income from Government Trading Enterprises				
Electricity Generation Sector - Dividend	316.0	459.7	143.7	Mainly from inclusion of revenue from cross border lease. In 1996-97 Budget included under Other Crown Receipts.
Electricity Generation Sector - Tax Equivalent	167.0	213.5	46.5	Mainly from inclusion of revenue from cross border lease. In 1996-97 Budget included under Other Crown Receipts.
Income from Government Trading Enterprises (cont)				
Sydney Water Corporation - Dividend	26.0	40.0	14.0	Higher than expected improvement in efficiency and greater return from asset sales.
Sydney Water Corporation - Tax equivalent	108.5	120.3	11.8	Higher than expected improvement in efficiency and greater return from asset sales.
Landcom - Dividend	107.7	1.1	(-) 106.6	Lower sales and the reclassification of revenue (\$97.0m) from the accelerated sale of landbank assets to "Advances Repaid".
NSW Lotteries - Dividends	24.5	35.9	11.4	Special dividend as a consequence of corporatisation.
Great Southern Energy - Tax Equivalent	1.5	8.6	7.1	Lower than expected electricity generation prices.
Energy Australia - Dividend	88.4	41.1	(-) 47.3	Timing of interim dividend payment moved back to August 1997 from June 1997.

Appendix B: 1996-97 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Freight Rail Corporation - Dividend	...	10.6	10.6	Newly corporatised entity. Benefited from State's largest wheat harvest during 1996-97.
Freight Rail Corporation - Tax Equivalent	...	14.4	14.4	Newly corporatised entity. Benefited from State's largest wheat harvest during 1996-97.
Rail Access Corporation - Dividend	...	54.0	54.0	Newly corporatised entity. Benefited from revenues of commercial lines.
Transgrid - Tax Equivalent	20.4	30.4	10.0	Change in pricing arrangements and depreciation lives of assets.
Integral Energy - Dividend	84.4	22.0	(-) 62.4	Timing of interim dividend payment moved to August 1997 from June 1997.
Income from Government Trading Enterprises (cont)				
Integral Energy - Tax Equivalent	22.6	5.4	(-) 17.2	Full implementation of tax equivalent regime.
GTE asset sales	145.0	...	(-) 145.0	Reclassified to negative capital outlays.
Other minor variations	382.3	398.7	16.4	
Total, Income from Government Trading Enterprises	1,494.3	1,455.7	(-) 38.6	
Commonwealth Grants				
Medical Specialty Centres	1.0	10.0	9.0	Additional funding transferred from the Hospital Funding Grant.

Appendix B: 1996-97 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Hospital Funding Grant	1,549.3	1,524.4	(-) 24.9	Penalty for shifting costs onto Medicare (\$33.4m) offset by increased bonus pool funds and Special Purpose Payments.
Schools	394.0	409.4	15.4	Additional Commonwealth assistance and cost escalation.
Financial Assistance Grants	4,727.0	4,670.1	(-) 56.9	Due to lower CPI forecast.
Urban Water - National Land Care	12.1	6.6	(-) 5.5	Delays in Murray Land and Water Management Plans.
Forestry Development	33.0	8.5	(-) 24.5	Revised timing of expenditure on Forestry Industry Restructure Program.
National Mental Health	6.8	...	(-) 6.8	Special Purpose Payment transferred to the Hospital Funding Grant.
Gun Buyback Scheme	...	50.0	50.0	Commonwealth reimbursement for surrendered firearms.
Commonwealth Grants (cont)				
Dental Program	37.5	17.6	(-) 19.9	Abolition of program by the Commonwealth from 1 January 1997.
Interstate Roads	1.0	8.3	7.3	Heavy road vehicle registrations under uniform National Road Transport legislation.
High Cost Drugs	32.7	62.0	29.3	Increased costs and usage primarily related to AIDS/ HIV drugs.
State Fiscal Contribution	...	(-) 209.5	(-) 209.5	Unbudgeted contribution to Commonwealth debt reduction. (Treated as a negative Commonwealth receipt.)
Other minor variations	814.9	816.0	1.1	
Total, Commonwealth Grants	7,609.3	7,373.4	(-) 235.9	

Appendix B: 1996-97 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Other Current Receipts				
Cross Border Lease	200.0	...	(-) 200.0	Reclassified as Income from Trading Enterprises.
Agency Receipts -				
Department of Health	149.9	175.9	26.0	Lease income received in advance for new private facilities.
Environment Protection Authority	60.0	37.0	(-) 23.0	Reduced receipts from Environmental Trusts arising from lower than budgeted expenditure.
Sustainable Energy Development	10.2	0.1	(-) 10.1	Pacific Power payment given direct to Pacific Solar for research on photovoltaics.
Department of Mineral Resources	173.4	180.9	7.5	Increased mining royalties from greater than expected coal sales.
Other Current Receipts (cont)				
Department of Land and Water Conservation	53.8	45.9	(-) 7.9	Mainly reclassification of developer contributions from councils for country towns water supply and sewerage schemes.(\$12m) as an offset to capital grants.
Department of Fair Trading	38.3	24.4	(-) 13.9	Rental Bond Board reclassified as a separate off budget agency.
Waterways Authority	0.8	5.8	5.0	Capital restructure payment received from Marine Ministerial Holding Corporation.
Crown	181.2	161.7	(-) 19.5	Crown Land Homesites program revised downwards (\$27m).

Appendix B: 1996-97 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Department of Training and Education Co-ordination	18.7	31.7	13.0	Additional payments by the Commonwealth for contracted training.
Other	216.0	225.6	9.6	
Total, Other Current Receipts	1,102.3	889.0	(-) 213.3	
TOTAL, CURRENT RECEIPTS	21,489.6	21,542.9	53.3	
CURRENT FINANCIAL RESULT	2,243.2	1,846.0	(-) 397.2	
CAPITAL OUTLAYS				
Gross Fixed Capital Payments				
Olympic Co-ordination Authority	442.1	429.8	(-) 12.3	Deferral of expenditure on various Olympic projects.
Attorney General's Department	17.5	22.8	5.3	Mainly carry forward of 1995-96 under-expenditure on various projects.
Gross Fixed Capital Payments (cont)				
Department of Land and Water Conservation	30.4	35.7	5.3	Carry-forward 1995-96 under-expenditure on various projects.
Department of Training and Education Co-ordination	3.2	8.9	5.7	Fitout costs resulting from merger with TAFE (\$4m), carry over from 1995-96 program (\$1.7m).
Department of Community Services	17.1	26.9	9.8	Purchase of housing for additional supported accommodation places (funded from Ageing and Disability Department).

Appendix B: 1996-97 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
New South Wales Technical and Further Education Commission	143.6	112.1	(-) 31.5	Reclassification of plant expenditure from capital to recurrent outlays(\$16m), and reduced expenditure on Commonwealth funded capital programs(\$15.6m).
Department of Juvenile Justice	11.5	6.0	(-) 5.5	Project delays.
Department of Fair Trading	0.7	9.4	8.7	Amalgamation costs associated with the merger of former agencies into the department, (partly funded by \$6m asset sales).
Department of Corrective services	40.9	47.6	6.7	Increased cost of Metropolitan Remand and Reception Centre (\$3.3m), installation of perimeter security and duress alarm systems for staff.
Department of Transport	19.4	13.0	(-) 6.4	Delay in projects in Public Transport Infrastructure Program.
Roads and Traffic Authority	842.5	788.4	(-) 54.1	Reduced expenditure on Commonwealth supported projects (\$87m), increase in road programs funded by increases in revenues, use of cash and reclassification of payments.
National Parks and Wildlife Service	40.0	45.2	5.2	Primarily compensation to Landcom and Pacific Power for acquisition of land for new national parks.
Gross Fixed Capital Payments (cont)				
Other	802.9	824.9	22.0	
Total, Gross Fixed Capital Payments	2,411.8	2,370.7	(-) 41.1	
Movements in Inventories	0.9	1.2	0.3	
Capital Grants				

Appendix B: 1996-97 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Department of Land and Water Conservation	105.9	84.3	(-) 21.6	Cutbacks in Commonwealth funding for floodplain works (\$8m), country towns water supply and sewerage schemes (\$5m); and reclassification of developer contributions (\$12m) from capital receipts as an offset to capital grants payments.
Payments for Water and Sewerage	...	8.0	8.0	Funding for backlog sewerage infrastructure projects.
Department of State and Regional Development	20.0	6.0	(-) 14.0	Delays in rehabilitation works at Moore Park Showground.
Department of Transport	382.1	383.6	1.5	Reclassification to recurrent outlays.
Department of Health	13.7	9.0	(-) 4.7	Reduced grants to Third Schedule Hospitals.
Other	636.5	629.4	(-) 7.1	
Total, Capital Grants	1,158.2	1,120.3	(-) 37.9	

Advances Made to the Non Budget Sector

Department of Transport	...	28.5	28.5	Equity injection for National Rail Corporation.
Crown Transactions	...	26.0	26.0	Advance to Axiom Funds Management (\$25m) and Audit Office (\$1m).
Other	14.1	14.6	0.5	

Appendix B: 1996-97 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Advances Made to the Non Budget Sector - Total	14.1	69.1	55.0	
TOTAL, CAPITAL PAYMENTS	3,583.2	3,558.8	(-) 24.4	
Less Advances repaid to the Budget Sector				
Crown Transactions	(-) 19.8	(-) 31.7	-) 11.9	Mainly increase in former State Bank loan loss indemnity claims.
Olympic Co-ordination Authority	...	28.5	28.5	Early repayment of advances by Sydney Organising Committee for the Olympic Games.
NSW Lotteries	...	24.5	24.5	Additional equity restructure payment on corporatisation.
Landcom	...	96.9	96.9	Reclassified from Income from Government Trading Enterprises.
Asset sales	...	200.0	200.0	Reclassified from Income from Government Trading Enterprises (\$145m) and increase in asset sales.
Roads and Traffic Authority	...	110.0	110.0	Repayment of advances by M5 consortium.
Less Advances repaid to the Budget Sector (cont)				
Other	158.8	167.7	8.9	
Total, Advances repaid	139.0	595.9	456.9	
Less Asset Sales				

Appendix B: 1996-97 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Department of Fair Trading	0.1	6.1	6.0	Sale of Building Services Corporation building.
Department of Agriculture	15.4	...	(-) 15.4	Proceeds from sale of part of Biological and Chemical Research Institute (BCRI) to be received in later years; sale of remainder of BCRI and Seven Hills property delayed until 1997-98.
Department of Health	165.0	124.5	(-) 40.5	Deferral of asset sales including some sites required for the Olympics.
Crown Transactions	123.7	76.6	(-) 47.1	Delay in finalising sale of St James Centre.
Department of School Education	17.0	43.2	26.2	Largely delayed property settlements from 1995-96.
Roads and Traffic Authority	30.0	52.9	22.9	Sale of RTA car fleet (\$30m) offset by reduction in other asset sales.
Other	57.6	60.7	3.1	
Total, Asset Sales	408.8	364.0	(-) 44.8	
TOTAL, CAPITAL OUTLAYS	3,035.3	2,598.9	(-) 436.4	

CAPITAL RECEIPTS

Commonwealth Grants

Appendix B: 1996-97 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Department of Land and Water Conservation	14.0	1.0	(-) 13.0	Cutbacks in Commonwealth funding for floodplain works (\$8m) and country towns water supply and sewerage schemes.
Olympic 2000	...	32.0	32.0	Grant toward relocation of the Royal Agricultural Society and for redevelopment of the Fox Studio site carried forward from 1995-96.
Roads and Traffic Authority	406.2	315.8	(-) 90.4	Commonwealth National Roads Program project approvals significantly down on preliminary funding indications.
Other	510.6	512.4	1.8	
Total, Commonwealth Grants	930.8	861.2	(-) 69.6	
Other Capital Receipts	6.3	11.0	4.7	
TOTAL, CAPITAL RECEIPTS	937.1	872.1	(-) 65.0	
CAPITAL FINANCIAL RESULT	2,098.2	1,726.7	(-) 371.5	
TOTAL FINANCIAL RESULT	145.0	119.3	(-) 25.7	

Appendix C: Public Sector Employment

	March 1996			June 1996			March 1997		
	Budget Sector	Non Budget Sector	Total	Budget Sector	Non Budget Sector	Total	Budget Sector	Non Budget Sector	Total
The Legislature									
The Legislature	580	...	580	596	...	596	589	...	589
Total, The Legislature	580	...	580	596	...	596	589	...	589
Premier, Minister for Arts and Minister for Ethnic Affairs									
Government Actuary	...	8	8	...	9	9	...	9	9
Archives Authority of New South Wales	55	37	92	57	38	95	58	38	96
Art Gallery of New South Wales	181	...	181	183	...	183	197	...	197
Ministry for the Arts	24	...	24	25	...	25	24	...	24
Audit Office of New South Wales	...	241	241	...	235	235	...	237	237
Australian Museum	242	...	242	248	...	248	246	...	246
Cabinet Office	110	...	110	110	...	110	110	...	110
State Electoral Office	28	8	36	25	5	30	26	4	30
Ethnic Affairs Commission	82	...	82	90	...	90	96	...	96
New South Wales Film and Television Office	12	...	12	13	...	13	11	...	11
Historic Houses Trust of New South Wales	127	...	127	116	...	116	121	...	121
Independent Commission Against Corruption	143	...	143	142	...	142	130	...	130
State Library of New South Wales	442	...	442	436	...	436	446	...	446
Ombudsman's Office	72	...	72	72	...	72	80	...	80
Sydney Opera House Trust	...	377	377	...	396	396	...	398	398
Parliamentary Counsel's Office	48	...	48	48	...	48	51	...	51
Premier's Department	425	...	425	433	...	433	378	...	378
Independent Pricing and Regulatory Authority	21	...	21	22	...	22	31	...	31
Museum of Applied Arts and Sciences	369	...	369	373	...	373	365	...	365
Total, Premier, Minister for the Arts and Minister for Ethnic Affairs	2,381	671	3,052	2,393	683	3,076	2,370	686	3,056
Minister for Agriculture									
Department of Agriculture	2,227	...	2,227	2,152	...	2,152	2,302	...	2,302
NSW Dairy Corporation	...	94	94	...	95	95	...	94	94
Sydney Market Authority	...	273	273	...	279	279	...	284	284
NSW Meat Industry Authority	...	23	23	...	23	23	...	23	23
Rural Assistance Authority	62	...	62	51	...	51	49	...	49
Total, Minister for Agriculture	2,289	390	2,679	2,203	397	2,600	2,351	401	2,752

Appendix C: Public Sector Employment (cont)

	March 1996			June 1996			March 1997		
	Budget Sector	Non Budget Sector	Total	Budget Sector	Non Budget Sector	Total	Budget Sector	Non-Budget Sector	Total
Attorney General and Minister for Industrial Relations									
Attorney General's Department	3,055	252	3,307	3,039	260	3,299	3,062	235	3,297
Building and Construction Industry Long Service Leave Payments Corporation	...	45	45	...	45	45	...	45	45
Department of Industrial Relations	247	...	247	245	...	245	246	...	246
Judicial Commission of New South Wales	26	...	26	31	...	31	27	...	27
Motor Accidents Authority	...	29	29	...	30	30	...	30	30
Legal Aid Commission of New South Wales	514	...	514	524	...	524	567	...	567
Protective Commissioner and Public Guardian	...	229	229	...	236	236	...	236	236
Office of the Director of Public Prosecutions	475	...	475	492	...	492	497	...	497
Public Trustee	...	307	307	...	306	306	...	306	306
WorkCover Authority	...	884	884	...	829	829	...	843	843
Total, Attorney General and Minister for Industrial Relations	4,317	1,746	6,063	4,331	1,706	6,037	4,399	1,695	6,094
Minister for Community Services, Minister for Aged Services and Minister for Disability Services									
Ageing and Disability Department	142	...	142	153	...	153	201	...	201
Department of Community Services	7,368	...	7,368	7,453	...	7,453	7,396	...	7,396
Community Services Commission	35	...	35	38	...	38	37	...	37
Department of Juvenile Justice	1,031	...	1,031	1,043	...	1,043	1,075	...	1,075
Home Care Service of New South Wales	2,306	..	2,306	2,230	..	2,230	2,400	...	2,400
Total, Minister for Community Services, Minister for Aged Services and Minister for Disability Services	10,882	...	10,882	10,917	...	10,917	11,109	...	11,109
Minister for Corrective Services and Minister for Emergency Services									
New SouthWales Fire Brigades	3,306	...	3,306	3,330	...	3,330	3,372	...	3,372
Department of Bush Fire Services	90	...	90	95	...	95	110	...	110

Minister for Corrective Services and

Appendix C: Public Sector Employment (cont)

	March 1996			June 1996			March 1997		
	Budget Sector	Non Budget Sector	Total	Budget Sector	Non Budget Sector	Total	Budget Sector	Non-Budget Sector	Total
Minister for Emergency Services (cont)									
Department of Corrective Services	4,784	...	4,784	4,774	...	4,774	4,840	...	4,840
State Emergency Service	59	...	59	61	...	61	62	...	62
Total, Minister for Corrective Services and Minister for Emergency Services	8,239	...	8,239	8,260	...	8,260	8,384	...	8,384
Minister for Education and Training									
Adult Migrant English Service	...	816	816	...	750	750	...	672	672
Office of the Board of Studies	254	...	254	271	...	271	239	...	239
Department of Training and Education Co-ordination	523	13	536	518	12	530	495	14	509
Department of School Education	64,175	...	64,175	64,153	...	64,153	65,050	...	65,050
New South Wales Technical and Further Education Commission	20,138	...	20,138	19,471	...	19,471	19,662	...	19,662
Teacher Housing Authority	...	14	14	...	14	14	...	14	14
Total, Minister for Education and Training	85,090	843	85,933	84,413	776	85,189	85,446	700	86,146
Minister for the Environment									
Bicentennial Park Trust	29	...	29	26	...	26	25	...	25
Centennial Park and Moore Park Trust	66	...	66	71	...	71	67	...	67
Environment Protection Authority	715	...	715	746	...	746	724	...	724
Lord Howe Island Board	...	45	45	...	18	18	...	50	50
National Parks and Wildlife Service	1,375	...	1,375	1,421	...	1,421	1,549	...	1,549
Royal Botanic Gardens and Domain Trust	285	...	285	282	...	282	277	...	277
NSW Waste Service	...	121	121	...	126	126	...	132	132
Zoological Parks Board	...	311	311	...	317	317	...	339	339
Total, Minister for the Environment	2,470	477	2,947	2,546	461	3,007	2,642	521	3,163
Minister for Fair Trading and Minister for Women									
Building Services Corporation	...	204	204	...	204	204	...	197	197
Department of Fair Trading	525	...	525	538	...	538	518	...	518
HomeFund Commissioner's Office	22	...	22	18	...	18	6	...	6
Minister for Fair Trading and Minister for Women (cont)									

Appendix C: Public Sector Employment (cont)

	March 1996			June 1996			March 1997		
	Budget Sector	Non Budget Sector	Total	Budget Sector	Non Budget Sector	Total	Budget Sector	Non-Budget Sector	Total
Motor Vehicle Repair Industry Council	...	31	31	...	30	30	...	31	31
Register of Encumbered Vehicles	...	51	51	...	58	58	...	60	60
Property Services Council	...	193	193	...	187	187	...	180	180
Department for Women	46	...	46	42	...	42	52	...	52
Total, Minister for Fair Trading and Minister for Women	593	479	1,072	598	479	1,077	576	468	1,044
Minister for Gaming and Racing									
Casino Control Authority	21	...	21	19	...	19	18	...	18
Department of Gaming and Racing	381	...	381	385	...	385	385	...	385
Greyhound Racing Control Board	...	26	26	...	27	27	...	25	25
Harness Racing Authority of New South Wales	...	39	39	...	38	38	...	38	38
New South Wales Lotteries Corporation	...	244	244	...	246	246	...	246	246
Total, Minister for Gaming and Racing	402	309	711	404	311	715	403	309	712
Minister for Health and Minister for Aboriginal Affairs									
Department of Aboriginal Affairs	36	...	36	28	...	28	28	...	28
NSW Cancer Council	...	201	201	...	192	192	...	199	199
Department of Health	80,326	...	80,326	79,693	...	79,693	79,336	...	79,336
Health Care Complaints Commission	50	...	50	52	...	52	58	...	58
Medical Board	...	16	16	...	17	17	...	17	17
Health Professional Registration Boards	...	40	40	...	35	35	...	43	43
Pharmacy Board	...	6	6	...	6	6	...	6	6
Total, Minister for Health and Minister for Aboriginal Affairs	80,412	263	80,675	79,773	250	80,023	79,422	265	79,687
Minister for Land and Water Conservation									
Broken Hill Water Board	...	92	92	...	95	95	...	91	91
State Forests of New South Wales	...	1,538	1,538	...	1,552	1,552	...	1,460	1,460
Jenolan Caves Reserve Trust	...	38	38	...	38	38	...	30	30
Department of Land and Water Conservation	2,939	459	3,398	2,989	461	3,450	3,104	465	3,569

Minister for Land and Water Conservation (cont)

Appendix C: Public Sector Employment (cont)

	March 1996			June 1996			March 1997		
	Budget Sector	Non Budget Sector	Total	Budget Sector	Non Budget Sector	Total	Budget Sector	Non-Budget Sector	Total
Land Titles Office	...	663	663	...	658	658	...	633	633
Office of the Valuer General	...	314	314	...	331	331	...	303	303
Total, Minister for Land and Water Conservation	2,939	3,104	6,043	2,989	3,135	6,124	3,104	2,982	6,086
Minister for Local Government									
Department of Local Government	125	...	125	129	...	129	124	...	124
Total, Minister for Local Government	125	...	125	129	...	129	124	...	124
Minister for Mineral Resources and Minister for Fisheries									
Coal Compensation Board	55	...	55	57	...	57	63	...	63
Fish Marketing Authority	...	...	...	...	...	...	...	...	...
New South Wales Fisheries	349	...	349	374	...	374	368	...	368
Department of Mineral Resources	437	...	437	438	...	438	414	...	414
Mines Subsidence Board	...	37	37	...	36	36	...	35	35
Total, Minister for Mineral Resources and Minister for Fisheries	841	37	878	869	36	905	845	35	880
Minister for the Olympics									
Olympic Co-ordination Authority	94	...	94	94	...	94	156	...	156
Total, Minister for the Olympics	94	...	94	94	...	94	156	...	156
Minister for Police									
New South Wales Crime Commission	63	...	63	68	...	68	79	...	79
Ministry for Police and Emergency Services	31	...	31	35	...	35	33	...	33
Police Integrity Commission	...	...	...	...	...	...	23	...	23
NSW Police Service	16,534	...	16,534	16,808	...	16,808	17,007	...	17,007
Total, Minister for Police	16,628	...	16,628	16,911	...	16,911	17,142	...	17,142
Minister for Public Works and Services and Minister for Roads and Minister for Ports									
Darling Harbour Authority	...	59	59	...	56	56	...	60	60

Appendix C: Public Sector Employment (cont)

	March 1996			June 1996			March 1997		
	Budget Sector	Non Budget Sector	Total	Budget Sector	Non Budget Sector	Total	Budget Sector	Non-Budget Sector	Total
Office of Marine Administration	42	...	42	43	...	43	42	...	42
Newcastle Port Corporation	...	121	121	...	123	123	...	123	123
Port Kembla Port Corporation	...	53	53	...	53	53	...	55	55
Department of Public Works and Services	...	2,503	2,503	...	2,494	2,494	...	2,441	2,441
Roads and Traffic Authority	6,862	...	6,862	6,892	...	6,892	6,785	...	6,785
Sydney Ports Corporation	...	240	240	...	245	245	...	245	245
Waterways Authority	235	...	235	229	...	229	247	...	247
Total, Minister for Public Works and Services and Minister for Roads and Minister for Ports	7,139	2,976	10,115	7,164	2,971	10,135	7,074	2,924	9,998
Minister for Sport and Recreation									
Sydney Cricket Ground and Sports Ground Trust	...	60	60	...	66	66	...	49	49
Department of Sport and Recreation	340	18	358	347	20	367	347	20	367
State Sports Centre Trust	...	35	35	...	38	38	...	35	35
Totalisator Agency Board of New South Wales	...	793	793	...	781	781	...	793	793
Total, Minister for Sport and Recreation	340	906	1,246	347	905	1,252	347	897	1,244
Minister for Transport and Minister for Tourism									
Rail Access Corporation	...	100	100	...	100	100	...	100	100
Railway Services Authority	...	6,552	6,552	...	6,536	6,536	...	6,543	6,543
State Rail Authority	...	9,217	9,217	...	9,194	9,194	...	9,204	9,204
Tourism New South Wales	155	...	155	166	...	166	130	...	130
State Transit Authority	...	4,005	4,005	...	4,101	4,101	...	4,219	4,219
Department of Transport	236	...	236	222	...	222	248	...	248
Minister for Transport and Minister for Tourism	391	19,874	20,265	388	19,931	20,319	378	20,066	20,444
Treasurer, Minister for Energy, and Minister for State and Regional Development									
Department of Energy	89	...	89	81	...	81	59	...	59
Internal Audit Bureau	...	19	19	...	19	19	...	19	19
Department of State and Regional Development	237	...	237	223	...	223	220	...	220
Treasurer, Minister for Energy, and Minister for State and Regional Development (cont)									
Axiom Funds Management Corporation	...	200	200	...	199	199	...	182	182

Appendix C: Public Sector Employment (cont)

	March 1996			June 1996			March 1997		
	Budget Sector	Non Budget Sector	Total	Budget Sector	Non Budget Sector	Total	Budget Sector	Non-Budget Sector	Total
Superannuation Management Authority	...	399	399	...	399	399	...	365	365
Sustainable Energy Development Authority	...	...	...	...	...	...	20	...	20
TransGrid	...	1,255	1,255	...	1,259	1,259	...	1,073	1,073
Treasury	780	...	780	795	...	795	792	...	792
Treasury Corporation of New South Wales	...	64	64	...	63	63	...	65	65
Total, Treasurer, Minister for Energy and Minister for State and Regional Development	1,106	1,937	3,043	1,099	1,939	3,038	1,091	1,704	2,795
Minister for Urban Affairs and Planning and Minister for Housing									
Department of Urban Affairs and Planning	438	26	464	442	25	467	412	20	432
City West Development Corporation	...	31	31	...	32	32	...	29	29
Heritage Office	28	...	28	28	...	28	28	...	28
Home Purchase Assistance Authority	...	42	42	...	41	41	...	39	39
Honeysuckle Development Corporation	...	13	13	...	14	14	...	9	9
Department of Housing	...	1,823	1,823	...	1,809	1,809	...	1,825	1,825
Hunter Water Corporation	...	667	667	...	662	662	...	605	605
Landcom	...	108	108	...	104	104	...	98	98
Ministry of Urban Infrastructure Management	...	...	...	...	...	...	12	...	12
Sydney Cove Redevelopment Authority	...	52	52	...	53	53	...	53	53
Sydney Water Corporation	...	5,427	5,427	...	5,120	5,120	...	4,879	4,879
Total, Minister for Urban Affairs and Planning and Minister for Housing	466	8,189	8,655	470	7,860	8,330	452	7,557	8,009
TOTAL, ALL MINISTERS	227,724	42,201	269,925	226,894	41,840	268,734	228,404	41,210	269,614

Appendix D: Classification of Agencies

Agency/Activity	ABS Category		Budget Category	
	General Government	Public Trading Enterprise	Budget Sector	Non Budget Sector
Aboriginal Affairs, Department of	*		*	
Aboriginal Land Council, New South Wales	*			*
Adult Migrant English Service	*			*
Advance Energy		*		*
Ageing and Disability Department	*		*	
Agriculture, Department of	*		*	
Archives Authority of New South Wales	*		*	
Art Gallery of New South Wales	*		*	
Arts, Ministry for the	*		*	
Attorney General's Department	*		*	
Audit Office of NSW, The	*			*
Australian Inland Energy		*		*
Australian Museum	*		*	
Axiom Funds Management Corporation (b)				*
Bicentennial Park Trust	*		*	
Board of Studies, Office of the	*		*	
Broken Hill Water Board		*		*
Building and Construction Industry Long Service Leave Payments Corporation	*			*
Bush Fire Services, Department of	*		*	
Cabinet Office	*		*	
Casino Control Authority	*		*	
Centennial Park and Moore Park Trust	*		*	
City West Development Corporation	*			*
Coal Compensation Board	*		*	
Cobar Water Board		*		*
Community Services Commission	*		*	
Community Services, Department of	*		*	
Corrective Services, Department of	*		*	
Crime Commission, New South Wales	*		*	
Crown Land Development		*		*
Crown Land Homesites		*		*
Crown Transactions	*		*	
Dairy Corporation, NSW	*			*
Darling Harbour Authority		*		*
Delta Electricity		*		*
Energy, Department of	*		*	
energyAustralia		*		*
Environment Protection Authority	*		*	
Environmental Trusts	*			*
Ethnic Affairs Commission	*		*	
Fair Trading, Department of	*		*	
Film and Television Office, New South Wales	*		*	
Financial Counselling Trust Fund	*			*
Financial Institutions Commission, New South Wales	*			*
Fire Brigades, New South Wales	*		*	

Appendix D: Classification of Agencies (cont)

Agency/Activity	ABS Category		Budget Category	
	General Government	Public Trading Enterprise	Budget Sector	Non Budget Sector
Fisheries, New South Wales	*		*	
Fish River Water Supply Authority		*		*
Freight Rail Corporation		*		*
Gaming and Racing, Department of	*		*	
Great Southern Energy		*		*
Greyhound Racing Control Board	*			*
Harness Racing Authority of New South Wales	*			*
Health Care Complaints Commission	*		*	
Health, Department of (including Area Health Services, Public Hospitals, Ambulance Services)	*		*	
Health Professional Registration Boards	*			*
Heritage Office (including Heritage Conservation Fund)	*		*	
Historic Houses Trust of New South Wales	*		*	
Home Care Service of New South Wales	*		*	
HomeFund Commissioner's Office	*		*	
Home Purchase Assistance Authority	*			*
Home Purchase Assistance Fund	*			*
Honeysuckle Development Corporation	*			*
Housing, Department of		*		*
Hunter Water Corporation		*		*
Independent Commission Against Corruption	*		*	
Independent Pricing and Regulatory Tribunal	*		*	
Industrial Relations, Department of	*		*	
Insurance Ministerial Corporation	*			*
Integral Energy		*		*
Judicial Commission of New South Wales	*		*	
Juvenile Justice, Department of	*		*	
Land and Water Conservation, Department of	*		*	
Land Titles Office	*			*
Landcom		*		*
Legal Aid Commission of New South Wales	*		*	
Legislature, The	*		*	
Local Government, Department of	*		*	
Lotteries Corporation, New South Wales		*		*
Luna Park Reserve Trust	*			*
Macquarie Generation		*		*
Marine Ministerial Holding Corporation	*			*
Marine Administration, Office of	*		*	
Meat Industry Authority NSW	*			*
Medical Board	*			*
Mineral Resources, Department of	*		*	
Mines Rescue Board	*			*
Mines Subsidence Board	*			*
Ministerial Development Corporation	*			*
Motor Accidents Authority	*			*
Motor Vehicle Repair Industry Council	*			*

Appendix D: Classification of Agencies (cont)

Agency/Activity	ABS Category		Budget Category	
	General Government	Public Trading Enterprise	Budget Sector	Non Budget Sector
Murrumbidgee Region Irrigation Areas and Districts		*		*
Museum of Applied Arts and Sciences	*		*	
National Parks and Wildlife Service	*		*	
Newcastle Port Corporation		*		*
NorthPower		*		*
Olympic Co-ordination Authority	*		*	
Ombudsman's Office	*		*	
Pacific Power		*		*
Parliamentary Counsel's Office	*		*	
Police Integrity Commission	*		*	
Police, Ministry for	*		*	
Police Service, New South Wales	*		*	
Port Kembla Port Corporation		*		*
Powercoal Pty Ltd		*		*
Premier's Department	*		*	
Public Trustee	*			*
Public Trustee Common Fund	*			*
Public Prosecutions, Office of the Director of	*		*	
Public Works and Services, Office of the Minister for	*		*	
Public Works and Services, Department of	*			*
Rail Access Corporation		*		*
Railway Services Authority		*		*
Registry of Births, Deaths and Marriages	*			*
Rental Bond Board	*			*
Roads and Traffic Authority	*		*	
Royal Botanic Gardens and Domain Trust	*		*	
Rural Assistance Authority	*		*	
School Education, Department of	*		*	
South-West Tablelands Water Supply Authority		*		*
Sport and Recreation, Department of	*		*	
State and Regional Development, Department of	*		*	
State Electoral Office (includes Election Funding Authority of NSW)	*		*	
State Emergency Service	*		*	
State Forests of New South Wales	*			*
State Library of New South Wales	*		*	
State Rail Authority		*		*
State Transit Authority		*		*
State Valuation Office	*			*
Sustainable Energy Development Authority	*		*	
Sydney Cove Authority	*			*
Sydney Cricket and Sports Ground Trust		*		*
Sydney Market Authority		*		*
Sydney Opera House Trust		*		*
Sydney Organising Committee for the		*		*

Appendix D: Classification of Agencies (cont)

Agency/Activity	ABS Category		Budget Category	
	General Government	Public Trading Enterprise	Budget Sector	Non Budget Sector
Olympic Games	*			*
Sydney Ports Corporation		*		*
Sydney Water Corporation		*		*
Technical and Further Education Commission, New South Wales	*		*	
Teacher Housing Authority of NSW		*		*
Totalisator Agency Board of NSW		*		*
Tourism New South Wales	*		*	
Tow Truck Industry Council of New South Wales	*			*
Training and Education Co-ordination, Department of	*		*	
TransGrid		*		*
Transport, Department of	*		*	
Treasury	*		*	
Treasury Corporation of New South Wales (a)	*			*
Upper Parramatta River Catchment Trust	*			*
Urban Affairs and Planning, Department of	*		*	
Urban Infrastructure Management, Ministry of	*		*	
Valuer General's Department	*			*
Vocational Education and Training Accreditation Board	*			*
Waste Service NSW		*		*
Waterways Authority	*		*	
Women, Department for	*		*	
WorkCover Authority (includes Sporting Injuries Committee)	*			*
Zoological Parks Board		*		*

Note: This table only includes those agencies which have had information collected directly from them for the Budget Papers. Other agencies not specifically listed may be incorporated within other agencies.

(a) Budget Paper No. 6 treats this organisation as a Public Financial Enterprise.

Appendix E: Financial Information by Policy Area and Sector

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
1. LAW, ORDER AND PUBLIC SAFETY				
1.1 Police				
6.1.1 Resolution of Complaints about Police	2,924	2,934	78	14
57.1.1 Policy Advice, Co-ordination and Support	3,364	3,366	33	30
58.1.1 Prevention of Serious Police Misconduct	3,411	9,698	1,246	954
59.1.1 Property Theft	252,093	262,717	...	...
59.1.2 Street Safety	135,894	141,643	...	...
59.1.3 Personal Safety	193,087	201,337	...	...
59.1.4 Road Safety	180,010	182,507	43,790	34,668
59.1.5 Alcohol and Drug Related Crime	112,271	117,563	...	...
59.1.6 Safety in Custody	119,495	121,139	...	...
60.1.1 Combating Crime	5,867	6,663	387	300
69.1.3 Other Service-wide Activities	20,876	21,711	...	...
Police	1,029,292	1,071,278	45,534	35,966
1.2 Law Courts and Legal Services				
20.1.1 Justice Policy and Planning	6,995	9,381	119	131
20.1.2 Legal Services	6,180	6,067	85	93
20.1.4 Information and Management Services	23,258	17,249	76	81
20.2.1 Supreme Court	35,379	35,999	1,800	1,980
20.2.3 Land and Environment Court	4,738	5,153	84	91
20.2.4 District Court	43,806	43,442	1,275	1,402
20.2.5 Compensation Court	25,646	29,748	...	...
20.2.6 Local Courts	94,760	94,402	19,213	21,753
21.1.1 Judicial Commission of New South Wales	2,443	2,370	50	50
22.1.1 Legal Aid and Other Legal Services for Eligible Persons in Disputes Arising from Family Relationships	23,633	22,990	412	312
22.1.2 Legal Aid and Other Legal Services for Eligible Persons in Criminal Law Matters	37,996	24,008	649	581
22.1.3 Legal Aid and Other Legal Services for Eligible Persons in General Law Matters	16,807	15,668	325	248
22.1.4 Community Legal Centre Funding	9,378	7,806	...	...
22.1.5 Alternative Dispute Resolution Funding	270	276	...	...

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
1. LAW, ORDER AND PUBLIC SAFETY (cont)				
1.2 Law Courts and Legal Services (cont)				
23.1.1 Crown Representation in Criminal Prosecutions	39,443	40,581	1,703	504
45.1.1 Policy Development and Community Education on Issues Affecting Women	...	...	...	...
69.1.3 Other Service-wide Activities	5,092	5,295	...	...
Law Courts and Legal Services	375,824	360,435	25,791	27,226
1.3 Corrective Services				
28.1.1 Juvenile Justice	69,197	68,570	6,000	23,005
30.1.1 Containment and Care of Inmates	249,065	249,817	45,683	28,074
30.2.1 Assessment, Classification and Development of Inmates	57,948	58,052	1,904	1,169
30.3.1 Alternatives to Custody	29,244	31,850	...	...
69.1.3 Other Service-wide Activities	2,279	2,370	...	...
Corrective Services	407,733	410,659	53,587	52,248
1.3 Fire Protection Services				
31.1.1 Operation and Maintenance of Brigades and Special Services	218,017	223,650	21,145	24,425
31.1.2 Brigade Training and Development	8,397	8,614	795	1,124
31.1.3 Investigations, Research and Advisory Services	5,570	5,590	31	41
32.1.1 Funding and Administration of Rural Firefighting Services	27,964	27,680	40,619	43,016
32.2.1 Training of Volunteer Bush Fire Fighters	744	790	...	...
32.2.2 Public Education and Information Services	785	1,690	...	...
69.1.3 Other Service-wide Activities	3,729	3,878	...	...
Fire Protection Services	265,206	271,892	62,590	68,606

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

		Current Payments		Capital Program	
		1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
		\$000	\$000	\$000	\$000
1.	LAW, ORDER AND PUBLIC SAFETY (cont)				
1.4	Other - Law Order and Public Safety				
32.3.1	Planning and Co-ordination of Rescue Services and Emergency Management	1,931	1,961	...	...
33.1.1	Provision of Emergency Services	10,695	10,501	2,242	1,626
	Other - Law Order and Public Safety	12,626	12,462	2,242	1,626
	Total, Law, Order and Public Safety	2,090,681	2,126,726	189,744	185,672
2.	EDUCATION				
2.1	Primary and Secondary Education				
35.1.2	Kindergarten to Year 6 Core Education in Government Schools	1,339,160	1,435,519	67,441	58,288
35.1.3	Years 7 to 10 Core Education in Government Schools	989,148	1,044,590	50,129	44,664
35.1.4	Years 11 and 12 Core Education in Government Schools	435,563	453,451	25,180	20,748
35.2.1	Special Education Programs	268,844	284,628	2,750	3,000
35.2.2	Rural Education Program	46,818	47,721	...	...
35.2.3	Programs for Socio-Economically Disadvantaged Students	44,238	47,053	...	...
35.2.4	Aboriginal Education Programs	18,408	19,957	...	...
35.2.5	Programs for Students of Non-English Speaking Background	66,959	70,155	...	...
35.2.6	Other Equity Programs	4,976	3,567	...	...
35.3.1	Strategic Plan Programs in Government Schools	195,130	222,957	4,100	1,900
35.4.1	Non-Government Schools Assistance	331,634	361,968	...	...
37.1.1	Office of the Board of Studies	57,970	57,097	3,260	670
69.1.3	Other Service-wide Activities	63,883	66,439	...	...
	Primary and Secondary Education	3,862,731	4,115,102	152,860	129,270

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
2. EDUCATION (cont)				
2.2 Tertiary and Vocational Education				
18.1.4 Agricultural Education, Animal Welfare and Rural Support	8,252	8,783	1,134	300
36.1.1 Courses in Engineering and Industrial Technology	360,586	357,532	39,694	33,442
36.1.2 Courses in Applied Sciences	201,123	199,447	21,898	18,449
36.1.3 Courses in Fine and Applied Arts	90,163	89,341	10,175	8,573
36.1.4 Courses in Commercial and General Studies	334,221	330,986	40,300	33,951
61.1.1 Risk Management and Policy Development	...	...	2,400	1,070
69.1.3 Other Service-wide Activities	8,952	9,310	...	...
Tertiary and Vocational Education	1,003,297	995,399	115,601	95,785
2.3 Pre-School Education				
25.1.2 Children's Services	74,744	77,188	4,000	5,000
35.1.1 Pre-School Education in Government Schools	9,900	10,381	...	...
Pre-School Education	84,644	87,569	4,000	5,000
2.4 Transportation of Students				
35.2.1 Special Education Programs	20,983	21,172	...	...
35.4.1 Non-Government Schools Assistance	1,867	1,884	...	...
66.2.2 Purchase of Public Transport Services	355,073	367,661	...	...
Transportation of Students	377,923	390,717	...	...

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
2. EDUCATION (cont)				
2.5 Other Education (Including General Administration)				
34.1.1 Training and Education Policy	17,354	16,469	3,579	6,277
Other Education (Including General Administration)	17,354	16,469	3,579	6,277
Total, Education	5,345,949	5,605,256	276,040	236,332
3. HEALTH				
3.1 Area Health Services and Other Health Services				
48.2.1 Primary and Community Based Services	2,617	2,668	...	...
48.2.3 Outpatient Services	310,254	318,078	...	...
48.3.1 Emergency Services	223,223	231,453	...	...
48.3.2 Overnight Acute Inpatient Services	2,824,394	2,939,603	422,679	442,012
48.3.3 Same Day Acute Inpatient Services	299,449	308,198	...	...
48.4.1 Mental Health Services	246,113	262,339	13,905	17,707
48.5.1 Rehabilitation and Extended Care Services	534,068	548,137	...	...
Area Health Services and Other Health Services	4,440,118	4,610,476	436,584	459,719
3.2 Community and Other Support Services				
48.2.1 Primary and Community Based Services	352,927	369,112	5,964	797
48.3.1 Emergency Services	171,431	177,737	17,806	6,995
48.3.2 Overnight Acute Inpatient Services	7,019	7,082	...	...
Community and Other Support Services	531,377	553,931	23,770	7,792

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

		Current Payments		Capital Program	
		1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
		\$000	\$000	\$000	\$000
3.	HEALTH (cont)				
3.3	Public Health (Including Inspection Services)				
48.1.1	Population Health Services	93,862	97,348	500	...
48.2.2	Aboriginal Health Services	11,883	18,053	1,784	1,287
49.1.1	Health Care Complaints	4,532	5,334	17	17
Public Health (Including Inspection Services)		110,277	120,735	2,301	1,304
3.4	Other Health (Including General Administration)				
48.6.1	Teaching and Research	106,810	114,268	2,000	1,850
69.1.3	Other Service-wide Activities	1,259	1,309	...	...
Other Health (Including General Administration)		108,069	115,577	2,000	1,850
Total, Health		5,189,841	5,400,719	464,655	470,665
4.	SOCIAL AND COMMUNITY SERVICES				
4.1	Social and Community Support Services				
17.1.1	Community Support Services	6,576	6,801	121	149
17.1.2	Interpreting and Translation Services	4,578	4,574	79	97
20.1.3	Human Rights Services	106,038	102,717	136	150
25.1.1	Child and Family Support	266,880	268,968	10,908	9,041
25.1.2	Children's Services	16,082	16,585	2,477	2,038
25.1.3	Community Resources	91,775	103,095	1,478	1,321
25.2.1	Disability Services	42,220	27,466	12,028	2,000
26.1.1	Ageing and Disability	629,326	642,659	11,188	1,900
27.1.1	Community Services Commission	2,993	3,276	127	18
29.1.1	Home Care Service	17,476	16,650	2,000	2,000
45.1.1	Policy Development and Community Education on Issues Affecting Women	5,147	4,663	80	40
46.1.1	Policy and Development	2,809	3,000	...	...

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
4. SOCIAL AND COMMUNITY SERVICES (cont)				
4.1 Social and Community Support Services (cont)				
48.2.1 Primary and Community Based Services	8,000	8,000	...	...
48.4.1 Mental Health Services	104,330	112,432	...	...
48.5.1 Rehabilitation and Extended Care Services	72,705	75,485	...	...
50.1.1 Policy and Advisory Services on Aboriginal Affairs	2,649	2,663	42,916	45,250
69.1.3 Other Service-wide Activities	15,967	17,786	...	...
73.1.1 State and Regional Planning	5,198	6,000	...	...
Social and Community Support Services	1,400,749	1,422,820	83,538	64,004
4.2 Social Security				
51.1.1 Rivers and Groundwater	288	288	...	...
52.2.1 Rate Rebates for Pensioners	70,092	71,301	...	...
66.2.2 Purchase of Public Transport Services	236,753	245,409	...	...
70.1.1 Energy Management and Utilisation	...	...	...	...
77.1.1 Water and Sewerage Assistance	65,796	68,013	...	...
Social Security	372,929	385,011	...	...
Total, Social and Community Services	1,773,678	1,807,831	83,538	64,004

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

		Current Payments		Capital Program	
		1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
		\$000	\$000	\$000	\$000
5.	HOUSING, WATER AND SEWERAGE, AND THE ENVIRONMENT				
5.1	Housing and Homesite Development				
35.2.2	Rural Education Program	6,500	3,300	700	1,200
43.1.1	Fair Trading Strategy	...	...	160	106
43.1.2	Marketplace Performance	3,553	3,533	126	84
43.1.3	Fair Trading Standards and Registers	3,847	3,980	208	139
43.1.4	Consumer and Trader Services	2,034	1,974	1,345	898
43.1.5	Tribunals	...	...	135	90
73.1.2	Metropolitan Planning	21,178	19,840	35	35
73.1.4	Office of Community Housing	2,885	2,864	99,582	123,194
73.1.5	Office of Housing Policy and Housing Assistance	58,252	62,158	324,388	297,156
74.1.1	Coordination of Urban Infrastructure	424	1,233	...	...
76.1.1	City West Development Corporation	...	...	8,575	2,656
76.1.2	Honeysuckle Development Corporation	...	...	7,000	...
Housing and Homesite Development		98,673	98,882	442,254	425,558
5.2	Water and Sewerage				
51.1.1	Rivers and Groundwater	12,039	11,693	50,369	49,455
56.1.1	Infrastructure Development of Homebush Bay and Related Sites	399	963	12,848	25,486
77.1.1	Water and Sewerage Assistance	14,094	14,599	8,000	30,600
Water and Sewerage		26,532	27,255	71,217	105,541
5.3	Protection of the Environment				
38.1.1	Transport and Public Infrastructure	9,751	9,953	445	322
38.1.2	Industrial and Extractive Activities	9,563	8,851	281	292
38.1.4	Household and Commercial Activities	4,700	5,111	127	197

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
5. HOUSING, WATER AND SEWERAGE, AND THE ENVIRONMENT (cont)				
5.1 Housing and Homesite Development (cont)				
38.1.5 Cross-Sectoral Strategies	19,829	19,945	3,303	812
38.1.6 Managing Regional Cumulative Impacts	14,181	12,143	4,245	2,382
38.1.7 Waste Planning and Management Fund	15,155	18,190	...	...
51.1.3 Catchment, Coastal and Floodplain Communities	84,987	78,826	37,362	32,920
51.2.1 State Land Assets	34,213	31,048	9,119	8,564
56.1.1 Infrastructure Development of Homebush Bay and Related Sites	146	677	4,708	17,909
69.1.3 Other Service-wide Activities	784	815	...	...
73.1.1 State and Regional Planning	12,214	10,631	295	1,545
73.1.3 Heritage, Assessment and Resources	10,125	9,414	20	20
75.1.1 Heritage Policy and Assistance	2,064	6,698	170	350
Protection of the Environment	217,712	212,302	60,075	65,313
5.9 Other Housing and Community Amenities				
44.1.1 Investigation of Complaints from HomeFund Borrowers	1,463	...	...	...
69.1.3 Other Service-wide Activities	522	543	...	...
Other Housing and Community Amenities	1,985	543	...	...
Total, Housing, Water and Sewerage, and the Environment	344,902	338,982	573,546	596,412

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
6. RECREATION AND CULTURE				
6.1 Recreation Facilities and Services				
4.1.7 Strategic Projects	3,578	2,922	...	...
4.1.8 State Administration Services	3,237	5,178	...	...
39.1.1 Conservation Policy, Assessment and Planning	33,219	35,032	13,545	10,899
39.1.2 Protection of Conservation Assets	45,411	47,496	9,954	12,009
39.1.3 Promotion of Conservation	62,961	65,847	19,225	15,470
39.1.4 Regional Park Management	1,002	1,042	2,500	3,500
41.1.1 Centennial Park and Moore Park Trust	6,167	7,048	4,600	23,315
42.1.1 Bicentennial Park Trust	1,522	2,337	727	2,223
46.2.1 Liquor and Machine Gaming Compliance	3,756	3,255	423	750
46.2.2 Technology Services	1,527	1,578	92	178
46.2.3 Liquor and Machine Gaming Revenue	1,303	1,548	63	114
46.3.1 Public Charity Fundraising Standards	1,645	1,445	95	160
46.4.1 Casino Surveillance Division	4,495	6,193	323	693
46.5.1 Development, Control and Regulation of the Racing Industry	2,850	2,833	9,000	14,970
47.1.1 Casino Control	3,327	2,432	110	50
51.2.1 State Land Assets	5,898	5,754	6,900	8,900
56.1.1 Infrastructure Development of Homebush Bay and Related Sites	6,420	7,421	209,901	198,807
56.1.2 Delivery of Olympic and Paralympic Facilities and Venues	2,280	2,811	69,245	214,978
56.1.3 Co-ordination of Olympic and Paralympic Activities	11,982	12,976	100	100
65.1.1 Sport and Recreation Development	55,821	49,793	13,379	14,904
69.1.3 Other Service-wide Activities	1,290	1,340	...	...
Recreation Facilities and Services	259,691	266,281	360,182	522,020
6.2 Cultural Facilities and Support of the Arts				
9.1.1 Policy Formulation and Review, Cultural Grants Program and Other Arts Assistance	35,813	36,822	27,145	20,657
10.1.1 State Library	42,392	42,263	6,146	6,849
11.1.1 Australian Museum	20,792	19,625	2,221	5,236

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
6. RECREATION AND CULTURE (cont)				
6.2 Cultural Facilities and Support of the Arts (cont)				
12.1.1 Museum of Applied Arts and Sciences	28,269	26,953	1,162	1,628
13.1.1 Historic Houses Trust	11,414	11,521	1,020	1,190
14.1.1 Art Gallery of New South Wales	18,772	18,988	4,130	5,368
16.1.1 New South Wales Film and Television Office	11,835	7,822	254	90
25.1.3 Community Resources	...	...	200	...
38.1.8 Government Contributions	5,085	5,184	2,340	2,340
40.1.1 Research	2,478	2,712	1,283	712
40.1.2 Management of Resources	12,522	13,649	1,280	1,544
40.1.3 Interpretation, Education and Visitor Services	1,865	2,027	120	1,605
53.1.3 Resource Management	352	...	...	...
56.2.1 Subsidy to the Darling Harbour Authority	15,760	8,665	1,905	...
61.1.1 Risk Management and Policy Development	...	...	900	2,130
69.1.3 Other Service-wide Activities	1,108	1,153	...	...
73.1.3 Heritage, Assessment and Resources	...	...	...	...
Cultural Facilities and Support of the Arts	208,457	197,384	50,106	49,349
Total, Recreation and Culture	468,148	463,665	410,288	571,369

7. AGRICULTURE, FORESTRY AND FISHING

7.1 Agriculture

18.1.1 Food and Fibre Products	72,711	79,188	7,091	2,725
18.1.2 Quality Assurance	47,701	50,388	1,099	5,565
18.1.3 Resource Management	32,662	36,517	421	1,900
18.1.4 Agricultural Education, Animal Welfare and Rural Support	9,312	8,181	701	1,212
19.1.1 Assistance to Farmers	57,357	38,731	10,100	11,050
38.1.3 Primary Production	5,034	5,041	243	186
51.1.1 Rivers and Groundwater	104,804	92,621	18,308	9,212

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
7. AGRICULTURE, FORESTRY AND FISHING (cont)				
7.1 Agriculture (cont)				
51.1.2 Land and Vegetation	31,799	49,996	2,573	5,177
51.1.3 Catchment, Coastal and Floodplain Communities	10,144	17,150	...	...
51.2.1 State Land Assets	200	200	...	...
69.1.3 Other Service-wide Activities	11,243	11,693	...	...
Agriculture	382,967	389,706	40,536	37,027
7.2 Forestry				
51.1.2 Land and Vegetation	35,008	46,557	14,100	21,400
Forestry	35,008	46,557	14,100	21,400
7.3 Fishing				
51.1.1 Rivers and Groundwater	1,080	1,080	...	...
51.1.3 Catchment, Coastal and Floodplain Communities	720	720	...	...
55.1.1 Fisheries Conservation and Management	25,590	25,149	1,164	1,310
69.1.3 Other Service-wide Activities	183	190	...	...
Fishing	27,573	27,139	1,164	1,310
Total, Agriculture, Forestry and Fishing	445,548	463,402	55,800	59,737

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

		Current Payments		Capital Program	
		1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
		\$000	\$000	\$000	\$000
8.	MINING, ENERGY AND CONSTRUCTION				
8.1	Mining and Energy				
53.1.1	Resource Assessment	10,267	9,381	4,861	4,309
53.1.2	Resource Allocation	7,633	7,354	403	1,074
53.1.3	Resource Management	14,411	14,023	1,562	1,424
53.1.4	Resource Policy	798	808	32	91
54.1.1	Compensation for Repurchase of Property Rights	4,104	2,280	50,030	40,800
69.1.3	Other Service-wide Activities	524	545	...	...
70.1.1	Energy Management and Utilisation	23,465	19,306	60	122
71.1.1	Reduce Adverse Environmental Impacts of Energy Use	6,567	12,170	600	...
Mining and Energy		67,769	65,867	57,548	47,820
8.3	Construction				
43.1.1	Fair Trading Strategy	...	...	71	47
43.1.2	Marketplace Performance	3,546	3,793	63	42
43.1.3	Fair Trading Standards and Registers	1,239	1,203	100	66
43.1.4	Consumer and Trader Services	6,060	6,229	702	469
43.1.5	Tribunals	...	...	68	45
61.1.1	Risk Management and Policy Development	5,350	5,296	...	...
Construction		16,195	16,521	1,004	669
Total, Mining, Energy and Construction		83,964	82,388	58,552	48,489

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
9. TRANSPORT AND COMMUNICATION				
9.1 Road Systems				
56.1.1 Infrastructure Development of Homebush Bay and Related Sites	1,940	5,581	62,609	147,802
62.1.1 Network Development	40,248	43,921	698,305	853,635
62.1.2 Maintenance	534,165	506,473	13,352	14,281
62.2.1 Driver and Vehicle Policy and Regulation	188,404	193,888	...	...
62.3.1 Road Safety and Traffic Management	165,692	163,026	83,433	93,769
62.4.1 M4/M5 Cashback Scheme	9,000	52,000	...	...
Road Systems	939,449	964,889	857,699	1,109,487
9.2 Rail Transport				
56.1.1 Infrastructure Development of Homebush Bay and Related Sites	2,181	870	70,393	22,987
66.2.1 Assistance for General Track and Freight Services	245,100	267,000	...	...
66.2.2 Purchase of Public Transport Services	524,772	440,017	372,811	446,700
Rail Transport	772,053	707,887	443,204	469,687
9.3 Road and Water Transport				
63.1.1 Port Management	7,268	6,177	615	2,770
64.1.1 Marine Safety and Environment	19,907	21,559	3,759	3,321
64.1.2 Property and Wetlands Management	5,283	5,817	1,138	1,193
66.2.2 Purchase of Public Transport Services	11,439	3,952	...	...
Road and Water Transport	43,897	37,505	5,512	7,284

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
9. TRANSPORT AND COMMUNICATION (cont)				
9.4 Other Transport and Communication				
66.1.1 Development, Co-ordination and Planning of Transport Services	43,602	23,050	52,281	29,117
69.1.3 Other Service-wide Activities	229	238	...	...
73.1.2 Metropolitan Planning	...	...	...	...
Other Transport and Communication	43,831	23,288	52,281	29,117
Total, Transport and Communication	1,799,230	1,733,569	1,358,696	1,615,575
10. OTHER ECONOMIC SERVICES				
10.1 Labour and Employment				
20.2.2 Industrial Relations Commission	5,624	12,947	51	56
24.1.1 Private Sector Industrial Relations	13,757	14,303	1,210	567
24.1.2 Public Sector Appeals	7,585	1,351	98	56
34.1.2 Training and Education Services	127,935	117,914	8,173	7,164
69.1.3 Other Service-wide Activities	886	922	...	...
Labour and Employment	155,787	147,437	9,532	7,843
10.2 State Development				
69.1.3 Other Service-wide Activities	163	170	...	...
72.1.1 Development of the New South Wales Economy	69,784	69,452	7,076	18,267
State Development	69,947	69,622	7,076	18,267

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

		Current Payments		Capital Program	
		1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
		\$000	\$000	\$000	\$000
10.	OTHER ECONOMIC SERVICES (cont)				
10.3	Tourism				
67.1.1	Strategic Planning	1,784	1,583	...	...
67.1.2	Marketing	38,420	37,278	685	...
69.1.3	Other Service-wide Activities	292	304	...	...
Tourism		40,496	39,165	685	...
10.4	Consumer Affairs				
43.1.1	Fair Trading Strategy	6,154	5,760	903	603
43.1.2	Marketplace Performance	4,532	3,385	756	504
43.1.3	Fair Trading Standards and Registers	7,419	6,233	1,204	803
43.1.4	Consumer and Trader Services	32,795	30,944	2,866	1,912
43.1.5	Tribunals	8,528	7,784	742	495
69.1.3	Other Service-wide Activities	336	349	...	...
80.1.1	Information	...	...	...	...
80.1.2	Compliance	...	...	...	...
80.1.3	Registration	...	...	...	...
80.2.1	Development, Oversight and Assistance to Co-operatives	...	...	...	...
Consumer Affairs		59,764	54,455	6,471	4,317
10.5	Other - Other Economic Services				
8.1.1	Pricing Regulation	3,734	4,174	80	32
46.2.1	Liquor and Machine Gaming Compliance	3,657	3,352	...	...
46.2.3	Liquor and Machine Gaming Revenue	1,302	1,549	64	114
51.1.3	Catchment, Coastal and Floodplain Communities	1,807	1,673	...	...
51.2.2	Spatial Land Information and Standards	36,562	34,934	4,350	3,299
69.1.3	Other Service-wide Activities	1,005	950	...	...
Other - Other Economic Services		48,067	46,632	4,494	3,445
Total, Other Economic Services		374,061	357,311	28,258	33,872

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

11. GENERAL PUBLIC SERVICES	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
11.1 Legislative Services				
1.1.1 Parliamentary Representation - Legislative Council	8,520	8,978	16	230
1.1.2 Operation of the Legislative Council	1,905	1,913	43	...
1.1.3 Parliamentary Representation - Legislative Assembly	27,138	28,312	1,080	886
1.1.4 Operation of the Legislative Assembly	2,508	2,511	...	16
1.1.5 Executive Government	4,147	4,366	...	...
1.1.6 Parliamentary Committees	2,923	3,153	...	...
1.2.1 Parliamentary Library	2,061	2,007	388	5
1.2.2 Hansard	1,716	1,825	...	33
1.2.3 Building Services	3,168	2,963	691	...
1.2.4 Catering Services	1,996	1,763	...	...
1.2.5 Special Services	3,861	3,693	995	506
2.1.1 Services for the Premier and Cabinet	9,141	9,190	44	10
3.1.1 Drafting and Publishing of Government Legislation	4,106	4,069	120	40
4.1.1 Services for the Governor's Office	1,366	1,420	10	10
4.1.2 Services for the Leaders of the Opposition	1,141	1,179	14	14
4.1.5 Ministerial and Parliamentary Services	...	...	...	...
4.1.8 State Administration Services	33,461	8,093	...	...
7.1.1 Management and Administration of Parliamentary Elections	5,605	6,466	...	247
7.1.2 Funding of Parliamentary Election Campaigns	2,074	2,116	...	...
20.1.2 Legal Services	3,292	...	...	...
52.1.1 Development, Oversight of and Assistance to Local Government	10,493	10,452	3,490	4,400
61.1.1 Risk Management and Policy Development	1,274	1,274	...	...
69.1.3 Other Service-wide Activities	573	596	...	...
Legislative Services	132,469	106,339	6,891	6,397

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

		Current Payments		Capital Program	
		1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
		\$000	\$000	\$000	\$000
11.	GENERAL PUBLIC SERVICES (cont)				
11.2	Financial and Fiscal Services				
51.2.1	State Land Assets	3,000	3,000	...	...
68.1.1	Budgetary Strategy, Allocation, Monitoring, Reporting and Systems	5,594	6,189	429	156
68.1.2	Accounting and Finance Administration, Policy and Standards, Funding, Liability and Asset Management, Bank	7,340	6,798	329	135
68.1.4	Government Trading Enterprises Financial Monitoring and Shareholder Advice	4,438	4,234	255	110
68.2.1	Stamp Duties Collection	17,877	18,102	1,556	1,740
68.2.2	Pay-roll Tax Collection	6,593	7,366	650	528
68.2.3	Land Tax Collection	21,583	21,976	376	835
68.2.4	Business Franchise Licences	1,846	1,750	58	104
68.2.5	Tax Equivalents Collection	1,133	832	32	46
69.1.3	Other Service-wide Activities	22,196	19,601	26,000	...
69.3.1	Crown Property Management	102,084	104,862	11,246	8,624
Financial and Fiscal Services		193,684	194,710	40,931	12,278
11.3	Debt Transactions				
48.3.2	Overnight Acute Inpatient Services	1,100	900	...	...
62.1.1	Network Development	118,940	105,283	...	...
69.1.1	Debt Servicing Costs	1,283,008	1,400,067	...	...
69.1.3	Other Service-wide Activities	16,000	18,000	...	...
Debt Transactions		1,419,048	1,524,250	...	...
11.4	Superannuation				
69.1.3	Other Service-wide Activities	1,264,927	1,423,161	...	...
Superannuation		1,264,927	1,423,161	...	...

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

		Current Payments		Capital Program	
		1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
		\$000	\$000	\$000	\$000
11.	GENERAL PUBLIC SERVICES (cont)				
11.5	Natural Disaster Relief				
25.1.1	Child and Family Support	1,303	1,400	...	...
32.1.1	Funding and Administration of Rural Firefighting Services	...	...	...	...
33.1.1	Provision of Emergency Services	...	...	...	...
69.1.3	Other Service-wide Activities	70	73	...	...
69.2.1	Natural Disasters Relief	...	...	3,505	8,000
Natural Disaster Relief		1,373	1,473	3,505	8,000
11.6	Other - General Public Services				
4.1.3	Council on the Cost of Government	2,578	2,928	...	...
4.1.4	Equal Opportunity in Public Employment	1,807	1,887	...	...
4.1.5	Ministerial and Parliamentary Services	9,811	10,383	...	...
4.1.6	Public Sector Management Office	9,330	9,563	32	...
4.1.7	Strategic Projects	530	...	...	...
4.1.8	State Administration Services	...	...	644	226
5.1.1	Investigation, Community Education and Prevention of Corruption	12,741	12,430	269	240
6.1.2	Resolution of Local Government, Public Authority and Prison Complaints and Review of Freedom of Information	2,313	2,343	34	11
15.1.1	Archives Authority of New South Wales	4,668	7,160	118	2,646
46.1.1	Policy and Development	3,525	3,817	450	210
61.1.1	Risk Management and Policy Development	32,346	27,646	7,745	8,377
68.1.3	Economic Advice, Taxation Policy and Advice on Intergovernmental Financial Relations	8,741	5,354	265	99
69.1.2	Refunds and Remissions of Crown Revenue	10,000	25,000	...	...
69.1.3	Other Service-wide Activities	9,384	29,440	...	...
69.3.1	Crown Property Management	1,511	179	...	...
Other - General Public Services		109,285	138,130	9,557	11,809
Total, General Public Services		3,120,786	3,388,063	60,884	38,484
TOTAL BEFORE ADJUSTMENTS		21,036,788	21,767,912	3,560,001	3,920,611

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
PLUS:				
Unspent portion of 1996-97 Treasurer's Advance and flow-on to 1997-98	20,000	20,000	...	...
Treasurer's Advance	...	100,000	...	...
LESS:				
Intra Sector transactions eliminated for GFS purposes	5,123	(18,955)	...	...
Crown Receipts offset for GFS purposes -				
- Superannuation	11,274	14,137	...	...
- Other	31,995	29,457	...	...
Adjustment to present current payments on an underlying basis	6,870	1,000	...	...
TOTAL, RECURRENT PAYMENTS	21,001,526	21,862,273	...	...
BUDGET SECTOR CAPITAL PROGRAM	...	...	3,560,001	3,920,611
LESS:				
Decrease in Inventories	...	...	1,196	614
Adjustment to present capital payments on an underlying basis	...	...	25,000	...
TOTAL, CAPITAL PAYMENTS	...	...	3,533,805	3,919,997

Appendix F: Financial Information by Minister, Agency and Program

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
THE LEGISLATURE				
THE LEGISLATURE				
Parliamentary Representation - Legislative Council	8,520	8,978	16	230
Operation of the Legislative Council	1,905	1,913	43	...
Parliamentary Representation - Legislative Assembly	27,138	28,312	1,080	886
Operation of the Legislative Assembly	2,508	2,511	...	16
Executive Government	4,147	4,366	...	...
Parliamentary Committees	2,923	3,153	...	...
Parliamentary Library	2,061	2,007	388	5
Hansard	1,716	1,825	...	33
Building Services	3,168	2,963	691	...
Catering Services	1,996	1,763	...	...
Special Services	3,861	3,693	995	506
Total, THE LEGISLATURE	59,943	61,484	3,213	1,676
Total, THE LEGISLATURE	59,943	61,484	3,213	1,676
PREMIER, MINISTER FOR THE ARTS AND MINISTER FOR ETHNIC AFFAIRS				
CABINET OFFICE				
Services for the Premier and Cabinet	9,141	9,190	44	10
Total, CABINET OFFICE	9,141	9,190	44	10
PARLIAMENTARY COUNSEL'S OFFICE				
Drafting and Publishing of Government Legislation	4,106	4,069	120	40
Total, PARLIAMENTARY COUNSEL'S OFFICE	4,106	4,069	120	40

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
PREMIER, MINISTER FOR THE ARTS AND MINISTER FOR ETHNIC AFFAIRS (cont)				
PREMIER'S DEPARTMENT				
Services for the Governor's Office	1,366	1,420	10	10
Services for the Leaders of the Opposition	1,141	1,179	14	14
Council on the Cost of Government	2,578	2,928	...	...
Equal Opportunity in Public Employment	1,807	1,887	...	...
Ministerial and Parliamentary Services	9,811	10,383	...	...
Public Sector Management Office	9,330	9,563	32	...
Strategic Projects	4,108	2,922	...	...
State Administration Services	36,698	13,271	644	226
Total, PREMIER'S DEPARTMENT	66,839	43,553	700	250
INDEPENDENT COMMISSION AGAINST CORRUPTION				
Investigation, Community Education and Prevention of Corruption	12,741	12,430	269	240
Total, INDEPENDENT COMMISSION AGAINST CORRUPTION	12,741	12,430	269	240
OMBUDSMAN'S OFFICE				
Resolution of Complaints about Police	2,924	2,934	78	14
Resolution of Local Government, Public Authority and Prison Complaints and Review of Freedom of Information Complaints	2,313	2,343	34	11
Total, OMBUDSMAN'S OFFICE	5,237	5,277	112	25
STATE ELECTORAL OFFICE				
Management and Administration of Parliamentary Elections	5,605	6,466	...	247
Funding of Parliamentary Election Campaigns	2,074	2,116	...	...
Total, STATE ELECTORAL OFFICE	7,679	8,582	...	247

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
PREMIER, MINISTER FOR THE ARTS AND MINISTER FOR ETHNIC AFFAIRS (cont)				
INDEPENDENT PRICING AND REGULATORY TRIBUNAL				
Pricing Regulation	3,734	4,174	80	32
Total, INDEPENDENT PRICING AND REGULATORY TRIBUNAL	3,734	4,174	80	32
MINISTRY FOR THE ARTS				
Policy Formulation and Review, Cultural Grants Program and Other Arts Assistance	35,813	36,822	27,145	20,657
Total, MINISTRY FOR THE ARTS	35,813	36,822	27,145	20,657
STATE LIBRARY				
State Library	42,392	42,263	6,146	6,849
Total, STATE LIBRARY	42,392	42,263	6,146	6,849
AUSTRALIAN MUSEUM				
Australian Museum	20,792	19,625	2,221	5,236
Total, AUSTRALIAN MUSEUM	20,792	19,625	2,221	5,236
MUSEUM OF APPLIED ARTS AND SCIENCES				
Museum of Applied Arts and Sciences	28,269	26,953	1,162	1,628
Total, MUSEUM OF APPLIED ARTS AND SCIENCES	28,269	26,953	1,162	1,628

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
PREMIER, MINISTER FOR THE ARTS AND MINISTER FOR ETHNIC AFFAIRS (cont)				
HISTORIC HOUSES TRUST				
Historic Houses Trust	11,414	11,521	1,020	1,190
Total, HISTORIC HOUSES TRUST	11,414	11,521	1,020	1,190
ART GALLERY OF NEW SOUTH WALES				
Art Gallery of New South Wales	18,772	18,988	4,130	5,368
Total, ART GALLERY OF NEW SOUTH WALES	18,772	18,988	4,130	5,368
ARCHIVES AUTHORITY OF NEW SOUTH WALES				
Archives Authority of New South Wales	4,668	7,160	118	2,646
Total, ARCHIVES AUTHORITY OF NEW SOUTH WALES	4,668	7,160	118	2,646
NEW SOUTH WALES FILM AND TELEVISION OFFICE				
New South Wales Film and Television Office	11,835	7,822	254	90
Total, NEW SOUTH WALES FILM AND TELEVISION OFFICE	11,835	7,822	254	90

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
PREMIER, MINISTER FOR THE ARTS AND MINISTER FOR ETHNIC AFFAIRS (cont)				
ETHNIC AFFAIRS COMMISSION				
Community Support Services	6,576	6,801	121	149
Interpreting and Translation Services	4,578	4,574	79	97
Total, ETHNIC AFFAIRS COMMISSION	11,154	11,375	200	246
Total, PREMIER, MINISTER FOR THE ARTS AND MINISTER FOR ETHNIC AFFAIRS	294,586	269,804	43,721	44,754
MINISTER FOR AGRICULTURE				
DEPARTMENT OF AGRICULTURE				
Food and Fibre Products	72,711	79,188	7,091	2,725
Quality Assurance	47,701	50,388	1,099	5,565
Resource Management	32,662	36,517	421	1,900
Agricultural Education, Animal Welfare and Rural Support	17,564	16,964	1,835	1,512
Total, DEPARTMENT OF AGRICULTURE	170,638	183,057	10,446	11,702
RURAL ASSISTANCE AUTHORITY				
Assistance to Farmers	57,357	38,731	10,100	11,050
Total, RURAL ASSISTANCE AUTHORITY	57,357	38,731	10,100	11,050
Total, MINISTER FOR AGRICULTURE	227,995	221,788	20,546	22,752

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
ATTORNEY GENERAL AND MINISTER FOR INDUSTRIAL RELATIONS				
ATTORNEY GENERAL'S DEPARTMENT				
Justice Policy and Planning	6,995	9,381	119	131
Legal Services	9,472	6,067	85	93
Human Rights Services	106,038	102,717	136	150
Information and Management Services	23,258	17,249	76	81
Supreme Court	35,379	35,999	1,800	1,980
Industrial Relations Commission	5,624	12,947	51	56
Land and Environment Court	4,738	5,153	84	91
District Court	43,806	43,442	1,275	1,402
Compensation Court	25,646	29,748	...	...
Local Courts	94,760	94,402	19,213	21,753
Total, ATTORNEY GENERAL'S DEPARTMENT	355,716	357,105	22,839	25,737
JUDICIAL COMMISSION				
Judicial Commission of New South Wales	2,443	2,370	50	50
Total, JUDICIAL COMMISSION	2,443	2,370	50	50
LEGAL AID COMMISSION				
Legal Aid and Other Legal Services for Eligible Persons in Disputes Arising from Family Relationships	23,633	22,990	412	312
Legal Aid and Other Legal Services for Eligible Persons in Criminal Law Matters	37,996	24,008	649	581
Legal Aid and Other Legal Services for Eligible Persons in General Law Matters	16,807	15,668	325	248
Community Legal Centre Funding	9,378	7,806	...	...
Alternative Dispute Resolution Funding	270	276	...	...
Total, LEGAL AID COMMISSION	88,084	70,748	1,386	1,141

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
ATTORNEY GENERAL AND MINISTER FOR INDUSTRIAL RELATIONS (cont)				
OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS				
Crown Representation in Criminal Prosecutions	39,443	40,581	1,703	504
Total, OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS	39,443	40,581	1,703	504
DEPARTMENT OF INDUSTRIAL RELATIONS				
Private Sector Industrial Relations	13,757	14,303	1,210	567
Public Sector Appeals	7,585	1,351	98	56
Total, DEPARTMENT OF INDUSTRIAL RELATIONS	21,342	15,654	1,308	623
Total, ATTORNEY GENERAL AND MINISTER FOR INDUSTRIAL RELATIONS	507,028	486,458	27,286	28,055
MINISTER FOR COMMUNITY SERVICES, MINISTER FOR AGED SERVICES AND MINISTER FOR DISABILITY SERVICES				
DEPARTMENT OF COMMUNITY SERVICES				
Child and Family Support	268,183	270,368	10,908	9,041
Children's Services	90,826	93,773	6,477	7,038
Community Resources	91,775	103,095	1,678	1,321
Disability Services	42,220	27,466	12,028	2,000
Total, DEPARTMENT OF COMMUNITY SERVICES	493,004	494,702	31,091	19,400

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR COMMUNITY SERVICES, MINISTER FOR AGED SERVICES AND MINISTER FOR DISABILITY SERVICES (cont)				
AGEING AND DISABILITY DEPARTMENT				
Ageing and Disability	629,326	642,659	11,188	1,900
Total, AGEING AND DISABILITY DEPARTMENT	629,326	642,659	11,188	1,900
COMMUNITY SERVICES COMMISSION				
Community Services Commission	2,993	3,276	127	18
Total, COMMUNITY SERVICES COMMISSION	2,993	3,276	127	18
DEPARTMENT OF JUVENILE JUSTICE				
Juvenile Justice	69,197	68,570	6,000	23,005
Total, DEPARTMENT OF JUVENILE JUSTICE	69,197	68,570	6,000	23,005
HOME CARE SERVICE				
Home Care Service	17,476	16,650	2,000	2,000
Total, HOME CARE SERVICE	17,476	16,650	2,000	2,000
Total, MINISTER FOR COMMUNITY SERVICES, MINISTER FOR AGED SERVICES AND MINISTER FOR DISABILITY SERVICES	1,211,996	1,225,857	50,406	46,323

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR CORRECTIVE SERVICES AND MINISTER FOR EMERGENCY SERVICES				
DEPARTMENT OF CORRECTIVE SERVICES				
Containment and Care of Inmates	249,065	249,817	45,683	28,074
Assessment, Classification and Development of Inmates	57,948	58,052	1,904	1,169
Alternatives to Custody	29,244	31,850	...	...
Total, DEPARTMENT OF CORRECTIVE SERVICES	336,257	339,719	47,587	29,243
NEW SOUTH WALES FIRE BRIGADES				
Operation and Maintenance of Brigades and Special Services	218,017	223,650	21,145	24,425
Brigade Training and Development	8,397	8,614	795	1,124
Investigations, Research and Advisory Services	5,570	5,590	31	41
Total, NEW SOUTH WALES FIRE BRIGADES	231,984	237,854	21,971	25,590
DEPARTMENT OF BUSH FIRE SERVICES				
Funding and Administration of Rural Firefighting Services	27,964	27,680	40,619	43,016
Training of Volunteer Bush Fire Fighters	744	790	...	...
Public Education and Information Services	785	1,690	...	...
Planning and Co-ordination of Rescue Services and Emergency Management	1,931	1,961	...	...
Total, DEPARTMENT OF BUSH FIRE SERVICES	31,424	32,121	40,619	43,016

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR CORRECTIVE SERVICES AND MINISTER FOR EMERGENCY SERVICES (cont)				
STATE EMERGENCY SERVICE				
Provision of Emergency Services	10,695	10,501	2,242	1,626
Total, STATE EMERGENCY SERVICE	10,695	10,501	2,242	1,626
Total, MINISTER FOR CORRECTIVE SERVICES AND MINISTER FOR EMERGENCY SERVICES				
	610,360	620,195	112,419	99,475
MINISTER FOR EDUCATION AND TRAINING				
DEPARTMENT OF TRAINING AND EDUCATION CO-ORDINATION				
Training and Education Policy	17,354	16,469	3,579	6,277
Training and Education Services	127,935	117,914	8,173	7,164
Total, DEPARTMENT OF TRAINING AND EDUCATION CO-ORDINATION	145,289	134,383	11,752	13,441
DEPARTMENT OF SCHOOL EDUCATION				
Pre-School Education in Government Schools	9,900	10,381	...	...
Kindergarten to Year 6 Core Education in Government Schools	1,339,160	1,435,519	67,441	58,288
Years 7 to 10 Core Education in Government Schools	989,148	1,044,590	50,129	44,664
Years 11 and 12 Core Education in Government Schools	435,563	453,451	25,180	20,748
Special Education Programs	289,827	305,800	2,750	3,000
Rural Education Program	53,318	51,021	700	1,200
Programs for Socio-Economically Disadvantaged Students	44,238	47,053	...	...

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR EDUCATION AND TRAINING (cont)				
DEPARTMENT OF SCHOOL EDUCATION (cont)				
Aboriginal Education Programs	18,408	19,957	...	...
Programs for Students of Non-English Speaking Background	66,959	70,155	...	...
Other Equity Programs	4,976	3,567	...	...
Strategic Plan Programs in Government Schools	195,130	222,957	4,100	1,900
Non-Government Schools Assistance	333,501	363,852	...	...
Total, DEPARTMENT OF SCHOOL EDUCATION	3,780,128	4,028,303	150,300	129,800
NEW SOUTH WALES TECHNICAL AND FURTHER EDUCATION COMMISSION				
Courses in Engineering and Industrial Technology	360,586	357,532	39,694	33,442
Courses in Applied Sciences	201,123	199,447	21,898	18,449
Courses in Fine and Applied Arts	90,163	89,341	10,175	8,573
Courses in Commercial and General Studies	334,221	330,986	40,300	33,951
Total, NEW SOUTH WALES TECHNICAL AND FURTHER EDUCATION COMMISSION	986,093	977,306	112,067	94,415
OFFICE OF THE BOARD OF STUDIES				
Total, OFFICE OF THE BOARD OF STUDIES	57,970	57,097	3,260	670
Total, MINISTER FOR EDUCATION AND TRAINING	4,969,480	5,197,089	277,379	238,326

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR THE ENVIRONMENT				
ENVIRONMENT PROTECTION AUTHORITY				
Transport and Public Infrastructure	9,751	9,953	445	322
Industrial and Extractive Activities	9,563	8,851	281	292
Primary Production	5,034	5,041	243	186
Household and Commercial Activities	4,700	5,111	127	197
Cross-Sectoral Strategies	19,829	19,945	3,303	812
Managing Regional Cumulative Impacts	14,181	12,143	4,245	2,382
Waste Planning and Management Fund	15,155	18,190	...	...
Government Contributions	5,085	5,184	2,340	2,340
Total, ENVIRONMENT PROTECTION AUTHORITY	83,298	84,418	10,984	6,531
NATIONAL PARKS AND WILDLIFE SERVICE				
Conservation Policy, Assessment and Planning	33,219	35,032	13,545	10,899
Protection of Conservation Assets	45,411	47,496	9,954	12,009
Promotion of Conservation	62,961	65,847	19,225	15,470
Regional Park Management	1,002	1,042	2,500	3,500
Total, NATIONAL PARKS AND WILDLIFE SERVICE	142,593	149,417	45,224	41,878
ROYAL BOTANIC GARDENS AND DOMAIN TRUST				
Research	2,478	2,712	1,283	712
Management of Resources	12,522	13,649	1,280	1,544
Interpretation, Education and Visitor Services	1,865	2,027	120	1,605
Total, ROYAL BOTANIC GARDENS AND DOMAIN TRUST	16,865	18,388	2,683	3,861

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR THE ENVIRONMENT (cont)				
CENTENNIAL PARK AND MOORE PARK TRUST				
Centennial Park and Moore Park Trust	6,167	7,048	4,600	23,315
Total, CENTENNIAL PARK AND MOORE PARK TRUST	6,167	7,048	4,600	23,315
BICENTENNIAL PARK TRUST				
Bicentennial Park Trust	1,522	2,337	727	2,223
Total, BICENTENNIAL PARK TRUST	1,522	2,337	727	2,223
Total, MINISTER FOR THE ENVIRONMENT	250,445	261,608	64,218	77,808
MINISTER FOR FAIR TRADING AND MINISTER FOR WOMEN				
DEPARTMENT OF FAIR TRADING				
Fair Trading Strategy	6,154	5,760	1,134	756
Marketplace Performance	11,631	10,711	945	630
Fair Trading Standards and Registers	12,505	11,416	1,512	1,008
Consumer and Trader Services	40,889	39,147	4,913	3,279
Tribunals	8,528	7,784	945	630
Total, DEPARTMENT OF FAIR TRADING	79,707	74,818	9,449	6,303
HOMEFUND COMMISSIONER'S OFFICE				
Investigation of Complaints from HomeFund Borrowers	1,463	...	...	...
Total, HOMEFUND COMMISSIONER'S OFFICE	1,463	...	...	...

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR FAIR TRADING AND MINISTER FOR WOMEN (cont)				
DEPARTMENT FOR WOMEN				
Policy Development and Community Education on Issues Affecting Women	5,147	4,663	80	40
Total, DEPARTMENT FOR WOMEN	5,147	4,663	80	40
Total, MINISTER FOR FAIR TRADING AND MINISTER FOR WOMEN	86,317	79,481	9,529	6,343
MINISTER FOR GAMING AND RACING				
DEPARTMENT OF GAMING AND RACING				
Policy and Development	6,334	6,817	450	210
Liquor and Machine Gaming Compliance	7,413	6,607	423	750
Technology Services	1,527	1,578	92	178
Liquor and Machine Gaming Revenue	2,605	3,097	127	228
Public Charity Fundraising Standards	1,645	1,445	95	160
Casino Surveillance Division	4,495	6,193	323	693
Development, Control and Regulation of the Racing Industry	2,850	2,833	9,000	14,970
Total, DEPARTMENT OF GAMING AND RACING	26,869	28,570	10,510	17,189
CASINO CONTROL AUTHORITY				
Casino Control	3,327	2,432	110	50
Total, CASINO CONTROL AUTHORITY	3,327	2,432	110	50
Total, MINISTER FOR GAMING AND RACING	30,196	31,002	10,620	17,239

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR HEALTH AND MINISTER FOR ABORIGINAL AFFAIRS				
DEPARTMENT OF HEALTH				
Population Health Services	93,862	97,348	500	...
Primary and Community Based Services	363,544	379,780	5,964	797
Aboriginal Health Services	11,883	18,053	1,784	1,287
Outpatient Services	310,254	318,078	...	...
Emergency Services	394,654	409,190	17,806	6,995
Overnight Acute Inpatient Services	2,832,513	2,947,585	422,679	442,012
Same Day Acute Inpatient Services	299,449	308,198	...	...
Mental Health Services	350,443	374,771	13,905	17,707
Rehabilitation and Extended Care Services	606,773	623,622	...	...
Teaching and Research	106,810	114,268	2,000	1,850
Total, DEPARTMENT OF HEALTH	5,370,185	5,590,893	464,638	470,648
HEALTH CARE COMPLAINTS COMMISSION				
Health Care Complaints	4,532	5,334	17	17
Total, HEALTH CARE COMPLAINTS COMMISSION	4,532	5,334	17	17
DEPARTMENT OF ABORIGINAL AFFAIRS				
Policy and Advisory Services on Aboriginal Affairs	2,649	2,663	42,916	45,250
Total, DEPARTMENT OF ABORIGINAL AFFAIRS	2,649	2,663	42,916	45,250
Total, MINISTER FOR HEALTH AND MINISTER FOR ABORIGINAL AFFAIRS	5,377,366	5,598,890	507,571	515,915

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR LAND AND WATER CONSERVATION				
DEPARTMENT OF LAND AND WATER CONSERVATION				
Rivers and Groundwater	118,211	105,682	68,677	58,667
Land and Vegetation	66,807	96,553	16,673	26,577
Catchment, Coastal and Floodplain Communities	97,658	98,369	37,362	32,920
State Land Assets	43,311	40,002	16,019	17,464
Spatial Land Information and Standards	36,562	34,934	4,350	3,299
Total, DEPARTMENT OF LAND AND WATER CONSERVATION	362,549	375,540	143,081	138,927
Total, MINISTER FOR LAND AND WATER CONSERVATION	362,549	375,540	143,081	138,927
MINISTER FOR LOCAL GOVERNMENT				
DEPARTMENT OF LOCAL GOVERNMENT				
Development, Oversight of and Assistance to Local Government	10,493	10,452	3,490	4,400
Rate Rebates for Pensioners	70,092	71,301	...	...
Total, DEPARTMENT OF LOCAL GOVERNMENT	80,585	81,753	3,490	4,400
Total, MINISTER FOR LOCAL GOVERNMENT	80,585	81,753	3,490	4,400

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR MINERAL RESOURCES AND MINISTER FOR FISHERIES				
DEPARTMENT OF MINERAL RESOURCES				
Resource Assessment	10,267	9,381	4,861	4,309
Resource Allocation	7,633	7,354	403	1,074
Resource Management	14,763	14,023	1,562	1,424
Resource Policy	798	808	32	91
Total, DEPARTMENT OF MINERAL RESOURCES	33,461	31,566	6,858	6,898
COAL COMPENSATION BOARD				
Compensation for Repurchase of Property Rights	4,104	2,280	50,030	40,800
Total, COAL COMPENSATION BOARD	4,104	2,280	50,030	40,800
NEW SOUTH WALES FISHERIES				
Fisheries Conservation and Management	25,590	25,149	1,164	1,310
Total, NEW SOUTH WALES FISHERIES	25,590	25,149	1,164	1,310
Total, MINISTER FOR MINERAL RESOURCES AND MINISTER FOR FISHERIES	63,155	58,995	58,052	49,008

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR THE OLYMPICS				
OLYMPIC CO-ORDINATION AUTHORITY				
Infrastructure Development of Homebush Bay and Related Sites	11,086	15,512	360,459	412,991
Delivery of Olympic and Paralympic Facilities and Venues	2,280	2,811	69,245	214,978
Co-ordination of Olympic and Paralympic Activities	11,982	12,976	100	100
Subsidy to the Darling Harbour Authority	15,760	8,665	1,905	...
Total, OLYMPIC CO-ORDINATION AUTHORITY	41,108	39,964	431,709	628,069
Total, MINISTER FOR THE OLYMPICS	41,108	39,964	431,709	628,069
MINISTER FOR POLICE				
MINISTRY FOR POLICE				
Policy Advice, Co-ordination and Support	3,364	3,366	33	30
Total, MINISTRY FOR POLICE	3,364	3,366	33	30
POLICE INTEGRITY COMMISSION				
Prevention of Serious Police Misconduct	3,411	9,698	1,246	954
Total, POLICE INTEGRITY COMMISSION	3,411	9,698	1,246	954

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR POLICE (cont)				
NSW POLICE SERVICE				
Property Theft	252,093	262,717	...	...
Street Safety	135,894	141,643	...	...
Personal Safety	193,087	201,337	...	...
Road Safety	180,010	182,507	43,790	34,668
Alcohol and Drug Related Crime	112,271	117,563	...	...
Safety in Custody	119,495	121,139	...	...
Total, NSW POLICE SERVICE	992,850	1,026,906	43,790	34,668
NEW SOUTH WALES CRIME COMMISSION				
Combating Crime	5,867	6,663	387	300
Total, NEW SOUTH WALES CRIME COMMISSION	5,867	6,663	387	300
Total, MINISTER FOR POLICE	1,005,492	1,046,633	45,456	35,952
MINISTER FOR PUBLIC WORKS AND SERVICES, MINISTER FOR ROADS AND MINISTER FOR PORTS				
OFFICE OF THE MINISTER FOR PUBLIC WORKS AND SERVICES				
Risk Management and Policy Development	38,970	34,216	11,045	11,577
Total, OFFICE OF THE MINISTER FOR PUBLIC WORKS AND SERVICES	38,970	34,216	11,045	11,577

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR PUBLIC WORKS AND SERVICES, MINISTER FOR ROADS AND MINISTER FOR PORTS (cont)				
ROADS AND TRAFFIC AUTHORITY				
Network Development	159,188	149,204	698,305	853,635
Maintenance	534,165	506,473	13,352	14,281
Driver and Vehicle Policy and Regulation	188,404	193,888	...	...
Road Safety and Traffic Management	165,692	163,026	83,433	93,769
M4/M5 Cashback Scheme	9,000	52,000	...	...
Total, ROADS AND TRAFFIC AUTHORITY	1,056,449	1,064,591	795,090	961,685
OFFICE OF MARINE ADMINISTRATION				
Port Management	7,268	6,177	615	2,770
Total, OFFICE OF MARINE ADMINISTRATION	7,268	6,177	615	2,770
WATERWAYS AUTHORITY				
Marine Safety and Environment	19,907	21,559	3,759	3,321
Property and Wetlands Management	5,283	5,817	1,138	1,193
Total, WATERWAYS AUTHORITY	25,190	27,376	4,897	4,514
Total, MINISTER FOR PUBLIC WORKS AND SERVICES, MINISTER FOR ROADS AND MINISTER FOR PORTS	1,127,877	1,132,360	811,647	980,546

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR SPORT AND RECREATION				
DEPARTMENT OF SPORT AND RECREATION				
Sport and Recreation Development	55,821	49,793	13,379	14,904
Total, DEPARTMENT OF SPORT AND RECREATION	55,821	49,793	13,379	14,904
Total, MINISTER FOR SPORT AND RECREATION	55,821	49,793	13,379	14,904
MINISTER FOR TRANSPORT AND MINISTER FOR TOURISM				
DEPARTMENT OF TRANSPORT				
Development, Co-ordination and Planning of Transport Services	43,602	23,050	52,281	29,117
Assistance for General Track and Freight Services	245,100	267,000	...	...
Purchase of Public Transport Services	1,128,037	1,057,039	372,811	446,700
Total, DEPARTMENT OF TRANSPORT	1,416,739	1,347,089	425,092	475,817
TOURISM NEW SOUTH WALES				
Strategic Planning	1,784	1,583	...	...
Marketing	38,420	37,278	685	...
Total, TOURISM NEW SOUTH WALES	40,204	38,861	685	...
Total, MINISTER FOR TRANSPORT AND MINISTER FOR TOURISM	1,456,943	1,385,950	425,777	475,817

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
TREASURER, MINISTER FOR ENERGY AND MINISTER FOR STATE AND REGIONAL DEVELOPMENT				
TREASURY				
Budgetary Strategy, Allocation, Monitoring, Reporting and Systems	5,594	6,189	429	156
Accounting and Finance Administration, Policy and Standards, Funding, Liability and Asset Management, Banking and Financial Reporting	7,340	6,798	329	135
Economic Advice, Taxation Policy and Advice on Intergovernmental Financial Relations	8,741	5,354	265	99
Government Trading Enterprises Financial Monitoring and Shareholder Advice	4,438	4,234	255	110
Stamp Duties Collection	17,877	18,102	1,556	1,740
Pay-roll Tax Collection	6,593	7,366	650	528
Land Tax Collection	21,583	21,976	376	835
Business Franchise Licences	1,846	1,750	58	104
Tax Equivalentents Collection	1,133	832	32	46
Total, TREASURY	75,145	72,601	3,950	3,753
CROWN TRANSACTIONS				
Debt Servicing Costs	1,283,008	1,400,067	...	...
Refunds and Remissions of Crown Revenue	10,000	25,000	...	...
Other Service-wide Activities	1,453,752	1,638,181	26,000	...
Natural Disasters Relief	...	...	3,505	8,000
Crown Property Management	103,595	105,041	11,246	8,624
Total, CROWN TRANSACTIONS	2,850,355	3,168,289	40,751	16,624
DEPARTMENT OF ENERGY				
Energy Management and Utilisation	23,465	19,306	60	122
Total, DEPARTMENT OF ENERGY	23,465	19,306	60	122

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
TREASURER, MINISTER FOR ENERGY AND MINISTER FOR STATE AND REGIONAL DEVELOPMENT (cont)				
SUSTAINABLE ENERGY DEVELOPMENT AUTHORITY				
Reduce Adverse Environmental Impacts of Energy Use	6,567	12,170	600	...
Total, SUSTAINABLE ENERGY DEVELOPMENT AUTHORITY	6,567	12,170	600	...
DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT				
Development of the New South Wales Economy	69,784	69,452	7,076	18,267
Total, DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT	69,784	69,452	7,076	18,267
Total, TREASURER, MINISTER FOR ENERGY AND MINISTER FOR STATE AND REGIONAL DEVELOPMENT	3,025,316	3,341,818	52,437	38,766
MINISTER FOR URBAN AFFAIRS AND PLANNING AND MINISTER FOR HOUSING				
DEPARTMENT OF URBAN AFFAIRS AND PLANNING				
State and Regional Planning	17,412	16,631	295	1,545
Metropolitan Planning	21,178	19,840	35	35
Heritage, Assessment and Resources	10,125	9,414	20	20
Office of Community Housing	2,885	2,864	99,582	123,194
Office of Housing Policy and Housing Assistance	58,252	62,158	324,388	297,156
Total, DEPARTMENT OF URBAN AFFAIRS AND PLANNING	109,852	110,907	424,320	421,950

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1996-97 Revised	1997-98 Budget	1996-97 Revised	1997-98 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR URBAN AFFAIRS AND PLANNING AND MINISTER FOR HOUSING (cont)				
MINISTRY OF URBAN INFRASTRUCTURE MANAGEMENT				
Coordination of Urban Infrastructure	424	1,233	...	...
Total, MINISTRY OF URBAN INFRASTRUCTURE MANAGEMENT	424	1,233	...	...
HERITAGE OFFICE				
Heritage Policy and Assistance	2,064	6,698	170	350
Total, HERITAGE OFFICE	2,064	6,698	170	350
PAYMENTS TO OTHER GOVERNMENT BODIES UNDER THE CONTROL OF THE MINISTER				
City West Development Corporation	...	...	8,575	2,656
Honeysuckle Development Corporation	...	...	7,000	...
Total, PAYMENTS TO OTHER GOVERNMENT BODIES UNDER THE CONTROL OF THE MINISTER	...	...	15,575	2,656
PAYMENTS FOR WATER AND SEWERAGE ASSISTANCE				
Water and Sewerage Assistance	79,890	82,612	8,000	30,600
Total, PAYMENTS FOR WATER AND SEWERAGE ASSISTANCE	79,890	82,612	8,000	30,600
Total, MINISTER FOR URBAN AFFAIRS AND PLANNING AND MINISTER FOR HOUSING	192,230	201,450	448,065	455,556
TOTAL FOR ALL MINISTERS	21,036,788	21,767,912	3,560,001	3,920,611