

BUDGET INFORMATION

1988-89

BUDGET PAPER No. 2

BUDGET INFORMATION 1988-89

(Budget Paper No. 2)

CORRIGENDA

- . Page 7 - Under Note (3), the figure 461 should be shown at the top of the Adjusted column of the Budget Result for 1987-88 statement.

- . Page 153 - In paragraph 2 the percentage figures of 17.2 and 7.6 should be amended to 22.8 and 5.5 respectively.
 - In paragraph 3, the amount of \$90 million should be amended to \$65 million.

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SECTION 1: BUDGET SUMMARY AND OVERVIEW

- 1.1 Budget Strategy**
- 1.2 Overall Budget Position**
- 1.3 Recurrent Payments Initiatives**
- 1.4 Revenue Initiatives**
- 1.5 Summary of Past Consolidated Fund Budget Results**

1.1 BUDGET STRATEGY

1988-89 BUDGET STRATEGY

The 1988-89 budget strategy is the containment of growth in payments, taxation and debt by a more efficient and effective delivery of Government services. It also includes major initiatives in the education, health, law and order and transport areas. The broad outlines of this strategy were presented in the June Financial Statement.

The strategy is broadly consistent with the New South Wales Commission of Audit's report of August 1988 which reviewed the financial position of the State public sector and proposed a strategy to address the financial problems identified.

In the past there has been a tendency for the Budget to be determined by the revenue outlook. In times of strong revenue growth, major expenditure initiatives would be undertaken within a framework of achieving what was defined as a balanced budget result. Conversely, when the revenue outlook deteriorated, tax rates were increased to maintain previous expenditure initiatives. Given that State—own source revenue has tended to increase over the longer term in line with growth in the economy, this has meant that the State Budget Sector has grown very substantially in real terms.

Moreover, given that the balanced budgets of the past have been achieved by treating loan funds as revenue, this approach has been associated with accumulating State debt and hence an increased interest burden.

The Government is committed to the objective of containing the size of the State Budget Sector and indeed reducing it relative to the size of the economy. This will be achieved by improved administrative efficiency and effectiveness across the whole public sector. Such a course of action is consistent with the need to address Australia's balance of payments problems by reducing the public sector call on savings and hence reducing the degree of reliance on overseas capital inflows.

Recurrent Budget Strategy

The 1988-89 Recurrent Budget Strategy is to—

- eliminate the underlying deficit which has always existed. In the past this deficit has represented borrowings for largely non-revenue generating capital works within the inner budget sector.
- restrain growth in the Government's Consolidated Fund recurrent payments to no greater than the rate of general inflation (as measured by the Gross Non Farm Product Deflator Index);
- achieve productivity savings of at least 1.5 per cent on the existing level of Departmental operating expenditure in order to, firstly, achieve zero growth on the Government's overall Consolidated Fund recurrent outlays and, secondly, finance high priority initiatives of the Government;
- provide greater flexibility to Ministers by a global approach to budget allocations that allows considerable freedom in moving a Department's resources between its line items and programs, provided its total allocation and forward expenditure commitments are not exceeded;
- give priority to the health, law and order and education and training areas, by meeting the Government's commitment of real growth of at least \$30 million for health and \$60 million for law and order, while maintaining education and training funding in real terms;
- contain debt and debt servicing costs in the Inner Budget Sector by financing non revenue generating inner budget sector capital works from the proceeds of asset sales and taxes rather than borrowings.

- indexation of land and payroll tax scales and other tax concessions so as to relieve the current burden of taxation;
- extension of user pays principles to the provision of services between Government Departments to achieve economies in resource use.

Capital Budget Strategy

The Capital Works Budget Strategy is to—

- reallocate resources from lesser priority areas such as recreational and cultural facilities and public buildings to the Government's key priority areas, namely—
 - roads, catching up on essential maintenance and achieving an appropriate balance between urban and rural roads and between national, local and arterial roads;
 - court facilities and prisons, consistent with the emphasis on law and order and public safety;
 - hospitals and health facilities in order to upgrade the quality and effectiveness of facilities;
 - educational and training facilities.
- encourage, wherever feasible and economical, the involvement of the private sector in the construction and operation of infrastructure such as toll roads and private hospitals;
- ensure efficient and effective use of scarce capital resources by the application, across all areas of the capital works program, of cost benefit and cost effectiveness evaluation;
- reduce the use of borrowings in the non revenue generating social and economic infrastructure areas as set out in the Recurrent Budget Strategy and by maximising the use of internal funding and asset sales.

MEDIUM TERM BUDGET STRATEGY

The Government has adopted a Medium Term Budget Strategy, covering the five year period to 1993-94. The Strategy may have to be adjusted to changing circumstances, but its general thrust should remain in place.

In developing the Strategy the Government has had regard to the Audit Commission report. At the same time it has been necessary to assess the likely financial position over the medium term and to prioritise Government objectives.

The Government's Medium Term Budget Strategy consists of four elements—

1. Containment of growth in recurrent payments

Consolidated Fund recurrent payments are to be kept constant in real terms, with additional funding for priority areas such as health, law and order and education and training to be achieved by a combination of productivity savings and reallocation of priorities within portfolios.

2. Debt Containment Program

Borrowings by the Inner Budget Sector to finance non revenue generating capital works are to be phased out—

- borrowings for the Department of Main Roads will be eliminated as soon as possible and by no later than 1990-91 while all petrol tax revenue will be dedicated to roads within four years.
- all other inner budget sector borrowings, principally for hospitals, will be eliminated over the five year period of the Strategy.

3. Taxation Cuts

Substantial reductions in taxation will be provided by 1991-92 with the exact mix of tax cuts and restructuring to be developed in the light of consideration of the Tax Taskforce Report. The cuts will be sufficient to eliminate the level of excess taxation currently experienced by New South Wales relative to other States.

4. Provision for Funding of Accruing Liabilities

As identified by the Audit Commission, the State does not adequately fund liabilities such as public sector superannuation, long service leave and insurance liabilities.

Subject to a full review of accrual accounting and funding and the achievement of parts one to three of the Strategy, provision will progressively be made for accruing liabilities.

The Medium Term Budget Strategy will provide a number of significant benefits—

- by eliminating the underlying deficit in the inner budget sector and restraining borrowings in the outer budget sector, the strategy will contribute positively to addressing Australia's serious balance of payments problem;
- generate \$200 million a year in interest savings by 1993-94, so freeing up resources for high priority areas such as health, law enforcement and education;
- reduce State debt as a percentage of Gross State Product by about five percentage points over the next five years and reduce debt costs as a proportion of total recurrent outlays. Without such action debt charges would rise from 12.9 per cent to 19.0 per cent of the budget by 1993-94;
- provide substantial tax relief to both households and business, making New South Wales a more financially attractive place in which to work and invest. This is critical to boosting the State's economic growth and reducing its unemployment level.

1.2 OVERALL BUDGET POSITION

CONSOLIDATED FUND BUDGET POSITION

The Consolidated Fund Budget position for 1987-88 and 1988-89 is set out in Table 1.1.

Table 1.1: Summary of Budget Position

RECURRENT	Consolidated Fund		% Change %
	1987-88(1) (Actual) \$m	1988-89 (Budget) \$m	
<i>Revenue (2)</i>			
State Taxation	5,424	5,973	10.1
Other State Revenue	1,519	1,669	9.9
Commonwealth Grants	5,204	5,271	1.3
Total Revenue	12,147	12,913	6.3
<i>Payments (2)</i>			
Departmental	9,794	10,475	7.0
Payments to Authorities	999	947	(-) 5.2
Debt Servicing Costs	893	965	8.1
Total Payments	11,686	12,387	6.0
Recurrent Result (Unadjusted)	510(3)	526	
CAPITAL			
<i>Revenue</i>			
State Capital Revenue	36	204	466.7
Commonwealth grants and advances	846	834	(-) 1.4
Total Capital Revenue	882	1,038	17.7
<i>Payments</i>			
Total Capital Payments	1,560	1,556	(-) 0.3
Capital Result (Unadjusted)	(710)(3)	(518)	
TOTAL BUDGET RESULT			
Revenue	13,029	13,951	7.1
less Expenditure	13,246	13,943	5.3
equals Budget Result (Unadjusted)	(200)(3)	8	
FINANCING			
Budget result	(200)	8	
plus borrowings	502	392	
less loan repayments	57	61	
equals CASH RESULT	245	339	

(1) 1987-88 revenue and payments have been adjusted to be on the same basis as the 1988-89 Budget. This involves subtracting from payments and revenue various items transferred off-budget in 1988-89, namely the Forestry Commission, Auditor General, Land Titles Office, Valuer General's Department, Protective Commissioner, the Public Trustee and Tourism—Jenolan Caves and the elimination of double counting involved with the Department of Motor Transport's statutory payments.

(2) In contrast to previous years' Budget presentation, financing transactions have been eliminated from revenue and payments. Specifically, gross loan receipts have been excluded from revenue and loan repayments have been excluded from payments and both have been shown, 'below the line', as financing transactions.

- (3) The Budget Result for 1987-88 has been slightly affected by the adjustment listed in footnote 1. However the actual budget result has been shown for 1987-88 which differs slightly from that derived in table 1.1 as set out below.

	Budget Result for 1987-88	
	Actual	Adjusted
	\$m	\$m
Recurrent result	510	461 461
Capital result	(710)	(678)
Total	(200)	(217)
Plus Borrowings	502	502
Less Loan Repayments	57	57
CASH RESULT	<u>245</u>	<u>228</u>

Recurrent budget payments are projected to increase by 6.0 per cent or zero real growth. Total budget outlays, recurrent and capital, are projected to increase by 5.3 per cent, a real decline of 0.7 per cent.

The 1987-88 budget payments have been adjusted to place them on a consistent basis with that for 1988-89, reflecting the commercialisation of a range of Government activities (see footnote to Table 1.1). Comparing 1988-89 payments with actual 1987-88 payments, recurrent payments are projected to increase by 4.4 per cent and total payments by 3.6 per cent. A full reconciliation between the actual and adjusted 1987-88 payments is provided in Budget Paper Number 3.

The Budget has been presented in a different format this year to provide a clearer picture of the result, as a first step to adopting a national accounts form of presentation. The main difference in approach has been to delete loan funds from capital revenue and loan repayments from payments and treat them as a below the line financing item. This is in accord with the approach adopted by the Commonwealth Government and the Australian Bureau of Statistics but varies from the practice of other States. Accordingly, particular care needs to be exercised when comparing the New South Wales Budget result with that of other States.

A recurrent budget surplus of \$526 million is projected for 1988-89, compared to last year's \$510 million. In view of the projected slowdown in State revenue and Commonwealth payments this demonstrates an underlying strengthening in the budget position. The capital budget result for 1988-89 is projected as a deficit of \$518 million, down on last year's deficit of \$710 million.

Overall the projected budget result, recurrent and capital combined, is a surplus of \$8 million compared to a deficit of \$200 million in 1987-88.

On a traditional budget presentation basis, as shown by the cash result in Table 1.1, the 1988-89 projected result will be a surplus of \$339 million compared to \$245 million last year. This is the largest cash surplus as a proportion of total Budget outlays of any State in Australia.

The cash surplus of \$339 million will be fully applied to reducing borrowings as part of the Government's Debt Containment Program, as set out in the Budget Strategy.

TOTAL PAYMENTS

The Consolidated Fund Budget reflects transactions that pass through the Consolidated Fund. However, there are other payments financed by the use of Special Deposits Account reserves and capital proceeds of outer budget sector authorities that are

not reflected in the Consolidated Fund. The total payments position for 1987-88 and 1988-89, which takes account of funds from all sources, is set out in Table 1.2. Further details are provided in the "Green Tables" in Section 3.3.

Table 1.2: Consolidated Fund and Total Payments (1)

	Consolidated Fund			Total Payments		
	1987-88 \$m	1988-89 \$m	% Change	1987-88 \$m	1988-89 \$m	% Change
Recurrent payments . . .	11,686	12,387	6.0	12,966	14,139	9.0(2)
Capital payments	1,560	1,556	(-) 0.3	4,407	4,445	0.9
Total payments	13,246	13,943	5.3	17,373	18,584	7.0

(1) Payments have been adjusted to exclude loan repayments.

(2) On a cash flow basis, treating the \$244.7 million utilised in 1987-88 to eliminate the State's overdraft as a loan repayment, total recurrent payments have increased by 7.5 per cent and total payments by 5.9 per cent.

Consolidated Fund recurrent payments and, in particular, total recurrent payments, have been distorted by the carry forward commitments of the 1987-88 Budget and post-Budget initiatives and the staff freeze introduced by the Government.

Total recurrent payments have been affected by carry forward commitments for deferred maintenance, computer funding, the commercialisation initiatives and a range of other factors.

The approach to total recurrent payments in the budget process is to be reviewed and growth in such payments will be closely targeted in the 1989-90 Budget.

BORROWINGS

A key objective of the Government's Budget Strategy is to reduce debt and debt servicing costs.

Recourse to borrowings to fund the Capital Works Program is substantially lower in 1988-89 in both real and dollar terms as can be seen from Table 1.3.

Table 1.3: Borrowings For Capital Works Funding

	1987-88 \$m	1988-89 \$m	% Change
Inner Budget Sector—			
Commonwealth loans	114.5	86.4	
Global borrowings—			
Capital Financing	387.4	305.9	
Other	367.9	183.6	
Sub Total	869.8	575.9	(-)33.8
Outer Budget Sector—			
Global borrowings	784.4*	781.1*	
Other borrowings	177.4	...	
Sub Total	961.8	781.1	(-)18.8
Total—			
Commonwealth loans	114.5	86.4	
Global borrowings	1,539.7	1,270.6	
Other borrowings	177.4	...	
Total	1,831.6	1,357.0	(-)25.9

* Includes Transport Authorities' borrowings of \$235.2 million and \$311.5 million for 1987-88 and 1988-89 respectively.

In 1988-89, borrowings will decline by 26 per cent in dollar terms or over 32 per cent in real terms.

Reflecting restraint in borrowings in the inner budget sector, Consolidated Fund debt charges are projected to increase by only 8.1 per cent (excluding Transport Authorities) compared to 19.1 per cent growth last year and an average growth of 17 per cent per annum over the last five years.

1.3 RECURRENT PAYMENTS INITIATIVES

The 1988-89 recurrent payments include some \$139.2 million in policy initiatives which are estimated to have a carry forward cost to 1989-90 of \$218.8 million. Details of the individual policy initiatives are set out in table 1.4.

Policy initiatives are new or enhanced programs and include major initiatives of the current Government implemented since the election. A distinction needs to be drawn between real growth in payments and initiatives. Initiatives can be consistent with no real growth or even a real reduction in recurrent payments. Conversely an increase in real payments need not reflect new initiatives but rather be the result of the full year carry forward costs of initiatives introduced during the previous year.

In the main the list of initiatives reflects the major Government priorities in the areas of health, law, order and public safety and education and training. While the health and law and order initiatives are financed from increased real resources, the education initiatives reflect both increased resources and, more particularly, reallocations of priorities within the education area. The education initiatives are thus in substantial part dependent on the achievement of projected savings and reallocation of resources.

The major initiatives in the Budget are—

- health initiatives of \$29 million (\$36.3 million in a full year), including the cost of bringing on stream 11 new facilities; increased funding for AIDS, palliative and post acute care and day surgery; and the commencement of the Brain Injury Program, providing a network of rehabilitation units.

- \$27.5 million (\$32.3 million in a full year) in initiatives in the law, order and public safety area, including the establishment of the Independent Commission Against Corruption.

Other initiatives in this area include the appointment of additional Judges, Magistrates and ancillary staff to clear the backlog of outstanding legal cases and the setting up of the Office of the Director of Public Prosecutions. Moreover, it is proposed to employ a further 1,600 police officers over the next four years and extend the recruitment training period from 12 to 26 weeks.

- education initiatives in 1988-89 totalling \$52.4 million and \$111.8 million in 1989-90 as initiatives become fully established. The initiatives cover a wide range of areas including—

- * Improving Inservice Courses
- * School Link (Computer Education)
- * Fair Discipline Code
- * Education in Western Sydney
- * Equal Opportunity in Education
- * Examinations
- * Government Schools
- * Multicultural Education
- * Rural Education
- * School Councils and Grants
- * Special Education
- * Secondary Textbook Allowance
- * Non-Government Schools
- * Start to Life Program
- * Electronic Surveillance Systems

- Other significant initiatives include—
 - * matching funding with the Commonwealth for new advances under the Rural Assistance Scheme
 - * increased funds for tourism promotion and marketing
 - * establishment of the New South Wales Education and Training Foundation to facilitate the linkage between business and education (the Priority Business Program) and oversight the management of the new Start to Life Program. The Start to Life Program replaces the previous Youth Employment Scheme and will provide funding of \$30 million in 1988-89 (including TAFE initiatives) and \$38 million in a full year (see section 7.2 for full details).

TABLE 1.4—1988-89 Recurrent Payments Initiatives

MINISTER FOR:	ORGANISATION UNIT	DESCRIPTION OF INITIATIVES	1988-89 \$000	1989-90 \$000
LEGISLATURE				
		Overseas Delegations	40	
		Parliament House Education Programme—Provision for educational material appropriate for use in NSW primary and secondary schools	193	
		Parliament House Souvenir Shop—Provision of working capital—second year of two year trial project (previously allocated under Bicentennial expenses)	67	
			<u>300</u>	<u>..</u>
PREMIER, TREASURER AND ETHNIC AFFAIRS	Premier's Office	Sydney Olympic Games bid—per annum cost only applicable in the event of Sydney becoming the official National nomination.	908	3,103
		Implementation of Freedom of Information Policies—new program for co-ordination of implementation by government agencies of FOI legislation	322	400
	Independent Commission against Corruption	Investigation of allegations of corruption—new program to implement major Government initiative	3,400	5,241
	Ethnic Affairs Commission	Inquiry into overseas qualifications—examination of reasons for non-recognition and strategies to overcome problems.	85	..
	Ombudsman's Office	Provide for the obligations imposed on the Ombudsman to undertake certain inspections and furnish certain reports required under new joint Commonwealth/States legislation governing telecommunications interceptions by N.S.W. "eligible authorities".	262	200
	Treasury (Office of Financial Management)	Upgrade Policy/Systems area to meet additional responsibilities and changed requirements	176	210
			<u>5,153</u>	<u>9,154</u>

MINISTER FOR:	ORGANISATION UNIT	DESCRIPTION OF INITIATIVES	1988—89 \$000	1989—90 \$000
AGRICULTURAL AND RURAL AFFAIRS	Department of Agriculture and Fisheries	Fencing off of 1150 cattle tick dip sites contaminated with DDT in Tick Quarantine Area, North Coast to reduce danger of pesticide contamination of meat	452	
		Increase in inspectoral activity by Veterinary Surgeons Board.	31	31
		Rural Adjustment Scheme—Match Commonwealth funding for new assistance.	2,144	2,144
			<u>2,627</u>	<u>2,175</u>
ATTORNEY GENERAL	Soil Conservation Service	Public Education Program—increase public awareness of soil conservation	90	90
		Trees on Farms—to promote use of trees in rural areas to control soil erosion	150	150
			<u>240</u>	<u>240</u>
			<u>2,867</u>	<u>2,415</u>
ATTORNEY GENERAL	Attorney Department General's	Judicial initiative—Appointment of 2 Supreme Court Judges, 4 District Court Judges, 7 Magistrates and associated support staff.	6,531	5,595
		Implementation of projects related to crime—statistics and research in the Justice Information System.	91	99
		Additional Sheriff's Officers—Security Services at Downing Centre Court Complex.	157	176
		Additional Internal Auditors to enable increased audit coverage, particularly in Local Courts.	126	147
		Provision of additional resources for the District Court Criminal Registry and Criminal Listing Directorate.	90	103
		Provision of necessary resources for the recently established Community Justice Centres at Penrith and Campbelltown.	170	114

MINISTER FOR:	ORGANISATION UNIT	DESCRIPTION OF INITIATIVES	1988-89 \$000	1989-90 \$000
ATTORNEY GENERAL— Cont.	Attorney General's Department—Cont.	Support to Supreme Court Judges and staff in the use of micro-computers and word processors.	24	30
		Creation of new office of Coroner—to reform the coronial system of NSW.	284	284
		Sound recording of Supreme and District Courts.	558	558
			<u>8,031</u>	<u>7,106</u>
MINISTER FOR BUSINESS AND CONSUMER AFFAIRS	Office of Director of Public Prosecutions.	Judicial initiative—Appointment of additional staff.	1,156	1,087
		Co-ordination of business deregulation and introduction of a system of one-stop-shops for issue of licences.	9,187	8,193
			550	
			<u>550</u>	<u> </u>
CHIEF SECRETARY AND MINISTER FOR TOURISM	Tourism Commission of N.S.W.	Increased level of tourism promotion and marketing together with administrative support improvements.	3,133	3,100
CORRECTIVE SERVICES	Department of Corrective Services	Recurrent costs from opening of new prison facilities—		
		1. Mulawa Stage 1	2,706	3,229
		2. Witness Protection Unit	1,732	2,153
		3. New Grafton Wing	1,572	2,069
			<u>6,010</u>	<u>7,451</u>
MINISTER FOR EDUCATION AND YOUTH AFFAIRS	Ministry of Education	Seed money for New South Wales Education and Training Foundation (payroll tax diversion is shown under revenue initiatives)	5,000	
			4,700	6,580
		Start to Life	9,700	6,580
			<u>9,700</u>	<u>6,580</u>

MINISTER FOR:	ORGANISATION UNIT	DESCRIPTION OF INITIATIVES	1988-89 \$000	1989-90 \$000
MINISTER FOR EDUCATION AND YOUTH AFFAIRS—Cont.	Department of Education	Start to Life	1,100	1,540
		Improving Inservice Courses—		
		• Provide inservice education activities outside normal school hours in curriculum implementation, effective teaching, classroom practices and educational leadership.	200	5,000
		Rural Education—		
		• Upgrade Teacher-In-Charge positions of a class 4 school to that of Principal 4.	117	892
		• Provide facilities within Central Schools for those students who wish to continue their education to the Higher School Certificate.	305	2,008
		• Introduction of an Isolated Country School Grant of \$50 per student to be paid to Government schools to help offset educational disadvantages caused by distance.	850	850
		• Provide 25 Cadetships of 4 years duration commencing 1989. Places for Cadetships are to be located in Country Colleges only.	150	350
		• Increase the living away from home allowance rate from \$388 to \$461 p.a.	161	161
		• Provide for the implementation of improvements/enhancements in the following areas—Relocation of the Central Correspondence School; New Technologies; Telememo for isolated students; School of the air; Video learning support service; Face to Face contact for Correspondence School Students and improvements of library access for students in residential Agricultural High Schools.	512	2,163
		• General rezoning of government primary and secondary schools.	100	100

MINISTER FOR:	ORGANISATION UNIT	DESCRIPTION OF INITIATIVES	1988—89 \$000	1989—90 \$000
MINISTER FOR EDUCATION AND YOUTH AFFAIRS—Cont.	Department of Education— Cont.	<ul style="list-style-type: none"> • Completion of the program for primary Executive Restructuring by creating further Executive Teacher positions and removing anomalies in the availability of executive release to Deputy Principal positions. Stage 1 of a two year program. • Fifty Leading Teachers to be appointed to high schools each year for the next four years. Selection will be on merit to fulfill a leadership role in promoting teaching quality, extending curriculum development and undertaking professional development of staff. 	470	1,599
		Multicultural Education—	436	1,479
		<ul style="list-style-type: none"> • Give priority to the development of community languages through the expansion of language training in government schools. • Employment of a Senior Education Officer to supervise activities of Language Education Activities, refresher courses for ESL teachers and establishment of an additional Centre in Hunter Region for Saturday School of Community Language. 	124	1,249
				16
		School Link (Computer Education)—	415	518
		<ul style="list-style-type: none"> • Provide support to schools through the Regions; implement and co-ordinate the Computers in Schools Policy and provide advice to senior officers. • Provide funds for schools to purchase software, hardware, electronic information services, and create computer coordinators in schools. • Provide enhanced consultancy and staff development activities supporting Regional initiatives. 	600	4,816
			1,703	14,873
			560	1,216

MINISTER FOR:	ORGANISATION UNIT	DESCRIPTION OF INITIATIVES	1988—89 \$000	1989-90 \$000
MINISTER FOR EDUCATION AND YOUTH AFFAIRS—Cont.	Department of Education— Cont.	<p>Discipline—</p> <ul style="list-style-type: none"> • Provide resources for development of a Fair Discipline Code in each school. <p>Education in Western Sydney—</p> <ul style="list-style-type: none"> • To provide extra costs involved in the establishment of a Senior High School. • Provide special resources to assist the development and equity objectives of providing for quality education in Western Sydney. <p>Equal Opportunity in Education—</p> <ul style="list-style-type: none"> • Strategies to redress girls' under-participation and under achievements in scientific and technical studies and miscellaneous other matters. <p>Examinations—</p> <ul style="list-style-type: none"> • Introduction and continuation of testing procedures of Basic Skills for Years 3 and 6. Diagnosis and reporting of each student will be performed for Years 6 and for each school for Year 3. • Addition of Science to the School Certificate Reference Test and expenses for brochure and guidelines associated with the School Certificate and Higher School Certificate. <p>Government Schools—</p> <ul style="list-style-type: none"> • Increase in the School Inspectorate to enhance accountability. • Improved support to teachers and schools for curriculum implementation by increasing the number of specialised consultants. • De-zoning for selective high schools plus additional selective high schools. 	20 100 .. 185 466 1,314 505 1,186 400	20 150 5,500 314 814 1,222 3,620 4,020 270

MINISTER FOR:	ORGANISATION UNIT	DESCRIPTION OF INITIATIVES	1988-89 \$000	1989-90 \$000
MINISTER FOR EDUCATION AND YOUTH AFFAIRS—Cont.	Department of Education— Cont.	School Councils and School Grants: • Establishment grant and an annual grant to promote School Councils.	330	1,000
		Special Education: • Various measures for special education—details to be finalised following consultation with relevant education, community and other groups.	4,678	14,682
		Secondary Textbook Allowance: • Increase in Secondary Textbook Allowance to allow for cost movements since last increase in 1980.	2,000	8,300
		Non-Government Schools: • Lift the basic Non-Government per capita allowance as a proportion of the cost to the Government of educating the same child in a Government school, phased in over 4 years	3,725	11,984
			<u>22,712</u>	<u>90,710</u>
				18
	Department of Technical and Further Education	Start to Life Program—Co-ordinated package of education, training and employment targeted to the needs of young people and designed to increase the opportunities available to them.	10,000	10,000
		Changes to Enrolment Procedures to allow more equitable enrolments.	2,000	2,000
		Joint TAFE/Schools Program—Additional courses for schoolchildren	2,000	2,000
		Electronic Surveillance Systems—Installation of Systems in colleges in 1988-89 similar to those currently being installed in NSW Schools.	5,700	450
		S53B of Copyright Act—New expenditure requirements of copyright licensing agreement for photocopying.	336	70
			<u>20,036</u>	<u>14,520</u>
			<u>52,448</u>	<u>111,810</u>

MINISTER FOR:	ORGANISATION UNIT	DESCRIPTION OF INITIATIVES	1988-89 \$'000	1989-90 \$'000
FAMILY AND COMMUNITY SERVICES	Department of Family and Community Services	Specialist assessment counselling for young sexual offenders.	113	226
		AIDS education.	34	49
		Funding for new or expanded Pre-schools.	2,000	2,000
		Guardianship and Disability Services legislation.	1,015	1,015
		Additional Disability Services field staff.	561	561
		Disability Services Licensing Branch additional staff.	190	220
		Adolescent Support—20 District Officers	293	585
		Funding to support 10 detached Family Counsellors	445	445
			<u>4,651</u>	<u>5,101</u>
HEALTH AND ARTS	Department of Health	Recurrent costs associated with capital projects coming on stream in 1988-89—		
		<ul style="list-style-type: none"> • Gosford Psychiatric Unit • Geriatric Assessment Centre, Prince of Wales Hospital • Reopening of refurbished South Block Wards, Sydney Hospital • New Services Block, St Vincents Hospital • Scared Heart Hospital Redevelopment • Immunology Centre, St Vincents Hospital • Commissioning Team, Rankin Park Hospital • Southern Block Extensions, Tweed Heads Hospital • Lismore Hospital Redevelopment—Stage 1 	694	1,690(1)
			1,262	2,509(1)
			514	509(1)
			1,515	2,773(1)
			1,196	2,870(1)
			393	247(1)
			482	821(1)
			67	77(1)
			240	583(1)

(1) Per annum figures are indicative only subject to further review by Treasury.

MINISTER FOR:	ORGANISATION UNIT	DESCRIPTION OF INITIATIVES	1988-89 \$000	1989-90 \$000
HEALTH AND ARTS—Cont.	Department of Health— Cont.	• Obstetric Unit Staff Enhancements, Albury Mercy Hospital	189	373(1)
		• Rehabilitation Unit, Port Kembla Hospital—Stage 1	948	1,494(1)
		Commonwealth Initiatives—		
		• Measures to combat the disease AIDS	6,950	6,950(2)
		• Palliative and Post Acute Care	8,951	8,951(2)
		• Day Surgery	3,500	3,500(2)
		• Brain Injury Program—Commencement and upgrading and establishment of a network of rehabilitation units	2,079	2,994
			<u>28,980</u>	<u>36,341</u>
INDUSTRIAL RELATIONS AND EMPLOYMENT	Department of Industrial Relations and Employment	Start to Life Program—New program being introduced by Government in Lieu of Youth Employment Scheme.	14,200	19,880
		Expansion of Computer Services Branch.	1,200	2,400
			<u>154,000</u>	<u>22,280</u>
LOCAL GOVERNMENT AND PLANNING	Department of Local Government	Review of Local Government Act and Ordinances—Phase II of a full review of the Local Government Act.	183	183
		Implementation of Department's computerised information system.	70	70
			<u>253</u>	<u>253</u>
	Department of Planning	Area Assistance Schemes—increase in the level of per Capita grants.	1,300	1,300
			<u>1,300</u>	<u>1,300</u>
			<u>1,553</u>	<u>1,553</u>

20

(1) Per annum figures are indicative only subject to further review by Treasury.

MINISTER FOR:	EMERGENCY	ORGANISATION UNIT	DESCRIPTION OF INITIATIVES	1988-89 \$000	1989-90 \$000
POLICE AND SERVICES		Police Department	Employment of an additional 1 600 police over a period of four years.	6,674	9,142
			Extend the period of recruit training from 12 to 26 weeks.	1,000	1,000
			Hiring of 13 additional stock investigators to augment the Police Stock Squad.	455	455
				<u>8,129</u>	<u>10,597</u>
		State Emergency Services	Contribution towards volunteers' out-of-pocket expenses.	125	125
				<u>125</u>	<u>125</u>
		State Drug Commission	Telephone Interceptions—purchase of equipment to enable the SDCC to use Police Department Telephone Interception Unit.	405	381
		Crime	Intelligent network/analysis computer system—employment of 6 officers and provision to implement computer system.	276	276
				<u>681</u>	<u>657</u>
				<u>8,935</u>	<u>11,379</u>
			GRAND TOTAL	<u>139,167</u>	<u>218,777</u>

1.4 REVENUE INITIATIVES

The Commission of Audit Report indicated that the level of taxation in New South Wales compared with that of other States was excessive by approximately \$300 million per annum. The Government will be developing a Tax Relief Strategy to redress this situation. The recent Report of the Tax Task Force will be reviewed in developing that Strategy.

As outlined in Section 1.1, the immediate Budget priority is to contain the growth in public sector debt and to improve the productivity of public administration. Once the Consolidated Fund debt cost pressures have been overcome, a major priority will be to reduce the tax burden to facilitate economic activity.

The 1988-89 Budget incorporates a number of policy initiatives, including those outlined in the 2 June Financial Statement by the Premier and Treasurer. These initiatives address the more immediate needs for tax relief and are summarised in Table 1.5.

Table 1.5: Revenue Initiatives

Revenue Category	Initiative	Cost	
		1988-89 \$m	Full Year \$m
Payroll Tax	Indexation of tax scale from 1 January 1989	7.0	16.5
Payroll Tax	Diversion of part of employers' tax payments to the NSW Education and Training Foundation, from 1 January 1989	7.0	16.0
Stamp Duty on Contracts and Conveyances	Increase in limit for eligible first home purchasers (deferred duty scheme) from \$105,000 to \$125,000 from 2 June 1988	12.5	12.5
Land Tax	Indexation of land tax threshold from \$125,000 to \$135,000 for 1989 Land Tax Year	5.0	9.0
Land Tax	Introduction of 5 year land tax holiday for investors in new rental properties, from 1989 Land Tax Year	0.5	2.0
Coal Royalties	Extension to 30 June 1989 of temporary reduction in coal royalty rates	24.0	...
Total		56.0	56.0

1.5 SUMMARY OF PAST CONSOLIDATED FUND BUDGET RESULTS

The 1988-89 Budget result is an overall surplus of \$8 million, comprised of a recurrent surplus of \$526 million and a capital deficit of \$518 million.

It is useful to compare this result with past Budget results. Table 1.6 shows the budget results for the period 1983-84 to 1987-88. The actual budget results for these years have been adjusted to place them on the same basis as the 1988-89 Budget. Specifically—

- payments and receipts for entities that have been removed from the budget in 1988-89 have been similarly excluded for the earlier years.
- borrowings and loan repayments have been treated as 'below the line' financing.
- coverage of payments and receipts have been treated on a consistent basis over the full period.

On the adjusted basis, there was a small and declining deficit on recurrent operations for the period 1983-84 to 1986-87, which moved sharply into surplus in 1987-88.

The capital deficit remained relatively steady between 1983-84 and 1985-86 but increased sharply from 1986-87 as the global borrowing limit was diverted for Governmental capital works purposes.

Table 1.6: Consolidated Fund (1)

	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
	\$m	\$m	\$m	\$m	\$m	\$m
RECURRENT						
Revenue						
State Taxation	3,115	3,436	3,897	4,481	5,424	5,973
Other State Revenue	1,034	1,178	1,258	1,323	1,519	1,669
C'wealth Grants	3,536	3,890	4,440	4,858	5,204	5,271
Total Revenue	7,685	8,504	9,595	10,662	12,147	12,913
Payments						
Departmental	6,584	7,342	8,195	8,975	9,794	10,475
Payments to Authorities	730	769	802	960	999	947
Debt Servicing Costs	470	523	656	750	893	965
Total Payments	7,784	8,634	9,653	10,685	11,686	12,387
Recurrent Result	(99)	(130)	(58)	(23)	461	526
CAPITAL						
Revenue						
State Capital Revenue	22	26	33	29	36	204
C'wealth Grants & Advances	830	882	908	928	846	834
Total Capital Revenue	852	908	941	957	882	1,038
Payments						
Total Capital Payments	1,031	1,053	1,203	1,502	1,560	1,556
Capital Result	(179)	(145)	(262)	(545)	(678)	(518)
TOTAL BUDGET RESULT						
Revenue	8,537	9,412	10,536	11,619	13,029	13,951
less Expenditure	8,815	9,687	10,856	12,187	13,246	13,943
equals BUDGET RESULT	(278)	(275)	(320)	(568)	(217)	8

Table 1.6: Consolidated Fund (1)—*continued*

	1983-84 \$m	1984-85 \$m	1985-86 \$m	1986-87 \$m	1987-88 \$m	1988-89 \$m
FINANCING						
Budget Result	(278)	(275)	(320)	(568)	(217)	8
plus Borrowings	317	337	325	550	502	392
less Loan Repayments	59	66	68	53	57	61
equals CASH RESULT	(20)	(4)	(63)	(71)	228	339

(1) Revenue and payments have been adjusted to be on a consistent basis over the period. On an unadjusted basis there was a surplus on the recurrent operating result over the period shown.



SECTION 2: THE ECONOMY

- 2.1 Overview**
- 2.2 Economic Conditions: 1987–88 in Review**
- 2.3 Economic Prospects**

2.1 OVERVIEW

1988–89 will be another good year for the NSW economy. Although the rate of growth is expected to slow to around 3 per cent, it should comprise a better mix between consumption and investment spending.

Both the NSW and national economies performed well in 1987–88. The October share market crash did not lead to the anticipated slowdown in economic activity. Strong world growth led to a rise in Australia's export earnings, both for manufactured goods and commodities. Confidence in the Australian economy improved as a result of the stronger balance of payments position, the steady reduction in inflation and interest rates and the continuation of policies aimed at structural reform.

The prospects for 1988–89 are favourable, with further reductions in inflation and a possible stabilisation of Australia's net external debt as a proportion of Gross Domestic Product (GDP). The projected slowdown in growth should allow inflation to fall, despite a rise in real wages. The continuing reduction in public spending, particularly at the State level, would see the net public sector borrowing requirement fall to zero. A slight increase in the household savings ratio should allow the expected expansion in private investment to be financed domestically, given the decline in the public sector's call on resources.

The dilemma for policymakers is to reap the benefits of strong growth in terms of higher investment, whilst restraining consumer spending (on imports). The current account deficit remains a crucial constraint to growth over the coming year. There are two main areas of concern. The first is the pressure placed on monetary policy to control domestic spending, as a result of the Commonwealth Government's relaxation of fiscal and wages policy. If consumer spending continues at high levels, threatening to increase imports, monetary policy will have to be tightened. This will raise interest rates and possibly damage investment spending. Higher interest rates would also reduce international competitiveness by keeping the exchange rate up.

The other major uncertainty over the coming months is commodity prices. It appears likely that commodity prices will be maintained at present levels until the latter part of 1989, due to continuing strong demand and the lags involved in increasing output. However, if the anticipated slowdown in world growth occurs earlier than expected, commodity prices may come under downward pressure. This would undermine an improvement in the current account, in the absence of success in restraining imports.

2.2 ECONOMIC CONDITIONS: 1987-88 IN REVIEW

THE INTERNATIONAL ECONOMY

Economic growth in nearly all major economies increased strongly during 1987-88, with Organisation for Economic Co-Operation and Development (OECD) countries growing at around 3.5 per cent, while inflation has remained at low levels. 1987 saw a renewed effort to co-ordinate policy amongst major industrial countries to attack the problem of external trade imbalances. This was due, in part, to a recognition that the depreciation of the United States (US) currency in 1985 and 1986 had failed to have the expected impact on trade flows. Although significant time lags may be involved in this adjustment process, it has been generally recognised that direct joint policy action is also required.

One result of this approach has been a more active use of fiscal policy, particularly in the US, with the Federal budget deficit falling over the year. In addition, significant steps have been taken to encourage domestic demand in trade surplus countries. This action has begun to show rewards with a slight reduction in current account imbalances.

Strong activity in the major industrial countries was partly a result of the world wide downward trend in interest rates. This followed the injection of liquidity into financial markets in the post October crash period to avert the prospect of weak growth.

Whilst co-ordination between the major industrial countries has increased in the areas of fiscal and monetary policy, little progress was made last year towards policies to free up trade. Despite the current General Agreement on Trade and Tariffs (GATT) round of negotiations in Uruguay, there is a risk that continuing large trade imbalances may intensify protectionism. This risk seems particularly acute in the rural sector, where levels of protection have traditionally been very high.

The US, one of Australia's major trading partners, has outperformed expectations in the past year. In the first six months of 1988, GDP grew at an annual rate of 3.4 per cent. This included a strong export performance, particularly in manufactured goods, and a significant increase in the level of employment. However, healthy domestic demand and a worsening in the terms of trade led to an increase in the trade deficit.

The unexpectedly good US growth experienced since the October 1987 sharemarket crash has shifted concern away from the possibility of slow growth to concern about inflation. Recent wage rises show that hourly earnings are running at an annual rate of 4.8 per cent, which may put upward pressure on prices. This has been reinforced by the drought in the MidWest, which is expected to add to inflation in the latter part of 1988.

Australia also has significant trade links with Japan, New Zealand and Europe. Japan experienced growth of around 5.0 per cent in 1987-88. Although higher domestic demand led to a rise in imports, the maintenance of export growth resulted in only a small fall in Japan's trade surplus. In Europe, the German economy expanded steadily during the course of the year, assisted by tax cuts at the beginning of 1988. Strong domestic consumption growth was matched by overseas demand. As with Japan, the current account surplus was stable. New Zealand has had a mixed performance in the past year, with falling inflation and rising unemployment. A substantial package of reforms, including restrictive fiscal measures, was announced at the end of 1987. An increasingly important source of trade for Australia lies in the Newly Industrialised Economies (NIEs). Taiwan, South Korea, Hong Kong, Singapore and Thailand experienced growth rates of around 5.0 per cent in the past year. Improved living standards in the region are leading to greater trade opportunities for Australia.

THE AUSTRALIAN ECONOMY

Overview

The outlook for the national economy improved steadily over the course of 1987–88. Growth has exceeded expectations, with private consumption and investment expenditure picking up strongly in the second half of 1987.

There have been improvements in key elements of the economy, in terms of a smaller external deficit, lower inflation and interest rates, and strong employment growth. However, a large part of the improvement in the external sector has been generated by strong commodity prices. These higher prices have improved the terms of trade and have assisted the appreciation of the currency, which has contributed to lowering inflation and reducing debt payments.

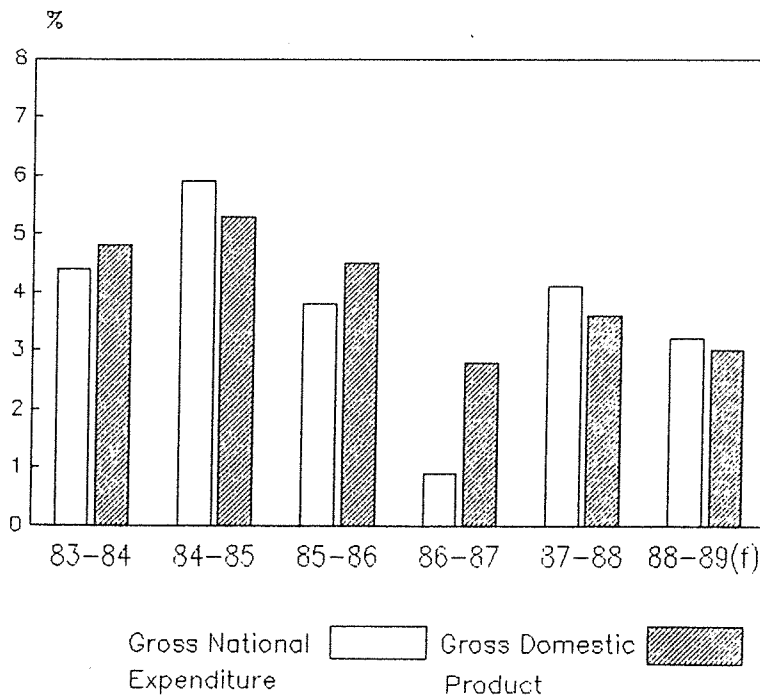
As yet, improvements have not flowed from any significant fundamental structural change to the economy. This will require a higher level of investment in the tradeables sector than has occurred over the past year.

Aggregate Growth

GDP grew by 3.6 per cent during 1987–88. Domestic demand rose strongly by 4.1 per cent. This was partly offset by a negative contribution from net exports.

Figure 2.1

ECONOMIC ACTIVITY Annual Percentage Change



Manufacturing production has been growing strongly since the beginning of 1987, and in March 1988 recorded its fifth consecutive quarterly rise. Production now exceeds the levels experienced during the 1981 boom.

Expenditure on investment equipment picked up during the year, rising 6.0 per cent in real terms and contributing one tenth of GDP growth. The lift in manufacturing production and the improved economic outlook have spurred business confidence and led to a steady rise in the level of equipment expenditure. Recent surveys suggest that the trend will continue into the coming year. This trend has unfavourable implications for the balance of payments, as a significant portion of capital and intermediate goods is purchased overseas.

The strong activity in the building industry in 1987-88 has come from both the dwelling and non-dwelling sectors, with the housing market expanding strongly towards the end of 1987.

Although exports rose in real terms by 5.8 per cent, a substantial 9.1 per cent real increase in imports led net exports to constitute a 0.5 per cent drag on growth in 1987-88.

The public sector also constituted a drag on growth in 1987-88, with a 2.7 per cent increase in Government final consumption expenditure being more than offset by a 11.1 per cent reduction in investment spending.

Consumer Demand

Private consumption has been running at reasonably strong levels since the latter part of 1987 and currently represents approximately one half of GDP growth. This high level of activity has been generated by strong employment growth, reduced personal income tax rates (since 1 July 1987) and a lower level of interest rates in the year to April.

Retail sales grew steadily over the course of the year, with the trend estimate reaching a peak in February, although this still represented only small *real* growth. The tightening of monetary policy in the June 1988 quarter, and associated rise in interest rates, may have begun to impact on consumer demand, with retail sales growth in the June 1988 quarter only 0.9 per cent above the level recorded in the June 1987 quarter in real terms.

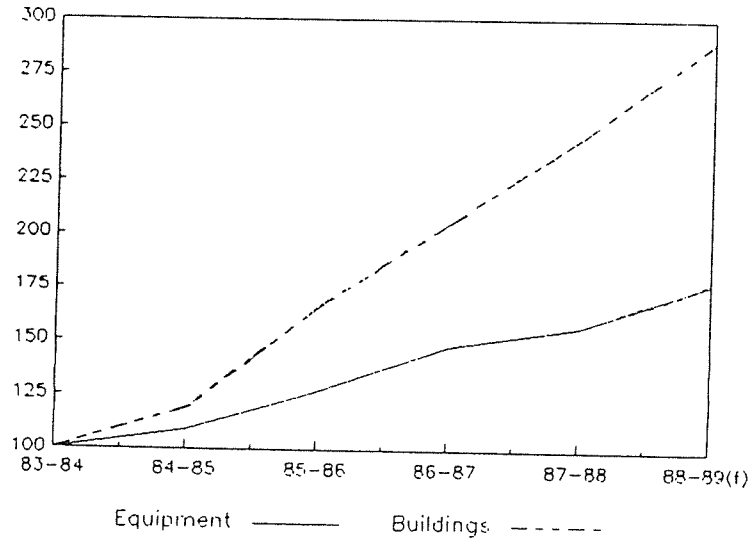
The strong increase in employment and disposable income did not translate into an increase in the savings ratio (the ratio of household saving to household disposable income), which fell from 8.6 per cent in 1986-87 to 8.0 per cent in 1987-88. This low level has not been seen since the 1960's.

Investment

Overall, investment began to pick up during the year. The Australian Bureau of Statistics (ABS) preliminary June 1988 quarter survey indicates that expenditure on new buildings and structures rose dramatically. By contrast, expenditure on plant, machinery and equipment remained subdued. Total annual investment rose by 6.0 per cent in real terms, building expenditure rising by 10.0 per cent and equipment expenditure increasing by a smaller 3.0 per cent.

Cutbacks in funding at both Commonwealth and State levels impacted on the level of public sector building approvals in 1987-88. However, the 5.4 per cent decline in the value of public sector building approvals was more than offset by a strong 43.9 per cent rise in private sector building approvals. The concentration of investment in new buildings rather than equipment over the past few years is shown in Figure 2.2.

Figure 2.2
GROWTH IN PRIVATE NEW CAPITAL EXPENDITURE
(Index, 1983-84 = 100.0)

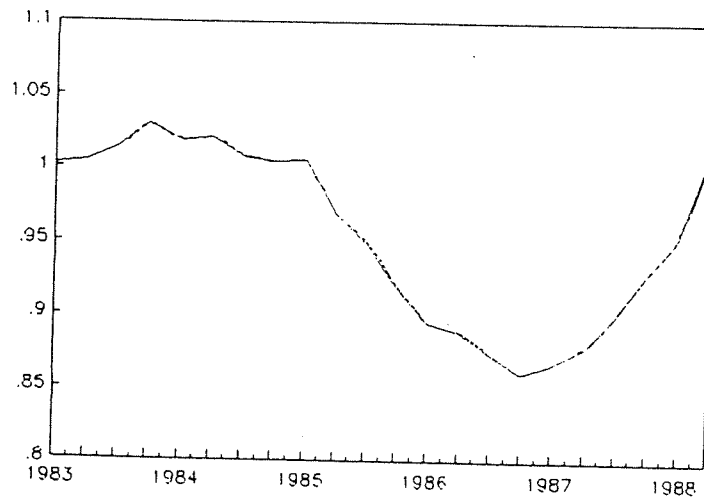


Source: ABS (Cat. No. 5626.0)

External Sector

The combination of stronger than expected world growth and low stockpiles of many commodities resulted in a dramatic rise in commodity prices in 1987-88. In the year to June 1988, the State Bank of Victoria's commodity price index rose by 33.0 per cent in Australian dollar terms. This led to a large 9.0 per cent improvement in Australia's terms of trade over the year, as shown by Figure 2.3.

Figure 2.3
TERMS OF TRADE
Ratio of Export Prices to Import Prices

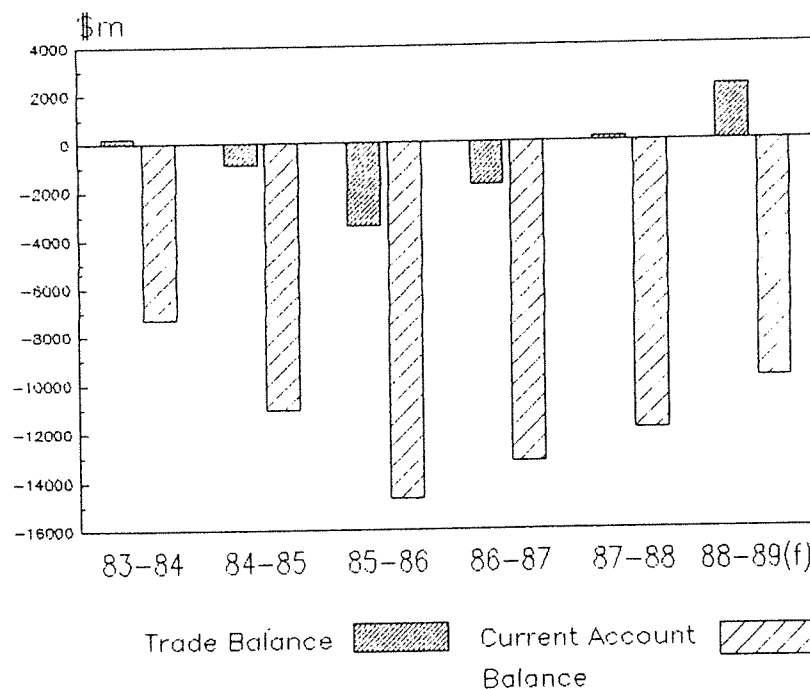


Source: ABS (Cat. No. 5206.0)

The concerns over weak growth generated by the October share market crash led to a sharp fall in the Australian dollar in the December quarter. However, since the beginning of 1988 the improved current account position has increased demand for the Australian dollar thereby appreciating the exchange rate. In addition, the tightening of monetary policy in April/May lifted interest rates and led to a large inflow of funds. The Australian dollar rose in 1987-88 by 9.9 per cent on a US dollar basis and 5.7 per cent on a trade-weighted basis, over the previous year.

The improved terms of trade, along with the benefits of the last three years of real wage restraint and the 1985 and 1986 depreciations, produced a steady improvement in the monthly balance of payments in the latter part of 1987 and early 1988. As Figure 2.4 illustrates, the trade account improved in the order of \$1.9 billion in 1987-88 over the previous year, with the current account deficit falling from \$13.2 billion in 1986-87 to \$11.9 billion in 1987-88. However, the improvements were less than they might have been. While export revenues expanded during the year by 14.0 per cent, strong domestic demand for both consumer and capital goods assisted in lifting both the value and volume of imports by 9.0 per cent. The import penetration ratio (the ratio of imports to sales) rose by 8.0 per cent from June 1987 to June 1988.

Figure 2.4
EXTERNAL BALANCES

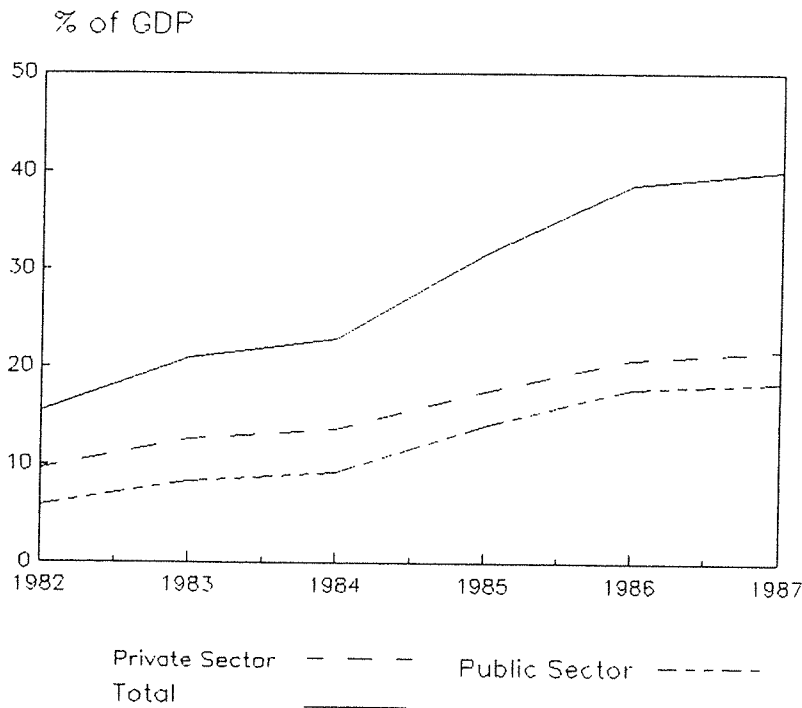


The services category of the balance of payments also recorded gains last year. The improvement occurred primarily in the travel component, reflecting the short term impact of the influx of tourists for the Bicentennial celebrations and the longer term growth of tourism. However, the improvements in the trade and services categories were partly offset by a \$1.4 billion deterioration in the net income balance, which recorded a \$10.7 billion deficit in 1987-88. This was mainly a result of higher interest payments on Australia's external debt.

Despite the increase in the income deficit, the net external debt to GDP ratio appears to be levelling off, at around 31 per cent of GDP. This is a result of the recent decline in the current account deficit, reasonable GDP growth and the appreciation of the currency over the past two years. However, it still remains a pressing problem, in terms of the resources required to service interest payments. Approximately 17.0 per cent of total export (goods and services) receipts were absorbed by interest payments in 1987-88. The growth in gross overseas debt and its breakdown between the private and public sectors is illustrated in Figure 2.5.

Figure 2.5

GROSS EXTERNAL DEBT
(As at 30 June)



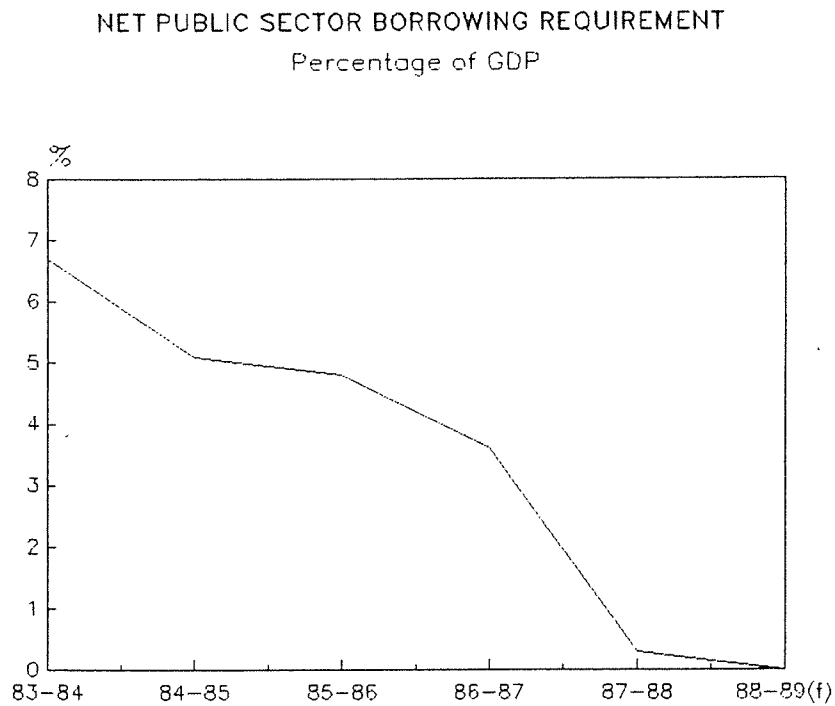
Source: ABS (Cat. No. 5305.0)

Public Sector

The tight fiscal policy introduced by the Commonwealth Government in 1985-86 continues to have a significant impact in reducing the level of public sector outlays. As a proportion of GDP, Commonwealth outlays have fallen from 29.5 per cent in 1984-85 to 27 per cent in 1987-88 and an estimated 25.6 per cent in 1988-89. State Governments have also made significant reductions in their outlays. Since 1982-83, own purpose outlays by the States have risen at an annual rate of 8.9 per cent compared with 11.8 per cent for Commonwealth own purpose outlays. Over the past five years, global borrowings by the States have also been cut back, falling by 38.0 per cent in real terms.

The cutbacks at both State and Commonwealth levels have resulted in the Net Public Sector Borrowing Requirement (Net PSBR) falling from 6.7 per cent of GDP in 1983-84 to an estimated 0.3 per cent in 1987-88 (see Figure 2.6).

Figure 2.6



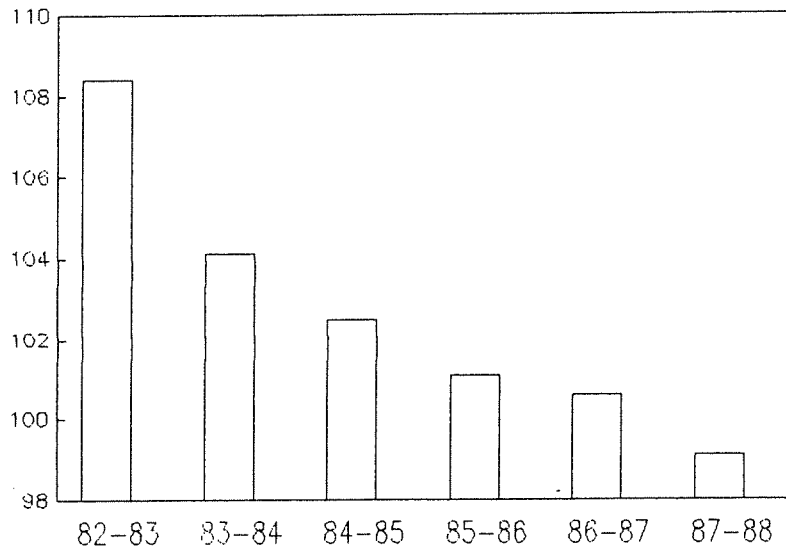
Source: Commonwealth Treasury—Economic Roundup

Labour Market

Employment recorded a rise of 3.0 per cent during 1987-88; a peak rate of growth of 3.9 per cent was recorded in the March 1988 quarter. This strong growth is partly the result of the fall in real unit labour costs since 1982-83 (shown in Figure 2.7). It can also be attributed to strong domestic demand and the exploitation of enhanced export and import substitution opportunities in the manufacturing and service sectors following the 1985 and 1986 exchange rate depreciations.

Figure 2.7

REAL UNIT LABOUR COSTS
 Non-farm sector
 (Average 1966-67 to 1972-73 = 100.0)



Source: Commonwealth Treasury—Economic Roundup

Growth in teenage employment (15-19 year olds) picked up in 1987-88 from the negative rates experienced in 1986-87. In particular, strong job growth for teenage males resulted in significant reductions in the teenage unemployment rate, from 25.8 per cent in February 1987 to 20.7 per cent by February 1988.

Prices and Incomes

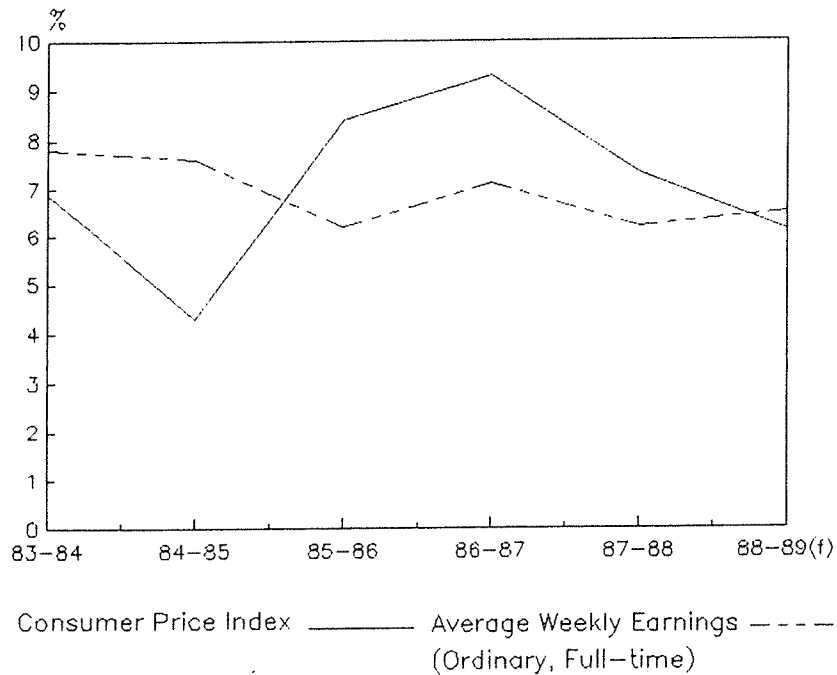
The rate of inflation, as measured by the Consumer Price Index (CPI), fell steadily from the beginning of 1987 to reach 6.9 per cent by March 1988. The recent 1.7 per cent June quarter increase took the annual inflation rate back up to 7.1 per cent. However, this result is not likely to represent a significant turning point, with a large part of the June quarter rise being attributable to higher food prices following the poor weather in April.

The GDP price deflator rose in 1987-88 by 8.2 per cent, above the 7.3 per cent recorded in 1986-87. Since the GDP deflator includes exports, its higher growth compared with the CPI reflects the strong rise in export prices over 1987-88.

The wages agreement, established by the Federal Government in 1983, was modified in March 1987 to incorporate a two tier approach whereby wage rises in excess of a general increase were based on offsetting productivity improvements. The March 1987 Wage Case awarded a \$10 per week rise, payable immediately, with an additional 4.0 per cent available for productivity offsets. In February 1988, an additional \$6 per week general rise was awarded. The movement in prices and incomes is shown in Figure 2.8.

Figure 2.8

PRICES & INCOMES
Annual Percentage Change



Source: Commonwealth Treasury—Economic Roundup

The slower than expected flow through of wage rises under this system, and improvements in productivity, have served to reduce the impact of wage rises on costs and hence on prices over the course of 1987-88.

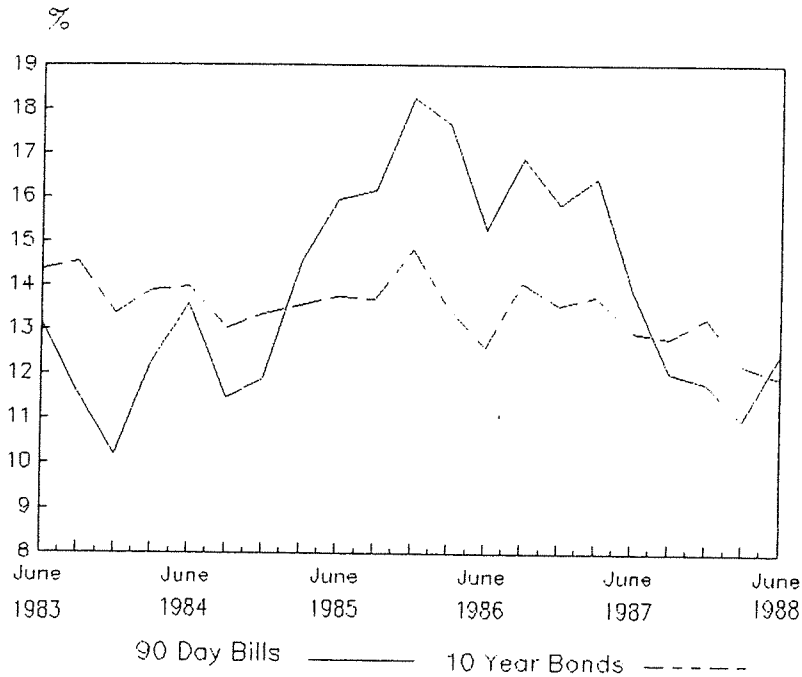
Although real wages have continued to fall over the past year, total household disposable incomes have grown by 1.1 per cent in real terms as a result of the July 1987 income tax cuts, strong employment growth, the expansion in manufacturing production (which led to increased overtime earnings) and higher rural incomes.

Financial Markets

The gradual easing of monetary policy over 1987, and the reduction in inflation, facilitated a sharp fall in interest rates. Despite a temporary rise following the October share market crash and the recent tightening of monetary policy, interest rates are still well below the levels recorded in early 1987 (see Figure 2.9).

Figure 2.9

INTEREST RATES



Source: Reserve Bank Bulletin

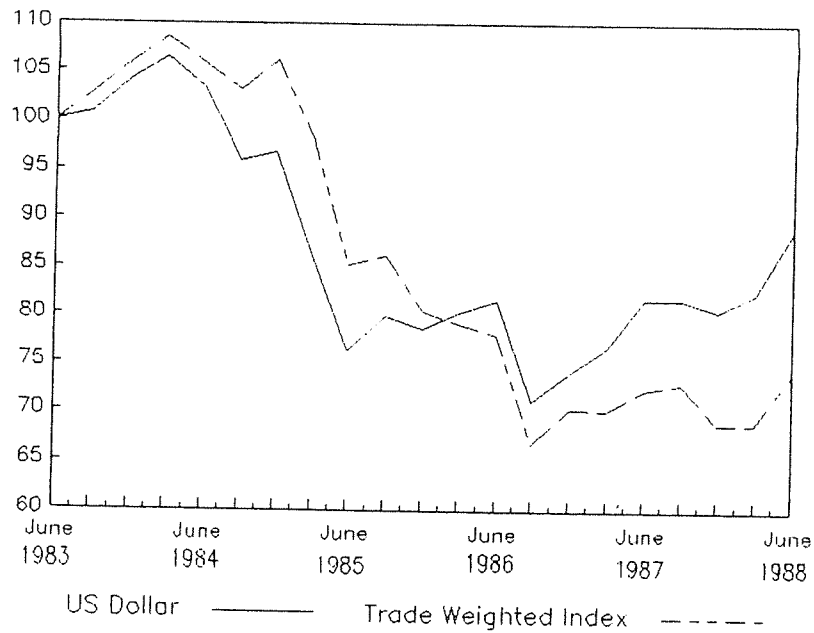
The major event in Australian financial markets during 1987-88, as it was overseas, was the October 1987 share market crash. Australian share prices fell 40.0 per cent over the December 1987 quarter. In the aftermath of the share crash it appeared likely that the world would move into a period of slow growth. This, in turn, indicated falling commodity prices. Since the Australian dollar is perceived as being a predominantly commodity-based currency, these fears were translated into a loss of confidence in the Australian currency. As a consequence, despite significant support from the Reserve Bank, the Australian dollar depreciated by 7.0 per cent on a trade weighted basis over the December quarter. The Reserve Bank was a net buyer of Commonwealth Government securities during this period in an attempt to inject liquidity into the market and balance the Bank's heavy sales of foreign currency. This relaxation of monetary policy facilitated a strong rise in private consumption and investment in the property sector.

Financial markets at home and overseas were more settled over the early part of 1988. Sentiment in the Australian economy improved, spurred on by rising commodity prices. Confidence in the currency was also underpinned by the December announcement that the Commonwealth would record a Budget surplus in 1987-88. Foreign demand for Australian securities and equities rose, putting further upward pressure on the currency.

From March 1988 onwards, the Reserve Bank has frequently sold the Australian dollar in order to stem its appreciation. This is the reverse of its activities during most of 1987 when it sought to buy Australian dollars to stop the currency depreciating. The rise in Australian interest rates during the June quarter, reflecting a tightening of monetary policy designed to curb demand and thereby stem rising imports, served to widen the differential between domestic and overseas interest rates. This led to further upward pressure on the Australian dollar in May and early June. The strengthening of the US dollar towards the end of the financial year acted to take pressure off the Australian currency. The sharp rise in the domestic currency since March is illustrated in Figure 2.10.

Figure 2.10

MOVEMENTS OF THE AUSTRALIAN DOLLAR
(June 1983 Quarter = 100.0)



Source: Reserve Bank Bulletin

Over the June quarter share prices continued to recover from the sharp falls in the December quarter. By June, the All Ordinaries Index had risen by 34.8 per cent from its November low point. Similar rises were recorded by the All Industrials Index. Australian share prices were driven up by the combination of rises on overseas markets, good company profit results and the May Expenditure Statement, which foreshadowed a cut in the corporate tax rate from 49 per cent to 39 per cent. The announcement of a 15 per cent tax on superannuation fund earnings in the May Expenditure Statement also assisted in boosting activity in share markets, with investors moving out of fixed interest securities and buying shares holding fully franked dividends.

THE NEW SOUTH WALES ECONOMY

Overview

Partial indicators of economic activity suggest that the NSW economy performed above the national average in 1987-88, in terms of stronger consumer demand, building activity and employment growth. The widespread base of the State economy has enabled it to benefit from both the rise in rural incomes over the last year and the improved manufacturing outlook.

Aggregate Activity

Preliminary estimates for Gross State Product (GSP) indicate that New South Wales has recovered from the 1982-83 recession, which had impacted heavily on manufacturing industry.

Table 2.1: GSP and GDP at Market Prices

	New South Wales GSP	Percentage Annual Change	Australia GDP	Percentage Annual Change
	\$m	%	\$m	%
1982-83	60,477	6.86	169,854	9.06
1983-84	66,896	10.61	190,633	12.23
1984-85	73,063	9.22	211,483	10.94
1985-86	81,753	11.89	236,202	11.69
1986-87*	90,274	10.42	260,379	10.24
1987-88*	101,406	12.33	291,887	12.10

*NSW Treasury estimates

Source: ABS, "State National Accounts", Catalogue 5220.0.

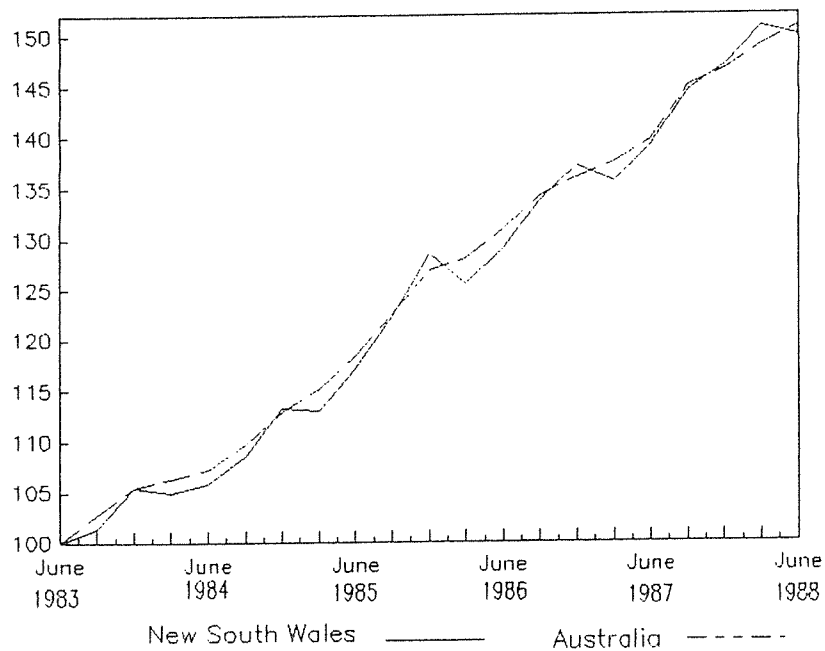
In 1987-88, New South Wales is estimated to have recorded slightly higher growth per capita than Australia as a whole, 11.5 per cent compared with 11.2 per cent.

Consumer Demand

Partial indicators of consumption, such as retail sales and motor vehicle registrations, indicate that New South Wales has experienced strong levels of consumer demand since the beginning of 1987. In New South Wales, 1987-88 year-on-year growth in retail sales was 8.6 per cent, compared to the national figure of 8.2 per cent. Above average growth was particularly evident in the March 1988 quarter. This is shown in Figure 2.11.

Figure 2.11

INDEX OF RETAIL SALES
(June 1983 Quarter = 100.0)
Seasonally Adjusted



Source: ABS (Cat. No. 8501.0)

The number of new motor vehicle registrations in 1987-88 rose by 3.1 per cent in New South Wales, compared to a small 0.4 per cent national rise. These rises did, however, occur from the very low base of registration numbers between September 1985 and May 1987. New South Wales above average performance in consumer demand appears to reflect its stronger employment growth.

Investment

In New South Wales, ABS survey data shows that nominal expenditure on investment rose by only 3.8 per cent in the nine months to March, compared with the same period in the previous year. This was the result of a 38.3 per cent rise in building expenditure and a 9.0 per cent fall in equipment spending.

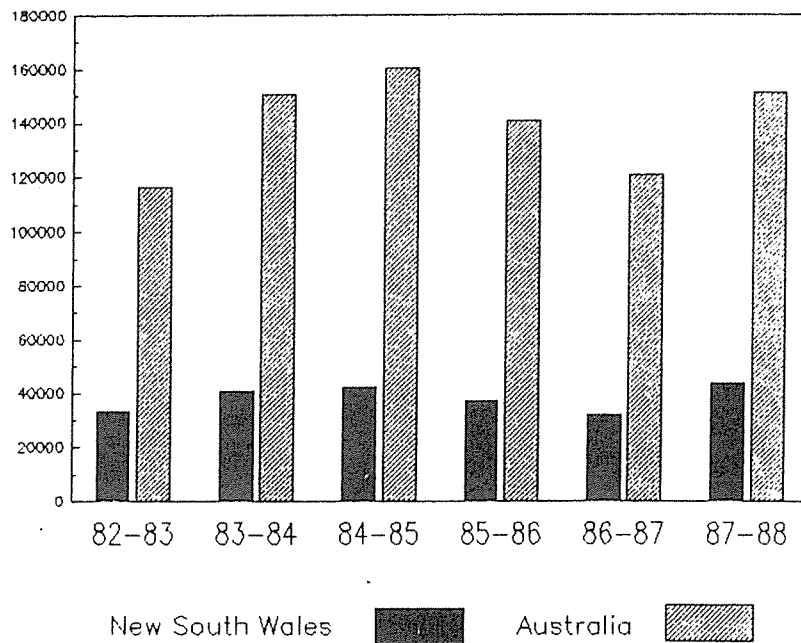
Preliminary NSW figures for 1987-88 indicate that investment in the finance, property and business services sectors rose by 33.4 per cent, while the mining sector recorded a substantial 52 per cent drop and manufacturing a small 0.2 per cent fall. (These figures are based on actual results for the year to March 1988 and expectations for the June quarter.)

Dwellings

Residential building has steadily pulled out of its mid 1987 low point. This has reflected the higher level of economic activity, a switch of resources into the property market following the October share market crash and the restoration of negative gearing in September 1987. The number of dwelling approvals rose by 37.0 per cent in New South Wales, compared to 25.0 per cent nationally. New South Wales accounted for over 29.0 per cent of all new residential approvals. In value terms, the increase was a strong 51.1 per cent in New South Wales compared with 37.3 per cent nationally. Dwelling approval numbers for Australia and New South Wales are illustrated in Figure 2.12.

Figure 2.12

NUMBER OF NEW DWELLING APPROVALS



Source: ABS (Cat. No. 8731.0)

In the NSW dwelling sector, a 33.0 per cent fall in the number of public sector approvals was more than outweighed by a 56.8 per cent rise in private sector approvals.

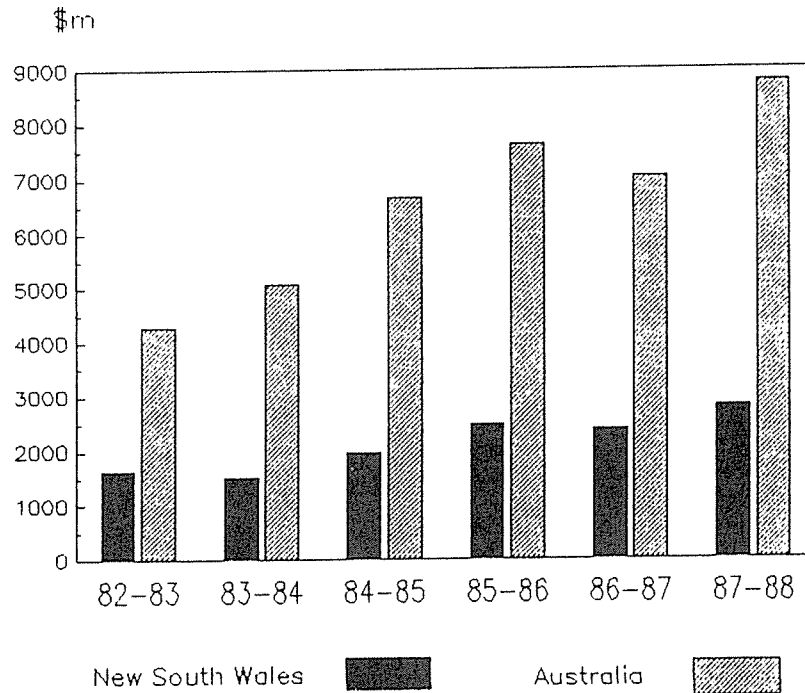
Non-Dwelling

Overall, the value of non-dwelling building approvals rose by 27.2 per cent in New South Wales and 33.8 per cent on a national basis.

The four year boom in the non-dwelling sector has led to a historically high level of building, as shown in Figure 2.13. Particularly strong gains were made in the hotel sector, with approvals up three-fold in New South Wales. Activity in the office and factory sectors also showed significant rises.

Figure 2.13

NON-DWELLING APPROVALS
(Constant 1984-85 Prices)



Source: ABS (Cat. No. 8731.0)

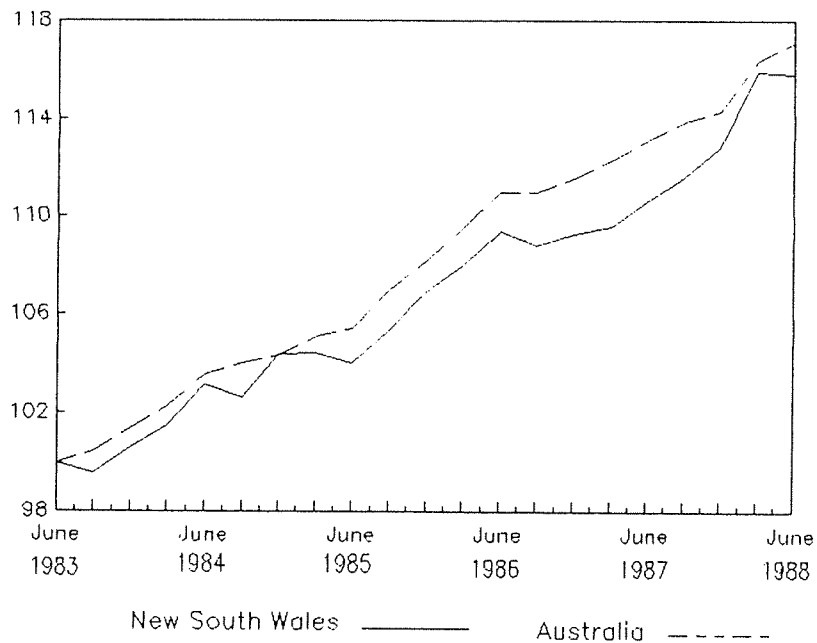
A cutback in public sector retail developments was balanced by an increase in private sector activity at both the State and national level. In Sydney, a feature of the high level of activity over the past few years has been the development of secondary suburban sites such as Parramatta, North Sydney and Chatswood. Significant additions to retail and office stocks have occurred in these areas.

Labour Market

In 1987-88, New South Wales recorded above average employment growth of 4.1 per cent, and accounted for approximately half of all new jobs created in Australia in the twelve months to June. The NSW labour force also grew at a historically high rate during 1987-88. At 3.2 per cent, the growth in the number of people in or seeking work was double that of the previous year. Participation rates rose, particularly for married females: by early 1988, 49.0 per cent of married females were in the labour force, compared to 47.0 per cent in 1987 and 44.0 per cent in 1984. The contrast between NSW and national employment growth over the past six years is shown in Figure 2.14.

Figure 2.14

INDEX OF EMPLOYED PERSONS
(June 1983 Quarter = 100.0)
Seasonally Adjusted

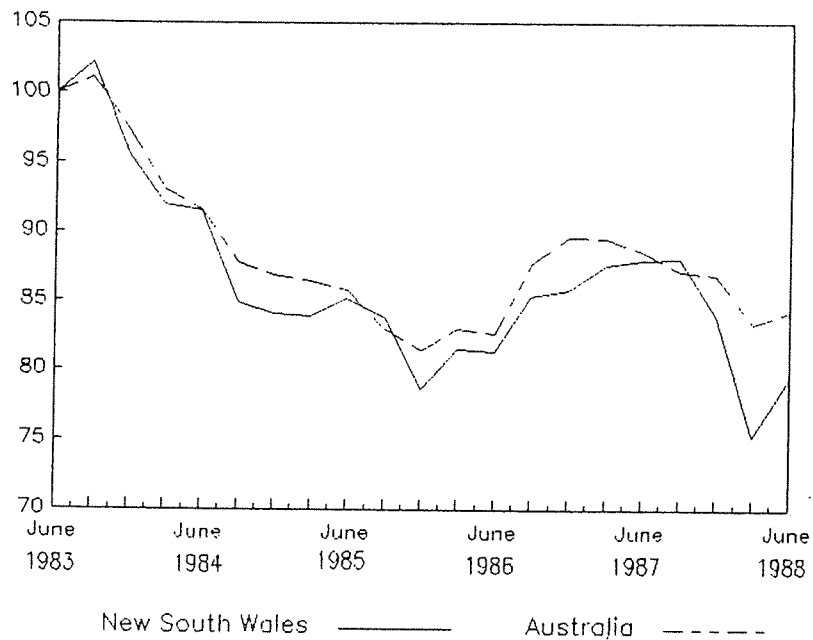


Source: ABS (Cat. No. 6202.0)

In spite of the higher participation rate trend, employment growth was strong enough to generate significant falls in unemployment during 1987-88, particularly during the December quarter. The seasonally adjusted NSW unemployment rate fell from 8.8 per cent in June 1987 to 7.5 per cent by June 1988, bringing the year average reduction in the number of unemployed persons to 23,400. This compares to the seasonally adjusted national unemployment rate of 7.4 per cent at June 1988, and an annual reduction in unemployment of 12,200 persons. However, the NSW unemployment rate is still above the rate recorded in Victoria (6.1 per cent in June). An index illustrating the reduction in the number of unemployed persons in Australia and New South Wales is shown in Figure 2.15.

Figure 2.15

INDEX OF UNEMPLOYED PERSONS
(June 1983 Quarter = 100.0)
Seasonally Adjusted



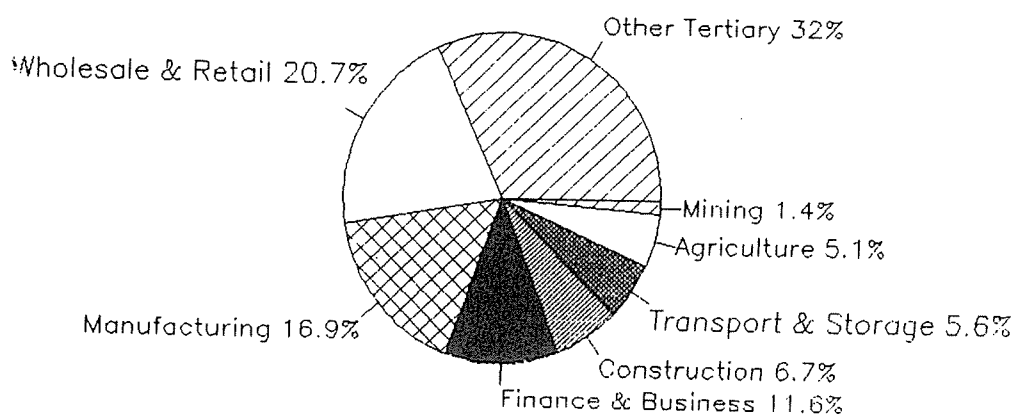
Source: ABS (Cat. No. 6202.0)

PERFORMANCE OF SELECTED INDUSTRIAL SECTORS

The structure of the NSW economy is very similar to that of the Australian economy, partly as a result of its large share of the national economy. New South Wales relies relatively less than other States on agriculture, but is relatively more specialised in labour intensive mining operations, manufacturing, and areas of tertiary industry such as finance and business services, transport and storage and the wholesale and retail trades.

Figure 2.16

NSW EMPLOYMENT BY INDUSTRY – MAY 1988



Source: Austats

Mining

The NSW mining industry is dominated by coal mining, with 60.0 per cent of the 33,600 persons employed in mining involved in the extraction of coal. Other mining includes metals such as lead, zinc, silver, copper, tin and gold; gemstones; and minerals such as limestone and clay. Overall, net mining employment in New South Wales rose by 4,100 persons in 1987-88, in spite of a decrease of 300 jobs in coal mining.

In 1987-88, New South Wales accounted for approximately half of total Australian saleable black coal production. Approximately 58 per cent of saleable coal mined in New South Wales is exported. Exports of coal contributed 18.0 per cent of total NSW export earnings in 1987-88. In the six months to end June 1988, raw coal production in New South Wales fell by 16.0 per cent. However, export tonnages have been maintained by depleting stockpiles.

A degree of uncertainty surrounds the prospects for the NSW coal industry, particularly for the relatively high-cost underground mines. Employment losses have been predominantly in the underground Illawarra mines. Some observers have pointed to the improved US dollar price of coal on world markets as evidence of an improved economic outlook for the industry. The US dollar price for Australian coking coal (per tonne) for 1988 ranges from 9.1 per cent to 12.5 per cent above 1987 prices. However, the appreciation of the Australian currency has largely negated these price rises.

The world market situation appears to offer no relief for marginal mines in New South Wales, with only modest growth in world coal demand anticipated over the coming year.

Rural

The gross value of total agricultural production in New South Wales increased by 25.0 per cent in 1987–88, compared with a 14.0 per cent national rise. This difference was closely matched by the respective increases in total exports from New South Wales and Australia. A large part of the rise in production in New South Wales was due to price rises in several products in which New South Wales is relatively specialised, namely wool, rice and cotton. The increase in rural incomes assisted in creating 9,400 new jobs in the NSW agriculture sector, which acted to reduce regional unemployment.

Table 2.2: Gross Value of Key Rural Products, NSW, 1987–88

	\$m	Increase over 1986–87 %	% of Total Australian Production
Rice	102	27	96
Cotton	431	40	77
Wool	1,926	75	35
Wheat	659	-9	32
Beef and Veal	793	19	27
Milk	261	4	18
Barley	109	49	23
Total Agriculture	5,986	25	30

Source: ABS, "Value of Principal Agricultural Commodities Produced," Catalogue 7501.0

The rapid increase in wool prices and an expansion of output led to a 75.0 per cent rise in the value of wool production in 1987–88. The value of wool exports rose by over 50.0 per cent. Although wheat prices rose by 10.0 per cent in 1987–88, the switch in land use to the more profitable production of wool caused a 9.0 per cent fall in the value of NSW wheat production in 1987–88.

Australian production of beef and veal rose almost 5.0 per cent by weight in 1987–88, with a relatively small 3.0 per cent rise in the saleyard price of cattle. The value of NSW output rose by 19.0 per cent, compared to a national rise of 5.0 per cent.

Cotton prices improved only marginally during 1987–88. Despite this, and the damaging effects of the April/May wet weather, the gross value of NSW production rose by 40.0 per cent. Rice production also rose by 27.0 per cent in 1987–88, possibly in response to higher export demand resulting from harvest failures in Asia.

Manufacturing

New South Wales accounts for approximately 40 per cent of manufacturing production in Australia. The increase in manufacturing production in 1987–88 led manufactured exports of NSW origin to rise by 18.0 per cent. Manufactured exports (comprising mainly basic metal products) now account for 43.0 per cent of total NSW exports, compared to 33.0 per cent for Australia as a whole (see Table 2.3). The proportion has increased significantly since 1985–86, reflecting both the fall in commodity prices during 1985 and 1986 and a shift in production towards the tradeable goods sector.

Table 2.3: Exports 1987-88

	Australia %	NSW %
Food, beverages and tobacco	23.5	15.0
Basic materials	27.7	21.4
Fuels	16.4	20.5
Manufactures:		
Metals & metal manufactures	9.9	24.9
Machinery & transport equipment	6.9	5.7
Other	15.6	12.5
Total	100.0	100.0

Source: NSW Treasury estimates based on unpublished ABS data

In 1987-88, 25,000 new positions were created in the NSW manufacturing sector. These included 12,000 new jobs in food, beverages and tobacco, which were partly offset by a decline of 8,300 jobs in transport equipment. The growth in manufacturing employment was particularly encouraging given that employment fell in 1986-87.

Tertiary

Net tertiary sector employment in New South Wales grew by 4.8 per cent in 1987-88. The only areas to record a decline were the public administration and defence sectors. In total 87,900 new positions were created in the tertiary sector during 1987-88.

Retail/Wholesale Trades

Employment in the NSW wholesale and retail trades grew by 3.9 per cent in 1987-88, compared to average NSW employment growth of 4.1 per cent. Nonetheless, because the retail sector is a large employer, it contributed approximately 18,600 new jobs in 1987-88, representing 19 per cent of all jobs created in New South Wales.

Finance

The impacts of financial market de-regulation in 1983 and 1984 have now largely worked their way through the economic system. Sydney has been a major recipient of the benefits flowing from these changes, particularly in terms of employment growth. Expansion is now taking place at a more steady pace, with employment in the NSW finance and investment sector rising by 3.5 per cent in 1987-88.

Tourism

Overseas tourism has recently had a significant impact on Australia's balance of payments, with the number of visitor arrivals outnumbering Australia's departures overseas for the first time. Sydney airport is a major port of arrival, and a large proportion of the income generated by the tourism industry remains in New South Wales.

The growth in the number of incoming tourists has been particularly marked during the Bicentennial celebrations, as is evidenced by the 5.0 per cent increase in the number of guest arrivals in New South Wales in the March 1988 quarter over the same quarter in 1987. To cater for the increased number of tourists there has been a 7.6 per cent rise in the number of tourist establishments in New South Wales over the same period.

The combination of increased tourist numbers and establishments has helped to generate a strong 29 per cent increase in revenue from tourist accommodation in New South Wales in the March 1988 quarter, over the same period in 1987.

2.3 ECONOMIC PROSPECTS: 1988-89

THE INTERNATIONAL ECONOMY

Following the strong economic performance of 1987-88, growth is expected to slow somewhat in 1988-89, to between 2.5 to 3.0 per cent, although there are likely to be large variations between countries.

The reduction in world trade imbalances remains one of the most pressing tasks for policymakers. Further improvements in both the US Budget and trade deficits will depend heavily on the action taken by the incoming Administration. Despite the introduction of the Balanced Budget Act, which sought to control Federal spending, the Budget deficit is set to remain unchanged in nominal terms in 1988 from the 1987 figure of US\$144 billion. However, the OECD estimates that the Federal deficit will in fact rise to \$164 billion in 1988, and thereafter decline slowly as the surplus in the social security funds builds up.

Some improvement in the US trade balance is expected. Although US imports have risen steadily since the second half of 1987, the balance between domestic and foreign sources of growth is moving in the right direction. The OECD estimates that the US current account deficit will fall from \$160.7 billion in 1987 to \$150 billion in 1988 and further to \$132 billion in 1989. This is a fall from 3.6 per cent of GDP to 2.6 per cent by 1989.

A continuation of strong export growth has been made more difficult by the recent appreciation in the US currency. With interest rates already rising (putting further unwelcome pressure on the US dollar), it is unlikely that monetary policy will be tightened. A more restrictive fiscal policy, through a reduction in Federal spending and higher taxes, would dampen domestic demand and hence allay inflationary fears.

The new US Administration will also need to make headway in increasing the level of domestic savings, as slow progress in reducing the large trade imbalance may make it increasingly difficult to attract overseas capital to finance the current account deficit. A substantial rise in interest rates to attract funds could trigger stock market instability. However, in the short term, business confidence appears to have recovered well from the October crash, with markets moderately calm so far this year.

The injection of liquidity into financial markets following the October share market crash helped to facilitate interest rate falls over the latter part of 1987. The recent reversal of this trend, with a general rise in US, European and Australian interest rates, is forecast to continue into the latter part of 1988. This should serve to slow growth in 1988-89.

In Japan, strong domestic demand and business investment is expected to assist in reducing the current account surplus from US\$85 billion in 1988 to just under US\$80 billion in 1989. A more significant inroad into the surplus is only likely to occur with further measures to liberalise agricultural trade. In Germany, the announced shift to a more restrictive fiscal policy stance in 1989 is expected to increase the current account surplus.

The anticipated slowdown in economic activity in 1988-89 may serve to limit any further rise in Australia's terms of trade during the course of the year. However, current levels of activity, and the inability to expand rural production in the short term, should see revenues from commodities maintained over the coming year. Slower growth in the US and Europe may impact on the ability of Australian manufacturers to lift their performance to these countries in 1988-89. However, this may be offset by the increased trade opportunities offered by the faster growing Pacific region.

THE AUSTRALIAN ECONOMY

The outlook for the Australian economy remains favourable, with growth in 1988–89 expected to fall to a steadier and more sustainable 3 per cent, still in excess of the long term average rate of growth of 2.75 per cent. Domestic demand is forecast to grow by 3¼ per cent in 1988–89, with significant contributions from private consumption and private investment in dwellings and equipment. Although a further expansion in export volumes is forecast, a continuation of strong import growth will lead net exports to constitute a ¼ per cent drag on growth in 1988–89.

Actual outcomes for 1987–88 and forecasts for 1988–89 are given in Table 2.4.

**Table 2.4: Economic Assumptions Underlying the Budget
(Percentage change on previous year unless otherwise stated)**

	1987–88 %	1988–89 %
<i>Economic Activity</i>		
Private Consumption	2.8	2¼
Private Investment	11.3	9
Public Sector	-1.1	1
Real GNE (Domestic Demand)	4.1	3¼
Net Exports	-0.5	-¼
Real GDP (Production)	3.6	3
Real GSP (NSW)	3.8	3
<i>Prices & Incomes</i>		
CPI—National	7.3	6
CPI—Sydney	7.6	6½
GDP non-farm deflator	7.7	6½
Average Weekly Earnings (ordinary full time)	6.2	6½
Award Wages	3.8	5¼
<i>Labour Market</i>		
NSW Employment (Year on Year)	4.1	2¾
NSW Employment (June on June)	4.3	2½
<i>Balance of Payments</i>		
Current Account Deficit	\$11.9bn	\$9.8bn
% of GDP	4.1	3.1
<i>Interest Rates</i>		
Average 90 day Bill rate	11.8	12½
Average 10 year Bond rate	12.5	11½

The slowdown in employment growth, recent tightening of monetary policy and the moderate outcome from the August 1988 National Wage Case will slow private consumption growth to approximately 2¼ per cent in 1988–89, compared to the 2.8 per cent growth recorded in 1987–88.

Business investment will continue to pick up in the coming year, spurred by the strong 27 per cent rise in company profits over 1987–88 and the reduction in the company tax rate from 49 per cent to 39 per cent. However, this growth is again expected to occur primarily in the finance sector. The continued picture of relatively subdued investment in manufacturing appears surprising, given the rapid expansion in manufacturing production over the past 18 months. However, in real terms, the manufacturing sector has taken five years to recover from the 1982–3 recession. Production did not reach the level recorded during the 1981 boom until the June 1987 quarter. Given this, there is likely to be sufficient capacity to meet expansion in the short term.

There are signs that activity in the dwelling sector may not remain at the current high level. The higher prices generated recently in the housing market and the lift in mortgage rates may act to discourage some buyers. However, on a historical basis, activity will remain strong.

The current account deficit is anticipated to fall to \$9.8 billion in 1988-89, representing 3.1 per cent of GDP. A larger surplus in the trade balance is anticipated. This will result from commodity prices holding up at present levels, implying a higher year-on-year terms of trade than in 1987-88. Slower domestic demand will ease import growth, although this will be partly offset by increased imports of capital goods.

The continuation of strong tourist levels should lead to a further improvement in the services category of the balance of payments, whilst the lower current account deficits of the past two years and higher exchange rate will effectively reduce overseas interest payments and thereby lower the net income deficit.

The external debt remains a crucial constraint to growth. Although the stronger currency reduced the growth rate of debt and the repayment burden over 1987-88, it is still a serious problem, in terms of the pressure placed on the trade and service sectors to square the current account. However, a stabilisation of net external debt as a proportion of GDP now looks achievable in the short term.

The 1988-89 Federal Budget represented a slight relaxation of restraint on Commonwealth own purpose outlays, which are projected to rise by 5.3 per cent. The Commonwealth non-Budget sector will receive additional revenue in 1988-89 for the purchase of new aircraft by Qantas and Australian Airlines. By contrast, Commonwealth allocations to the States, Northern Territory and Local Government have risen by only 1.4 per cent. Overall, the public sector is expected to contribute little to growth in 1988-89.

In the labour market, employment growth is anticipated to ease throughout 1988-89 as economic growth slows. In particular, the rate of growth of full-time employment is expected to slow, but this trend may be partly offset by further strong growth in part-time employment, in the faster-growing service sectors.

Whether lower employment growth will reverse the recent gains made in the reduction of unemployment will depend on the rate of growth of the labour force. A slowing in the labour force growth rate is anticipated and this could result in a slight reduction in the year average unemployment rate.

Inflation is projected to decline slowly throughout 1988. The appreciation of the Australian dollar during the June 1988 quarter should feed through into lower import prices throughout 1988-89. The reduction in indirect taxes announced in the Federal Budget should lead to a fall in the price of several consumer items in the December quarter. Partially offsetting these factors is the increase in mortgage rates in June which will start to feed through into higher housing costs in the September quarter. Inflation, as measured by the CPI, is forecast to record a year average rate of 6 per cent in 1988-89, below the 7.3 per cent recorded in 1987-88.

The continuation of a downward trend in the inflation rate will depend significantly on the flow-through of wage rises determined in the August 1988 National Wage Case, and the extent to which higher costs are passed on to consumers. The Arbitration and Conciliation Commission (ACAC) has determined that two wage rises will be available in 1988-89, the first up to a ceiling of 3 per cent and the second up to a limit of \$10 per week. The two rises are to be at least six months apart, with the initial rise available from 1 September 1988. In order to obtain a wage rise, parties to an agreement have to agree to undertake a review of award structures to identify areas in which skills and labour market flexibility can be improved.

The rate at which outstanding second tier claims and rises from the latest Wage Case flow-through the system will determine the increase in average weekly earnings. An increase in average weekly earnings in the order of 6½ per cent is forecast in 1988-89, which assumes a fairly rapid flow through of wage rises. Lengthy negotiations at the industry or enterprise level could serve to reduce the full year impact. The forecast year-on-year inflation rate of 6 per cent implies a slight growth in real wages over 1988-89, following the last three years of real wage decline.

The differential between inflation in Australia and overseas has been narrowing over recent quarters. With an appreciating exchange rate competitiveness can only be maintained and improved if costs of production are kept *below* those of our major trading partners. With average wage levels growing by 4-5 per cent in OECD countries, an increase in average weekly earnings of 6½ per cent will damage Australia's competitiveness, unless it is accompanied by substantial improvements in labour productivity.

Promised income tax cuts in July 1989 should assist in lifting disposable incomes while easing pressures for wage rises. The Commonwealth Government has stated that the tax cuts may be sufficient to maintain living standards over 1989-90. The size of the cuts will therefore be conditioned not only by the expected inflation rate over 1989-90, but also by the need to avoid fuelling consumer spending on imports.

Monetary policy is likely to remain tight over the latter part of 1988 in order to keep domestic demand in check. The resilience of consumer spending over the June quarter may lead to a further rise in short term interest rates. Once there are signs that consumer demand has slowed, monetary policy is likely to be relaxed to stimulate further investment growth. A continuation of improvements in the external account and inflation, combined with a relatively stable exchange rate, should result in some reduction in interest rates in the March 1989 quarter.

One factor which may delay the predicted fall in interest rates is the trend towards higher interest rates overseas. With Australia still running a substantial current account deficit, domestic interest rates will have to be maintained at levels which are attractive to overseas investors. This will be particularly crucial if there are signs that commodity prices, and hence the currency, may weaken.

The Australian dollar should maintain its existing strength against other major currencies in the coming year, as long as commodity prices remain around existing levels. Expectations are for a reduction in commodity prices in the latter part of 1989 as a result of slower world growth.

THE NEW SOUTH WALES ECONOMY

The prospects for the NSW economy will largely reflect national developments. The current growth of consumer demand and employment in New South Wales should see the State continue to perform relatively well in 1988-89.

However, with world growth set to slow next year, it is unlikely that manufacturing exports will perform as strongly in 1988-89. A reduction in demand for minerals may also occur due to the predicted slowdown in world manufacturing production. The impact on both coal and alumina exports will probably not affect New South Wales until 1989-90. Steady demand by the Japanese should see levels maintained in 1988-89.

ABS survey data suggests that New South Wales is set to record a pick up in investment. A 20.5 per cent increase in investment spending is forecast in 1988-89, similar to the forecast 21.0 per cent national rise. Investment growth is again anticipated to be concentrated in the finance and non-manufacturing sectors. Building activity is expected to remain at historically high levels in 1988-89. This should ease pressure on vacancy rates.

THE ECONOMY AND THE BUDGET

The forecasting of economic variables is a key stage in the Budget process. The accuracy of the receipt and outlay estimates is partly dependent on the accuracy of the economic forecasts underpinning them.

The major variables forecast are—

- Gross State Product
- Consumer Price Index (Sydney)
- Average weekly earnings
- Interest rates

Economic Growth

The growth of GSP impacts directly on many of the State's taxes. A higher growth rate would (for example) increase collections from financial institutions duty, as more transactions occur and funds are deposited and re-deposited into bank accounts. Likewise, revenue from petroleum would benefit as demand boosts the production and transportation of goods. Growth in employment also raises revenue. In 1987–88, the rise in employment of 4.1 per cent was above the 3.0 per cent national figure. Whilst this is expected to moderate to 2¾ per cent in 1988–89, payroll tax revenue will nevertheless benefit from employment expansion. Generally, the higher economic growth, the higher most receipt items will be.

The long term trend relationship between growth in GSP per capita and tax revenues in total is one of proportionality, but there are variations between taxes. Tobacco and alcohol licence fee revenue rises less than proportionately, whilst the stamp duties, particularly contracts and conveyancing, appear to respond more than proportionately to GSP per capita changes. Payroll tax, which has been effectively indexed by having the exemption level raised, appears to be proportional in its responsiveness. However, what holds over the longer term is more tenuous on a year to year basis: tax revenue will keep up with the value of GSP per capita in the long term but may not do so in each year.

Consumer Price Index

The NSW Treasury forecasts inflation in New South Wales will average 6½ per cent during 1988–89. Inflation affects tax collections of a number of items, both directly and indirectly. Rises in real estate values will increase revenues from property conveyances and, after a lag of eighteen months, land tax.

While changes in real estate values are more volatile than the general rate of inflation, a significant proportion of the recent rise in property prices can be attributed to 'inflation catch-up' for 1986 and early 1987, when property prices were stagnant. Beyond this factor, the recognition of Sydney as a major international market has seen prices rise to reflect the lower yields that international investors accept.

Inflation rates exert a more direct influence over expected receipts from business franchise licences. A higher than expected inflation rate would push up the value of a merchant's purchases on which the licence fee is based. As well, the indexation of Federal excise duties acts to increase State revenue as the tax falls on the wholesale price.

Financial Assistance Grants from the Commonwealth Government are also affected by the inflation rate. The Financial Assistance Grants Pool for 1988–89 stands at \$12,313.2 million. An increase in the inflation rate of 1 per cent, for example, would boost this figure by approximately \$120 million, out of which New South Wales would receive an extra \$48 million.

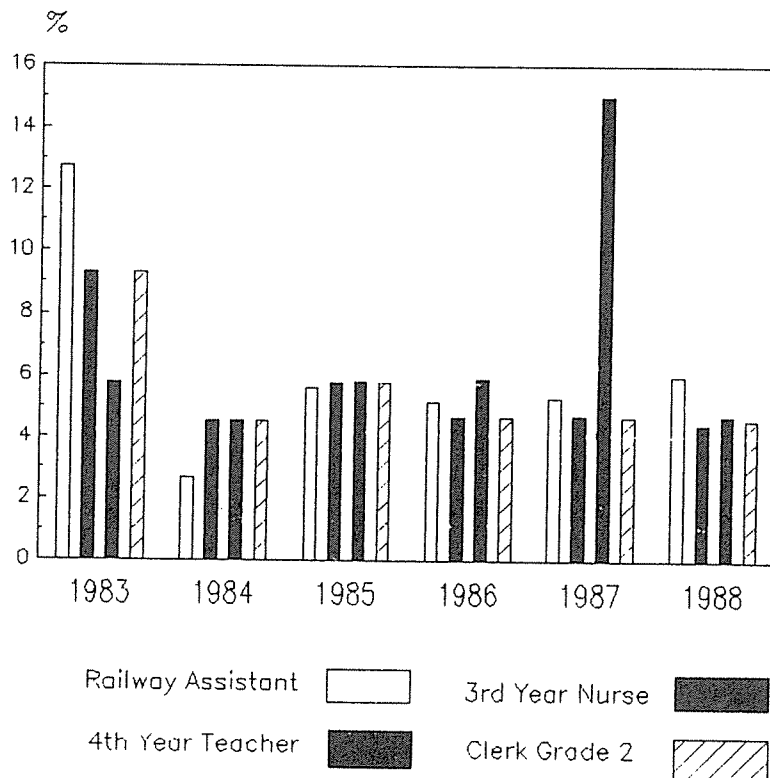
The impact of inflation on the cost of Government services will vary from input to input and from department to department. While salaries are the major component of most departments' costs, expenditures on (for example) rent, purchase of computer equipment and motor vehicles, and medical and pharmaceutical requirements may all be affected by inflationary pressures. Where appropriate, specific price indexes are used in determining departmental budget allocations. The capital works program is also affected by inflation, through increases in the cost of building materials, land and major plant and equipment.

Wages and Salaries

Award wages constitute the major proportion of departmental operating costs. They are estimated to have risen by 3.8 per cent in 1987-88. A sample of recent wage movements for selected NSW public service employees is shown in Figure 2.17. This sample suggests that award wage growth for key groups employed in the NSW public sector may have exceeded national growth. It indicates areas of cost pressures for the Budget.

Figure 2.17

GROWTH IN MEAN ANNUAL SALARY LEVELS SELECTED OCCUPATIONS IN NSW PUBLIC SECTOR



Award wages are forecast to rise by 5¼ per cent in 1988–89. Average weekly earnings are estimated to grow by 6½ per cent in 1988–89. The impact on Budget outlays of higher wage costs is partly offset by increased payroll tax receipts. The higher wages growth, the larger an employer's payroll, and consequently the larger their tax liability. At current payroll tax rates, it is estimated that a 1 per cent increase in award wages will have a net Budget impact of around \$22 million. This comprises extra wage costs of \$42 million, which are partly offset by around \$20 million in additional payroll tax receipts from private employers.

To encourage employment growth and to maintain the neutrality of the tax, the NSW Government has undertaken to adjust the payroll tax scale in line with inflation from 1 January 1989.

Interest Rates

The level of interest rates in the economy will impact significantly on several major revenue items including property conveyances, loan securities and share transfers.

Home loan interest rates offered by the major banks stood at 15.5 per cent in July 1987, but by February 1988 had fallen to 13.5 per cent. This substantial fall in interest rates released pent-up demand for housing, pushing up both prices and turnover. Revenue from property conveyances and loan securities rose substantially.

Interest rates have risen over the last few months, and the Budget forecast is for higher levels to be maintained to the end of 1988. However, a reduction in both long and short term interest rates is expected in the first half of 1989.

Sharemarket investment competes with other forms of investment opportunities. One of these is fixed interest securities. Consequently, a rise in interest rates should divert funds from shares to fixed interest securities, reducing the revenue from share transfers. However, this effect is frequently offset by other developments, particularly those focused on commodity prices or changes in tax aspects of financial investment opportunities.

Finally the NSW Treasury has large cash balances which it invests over the short term. Higher interest rates increase this return.

SECTION 3: OVERALL BUDGET PAYMENTS

- 3.1 Introduction**
- 3.2 Trends in Budget Outlays**
- 3.3 Gross Program Payments by Policy Area and Sector and by Minister
(The Green Tables)**



3.1 INTRODUCTION

This section provides an overview of total payments, as well as detailed information on payments by Ministerial responsibility and by policy area.

The prime focus of the Budget is the Consolidated Fund which is the account through which payments and receipts for the Inner Budget Sector or general government pass. Inner Budget Sector entities are basically funded from the Budget with little or no recourse to user charges and as such are not subject to the disciplines of price competition from alternative sources of supply. Inner Budget Sector entities include Departments such as Education, Health, Corrective Services, Family and Community Services and central agencies such as Treasury.

While Inner Budget Sector entities are predominantly funded from Consolidated Fund, there are other sources of funds, in the main special deposit account reserves, which may reflect past transfers from the Consolidated Fund.

In contrast, the Outer Budget Sector consists of public sector entities which are largely self financing, though there may be some limited subsidy from the Consolidated Fund. Transport authorities such as SRA and UTA are classified as Outer Budget Sector, given their commercial charter, though at present their operations substantially rely on budget funds.

Table 3.1 Budget Payments

	1986-87 \$m	1987-88 \$m	% Change	1988-89 \$m	% Change
Consolidated Fund—					
Recurrent	10,685	11,686	9.4	12,387	6.0
Capital	<u>1,502</u>	<u>1,560</u>	<u>3.9</u>	<u>1,556</u>	<u>(—)0.3</u>
Total	12,187	13,246	8.7	13,943	5.3
Total Payments—					
Recurrent	11,969	12,966	8.3	14,139	9.0
Capital	<u>4,680</u>	<u>4,407</u>	<u>(—)5.8</u>	<u>4,445</u>	<u>0.9</u>
Total	16,649	17,373	4.3	18,584	7.0

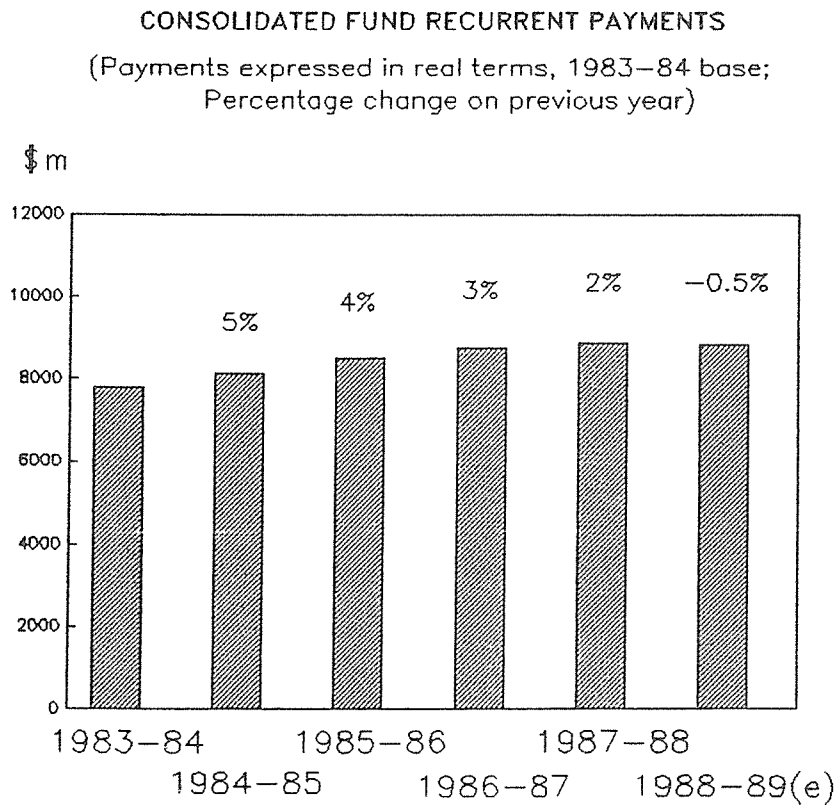
3.2 TRENDS IN BUDGET OUTLAYS

• Consolidated Fund Recurrent Payments

Consolidated Fund recurrent payments have increased by 12.4 per cent per annum on average over the period from 1983-84 to 1987-88, compared with average inflation over the period of 7.8 per cent (see Figure 3.1). This translates to an average real growth rate of 3.4 per cent per annum.

For 1988-89 Consolidated Fund recurrent payments will increase by 6.0 per cent which is a real decline of 0.5 per cent.

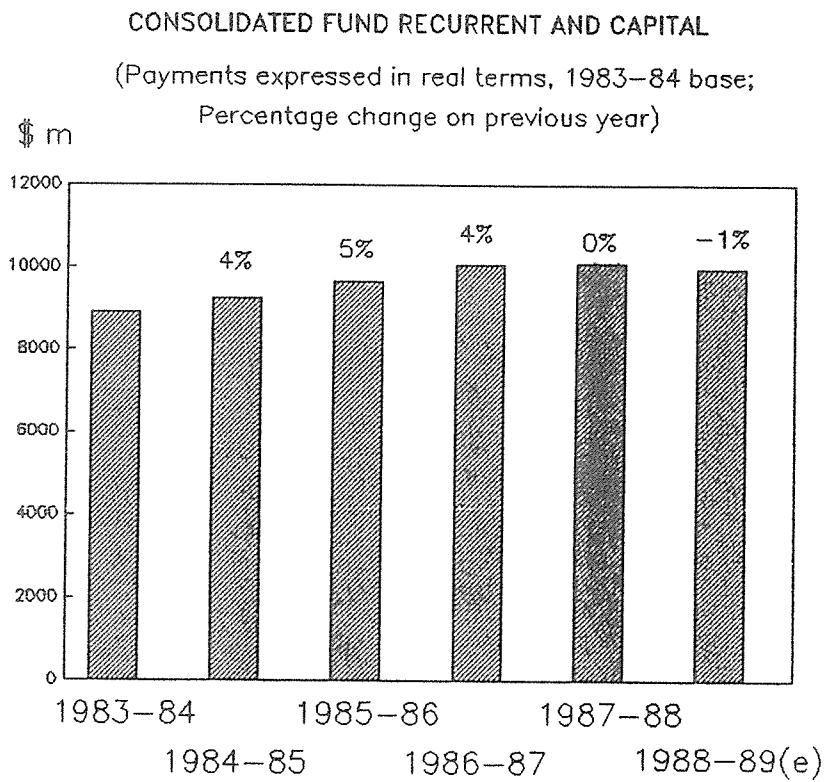
Figure 3.1



• **Total Consolidated Fund Repayments**

Consolidated Fund payments, recurrent and capital, have increased by 12.1 per cent per annum over the five years to 1987-88, an average real growth rate of 3.3 per cent per annum (see Figure 3.2).

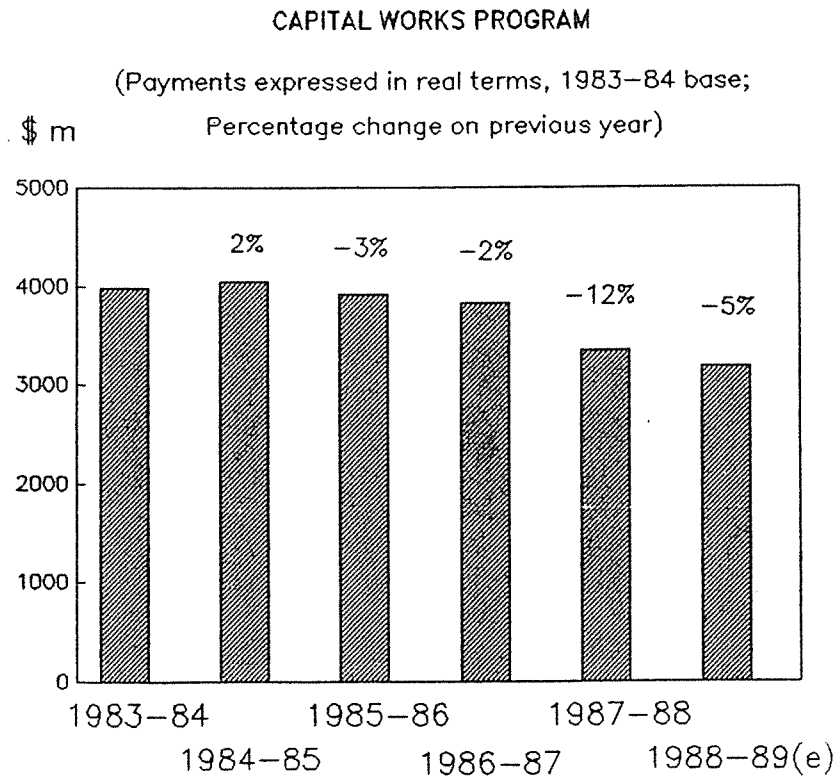
Figure 3.2



- **Total Capital Payments**

Total capital payments have increased by 2.6 per cent per annum over the five years to 1987-88, a real decline of 4.0 per cent per annum (see Figure 3.3). For 1988-89 capital payments are projected to increase by 0.9 per cent, a real decline of 5.3 per cent.

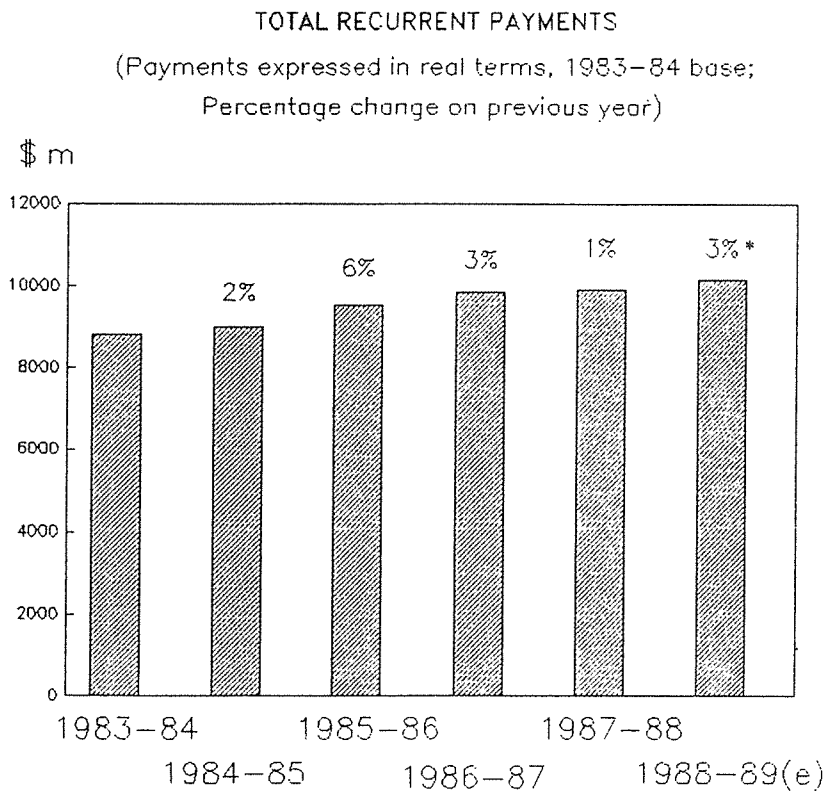
Figure 3.3



• **Total Recurrent Payments**

Total Recurrent payments (funded from all sources) have increased by an average annual rate of 11.8 per cent over the past five years. They are estimated to increase by 9.2 per cent in 1988-89, reflecting in part a draw-down of funds from Special Deposits Account.

Figure 3.4



* On a cashflow basis as shown in Section 3, the increase in nominal terms is 7.5 per cent or 1 per cent in real terms.

3.3 GROSS PROGRAM PAYMENTS BY POLICY AREA AND SECTOR AND BY MINISTER

The purpose of the following tables is to group programs with common policy goals to show how they are funded (either from the Consolidated Fund or from other sources) and by Minister. The tables have been compiled from the program statements presented in Budget Paper No. 3 ("Consolidated Fund Estimates") and from the summary of the State's overall capital works program included in this Budget Paper. The figures, therefore, include all payments (both recurrent and capital) by departments and authorities included in the Consolidated Fund Estimates (those in the "Inner-Budget Sector") and the capital works programs of all other departments and authorities included in the State's overall capital works program (those in the "Outer-Budget Sector").

The functional classification scheme used in the Budget is not exactly precise. Program costs are allocated to the policy sector/area which they are considered to be primarily serving. It is inevitable that there will be a degree of arbitrariness in this procedure. Examples of dual purpose programs are the Public Works Department program "Beach Improvement" which could apply to both Community Services and Recreation purposes; and the Department of Sport and Recreation program "Sport and Recreation Centres" which could serve both Recreation and Education purposes.

It should also be noted that the figures in the following tables are not directly comparable with other tables in the budget documents classifying payments by function, as they may relate to wider areas (e.g. by including statutory authorities) and hence are compiled using classifications more appropriate for their purpose.

GROSS PROGRAM COSTS BY POLICY AREA AND POLICY SECTOR*

	Recurrent Services		Capital Works and Services		Total Costs		Source of Funding			
	Est. 1988-89		Est. 1988-89		Est. 1988-89		Consolidated Fund		Other Sources	
	Actual 1987-88	\$m	Actual 1987-88	\$m	Actual 1987-88	\$m	Actual 1987-88	\$m	Actual 1987-88	Est. 1988-89
<i>Law, Order and Public Safety</i>										
Police	565.5	633.6	12.2	38.0	577.7	671.5	561.4	651.4	16.3	20.2
Law Courts and Legal Services	219.2	272.0	14.6	53.6	233.8	325.6	208.3	294.9	25.5	30.7
Corrective Services	152.9	170.1	27.3	53.1	180.2	223.2	178.0	222.4	2.3	0.8
Other (Law, Order and Public Safety)—including Fire Protection Services	167.3	190.4	4.6	7.9	171.9	198.3	31.4	38.1	140.5	160.2
Total	1,105.0	1,266.0	58.6	152.5	1,163.6	1,418.6	979.1	1,206.7	184.6	211.9
<i>Education</i>										
Primary and Secondary Education	2,186.9	2,335.4	152.0	199.6	2,338.9	2,535.0	2,343.6	2,462.0	-4.7	73.1
Tertiary and Vocational Education	474.3	533.4	90.0	96.6	564.3	630.1	551.9	601.8	12.4	28.2
Pre-School Education	5.9	6.5	...	...	5.9	6.5	5.9	6.5	...	...
Transportation of Students	168.9	172.0	...	...	168.9	172.0	175.0	168.0	-6.0	4.0
Other Education (including General Administration)	62.7	82.9	0.2	2.7	62.9	85.7	61.7	83.3	1.2	2.4
Total	2,898.0	3,130.3	242.2	299.0	3,141.0	3,429.4	3,138.2	3,321.5	2.8	107.8
<i>Health</i>										
Area Health Services and Other Health Services	3,069.6	3,365.0	165.4	192.6	3,235.1	3,557.6	2,723.1	2,916.9	512.0	640.7
Community and Other Support Services	260.4	300.8	7.8	17.4	268.2	318.1*	263.4	315.8	4.8	2.3
Public Health (including Inspection Services)	62.0	71.8	1.3	1.4	63.3	73.2	63.3	73.2	...	...
Other Health (including General Administration)	48.8	52.2	...	...	48.8	52.2	47.8	51.3	1.0	0.9
Total	3,440.8	3,789.8	174.5	211.4	3,615.3	4,001.2	3,097.5	3,357.2	517.8	643.9

*Totals may not add due to roundings.

GROSS PROGRAM COSTS BY POLICY AREA AND POLICY SECTOR*—continued

	Recurrent Services		Capital Works and Services		Total Costs		Source of Funding													
	Actual 1987-88	Est 1988-89	Actual 1987-88	Est 1988-89	Actual 1987-88	Est 1988-89	Consolidated Fund		Other Sources											
							Actual 1987-88	Approp 1988-89	Actual 1987-88	Est 1988-89										
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m										
<i>Welfare Services</i>																				
Welfare Support Services	369.1	407.4	14.7	14.2	383.8	421.6	353.6	405.9	30.3	15.6										
Social Security	67.7	76.7	.....	.....	67.7	76.7	.....	.....	.....	.....						
Total	436.8	484.1	14.7	14.2	451.5	498.3	421.2	482.6	30.3	15.6										
<i>Housing and Community Services</i>																				
Housing (Including Homesite Development)	548.3	617.9	557.3	636.7	1,105.6	1,254.6	345.0	375.2	751.6	879.5										
Water and Sewerage	34.0	35.4	439.4	427.5	473.5	462.8	85.3	93.1	388.2	369.8										
Protection of the Environment	57.4	59.8	53.7	40.8	111.1	100.6	62.5	65.6	48.6	35.0										
Total	639.8	713.1	1,050.4	1,105.0	1,690.2	1,818.1	501.7	533.8	1,188.5	1,284.3										
<i>Recreation and Culture</i>																				
Recreation Facilities and Services	103.0	117.0	57.8	30.4	160.7	147.4	118.3	124.3	42.5	23.1										
Cultural Facilities and Support of the Arts	135.4	141.1	62.1	15.4	197.5	156.5	157.7	124.8	39.8	31.7										
Total	238.4	258.2	119.9	45.8	358.8	304.0	275.0	249.1	82.3	54.8										

*Totals may not add due to roundings

GROSS PROGRAM COSTS BY POLICY AREA AND POLICY SECTOR*—continued

	Recurrent Services		Capital Works and Services		Total Costs		Source of Funding				
	Est. 1988-89		Est. 1988-89		Est. 1988-89		Consolidated Fund		Other Sources		
	Actual 1987-88	\$m	Actual 1987-88	\$m	Actual 1987-88	\$m	Actual 1987-88	\$m	Approp. 1988-89	Actual 1987-88	Est. 1988-89
<i>Economic Services</i>											
Agriculture, Forestry and Fishing	267.9	294.7	218.9	214.1	486.8	508.8	248.5	272.8	238.4	236.0	
Mining, Manufacturing and Construction	58.0	59.2	0.7	2.0	58.8	61.2	44.1	40.6	14.6	20.6	
Transport and Communication	1,326.4	1,421.9	1,494.9	1,596.0	2,821.4	3,018.0	1,849.3	1,946.6	972.1	1,071.2	
Other Economic Services	271.2	264.4	515.9	513.5	787.2	777.8	250.6	215.3	536.5	562.5	
Total	1,923.7	2,040.2	2,230.5	2,325.6	4,154.2	4,365.8	2,392.5	2,475.5	1,761.7	1,890.3	
<i>General Administration (n.e.i.)</i>											
Legislative Services	49.0	51.8			49.0	51.8	49.0	50.5		1.3	
Financial and Fiscal Services	915.9	1,003.3			915.9	1,003.3	1,046.2	982.4	-130.4	70.9	
Pay-roll and Fringe Benefits Tax	210.8	225.9			210.8	210.8	210.8	225.0			
Superannuation	413.3	497.4			413.3	497.4	412.2	496.4			
Other—General Administration	700.6	691.3	515.8	291.5	1,216.4	982.8	682.6	571.8	1.0	411.0	
Total	2,289.7	2,499.9	515.8	291.5	2,805.5	2,791.4	2,401.0	2,307.0	404.5	484.3	
<i>Other Purposes</i>											
Natural Disasters Relief	35.6	20.0			35.6	20.0	35.6	20.0			
Total	13,008.6	14,201.6	4,406.8	4,448.1	17,415.4	18,646.7	13,242.9	13,953.9	4,172.5	4,693.1	

*Totals may not add due to roundings.

GROSS PROGRAM COSTS BY POLICY AREA AND POLICY SECTOR*—continued

	Recurrent Services		Capital Works and Services		Total Costs		Source of Funding			
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Consolidated Fund	Other Sources		
	\$m	\$m	\$m	\$m	\$m	\$m	Actual 1987-88	Approp. 1988-89	Actual 1987-88	Est. 1988-89
TOTAL ALL POLICY SECTORS (1)	13,008.6	14,201.6	4,406.8	4,445.1	17,415.4	18,646.7	13,242.9	13,953.6	4,172.5	4,693.1
• Add Advance to Treasurer	.....	50.0	.....	.....	.....	50.0	.....	50.0	.....	.....
Sub Total	13,008.6	14,251.6	4,406.8	4,445.1	17,415.4	18,696.7	13,242.9	14,003.6	4,172.5	4,693.1
Adjustment to 1987-88 to allow comparison with 1988-89 estimate:										
• Add Forestry Commission debt cost	14.9	.....	.....	.....	14.9	.....	14.9	.....	.....	.....
• Delete loan repayments	(57.0)	(112.8)	.....	.....	(57.0)	(112.8)	(108.8)	(61.0)	51.8	(51.8)
TOTAL	12,966.5	14,138.8	4,406.8	4,445.1	17,373.3	18,583.9	13,149.0	13,942.6	4,224.3	4,641.3
		(9.0%)		(0.9%)		(7.0%)		(6.0%)		(9.9%)

NOTE (1)

On a cash flow basis, treating the \$244.7 million utilised to eliminate the overdraft in 1987-88 as an appropriation to repay borrowings, the total given program costs by policy sector would be as follows:—

	13,253.3	14,251.6	4,406.8	4,445.1	17,660.1	18,696.7	13,457.9	14,003.6	4,172.5	4,693.1
		(7.5%)		0.9%		(5.9%)		3.8%		(9.9%)

*Totals may not add due to roundings.

(a) The 1987-88 Consolidated Fund Actual expenditure has been adjusted to reflect the transfer of some organisations off-budget in 1988-89 to improve comparability.

**GROSS PROGRAM COSTS BY POLICY AREA,
POLICY SECTOR AND PROGRAM**



GROSS PROGRAM COSTS BY POLICY AREA, POLICY SECTION AND PROGRAM

	Recurrent Services			Capital Works and Services			Total Costs			Consolidated Fund			Source of Funding		
	Actual		Estimate	Actual		Estimate	Actual		Estimate	Actual		Appropriated	Actual		Estimate
	1987-88	1988-89	1988-89	1987-88	1988-89	1988-89	1987-88	1988-89	1988-89	1987-88	1988-89	1987-88	1987-88	1988-89	1988-89
1. Law, Order and Public Safety (cont.)	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
1.2 Law Courts and Legal Services															
16.1.1 Legal Aid and Other Legal Services for Eligible Persons in Child Welfare Matters	1,756	1,901	...	...	1,756	1,901	906	1,660	850	241					
16.1.2 Legal Aid and Other Legal Services for Eligible Persons in Criminal Law Matters	18,696	19,815	...	...	18,696	19,815	11,869	17,218	6,827	2,597					
16.1.3 Legal Aid and Other Legal Services for Eligible Persons in Civil Law Matters	14,166	15,315	...	...	14,166	15,315	6,056	7,130	8,110	8,185					
16.1.4 Legal Aid and Other Legal Services for Eligible Persons in Administrative Law Matters	2,003	2,149	...	...	2,003	2,149	1,607	1,877	396	272					
16.1.5 Legal Aid and Other Legal Services for Eligible Persons in Mental Health Hospitals and Mental Health Units	831	920	...	...	831	920	714	804	117	116					
16.1.6 Legal Aid and Other Legal Services for Eligible Persons in disputes arising from Family Relationships	15,291	19,572	...	...	15,291	19,572	13,598	16,438	1,693	3,134					
16.1.7 Administrative and Legal Support Services	4,398	5,168	...	...	4,398	5,168	3,893	4,513	505	655					
17.1.1 Crown Representation in Criminal Prosecutions	14,991	20,287	...	...	14,991	20,287	14,991	20,287	...	...			
Total Law Courts and Legal Services	219,218	272,024	14,568	53,579	233,786	325,603	208,265	294,909	25,521	30,694					
1.3 Corrective Services															
22.1.1 Pre-Sentence Assessment of Offenders	4,713	5,400	...	...	4,713	5,416	4,713	5,416	...	...			
22.1.2 Supervision of Convicted Offenders	10,119	11,284	...	...	10,119	11,325	10,119	11,325	...	...			
22.2.1 Containment of Prisoners	79,016	85,093	27,137	50,230	106,153	135,323	103,890	134,508	2,263	815					
22.2.2 Care and Welfare Services for Prisoners	13,649	15,866	163	163	13,812	15,829	13,812	15,829	...	...			
22.2.3 Development and Education Services for Prisoners	23,169	27,385	...	...	23,169	27,385	23,169	27,385	...	...			
22.3.1 Post-Custodial Services	4,431	5,296	...	...	4,431	5,307	4,431	5,307	...	...			
22.4.1 Policy Advice and Co-ordination	3,265	3,105	...	...	3,265	3,105	3,265	3,105	...	...			
22.4.2 Internal Management Services	14,572	16,835	...	...	14,572	16,946	14,572	16,946	...	...			

GROSS PROGRAM COSTS BY POLICY AREA, POLICY SECTOR AND PROGRAM

	Recurrent Services				Capital Works and Services				Total Costs				Source of Funding			
	Actual		Estimate		Actual		Estimate		Actual		Estimate		Actual		Estimate	
	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
1. Law, Order and Public Safety (cont.)																
1.3 Corrective Services																
Total Corrective Services	152,934	170,064	27,300	53,110	180,234	223,174	177,971	222,359	2,263	815						
1.4 Other (Including Fire Protection Services) - Law, Order and Public Safety																
43.1.1 Investigation of Allegations of Corruption	3,574	2,400	...	...	3,574	3,400	3,474	3,400	100	1,163						
43.1.1 State Drug Crime Commission of New South Wales	130,169	139,900	4,098	7,800	134,267	147,700	16,300	17,150	117,967	130,550						
44.1.1 Operation and Maintenance of Brigade and Special Services	2,700	4,272	200	...	3,500	4,272	500	404	3,000	3,745						
44.1.2 Brigades Training Development	2,700	3,335	...	...	2,700	3,335	400	404	2,300	2,931						
44.1.3 Investigations, Research and Advisory Services	6,255	7,069	300	100	6,555	7,169	755	939	5,800	6,230						
44.1.4 Management and Administration	16,626	20,978	...	...	16,626	20,978	5,276	5,379	11,350	15,599						
45.1.1 Funding and Administration of Rural Fire Fighting Services	1,468	1,557	...	...	1,468	1,557	1,468	1,557	...	...				
46.1.1 Public Education, Planning and Development of the Volunteer Organisation	1,198	1,472	...	...	1,198	1,472	1,198	1,472	...	...				
46.1.2 Preparation for Emergencies and Co-ordination of Operations	2,026	2,123	...	...	2,026	2,123	2,026	2,123	...	...				
46.1.3 Administrative Support Services	167,316	190,397	4,598	7,900	171,914	198,297	31,397	38,059	140,517	160,238						
Total Other (Including Fire Protection Services) - Law, Order and Public Safety	1,104,989	1,266,050	58,658	152,555	1,163,647	1,418,605	979,080	1,206,692	184,567	211,913						
2. Education																
2.1 Primary and Secondary Education																
23.1.2 Advising and Employing Authority in Relation to Public Education	568	568	...	...	568	568	568	568	...	...				
23.2.2 Non-Tertiary Music Education	3,916	4,298	3,756	1,075	7,674	5,373	7,674	5,373	...	...				

GROSS PROGRAM COSTS BY POLICY AREA, POLICY SECTOR AND PROGRAM

	Recurrent Services			Capital Works and Services			Total Costs			Consolidated Fund			Source of Funding			
	Estimate		Actual	Estimate		Actual	Estimate		Actual	Appropriated		Actual		Estimate		
	1987-88	1988-89	1987-88	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	
2. Education (cont.)	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
2.1 Primary and Secondary Education																
24.1.1 General Primary Education in Government Schools	813,712	867,347	69,539	81,140	883,251	948,487	660,878	915,546	22,373	32,941						
24.1.2 Education of Children with Disabilities in Government Primary Schools	84,656	106,315	...	...	84,656	106,315	84,656	106,315	...	...				
24.1.4 Direct State Government Assistance to Non-Government Primary Schools and Pupils	62,276	69,069	...	...	62,276	69,069	62,276	69,069	...	...				
24.2.1 General Secondary Education in Government Schools	980,750	1,040,617	78,700	117,440	1,059,450	1,158,057	1,041,252	1,122,938	18,198	35,119						
24.2.2 Education of Children with Disabilities in Government Secondary Schools	15,371	17,357	...	...	15,371	17,357	15,371	17,357	...	...				
24.2.3 Direct State Government Assistance to Non-Government Secondary Schools and Pupils	94,056	102,833	...	...	94,056	102,833	94,056	102,833	...	...				
24.3.1 Administrative, Professional and General Support Services	117,802	113,190	...	...	117,802	113,190	113,426	108,275	4,376	4,915						
49.2.1 School Buildings	10,203	10,773	...	...	10,203	10,773	9,903	10,619	300	154						
49.2.6 Maintenance of School Buildings	3,562	3,604	...	...	3,562	3,604	53,569	3,604	-50,007	...						
Total Primary and Secondary Education	2,186,872	2,335,403	151,997	199,655	2,338,869	2,535,058	2,343,629	2,461,929	-4,760	73,129						
2.2 Tertiary and Vocational Education																
12.1.5 Administration and Support Services (Agriculture)	4,652	4,546	1,043	802	5,695	5,348	5,695	5,348	...	...				
23.1.3 Administration and Co-ordinating Authority for Higher Education	2,182	1,711	...	...	2,182	1,711	2,182	1,711	...	...				
23.2.1 Tertiary Music Education	4,426	4,660	...	...	4,426	4,660	4,426	4,660	...	...				
25.1.1 Courses in Engineering and Industrial Technology	185,110	210,728	38,358	39,877	223,477	250,605	221,050	242,563	3,378	8,042						
25.1.2 Courses in Applied Sciences	73,022	79,522	12,620	14,133	85,642	93,655	88,864	98,864	3,764	4,761						
25.1.3 Courses in Fine and Applied Arts	53,102	60,277	11,256	11,447	64,356	71,723	63,931	70,185	518	1,539						
25.1.4 Courses in Commercial and General Studies	137,692	156,320	26,434	30,387	164,126	186,707	161,867	180,800	2,562	5,907						
49.2.2 Tertiary Education Buildings	5,802	7,162	...	...	5,802	7,162	5,503	7,096	2,299	1,156						
49.2.7 Maintenance of Tertiary Education Buildings	11,011	8,533	...	...	11,011	8,533	7,669	7,690	3,342	7,843						
Total Tertiary and Vocational Education	474,311	533,449	90,011	96,646	564,322	630,095	551,919	601,847	12,403	28,248						
2.3 Pre-School Education																
24.1.3 Pre-School Education in Government Schools	5,898	6,495	...	...	5,898	6,495	5,898	6,495	...	...				

GRUSS PROGRAM COSTS BY POLICY AREA - POLICY SECTOR AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Source of Funding	
	Actual 1987-88	Estimate 1988-89	Actual 1987-88	Estimate 1988-89	Actual 1987-88	Estimate 1988-89	Consolidated Fund 1988-89	Other Sources Estimate 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2. Education (cont.)								
2.3 Pre-School Education								
Total Pre-School Education	5,898	6,495	...	5,898	6,495	5,898	6,495	...
2.4 Transportation of Students								
50.1.3 Payments for Provision of Travel Concessions by Private Sector Transport Operators	168,981	172,000	...	168,981	172,000	175,000	168,000	-6,019
Total Transportation of Students	168,981	172,000	...	168,981	172,000	175,000	168,000	-6,019
2.5 Other Education (Including General Administration)								
23.1.1 Policy and Administrative Support	8,289	27,596	245	2,755	8,534	30,351	30,351	...
23.1.4 Other Education Authorities	4,402	5,124	...	...	4,402	5,124	5,124	...
23.1.6 Adult Program and Education	20,669	18,295	...	...	20,669	18,295	18,295	...
23.2.1 Support Services for Teachers and Students	10,463	11,036	...	...	10,463	11,036	11,036	...
23.2.2 Administrative Support Services	18,885	20,923	...	...	18,885	20,923	17,661	1,224
Total Other Education (Including General Administration)	62,708	82,974	245	2,755	62,953	85,729	61,729	1,224
Total Education	2,898,770	3,130,321	242,253	299,056	3,141,023	3,429,377	3,138,175	2,848
3. Health								
3.1 Area Health Services and Other Health Services								
30.2.3 Support for Area Health Services and Public Hospitals	2,783,503	3,053,533	154,859	170,553	2,938,362	3,224,086	2,473,802	464,560
30.2.5 Support for the United Dental Hospital and remote dental services	13,263	13,972	...	...	13,263	13,972	12,983	280
30.2.6 Services Mainly for the Psychiatrically Ill	150,244	168,475	3,344	13,000	153,588	181,475	148,929	4,659
30.2.10 Services Mainly for the Aged and Disabled	108,640	113,041	7,214	9,026	115,854	122,067	73,580	42,274
30.2.11 Prison Medical Service	6,997	8,968	...	...	6,997	8,968	6,862	-98

GROSS PROGRAM COSTS BY POLICY AREA, POLICY SECTOR AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Source of Funding	
	Actual 1987-88	Estimate 1988-89	Actual 1987-88	Estimate 1988-89	Actual 1987-88	Estimate 1988-89	Consolidated Fund 1987-88	Other Sources Estimate 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
3. Health (cont.)								
3.1 Area Health Services and Other Health Services								
49.2.3 Health Buildings	6,480	6,497	...	...	6,480	6,497	6,144	336
49.2.8 Maintenance of Health Buildings	520	570	...	...	520	570	546	24
Total Area Health Services and Other Health Services	3,049,647	3,365,056	165,417	192,579	3,235,064	3,557,635	2,916,920	512,011
3.2 Community and Other Support Services								
30.2.1 Health Transport	114,093	129,939	3,175	7,360	117,268	137,299	116,960	308
30.2.7 Support for Community Services	13,670	16,262	...	...	13,670	16,262	13,670	...
30.2.9 Services Mainly for the Developmentally Disabled	132,822	154,607	4,659	10,000	137,281	164,607	132,793	4,488
Total Community and Other Support Services	260,385	300,808	7,834	17,360	268,219	318,168	265,423	4,796
3.3 Public Health (Including Inspection Services)								
30.1.1 Public Health Regulatory Services	4,849	5,078	...	...	4,849	5,078	4,849	...
30.1.2 Analytical, Clinical and Scientific Services	9,785	11,730	...	...	9,785	11,730	9,785	...
30.1.3 Health Promotion and Education	11,984	12,168	...	...	11,954	12,168	11,954	...
30.1.4 Blood Transfusion Service	12,611	13,493	910	1,086	13,521	14,779	13,521	...
30.1.5 External Research	2,665	3,090	...	...	2,665	3,090	2,665	...
30.1.6 Other Public Health Services	792	570	354	348	1,146	718	1,146	...
30.2.2.2 Services Specifically for Drug and Alcohol Dependent Persons	15,386	20,500	...	...	15,386	20,500	15,386	1
30.2.6 Services Specifically for Aborigines	3,974	5,149	...	...	3,974	5,149	3,974	...
Total Public Health (Including Inspection Services)	62,016	71,778	1,264	1,434	63,280	73,212	63,279	1
3.4 Other Health (Including General Administration)								
30.2.4 External Health Services	8,057	10,169	...	...	8,057	10,169	8,057	...
30.3.1 Registration of Health Services Personnel	1,661	1,634	...	...	1,661	1,634	1,661	...
30.3.2 Advisory and Technical Support Services	3,030	3,081	...	...	3,030	3,081	3,030	...
30.3.3 Administration, Finance, Planning and Policy Development	36,027	37,282	...	...	36,027	37,282	35,027	1,000
							36,372	910

GROSS PROGRAM COSTS BY POLICY AREA, POLICY SECTOR AND PROGRAM

	Recurrent Services				Capital Works and Services				Total Costs				Source of Funding							
	Actual		Estimate		Actual		Estimate		Actual		Estimate		Actual		Estimate					
	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89				
3. Health (cont.)	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000				
3.4 Other Health (Including General Administration)	48,775	52,166	...	...	48,775	52,166	47,775	51,256	1,000	910	3,440,823	3,789,808	174,515	211,373	3,615,338	4,001,181	3,097,530	3,357,211	517,808	643,970
Total Other Health (Including General Administration)	48,775	52,166	...	...	48,775	52,166	47,775	51,256	1,000	910	3,440,823	3,789,808	174,515	211,373	3,615,338	4,001,181	3,097,530	3,357,211	517,808	643,970
Total Health	3,440,823	3,789,808	174,515	211,373	3,615,338	4,001,181	3,097,530	3,357,211	517,808	643,970	3,440,823	3,789,808	174,515	211,373	3,615,338	4,001,181	3,097,530	3,357,211	517,808	643,970
4. Welfare Services	26,609	32,146	910	867	27,719	33,013	27,697	32,368	22	644	54,628	60,820	2,326	2,264	56,954	63,094	57,034	62,119	22	965
4.1 Welfare Support Services	26,319	32,891	911	5,322	27,230	38,213	27,230	37,623	-80	590	61,667	70,245	9,532	4,868	71,199	75,113	69,283	74,658	1,916	455
29.1.1 Protection of Children	41,230	51,479	...	...	41,484	51,479	34,714	51,380	6,770	99	32,308	34,476	...	...	32,308	34,476	31,899	34,251	409	225
29.1.2 Substitute Care of Children	8,770	8,682	...	...	8,770	8,682	8,761	8,269	9	413	24,350	25,054	770	855	24,160	25,909	20,151	22,633	3,009	3,276
29.1.3 Juvenile Justice	21,255	20,094	...	...	21,255	20,094	17,685	17,685	12,605	7,428	369,141	407,404	14,703	14,176	383,844	421,580	353,563	405,944	30,281	15,635
29.1.4 Family and Children's Services	13,662	16,350	...	...	13,662	16,350	13,662	16,350	...	...	13,662	16,350	...	...	13,662	16,350	13,662	16,350	...	...
29.2.1 Services for Disadvantaged Groups and Communities	35,984	46,000	...	...	35,984	46,000	35,984	46,000	...	...	35,984	46,000	...	...	35,984	46,000	35,984	46,000	...	...
29.2.2 Supported Accommodation	18,035	14,350	...	...	18,035	14,350	18,035	14,350	...	...	18,035	14,350	...	...	18,035	14,350	18,035	14,350	...	...
29.2.3 Youth Services	67,681	76,700	...	...	67,681	76,700	67,681	76,700	...	...	67,681	76,700	...	...	67,681	76,700	67,681	76,700	...	...
29.3.1 Organizational and Administrative Support Services	436,822	484,104	14,703	14,176	451,525	498,280	421,244	482,644	30,281	15,635	436,822	484,104	14,703	14,176	451,525	498,280	421,244	482,644	30,281	15,635
29.4.1 Home Care Service of New South Wales	369,141	407,404	14,703	14,176	383,844	421,580	353,563	405,944	30,281	15,635	369,141	407,404	14,703	14,176	383,844	421,580	353,563	405,944	30,281	15,635
32.3.1 Mortgage and Rent Relief Scheme	13,662	16,350	...	...	13,662	16,350	13,662	16,350	...	...	13,662	16,350	...	...	13,662	16,350	13,662	16,350	...	...
Total Welfare Support Services	369,141	407,404	14,703	14,176	383,844	421,580	353,563	405,944	30,281	15,635	369,141	407,404	14,703	14,176	383,844	421,580	353,563	405,944	30,281	15,635
4.2 Social Security	13,662	16,350	...	...	13,662	16,350	13,662	16,350	...	...	13,662	16,350	...	...	13,662	16,350	13,662	16,350	...	...
26.2.1 Rate Rebates for Pensioners	35,984	46,000	...	...	35,984	46,000	35,984	46,000	...	...	35,984	46,000	...	...	35,984	46,000	35,984	46,000	...	...
35.1.2 Rate Rebates for Pensioners	18,035	14,350	...	...	18,035	14,350	18,035	14,350	...	...	18,035	14,350	...	...	18,035	14,350	18,035	14,350	...	...
50.1.3 Payments for Provision of Travel Concessions by Private Sector Operators	67,681	76,700	...	...	67,681	76,700	67,681	76,700	...	...	67,681	76,700	...	...	67,681	76,700	67,681	76,700	...	...
Total Social Security	67,681	76,700	...	...	67,681	76,700	67,681	76,700	...	...	67,681	76,700	...	...	67,681	76,700	67,681	76,700	...	...
Total Welfare Services	436,822	484,104	14,703	14,176	451,525	498,280	421,244	482,644	30,281	15,635	436,822	484,104	14,703	14,176	451,525	498,280	421,244	482,644	30,281	15,635

GROSS PROGRAM COSTS BY POLICY AREA - POLICY SECTOR AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Source of Funding	
	Actual 1987-88	Estimate 1988-89	Actual 1987-88	Estimate 1988-89	Actual 1987-88	Estimate 1988-89	General Fund	Other Sources
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
5. Housing and Community Services								
5.1 Housing (Including Homesite Development)								
9.3.4 Public Servant Housing	13,174	11,906	1,314	1,750	14,488	13,656	4,900	9,588
23.1.5 Teacher Housing	12,710	13,726	5,509	6,000	18,219	19,726	6,853	11,866
32.1.1 Public and Community Housing	517,804	586,823	504,668	550,000	1,022,472	1,136,824	341,466	681,006
32.2.1 Land Acquisition and Development	4,662	5,439	45,028	78,000	49,690	83,439	769	49,690
40.1.1 Crown Land Management and Administration	...	...	1,000	1,000	769	1,000	1,000	...
Total Housing (Including Homesite Development)	548,350	617,895	557,288	636,750	1,105,638	1,254,645	353,988	751,650
5.2 Water and Sewerage								
49.1.1 Country Towns Water Supply and Sewerage Schemes	34,027	35,361	60,108	70,581	94,135	105,942	84,582	9,543
56.1.1.1 Chichester Water Treatment Plant Contributions	...	...	664	664	664	664	...	...
Hunter District Water Board	...	...	35,353	30,770	35,353	30,770	...	35,353
The Water Board	...	...	341,800	324,095	341,800	324,095	...	341,800
Broken Hill Water Board	...	...	1,517	2,045	1,517	2,045	...	1,517
Total Water and Sewerage	34,027	35,361	439,442	427,491	473,469	462,882	85,256	388,213
5.3 Protection of the Environment								
26.1.1 Policy Co-ordination and Support of Environmental Activities	129	834	192	233	3,734	834	129	94
28.1.1 Air Pollution Control	3,452	3,346	107	326	3,600	3,579	3,617	117
28.1.2 Water Pollution Control and Resource Management	1,580	3,512	87	183	1,667	3,838	2,628	972
28.1.3 Noise Control	1,745	2,058	46	16	1,791	2,241	1,638	29
28.1.4 Chemicals Management	515	911	18	86	533	927	759	32
28.1.5 Protection of Land and Ecosystems	1,415	487	18	12	1,426	573	482	51
28.1.6 Administrative Support Services	17,352	1,830	11	12	17,352	1,842	1,305	121
36.1.1 Planning and Co-ordination of Environmental Purposes (other than for Environmental Heritage and Coastal Conservation)	7,194	4,292	19,455	13,635	26,649	17,927	7,194	19,455
36.1.2 Conservation of State's Environmental Heritage	5,997	5,787	508	547	6,505	6,334	5,122	1,383
36.1.3 Conservation and Conservation of the Coastal Region	857	957	2,726	2,960	3,583	3,917	3,583	...

 GROSS PROGRAM COSTS BY POLICY AREA, POLICY SECTOR AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Source of Funding	
	Actual	Estimate	Actual	Estimate	Actual	Estimate	Consolidated Fund	Other Sources
	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89
5. Housing and Community Services (cont.)	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
5.3 Protection of the Environment								
36.1.5 Administrative Support Services	5,478	4,920	1,890	1,840	5,478	4,920	4,138	448
49.1.2 Coastline Hazards	3,159	3,050	4,224	4,155	8,443	8,190	7,644	302
49.1.3 Flood Plain Management	4,219	4,164	1,138	1,138	2,893	2,893	2,041	799
49.1.4 Estuary Management	1,755	1,607	23,300	13,550	23,300	13,550	...	852
Metropolitan Waste Disposal Authority	...	...	...	...	...	...	...	23,300
13,550	13,550	23,300	13,550	13,550	23,300	13,550	...	13,550
Total Protection of the Environment	57,430	59,822	53,702	40,793	111,132	100,615	65,587	48,645
35,028	35,028	65,587	65,587	65,587	65,587	65,587	...	35,028
Total Housing and Community Services	639,809	713,078	1,050,432	1,105,034	1,690,239	1,818,112	501,731	533,826
1,188,508	1,188,508	1,188,508	1,188,508	1,188,508	1,188,508	1,188,508	...	1,284,286
6. Recreation and Culture								
6.1 Recreation Facilities and Services								
3.2.2 Co-ordination of State Government Bicentennial Activities, Australia Day Celebrations and nomination of Sydney as 1996 Olympic Games host	...	...	3,590	...	3,590	...	...	...
21.1.2 Provision of Tourist Information and Sale of Travel	3,682	4,540	37	2,820	3,719	4,540	3,590	...
21.1.3 Promotion of Tourism	9,478	13,655	1,452	2,820	10,930	16,475	2,554	1,100
21.1.4 Administrative Support Services	2,006	2,715	363	2,220	2,369	2,935	10,930	2,200
27.1.1 Wildlife Conservation	4,257	4,399	1,718	1,812	5,975	6,211	4,568	...
27.1.2 Natural Environment Conservation	7,959	7,731	2,970	3,265	10,929	10,996	9,205	800
27.1.3 Conservation of Aboriginal Sites, Places and Artefacts	1,574	1,922	294	362	1,868	2,284	1,466	1,593
27.1.4 Historic Sites Conservation	1,872	2,262	633	1,270	2,505	3,532	1,592	692
27.1.5 Recreation Area Management	23,306	24,352	4,339	6,017	27,645	30,369	24,595	782
27.1.6 Administrative Support Services	5,424	6,078	50	75	5,474	6,153	4,618	5,774
27.2.1 Bicentennial Park	632	661	2,762	521	3,394	3,394	1,182	1,535
27.2.2 Royal Botanic Gardens	9,177	11,002	5,187	6,361	14,364	17,363	13,255	1,760
27.2.3 Centennial Park	1,565	1,971	1,605	6,679	3,170	2,650	15,603	1,109
40.1.1 Town Land Management and Administration	19,717	18,651	1,299	1,000	1,299	1,000	2,581	69
47.1.1 Participation in Sport and Recreation	6,582	10,296	2,669	1,848	22,386	20,499	20,948	358
47.1.2 Excellence in Sport	1,256	1,448	2,712	1,168	9,294	11,464	8,319	3,145
47.1.3 Safety, Ethics in Sport and Recreation	1,256	1,448	...	...	1,256	1,448	6,221	1,108
47.1.1.5 Administrative Support Services	3,522	4,390	...	...	3,522	4,390	569	687
4,165	4,165	3,522	3,522	3,522	3,522	3,522	...	225

GROSS PROGRAM COSTS BY POLICY AREA, POLICY SECTOR AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Consolidated Fund		Source of Funding	
	Estimate	Actual	Estimate	Actual	Estimate	Actual	Appropriated	Actual	Estimate	Estimate
	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89
6. Recreation and Culture (cont.)	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
6.1 Recreation Facilities and Services										
49.1.5 NSW Waterways	951	982	2,117	...	3,068	982	3,070	982	...	...
60.1.1 Zoological Parks Board - Zoos Development	...	...	3,996	...	3,996	...	2,996	...	1,000	...
Zoological Parks Board	...	...	...	2,976	...	2,976	...	...	...	2,976
Sydney Cricket and Sportsground Trust	...	...	20,000	...	20,000	...	...	...	20,000	...
Total Recreation Facilities and Services	102,960	117,055	57,793	30,394	160,753	147,449	118,275	124,332	42,478	23,117
6.2 Cultural Facilities and Support of the Arts										
31.1.1 Museum of Applied Arts and Sciences	37,239	27,024	10,470	2,826	47,709	29,850	27,347	25,337	20,362	4,513
31.1.2 Policy Co-ordination and Support of Cultural Activities	16,467	16,718	7,960	...	24,427	16,718	22,068	16,668	2,359	50
31.1.3 State Library and Support of Library Services	26,093	25,887	23,248	3,704	49,341	33,591	49,035	32,132	1,459	1,459
31.1.4 The Australian Museum	12,084	13,461	7,802	3,072	19,886	16,523	16,951	13,140	2,815	3,383
31.1.5 Preservation of Historic Houses	2,869	2,657	...	...	2,869	2,687	2,391	2,618	2,478	69
31.1.6 Preservation and Management of Government Records	2,038	2,515	198	...	2,236	2,515	2,236	2,475	40	40
31.1.7 Art Gallery	8,212	9,331	12,423	5,842	20,635	15,173	17,630	12,548	3,005	2,625
31.1.8 New South Wales Film and Television Office	24,939	...	...	...	24,939	2,545	...	2,545	...	...
31.1.9 Sydney Opera House	5,462	...	...	...	5,462	...	...	17,342	10,128	19,612
31.1.10 Support of the New South Wales Film Industry	...	...	...	...	...	...	5,250	...	212	...
Total Cultural Facilities and Support of the Arts	135,403	141,112	62,101	15,444	197,504	156,556	157,709	124,805	39,795	31,751
Total Recreation and Culture	238,363	258,167	119,894	45,838	356,257	304,005	275,984	249,137	82,273	54,868
7. Economic Services										
7.1 Agriculture, Forestry and Fishing										
7.1.2 Assistance to Farmers	50,375	53,177	8,000	8,500	8,000	8,500	8,000	8,500	4,462	4,462
Plant Industries	19,225	1,423	1,423	1,786	31,786	94,973	47,336	50,489	1,359	1,404
Animal Production Services	23,974	9,465	1,266	1,266	16,851	19,691	15,322	16,352	1,359	1,359
Animal Health Services	...	25,865	10,245	17,812	34,219	43,637	33,741	42,350	478	1,267

GROSS PROGRAM COSTS BY POLICY AREA, POLICY SECTOR AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Consolidated Fund		Source of Funding	
	Actual Estimate	Actual Estimate	Actual Estimate	Actual Estimate	Actual Estimate	Actual Estimate	Actual Appropriated	Actual Estimate	Actual	Estimate
	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89
7. Economic Services (cont.)	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
7.1 Agriculture, Forestry and Fishing										
12.1.4 Fish Industries	13,332	14,564	785	438	14,117	14,992	11,855	13,443	2,262	1,549
12.1.5 Administration and Support Services	40,459	43,585	566	682	41,025	44,266	32,731	41,328	1,774	2,540
13.1.1 Management of Catchment Areas	5,505	6,761	3,482	4,832	8,987	11,593	7,177	8,429	3,856	4,764
13.1.2 Management of Arid and Semi-Arid Lands	1,896	1,950	775	57	1,968	2,007	1,946	1,902	391	597
13.1.3 Conservation of Rural Lands Generally	18,337	19,365	775	2,629	19,116	21,994	11,946	14,902	7,170	7,092
13.1.4 Soil Conservation Management for Resource and Infrastructure Development	6,139	5,296	1,113	614	7,252	5,910	3,092	2,443	4,160	3,467
13.1.5 Administrative Support Services	2,969	6,098	2,969	614	2,969	6,098	2,063	2,913	906	3,185
41.1.1 Water Resource Management	12,218	21,366	9,449	5,400	21,667	26,766	12,735	20,609	8,942	6,185
41.2.1 Water Resource Development	13,055	11,524	12,480	1,766	25,515	13,290	17,508	11,503	8,027	1,787
41.2.2 Rural Water Supply and Associated Services	58,428	60,163	20,145	21,177	78,573	81,340	31,638	32,378	46,935	48,962
41.2.3 River Channel and Floodplain Protection	4,463	4,367	4,384	5,410	8,847	9,777	5,598	6,314	3,249	3,463
41.3.1 Subsidies to Other Water Supply Organisations	178	1,251	...	...	8,178	1,251	5,178	1,251	...	...
55.1.1 Port Kembla Grain Terminal Contributions	...	...	1,500	...	1,500	...	1,500	...	...	...
Berry Corporation of N.S.W.	...	...	3,083	2,396	3,083	2,396	...	...	3,083	2,396
Fish Marketing Authority	...	...	4,652	2,740	4,652	2,740	...	...	4,652	2,740
Forestry Commission	...	...	5,524	11,058	5,524	11,058	...	...	5,524	11,058
Grain Handling Authority	...	...	46,991	60,216	46,991	60,216	...	...	46,991	60,216
Total Agriculture, Forestry and Fishing	267,994	294,707	218,898	214,156	486,852	508,863	248,461	272,844	238,391	236,019
7.2 Mining, Manufacturing and Construction										
38.1.1 Identification and Development of the State's Mineral and Petroleum Resources	8,199	7,979	61	235	8,260	8,214	7,954	8,123	306	91

GROSS PROGRAM COSTS BY POLICY AREA, POLICY SECTOR AND PROGRAM

	Recurrent Services			Capital Works and Services			Total Costs			Consolidated Fund			Source of Funding	
	Actual	Estimate	1987-88	Actual	Estimate	1988-89	Actual	Estimate	1987-88	Actual	Estimate	1987-88	Actual	Estimate
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
7. Economic Services (cont.)														
7.2 Mining Manufacturing and Construction														
38.1.2 Identification and Development of the State's Coal Resources	21,878	20,267	12	21,878	20,279		13,820	20,279	13,820	8,459		8,459	8,058	11,810
38.1.3 General Professional and Promotional Services	4,776	8,489	636	1,684	5,412		4,850	10,193	4,850	5,920		5,920	5,264	4,264
38.1.4 Administrative Support Services	2,882	2,790	50	2,882	2,840		2,789	2,840	2,789	2,612		2,612	93	228
49.1.7 Civil Engineering - Special Projects, Minor Works and other Engineering and Associated Services	7,837	5,809		7,837	5,809		2,900	5,809	2,900	3,139		3,139	4,937	2,670
49.2.5 Advisory Services	962	585		962	585		935	585	935	585		585	27	
49.3.1 Administrative Support Services	11,480	13,316	56	11,480	13,316		10,861	13,316	10,861	11,787		11,787	619	1,529
State Brickworks				56									56	
Total Mining Manufacturing and Construction	58,014	59,245	753	1,981	61,226		44,109	61,226	44,109	40,644		40,644	14,658	20,582
7.3 Transport and Communication														
49.1.6 Fishing and Government Facilities	1,685	2,018	4,371	6,056	5,708		6,044	5,708	6,044	5,696		5,696	12	12
50.1.1 Payments to the State Rail Authority	996,099	1,067,000	60,000	1,056,099	1,067,000		1,056,099	1,067,000	1,056,099	1,067,000		1,067,000		
50.1.2 Payments to the Urban Transit Authority	193,856	195,000	12,000	205,856	204,000		205,856	204,000	205,856	204,000		204,000		
50.2.1 Co-ordination, Development and Implementation of Transport Policy	5,180	5,276		5,180	5,276		5,180	5,276	5,180	5,256		5,256		20
50.2.2 Development of Transport Plans and Improvement Programs	1,210	1,245		3,394	3,545		3,394	3,545	3,394	3,545		3,545		
51.1.1 National Roads			2,184	182,719	209,738		182,719	209,738	182,719	209,738		209,738		
51.1.2 Arterial Roads			699,766	699,766	766,743		699,766	766,743	699,766	766,743		766,743		
51.1.3 Local Roads			69,861	69,861	81,115		69,861	81,115	69,861	81,115		81,115		
51.1.4 Traffic Management			57,745	57,745	67,404		57,745	67,404	57,745	67,404		67,404		
52.1.1 Driver Licensing and Driver Standards	21,705	24,100		21,705	24,100		21,705	24,100	21,705	24,100		24,100		
52.1.2 Motor Vehicle Registration and Vehicle Standards	42,035	40,456		42,035	40,456		42,035	40,456	42,035	40,456		40,456		
52.2.1 Corporate Services	58,800	79,640	2,753	61,553	84,220		61,553	84,220	61,553	84,220		84,220		
52.3.1 Regulation of Private Transport Services and the Administration of Subsidy Payments for Travel Concessions														
Maritime Services Board	5,832	7,154		5,832	7,154		5,832	7,154	5,832	7,154		7,154		
State Rail Authority			42,070	42,070	66,506		42,070	66,506	42,070	66,506		66,506		66,506
Urban Transit Authority			335,941	335,941	355,300		335,941	355,300	335,941	355,300		355,300		355,300
			28,519	28,519	29,507		28,519	29,507	28,519	29,507		29,507		29,507

GROSS PROGRAM COSTS BY POLICY AREA - POLICE SECTOR AND PROGRAM

	Recurrent Services			Capital Works and Services			Total Costs			Consolidated Fund			Source of Funding	
	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Appropriated	Actual	Estimate	1987-88	1988-89
	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	\$000	\$000
7. Economic Services (cont.)														
7.3 Transport and Communication														
Total Transport and Communication	1,326,452	1,421,889	1,494,929	1,595,973	2,821,381	3,017,862	1,849,285	1,946,627	972,096	1,071,235				
7.4 Other Economic Services														
6.1.3 Management and Administration of Statutory and Industrial Ballot of Casino Operations	337	320			337	320			337	320				
14.3.2 Licensing and Control of Casino Operations	2,133	2,210			2,133	2,210			2,133	2,210				
18.1.1 Business Support	49,717	57,719			49,717	57,719			49,717	57,719				
18.1.2 Compliance	9,850	10,511	3,000		5,850	6,511			9,850	10,511			6,165	10,065
18.1.3 Client Services	23,430	20,897			23,430	20,897			23,430	20,897				
18.1.4 Policy Development	1,325	1,625			1,325	1,625			1,325	1,625				
18.1.5 Management Support Services	12,406	13,278			12,406	13,278			12,406	13,278				
33.1.1 Regulation of Employment and Industry	9,963	6,278			9,963	6,278			9,963	6,278				168
33.1.2 Conciliation and Arbitration Proceedings		1,831				1,831				1,831				
33.1.3 Human Resources Development	20,822	23,979			20,822	23,979			19,033	18,568			1,789	5,411
33.1.4 Occupational Health and Safety	16,727	17,219	248		16,975	20,213			16,994	20,213			-19	3,006
33.1.5 Workover Policy and Rehabilitation Program		3,006		2,994		3,006								760
33.1.6 Corporate Services and Policy Coordination														
33.1.7 Special Schemes to Promote Youth Employment and Employment Generally	7,018	11,853			7,018	11,853			6,968	11,093			50	
39.1.1 Energy Strategic Planning	72,901	35,231			72,901	35,231			75,272	29,568			-2,371	5,663
39.1.2 Energy Industry Oversight	3,587	5,536			3,587	5,536			2,509	2,359			1,078	3,177
39.1.3 Energy Consumption Management	12,494	16,965	322		12,816	16,965			6,510	6,879			6,306	10,086
40.2.1 Mapping	11,782	11,969			11,782	11,969			3,166	2,514			8,616	9,455
40.2.2 Control Surveys	13,019	14,448			13,019	14,448			10,842	11,345			2,177	3,103
40.2.3 Planning and Management for the State Land Information System	3,207	3,558			3,207	3,558			3,207	3,558				
48.1.1 Co-ordination of the State Government's Role in Business Development in New South Wales	885	2,075			885	2,075			536	949			349	1,126
Sydney Cove Redevelopment Authority	125	3,647			125	3,647			125	3,647			1,283	7,166
County Councils Borrowing Program			33,400	31,400										33,400

GROSS PROGRAM COSTS BY POLICY AREA, POLICY SECTOR AND PROGRAM

	Recurrent Services		Capital works and Services		Total Costs		Consolidated Fund		Source of Funding	
	Actual 1987-88	Estimate 1988-89	Actual 1987-88	Estimate 1988-89	Actual 1987-88	Estimate 1988-89	Actual 1987-88	Appropriated 1988-89	Actual 1987-88	Estimate 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
8. General Administration (n.e.i.) (cont.)										
8.2 Financial and Fiscal Services										
7.1.1 Budget Analysis, Preparation and Control	1,775	2,317	...	...	1,775	2,317	1,775	2,317	...	...
7.1.2 Financial Accounting and Funds Management	10,719	13,549	...	...	10,719	13,549	89,943	13,549	-75,824	...
7.3.1 Stamp Duty Collection	7,763	10,796	...	...	7,763	10,796	7,763	8,021	...	2,775
7.3.2 Pay-roll Tax Collection	3,249	5,149	...	...	3,249	5,149	3,549	4,257	...	592
7.3.3 Land Tax Collection	5,396	8,634	...	...	5,396	8,634	5,396	6,328	...	2,106
7.3.4 Business Franchise Licences	5,773	938	...	...	5,773	938	5,773	4,286	...	122
7.3.5 Investigation Division	3,401	4,446	...	...	3,401	4,446	3,401	4,284	...	162
7.4.1 Relief from Taxation	9,754	4,710	...	...	9,754	4,710	9,754	2,110	...	10,000
7.5.2 Insurance and Compensation Payments	1,064	12,126	...	...	1,064	12,126	1,064	8,346	...	...
7.5.4 Administration of Government Agency Accounts	10,700	8,346	...	...	10,700	8,346	10,700	8,346	...	...
7.6.1 Assistance to Authorities and Other Bodies	39,378	279	...	...	39,378	279	39,378	619,500	...	...
7.7.1 Liability for Commonwealth General Purpose Loans	623,033	619,500	...	...	623,033	619,500	623,033	619,500	...	...
7.7.2 Liability for Commonwealth Specific Purpose Advances	50,877	67,984	...	...	50,877	67,984	50,877	67,984	...	...
7.7.3 Liability for Interest Charges on Departmental Works Programs	88,963	142,892	...	...	88,963	142,892	88,963	142,892	...	...
7.7.4 Liability for Debts Assumed from Various Authorities	3,235	74,915	...	...	3,235	74,915	3,235	23,115	...	51,800
7.9.1 Administrative Support Services (Office of Financial Management)	2,473	2,185	...	...	2,473	2,185	2,473	2,185	...	...
7.9.2 Policy and Planning (Office of State Revenue)	1,123	382	...	...	1,123	382	1,123	382	...	...
9.2.2 Centralised Payroll and Data Entry Services	646	1,032	...	...	646	1,032	646	1,032	...	...
9.3.1 Government Real Estate Administration	4,797	6,010	...	...	4,797	6,010	4,797	5,243	...	767
19.1.1 Licensing and Control of Poker Machines, Certain Amusement Devices and Premises Supplying and Serving Liquor	23,168	25,015	...	...	23,168	25,015	23,168	25,015	...	...
19.1.3 Policy Support	22,185	19,528	...	...	22,185	19,528	15,135	16,793	...	2,735
20.1.1 Sale of Lotteries	1,306	1,486	...	...	1,306	1,486	1,306	1,486	...	...
20.1.2 Sale of Lotto			...	...					...	...
47.1.4 Development, Control and Regulation of the Racing Industry			...	...					7,050	...

GROSS PROGRAM COSTS BY POLICY AREA - POLICY SECTOR AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Consolidated Fund		Source of Funding, Other Sources	
	Actual 1987-88	Estimate 1988-89	Actual 1987-88	Estimate 1988-89	Actual 1987-88	Estimate 1988-89	Actual 1987-88	Appropriated 1988-89	Actual 1987-88	Estimate 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
8. General Administration (n.e.i.) (cont.)										
8.2 Financial and Fiscal Services										
Total Financial and Fiscal Services	915,907	1,033,348	...	...	915,907	1,033,348	1,046,190	962,389	- 130,283	70,959
8.3 Payroll and Fringe Benefits Tax										
7.5.3 Pay-roll Tax	210,823	225,977	...	...	210,823	225,977	210,823	225,977	...	...
Total Payroll and Fringe Benefits Tax	210,823	225,977	...	...	210,823	225,977	210,823	225,977	...	...
8.4 Superannuation										
7.5.1 Superannuation Costs	381,783	478,662	...	...	381,783	478,662	381,783	478,662	...	...
34.1.1 Research, Policy and Management	605	588	...	...	605	588	605	588	...	...
34.1.2 Coal Mining Industry Superannuation and Long Service Leave Schemes	30,880	18,188	...	...	30,880	18,188	29,800	17,200	1,080	988
Total Superannuation	413,268	497,438	...	...	413,268	497,438	412,188	496,450	1,080	988
8.5 Other - General Administration										
2.1.1 Services for the Premier and Cabinet	2,176	3,401	...	...	2,176	3,401	2,176	3,401	...	...
3.1.2 Protocol and Hospitality Services	1,579	1,160	...	...	1,579	1,160	1,579	1,160	...	...
3.1.5 Overseas Representation	4,732	3,500	...	...	4,732	3,500	4,732	3,500	...	...
3.1.6 Office of Public Sector Management Performance	2,657	4,000	...	...	2,657	4,000	2,657	4,000	...	...
3.1.7 Public Sector Actual Services	858	1,080	...	...	858	1,080	858	1,080	79	100
3.1.9 Public Sector Actual Services	770	865	...	...	770	865	770	865	...	...
3.2.1 Co-ordination of Services for the Aged and the Disabled	1,132	1,165	...	...	1,132	1,165	1,032	1,098	100	67
3.2.2 Co-ordination of State Government Bicentennial Activities, Australia Day Celebrations and nomination of Sydney as 1996 Olympic Games host	52,679	41,108	...	...	52,679	41,108	1,360	1,858	51,319	39,250

GROSS PROGRAM COSTS BY POLICY AREA, POLICY SECTOR AND PROGRAM

	Recurrent Services			Capital Works and Services			Total Costs			Consolidated Fund			Source of Funding Other Sources		
	Actual 1987-88	Estimate 1988-89	Actual 1987-88	Estimate 1988-89	Actual 1987-88	Estimate 1988-89	Actual 1987-88	Estimate 1988-89	Actual 1987-88	Appropriated 1988-89	Actual 1987-88	Estimate 1988-89	Actual 1987-88	Estimate 1988-89	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
8. General Administration (n.e.1) (cont.)															
8.5 Other - General Administration															
3.2.3 Policy and Advisory Services on Aboriginal Affairs	29,375	29,982	...	...	29,375	29,982	29,061	29,982	29,982	314	...	...	...	...
3.2.4 Implementation of Freedom of Information Policies	...	332	...	...	...	332	...	332	332	...	...	...	...	...
3.3.1 Administrative Support Services	10,674	9,973	...	...	10,674	9,973	10,503	9,443	9,443	171	530	...	...	...
5.1.1.1 Investigation of Citizens' Complaints and Monitoring and Reporting on Telecommunications	...	...	...	...	...	...	...	...	...	...	...	...	...	...
7.2.1 Interception Activities	2,901	3,627	...	...	2,901	3,627	2,895	3,565	3,565	6	62	...	...	...
7.9.3 Economic and Statistical Analysis and Advice and Inter-Governmental Financial Relations (Office of State Revenue)	1,103	1,287	...	...	1,103	1,287	1,103	1,287	1,287	...	...	...	...	...
7.9.4 Internal Review (Office of State Revenue)	4,421	5,977	...	...	4,421	5,977	4,421	4,545	4,545	...	1,432	...	...	...
8.1.1 Services for Ethnic Communities	4,486	5,653	...	...	4,486	5,653	4,486	4,865	4,865	...	...	...	...	...
9.1.1 Government Advertising	5,580	6,153	...	...	5,580	6,153	5,580	5,990	5,990	...	163	...	...	...
9.1.2 Government Information Services	1,309	1,425	...	...	1,309	1,425	1,309	1,425	1,425	...	...	...	...	...
9.2.1 Computer Services	61,450	84,303	...	...	61,450	84,303	61,450	84,303	84,303	...	...	...	...	...
9.3.2 Office Accommodation	422	408	...	...	422	408	422	408	408	...	...	...	...	...
9.3.3 Property Management	4,549	2,510	...	...	4,549	2,510	4,549	2,510	2,510	...	...	...	...	...
9.4.1 Corporate Services	344	1,813	...	...	344	1,813	344	1,813	1,813	...	...	...	...	...
9.5.1 Administration, Planning and Policy Development	58,785	69,595	...	...	58,785	69,595	58,785	69,595	69,595	...	...	...	...	...
10.1.1 Printing Services	69,948	28,700	...	...	69,948	28,700	69,948	28,700	28,700	...	...	...	...	...
11.1.2 Centralised Supply Services and Contracts	4,108	4,733	...	...	4,108	4,733	4,108	4,733	4,733	...	...	...	...	...
11.1.3 Administrative Support Services	4,633	4,423	...	...	4,633	4,423	4,633	4,423	4,423	...	...	...	...	...
11.2.1 Cleaning Services	179,510	182,121	...	...	179,510	182,121	179,510	182,121	182,121	...	...	...	...	...
11.3.1 Catering Services	15,529	17,247	...	...	15,529	17,247	15,529	17,247	17,247	...	...	...	...	...
19.1.2 Charities Administration	515	555	...	...	515	555	515	555	555	...	...	...	...	...
27.1.6 Administrative Support Services (National Parks)	245	139	...	...	245	139	245	139	139	...	...	...	...	...
29.2.3 Policy Development and Projects Affecting the Status of Women	1,207	1,241	...	...	1,207	1,241	1,207	1,241	1,241	...	...	...	...	...
32.4.1 Residential Tenancies	2,593	2,850	...	...	2,593	2,850	2,593	2,850	2,850	...	...	...	...	...
33.1.8 Public Sector Industrial Relations	4,256	3,630	...	...	4,256	3,630	4,256	3,630	3,630	...	...	...	...	...
35.1.1 Development, Oversight of and Assistance to Local Government	8,924	9,894	...	...	8,924	9,894	8,924	9,894	9,894	...	...	...	...	...
37.1.1 Darling Harbour Authority	68,129	70,190	74,586	82,670	142,717	153,060	139,008	64,800	64,800	543	3,709	88,260	...	...

GROSS PROGRAM COSTS BY POLICY AREA, POLICY SECTOR AND PROGRAM

	Recurrent Services			Capital Works and Services			Total Costs			Source of Funding		
	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Appropriated	Actual	Estimate
	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89
8. General Administration (n.e.t) (cont.)												
8.5 Other - General Administration												
40.1.1 Crown Land Management and Administration	20,501	21,864	2,642	1,420	23,143	23,284	21,070	20,437	2,043	2,847		
40.1.2 Management and Preservation of Western Lands	2,777	3,010	...	100	2,777	3,110	2,777	3,110	...	...
40.3.1 Administrative and Financial Support Services	18,323	18,759	...	...	18,323	18,759	18,124	18,284	199	475		
49.2.4 Other Public Buildings	27,329	25,320	53,106	8,405	59,435	52,723	68,215	21,979	220	746		
49.2.9 Maintenance of Public and Other Buildings	8,488	5,906	...	...	2,488	2,304	36,137	22,951	-8,796	2,363		
49.2.10 Management of Government Buildings	...	...	...	...	6,708	7,306	8,075	5,610	...	...
Local Government Borrowing Program	...	...	209,700	197,500	207,700	197,500	...	...	209,700	197,500		
Darling Harbour Authority	...	...	175,602	...	175,602	...	...	...	175,602	...		
Total Other - General Administration	700,631	691,329	515,817	291,471	1,216,448	982,800	682,679	571,777	533,739	411,023		
Total General Administration (n.e.t)	2,289,664	2,499,906	515,817	291,471	2,805,481	2,791,377	2,400,915	2,307,072	404,536	484,305		
9. Other Purposes												
9.1 Natural Disasters Relief												
7.8.1 Natural Disasters Relief	35,656	20,000	...	...	35,656	20,000	35,656	20,000	...	...
Total Natural Disasters Relief	35,656	20,000	...	...	35,656	20,000	35,656	20,000	...	...
Total Other Purposes	35,656	20,000	...	...	35,656	20,000	35,656	20,000	...	...
Sub Total Policy Areas and Policy Sectors	13,008,568	14,201,657	4,406,806	4,445,073	17,415,374	18,646,730	13,242,921	13,953,605	4,172,490	4,693,124		

GROSS PROGRAM COSTS BY POLICY AREA, POLICY SECTOR AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Consolidated Fund		Source of Funding	
	Actual 1987-88	Estimate 1988-89	Actual 1987-88	Estimate 1988-89	Actual 1987-88	Estimate 1988-89	Actual 1987-88	Appropriated 1988-89	Actual 1987-88	Estimate 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sub Total Policy Areas and Policy Sectors	13,008,568	14,201,657	4,406,806	4,445,073	17,415,374	18,646,730	13,242,921	13,953,695	4,172,490	4,693,124
Add Advance to Treasurer	.....	50,000	.....	.....	.....	50,000	.....	50,000	.....	.....
TOTAL ALL POLICY AREAS AND POLICY SECTORS (1)	13,008,568	14,251,657	4,406,806	4,445,073	17,415,374	18,696,730	13,242,921	14,003,695	4,172,490	4,693,124
Adjustments to 1987-88 to allow comparison with 1988-89 estimates	(57,000)	(112,800)	.....	.....	(57,000)	(112,800)	(108,800)	(61,000)	51,800	(51,800)
Delete loan repayments	14,900	.....	.....	.....	14,900	.....	14,900	.....	.....	.....
Add Forestry Commission debt charges	12,956,468	14,138,857	4,406,805	4,445,073	17,373,274	18,583,930	13,149,021	13,942,695	4,224,290	4,641,324

NOTE (1) On a cash flow basis, treating the \$244.7 million utilised to eliminate the overdraft in 1987-88 as an appropriation to repay borrowings the given program costs by policy sector would be as follows:-

	Actual 1987-88	Estimate 1988-89
	\$000	\$000
ADJUSTED TOTAL	13,253,268	14,251,657
	4,406,806	4,445,073
	17,660,074	18,696,730
	13,487,221	14,003,695
	4,172,490	4,693,124

(a) 1987-88 Consolidated Fund expenditure has been adjusted to improve comparability with 1988-89 estimates as the result of a number of organisations now going "off-budget".



**SUMMARY OF GROSS PROGRAM COSTS
BY MINISTER, ORGANISATIONAL UNIT,
PROGRAM AREA AND PROGRAM**



SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
THE LEGISLATURE								
THE LEGISLATURE								
Parliamentary Representation - Legislative Council	3,540	4,020	...	...	3,540	4,020	11	13
Operation of the Legislative Council	1,531	1,902	...	...	1,531	1,902	23	25
Parliamentary Representation - Legislative Assembly	14,235	16,969	...	...	14,235	16,969	220	238
Operation of the Legislative Assembly	2,703	3,014	...	...	2,703	3,014	44	47
Executive Government	2,240	2,467	...	...	2,240	2,467	...	...
Parliamentary Government	24,249	28,372	...	...	24,249	28,372	298	323
Parliamentary Library	1,144	1,237	...	...	1,144	1,237	30	30
Hansard	3,417	3,453	...	...	3,417	3,453	27	21
Building Services	2,788	2,882	...	...	2,788	2,882	77	81
Catering Services	1,266	1,505	...	...	1,266	1,505	45	51
Special Services	1,356	3,289	...	...	1,356	3,289	21	33
Parliamentary Support Services	9,971	12,366	...	...	9,971	12,366	194	216
Total, THE LEGISLATURE	34,220	40,738	...	...	34,220	40,738	492	539
TOTAL, THE LEGISLATURE	34,220	40,738	...	...	34,220	40,738	492	539

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
PREMIER, TREASURER AND MINISTER FOR ETHNIC AFFAIRS								
CABINET OFFICE								
Services for the Premier and Cabinet	2,176	3,401	...	...	2,176	3,401	62	82
Services for the Premier and Cabinet	2,176	3,401	...	...	2,176	3,401	62	82
Total, CABINET OFFICE	2,176	3,401	...	...	2,176	3,401	62	82
PREMIER'S OFFICE								
Services for the Governor's Establishment	977	1,136	...	...	977	1,136	32	32
Protocol and Hospitality Services	1,579	1,160	...	...	1,579	1,160	17	16
Services for the Leaders of the Opposition	598	742	...	...	598	742	15	18
Overseas Representation	4,732	5,260	...	...	4,732	5,260	48	37
Overlight of Public Sector Management Performance	2,657	4,028	...	...	2,657	4,028	62	62
Equal Opportunity in Public Employment	858	1,080	...	...	858	1,080	14	16
Public Sector Actuarial Services	770	865	...	...	770	865	22	23
Services for Administration of Government	12,171	14,271	...	...	12,171	14,271	210	204
Co-ordination of Services for the Aged and the Disabled	1,132	1,165	...	...	1,132	1,165	10	12
Co-ordination of State Government Bicentennial Activities, Australia Day Celebrations and Remuneration of Sydney as 1986 Olympic Games	52,679	41,108	3,590	...	56,269	41,108	5	8
Policy and Advisory Services on Aboriginal Affairs	29,375	29,982	...	...	29,375	29,982	18	22
Implementation of Freedom of Information Policies	...	332	...	...	...	332	...	5
Co-ordination of Community Relations	83,186	72,587	3,590	...	86,776	72,587	33	47
Administrative Support Services	10,674	9,973	...	...	10,674	9,973	202	185
Administrative Support Services	10,674	9,973	...	...	10,674	9,973	202	185

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
PREMIER, TREASURER AND MINISTER FOR ETHNIC AFFAIRS (cont.)								
PREMIER'S OFFICE (cont.)								
Total, PREMIER'S OFFICE	106,031	96,831	3,590	...	109,621	96,831	445	436
INDEPENDENT COMMISSION AGAINST CORRUPTION								
Investigation of Allegations of Corruption	...	3,400	...	...	...	3,400	...	41
Investigation of Allegations of Corruption	...	3,400	...	...	...	3,400	...	41
Total, INDEPENDENT COMMISSION AGAINST CORRUPTION	...	3,400	...	...	...	3,400	...	41
OMBUDSMAN'S OFFICE								
Investigation of Citizens' Complaints and Monitoring and Reporting on Telecommunications Interception Activities	2,901	3,627	...	...	2,901	3,627	64	71
Investigation of Citizens' Complaints and Monitoring and Reporting on Telecommunications Interception Activities	2,901	3,627	...	...	2,901	3,627	64	71
Total, OMBUDSMAN'S OFFICE	2,901	3,627	...	...	2,901	3,627	64	71
STATE ELECTORAL OFFICE								
Management and Administration of Parliamentary Elections	11,499	1,601	...	...	11,499	1,601	15	15
Funding of Parliamentary Election Campaigns	173	5,743	...	...	173	5,743	1	1
Management and Administration of Statutory and Industrial Ballots	337	320	...	...	337	320	11	11
Management and Administration of Local Government Elections	189	248	...	...	189	248	6	6
Electoral Services	12,198	7,912	...	...	12,198	7,912	33	33

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
PENNER, TREASURER AND MINISTER FOR ETHNIC AFFAIRS (cont.)								
STATE ELECTORAL OFFICE (cont.)								
Total, STATE ELECTORAL OFFICE	12,198	7,912	...	...	12,198	7,912	33	33
TREASURY								
Budget Analysis, Preparation and Control	1,775	2,317	...	...	1,775	2,317	43	49
Financial Accounting and Funds Management	10,719	13,549	...	...	10,719	13,549	52	56
Total	12,494	15,866	...	...	12,494	15,866	95	105
Central Financial Management Services								
Economic and Statistical Analysis and Advice and Inter-Governmental Financial Relations	1,103	1,287	...	...	1,103	1,287	26	25
Economic Policy and Advice	1,103	1,287	...	...	1,103	1,287	26	25
Stamp Duty Collection	7,763	10,796	...	...	7,763	10,796	129	141
Pay-roll Tax Collection	3,249	5,149	...	...	3,249	5,149	103	103
Business Franchise Licences	5,396	8,634	...	...	5,396	8,634	147	154
Investigation Division	773	938	...	...	773	938	14	10
Licensing and Control of Casino Operations	3,401	4,446	...	...	3,401	4,446	86	88
	519	...	...	...	519	...	8	...
Revenue Collection	21,101	29,963	...	...	21,101	29,963	487	496
Relief from Taxation	9,754	4,710	...	...	9,754	4,710	...	...
Relief from Taxation	9,754	4,710	...	...	9,754	4,710	...	...
Superannuation Costs	381,783	478,662	...	...	381,783	478,662	...	...
Insurance and Compensation Payments	1,064	12,126	...	...	1,064	12,126	...	...
Pay-roll Tax	210,823	225,977	...	...	210,823	225,977	...	...
Administration of Government Agency Accounts	10,700	8,346	...	...	10,700	8,346	...	...
Service-wide Payments and Services	604,370	725,111	...	...	604,370	725,111	...	...

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
PREMIER, TREASURER AND MINISTER FOR ETHNIC AFFAIRS (cont.)								
TREASURY (cont.)								
Assistance to Authorities and Other Bodies	39,378	279	...	...	39,378	279	...	...
Assistance to Authorities	39,378	279	...	...	39,378	279	...	...
Liability for Commonwealth General Purpose Loans	623,033	619,500	...	...	623,033	619,500	...	...
Liability for Commonwealth Specific Purpose Advances	50,877	67,984	...	...	50,877	67,984	...	...
Liability for Interest Charges on Departmental Works Programs	88,963	142,892	...	...	88,963	142,892	...	...
Liability for Debts Assumed from Various Authorities	3,235	74,915	...	...	3,235	74,915	...	...
Liability for Loans and Advances	766,108	905,291	...	...	766,108	905,291	...	...
Natural Disasters Relief Assistance to Farmers	35,656	20,000	8,000	8,500	35,656	20,000	...	...
Assistance to Farmers	35,656	20,000	8,000	8,500	43,656	28,500	...	...
Administrative Support Services (Office of Financial Management)	2,473	2,185	...	...	2,473	2,185	54	42
Policy and Planning (Office of State Revenue)	1,123	382	...	...	1,123	382	17	9
Administrative Support Services (Office of State Revenue)	4,421	5,877	...	...	4,421	5,977	116	120
Internal Review (Office of State Revenue)	486	653	...	...	486	653	12	15
Administrative Support Services	8,503	9,197	...	...	8,503	9,197	199	186
Total, TREASURY	1,498,467	1,711,704	8,000	8,500	1,506,467	1,720,204	807	812
ETHNIC AFFAIRS COMMISSION								

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
PREMIER, TREASURER AND MINISTER FOR ETHNIC AFFAIRS (cont.)								
ETHNIC AFFAIRS COMMISSION (cont.)								
Services for Ethnic Communities	5,580	6,153	...	...	5,580	6,153	91	98
Services for Ethnic Communities	5,580	6,153	...	...	5,580	6,153	91	98
Total, ETHNIC AFFAIRS COMMISSION	5,580	6,153	...	...	5,580	6,153	91	98
TOTAL, PREMIER, TREASURER AND MINISTER FOR ETHNIC AFFAIRS	1,627,353	1,833,028	11,590	8,500	1,638,943	1,841,528	1,502	1,573

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT - PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR ADMINISTRATIVE SERVICES								
DEPARTMENT OF ADMINISTRATIVE SERVICES								
Government Advertising	293	328	...	...	293	328	13	14
Government Information Services	1,309	1,425	...	...	1,309	1,425	26	29
Government Communications	1,602	1,753	...	...	1,602	1,753	39	43
Government Real Estate Administration	646	1,032	...	...	646	1,032	22	22
Office Accommodation	61,450	84,303	...	...	61,450	84,303	31	32
Property Management	13,422	11,906	1,314	1,750	14,736	13,656	8	11
Public Servant Housing	13,174	11,906	1,314	1,750	14,488	13,656	9	9
Property Administration	75,692	97,649	1,314	1,750	77,006	99,399	70	74
Corporate Services	4,549	2,510	...	...	4,549	2,510	40	61
Corporate Services	4,549	2,510	...	...	4,549	2,510	40	61
Administration, Planning and Policy Development	344	1,813	...	...	344	1,813	8	32
Administrative Support Services	344	1,813	...	...	344	1,813	8	32
Total, DEPARTMENT OF ADMINISTRATIVE SERVICES	82,187	103,725	1,314	1,750	83,501	105,475	157	210
GOVERNMENT PRINTING OFFICE								
Printing Services	58,785	69,595	...	...	58,785	69,595	900	898
Printing Services	58,785	69,595	...	...	58,785	69,595	900	898

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR ADMINISTRATIVE SERVICES (cont.)								
GOVERNMENT PRINTING OFFICE (cont.)								
Total, GOVERNMENT PRINTING OFFICE	58,785	69,595	...	...	58,785	69,595	900	898
GOVERNMENT SUPPLY OFFICE								
Centralised Supply Services and Contracts	69,948	28,700	...	605	69,948	29,305	535	552
Administrative Support Services	4,108	4,733	...	...	4,108	4,733	144	162
Uniform Manufacture	4,633	4,423	...	...	4,633	4,423	120	123
Government-wide Supply and Technical Services								
Cleaning Services	78,689	37,856	...	605	78,689	38,461	799	837
Government Cleaning Services	179,510	182,121	...	...	179,510	182,121	8,561	8,506
Courier Services	15,529	17,247	...	...	15,529	17,247	122	124
Government Courier Services	15,529	17,247	...	...	15,529	17,247	122	124
Total, GOVERNMENT SUPPLY OFFICE	273,728	237,224	...	605	273,728	237,829	9,482	9,467
TOTAL, MINISTER FOR ADMINISTRATIVE SERVICES	414,700	410,544	1,314	2,355	416,014	412,899	10,539	10,575

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual	Est.	Actual	Est.	Actual	Est.	Actual	Est.
	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR AGRICULTURE AND RURAL AFFAIRS								
DEPARTMENT OF AGRICULTURE AND FISHERIES								
Plant Industries	50,375	53,177	1,423	1,796	51,798	54,973	1,311	1,333
Animal Production Services	16,626	19,425	225	266	16,851	19,691	405	488
Animal Health Services	23,974	25,825	10,235	17,812	34,219	43,637	707	988
Fish Industries	13,332	14,554	785	438	14,117	14,992	292	308
Administration and Support Services	45,111	48,131	1,609	1,485	46,720	49,616	603	574
Agriculture and Fisheries Services	149,418	161,112	14,287	21,797	163,705	182,909	3,338	3,310
Total, DEPARTMENT OF AGRICULTURE AND FISHERIES	149,418	161,112	14,287	21,797	163,705	182,909	3,338	3,310
SOIL CONSERVATION SERVICE								
Management of Catchment Areas	5,505	6,761	3,482	4,432	8,987	11,193	155	152
Management of Arid and Semi-arid Lands	1,896	1,950	72	57	1,968	2,007	46	45
Conservation of Pastoral Lands Generally	18,337	19,365	779	2,629	19,116	21,994	476	467
Soil Conservation Management	6,139	5,296	1,113	614	7,252	5,910	64	63
Infrastructure Development	2,969	6,098	...	...	2,969	6,098	38	37
Administrative Support Services	...	...	...	...	...	...	...	...
Conservation of the State's Soil Resources	34,846	39,470	5,446	7,732	40,292	47,202	779	764
Total, SOIL CONSERVATION SERVICE	34,846	39,470	5,446	7,732	40,292	47,202	779	764
Outer Budget Sector Authority Capital Works Program								
Dairy Corporation of N.S.W.	...	...	3,083	2,396	3,083	2,396	...	...
Sydney Market Authority	...	...	4,652	2,740	5,392	2,740	...	...
Fish Marketing Authority	...	...	5,524	11,058	5,524	11,058	...	...
Total, OUTER BUDGET SECTOR	...	...	13,259	16,194	13,259	16,194	...	...
TOTAL, MINISTER FOR AGRICULTURE AND RURAL AFFAIRS	184,264	200,582	32,992	45,723	217,256	246,305	4,117	4,075

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
ATTORNEY GENERAL								
ATTORNEY GENERAL'S DEPARTMENT								
Registry Services for Births, Deaths and Marriages	8,032	11,653	...	...	8,032	11,653	149	137
Registry Services for Births, Deaths and Marriages	8,032	11,653	...	...	8,032	11,653	149	137
Legal Advice and Representation on behalf of the Crown (other than Criminal Prosecution)	9,712	9,675	...	...	9,712	9,675	154	148
Drafting of Government Legislation	1,379	1,606	...	...	1,379	1,606	32	35
Legal and Law Reform, and Law Reporting	2,432	2,431	...	...	2,432	2,431	59	49
Protection of Privacy	252	256	...	...	252	256	7	6
Legal Aid Services (Public Defenders)	1,427	1,527	...	...	1,427	1,527	19	19
Legislative and Legal Services	15,202	15,495	...	...	15,202	15,495	271	257
Supreme Court Services	1,150	14,276	397	23	11,937	14,499	227	240
Industrial Commission	2,032	2,671	...	...	2,032	2,671	47	35
Land and Environment Court Services	10,438	12,846	6,572	46,553	17,107	59,729	44	33
District Court Services	36,610	41,930	6,346	5,611	42,956	47,541	205	220
Local Courts Services	15,045	16,540	...	...	15,045	16,540	1,048	1,097
Court Reporting, Recording and Transcription Services	12,932	15,061	1,146	1,282	14,138	16,343	484	500
Security, Jury and Court Process Services	609	822	...	...	609	822	338	348
Community Justice Scheme	1,822	2,118	...	...	1,822	2,118	17	18
Legal Library Services	612	894	...	...	612	894	45	44
Criminal Listing Directorate Services	94,776	109,988	14,568	53,479	109,344	163,467	18	25
Courts and Court Administration	13,301	...	...	...	13,301	...	...	...
Legal Compensation and Review Services	13,301	...	...	...	13,301	...	...	...
Legal Compensation and Review Services	13,301	...	...	...	13,301	...	...	...

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
ATTORNEY GENERAL (cont.)								
ATTORNEY GENERAL'S DEPARTMENT (cont.)								
Specific Purpose Tribunals	2,331	27,312	...	...	2,331	27,312	54	52
Specific Purpose Tribunals	2,331	27,312	...	...	2,331	27,312	54	52
Administrative Support Services	16,316	24,813	...	100	16,316	24,913	287	299
Administrative Support Services	16,316	24,813	...	100	16,316	24,913	287	299
Total, ATTORNEY GENERAL'S DEPARTMENT	149,958	189,261	14,568	53,579	164,526	242,840	3,224	3,315
JUDICIAL COMMISSION								
Judicial Commission of New South Wales	640	1,452	...	...	640	1,452	9	15
Judicial Commission of New South Wales	640	1,452	...	...	640	1,452	9	15
Total, JUDICIAL COMMISSION	640	1,452	...	...	640	1,452	9	15
LEGAL AID COMMISSION								
Legal Aid and Other Legal Services for Eligible Persons in Child Welfare Matters	1,756	1,901	...	...	1,756	1,901	6	6
Legal Aid and Other Legal Services for Eligible Persons in Criminal Law Matters	18,696	19,815	...	...	18,696	19,815	159	161
Legal Aid and Other Legal Services for Eligible Persons in Civil Law Matters	14,166	15,315	...	...	14,166	15,315	89	93
Legal Aid and Other Legal Services for Eligible Persons in Administrative Law Matters	2,003	2,149	...	...	2,003	2,149	29	29
Legal Aid and Other Legal Services for Eligible Persons in Mental Health Hospitals and Mental Health Units	831	920	...	...	831	920	19	19
Legal Aid and Other Legal Services for Eligible Persons in disputes arising from Family Relationships	15,291	19,572	...	...	15,291	19,572	96	98

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
ATTORNEY GENERAL (cont.)								
LEGAL AID COMMISSION (cont.)								
Administrative and Legal Support Services	4,398	5,168	...	...	4,398	5,168	71	76
Legal Aid and Other Legal Services	57,141	64,840	...	...	57,141	64,840	469	482
Total, LEGAL AID COMMISSION	57,141	64,840	...	...	57,141	64,840	469	482
OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS								
Crown Representation in Criminal Prosecutions	14,991	20,287	...	...	14,991	20,287	301	373
Total, OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS	14,991	20,287	...	...	14,991	20,287	301	373
TOTAL, ATTORNEY GENERAL	222,730	275,840	14,568	53,579	237,298	329,419	4,003	4,185

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR BUSINESS AND CONSUMER AFFAIRS								
BUSINESS AND CONSUMER AFFAIRS								
Business Support	49,717	57,719	3,000	...	52,717	57,719	182	176
Compliance	9,857	10,511	...	...	9,857	10,511	219	212
Client Services	22,430	20,887	...	...	22,430	20,887	522	499
Policy Development	1,325	1,625	...	...	1,325	1,625	49	43
Management Support Services	12,406	13,505	...	...	12,406	13,505	243	235
Encouragement of Business Development and Growth and Observance of Fair Trading Principles	95,735	104,257	3,000	...	98,735	104,257	1,215	1,165
Total, BUSINESS AND CONSUMER AFFAIRS	95,735	104,257	3,000	...	98,735	104,257	1,215	1,165
TOTAL, MINISTER FOR BUSINESS AND CONSUMER AFFAIRS	95,735	104,257	3,000	...	98,735	104,257	1,215	1,165

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recruitment Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
CHIEF SECRETARY AND MINISTER FOR TOURISM								
CHIEF SECRETARY'S DEPARTMENT								
Licensing and Control of Poker Machines, Certain Amusement Devices and Premises Supplying and Servicing Liquor	4,797	6,010	...	...	4,797	6,010	132	140
Charities Administration	515	555	...	...	515	555	15	15
Policy Support	129	1,129	...	...	129	1,129	4	14
Co-ordination and Development of Liquor and Gaming Policy	5,441	7,694	...	...	5,441	7,694	151	169
Total, CHIEF SECRETARY'S DEPARTMENT	5,441	7,694	...	...	5,441	7,694	151	169
STATE LOTTERIES OFFICE								
Sale of Lotteries	23,188	25,015	...	...	23,188	25,015	288	265
Sale of Lotto	22,185	19,528	...	...	22,185	19,528	171	197
Operation of Lotteries and Lotto	45,353	44,543	...	...	45,353	44,543	469	462
Total, STATE LOTTERIES OFFICE	45,353	44,543	...	...	45,353	44,543	469	462
TOURISM COMMISSION								
Provision Of Tourist Information and Sale Of Travel	3,682	4,540	37	...	3,719	4,540	64	71
Promotion of Tourism	9,478	13,655	1,452	2,820	10,930	16,475	51	62
Administrative Support Services	2,006	2,715	363	...	2,369	2,935	45	55
Development of the Tourism Industry	15,166	20,910	1,852	3,040	17,018	23,950	160	188
Total, TOURISM COMMISSION	15,166	20,910	1,852	3,040	17,018	23,950	160	188
TOTAL, CHIEF SECRETARY AND MINISTER FOR TOURISM	65,960	73,147	1,852	3,040	67,812	76,187	780	819

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR CORRECTIVE SERVICES								
DEPARTMENT OF CORRECTIVE SERVICES								
Pris-sentence Assessment of Offenders	4,713	5,400	...	16	4,713	5,416	129	129
Supervision of Convicted Offenders	10,119	11,284	...	41	10,119	11,325	279	273
Alternatives to Prison	14,832	16,684	...	57	14,832	16,741	408	402
Containment of Prisoners	79,016	85,093	27,137	50,230	106,153	135,323	2,001	2,159
Care and Welfare Services for Prisoners	3,049	3,666	163	163	3,212	3,829	143	146
Development and Education Services for Prisoners	23,169	27,385	...	2,538	23,169	29,923	429	455
Custody of Prisoners	115,834	128,144	27,300	52,931	143,134	181,075	2,573	2,760
Post-Custodial Services	4,431	5,296	...	11	4,431	5,307	109	108
Post-Custodial Services	4,431	5,296	...	11	4,431	5,307	109	108
Policy Advice and Co-ordination	3,265	3,105	...	...	3,265	3,105	42	41
Internal Management Services	14,572	16,835	...	111	14,572	16,946	329	331
Support and Administration	17,837	19,940	...	111	17,837	20,051	371	372
Total, DEPARTMENT OF CORRECTIVE SERVICES	152,934	170,064	27,300	53,110	180,234	223,174	3,461	3,642
TOTAL, MINISTER FOR CORRECTIVE SERVICES	152,934	170,064	27,300	53,110	180,234	223,174	3,461	3,642

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR EDUCATION AND YOUTH AFFAIRS								
MINISTRY OF EDUCATION AND YOUTH AFFAIRS								
Policy and Administrative Support	8,289	27,596	245	2,755	8,534	30,351	74	99
Advising and Employing Authority in Relation to Public Education	568	...	...	...	568	...	14	...
Advising and Co-ordinating Authority for Higher Education	2,182	1,711	...	...	2,182	1,711	35	28
Other Education Authorities	4,402	5,124	...	...	4,402	5,124	14	16
Teacher Housing	12,710	13,726	5,509	6,000	18,219	19,726	7	7
Adult Migrant English Education	20,669	18,295	...	...	20,669	18,295	536	542
Development and Evaluation of Education and Youth Policy and Administration of Specific Education and Youth	48,820	66,452	5,754	8,755	54,574	75,207	680	682
Tertiary Music Education	4,425	4,650	...	...	4,425	4,650	91	88
Non-tertiary Music Education	3,916	4,298	3,758	1,075	7,674	5,373	91	88
State Conservatorium of Music	8,341	8,948	3,758	1,075	12,099	10,023	182	178
Total, MINISTRY OF EDUCATION AND YOUTH AFFAIRS	57,161	75,400	9,512	9,830	66,673	85,230	862	870
DEPARTMENT OF EDUCATION								
General Primary Education in Government Schools	813,712	867,347	69,539	81,140	883,251	948,487	24,424	24,166
Education of Children with Disabilities in Government Primary Schools	84,656	106,315	...	...	84,656	106,315	2,935	3,189
Pre-School Education in Government Schools	5,898	6,495	...	...	5,898	6,495	201	201
Direct State Government Assistance to Non-Government Primary Schools and Pupils	62,276	69,069	...	...	62,276	69,069	...	...
Pre-School and Primary Education in Government and Non-Government Schools	966,542	1,049,226	69,539	81,140	1,036,081	1,130,366	27,560	27,556

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR EDUCATION AND YOUTH AFFAIRS (cont.)								
DEPARTMENT OF EDUCATION (cont.)								
General Secondary Education in Government Schools	980,750	1,040,617	78,700	117,440	1,059,450	1,158,057	28,935	28,025
Education of Children with Disabilities in Government Secondary Schools	15,371	17,357	...	...	15,371	17,357	466	475
Direct State Government Assistance to Non-Government Secondary Schools and Pupils	94,056	102,833	...	...	94,056	102,833	...	...
Secondary Education in Government and Non-Government Schools	1,090,177	1,160,807	78,700	117,440	1,168,877	1,278,247	29,401	28,500
Administrative, Professional and General Support Services	117,802	113,190	...	...	117,802	113,190	2,825	2,866
Administrative, Professional and General Support Services	117,802	113,190	...	...	117,802	113,190	2,825	2,866
Total, DEPARTMENT OF EDUCATION	2,174,521	2,323,223	148,239	198,580	2,322,760	2,521,803	59,786	58,922
DEPARTMENT OF TECHNICAL AND FURTHER EDUCATION								
Courses in Engineering and Industrial Technology	185,119	210,728	38,358	39,877	223,477	250,605	5,469	5,723
Courses in Applied Sciences	70,022	79,522	12,920	14,133	82,942	93,655	1,846	1,964
Courses in Fine and Applied Arts	53,103	60,277	11,256	11,447	64,359	71,724	1,713	1,852
Courses in Commercial and General Studies	137,995	156,320	26,434	30,387	164,429	186,707	4,793	5,233
Course of Instruction	446,239	506,847	88,968	95,844	535,207	602,691	13,921	14,892
Support Services to Teachers and Students	10,463	11,036	...	...	10,463	11,036	252	259
Administrative Support Services	18,885	20,923	...	...	18,885	20,923	470	476
Centralised Support Services	29,348	31,959	...	...	29,348	31,959	722	738
Total, DEPARTMENT OF TECHNICAL AND FURTHER EDUCATION	475,587	538,806	88,968	95,844	564,555	634,650	14,643	15,630
TOTAL, MINISTER FOR EDUCATION AND YOUTH AFFAIRS	2,707,269	2,937,429	246,719	304,254	2,953,988	3,241,683	75,291	75,422

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR ENVIRONMENT								
OFFICE OF THE MINISTER FOR THE ENVIRONMENT								
Policy Co-ordination and Support of Environmental Activities	129	834	...	...	129	834	2	13
Support of Environment Activities	129	834	...	...	129	834	2	13
Rate Rebates for Pensioners	13,662	16,350	...	...	13,662	16,350	...	...
Rate Rebates for Pensioners	13,662	16,350	...	...	13,662	16,350	...	...
Total, OFFICE OF THE MINISTER FOR THE ENVIRONMENT	13,791	17,184	...	...	13,791	17,184	2	13
NATIONAL PARKS AND WILDLIFE SERVICE								
Wildlife Conservation	4,257	4,399	1,718	1,812	5,975	6,211	159	162
Natural Environment Conservation	7,959	7,731	2,970	3,265	10,929	10,996	164	168
Conservation of Aboriginal Sites, Places and Artefacts	1,574	1,922	294	362	1,868	2,284	57	57
Historic Sites Conservation	1,872	2,262	633	1,270	2,505	3,532	67	26
Recreation Area Management	23,306	24,352	4,339	6,017	27,645	30,369	289	286
Administrative Support Services	5,669	6,217	229	646	5,898	6,863	84	85
Conservation of Natural and Cultural Resources	44,637	46,883	10,183	13,372	54,820	60,255	800	835
Bicentennial Park	632	661	2,762	521	3,394	1,182	13	16
Royal Botanic Gardens	9,077	11,000	5,187	6,364	14,264	17,363	241	260
Centennial Park	1,565	1,971	1,605	6,679	3,170	2,650	34	34
Other Associated Bodies for which the Service has Responsibility	11,374	13,634	9,554	7,561	20,928	21,195	288	310
Total, NATIONAL PARKS AND WILDLIFE SERVICE	56,011	60,517	19,737	20,933	75,748	81,450	1,088	1,144

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recruitment Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est 1988-89	Actual 1987-88	Est 1988-89	Actual 1987-88	Est 1988-89	Actual 1987-88	Est 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR ENVIRONMENT (cont.)								
STATE POLLUTION CONTROL COMMISSION								
STATE POLLUTION CONTROL COMMISSION								
Air Pollution Control	3,542	3,346	192	233	3,734	3,579	73	73
Water Pollution Control	3,493	3,512	107	326	3,600	3,838	70	70
Noise Control	1,580	2,058	87	183	1,667	2,241	46	47
Chemicals Management	745	911	46	16	791	927	16	16
Protection of Land and Ecosystems	515	487	18	86	533	573	11	11
Administrative Support Services	1,415	1,830	11	12	1,426	1,842	38	51
Pollution Control and Environmental Management	11,290	12,144	461	856	11,751	13,000	254	268
Total, STATE POLLUTION CONTROL COMMISSION	11,290	12,144	461	856	11,751	13,000	254	268
Outer Budget Sector Authority Capital Works Program								
Zoological Parks Board	...	...	35,353	2,976	35,353	2,976	...	...
Hunter District Water Board	...	...	941,800	30,770	341,800	30,770	...	...
The Water Board	...	...	23,300	324,095	341,800	324,095	...	...
Metropolitan Waste Disposal Authority	...	...	23,300	13,550	23,300	13,550	...	...
Total, OUTER BUDGET SECTOR	...	...	400,453	371,391	400,453	371,391	...	...
TOTAL, MINISTER FOR ENVIRONMENT	81,082	89,845	420,651	393,180	501,743	483,025	1,344	1,425

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR FAMILY AND COMMUNITY SERVICES	169,423	196,102	13,679	13,321	183,102	209,423	2,479	2,541
DEPARTMENT OF FAMILY AND COMMUNITY SERVICES	41,230	51,478	254	...	41,484	51,479	352	293
Protection of Children	32,308	34,476	...	...	32,308	34,476	23	25
Substitute Care of Children	1,207	1,241	...	...	1,207	1,241	14	14
Juvenile Justice	8,770	8,682	...	...	8,770	8,682	50	68
Family and Children's Services	83,515	95,878	254	...	83,769	95,878	441	400
Child and Family Welfare	22,390	25,054	770	855	23,160	25,909	547	552
Services for Disadvantaged Groups and Communities	22,390	25,054	770	855	23,160	25,909	547	552
Supported Accommodation	71,765	71,557	...	...	71,765	71,557	2,751	2,751
Policy Development and Projects Affecting the Status of Women	71,765	71,557	...	...	71,765	71,557	2,751	2,751
Youth Services	347,093	388,591	14,703	14,176	361,796	402,767	6,218	6,244
Community Welfare	347,093	388,591	14,703	14,176	361,796	402,767	6,218	6,244
Community Welfare	347,093	388,591	14,703	14,176	361,796	402,767	6,218	6,244
TOTAL, DEPARTMENT OF FAMILY AND COMMUNITY SERVICES	347,093	388,591	14,703	14,176	361,796	402,767	6,218	6,244
TOTAL, MINISTER FOR FAMILY AND COMMUNITY SERVICES	347,093	388,591	14,703	14,176	361,796	402,767	6,218	6,244

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recruitment Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR HEALTH AND MINISTER FOR THE ARTS								
DEPARTMENT OF HEALTH								
Public Health Regulatory Services	4,849	5,078	...	...	4,849	5,078	115	114
Analytical, Clinical and Scientific Services	9,785	11,730	...	...	9,785	11,730	281	284
Health Promotion and Education	11,954	12,168	...	...	11,954	12,168	19	19
Blood Transfusion Service	12,611	13,693	910	1,086	13,521	14,779	...	...
External Research	2,665	3,090	...	...	2,665	3,090	...	...
Other Public Health Services	792	370	354	348	1,146	718	...	...
Public Health Services	42,656	46,129	1,264	1,434	43,920	47,563	415	417
Health Transport Services Specifically for Drug and Alcohol Dependent Persons	114,093	129,939	3,175	7,360	117,268	137,299	2,358	2,463
Support for Area Health Services and Public Hospitals	15,386	20,500	...	...	15,386	20,500	30	57
External Health Services	2,783,503	3,053,533	154,859	170,553	2,938,362	3,224,086	...	...
Support for the United Dental Hospital and remote dental services	8,057	10,169	...	...	8,057	10,169	...	...
Services Specifically for Aborigines	13,263	13,972	...	...	13,263	13,972	107	107
Support for Community Services	3,974	5,146	...	...	3,974	5,146	...	...
Services Mainly for the Psychiatrically Ill	13,670	16,262	...	...	13,670	16,262	...	...
Services Mainly for the Developmentally Disabled	150,244	168,475	3,344	13,000	153,588	181,475	3,652	3,607
Services Mainly for the Aged and Disabled	132,622	154,607	4,659	10,000	137,281	164,607	2,411	2,411
Prison Medical Service	108,640	113,041	7,214	9,026	115,854	122,067	1,118	1,201
	6,997	8,968	...	...	6,997	8,968	...	...
Delivery of Health Services	3,350,449	3,694,615	173,251	209,939	3,523,700	3,904,554	10,020	10,029
Registration of Health Services Personnel	1,661	1,634	...	...	1,661	1,634	44	30
Advisory and Technical Support Services	3,030	3,081	...	...	3,030	3,081	76	77
Administration, Finance, Planning and Policy Development	36,027	37,282	...	...	36,027	37,282	766	715
Administrative and Support Services	40,718	41,997	...	...	40,718	41,997	886	822

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual	Est.	Actual	Est.	Actual	Est.	Actual	Est.
	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89
MINISTER FOR HEALTH AND MINISTER FOR THE ARTS (cont.)								
DEPARTMENT OF HEALTH (cont.)								
Total, DEPARTMENT OF HEALTH	3,433,823	3,782,741	174,515	211,373	3,608,338	3,994,114	11,321	11,268
MINISTRY FOR THE ARTS								
Museum of Applied Arts and Sciences	37,239	27,024	10,470	2,826	47,709	29,850	410	466
Policy Co-ordination and Support of Cultural Activities	16,467	16,718	7,960	3,704	24,427	16,718	39	55
State Library and Support of Library Services	26,093	29,887	23,248	3,072	49,341	33,591	359	394
The Australian Museum	12,084	13,451	7,802	...	19,886	16,523	204	219
Preservation of Historic Houses	2,869	2,687	...	...	2,869	2,687	48	50
Preservation and Management of Government Records	2,038	2,515	198	...	2,236	2,515	63	74
Art Gallery	8,212	9,331	12,423	5,842	20,635	15,173	125	144
New South Wales Film and Television Office	...	2,545	...	...	2,545	2,545	...	12
Sydney Opera House	24,939	36,954	...	...	24,939	36,954	287	281
Support of the New South Wales Film Industry	5,462	...	...	...	5,462	...	22	...
Other Services and Associated Bodies for which the Department has Responsibility	135,403	141,112	62,101	15,444	197,504	156,556	1,557	1,695
Total, MINISTRY FOR THE ARTS	135,403	141,112	62,101	15,444	197,504	156,556	1,557	1,695
TOTAL, MINISTER FOR HEALTH AND MINISTER FOR THE ARTS	3,569,226	3,923,853	236,616	226,817	3,805,842	4,150,670	12,878	12,963

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR HOUSING								
DEPARTMENT OF HOUSING								
Public and Community Housing	517,804	586,824	504,668	550,000	1,022,472	1,136,824	2,177	2,150
Public and Community Housing	517,804	586,824	504,668	550,000	1,022,472	1,136,824	2,177	2,150
Land Acquisition and Development	4,662	5,439	45,028	78,000	49,690	83,439	...	...
Land acquisition and Development	4,662	5,439	45,028	78,000	49,690	83,439	...	...
Mortgage and Rent Relief Scheme	23,255	20,054	...	...	23,255	20,054	...	...
Community Aid	23,255	20,054	...	...	23,255	20,054	...	...
Residential Tenancies	2,993	2,850	...	...	2,993	2,850	30	40
Development and Maintenance of Fair Trading	2,993	2,850	...	...	2,993	2,850	...	...
Total, DEPARTMENT OF HOUSING	548,314	615,167	549,696	628,000	1,098,010	1,243,167	2,207	2,190
TOTAL, MINISTER FOR HOUSING	548,314	615,167	549,696	628,000	1,098,010	1,243,167	2,207	2,190

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR INDUSTRIAL RELATIONS AND EMPLOYMENT								
DEPARTMENT OF INDUSTRIAL RELATIONS AND EMPLOYMENT								
Regulation of Employment and Industry Conciliation and Arbitration Proceedings	9,963	6,278	...	...	9,963	6,278	198	158
Human Resources Development	1,831	1,831	...	...	1,831	1,831	30	30
Occupational Health and Safety	20,822	23,979	...	...	20,822	23,979	234	223
Workover Policy and Rehabilitation Program	16,727	17,219	248	2,994	16,975	20,213	446	443
Corporate Services and Policy Coordination	...	3,006	...	...	...	3,006	...	58
Special Schemes to Promote Youth Employment and Employment Generally	7,018	11,853	...	...	7,018	11,853	219	233
Public Sector Industrial Relations	72,901	35,231	...	...	72,901	35,231	88	55
	4,256	3,630	...	...	4,256	3,630	82	81
Industrial Relations and Employment	131,687	103,027	248	2,994	131,935	106,021	1,267	1,281
Total, DEPARTMENT OF INDUSTRIAL RELATIONS AND EMPLOYMENT	131,687	103,027	248	2,994	131,935	106,021	1,267	1,281
SUPERANNUATION OFFICE								
Research Policy and Management	605	588	...	...	605	588	12	14
Coal Mining Industry Superannuation and Long Service Leave Schemes	30,880	18,188	...	...	30,880	18,188	44	47
Co-ordination of Superannuation Schemes and Operation of the Coal Mining Industry Superannuation and Long Service Leave Schemes.	31,485	18,776	...	...	31,485	18,776	56	61
Total, SUPERANNUATION OFFICE	31,485	18,776	...	...	31,485	18,776	56	61
TOTAL, MINISTER FOR INDUSTRIAL RELATIONS AND EMPLOYMENT	163,172	121,803	248	2,994	163,420	124,797	1,323	1,342

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR LOCAL GOVERNMENT AND MINISTER FOR PLANNING								
DEPARTMENT OF LOCAL GOVERNMENT								
Development, Oversight of and Assistance to Local Government								
-ate Rebates for Pensioners	8,924	9,894	...	...	8,924	9,894	164	177
	35,984	46,000	...	...	35,984	46,000	...	...
Development, Oversight of and Assistance to Local Government								
Total, DEPARTMENT OF LOCAL GOVERNMENT	44,908	55,894	...	...	44,908	55,894	164	177
	44,908	55,894	...	...	44,908	55,894	164	177
DEPARTMENT OF PLANNING								
Protection and Co-ordination of Environmental Planning and Assessment								
Provision of Land for Public Purposes (other than for Environmental Heritage and Coastal Conservation)	7,194	4,292	19,455	13,635	26,649	17,927	50	48
Conservation of State's Environmental Heritage	5,997	5,787	508	547	6,505	6,334	30	29
Protection and Conservation of the Coastal Region	857	957	2,726	2,960	3,583	3,917	17	17
Administrative Support Services	69,898	4,920	74,588	...	144,486	4,920	81	66
Environmental Planning Conservation	101,298	38,023	97,277	17,142	198,575	55,165	460	440
Total, DEPARTMENT OF PLANNING	101,298	38,023	97,277	17,142	198,575	55,165	460	440
DARLING HARBOUR AUTHORITY								
Darling Harbour Authority								
Management of Tourism and Recreation Facilities	3,709	70,190	...	82,870	3,709	153,060	44	38
Total, DARLING HARBOUR AUTHORITY	3,709	70,190	...	82,870	3,709	153,060	44	38
Outer Budget Sector Authority Capital Works Program								
Local Government Borrowing Program								
	...	...	209,700	197,500	209,700	197,500	...	...

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR LOCAL GOVERNMENT AND MINISTER FOR PLANNING (cont.)								
DEPARTMENT OF MINERAL RESOURCES								
Sydney Cove Redevelopment Authority	...	...	1,283	7,166	1,283	7,166	...	...
Darling Harbour Authority	...	...	175,602	...	175,602	...	...	...
Total, OUTER BUDGET SECTOR	...	...	386,585	204,666	386,585	204,666	...	...
TOTAL, MINISTER FOR LOCAL GOVERNMENT AND MINISTER FOR PLANNING	149,915	164,107	483,862	304,678	633,777	468,785	668	655

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recruitment Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR MINERAL RESOURCES AND MINISTER FOR ENERGY								
DEPARTMENT OF MINERAL RESOURCES								
Identification and Development of the State's Mineral and Petroleum Resources								
Identification and Development of the State's Coal Resources	8,199	7,979	61	235	8,260	8,214	179	173
General Professional and Promotional Services	21,878	20,267	...	12	21,878	20,279	175	195
Administrative Support Services	4,776	8,499	636	1,684	5,412	10,183	114	124
	2,882	2,750	...	50	2,882	2,840	70	72
Mineral Resources	37,735	39,535	697	1,981	38,432	41,516	538	564
Total, DEPARTMENT OF MINERAL RESOURCES	37,735	39,535	697	1,981	38,432	41,516	538	564
DEPARTMENT OF ENERGY								
Energy Strategic Planning	3,587	5,536	...	...	3,587	5,536	69	52
Energy Industry Oversight	12,494	16,965	322	...	12,816	16,965	95	89
Energy Consumption Management	11,782	11,969	...	...	11,782	11,969	83	75
Development, Co-ordination and Regulation of Energy Resources and Policy	27,863	34,470	322	...	28,185	34,470	247	216
Total, DEPARTMENT OF ENERGY	27,863	34,470	322	...	28,185	34,470	247	216
Outer Budget Sector Authority Capital Works Program								
County Councils Borrowing Program	...	...	33,400	31,400	33,400	31,400	...	...
Electricity Commission	...	...	477,701	471,900	477,701	471,900	...	...
Total, OUTER BUDGET SECTOR	...	...	511,101	503,300	511,101	503,300	...	...
TOTAL, MINISTER FOR MINERAL RESOURCES AND MINISTER FOR ENERGY	65,598	74,005	512,120	505,281	577,718	579,286	785	780

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR NATURAL RESOURCES								
DEPARTMENT OF LANDS								
Crown Land Management and Administration Management and Preservation of Western Lands	20,501 2,777	21,864 3,010	4,710 ...	3,420 100	25,211 2,777	25,284 3,110	569 67	568 67
Public Land Management	23,278	24,874	4,710	3,520	27,988	28,394	636	635
Mapping Surveys	13,019	14,448	...	...	13,019	14,448	286	288
Planning and Management for the State Land Information System	3,207	3,558	...	...	3,207	3,558	78	82
Land Status and Resource Information	885	2,075	...	...	885	2,075	8	9
Land Information	17,111	20,081	...	...	17,111	20,081	450	441
Administrative and Financial Support Services	18,323	18,759	...	...	18,323	18,759	121	127
Administrative and Financial Support Services	18,323	18,759	...	...	18,323	18,759	121	127
Total, DEPARTMENT OF LANDS	58,712	63,714	4,710	3,520	63,422	67,234	1,128	1,121
DEPARTMENT OF WATER RESOURCES								
Water Resource Management	12,218	21,366	9,449	5,400	21,667	26,766	370	390
Water Resource Management	12,218	21,366	9,449	5,400	21,667	26,766	370	390
Water Resource Development	13,055	11,524	12,480	1,766	25,535	13,290	6	4
Rural Water Supply and Associated Services	58,428	60,163	20,145	21,177	78,573	81,340	1,340	1,386
River Channel and Floodplain Protection	4,463	4,367	4,384	5,410	8,847	9,777	116	120
Rural Water Supply and Associated Services	75,946	76,054	37,009	28,353	112,955	104,407	1,462	1,510
Subsidies to Other Water Supply Organisations	178	1,251	...	...	178	1,251	...	...

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recruitment Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR NATURAL RESOURCES (cont.)								
DEPARTMENT OF WATER RESOURCES (cont.)								
Subsidies to Other Water Supply Organisations	178	1,251	...	...	178	1,251	...	...
Total, DEPARTMENT OF WATER RESOURCES	88,342	98,671	46,458	33,753	134,800	132,424	1,832	1,900
Outer Budget Sector Authority Capital Works Program	...	...	...	...	...	...	...	...
Forestry Commission	...	...	46,991	60,216	46,991	60,216	...	...
Broken Hill Water Board	...	...	1,517	2,045	1,517	2,045	...	...
Total, OUTER BUDGET SECTOR	...	...	48,508	62,261	48,508	62,261	...	...
TOTAL, MINISTER FOR NATURAL RESOURCES	147,054	162,385	99,676	99,534	246,730	261,919	2,960	3,021

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR POLICE AND EMERGENCY SERVICES								
POLICE DEPARTMENT								
Crimes Against the Person	52,118	57,968	843	1,973	52,961	59,941	1,474	1,585
Crimes Against Property	151,546	168,357	2,456	5,920	154,002	174,277	4,285	4,607
Crimes of Vice	46,212	49,179	691	1,845	46,903	51,024	1,209	1,297
Maintaining Public Order	67,689	74,933	1,076	2,632	68,765	77,565	1,869	2,010
Traffic Supervision and Control	107,640	119,778	2,103	5,065	109,743	124,843	3,083	3,316
Policing Services - Detection, Apprehension, Deterrence and Community Education								
Personnel, Development and Education	425,205	470,215	7,169	17,435	432,374	487,650	11,920	12,815
Review	34,002	37,861	2,875	11,058	36,877	48,919	1,016	1,093
Corporate Services	72,746	37,387	...	...	5,346	5,387	164	177
Operational Support	26,585	80,573	1,333	9,473	27,916	89,329	1,027	1,103
Education, Review and Support Services	140,316	163,350	5,023	20,531	145,339	183,881	2,750	2,959
Total, POLICE DEPARTMENT	565,521	633,565	12,192	37,966	577,713	671,531	14,670	15,774
STATE DRUG CRIME COMMISSION								
State Drug Crime Commission of New South Wales	3,574	6,291	...	...	3,574	6,291	72	89
Total, STATE DRUG CRIME COMMISSION	3,574	6,291	...	...	3,574	6,291	72	89
BOARD OF FIRE COMMISSIONERS								
Operation and Maintenance of Brigade and Special Services	130,169	139,900	4,098	7,800	134,267	147,700	2,749	2,773
Brigade Training Development	3,300	4,272	200	...	3,500	4,272	61	61
Investigations, Research and Advisory Services	2,700	3,335	...	...	2,700	3,335	41	48
Management and Administration	6,255	7,069	300	100	6,555	7,169	82	97

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR POLICE AND EMERGENCY SERVICES (cont.)								
BOARD OF FIRE COMMISSIONERS (cont.)								
Prevention and Suppression of Fire and Provision of Other Emergency and Rescue Services	142,424	154,576	4,598	7,900	147,022	162,476	2,933	2,979
Total, BOARD OF FIRE COMMISSIONERS	142,424	154,576	4,598	7,900	147,022	162,476	2,933	2,979
BUSHFIRE COUNCIL								
Funding and Administration of Rural Fire Fighting Services	16,626	20,978	...	...	16,626	20,978	40	42
Total, BUSHFIRE COUNCIL	16,626	20,978	...	...	16,626	20,978	40	42
STATE EMERGENCY SERVICES AND CIVIL DEFENCE								
Public Education, Planning and Development of the Fire-fighter Organisation	1,468	1,557	...	...	1,468	1,557	28	27
Preparation for Emergencies and Co-ordination of Operations	1,198	1,472	...	...	1,198	1,472	13	13
Administrative Support Services	2,026	2,123	...	...	2,026	2,123	55	55
Provision of Emergency Services and Civil Defence	4,692	5,152	...	...	4,692	5,152	96	95
Total, STATE EMERGENCY SERVICES AND CIVIL DEFENCE	4,692	5,152	...	...	4,692	5,152	96	95
TOTAL, MINISTER FOR POLICE AND EMERGENCY SERVICES	732,837	820,562	16,790	45,866	749,627	866,428	17,811	18,979

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR SPORT, RECREATION AND RACING								
DEPARTMENT OF SPORT, RECREATION AND RACING								
Participation in Sport and Recreation	19,717	18,651	2,669	1,848	22,386	20,499	188	194
Excellence in Sport	6,582	10,296	2,712	1,168	9,294	11,464	13	13
Safety and Ethics in Sport and Recreation	1,256	1,448	...	...	1,256	1,448	9	9
Development, Control and Regulation of the Racing Industry	1,306	1,486	...	...	1,306	1,486	29	30
Administrative Support Services	3,522	4,390	...	...	3,522	4,390	65	76
Sport and Recreation in the Community	32,383	36,271	5,381	3,016	37,764	39,287	304	322
Total, DEPARTMENT OF SPORT, RECREATION AND RACING	32,383	36,271	5,381	3,016	37,764	39,287	304	322
Outer Budget Sector Authority Capital Works Program	...	...	20,000	...	20,000	...	...	...
Sydney Cricket and Sportsground Trust	...	...	20,000	...	20,000	...	...	...
Total, OUTER BUDGET SECTOR	...	...	20,000	...	20,000	...	...	...
TOTAL, MINISTER FOR SPORT, RECREATION AND RACING	32,383	36,271	25,381	3,016	57,764	39,287	304	322

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recruitment Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est 1988-89	Actual 1987-88	Est 1988-89	Actual 1987-88	Est 1988-89	Actual 1987-88	Est 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR STATE DEVELOPMENT AND MINISTER FOR PUBLIC WORKS (cont.)								
DEPARTMENT OF PUBLIC WORKS (cont.)								
-Administrative Support Services	11,480	13,316	...	...	11,480	13,316	267	273
Administrative Support Services	11,480	13,316	...	...	11,480	13,316	267	273
Total, DEPARTMENT OF PUBLIC WORKS	154,811	149,571	126,954	91,921	281,765	241,492	5,064	4,958
Outer Budget Sector Authority Capital Works Program	...	...	56	...	56	...	...	...
State Brickworks	...	...	56	...	56	...	...	...
Total, OUTER BUDGET SECTOR	154,936	153,218	127,010	91,921	281,946	245,139	5,064	4,989
TOTAL, MINISTER FOR STATE DEVELOPMENT AND MINISTER FOR PUBLIC WORKS	154,936	153,218	127,010	91,921	281,946	245,139	5,064	4,989

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR TRANSPORT								
MINISTRY OF TRANSPORT								
Payments to the State Rail Authority	996,099	1,067,000	60,000	...	1,056,099	1,067,000	...	...
Payments to the Urban Transit Authority	193,856	195,000	12,000	9,000	205,856	204,000	...	...
Payments for Provision of Travel Concessions by Private Sector Transport Operators	187,016	186,350	...	...	187,016	186,350	...	...
Payments to Transport Authorities for Public Transport Services	1,376,971	1,448,350	72,000	9,000	1,448,971	1,457,350	...	...
Co-ordination, Development and Implementation of Transport Policy	5,180	5,276	...	...	5,180	5,276	67	72
Development of Transport Plans and Improvement Programs	1,210	1,245	2,184	2,300	3,394	3,545	19	20
Development, Co-ordination and Planning of Transport Activities	6,390	6,521	2,184	2,300	8,574	8,821	86	92
Total, MINISTRY OF TRANSPORT	1,383,361	1,454,871	74,184	11,300	1,457,545	1,466,171	86	92
DEPARTMENT OF MAIN ROADS								
Actions Roads	...	...	182,719	209,738	182,719	209,738	...	...
Open Roads	...	...	699,766	766,743	699,766	766,743	...	...
Post Roads	...	...	68,861	81,115	68,861	81,115	...	...
Traffic Management	...	...	57,745	67,404	57,745	67,404	...	...
Roads	...	...	1,009,091	1,125,000	1,009,091	1,125,000	...	...
Total, DEPARTMENT OF MAIN ROADS	...	...	1,009,091	1,125,000	1,009,091	1,125,000	...	...
DEPARTMENT OF MOTOR TRANSPORT								
Driver Licensing and Driver Standards	21,705	24,100	...	...	21,705	24,100	699	667
Motor Vehicle Registration and Vehicle Standards	42,085	40,456	...	...	42,085	40,456	1,146	1,124

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
MINISTER FOR TRANSPORT (cont.)								
DEPARTMENT OF MOTOR TRANSPORT (cont.)								
Driver Licensing and Motor Vehicle Registration	63,790	64,556	...	...	63,790	64,556	1,845	1,791
Corporate Services	58,800	79,640	2,753	4,580	61,553	84,220	834	772
Corporate Services	58,800	79,640	2,753	4,580	61,553	84,220	834	772
Regulation of Private Transport Services and the Administration of Subsidy Payments for Travel Concessions	5,832	7,154	...	...	5,832	7,154	204	219
Private Transport Services	5,832	7,154	...	...	5,832	7,154	204	219
Total, DEPARTMENT OF MOTOR TRANSPORT	128,422	151,350	2,753	4,580	131,175	155,930	2,883	2,782
Outer Budget Sector Authority Capital Works Program								
Grain Marketing Authority	...	...	84,000	66,766	84,000	66,766	...	...
Wentworth Services Board	...	...	42,070	66,596	42,070	66,596	...	...
State Rail Authority	...	...	333,941	355,300	333,941	355,300	...	...
Urban Transit Authority	...	...	28,519	29,507	28,519	29,507	...	...
Total, OUTER BUDGET SECTOR	...	...	488,530	518,169	488,530	518,169	...	...
TOTAL, MINISTER FOR TRANSPORT	1,511,783	1,606,221	1,574,598	1,659,049	3,086,341	3,265,270	2,969	2,874

SUMMARY OF GROSS PROGRAM COSTS BY MINISTER ORGANISATIONAL UNIT, PROGRAM AREA AND PROGRAM

	Recurrent Services		Capital Works and Services		Total Costs		Average Staffing	
	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89	Actual 1987-88	Est. 1988-89
	\$000	\$000	\$000	\$000	\$000	\$000		
ORGANISATIONS FOR WHICH NO AMOUNTS HAVE BEEN APPROPRIATED FROM THE CONSOLIDATED FUND IN 1988-89								
GRAIN HANDLING AUTHORITY								
Port Kembla Grain Terminal Contributions	1,500	...	1,500	...	...	...
Total, GRAIN HANDLING AUTHORITY	1,500	...	1,500	...	...	...
HUNTER DISTRICT WATER BOARD								
Chichester Water Treatment Plant Contributions	664	...	664	...	...	...
Total, HUNTER DISTRICT WATER BOARD	664	...	664	...	...	...
ZOOLOGICAL PARKS BOARD								
Zoological Parks Board - Zoos Development	3,996	...	3,996	...	...	...
Total, ZOOLOGICAL PARKS BOARD	3,996	...	3,996	...	...	...
TOTAL, ORGANISATIONS FOR WHICH NO AMOUNTS HAVE BEEN APPROPRIATED FROM THE CONSOLIDATED FUND IN 1988-89	9,127	...	9,127	...	...	...
TOTAL OF GROSS PROGRAM COSTS, ALL PROGRAMS	13,008,568	14,201,657	4,406,806	4,445,073	17,415,374	18,646,730	156,763	156,947

NOTE:

- (a) Average Staffing figures do not include staffing where program costs consist of contributions to other bodies (e.g. Public Hospital support and contributions to Transport undertakings)
- (b) A significant factor affecting the comparability of gross program costs for recurrent services is increased outlays on behalf of other authorities by the Treasury Corporation in respect of debt servicing charges.



SECTION 4: OPERATING BUDGET

- 4.1 Introduction**
- 4.2 Recurrent Receipts**
- 4.3 Recurrent Payments by Functional Area**

4.1 INTRODUCTION

The Operating Budget refers to recurrent outlays and revenue for the Consolidated Fund.

Total operating revenue is projected to increase by 6.3 per cent, compared to 13.9 per cent in 1987-88.

The major reason for the lower revenue growth is the projected slowdown in State taxation receipts, principally in the stamp duty areas. Stamp duty receipts in 1987-88 were boosted by the impact of the real estate boom on receipts from stamp duty on contracts and conveyances, loan securities and insurance. Nevertheless, State taxation is still projected to increase by a buoyant 10.1 per cent (21.0 per cent in 1987-88) and other non-tax State receipts by 9.9 per cent (14.8 per cent in 1987-88). In addition Commonwealth recurrent payments will increase by only 1.3 per cent in 1988-89, compared to 7.1 per cent in 1987-88, reflecting cutbacks imposed at the May 1988 Premiers' Conference.

Recurrent payments are projected to increase by 6.0 per cent compared to 9.4 per cent in 1987-88. Department payments for the provision of services are projected to increase by 7.0 per cent while payments to authorities, principally for subsidies to the transport authorities, are projected to decrease by 5.2 per cent. Finally the increase in debt charges is projected to slow markedly in 1988-89, increasing by 8.1 per cent, compared to 19.1 per cent in 1987-88.

Overall, the greater restraint on recurrent payments more than offsets the slowdown in revenue to produce an overall recurrent surplus of \$526 million in 1988-89 compared to \$510 million in 1987-88.

Table 4.1 Operating Result for 1987-88 and 1988-89 Budget

RECURRENT	1987-88 (Actual) \$m	1988-89 (Budget) \$m	% Change %
Revenue			
State Taxation	5,424	5,973	10.1
Other State Revenue	1,519	1,669	9.9
Commonwealth Grants	5,204	5,271	1.3
Total Revenue	<u>12,147</u>	<u>12,913</u>	6.3
Payments			
Departments	9,794	10,475	7.0
Payments to Authorities	999	947	(-) 5.2
Debt Servicing Costs	893	965	8.1
Total Payments	<u>11,686</u>	<u>12,387</u>	6.0
Recurrent Result	<u>510*</u>	<u>526</u>	

* Unadjusted result—see Table 1.1

4.2 RECEIPTS

INTRODUCTION

Operating Budget receipts comprise moneys paid to the credit of the Consolidated Fund (the State's principal account for Inner Budget Sector activities), various fees for services rendered which are passed through the Special Deposits Account and other funds available to organisations within the Outer Budget Sector (authorities included in the State's overall capital works program but not included in the Consolidated Fund Estimates).

As from 1 July 1988, a number of accounting and presentational changes have affected the range of organisations and activities included in the Consolidated Fund. These changes principally relate to the commercialisation (and removal from the Consolidated Fund) of organisations such as the Auditor-General, the Valuer-General's Department and the Forestry Commission. The revenues of these organisations, previously paid into the Consolidated Fund, are now retained by the organisations to support their activities.

Table 4.2 provides detail of Consolidated Fund recurrent receipts for 1987-88 and 1988-89 and shows changes between last year's actual receipts and this year's estimates of receipts. The table is supported by a later section commenting on the principal Consolidated Fund receipt items.

To the extent possible, the 1987-88 figures shown in the following table have been adjusted to make them comparable with 1988-89.

The detailed program expenditure statements for each organisation in Budget Paper No. 3 also provide an indication of the level of revenues not passing through the Consolidated Fund, but available to support those programs.

Details of the funding sources for the State's overall Capital Works Program are contained in section 5.2 of this Budget Paper.

Table 4.2: Consolidated Fund Recurrent Receipts

	Actual 1987-88	Estimates 1988-89	Change	
			Amount	Per cent
	\$m	\$m	\$m	
STATE TAXATION				
Stamp Duties—				
Contracts and Conveyances	1,020.9	1,250.0	+ 229.1	+ 22.4
Insurance	180.3	198.0	+ 17.7	+ 9.8
Loan Securities	80.7	105.0	+ 24.3	+ 30.0
Share Transfers	202.3	160.0	(-) 42.3	(-) 20.9
Motor Vehicle Registration Certificates	147.1	168.0	+ 20.9	+ 14.2
Cheques	26.3	27.0	+ 0.7	+ 2.7
Financial Institutions Duty	184.5	200.0	+ 15.5	+ 8.4
Other	116.1	107.0	(-) 9.1	(-) 7.8
	1,958.1	2,215.0	+ 256.9	+ 13.1

Table 4.2—Continued

	Actual 1987-88	Estimates 1988-89	Change	
			Amount	Per cent
	\$m	\$m	\$m	
STATE TAXATION—Cont.				
Pay-roll Tax	1,852.9	2,005.7	+ 152.8	+ 8.2
Land Tax	413.3	455.0	+ 41.7	+ 10.1
Health Insurance Levies	39.6	42.0	+ 2.4	+ 6.1
Racing	230.4	267.1	+ 36.7	+ 15.9
Poker Machine Tax	212.2	230.0	+ 17.8	+ 8.4
Business Franchise Licences (Petroleum Products)	232.0	240.0	+ 8.0	+ 3.5
Business Franchise Licences (Tobacco) Liquor Licences	170.5	183.0	+ 12.5	+ 7.4
Liquor Licences	169.3	182.9	+ 13.6	+ 8.0
Lotto	114.9	122.6	+ 7.7	+ 6.7
Approved Amusement Devices	17.3	18.0	+ 0.7	+ 4.0
Other	12.6	12.1	(-) 0.5	(-) 4.0
	5,423.2	5,973.4	+ 550.2	+ 10.1
MINING, LANDS AND FORESTRY				
Mining	105.9	125.3	+ 19.4	+ 18.4
Lands	66.2	68.8	+ 2.6	+ 3.9
	172.1	194.1	+ 22.0	+ 12.8
RECEIPTS FOR SERVICES RENDERED				
Fees—				
Department of Motor Transport	206.1	233.7	+ 27.6	+ 13.4
Other	129.2	134.8	+ 5.6	+ 4.3
Miscellaneous Services Rendered—				
Health	82.0	91.2	+ 9.2	+ 11.2
Other	135.9	150.2	+ 14.3	+ 10.5
	553.2	610.0	+ 56.7	+ 10.3
STATE INSTRUMENTALITIES CONTRIBUTIONS				
State Bank	32.9	64.7	+ 31.8	+ 96.7
Government Insurance Office	51.4	87.9	+ 36.5	+ 71.0
Maritime Services Board	18.1	16.3	(-) 1.8	(-) 9.9
Other	26.5	40.7	+ 14.2	+ 53.6
	129.0	209.6	+ 80.6	+ 62.5
STATE LOTTERIES	83.6	83.7	+ 0.1	+ 0.1
OTHER RECEIPTS				
Fines and Forfeitures	87.0	113.7	+ 26.7	+ 30.7
Unclaimed Moneys	11.2	9.0	(-) 2.2	(-) 19.6
Interest	156.8	190.1	+ 33.2	+ 21.2
Repayments—Previous years' votes ..	45.4	25.3	(-) 20.1	(-) 44.3
Recoupment by Commonwealth— Administration Expenses of Migrant Education	20.7	17.8	(-) 2.9	(-) 14.1
Employer's Liability—State Super- annuation Fund— Contributions by Authorities, etc	22.1	21.8	(-) 0.3	(-) 1.3

Table 4.2: Consolidated Fund Recurrent Receipts

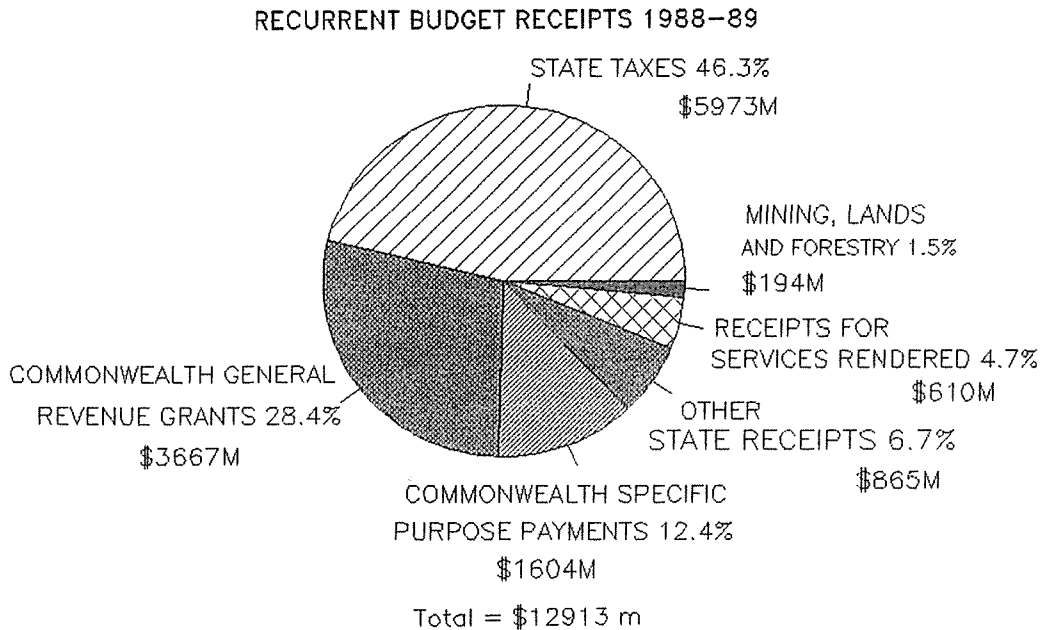
	Actual 1987-88	Estimates 1988-89	Change	
			Amount	Per cent
	\$m	\$m	\$m	
OTHER RECEIPTS—Cont.				
Principal Repayments in respect of Loans made under Natural Disaster Relief Schemes	15.9	16.0	+ 0.1	+ 0.6
Sale of Government Property	55.9	11.1	(-) 44.8	(-) 80.2
First Home Purchase Scheme— Repayments of Deferred Stamp Duty	23.0	24.7	+ 1.7	+ 7.4
Other	143.7	142.4	(-) 1.3	(-) 0.9
	581.7	571.8	(-) 9.9	(-) 1.7
Sub-total— Non Taxation Receipts	1,519.6	1,669.2	+ 149.6	+ 9.8
COMMONWEALTH GENERAL REVENUE GRANTS				
Financial Assistance Grant	3,594.9	3,654.1	+ 59.2	+ 1.6
Special Revenue Assistance .....	...	12.4	+ 12.4	n.a.
	3,594.9	3,666.6	+ 71.7	+ 2.0
COMMONWEALTH PAYMENTS FOR SPECIFIC RECURRENT PURPOSES				
Schools	205.8	234.4	+ 28.6	+ 13.9
Technical and Further Education	38.5	40.9	+ 2.4	+ 6.2
Participation and Equity Program	9.7	...	(-) 9.7	n.a.
Medicare/Waiting List Reductions	451.8	9.6	(-) 442.2	n.a.
Health Grant	674.0	...	(-) 674.0	n.a.
Hospital Funding Grant .....	...	1,076.2	+ 1,076.2	n.a.
Home and Community Care	41.5	70.0	+ 28.5	+ 68.7
Supported Accommodation Assistance	15.6	18.0	+ 2.4	+ 15.4
Legal Aid	27.9	31.8	+ 3.9	+ 14.0
Mortgage and Rent Relief	8.8	9.3	+ 0.5	+ 5.7
Community Employment Program	35.6	0.5	(-) 35.1	n.a.
Natural Disaster Relief	1.6	20.0	+ 18.4	n.a.
Rural Adjustment Scheme	10.6	13.5	+ 2.9	+ 27.4
Assistance to Coal Mining	10.3	10.0	(-) 0.3	(-) 2.9
Coal Mining Industry—Long Service Leave	29.8	17.2	(-) 12.6	(-) 42.3
Other	47.7	52.8	+ 5.1	+ 10.7
	1,609.2	1,604.2	(-) 5.0	(-) 0.3
Sub-total— Commonwealth Payments	5,204.1	5,270.8	+ 66.7	+ 1.3
TOTAL, RECURRENT RECEIPTS	12,146.9	12,913.3	+ 766.4	+ 6.3

CONSOLIDATED FUND RECURRENT RECEIPTS

Estimated Consolidated Fund recurrent receipts in 1988-89 are \$12,913.3 million, an increase of \$766.6 million or 6.3 per cent on the adjusted 1987-88 figures.

Approximately 40 per cent of budgeted receipts will be in the form of general or specific purpose payments from the Commonwealth, with the other 60 per cent coming from taxation revenue and other State sources.

Figure 4.1



The relativity between receipts from the Commonwealth and those from State sources has been changing over time, reflecting both the constraints imposed by the Commonwealth and the impact of economic conditions on the State's revenue. This trend is demonstrated in Table 4.3.

Table 4.3: Recurrent Receipts—Major Categories

CATEGORY	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
	\$m	\$m	\$m	\$m	\$m	\$m
State-sourced—						
Taxation	3,115	3,436	3,897	4,481	5,423	5,973
Mining, Lands and Forests	143	164	162	184	172	194
Receipts for Services Rendered	383	431	447	497	553	610
Other	508	583	649	642	794	865
Total, State-sourced	4,149	4,614	5,155	5,804	6,943	7,642
Commonwealth-sourced—						
General Revenue Grants	2,630	2,699	3,013	3,350	3,595	3,667
Specific Purpose Payments	906	1,191	1,427	1,508	1,609	1,604
Total, Commonwealth-sourced	3,536	3,890	4,440	4,858	5,204	5,271
TOTAL, RECURRENT RECEIPTS	7,685	8,504	9,595	10,662	12,147	12,913

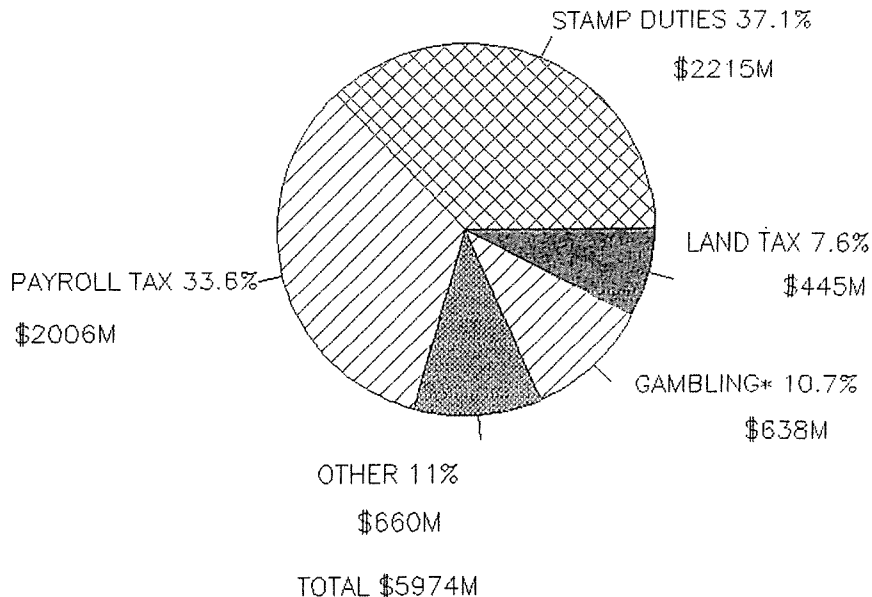
Table 4.3: Recurrent Receipts—Major Categories

CATEGORY	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
	%	%	%	%	%	%
State-sourced—						
Taxation	40.5	40.4	40.6	42.0	44.6	46.3
Mining, Lands and Forests	1.9	1.9	1.7	1.7	1.4	1.5
Receipts for Services Rendered	5.0	5.1	4.7	4.7	4.6	4.7
Other	6.6	6.9	6.8	6.0	6.5	6.7
Total, State-sourced	54.0	54.3	53.7	54.4	57.2	59.2
Commonwealth-sourced—						
General Revenue Grants	34.2	31.7	31.4	31.4	29.6	28.4
Specific Purpose Payments	11.8	14.0	14.9	14.1	13.2	12.4
Total, Commonwealth-sourced	46.0	45.7	46.3	45.6	42.8	40.8
TOTAL, RECURRENT RECEIPTS	100.0	100.0	100.0	100.0	100.0	100.0

Within State-sourced receipts, revenue has grown most rapidly in the taxation area, reflecting the impact of strong economic growth and, particularly for recent years, generally buoyant conditions in the real estate and share markets.

Figure 4.2

STATE TAX RECEIPTS, 1988-89



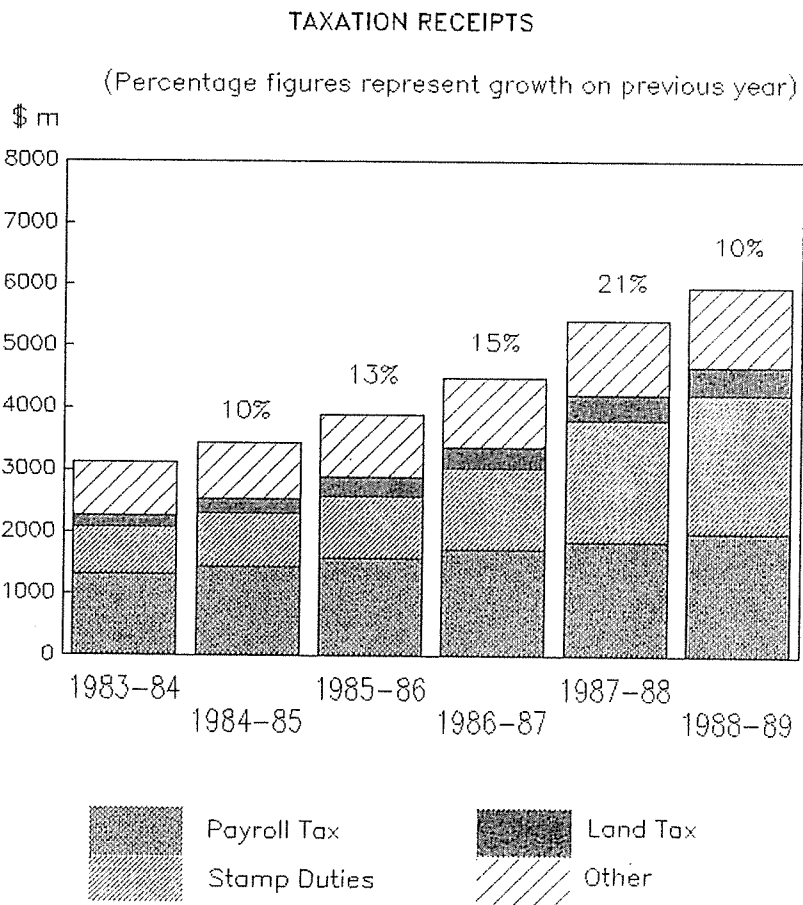
* Excluding lotteries revenue, not included in Taxation section of Budget

The principal items contributing to the State's recurrent revenues are commented on in the following sections—

TAXATION

The two major sources of taxation are payroll tax and stamp duties, together contributing 70 per cent of the State's tax collections. While payroll tax is a relatively stable tax, the total stamp duties collected varies significantly from year to year as its components are affected by various business cycles. In recent years, the strong growth in stamp duty collections has been mainly attributable to the share market boom (until October 1987) and the real estate boom.

Figure 4.3



Details of the bases, rates and concessions for the principal tax items are shown in Table 4.4 at the end of this section.

Stamp Duties—Estimate \$2,215.0 million. Increase 13.1 per cent.

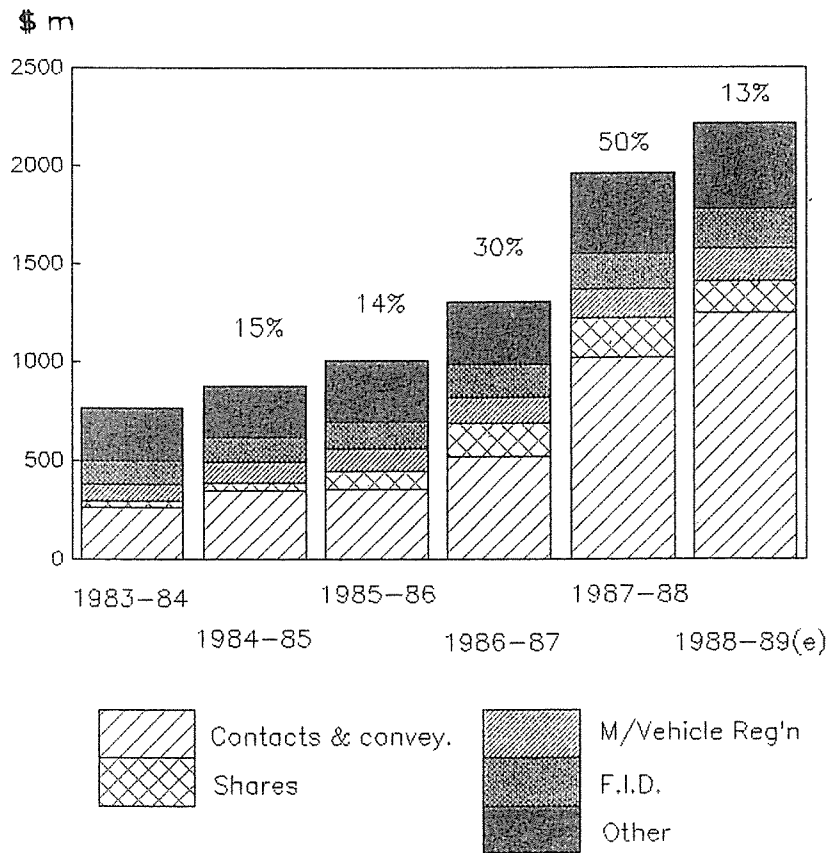
The main components are as follows—

	1987-88 Actual \$m	1988-89 Estimate \$m
Contracts and Conveyances	1,020.9	1,250.0
Insurance	180.3	198.0
Loan Securities	80.7	105.0
Share Transfers	202.3	160.0
Motor Vehicle Registration Certificates	147.1	168.0
Cheques	26.2	27.0
Financial Institutions Duty	184.5	200.0
Other	116.1	107.0
	<u>1,958.1</u>	<u>2,215.0</u>

Figure 4.4

STAMP DUTY RECEIPTS

(Percentage figures represent growth on previous year)



Contracts and Conveyances

Revenue collected in 1987-88 was nearly double the amount collected the previous year. The resurgence of the residential property market from mid-1987, after a number of years of subdued activity, was fuelled by a pent-up demand for housing, by the decline in mortgage interest rates and by substantial increases in the cost of renting.

Demand for commercial property, particularly in the Sydney CBD was similarly very strong, partly as a result of a move to more secure forms of investment after the October 1987 share crash.

1987-88 receipts were also boosted by the greater than expected impact of legislative changes designed to overcome the avoidance of conveyancing duty whereby the transfer of real property was being effected through the sale of shares in unlisted companies (thus attracting the much lower rate of duty applicable to share transfers).

Despite the re-lifting of some mortgage interest rates in late 1987-88, housing demand is expected to remain strong into 1988-89. However the value of sales is expected to stabilize to more sustainable levels with a consequent lessening of the rate of increase in prices.

A concession scheme operates whereby eligible persons are able to defer duty on first home purchases up to a specified value. As from 2 June 1988, this value was increased from \$105,000 to \$125,000.

Deferred duty under this scheme is repayable by 5 annual instalments on an interest-free basis. The total amount of duty to be deferred in 1988-89 is expected to be approximately \$32 million.

● *Loan Securities*

Stamp duty is levied on documents relating to secured loans (including mortgages), based on the sum secured.

The strong growth in revenue in 1987-88 was largely associated with the real estate boom and was despite the introduction of two exemptions in the last Budget (in respect of mortgages for eligible first home purchases and in respect of debentures issued by financial corporations).

The 1988-89 estimate is based on the assumption of continuing buoyancy in the real estate market.

● *Shares*

The high level of collections from stamp duty on share transfers in 1987-88 was largely a function of the level of activity in the share market prior to the October 1987 crash.

Since that time collections have generally been at a significantly lower rate reflecting the more subdued level of stock exchange activity. The estimate for 1988-89 assumes a moderate increase in both the volume of turnover and the share price index.

● *Motor Vehicles*

Stamp duty is paid on the registration of new vehicles and the transfer of registration of used vehicles.

The 1988-89 estimate assumes a modest increase in the number of new vehicle registrations, partly as a result of general growth in the economy and partly flowing from the release of new model ranges by major manufacturers. The rate of price increase is assumed to moderate with the stabilising of the Australian dollar and the reduction of import duties on some vehicles.

Death Duties—Estimate \$1.0 million. Decrease 37.3 per cent.

Duty ceased to apply in respect of estates of persons who died on or after 31 December 1981.

The 1988–89 estimate is based on the expected finalisation of a number of outstanding estates.

Payroll Tax—Estimate \$2,005.7 million. Increase 8.2 per cent.

The increase shown reflects the Budget assumptions of employment and wages growth for 1988–89 of approximately 2.8 per cent and 6.5 per cent respectively as well as the carry-forward effect of the 1 January 1988 restructuring of the payroll tax scale.

As from 1 January 1989, the current scale will be further adjusted to compensate for the effects of inflation. The threshold level, below which no payroll tax is payable, will be increased from \$400,000 to \$432,000. This small business concession will phase out at \$1,512,000 (previously \$1,400,000) and the full 6 per cent rate will apply from \$2,268,000 (previously \$2,100,000).

The cost of this measure to the 1988–89 Budget is \$7 million (\$16 million in a full year).

The legislation to provide for these adjustments will also redefine the payroll tax liability in terms of a marginal rate scale, rather than the complicated system of calculation presently specified.

The 1988–89 estimate is affected by the Commonwealth decision to render a number of its business enterprises (principally Telecom and Australia Post) liable to State payroll tax. At the same time the Commonwealth is reducing the Financial Assistance Grants to the States by 90 per cent of the amount they will raise in payroll tax from these bodies. The 1988–89 payroll tax estimate includes an amount of \$65 million resulting from these changed arrangements.

Finally the estimate allows for the cost of payroll tax revenue diverted to the New South Wales Education and Training Foundation. From 1 January 1989, employers will be able to nominate that part of their payroll tax liability (equivalent to 0.1 per cent of their taxable payrolls) is to be diverted to the Fund, to be used for the development and provision of new business-oriented courses. The estimated cost to Consolidated Fund revenue in 1988–89 is \$7 million (\$16 million in a full year).

Land Tax—Estimate \$455.0 million. Increase 10.1 per cent.

For the 1989 land tax year (based on property held on 31 December 1988), the statutory exemption limit below which land tax is not payable is being increased from \$125,000 to \$135,000.

The increase in estimated 1988–89 collections reflects the above concession (estimated to cost \$5 million in this year and \$9 million in a full year), forecast increases in market values of property in the main taxpaying categories as well as further improvements in the timing of issue of assessments by the Office of State Revenue.

To encourage the increased supply of rental residential accommodation, investors in new rental projects will be given a 5 year land tax "holiday". The cost of this measure is estimated at \$0.5 million in 1988–89 and \$2 million in a full year.

Health Insurance Levies—Estimate \$42.0 million. Increase 6.1 per cent.

The levy is paid by health insurance organisations for the purpose of contributing towards the cost of ambulance services.

Racing—Estimate \$267.1 million. Increase 15.9 per cent.

The strong growth forecast for this item continues the growth experienced during 1987–88. The major part of the increase is expected to be derived from off-course totalisator operations, reflecting continued growth in public patronage as well as the impact of "Sky Channel" telecasts of race meetings.

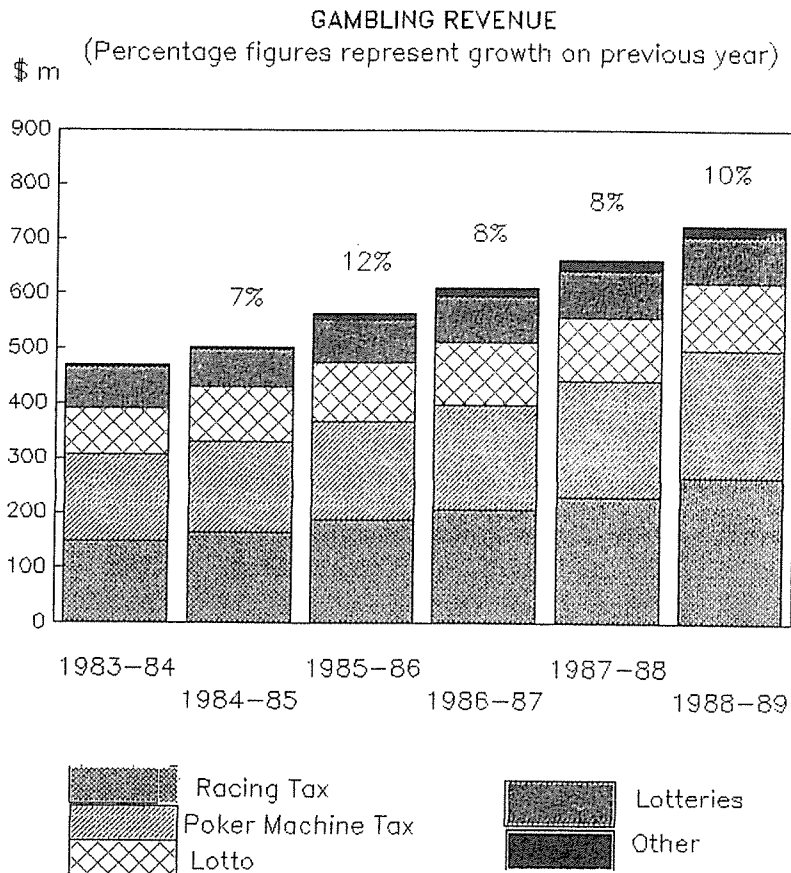
Poker Machine Tax—Estimate \$230.0 million. Increase 8.4 per cent.

Annual licence fees are payable by registered clubs on a per machine basis and a net revenue basis. The basic tax per machine varies according to the denomination of the machine and the number of such machines operated by the club.

Supplementary and additional supplementary taxation is levied where the club's annual net revenue from poker machines exceeds \$50,000 or \$100,000 respectively.

Overall revenues from gambling generally (including Lotteries which is not classified in the Taxation category of the Budget) are shown in Figure 4.5.

Figure 4.5



Business Franchise Licences (Petroleum Products)—Estimate \$240.0 million. Increase 3.5 per cent.

The basis of the licence fee remains unchanged with the fee being calculated as a percentage of the value of sales in the relevant period.

The level of franchise fee collections is effectively a function of the quantities of the various petroleum products sold. While diesel fuel represents only about 20 per cent of the dutiable base, the growth shown in the 1988–89 estimate assumes a continuation of the strong growth in the consumption of diesel fuel evident in 1987–88.

Business Franchise Licences (Tobacco)—Estimate \$183.0 million. Increase 7.4 per cent.

Wholesalers and retailers of tobacco are required to be licensed, with the licence fee being levied on the basis of the value of sales in the preceding month. (Licence holders are not required to pay the fee in respect of tobacco which was purchased from a licensed wholesaler.)

Revenue from this source is largely driven by price-movements, with little growth in recent years in quantities sold.

Liquor Licences—Estimate \$182.9 million. Increase 7.8 per cent.

The estimate is based upon forecast liquor purchases by licensees during the calendar year 1988. There is not expected to be any significant impact on 1988–89 collections from the Commonwealth Budget decision to reduce excise duty on beer.

Lotto—Estimate \$122.6 million. Increase 6.7 per cent.

The estimate shown is based on forecast increases in subscriptions and the effect of changes to the structure of the game. These changes comprise the introduction of the "6 from 44" game and the breaking of the linkage between the Monday and Wednesday draws.

MINING, LANDS AND FORESTRY

The estimate shown for this category is affected by the Government decision to transfer the Forestry Commission to the Outer Budget sector as from 1 July 1988.

Mining—Estimate \$125.3 million. Increase 18.4 per cent.

The increase shown reflects the impact of the temporary further reduction for 1987–88 in the base royalty rate for coal. The estimate assumes a modest increase in production of coal in 1988–89.

Lands Revenue—Estimate \$68.8 million. Increase 3.9 per cent.

The 1987–88 collections were boosted by a substantial increase in revenue from the sale of Crown Land home sites. Demand for residential land is expected to remain strong into 1988–89, with the level of receipts marginally above last year's figure.

RECEIPTS FOR SERVICES RENDERED

The overall estimate shown for this category of receipts is affected by a number of changed accounting arrangements.

The 1987–88 receipts included the recoupment from the Department of Motor Transport in respect of the cost of Police Supervision and Control of Traffic. As the Department of Motor Transport is now a Consolidated Fund department, this recoupment is effectively a book entry only and inflates both sides of the Budget. No recoupment will therefore be made in 1988–89 or later years.

Secondly, in accordance with the Government's policy of generally removing commercial operations from the Budget, a number of organisations have been taken off-Budget from 1 July 1988. These include the Auditor-General, the Land Titles Office, the Valuer-General's Department and the Public Trustee. As a result, both the revenue and expenditure sides of the Budget will be reduced. The "Receipts for Services Rendered" category is particularly affected by this policy.

Fees—Department of Motor Transport—Estimate \$233.7 million. Increase 13.4 per cent.

With the introduction of photographic drivers' licences from mid 1988-89, eligible drivers will be able to renew their licences for a 5-year period. There will be a substantial cash flow boost to the Consolidated Fund in the first 12 months of operation of the new arrangements (with a corresponding decrease in following years).

Other receipts in this category are expected to rise in line with, or below, cost increases.

Services Rendered—Department of Technical and Further Education—Estimate \$38.0 million. Increase 145.2 per cent.

The increase shown for 1988-89 reflects the introduction of an administration charge covering the majority of TAFE courses/students.

STATE INSTRUMENTALITIES CONTRIBUTIONS—Estimate \$209.6 million. Increase 62.5 per cent.

Revenue in this category is derived from the State Bank, the Government Insurance Office, the Maritime Services Board and from other statutory authorities coming within the Government's policy of requiring dividend payments as a means of ensuring an adequate return on equity.

Payments from the GIO and the State Bank will total \$146.4 million in 1988-89 (up 73.7 per cent on last year) reflecting increased profits and tax and dividend receipts. Contributions from other authorities are forecast to be \$57.0 million (up 27.8 per cent on last year). Included in this figure for 1988-89 is the dividend requirement from the Land Titles Office, following its commercialisation from 1 July 1988. The capacity of other commercial organisations previously funded from the Consolidated Fund to pay a dividend will reflect in future years' estimates.

STATE LOTTERIES—Estimate \$83.7 million. Increase 0.1 per cent.

Revenue from lotteries is anticipated to show little growth in 1988-89, continuing the pattern of recent years.

OTHER RECEIPTS—Estimate \$571.8 million. Decrease 1.7 per cent.

The main items comprise:—

- Interest—increase of \$33.2 million or 21.2 per cent. The major component of this item is Interest on Term Deposits and the Treasurer's Bank Accounts. The increase in interest earnings largely reflects increased cash balances as a result of expenditure constraint and the stalling of any further decreases in market rates during 1988-89.
- Fines and Forfeitures—increase of \$26.7 million or 30.7 per cent. Transport and traffic fines, comprising \$112 million are the largest component of this item. The estimate for traffic fines in 1988-89 is based on the increased penalties introduced from 1 July 1988 and the impact of the policy of cancelling drivers' licences and/or vehicle registration where fines remain unpaid.

- Sale of Government Property—decrease of \$44.8 million or 80.2 per cent. The 1987–88 figure largely reflects the sale of the North Sydney Technical High School site. From 1988–89, revenue from the sale of property will be generally treated as a capital receipt.
- First Home Purchase—Stamp Duty Deferred Payment Scheme—increase of \$1.7 million. The estimate represents the repayments of annual instalments of duty deferred for eligible first home purchasers.

COMMONWEALTH GENERAL REVENUE GRANTS

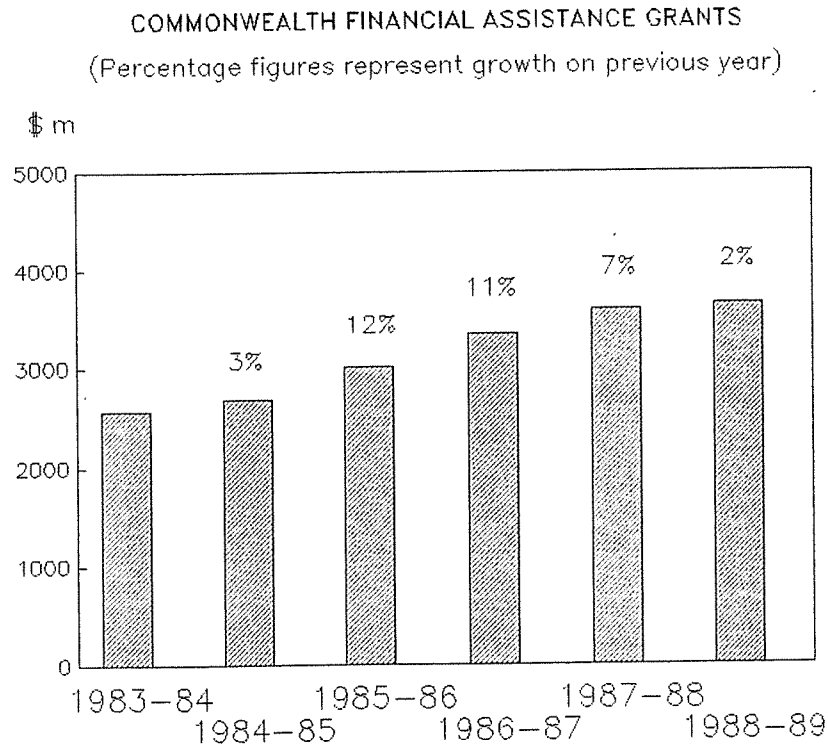
The "Identified Health Grant" previously paid to the States as a general revenue grant (i.e. paid without any specific terms or conditions but as a general contribution towards the cost of health services) has now been subsumed—together with the Medicare payment—into a new Hospital Funding Grant. For comparative purposes in this Budget Paper, the Identified Health Grant has been re-classified as a specific purpose payment—see following section.

Financial Assistance Grant—Estimate \$3,654.1 million. Increase 1.6 per cent.

The "pool" of Financial Assistance Grants to the States and the Northern Territory will decrease by 1.1 per cent in 1988–89. When allowance is made for the reduction in the pool due to the States being provided with access to payroll tax on a wider range of Commonwealth authorities, there is an effective slight increase of 0.4 per cent.

The New South Wales share of the Financial Assistance Grant pool in 1988–89 is expected to be \$3,654.1 million or 30.8 per cent of the total.

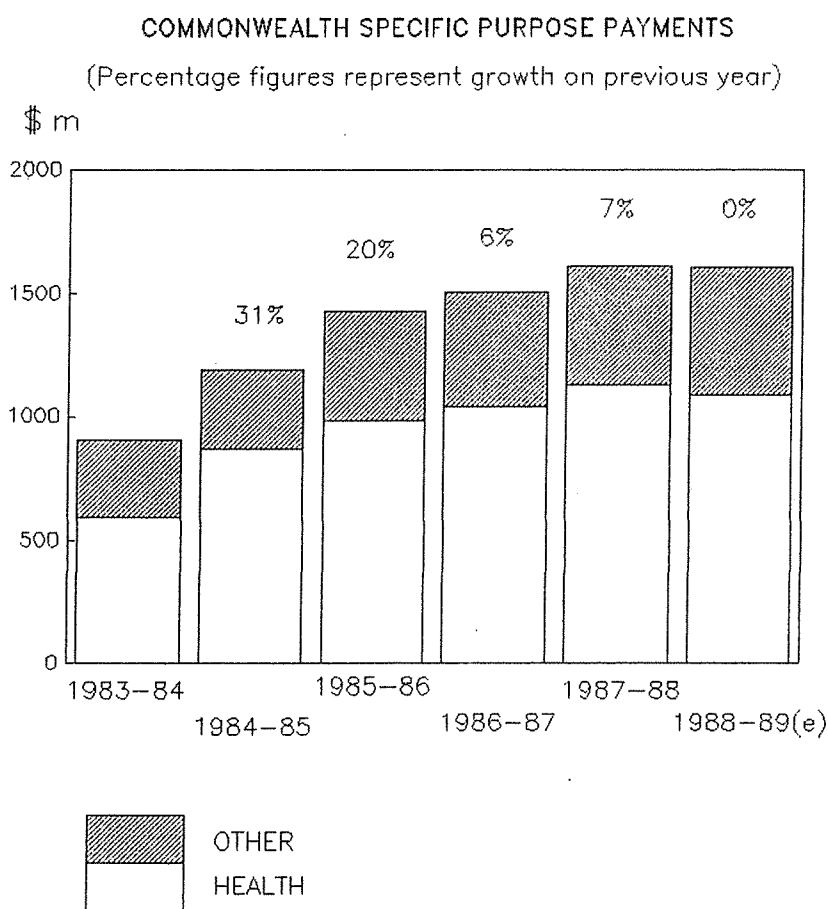
Figure 4.6



Special Revenue Assistance—Estimate \$12.4 million

This payment is made by the Commonwealth to compensate for a number of programs which the Commonwealth has proposed handing over to the States. The estimate shown differs from that shown by the Commonwealth as New South Wales has not at this stage accepted that it should take over all the programs proposed.

COMMONWEALTH PAYMENTS FOR SPECIFIC RECURRENT PURPOSES—Estimate \$1,604.2 million. Decrease 0.3 per cent.

Figure 4.7

Payments to the States by the Commonwealth are made under Section 96 of the Commonwealth Constitution. These payments generally relate to functions which the Commonwealth is unable to provide for directly (e.g. payments to local government, grants to private schools) or where assistance is provided to the States in meeting their expenditure obligations.

Specific purpose payments are made under the terms and conditions determined by the Commonwealth. The range of payments made has varied over time reflecting the differing priorities and/or funding policies of the Commonwealth Government.

Those payments for which the State acts effectively as a paying agent only (e.g. local government assistance, private schools, universities) are not passed through the State's Budget.

The principal recurrent specific purpose payments relate to health and education. For 1988-89, the former Medicare payment and "Identified Health Grant" have been replaced by a Hospital Funding Grant. Full details of all Commonwealth payments to New South Wales are shown in Budget Paper No. 4.

Table 4.4: Principal Rates of Tax

(The information shown in this table is intended only as a general guide in understanding the Budget estimates for major tax items. It should not be taken as a complete or definitive explanation of legal liability.)

Tax Item	Base	Rates	Major Exemptions/Concessions
Payroll Tax	Total payroll (as defined) Rates shown effective 1 January 1989	Up to \$432,000 p.a.	—nil
		\$432,001 to \$1,512,000	—7% of amount in excess of \$432,000
		\$1,512,001 to \$2,268,000	—\$75,600 plus 8% of amount in excess of \$1,512,000
Stamp Duty— Contracts and conveyances	Over \$2,268,000	—\$136,080 plus 6% of amount in excess of \$2,268,000	Local government (except trading undertakings). Charitable institutions, religious bodies, non- profit private health and educational facilities Rebates to eligible industries in country areas.
		Up to \$14,000	—\$1.25 per \$100 (minimum duty \$10)
		\$14,001 to \$30,000	—\$175 plus \$1.50 per \$100 of amount in excess of \$14,000
Stamp Duty— Contracts and conveyances	\$30,001 to \$80,000	—\$415 plus \$1.75 per \$100 of amount in excess of \$30,000	Transfer to joint ownership, between spouses, of principle place of residence. Eligible first home purchasers able to defer duty and pay over 5 years
		\$80,001 to \$300,000	—\$1,290 plus \$350 per \$100 of amount in excess of \$80,000

Tax Item	Base	Rates	Major Exemptions/Concessions
Mortgages and Loan Securities	Sum secured	\$490 \$300,001 to \$1,000,000 —\$4.50 per \$100 of amount in excess of \$300,000 Over \$1,000,000 —\$40,490 plus \$5.50 per \$100 of amount in excess of \$1,000,000	Duty waived on mortgages for eligible first home purchases.
	Sum insured	Up to \$15,000 —\$5 Over \$15,000 —\$5 plus 40c per \$100 of amount in excess of \$15,000	
Insurance—Life	Sum insured	\$100 to \$2,000 —10c per \$200 Over \$2,000 —\$1 plus 20c per \$200	
	Sum insured	7c per \$100 subject to maximum duty not exceeding 25% of premium	
Cheques	Per cheque	10c	Religious and charitable institutions.
	FID	Receipts (credits) of financial institutions		Concessional rate for short term money market dealers. Directly credited Commonwealth social security payments.
Motor Vehicle Registration	Value of vehicle being newly registered or transferred	\$2 per \$100	

Tax Item	Base	Rates	Major Exemptions/Concessions
Share Transfers	Value of shares transferred	30c per \$100 payable by buyer and seller	
Leases	Value of lease of land or premises	35c per \$100	Residential (5A) leases exempt.
Hiring Arrangements	Amount charged (includes motor vehicle leases)	Up to \$6,000 p.a. Over \$6,000 p.a.	—nil —1.5% subject to maximum duty of \$10,000
Land Tax	Adjusted land values Rates shown effective 1 January 1989	Up to \$135,000 Over \$135,000	—nil —\$100 plus 2% of amount in excess of \$135,000 Principal place of residence exempt Rural land generally exempt Religious and charitable institutions.
Health Insurance Levy	Contributions to health insurance funds	Equivalent to 41* per single contributor, 82* per family contributor	
Liquor Licences	Expenditure on liquor in preceding year	10% of amount expended	
Racing Tax— Bookmakers Totalisator	Value of bets Value of bets	1% of turnover Off-course On-course	—6.5% to 8% depending on type of bet —8% to 9.5% depending on type of bet Rates 3% lower in respect of smaller racecourses.
Poker Machine	Number and type of machine and net revenue	Tax per machine ranging from \$100 p.a. to \$2,500 p.a. depending on type (denomination) and total number owned by club Supplementary and additional supplementary tax based on club's net revenue	

4.3 RECURRENT PAYMENTS

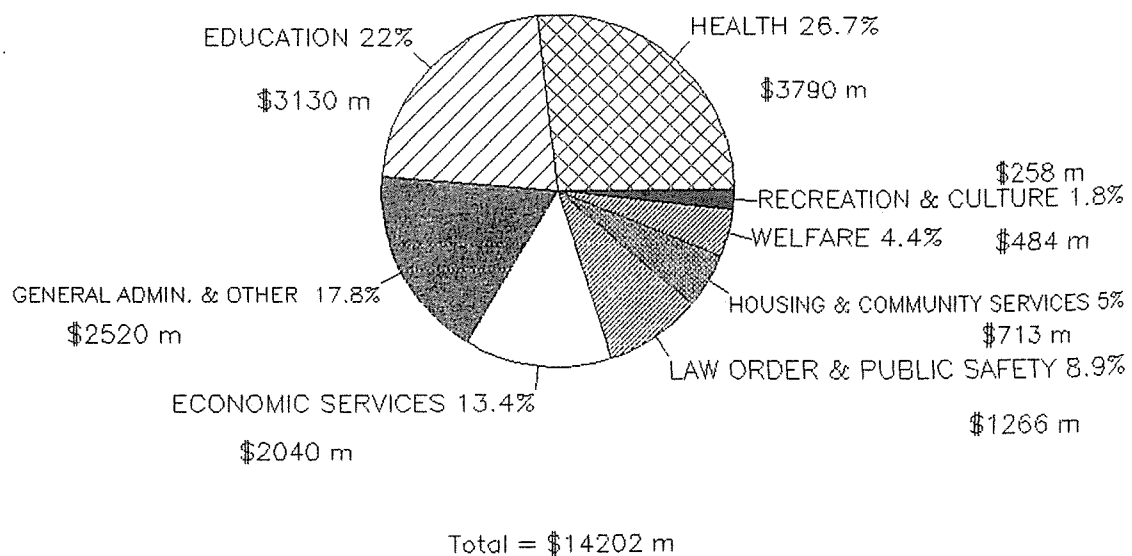
INTRODUCTION

In line with the Government's policy of expenditure restraint, Consolidated Fund recurrent spending in 1988-89 will increase by 6.0 per cent to \$12,448 million. This represents no increase in real terms. By contrast Consolidated Fund recurrent payments in 1987-88 increased by 9.4 per cent or 1.5 per cent in real terms.

Total recurrent payments, which include payments from sources other than the Consolidated Fund, are projected to increase by 9.0 per cent. Total payments have been affected in 1988-89 by a number of major special payments financed from sources other than the Consolidated Fund for commitments such as new computer facilities, the retrospective component of award increases handed down in 1987-88, and arrears of school maintenance. On a cash flow basis, including the \$244.7 million reduction in the overdraft as a loan repayment, the increase is 7.5 per cent. Total payments for recurrent services on a broad functional basis (by policy area) are shown in Figure 4.8 together with the share of the total budget for the respective areas.

Figure 4.8

TOTAL RECURRENT PAYMENTS 1988-89 BY POLICY AREA



The following statements in respect of recurrent payments within the various functional (policy) areas refer to trends in the level of total payments over recent years. It includes a comparison in real terms since 1983-84, the Government's strategies and commitments and other factors relating to expenditure in the respective areas. Highlights of the 1988-89 Budget allocations for each policy sector are also briefly outlined.

In 1988-89 payments will noticeably increase in the areas of Law, Order and Public Safety, Health and Education, in accordance with the Government's priorities, while in areas such as General Administration and Economic Services payments will decline in real terms.

LAW, ORDER AND PUBLIC SAFETY

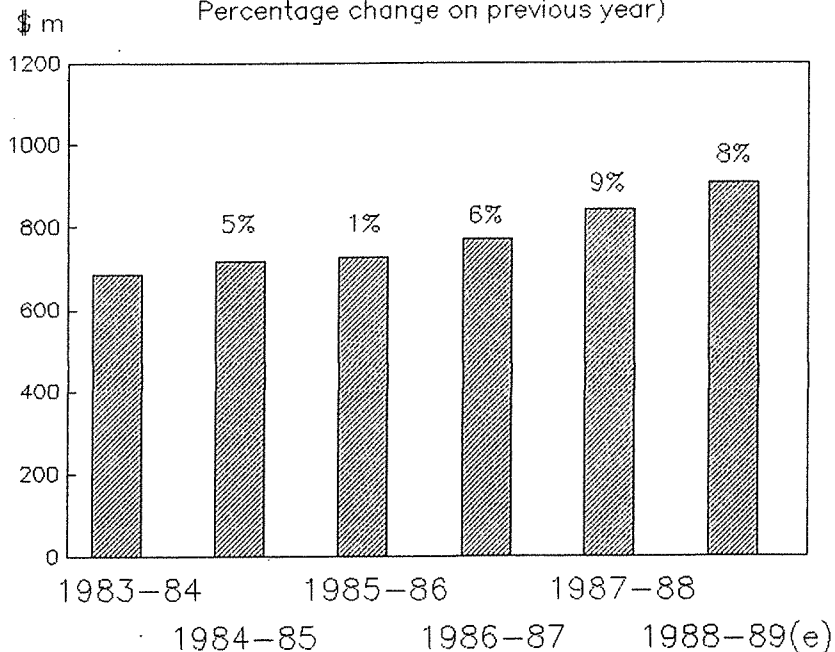
Policy Sector	Total Payments		
	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
Police	565.5	633.6	(+) 12.0
Law Courts and Legal Services	219.2	272.0	(+) 24.1
Corrective Services	153.0	170.0	(+) 11.1
Other (including Fire Protection Services) ...	167.3	190.4	(+) 13.8
Total	1,105.0	1,266.0	(+) 14.6

OVERVIEW

Figure 4.9

LAW, ORDER AND PUBLIC SAFETY

(Payments expressed in real terms, 1983-84 base;
Percentage change on previous year)



Funding is provided under this policy area to meet the cost of maintaining the State's police force and courts administration. The area also includes funding for the Department of Corrective Services, the State Emergency Services, State Drug Crime Commission, Board of Fire Commissioners, Bush Fire Council and the Independent Commission Against Corruption.

Over the last five years there has been significant real growth in funding for the law, order and public safety area. In part this reflects increased demands in this area due, amongst other factors, to the demographic shift in the population with the aging of the baby boom generation. In addition, there have been shifts in community attitudes to law and order that require a greater application of resources.

Over the five years to 1987-88, total payments for this area have increased in real terms by 17.2 per cent. In 1988-89 total payments are projected to increase in real terms by 7.6 per cent, after adjusting for all special factors.

An election commitment of the Government was a \$60 million real increase in funding in this area. After excluding presentational changes such as the transfer of police superannuation costs and SRA police, funding will increase in real terms by roundly \$90 million.

There is a clear interrelationship between each of the policy sectors within the law, order and public safety area. An increase, for example, in resources for police will produce flow through effects to the courts and prisons. Hence it is necessary to develop policies and approaches that are properly integrated and consistent.

A major challenge for the future will be the further development of more cost effective and efficient approaches to courts and prisons that will address Court delays and prison crowding in an affordable manner. A major review of Courts administration and procedures is to be undertaken in 1988/89 to assist in this regard.

Notwithstanding improvements that may be able to be made in the method of delivery of services in this area, there are likely to be further increases in real resources required, reflecting the impact of the Government's commitments to increased police strength, the impact of an expansion in the number of Courts and tightening of sentencing practices.

1988-89 RECURRENT BUDGET HIGHLIGHTS

The estimates allow:

POLICE

- An increase of 400 in the authorised strength of the Police Force to meet increased staffing levels as part of the Government's commitment to place an extra 1,600 police on the streets over a four year period.
- Employment of 125 clerical staff as part of the Government's commitment to employ an extra 500 clerical staff over a four year period, to enable a similar number of police to be released for active police duties.
- The transfer of approximately 400 Transport Investigation Police from the State Rail Authority, with associated funding of \$13 million.
- \$8.9 million for the maintenance of police buildings.
- \$168 million for the costs of the Police Superannuation Fund (up \$63.7 million or 61.1 per cent on 1987-88). This item had been shown previously in the General Administration Policy Area.

LAW COURTS AND LEGAL SERVICES

During 1987-88 additional funds totalling \$2.1 million were provided to enable an increase in the number of Judicial and Magisterial positions and associated prosecution and court support staff. These measures were introduced to facilitate reductions in delays throughout the Court system. The current year's Budget, in addition to providing \$11.8 million for the ongoing support of these initiatives, will permit implementation of the following further enhancements—

- Additional resources to implement improvements in collating crime statistics and research to enhance the Justice Information System.
- The appointment of additional Sheriff's Officers to provide a security service at the Downing Centre Complex.
- The appointment of additional internal auditors to conduct more audits throughout the Department, particularly in Local Courts.
- Further resources to provide for the operations of the recently established Community Justice Centre at Penrith.
- Support to Supreme Court Judges and staff in the use of micro computers and word processing equipment.
- Creation of the new Office of Coroner.

Other highlights of the Budget allocation include—

- Provision of additional funds for the continuing development of computerisation in the Department. This includes \$7 million for the Courtnet project (an Integrated Court Registry Computer System); \$3 million for the continuing computerisation of records in the Registry of Births, Deaths and Marriages; and \$200,000 for word processing equipment for the Supreme Court.
- \$23.6 million (up \$11.3 million on 1987-88) for the payment of compensation to victims of violent crime, reflecting the increase in maximum compensation payment limits from \$20,000 to \$50,000 introduced last year.
- \$600,000 as a contribution towards the operating costs of the Commercial Disputes Centre which provides for the efficient handling of commercial disputes outside the Court system. This allocation provides for upgrading of the Centre's accommodation this year.
- \$1.3 million for the arbitration of civil claims, a scheme introduced to provide for the resolution of civil disputes outside the Courts system.
- \$64.8 million for the Legal Aid Commission to provide legal assistance over a wide range of Court proceedings, including \$3.2 million for the new Child Support Scheme which was recently introduced and is fully funded by the Commonwealth.
- Provision of \$1.1 million for operations of the Judicial Commission.
- \$21.0 million for the new Office of the Director of Public Prosecutions, compared with \$15.0 million in 1987-88. The Office has been established as a separate administrative unit from 1st July, 1988.

CORRECTIVE SERVICES

- \$6.0 million to allow for the opening of the Long Bay Special Purpose Prison (Witness Protection Unit of 60 cells at Long Bay), Mulawa Women's Prison Stage 1 (64 cells) and the new Grafton wing (96 cells).
- \$9.3 million, an increase of 24.2 per cent, for the manufacturing expenses of prison industries so that more prisoners will be gainfully employed. This reflects the first stage of a major expansion in prison industry.

- \$0.9 million for computerisation including continuation of the development of the Offender Records System.
- \$1.9 million for expenditure under the Commonwealth/States National Campaign Against Drug Abuse on specialist facilities and services for drug and alcohol dependent inmates of the State's prisons.

OTHER

State Drug Crime Commission—

- \$6.5 million for the State Drug Crime Commission to combat illegal drug trafficking and related crime in New South Wales.

State Emergency Services—

- \$5.5 million for State Emergency Services and Civil Defence (up \$799,000 or 17.0 per cent on 1987-88) for operating costs including provision for training of volunteers, purchase of rescue and communication equipment and contribution towards volunteers' out-of-pocket expenses.

Board of Fire Commissioners—

- Funds totalling \$154.6 million (up 8.5 per cent on 1987-88) will be available for the Board of Fire Commissioners. The State's contribution is \$19.0 million. The balance is mainly funded by councils (12.5 per cent) and insurance companies (75 per cent).

From 1988-89 the Board will be included in the Inner Budget Sector as a separate organisation. However, at least for 1988-89, revenue from insurance companies, local councils and other sources will be outside the Consolidated Fund. In addition, the funding structure of fire services generally is to be fully reviewed during 1988-89.

Bush Fire Council—

- To help maintain rural fire fighting services throughout the State an amount of \$21 million (up 26.5 per cent on 1987-88) will be available to the Bush Fire Council which, as from 1988-89, will be included in the Inner Budget as a separate organisation.

The payment to the Bush Fire Council from the Consolidated Fund will be \$5.445 million. This includes the State contribution of \$4.472 million (25 per cent) towards costs of the Bush Fire Fighting Fund. Councils contribute 25 per cent to the Fund and insurance companies contribute 50 per cent.

The Bush Fire Council allocation includes \$636,000 for the control and prevention of bush fires and assistance to emergency and community organisations.

Independent Commission Against Corruption—

- An amount of \$3.4 million has been allocated to meet the initial estimated recurrent costs of establishing the Independent Commission Against Corruption. The full year cost of the Commission is estimated at \$5.2 million.

EDUCATION

Policy Sector	Total Payments		
	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
Primary and Secondary Education	2,186.9	2,335.4	6.8
Tertiary and Vocational Education	474.3	533.4	12.5
Pre-School Education	5.9	6.5	10.2
Transportation of Students	169.0	172.0	1.8
Other (including General Administration) ...	62.7	83.0	32.4
Total	2,898.8	3,130.3	8.0

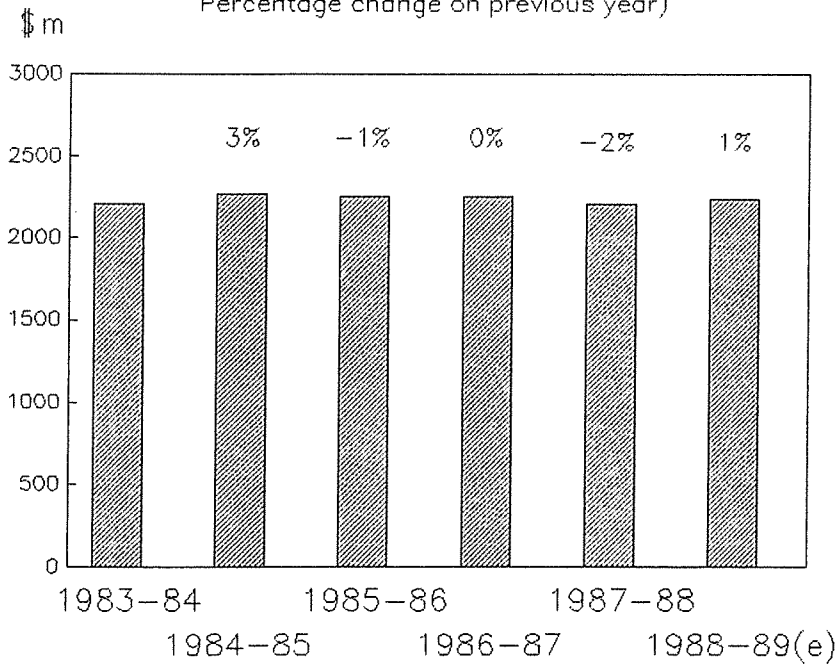
OVERVIEW

Figure 4.10

EDUCATION

(Payments expressed in real terms, 1983-84 base;

Percentage change on previous year)



Over the five years to 1987-88 total payments on education have been maintained in real terms. In the same period payments for primary and secondary education have fallen by 1.3 per cent, while payments for tertiary and vocational education have increased by 20.9 per cent.

In regard to Government primary and secondary schools, student numbers have declined by roundly 3 per cent over the past five years. At the same time payments (excluding payments to non-state schools) have declined by only 1.8 per cent in real terms. This trend will be arrested in 1988/89, with expenditure to be maintained in real terms.

TAFE has also been an area of strong growth in recent years, reflecting the high demand for the courses offered. This trend will continue in 1988-89 with funding increasing by 5.6 per cent in real terms.

The Government's June Financial Statement placed particular emphasis on initiatives in the Education area, including the transportation of school students. In broad terms the approach involves the achievement of savings through productivity improvements, the application of user charges in the TAFE area and the transfer of resources from lower priority areas to areas of higher priority. In the first full year Education initiatives in the order of \$195 million are planned to be funded from these measures. However, these initiatives are dependent upon the projected savings and additional revenue being achieved.

1988-89 BUDGET HIGHLIGHTS

PRIMARY AND SECONDARY EDUCATION

Through a reallocation of Education resources a range of major enhancements will be initiated in 1988-89 which are designed to improve the quality of education in this State.

The implementation of many of these initiatives, including special education, is to be undertaken following consultation with relevant education, community and other groups. As a consequence of this consultative mechanism and in recognition of the normal school cycle, the implementation of these initiatives has, in the main, been aligned with the start of the 1989 school (calendar) year and the cost of these betterments will traverse financial years. Accordingly, to provide a more accurate indication of the resources applied to the various initiatives, the estimated payments over a four year period are shown. At the same time, it must be stressed that these initiatives will be reviewed in light of the actual savings achieved.

The initiatives to be introduced include—

- Doubling of secondary textbook allowances over two years.

The secondary textbook allowance will increase to \$26 per student in years 7-10 and \$64 per student in years 11-12 by the 1990 school year at a per annum cost of \$8.3 million. This will provide schools with an extra \$27 million over 4 years.

- Major initiatives in computer education under the "School Link" program.

Funds totalling \$6 million (up \$2.9 million on 1987-88) will be available in 1988-89 for computer education and over four years an additional \$52.0 million will be provided. Schools will be able to purchase hardware and software. Every primary and secondary school will have a computer education co-ordinator who will receive relief from classroom teaching time. Teacher inservice training and consultancy support will also be provided to schools and teachers.

- Improving special education provisions for students with disabilities and learning difficulties.

As part of the package of reforms to the N.S.W. education system roundly \$4.7 million will be provided in 1988-89 for "Enhancements in special education". Over four years recurrent and capital funds totalling \$80 million will be provided. Special provisions will be made for students with disabilities and learning difficulties. The new plan includes increasing the availability of diagnostic and remedial services, setting up a regional network of Special Education Centres, providing special schools and classes where needed and improving teacher training to raise awareness of student needs and to equip teachers to manage the integration of students with disabilities.

- A major funding boost to staff development.
An additional \$15 million will be provided over 4 years for staff development. This is to upgrade teaching skills and enable teachers to keep abreast of developments in learning theory, subject content, classroom practice and teaching resources.
- Improving rural education.
An additional \$23 million is to be given for rural education over 4 years, to improve the standard of education in rural areas. It will include increases in the living-away-from-home allowance and a special per capita grant to isolated schools.
- Extend Schools/TAFE joint courses.
More Schools/TAFE courses will be offered to widen secondary students' learning opportunities and enable them to have their studies more widely recognised. Business, hospitality and technological subjects will be emphasised.
- Improving primary and secondary education in Western and South Western Sydney by—
 - * Offering targeted teacher scholarships for students in Western Sydney.
 - * Providing leading teachers for secondary schools with low retention rates. (see below)
 - * Installing electronic security alarms in all schools at risk. All schools in the metropolitan area will have such systems installed by 1992.
 - * Extending Schools/TAFE joint courses by encouraging links between local businesses and schools.
- Appointing leading teachers to secondary schools with low retention rates.
200 leading teachers will be appointed over 4 years in secondary schools. The leading teacher is to have the status and salary of a Deputy Principal. Duties involve curriculum development, improving teaching methods and co-ordinating assessment/exam programs. In 1989, 52 schools will have leading teachers with 26 of these based in schools in Western and South Western Sydney. Cost over 4 years is \$8 million.
- Providing direct financial assistance from local secondary schools to needy families with children enrolled.
From 1989, the existing secondary/tertiary bursary schemes will be phased out and replaced by a system in which financial assistance is given directly at the local school level. Government secondary and central schools will be given an allocation for distribution to locally-identified needy families with secondary age students. In 1988-89 \$2 million will be provided under this scheme in addition to funding for Bursaries.
- Increasing school maintenance by 50 per cent in 1988-89.
A total of \$90 million is to be made available for maintenance in 1988-89, compared with roundly \$60 million in 1987-88. This includes a special provision for arrears of maintenance as part of an ongoing program aimed at eliminating arrears of building maintenance in the school area. Another initiative in this area is doubling school grants to every school for routine maintenance.
- Development of a Fair Discipline Code.
The Fair Discipline Code is to be developed and trialled. It is to provide broad guidelines for individual schools to establish discipline and student welfare programs appropriate to student needs and local circumstances.
- Improving core curriculum.
Additional teachers will be made available to assist schools in core curriculum areas at regional level to assist schools in the development of programs in basic curricula areas, such as mathematics and english.

- Strengthening and extending the testing and examination system.

The Government is committed to strengthening secondary awards and providing students with quality credentials to encourage achievement, pursuit of excellence and retention. The School Certificate has been reintroduced to replace the proposed Certificate of Secondary Education. The Higher School Certificate will see the reintroduction of an aggregate (Tertiary Entrance Score) out of 500 (calculated from 10 best units). It is envisaged that such arrangements will provide clear useful information that has valued status in the community.

- The establishment of Senior and Selective High Schools.

A Senior High School is to be set up in Western Sydney to provide a wide curriculum for Years 11 and 12 including: courses in limited demand; opportunities for specialisation; and courses of a vocational nature. Initiatives will include the development of courses in co-operation with TAFE, Nepean CAE and University of Western Sydney. The School will be phased in over 4 years.

Eight additional selective High Schools have been established to broaden options available to students and to provide challenging learning environments. The introduction of selectivity will be phased in.

In addition to those initiatives funded by a reallocation of Education resources, the Government is to gradually increase per capita allowances for non State Schools. This will be implemented over 4 years beginning with a one percentage point increase, at an estimated cost of \$3.725 million in 1988-89, in the 1989 school year. This is being funded/offset by changes to the School Student Transport Scheme.

TERTIARY AND VOCATIONAL EDUCATION

The recurrent budget allows for ongoing costs of 105 colleges and over 200 other teaching centres throughout NSW, growth in student numbers and various service wide payments and services.

Also included in the allocation is allowance for a number of particular initiatives, including—

- \$30 million for Commonwealth funded general and particular purpose programs.
- \$10 million for the new Start to Life Program targeted at young people (a further explanation is provided in section 7.2).
- \$2 million to augment the existing Joint Secondary Schools/TAFE program, to date wholly funded from the allocation for the Department of Education.
- Bringing into operation a number of new facilities including those at Orange, Wollongong, Tweed Heads, Tenterfield, Crows Nest, Mt. Drutt, Ryde, and Wyong.

Special funding is also being provided as follows—

- \$7 million for arrears of maintenance at colleges.
- \$5.7 million for electronic surveillance systems in TAFE Colleges, with a further \$1.9 million to be provided in 1989-90.
- Over \$2.3 million for computer funding to implement new administrative systems for Student Information, Finance, Capital Works and Personnel.

OTHER (including General Administration)

The estimate includes provision for—

- \$5.8 million, in addition to the funds separately identified for TAFE, for other education initiatives under the Start to Life Program (further details of which are provided in section 7.2), together with \$5 million seed monies for the NSW Education and Training Foundation.

- \$19.2 million for the Adult Migrant Education Program.
- \$369,000 for the ongoing cost of the Youth Co-ordination unit which was established in 1987-88.
- \$524,000 for the Interim Council for Western Sydney University to oversight the planning and construction of a University of International standing in Sydney's West.

As part of the Governments program to rationalise and improve service delivery the Higher Education Board and the Education Commission will be abolished and their functions and responsibilities assumed by the Minister for Education and Youth Affairs. The 1988-89 allocation to the Ministry of Education and Youth Affairs reflects these changes.

HEALTH

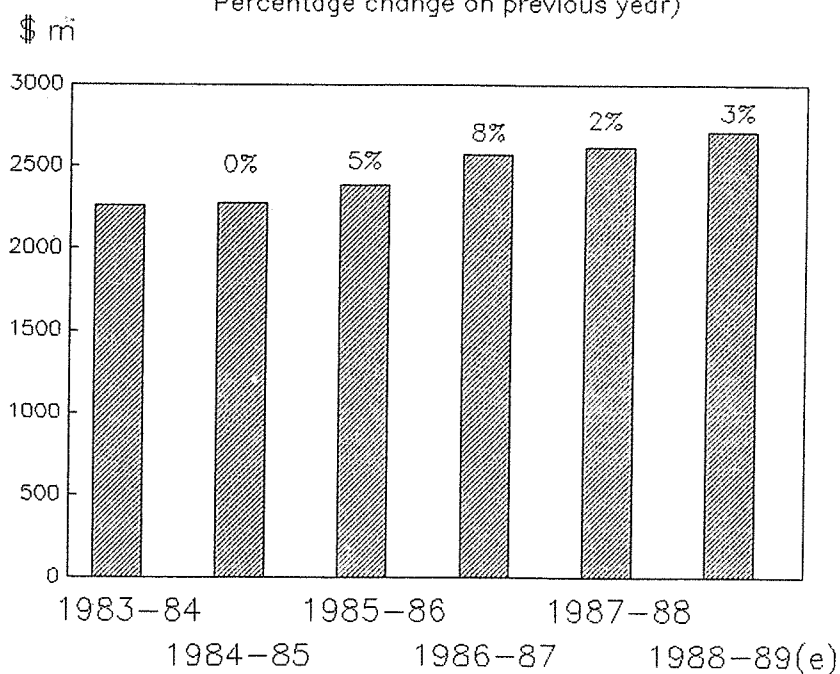
Policy Sector	Total Payments		
	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
Area Health Services and Other Hospital Services	3,069.6	3,365.1	(+) 9.6
Community and Other Support Services ...	260.4	300.8	(+) 15.5
Public Health Services	62.0	71.8	(+) 15.8
Other	48.8	52.1	(+) 6.8
Total	3,440.8	3,789.8	(+) 10.1

OVERVIEW

Figure 4.11

HEALTH

(Payments expressed in real terms, 1983-84 base;
Percentage change on previous year)



For the five years to 1987-88, payments for Health have increased by 19.8 per cent in real terms. The Government has an election commitment to increase funding for health in real terms by \$30 million in 1988-89.

The Consolidated Fund allocation for Health represents a real increase of \$62 million while Total Payments will increase by \$125 million in real terms.

A combination of factors are responsible for the significant real growth in Health payments. These include the demographic factors associated with the aging of the population, the development of new, high cost technologies, enhanced professional requirements and increased payments for nurses and health professionals in general.

As part of the strategy to reduce waiting lists for hospitals, particularly for public hospitals, the Government has announced a major program of controlled development of private hospitals. The major objective is not the expansion of hospital beds in the private sector but rather the rationalisation of available beds into more economic units capable of performing a wider range of procedures.

Another important development is the improvement in resource allocation within the public health system, a matter on which the recent Audit Commission commented. A full review is being undertaken with a view to developing global budgeting for the health system. Indicators of health needs between the various areas will be developed to ensure that resources are allocated in accordance with needs and the Government's priorities. The revised procedures will also provide health managers with greater flexibility in managing resources.

The number of Area Health Services in the metropolitan areas of New South Wales have been reduced from 23 to 10, while five of the Department's regional offices have been abolished. This will achieve administrative savings while, at the same time, enabling more effective rationalisation and networking of services within each Area.

In the area of Mental Health and Developmental Disability Services, a Committee headed by Dr William Barclay is reviewing options for the future. Accordingly, the precise resource needs in this area are not clearly defined at this stage. A reassessment of funding requirements will be made once the Government has decided on the future approach in this area in the light of the Committee's report.

New arrangements for funding public hospitals have been introduced by the Commonwealth, replacing the Identified Health Grant and Medicare Compensation payments. The Hospital funding grants will be indexed by award wage, CPI and an age-sex weighted population factor. Incentives are provided to expand post acute care and palliative care, designed to reduce patient length of stay, thus allowing more effective use of in-patient facilities. Penalties will be applied if public bed days and fee for service medicine provisions by medical practitioners are at variance with the national average. The Commonwealth has also recognised greater responsibility towards the treatment of AIDS patients in public hospitals by providing a grant indexed to the actual growth in AIDS cases.

1988-89 BUDGET HIGHLIGHTS

- The State's contribution to health funding is \$2,650 million (up 17.2 per cent) including \$451 million from revenues raised by Area Health Services/Public Hospitals and \$95 million from the provision of services by State hospitals, ambulance services and Transcover claims.
- The Commonwealth's contribution, at roundly \$1,140 million, is down 3.5 per cent on 1987-88 which can mainly be attributed to the introduction of new funding arrangements for public hospitals.

AREA HEALTH SERVICES AND OTHER HOSPITAL SERVICES

The \$3,365 million allocation, up 9.6 per cent over last year's payment, includes the following initiatives—

- \$7.5 million to open new facilities in refurbished or new hospital accommodation including—
 - * \$0.7 million for the Gosford Psychiatric Unit
 - * \$1.3 million for the Geriatric Assessment Unit at Prince of Wales Hospital, Randwick.
 - * \$0.5 million for the South Block Wards at Sydney Hospital.
 - * \$1.5 million for the Services Block at St. Vincents Hospital, Darlinghurst.
 - * \$1.2 million for the Sacred Heart Hospice redevelopment.
 - * \$0.9 million for the Port Kembla Rehabilitation Unit.
 - * \$0.5 million for the Rankin Park Teaching Hospital, Newcastle, commissioning team.
 - * \$0.4 million for the Immunology Centre at St. Vincents Hospital, Darlinghurst.
 - * \$0.2 million for Lismore Base Hospital redevelopment.
 - * \$0.2 million for staffing of the obstetric unit at Albury Base Hospital.
 - * \$0.1 million for extensions to Tweed Heads Hospital.
- \$2.1 million or slightly under \$3 million per annum is to be provided for the first stage of the Brain Injuries Program, a joint venture of TransCover and the Department of Health to first upgrade and then develop up to eight purpose built Brain Injury Units to cater for the needs of the brain injured throughout the State.
- The State will also be fully funding the Coorabel Spinal Injuries Unit to the extent of \$536,000 following the withdrawal of Commonwealth funds.
- The Commonwealth will provide \$12.5 million for the further development of palliative and post acute care and day surgery.

Other special provisions include—

- A total of \$22.6 million for the final year of the joint State/Commonwealth waiting list program commenced in July 1987 to reduce waiting lists for hospital services. The State is contributing \$13.0 million in line with the Government commitment in this area.
- \$30 million (up 60 per cent on 1987-88) to prevent the spread of the disease AIDS and to treat AIDS patients in the public health system. Roundly 50 per cent is being provided by the Commonwealth. Of this amount \$2.3 million is allocated under the heading Public Health Services.
- \$17.4 million to ease the shortage of nurses mainly by training of additional enrolled nurses, providing career development courses for graduate nurses and post basic courses for enrolled nurses.
- Close to \$26.4 million (up 8.6 per cent) for Home and Community Care funding, principally for home nursing services. Further funds will be made available through the HACC program for any approved growth in services in 1988-89.
- Roundly \$4.5 million for the cardiac and liver transplantation program.
- Some \$168 million (up 11.9 per cent) to provide ongoing services for the psychiatrically ill, including \$31.6 million for community based services.
- \$112.8 million (up 3.8 per cent) for services mainly for the aged and disabled. Of this amount roundly \$50 million is provided by patients in approved nursing homes and by the Commonwealth in the form of nursing home benefits.

- Roundly \$9.0 million for medical and surgical services to inmates in State prisons.
- \$95 million to meet the debt servicing costs of the Department's capital works program.
- \$12.3 million for the fifth year of the "Hospital Services Improvement Program" which will improve a number of commonly used hospital and community health services.
- \$6.8 million for the provision of aids and appliances to disabled persons.
- Roundly \$52 million to fund the 3 per cent superannuation benefit granted to workers in Area Health Service/Public Hospitals and Ambulance Services.
- \$48 million (up 20 per cent) for the transfer of nurses education to colleges of advanced education.
- \$9.9 million for the Dentures for Pensioners Scheme and \$0.8 million for podiatry services.

COMMUNITY AND OTHER SUPPORT SERVICES

\$300.8 million (up 15.5 per cent on 1987-88) has been provided under this heading and comprises—

- \$130.3 million (up \$16.2 million) for health transport, including an additional \$5 million for recruitment of additional ambulance officers and improved training.
- \$154.7 million for services mainly for the developmental disabled. This includes \$57.3 million for community based support services allowing developmental disabled persons an independent life style in a normal community environment.
- \$16.2 million for complementary services to those provided by area health services/ public hospitals including \$10.3 million to non government organisations.

PUBLIC HEALTH SERVICES

The following provisions have been made for public health services—

- Over \$5 million to maintain and improve public health and environmental health standards.
- Some \$11.6 million to improve detection, prevention and control of diseases.
- Close to \$12.2 million to improve the level of awareness of individuals and the community concerning the benefits of a healthy lifestyle.
- Approximately \$13.7 million to ensure that an adequate supply of blood and blood related products is available to meet medical requirements through the Red Cross Blood Transfusion Service. Included in the allocation is some \$2.3 million to combat the spread of the disease AIDS, most of which will be spent on screening blood donations to detect the presence of the AIDS virus.
- Roundly \$3.1 million for grants to foster research into specific health areas such as cancer, heart disease, multiple sclerosis and dental health.
- \$20.5 million for services specifically for drug and alcohol dependent persons including:-
 - * \$7.9 million for the joint State/Commonwealth program against drug abuse.
 - * \$7.1 million in grants to non-government organisations engaged in education, counselling and treatment of drug and alcohol addicted persons.
 - * \$2.3 million for services provided by Area Health Services/Public Hospitals specifically aimed at combatting drug and alcohol abuse.
- Roundly \$5.2 million (up \$1.2 million) for the provision of supplementary health services to Aborigines, including \$2.1 million in grants to non government organisations for the provision of dental and drug and alcohol services and to conduct public health awareness programs.

OTHER

- \$5.2 million for various grants to external health services and \$4.6 million for the Isolated Patients Travel and Accommodation Scheme.
- Some \$1.6 million for the registration of health services personnel to ensure the maintenance of educational, professional and ethical standards.
- \$40.8 million (up 4.4 per cent) to maintain an effective administration and planning service in support of implementation and review of Government health policy and programs.

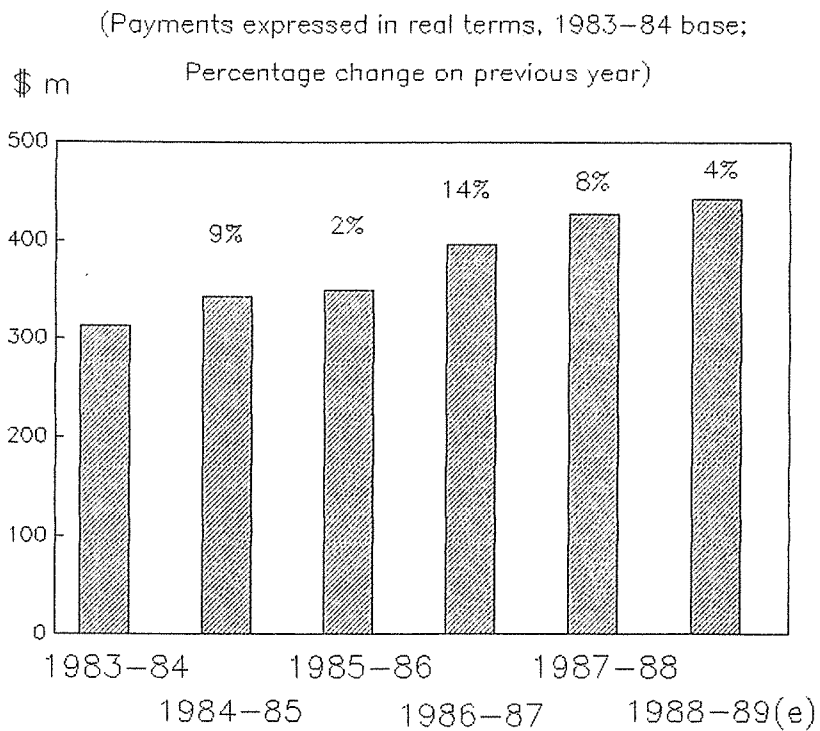
WELFARE SERVICES

Policy Sector	Total Payments		
	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
Welfare Support Services	369.1	407.4	10.4
Society Security	67.7	76.7	13.3
Total	436.8	484.1	10.9

OVERVIEW

Figure 4.12

WELFARE



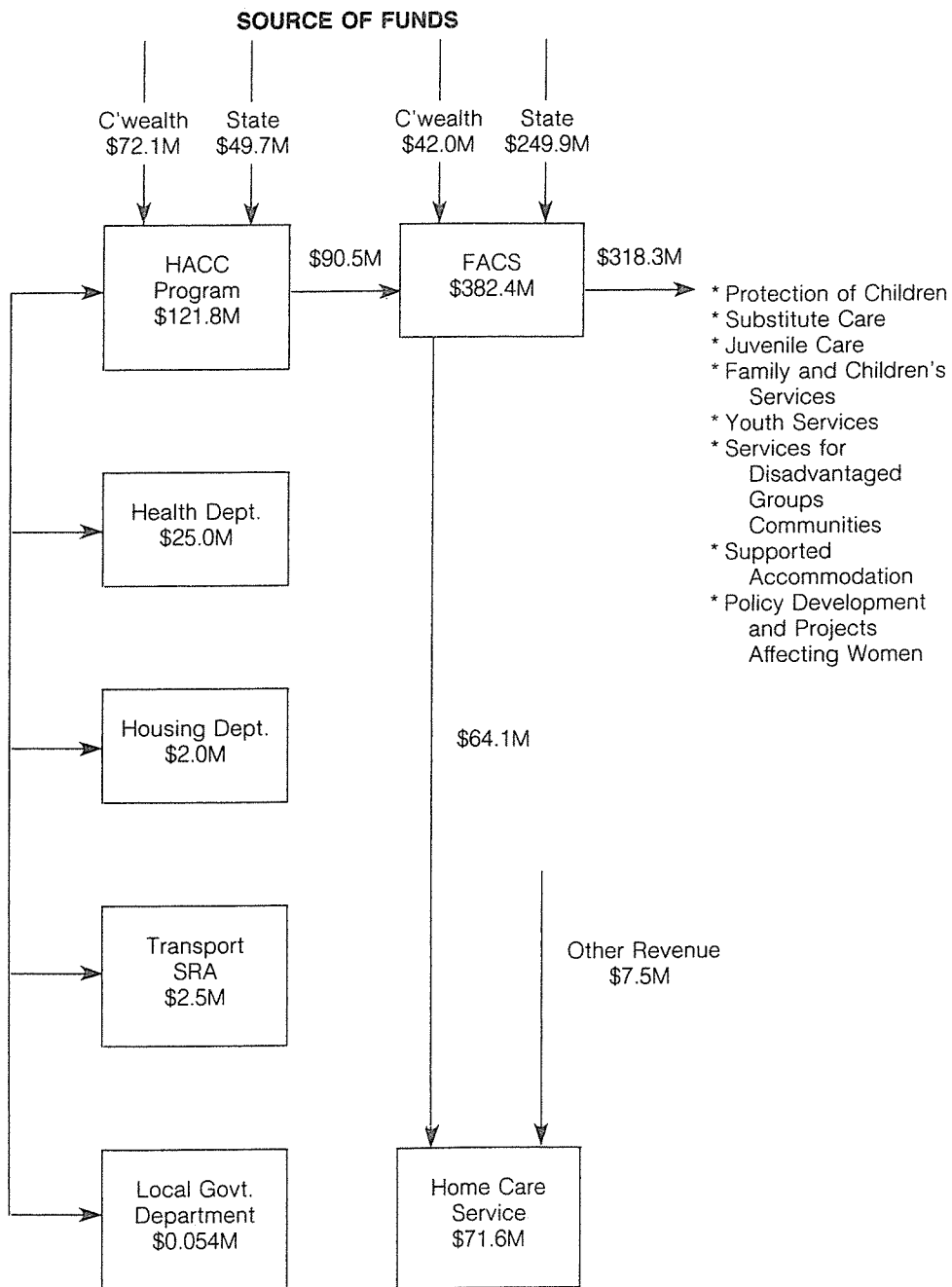
Over the five years to 1987-88, welfare service payments have increased by 7.4 per cent per annum in real terms. The 1988-89 allocation represents further real growth of 4.1 per cent.

The increase in funding in part reflects an expanded Commonwealth funding role in this area through the Commonwealth/State Home and Community Care Program (HACC).

Welfare funding involves a mixture of Commonwealth and State sources of funds and a variety of agencies for delivery of services including the Department of Family and Community services, Home Care Service and a range of voluntary agencies that are provided with grants. The structure of welfare funding and delivery is summarised in Figure 4.13.

Figure 4.13

BROAD OVERVIEW OF WELFARE SPENDING AREAS



The Home Care Service was established to assist the family and the individual to live as independently as possible in the home, by providing assistance in times of illness, incapacity, crisis and stress.

Recently the Home Care Service has been restructured to be brought under more direct Ministerial responsibility.

In terms of future developments, greater overall emphasis is to be placed on service delivery, as distinct from the administration function.

Greater effort is to be made to utilise volunteer organisations and the private sector in general where it can be demonstrated that it can achieve more effective results and lead to a reduction in dependence on government for the provision of services and facilities.

1988-89 BUDGET HIGHLIGHTS

WELFARE SUPPORT SERVICES

Child Protection

\$33.7 million (up \$6.0 million or 22 per cent on 1987-88 expenditure) for use on projects associated with the protection of children from abuse and exploitation, including child care projects (\$0.3 million), cash assistance (\$1.3 million), Child Sexual Assault Program (\$2.4 million).

Substitute Care

\$62.9 million (up \$6.9 million or 12 per cent on 1987-88 expenditure) for services involving the care of children separated from their parents. Items funded include \$7.2 million for grants to community based residential and alternate care; \$12.5 million for child support allowances, etc. for foster parents and \$1.1 million for family group homes.

Family and Children's Services

\$74.9 million (up \$5.6 million or 8 per cent on 1987-88 expenditure) to assist the community in the provision of a range of children's services, including pre-school and day care services (\$52.5 million), vacation care (\$2.3 million), and early childhood projects (\$1.6 million). The allocation for pre-schools and day care centres will enable all subsidies to pre-schools to be maintained at existing rates and provides for an increase in session rates payable from 1 January, 1989. Day care (including occasional care) subsidies will continue to be paid at the rate of 20 per cent of approved salary costs. \$2.0 million has been included as a new initiative to enable assistance with funding for new or expanded pre-schools, including one-off grants up to a maximum of \$40,000 to assist with extensions or renovations to such facilities.

The National Family Support Program, previously a joint program with the Commonwealth but, following a decision by the Commonwealth to withdraw from the joint arrangement, is now wholly administered and controlled by the State. Nevertheless, an amount of \$8.6 million (up \$2.3 million or 35 per cent on 1987-88 expenditure) is provided to assist community organisations working with families to overcome difficulties relating to stress, lack of social support and other factors. The allocation will provide for continued support to 100 Family Support Services and for some growth in service provision.

Services for Disadvantaged Groups and Communities

\$51.9 million (up \$17.2 million or 49 per cent on 1987-88 expenditure) for services to disadvantaged groups and communities with the accent on access to services, integration, independence and equality in community life. Specific provisions include Assistance to the Disabled (\$3.7 million), community development projects (\$6.1 million) and financial assistance (\$4.6 million).

Funds have been included to enable the following new initiatives to be commenced during the 1988-89 financial year—

- Establishment of Guardianship Board to oversee and ensure that the rights of people with disabilities, who are unable to make major informed decisions about their life or circumstances, are respected and secured (\$1.0 million).
- Additional Disability Services Field Staff (\$0.6 million).
- Enhancement of the role of the Disability Services Licensing Branch (\$0.2 million).

Home and Community Care Program (HACC)

The Government accords a high priority to the provision of services to the elderly, the frail, the disabled and other citizens in need of such services. This is reflected in its commitment to the Home and Community Care Program.

The amount available for the total HACC Program to 30th June, 1989, is \$124.0 million including other State contributions, of which \$72.1 million is provided by the Commonwealth.

This figure includes provision of a 15.8 per cent increase on total 1987-88 expenditure, subject to the Commonwealth Government's agreement to contribute accordingly. \$113.2 million is required for the maintenance of services already approved under the HACC Program. The following funds have been allocated to Departments in 1988-89 for maintenance of approved services—

	\$000
Department of Family and Community Services	26,118
Home Care Service	64,129
Department of Health	25,950
Department Housing	2,014
Ministry of Transport	2,541
Department of Local Government	54

In addition to these funds, a further \$9.7 million is available for new services or expansion to existing services to be approved in 1988-89. \$1.0 million is also available to meet the costs of anticipated salary and wage award increases, administration costs and to provide for contingencies. These funds have been allocated to the Department of Family and Community Services, pending approval of funding for growth in services in respect of the above-mentioned organisations.

The key priorities for the development of new services and the expansion of existing services in 1988-89 will be to improve access to services by Aboriginal Australians, ethnic communities and people with disabilities.

Estimated contributions toward the Program's total budget are \$72.1 million from the Commonwealth Government, \$49.7 million from the State and \$2.1 million from Local Government.

Supported Accommodation

\$34.3 million (up \$2.4 million or 7 per cent on 1987-88 expenditure) has been provided for services including refuges for men, women, youths and families and proclaimed places for intoxicated persons. The Commonwealth is expected to contribute some \$17.9 million.

Maintenance funding for 170 existing projects, funding to upgrade 74 existing services and funding for the commencement of 4 new services in areas of particularly high need is also provided.

Youth Services

\$8.4 million has been provided for the co-ordination and improvement of welfare and support services and facilities for young people. Major items are the Community Youth Projects and the Support Program for Adolescents and their parents (\$4.9 million) and the Department of Family and Community Services' contribution to the National Campaign Against Drug Abuse (\$1.0 million). The budget allocation for the Support Program for Adolescents and their Parents includes growth funds of \$0.7 million, which builds on last year's major enhancement and will fund 10 more positions of Detached Family Counsellor and an additional 20 District Officers (Adolescent Support).

Juvenile Justice

\$38.9 million (up \$11.6 million or 43 per cent on 1987-88 expenditure) to reduce recidivism and harmful effects of intervention in those cases where children come into conflict with the law and to provide secure facilities for dangerous offenders. The budget allocation provides for the cost of documentation of a new high security facility to replace the existing one at Tamworth.

Home Care Service

An estimated \$71.6 million is available from all sources to meet the Service's operating costs in 1988-89. The amount provided includes anticipated revenue of roundly \$7.4 million which is retained by the Service. The Service will also receive further funds from Home and Community Care Program allocations to meet the current year costs of any new growth approved under that program during 1988-89.

The Service is incorporated into the Home and Community Care Agreement which is jointly funded by the State (including Local Government) and the Commonwealth. Legislation has been enacted to establish the Service as a statutory body.

SOCIAL SECURITY

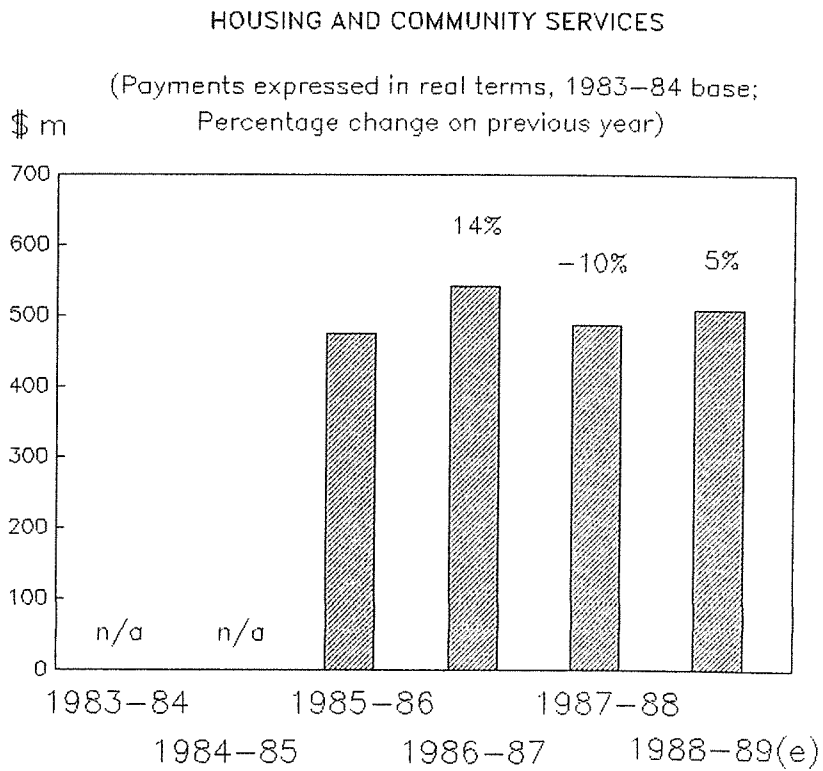
- \$46.0 million for payment to Councils in respect of the State's share of concessions on Council rates payable by pensioners.
- \$16.5 million for payment of subsidies to the Sydney, Hunter District and Broken Hill Water Boards in respect of rebates on pensioners' water rates. The increase on expenditure in 1987-88, \$1.6 million, is due to an increase in the level of the maximum Government rebate from \$150 to \$175 for eligible pensioners and an increase in the number of eligible pensioners.
- \$149.1 million (up \$24.5 million or 19.6 per cent on 1987-88) for the cost of travel concessions, including drivers' licence concessions of \$14.0 million and other minor concessions.

HOUSING AND COMMUNITY SERVICES

Policy Sector	Total Payments		
	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
Housing (including home site development)	548.4	617.9	+ 12.7
Water and Sewerage	34.0	35.4	+ 4.1
Protection of the Environment	57.4	59.8	+ 4.2
Total	639.8	713.1	+ 11.5

OVERVIEW

Figure 4.14



- Recurrent payments for the Department of Housing were first included in the Budget from 1986-87. Over the years 1985-86 to 1987-88 payments for Housing and Community Services have increased by 2.6 per cent in real terms. For 1988-89 total payments are projected to increase by 11.5 per cent or 4.7 in real terms. The major part of the policy sector is Housing, which reflects the recurrent costs of the Department of Housing's public and community housing program. The funding of rental rebates continues to account for an increasing proportion of funds available for public housing. This reflects Government policy that no tenant should pay more than 20 per cent of household income in rent.
- Within the area, Protection of the Environment, funding has been provided to the Department of Planning to enable the Department to fulfill its important role of planning future land use within the State.

1988-89 BUDGET HIGHLIGHTS

HOUSING (including Home Site Development)

- \$586.8 million (up \$69.0 million or 13.3 per cent on 1987-88) for recurrent costs of the Department of Housing associated with the management and administration of Public and Community Housing, including \$230 million for the provision of rental rebates to eligible tenants, \$220 million for interest costs, \$66 million for salaries and other working expenses and \$70 million for property maintenance.
- \$4.2 million as a contribution towards the operating costs of the Public Servant Housing Authority.
- \$8.2 (up \$1.3 million or 19.2 per cent on 1987-88) as a contribution towards the Teacher Housing Authority.

WATER AND SEWERAGE

- \$2.6 million (up \$488,000 or 23.0 per cent on 1987-88) for payment of a contribution by way of subsidy towards capital debt charges to be met by the South-West Tablelands Water Supply Undertaking.
- \$1.2 million as a subsidy to Gosford City Council for septic tank pump-out services.

PROTECTION OF THE ENVIRONMENT

- \$22.3 million (up \$4.9 million or 28.5 per cent on 1987-88) for the promotion and co-ordination of environmental planning and assessment including \$8.5 million (up \$3.4 million or 67.5 per cent on 1987-88) for Area Assistance Schemes which promote the development of a wide range of community services and facilities in Western Sydney, Hunter, Illawarra, Macarthur and Gosford/Wyong Areas. In addition roundly \$3.8 million has been included in allocations to other Departments for projects initially established under these schemes which have now been incorporated into those Department's on-going programs.
- \$4.4 million for the program Provision of Land for Public Purposes, to meet the costs of administration of land acquisition financed from capital resources.
- \$50,000 for the annual endowment to the Historic Houses Trust.

RECREATION AND CULTURE

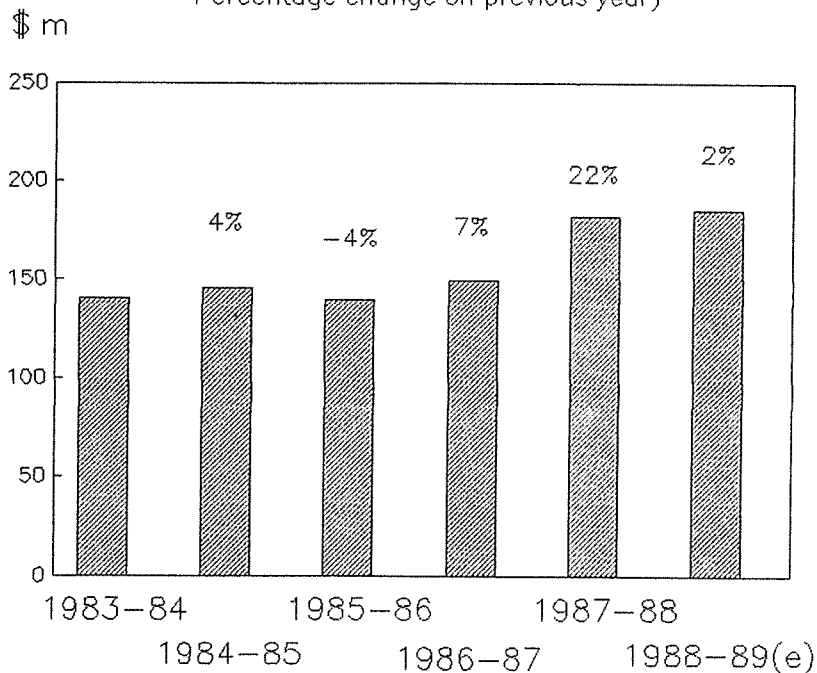
Policy Sector	Total Payments		
	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
Recreation Facilities and Services	103.0	117.1	13.7
Cultural Facilities and Support of the Arts ...	135.4	141.1	4.2
Total	238.4	258.2	8.3

OVERVIEW

Figure 4.15

RECREATION AND CULTURE

(Payments expressed in real terms, 1983-84 base;
Percentage change on previous year)



Over the five years to 1987-88, recurrent payments in the Recreation and Culture area increased by 29.7 per cent in real terms. For 1988-89 the increase in dollar terms is 8.3 per cent, a real increase of 1.7 per cent.

The substantial real growth in this area reflects the coming on stream of a number of major facilities including the Power House Museum, expansion of the Art Gallery and the State Library, and enlargement of the Australian Museum.

1988-89 BUDGET HIGHLIGHTS

RECREATION FACILITIES AND SERVICES

- \$19.8 million to encourage participation in sport and recreation including—
 - * \$870,000 for Vacation and After-School Play Centres.
 - * \$1.3 million for Vacation and Special Swimming Schemes.
- \$9.4 million for the operating costs of twelve Sport and Recreation Centres.
- \$12.1 million will be available for disbursement via the Sport and Recreation Fund to councils and sporting associations for sports development and the provision of associated facilities.
- Excluding Cave Resorts managed by the Commission, \$21.3 million, (up 41 per cent or \$6.1 million on 1987-88) will be available for Promotion and Development of Tourism. The Minister for Tourism has recently announced a proposal to lease to the private sector the operation of Jenolan Caves House in 1989. As from 1st July, 1988 resorts at Jenolan, Wombeyan and Abercrombie Caves are being operated as a "commercial" activity within the overall Government framework. Major features of the Tourism Commission include—
 - * \$5.5 million for advertising and publicity campaigns to attract tourists to N.S.W. from other States and overseas.
 - * \$2.5 million to promote Sydney to domestic and international markets following a merger of the Sydney Convention and Visitors Bureau and the Sydney Tourism Marketing Board.
 - * \$1.1 million for further development of a computerised information/sales service to assist and support the tourist industry.
 - * \$162,000 for the Commission to establish a representative for New South Wales in Singapore to cover the important Asian markets.
 - * \$413,000 for the provision of grants to approved regional tourist associations for information centre services.
 - * \$4.7 million for the provision of Tourist Information and Sale of Travel.
- \$47.0 million for the operating costs of the National Parks and Wildlife Service, inclusive of collections from various fees and charges. Provision has been made for the costs of maintenance of additional parks, including the Yengo National Park and Parr State Recreation Area.

CULTURAL FACILITIES AND SUPPORT OF THE ARTS

- \$23.2 million (up \$7.9 million or 52.0 per cent on 1987-88) for the Museum of Applied Arts and Sciences. This increase provides for additional costs associated with the continued development of Stage II of the Power House Museum, inclusive of a contribution of up to \$200,000 by the Government to match on a dollar for dollar basis funds raised by the Museum's Trust.
- \$6.9 million (up \$1.6 million or 30.5 per cent on 1987-88) for the Art Gallery of N.S.W. inclusive of \$350,000 from the Consolidated Fund for the annual endowment to the Trustees and a contribution of up to \$400,000 by the Government under the agreement to match on a dollar for dollar basis, contributions to the Art Gallery Foundation.
- \$10.5 million (up \$1.4 million or 15.1 per cent on 1987-88) for the Australian Museum inclusive of \$300,000 from the Consolidated Fund for the annual endowment to the Trustees and a contribution of up to \$350,000 for special projects under the agreement to match on a dollar for dollar basis, contributions from other sources.

- \$29.3 million (up \$3.2 million or 12.0 per cent on 1987-88) for the State Library. The estimate includes—
 - * \$1.9 million (up \$210,000 or 12.4 per cent on 1987-88) to the Library Council of N.S.W. for the purchase of books, films and other library materials for the State Library of N.S.W.
 - * \$12.1 million for subsidies and grants to councils and other organisations for library services generally. The estimate includes \$2.0 million for special grants.
- \$17.3 million from Consolidated Fund (up \$2.5 million or 17.1 per cent on 1987-88) towards the operating costs of the Sydney Opera House and to provide for refurbishment and major maintenance and re-equipment.
- \$364,000 as a contribution to the Festival of Sydney.
- In line with the commitment to the containment of debt and debt servicing costs, the Government has elected to retire the outstanding debt of the Sydney Entertainment Centre.

The 1988-89 allocation to the Centre of \$5.0 million represents the final interest charge on loans repaid in the order of \$40 million.
- \$8.6 million from Consolidated Fund (up \$375,000 or 4.5 per cent on 1987-88) for general support of cultural activities.

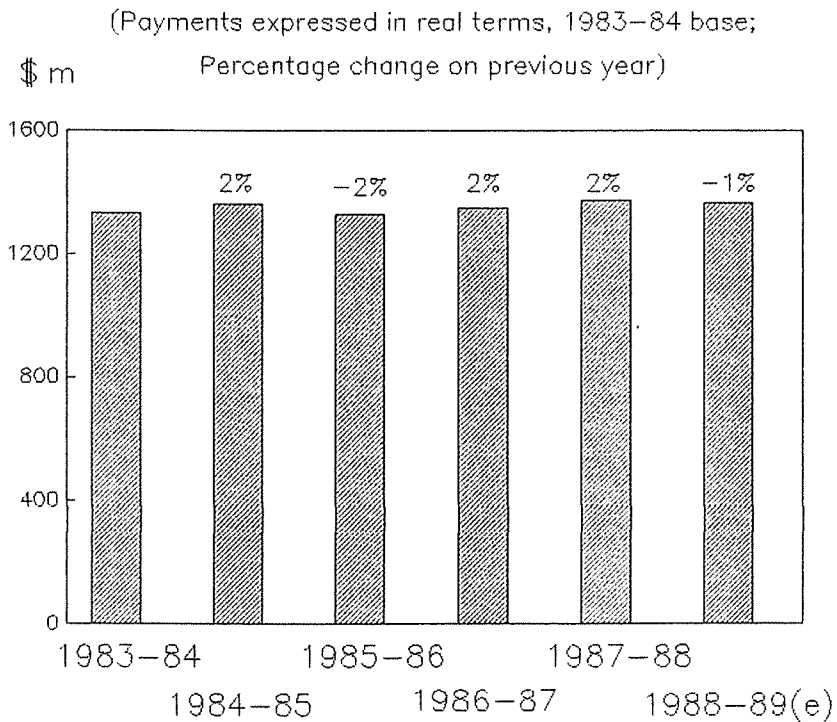
ECONOMIC SERVICES

Policy Sector	Total Payments		
	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
Agriculture, Forestry and Fishing	267.9	294.7	10.0
Mining, Manufacturing and Construction	58.0	59.2	2.1
Transport and Communication	1,326.5	1,421.9	7.2
Other Economic Services	271.3	264.4	(-)2.5
Total	1,923.7	2,040.2	6.1

OVERVIEW

Figure 4.16

ECONOMIC SERVICES



Over the five years to 1987-88 payments in the Economic Services area increased by 9.4 per cent in real terms. This growth was principally due to increased payments in the public transport area.

By definition the Economic Services area, given that it is providing economic services to specific areas of the community, should be capable of greater application of the user pays principle and hence a higher level of self financing. Already initiatives have commenced in this area to place certain activities on a more commercial basis by the application of user charges, with receipts paid to working accounts. Both the Department of Agriculture and the Soil Conservation Service, amongst other bodies, are moving to establish such arrangements. Accordingly, while total payments for Economic Services may increase in real terms in future, Consolidated Fund allocations are likely to decline reflecting greater financial self-sufficiency in these areas.

Agriculture, Forestry and Fishing

While the impact of Rural Sector performance upon the economy is recognised, the Government has examined areas in which subsidisation through the provision of low cost services to farmers can be reduced or eliminated while at the same time redirecting resultant savings into positive and dynamic initiatives aimed at improving the market performance of the State's agricultural products. The Government will, thereby, prepare the way for new markets for industry to follow.

Transport Authorities

A prime focus of the June Financial Statement was the need for early reform of the State's public transport authorities. The correctness of this focus was confirmed by the report of the State Audit Commission which identified major financial and performance difficulties.

Excluding Government passenger concessions, operating and financing losses for public transport total \$1,055.1 million (including \$20 million for joint Commonwealth/State assistance to the Coal Industry) or \$184 per person. The issue is not whether it is appropriate or not, to provide Consolidated Fund payments to support public transport but whether the community is getting value for money. The future direction is to clearly identify the range of services and associated costs and to deliver services in a more efficient and effective manner. In certain areas, such as bulk freight, there is no 'public good' rationale for community subsidy to be provided. Such activities should fully cover cost and provide sufficient surplus to cover future capital needs and liabilities and indeed provide an efficiency dividend to the community. Similarly, non-bulk freight activities should be capable of being operated profitably or, if not, should not be undertaken by the public transport system.

The June Financial Statement initiated certain steps that are estimated to save, relative to forward estimates, \$200 million in 1988-89. The initiatives included—

- significant staff reductions due to the elimination of restrictive practices, improved productivity and rationalisation of uneconomic services.
- greater role for the private sector in cleaning, catering and other services.
- increases in passenger fares to provide a more accurate signal of the economic cost of the services provided.

The broad intention will be to progressively achieve further economies and so effect further significant real reductions in the level of public support required.

In the past the main emphasis has been on what was termed the revenue supplement. Finance charges were paid direct by Treasury and hence the transport authorities did not have a financial incentive to achieve economies in capital payments.

In future a global approach is to be taken to public transport authorities, providing a global public subsidy for operating losses (including financing charges) with the transport authorities responsible for operating within budget.

Other Economic Services

An element of the administrative restructuring undertaken by the Government shortly after its election was to provide a more effective and focused approach to economic development in New South Wales.

The new Department of State Development is responsible for co-ordinating major development and liaising between the private sector and relevant, responsible Government agencies. The Department also has a co-ordinating role for private sector proposals for participation in public infrastructure.

Business and Consumer Affairs consolidates the former responsibilities of the Department of Industrial Development and Decentralisation, the economic development role of the former Premier's Department, the Department of Consumer Affairs, the Corporate Affairs Commission and the Department of Co-operative Societies. The objective of the consolidation of these entities is principally to provide a more integrated approach to business development and consumer affairs while, at the same time, achieving significant administrative economies.

The Department of Mineral Resources is geared to improve efficiency and effectiveness in mineral exploration and development of mining industry in New South Wales. A major thrust during 1988-89 financial year will be the preparation of new legislation for the mining industry aimed at deregulation and administrative efficiency.

The Department will deliberate with private enterprise to develop a number of modern, efficient and cost competitive new coal mines to come into production over the next three to five years. These mines will be developed to enable New South Wales to share in the anticipated growth in World demand for coal for power generation.

Computer funding has been provided for the continued development of a computerised mineral resources land information system to ensure effective, up to date information is available to achieve the department's goals. The system will also provide the community with information on the needs, problems, opportunities and benefits of a productive exploration and mining industry in New South Wales.

1988-89 BUDGET HIGHLIGHTS

AGRICULTURE, FORESTRY AND FISHING

The following are some of the major allocations within this category—

- \$55.6 million for plant industry programs concerned with pastures and all field and horticultural crops, and including the regulation of plant imports and exports. The allocation provides for the costs of research into crop diseases, pests, nitrogen deprivation in soils and other applied research, including safety and quality standards for fertilisers and cereals.
- \$47.4 million for animal industry programs, including the modified cattle tick control program and the Tuberculosis and Brucellosis Eradication campaigns. The State's involvement in these schemes is continuing to decrease due to the success of the eradication campaigns and the implementation of new control procedures.
- \$45.1 million for Agricultural Support Services which comprises advisory services, grants to promote the advancement of agriculture and agricultural education, marketing services to improve efficiency by advice on commodity prospects, economic conditions and the development of agricultural prospects overseas.
- The Government will match the Commonwealth's contribution (\$2.1m) under the Rural Adjustment Scheme for new debt reconstruction, farm buildup and farm improvement. In addition an amount of \$600,000 will be provided in 1988-89 (\$200,000 will be allocated from the Consolidated Fund and \$400,000 will be available from funds unspent in 1987-88) under a State Rural Adjustment Scheme

which is specially for cereal growers i.e., growers of wheat, barley, triticale, ryecorn or rice crops. To be eligible for assistance under this scheme, growers have to be able to demonstrate that in a normal year at least 50 per cent of their farm income is derived from cereal cropping.

- \$15.2 million for fish industry programs including \$380,000 for shark meshing of beaches.
- \$39.47 million for the Soil Conservation Service to provide services for the benefit of the community directed to the conservation of soil and farm water resources and rehabilitation of degraded lands.
- \$98.7 million for the recurrent costs of the Department of Water Resources management of the State's water resources, including maintenance and operation of major water storages, monitoring and regulation of stream flows and administration of irrigation areas (excluding pensioner rebates). The allocation includes—
 - * \$1.6 million for administration of supply of water to irrigators from regulated streams;
 - * \$6.0 million as the State's share of the cost of maintenance and administration of the River Murray Commission;
 - * \$250,000 towards the costs involved in relocation of administrative services to regional offices;
 - * \$29.0 million for debt service costs on the Department of Water Resources capital borrowings;
 - * \$29.1 million for administration and operation of Irrigation Areas and Districts water supply scheme.
- The Forestry Commission has been moved to the outer Budget sector and is now responsible for funding most of its commercial activities. The Government has undertaken to provide financial support to meet the Commission's "public good" activities that is activities provided on non-commercial grounds. The contribution in 1988-89 will be \$13.3 million towards providing the following services—
 - * Wood technology services
 - * Wildlife and flora reserves
 - * Catchment management
 - * Recreational use of Forests
 - * Community fire protection and other emergency services
 - * Advisory services
 - * Environment enhancement

TRANSPORT AND COMMUNICATION

Transport Authorities

The following summarises the Government contribution to the State Transport Authorities, excluding Government passenger concessions.

	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
For payment to the State Transport Authorities in respect of—			
Contribution towards			
Finance Charges—			
State Rail Authority	428,954	461,100	+7.5
Urban Transit Authority	28,322	30,720	+8.5

	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
Contribution towards.			
Operating Losses—			
State Rail Authority	445,597	469,990	+5.5
Urban Transit Authority	93,390	73,274	-21.5
Joint Commonwealth/State assistance to the Coal Industry (SRA)	20,000	20,000	—
Total	1,016,263	1,055,084	+3.8

The distribution of the public sector subsidy between operating losses and finance charges shown above is simply to provide an indication of the orders of magnitude involved. The public subsidy is in fact a global allocation which the transport authorities are able to utilize within their charter in a most appropriate and effective manner.

Other Transport and Communication

- \$151.3 million (up 17.8 per cent or \$22.9 million) to the Department of Motor Transport to allow continuation of its present activities, including the main functions of driver licensing and vehicle registration. The introduction to photo-bearing licences is expected to commence during 1988-89.
- The departments of Motor Transport and Main Roads and the Traffic Authority of N.S.W. are being restructured with the intention of merging them into one Inner Budget Sector Department, to be known as the Department of Roads and Traffic. This is consistent with the Government's policy to achieve efficiency and better public sector management. It will enhance the efficiency of the State's road planning, construction, traffic safety and management and vehicle registration and driver licensing operations.
- An amount of \$1.0 million has been provided for cycleway projects.
- The Ministry of Transport will provide \$140,000 for the Air Transport Industry Council.

OTHER ECONOMIC SERVICES

Business and Consumer Affairs

The following are the main features of the allocation for Business and Consumer Affairs—

- A total of \$104.3 million will be available to meet the agency's expenses in 1988-89. This includes \$57.7 million for the business support program, \$20.9 million for the client services program and \$10.5 million for the compliance program.
- Included within the business support program are the following special assistance measures—
 - * \$11.4 million is anticipated to be paid from the Industries Assistance Fund for provision of grants and subsidies to industries and is aimed at promoting growth and international competitiveness.
 - * \$2.5 million to assist Australian companies improve their quality control procedures.
 - * \$8 million is expected to be spent under the National Industries Extension Service, which is a joint Commonwealth/State initiative for the manufacturing sector. The program is aimed at improving the performance of small to medium size manufacturing organisations which have export potential.
- Further details of initiatives aimed at promoting industry and small business in New South Wales appears in the separate section "Assistance to Industry and Small Business".

Employment Initiatives—

- \$63.5 million has been allocated for special schemes to promote youth employment and training and employment generally. (For further details, refer to separate section in this paper "Employment and Training including Youth Initiatives".)

Department of Mineral Resources

Details of the Department's allocation are as follows—

- \$39.5 million to meet operating costs of programs which include a wide range of services to the mining industry in three main areas—
 - * identification and development of mineral and petroleum resources (\$8.0 million).
 - * assistance to the coal industry to ensure responsible exploration assessment and utilisation of the State's coal resources (\$20.3 million).
 - * provision of professional and promotional services generally (\$8.5 million).
- Some specific allocations within these programs include—
 - * \$380,000 to further encourage geological prospecting, resource assessment activities and mineral exploration;
 - * \$120,000 for primary and emergency rehabilitation of mined areas to eliminate danger to the public;
 - * \$2.1 million for the State's share of the costs of administration of the Joint Coal Board;
 - * \$2.5 million for payment of claims for mine subsidence;
 - * \$1.7 million to continue the development of computer network required for Mineral Resources Land Information System;

It should also be noted that a further \$20 million has been provided through the Ministry of Transport under the Commonwealth/State assistance scheme for coal freight rate reductions for a number of NSW coal producers.

Department of Energy

- Expenditure by the Department of Energy is expected to reach \$34.5 million in 1988-89. Key energy schemes included in this amount are—
 - * \$4.6 million for the Traffic Route Lighting Scheme;
 - * \$2.4 million to County Councils in respect of the State's share of concessions on electricity charges to pensioners;
 - * \$4.8 million (up from \$2.3 million expenditure in 1987-88) for the scheme established to help under-privileged families, unemployed and low income earners meet electricity charges;
 - * \$4.5 million for an expanded program of research and development of energy sources;
 - * \$3 million for the remote area power assistance scheme—six times the amount spent in 1987-88.

Department of Lands

- \$18.0 million for the mapping and related surveying programs.
- \$4.2 million to continue the development of computer systems required for mapping and for the State Land Information System.

GENERAL ADMINISTRATION

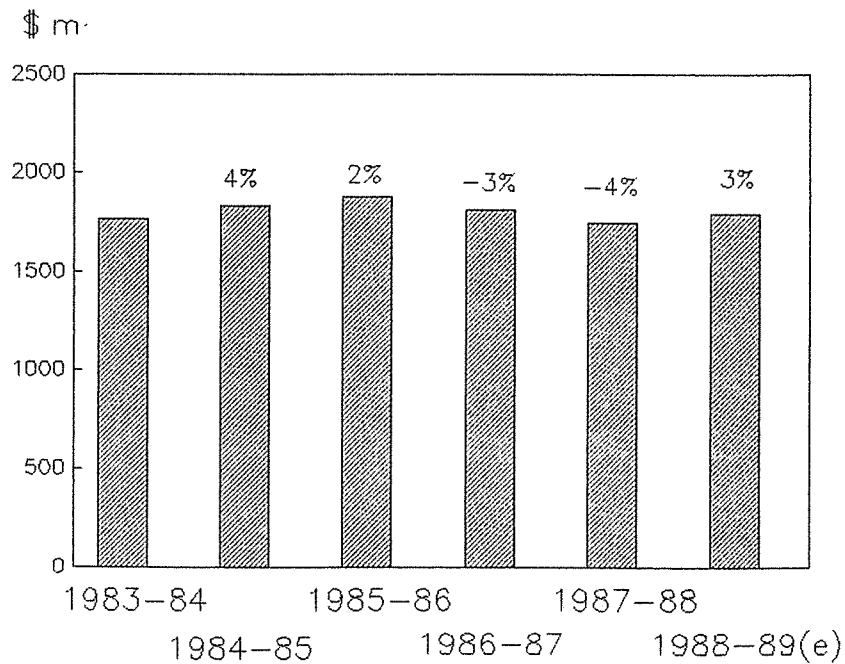
Policy Sector	Total Payments		
	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
Legislative Services	49.0	51.8	(+) 5.7
Financial and Fiscal Services	915.9	1,033.4	(+) 12.8
Payroll Tax	210.8	226.0	(+) 7.2
Superannuation	413.3	497.4	(+) 20.3
Other	700.7	691.3	(-) 1.3
Total	2,289.7	2,499.9	(+) 9.2

OVERVIEW

Figure 4.17

GENERAL ADMINISTRATION

(Payments expressed in real terms, 1983-84 base;
Percentage change on previous year)



General administration covers a large number of activities provided by a range of agencies, including—

- legislative services
- debt charges for Consolidated Fund entities
- operations of the Treasury's Offices of State Revenue and Financial Management and the State Lotteries Office
- superannuation costs
- activities of the Department of Administrative Services, covering part of Public Sector accommodation and relocation costs, cleaning services, printing services, Government purchasing.

Over the five years to 1987-88, payment for General Administration increased by 0.5 per cent in real terms. In 1988-89 payments will increase by 9.2 per cent, a real increase of 2.5 per cent.

A major recent development has been the application of user charges to transactions between Government departments. This development followed on a Treasury report that examined Service Wide Payments and Services. In the past a wide range of administrative services and payments for items such as payroll tax, debt costs, superannuation, accommodation and cleaning services have been handled by a group vote to Treasury or some other central agency. The allocation to individual Departments of such costs has two main purposes—

- by imposing the full costs of services on individual Departments, it will encourage economies in the use of services;
- by allocating such costs to individual Departments, a more accurate reflection of the cost of delivering programs will be provided.

In 1988-89, user charges have been introduced for payroll tax, cleaning and technical services and certain of the superannuation costs have been allocated to specific programs. Debt costs were to be allocated in 1988-89 but, in view of the Government's strategy to eliminate borrowings by inner budget sector entities, action has been deferred.

In 1989-90 user charges will be extended to include all accommodation costs, superannuation, maintenance and the balance of other common services.

Another major development has been the establishment of the Department of Administrative Services to consolidate and improve the efficiency, economy and effectiveness of the operation of common services Agencies such as the Government Supply Office, the Government Printing Office, computer services and property and accommodation management. The objective is to establish the Department as an efficient and effective entity and then expose the Department to competition from the private sector.

1988-89 RECURRENT BUDGET HIGHLIGHTS

LEGISLATIVE SERVICES

The allocation for legislative services is \$51.8 million, up 5.7 percent. An amount of \$9.0 million has been provided to meet the cost of payments to the Parliamentary Superannuation Fund which was formerly met from the Treasury allocation.

An amount of \$1.4 million has been made available to meet the operating costs of Parliamentary Committees including funds for the establishment of new standing committees within the Legislative Council, namely a Committee on Social Issues and a Committee on State Development.

Funds to the extent of \$1.3 million have also been provided for additional word processing facilities in Parliament House and for additional work station facilities in each electorate office.

FINANCIAL AND FISCAL SERVICES—

Debt Charges—

- \$619.5 million (down \$3.5 million or 0.6 per cent on 1987-88) to meet liability for Commonwealth General Purpose Loans.
- \$55.0 million (up \$4.1 million or 8.1 per cent on 1987-88) to meet the repayments on Commonwealth Specific Purpose Advances.
- \$132.1 million (up \$59.8 million or 82.6 per cent on 1987-88) for interest charges and fees payable to the NSW Capital Works Financing Corporation.
- \$21.7 million (down \$33.3 million or 60.5 per cent on 1987-88) for debts assumed from various authorities.

Office of State Revenue—

- \$4.7 million has been allocated to meet costs of providing relief from certain State taxes, as follows—

	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
First home purchase— stamp duty deferred payments scheme	6.540	2.500	(-) 61.8
Remissions and refunds— stamp duty on certain instruments	1.534	0.750	(-) 51.1
Remissions and refunds— petroleum licence fees in certain cases	1.060	1.000	(-) 5.7
Other remissions and refunds	0.620	0.460	(-) 25.8
Total	9.754	4.710	(-) 51.7

The 1988-89 allocation for the First Home Purchase Stamp Duty Deferred Payments Scheme now only provides for administration costs following the change in accounting arrangements during 1987-88 which allowed the payment of stamp duty in respect of eligible purchases to be deferred. This removed the previous requirement for the Government to pay itself the duty in the first instance.

The variation on the item, "Remissions and refunds - stamp duty on certain instruments", reflects mainly the effect of the exemption, under the amendment to legislation, from stamp duty liability of certain asset reconstruction of companies.

- \$7.1 million has been provided for the purchase of additional computer equipment in 1988-89. In addition, \$170,000 has been allocated to meet recurrent costs of the computer equipment.
- \$203,000 has been provided to meet the costs of implementing the Diesel Fuel Exemption Certificate scheme.

State Lotteries Office—

\$45.1 million (down \$0.3 million or 0.7 per cent on 1987-88) has been provided for administration costs of the State Lotteries Office. (The 1987-88 expenditure included \$7 million for the installation of the on-line Lotto computer system compared with the \$2.7 million to be spent in this regard in 1988-89.) \$630,000 has been allocated under the Sale of Lotteries Program for payment to the Commonwealth Government for the permit required to allow Lottery sales in the A.C.T. The Director of State Lotteries holds a joint licence under the Lotto Act 1979, with Lotto Management Services Pty Limited and is responsible for a range of functions, including appointment and control of the network of agents, operation of the Lotto Subscriptions Account and the Lotto Prize Fund, accounting for revenue and payment of prizes, initial processing of Lotto entries and administration of the Lotto Rules.

Sixty percent of gross Lotto subscriptions will be payable for prizes. After payments to Lotto Management Services in terms of the Act and the licence and some \$2 million to the Commonwealth for duty on Lotto sales in the A.C.T., the balance of subscriptions are paid into the Consolidated Fund.

Payments to the Commonwealth for duty on Lotto sales in the A.C.T. and to Lotto Management Services Pty Limited are made from the Lotto Subscriptions Account and are not reflected in the Budget.

PAYROLL TAX

An amount of \$226 million has been allocated to departments and authorities to meet the cost of State Payroll Tax.

SUPERANNUATION

The total payment for superannuation will be \$520.3 million (up \$86.1 million or 19.8 per cent on 1987-88), as follows—

	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
State Superannuation Fund (closed scheme)	261.5	285.8	(+) 9.3
Employer's liability to Non-Contributory Superannuation (Basic Benefit)	2.7	11.2	(+) 314.8
Coal Mining Industry Schemes	29.0	17.2	(-) 40.7
Police Superannuation Fund*	104.3	168.0	(+) 61.1
Contribution to Parliamentary Superannuation Scheme*	9.0	9.0	...
Contribution to Judges Pension Scheme*	3.9	4.4	(+) 12.8
Other	2.9	1.8	(-) 37.9
Total	413.3	497.4	(+) 20.3

* Provisions for these schemes have been included within the allocations for the Police Department, the Legislature and Attorney-General's Department respectively in 1988-89.

OTHER—**General Administration—**

\$147.0 million (down \$171.7 million or 53.9 per cent on 1987-88) for administrative costs to the Government including—

	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
Department of Administrative Services—			
Government Communications	1.6	1.8	12.5
Technical Services*	7.7	...	...
Property Administration	67.4	93.3	38.4
Corporate Services	4.6	2.7	(-) 41.3
Administration	0.3	1.9	533.3
Government Printing Office—			
Printing Services	8.9	9.3	4.5
Government Supply Office—			
Government-wide Supply and Technical Services*	34.0	20.3	(-) 40.3
Government Cleaning Services *	178.7	...	...
Government Courier Services	15.5	17.7	14.2
Total	318.7	147.0	(-) 53.9

* Computer, Centralised Payroll, Cleaning and Technical Services provided from the Consolidated Fund in 1987-88 will be off-budget as from 1988-89.

The Department of Administrative Services allocation provides for—

● \$87.6 million (up \$26.2 million or 42.6 per cent on 1987-88) for the Office Accommodation Program including—

* \$62.8 million (up \$11.3 million or 21.9 per cent on 1987-88) for lease rental of office accommodation for Government purposes, comprising—

\$59.2 million for rental commitments under existing leases.

\$3.6 million to provide for the cost of new leases undertaken during the year.

The estimated expenditure allows for the full-year effect of increases in lease rental rates in 1987-88, for anticipated increases this year, and for an expected increase in the number of multi-occupancy leases in 1988-89.

* \$18.1 million (up \$10.7 million or 144 per cent on 1987-88) for expenses associated with the program for relocating Government offices to the suburbs.

* \$3.2 million for the cleaning of multi-department office space.

* \$1.9 million (up \$466,000 or 33.2 per cent on 1987-88) to meet the debt servicing costs of the Blacktown Office Block.

The Government Printing Office allocation of \$69.6 million (up \$10.8 million or 18.4 per cent on 1987-88) will enable it to meet the costs of printing, paper converting and publishing services of the Printer for Parliament, Government Departments and Authorities. The expenditure program will be financed by \$60.3 million in revenue from sales and charges and \$9.3 million allocated from the Consolidated Fund to meet the Printer's costs of producing the Government Gazette, providing standard forms and stationery in common use by Departments and of operating Branch Offices throughout the State to carry out short printing runs.

The allocation to the Government Supply Office provides for—

- \$14.9 million (down \$15.0 million or 50.2 per cent on 1987-88) for the administrative costs of the Government Supply Office as the State Government's purchasing agency.

The allocation excludes the cost of providing technical and passenger motor vehicle services to Government Departments and instrumentalities as these functions commenced to operate on a cost recovery basis from the 1st July 1988. By charging out these costs to Departments a more accurate picture of the cost of service delivery can be determined.

The allocation allows for the purchase of commercial motor vehicles (\$4.1 million), which remains on Budget this financial year. It is proposed that at a later date the cost for commercial vehicles will be charged to Departments in a similar manner to the service wide payments, such as technical and passenger motor vehicle services introduced in this budget.

- \$17.7 million (up \$2.2 million or 14.3 per cent on 1987-88) to meet the costs of the Government Courier Service associated with the mail and parcel delivery service for Government Departments in the Sydney metropolitan area, Newcastle, Wollongong and country centres.
- \$1.4 million for various Government Supply Office computerisation projects.

As a consequence of the adoption of full cost recovery within the Government Cleaning Service this financial year, the total cost of providing these services (\$196.6 million) has been allocated to user Departments.

Other—

\$21.9 million (up \$1.4 million or 6.8 per cent on 1987-88) to meet costs associated with the management and administration of Crown Lands. The allocation allows for increased expenditure including the implementation of proposed legislative changes to reform administration, sale and lease of Crown Lands. Also included is \$1.1 million for payment into the Public Reserves Management Fund for improvements to local parks and reserves, walking tracks and for assistance to Trustees of showgrounds.

\$40.2 million (of which \$39.2 million has been provided in previous years and is held in Special Deposits Account) is available for the co-ordination of State Government Bicentennial Activities and Australia Day Celebrations, which includes the Bicentennial program. The program consists of commemorative projects, community based activities, history and education projects and arts and cultural programs throughout the State.

\$908,000 for the costs of preparation and promotion of Sydney's bid to host the 1996 Olympic Games.

\$3.8 million for the Ombudsman's investigation of citizen's complaints (up \$0.9 million or 29.9 per cent), including provision for the additional inspection and reporting obligations of the Ombudsman's Office arising out of new Commonwealth/States complementary legislation governing the interception of telephone calls.

An amount of \$1 million has been provided within the allocation to the Treasurer to provide for a study of methods of reducing workers' compensation costs in Government departments.

OTHER PURPOSES

NATURAL DISASTERS RELIEF

\$20 million is included in the recurrent estimates to meet expenditure in 1988-89 associated with relief of personal hardship and distress, road and freight subsidies and loans to primary producers and small businesses.

Additional provisions have been made in the capital works program to provide for costs associated with restoration of assets such as roads, railways and buildings which were severely damaged by the widespread storms and floods which hit the State in April/May and early July.

Overall it is estimated that the Government will incur expenditure in excess of \$60 million this year on costs associated with natural disasters.

ADVANCE TO THE TREASURER

ADVANCE TO THE TREASURER

An amount of \$50 million has been allocated to provide for supplementary charges and expenses of a contingency nature during the financial year. This compares with \$134 million allocated for this purpose in 1987-88. (Details of the programs and items to which this allocation was applied in 1987-88 are shown in Schedule 1 of the Appropriation Bill 1988—Budget Paper No. 6.)

SECTION 5: CAPITAL BUDGET

- 5.1 Introduction**
- 5.2 Funding**
- 5.3 Payments by Functional Area**

5.1 INTRODUCTION

INSTITUTIONAL FRAMEWORK

Australian Loan Council

The arrangements for managing public debt and borrowings of the Australian States were established in an agreement in 1927 between the Commonwealth and the States, known as the Financial Agreement. Under the Agreement the Australian Loan Council was established to co-ordinate future borrowings of the Commonwealth and the States.

The Australian Loan Council, which consists of representatives of the Commonwealth and each State, determines each year the borrowing program to be undertaken by the Commonwealth for its own purposes and on behalf of the States, as well as the level of borrowings of semi-government authorities. (Further details on these arrangements are provided in Budget Paper Number 4.)

Capital Works Committee

The Capital Works Committee is chaired by the Premier and Treasurer and its other members are the Deputy Premier, Minister for State Development and Minister for Public Works, the Minister for Business and Consumer Affairs, and the Minister for Industrial Relations and Employment.

The Committee has the overall responsibility for formulating the State's capital budget strategy, programming new capital works projects and oversighting the approved works program.

Following decisions taken by the Australian Loan Council in May 1988 the Committee met to finalise the capital works program for the current financial year.

During the year the Committee will meet regularly to review the current program as well as the program for future years.

The Committee is serviced by the Capital Works Unit of the Premier's Office. It also receives direct input from the Budget Division of the Treasury which provides comprehensive advice in relation to the draft capital works programs submitted by individual departments and authorities. The Treasury is also responsible for monitoring the programs during the year and for regularly reporting to the Committee on the overall capital budget position.

Private Sector Participation

The Government has issued guidelines to encourage the private sector to play a greater part in infrastructure projects including transport links, energy and water systems, schools and hospitals.

The private sector already participates in the development of the State's infrastructure, usually on a contract basis to the Government. However, it has demonstrated an increasing willingness to develop, construct and invest in public projects, often in technically and financially innovative ways.

The guidelines for private sector participation in the provision of infrastructure establish procedures under which worthwhile projects can be identified, evaluated and further developed in a manner aimed at maximising community benefit. The guidelines also require the private sector to assume the normal commercial construction and operating risks associated with the projects.

All investment in infrastructure involves a cost which is borne by the community, whether capital funds are provided by the public purse or by private investors. Investment proposals therefore need to be carefully reviewed to determine their cost effectiveness and their relevance to the community's needs.

The Deputy Premier, as Minister for State Development has been appointed as Co-ordinator General to co-ordinate the development of major infrastructure proposals. The Capital Works Committee, of which the Deputy Premier is a member, will determine which proposals should proceed, and the nature and extent of private sector involvement.

1988-89 CAPITAL BUDGET

In framing the 1988-89 Capital Budget the Government was faced with large real cuts in the loan funds provided to New South Wales by the Commonwealth and rapid escalation in the debt servicing charges being met on behalf of departments within the Inner-Budget Sector.

At its meeting in May, 1988 the Australian Loan Council reduced the global borrowing allocation to the State by 5.8 per cent to \$1,449.9 million and allowed no increase in the level of general purpose capital payments which will remain at \$172.7 million. In addition, specific purpose payments provided by the Commonwealth for capital purposes are estimated to fall by \$40.3 million, or 5.1 per cent, to \$747.5 million.

In real terms, the funding sources controlled by the Australian Loan Council and the Commonwealth Government have fallen by \$291.8 million or over 10 per cent.

Over the last five years there has been significant growth in the debt servicing costs of the Inner-Budget Sector. This trend had been brought about by the reliance on the use of borrowings to finance social and community infrastructure which, for the most part, does not produce income to service the associated debt charges. This cost therefore must be met from the Consolidated Fund. Further details are provided in section 9.3.

The Government has a commitment to contain debt. At a time of large real cuts in Commonwealth funds it has been necessary to effect significant reductions in some areas of the capital works program.

Overall, the 1988-89 capital works program totals \$4445.1 million, some \$38 million more than payments in 1987-88. However, payments last year were affected by the freeze placed on the letting of new contracts following the Government's taking office. Compared to the 1987-88 projected program of \$4,493.4 million (excluding Home Purchase Assistance Program which is now funded outside the Capital Budget), the current year's program represents a cut in real terms of \$340 million or 7.1 per cent.

Despite the cuts that have been necessary, the Government has significantly increased allocations, in real terms, in the priority areas of roads, health, law and order, and education.

5.2 FUNDING OF CAPITAL BUDGET

Over the last five years or so there has been a steady decline in the use of borrowings to fund the capital works program. Borrowings were some 66 per cent of capital works funding in 1982-83 and this proportion steadily declined to 42 per cent in 1987-88. In 1988-89 this trend will accelerate sharply, with borrowings only constituting some 30.5 per cent of funding.

Figure 5.1
SOURCE OF FUNDS

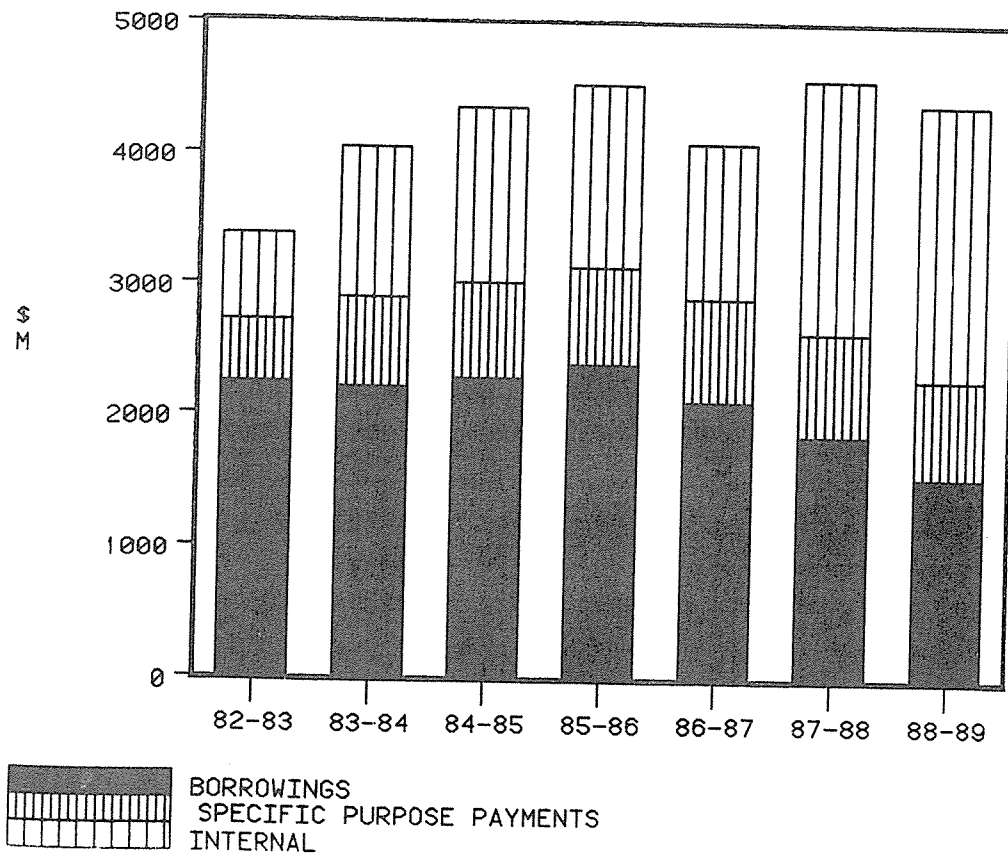


TABLE 5.1: FUNDING SOURCES FOR CAPITAL WORKS PROGRAM: 1983-84 to 1988-89

	1983-84		1984-85		1985-86		1986-87		1987-88		1988-89 (Estimate)	
	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%
Loan Council Borrowings—												
Governmental loans (1)	316.6	8.1	337.2	8.0	325.3	7.4	250.4	5.4	114.5	2.6	86.4	1.9
Global program	1,893.9	48.2	1,940.6	45.7	2,059.1	46.5	1,845.0	39.4	1,539.7	34.9	1,270.6	28.6
Carry forward borrowings (2)							7.5	0.1	177.4	4.0		
Sub total	2,210.5	56.3	2,277.8	53.7	2,384.4	53.9	2,102.9	44.9	1,831.6	41.5	1,357.0	30.5
Commonwealth Specific Purpose												
Payments	672.0	17.1	713.3	16.8	728.1	16.5	789.8	16.9	787.7	17.9	747.5	16.8
Internal Funding and other	1,042.6	26.6	1,253.7	29.5	1,312.5	29.7	1,787.4	38.2	1,787.5	40.6	2,340.6	52.7
TOTAL	3,925.1	100.0	4,244.8	100.0	4,425.0	100.0	4,680.1	100.0	4,406.8	100.0	4,445.1	100.0

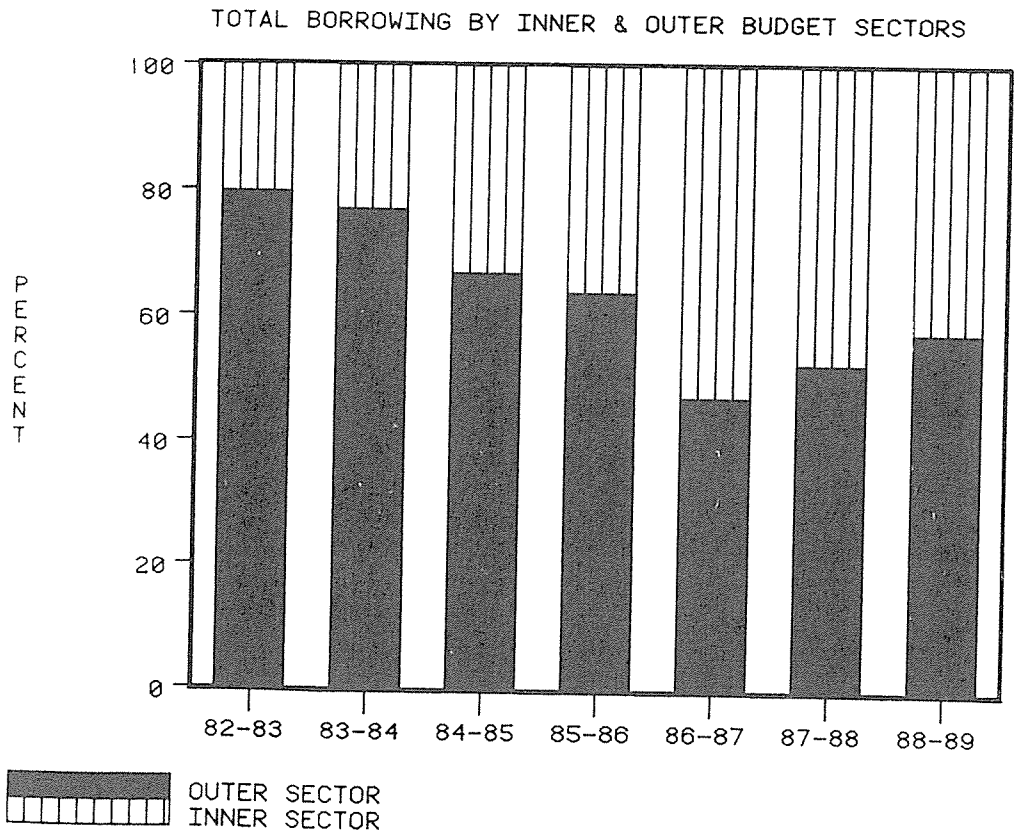
(1) Only the governmental loan component of the general purpose capital payment is shown here. That portion of the grant component applied to the capital works program is shown in 'internal funding and other'.

(2) Borrowings raised in earlier years but not utilised.

This year loans to be raised under the global borrowing arrangements will fall short of the limit set for New South Wales by \$179 million. This has been possible through a greater reliance on general revenues available to the Consolidated Fund and a more intensive program of asset sales.

However, while the overall recourse to borrowings has declined, the use of borrowings by the Inner Budget Sector has increased markedly. This development has been associated with the severe cutback in Commonwealth capital funding and the rapid increase in expenditure on social infrastructure such as hospitals, educational facilities, courts, prisons and recreational and cultural facilities. This trend is shown in Figure 5.2

Figure 5.2

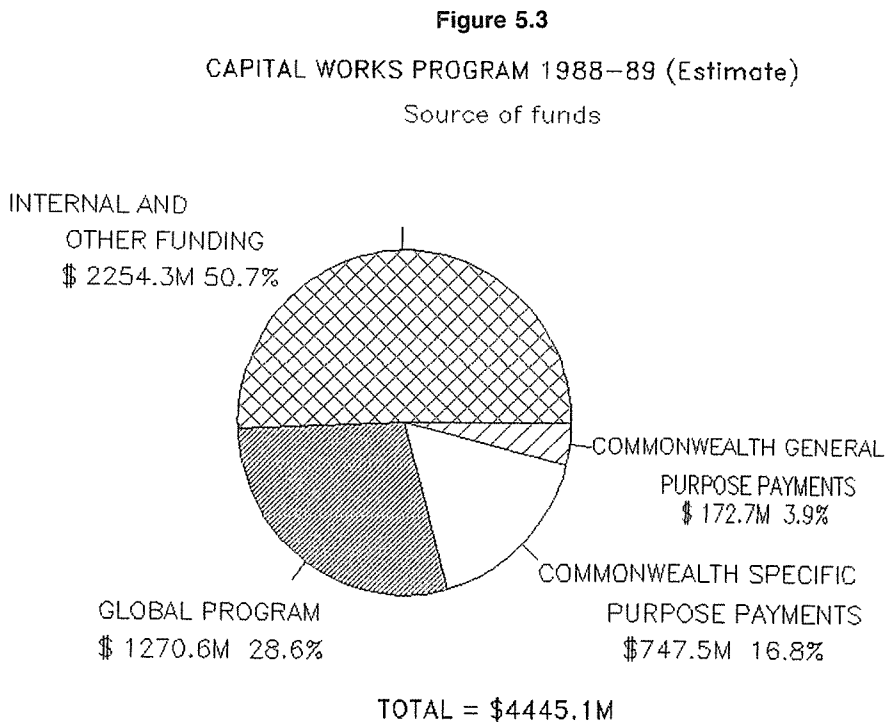


As a result debt servicing costs for the Inner Budget Sector have increased markedly, averaging 17 per cent annum for the last five years.

Debt servicing costs have increased from 9.3 per cent of recurrent Consolidated Fund payments in 1983-84 to 12.6 per cent in 1987-88 and are projected to increase marginally to 12.9 per cent for 1988-89. Further details are provided in Section 8.3.

The accelerating debt cost of the Inner Budget Sector has been stopped in 1988-89, with debt costs of the Inner Budget Sector increasing by 8.1 per cent compared to roundly 18 per cent last year.

Figure 5.3 shows the sources of funds for the 1988-89 capital works program in total.



**Table 5.2: Sources of Funds Statement
1987-88 and 1988-89 Capital Works Program**

	1987-88 \$m	1988-89 \$m	% Movement
General Purpose Capital Payments—			
Loans	114.5	86.4	(—) 24.5
Grants	58.2	86.3	48.3
Sub Total	172.7	172.7	0.0
Global Borrowings	1,539.7	1,270.6	(—) 17.5
Commonwealth Specific Purpose Capital Payments	787.7	747.5	(—) 5.1
Internal Funding—			
Consolidated Fund	215.0	329.7	53.3
Revenue	816.1	1,041.8	27.7
Reserves	575.0(a)	429.1	(—) 25.4
Other	300.6	453.7	50.9
Sub Total	1,906.7	2,254.3	18.2
TOTAL	4,406.8	4,445.1	0.9

(a) includes unallocated loan funds from earlier years.

General Purpose Capital Payments

Under the Financial Agreement of 1927, the Commonwealth and the States agree at Loan Council each year on the level of general purpose capital payments.

The moneys paid under the program are raised by the Commonwealth and provided to the States in the form of both grants and loans. In 1988-89 grants have been increased to one-half of the overall allocation, compared to approximately one-third in previous years. These payments are shown in Table 5.3 as Commonwealth loan and Commonwealth grants respectively for the Inner Budget Sector.

States are able to nominate up to 100 per cent of the loan component for public housing purposes. The loan moneys so nominated attract concessional terms. New South Wales nominated the maximum for public housing in both 1987-88 and 1988-89. Budget Paper No. 4 provides further details on this program and other areas of Commonwealth-State financial relations.

Global Borrowing Limit

The global borrowing limit is the annual ceiling on new borrowings by semi government authorities imposed by Loan Council. The limit includes all forms of external financing, including conventional loans, leases, deferred payments and joint ventures. In New South Wales these borrowings are undertaken by the N.S.W. Treasury Corporation which on lends to statutory authorities.

Reflecting both the very severe cuts in the general purpose capital payments and the increased concentration of the capital works program on the Inner Budget Sector, greater flexibility was adopted in the application of the global limit. In 1987 the New South Wales Capital Works Financing Corporation was established under the Public Authorities (Financial Arrangements) Act to borrow from the N.S.W. Treasury Corporation and on pass funds to Consolidated Fund Departments which traditionally have not had access to semi government borrowings. Such borrowings are raised under the global limit and are only utilised to finance capital works, not the recurrent budget. However, consistent with the overall budget strategy, the use of borrowings for the Inner Budget Sector will be phased out.

In 1987-88, \$387.4 million of the global borrowing limit of \$1,539.7 million was on passed to the Inner Budget Sector while in 1988-89 \$305.9 million will be applied for this purpose.

Commonwealth Specific Purpose Payments

The Commonwealth makes payments to the States for specific capital purposes under section 96 of the Constitution. The major payments are for public housing and roads. Budget Paper No. 4 provides details on these payments.

Internal Funding

Under arrangements introduced in 1987-88, departments within the Inner-Budget Sector are permitted to retain 50 per cent of the net proceeds from the sale or lease of assets. Funds retained may be applied towards funding capital works expenditure or the maintenance of existing assets and are regarded as internal funding available to the departments. The remaining 50 per cent is paid to the Consolidated Fund and applied as a funding source for the overall capital works program.

Capital repayments by departments and authorities to the Consolidated Fund amounted to \$27.9 million in 1987-88 and are estimated at \$91.4 million for 1988-89. This includes special repayments of \$64.6 million by the State Rail Authority and Darling Harbour Authority for funds advanced during 1987-88.

In order to reduce the reliance of the Inner-Budget Sector on borrowings to finance capital works, there has been a significant increase in the use of general revenues from the Consolidated Fund to support the capital works program. Excluding forestry royalties now retained by the Forestry Commission, which moved to the Outer-Budget Sector on 1 July 1988, funds from this source have increased from \$29.5 million in 1987-88 to \$34.0 million in 1988-89.

The largest single item of internal funding is authority revenue. This consists of that part of the income of semi government authorities, such as the Water Boards or the Electricity Commission, which is applied to capital works expenditures. In 1988-89 this totals \$1,042.0 million compared to \$816.1 million in 1987-88.

Assets sales, excluding capital repayments to the Consolidated Fund, will total \$363.8 million in 1988-89 as a source of funding for the program. The strategy of using the proceeds from sales in substitution of borrowings will make a significant contribution to containing debt servicing costs.

In addition to revenue, a number of authorities possess accumulated reserves which can be utilised to assist in funding the capital works program. However, the level of reserves has been substantially reduced over the last few years. Notwithstanding this trend, the 1987-88 figure was inflated through the inclusion of borrowings of \$177 million raised but not used in prior financial years. This situation is unlikely to be repeated in future years as the Government has a policy of limiting loan raisings to the maximum extent practicable. In 1988-89 reserves will contribute \$429.1 million to capital funding compared to \$396.7 million in 1987-88.

The final internal funds category, "other", includes miscellaneous funding sources such as developer contributions and payments by Elcom Collieries.

5.3 PAYMENTS

During the early 1980's the State capital works program grew substantially in real terms. The program reached a peak in 1984-85 and since that time has declined each year in real terms. (See figure 5.4).

Figure 5.4

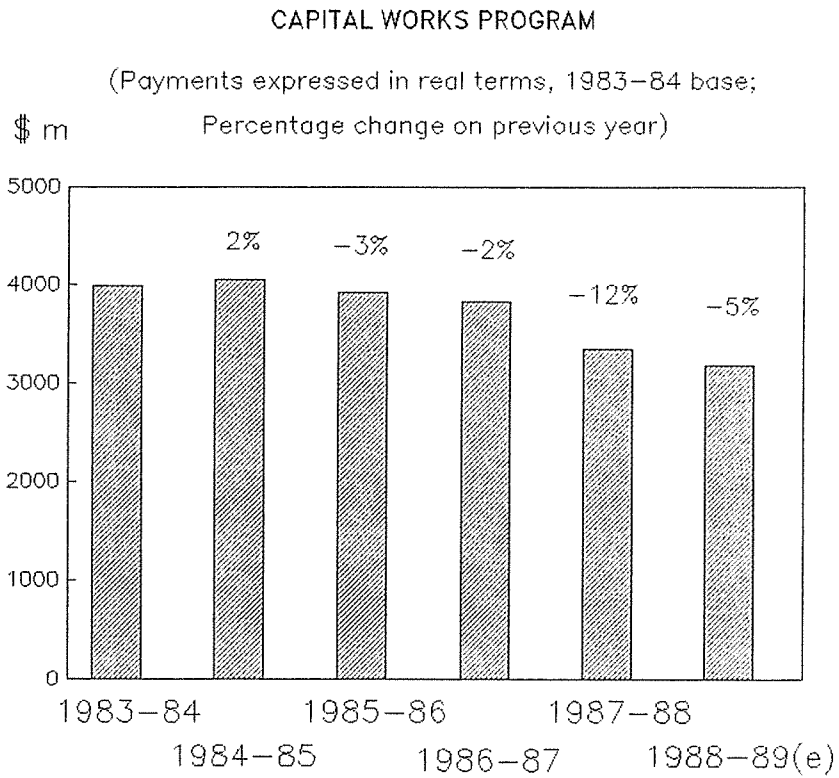


TABLE 5.3: FUNCTIONAL CLASSIFICATION OF CAPITAL WORKS PROGRAM EXPENDITURE: 1983-84 to 1988-89*

	1983-84		1984-85		1985-86		1986-87		1987-88		1988-89 (Estimate)	
	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%
1. Law, Order and Public Safety	51.8	1.3	72.3	1.7	93.6	2.1	76.0	1.6	58.7	1.3	152.5	3.4
2. Education	193.7	4.9	226.1	5.3	226.3	5.1	243.8	5.2	242.2	5.5	299.1	6.7
3. Health	79.7	2.0	105.5	2.5	118.9	2.7	164.7	3.5	174.5	4.0	211.4	4.8
4. Welfare	7.1	0.2	15.6	0.4	20.8	0.5	17.3	0.4	14.7	0.3	14.2	0.3
5. Housing and Community Services	728.3	18.6	823.2	19.4	890.5	20.1	986.3	21.1	1,043.2	23.7	1,095.8	24.7
—Housing and Homesite Development	355.3	9.1	418.2	9.9	457.6	10.3	507.3	10.8	557.3	12.6	636.8	14.4
—Water and Sewerage	347.9	8.9	379.6	8.9	404.6	9.2	448.8	9.6	439.4	10.0	427.5	9.6
—Protection of Environment	25.1	0.6	25.4	0.6	28.3	0.6	30.2	0.7	46.5	1.1	31.5	0.7
6. Recreation and Culture	42.0	1.1	61.8	1.4	74.5	1.7	157.3	3.4	117.8	2.7	45.8	1.0
7. Economic Services	2,598.3	66.2	2,635.7	62.1	2,563.2	57.9	2,479.0	53.0	2,239.9	50.8	2,334.8	52.5
—Agriculture, Forestry and Fishing	134.0	3.4	148.5	3.5	169.8	3.8	195.6	4.2	218.9	5.0	214.1	4.8
—Mining, Manufacturing and Construction	4.7	0.1	6.8	0.2	6.5	0.1	4.6	0.1	0.8	..	2.0	..
—Public Transport	438.9	11.2	454.6	10.7	462.8	10.5	449.1	9.6	434.5	9.8	393.8	8.9
—Roads	865.9	22.1	960.1	22.6	972.2	22.0	1,018.8	21.8	1,009.1	22.9	1,125.0	25.3
—Other Transport and Communication	37.2	0.9	42.6	1.0	53.6	1.2	59.8	1.3	60.7	1.4	86.4	1.9
—Community and Regional Development	42.1	1.1	51.8	1.2	48.9	1.1	57.9	1.2	1.3	..	7.2	0.2
—Electricity	1,067.0	27.2	962.4	22.7	832.6	18.8	679.5	14.5	511.4	11.6	503.3	11.3
—Industry Assistance	8.5	0.2	8.9	0.2	16.8	0.4	13.7	0.3	3.2	0.1	3.0	0.1
8. General Administration, NEI	224.2	5.7	304.6	7.2	437.2	9.9	555.7	11.9	515.8	11.7	291.5	6.6
—Local Government	219.9	5.6	271.0	6.4	287.2	6.5	251.6	5.4	209.9	4.8	198.1	4.5
—Public Buildings and other	4.3	-0.1	33.6	0.8	150.0	3.4	304.1	6.5	305.9	6.9	93.4	2.1
TOTAL PROGRAM	3,925.1	100.0	4,244.8	100.0	4,425.0	100.0	4,680.1	100.0	4,406.8	100.0	4,445.1	100.0

Change on previous year

— actual (%)

— real (%)

* The functional classification of Capital Works expenditure in the above table and Section 5 differ marginally from that shown in the green pages of Section 9 of this Budget Paper. The green pages provide a more detailed break down of expenditure by functional area whereas expenditure by individual Departments or Authorities in Section 5 is not shown on a functional basis in most cases.

* From 1988-89 Home Purchase Assistance Programs fully financed off budget. Above table has been adjusted by deleting figures from previous years for directly funded loans provided from the Home Purchase Assistance Account. See Section 7.4 of this Budget Paper for further details.

Change on previous year	16.5	8.1	4.2	5.8	0.9
— actual (%)	10.8	2.0	-2.7	-1.6	-5.8
— real (%)					-12.5

The reduction in public sector capital payments has created a climate conducive to increased capital investment by the private sector. In real terms private capital expenditure increased by 11.3 per cent and private equipment investment by 6 per cent over the 12 months ended June, 1988. The Government's strategy to encourage greater involvement of the private sector in the provision of needed infrastructure will further contribute to the strength of private sector investment.

There has also been a major shift in the program from the emphasis in the late 1970's and early 1980's on economic infrastructure, such as electricity development, railway infrastructure and ports, to social infrastructure, such as housing and homesite development, recreation and culture, public buildings and health. Social infrastructure will account for 47 per cent of the program in 1988-89 compared to 34 per cent in 1983-84.

Within the functional area of economic services, the most significant decline has been in electricity development. In 1983-84 electricity development alone accounted for 27.2 per cent of the overall capital works program whereas in 1988-89 it will represent 11.3 per cent. Capacity now existing will meet electricity generation needs well into the 1990's.

Similarly, substantial investment has occurred in the areas of public transport. While the community is now generally well served by public transport facilities, some \$394 million will be spent in this area in 1988-89 to ensure that the standard of infrastructure is maintained.

Notwithstanding the increasing emphasis on social infrastructure, the roads construction program (included within economic services) comprises the largest single component of the overall capital works program at 25.3 per cent.

In 1988-89 significant declines have occurred in the areas of recreation and culture, and public buildings. This is attributable to the substantial completion of the major projects at Darling Harbour and those undertaken as bicentennial projects.

The decline in these two areas has enabled the 1988-89 program to be focussed on the high priority areas of law, order and public safety, health, education and roads.

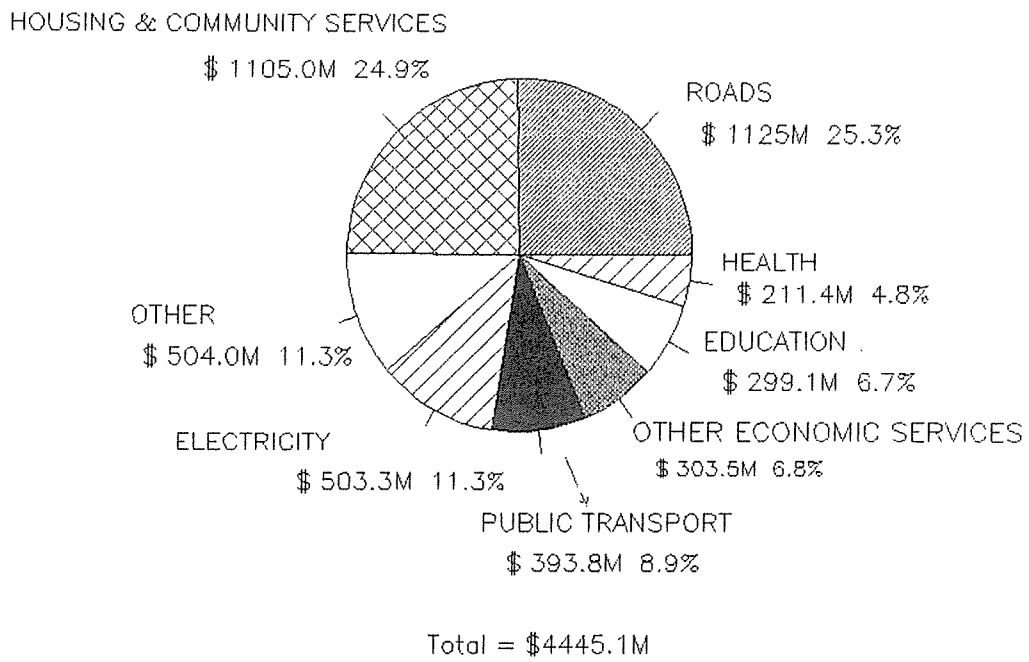
Figure 5.5 provides a functional break down of the 1988-89 capital works program.

Major features of the 1988-89 program are—

- A record \$1,125 million road construction program, representing an increase of 11.5 per cent or nearly 5 per cent in real terms. This does not include private sector construction of toll roads estimated at \$225 million.
- A increase of \$93.8 million in expenditure on law, order and public safety. The program in this area will total \$152.5 million. Major new works include commencement of two maximum security prisons; commencement of the Sydney Western District Court Complex at Parramatta and new court houses at Burwood, Wyong and Byron Bay; and commencement of new police stations at Wollongong and Hay.
- A significant increase of 23.5 per cent in the education program which totals \$299.1 million. New works to be commenced include new permanent primary schools at Northlakes and Erskine Park; replacement primary schools at Yamba and Freemans Reach; a new permanent high school at Kincumber; and TAFE colleges at Boggabilla and Sutherland.
- An increase of 21.1 per cent in the health program taking the program to \$211.4 million. Included in the program is planning for a new base hospital at Albury. Provision has also been made for commencement of a \$50 million program of renovation, upgrading and improvement of existing hospital buildings.
- A real commitment to public housing through an increase of some \$80 million on 1987-88 expenditure. This has been achieved through a program of asset realisation which has freed up resources to provide additional units of accommodation for those most in need of public housing.

Figure 5.5

CAPITAL WORKS PROGRAM 1988-89 (Estimate)
 Functional classification of Expenditure



FUNCTIONAL CLASSIFICATION OF CAPITAL WORKS PROGRAM—BY SOURCE OF FUNDS

Classification	(1)		(2)				(3)		(4)				
	Total Program		From Consolidated Fund		From Borrowings and other Financial Accommodation		From Internal and Other						
	1987-88	Estimate 1988-89	Commonwealth Specific Purpose Payments		Other		1987-88	Estimate 1988-89					
	\$ m	\$ m	%	1987-88	Estimate 1988-89	1987-88	Estimate 1988-89	1987-88	Estimate 1988-89				
Law, Order and Public Safety	58.7	152.5	159.8			54.1	138.7	4.6	6.4				
Education	242.2	299.1	23.5	109.8	109.9	132.4	187.1						
Health	174.5	211.4	21.1	26.0	8.9	25.5	42.8	118.6		134.4	4.4	25.3	
Welfare	14.7	14.2	(-) 3.4			14.7	12.6						1.6
<i>Housing and Community Services—</i>													
Housing and Homeless Development	557.3	636.8	14.3	222.4	220.2	116.9	135.0	91.7	92.4		126.3	189.2	
Water and Sewerage	439.4	427.5	(-) 2.7	2.5	2.1	58.3	65.7	25.0	3.7		353.6	356.0	
Protection of the Environment	46.5	31.5	(-) 32.3	0.5	0.7	3.2	3.6				42.8	27.2	
Recreation and Culture	117.8	45.8	(-) 61.1	6.8	4.1	86.3	37.5	9.0	2.5		15.7	1.7	
<i>Economic Services—</i>													
Agriculture, Forestry and Fishing	218.9	214.1	(-) 2.2	5.4	5.6	32.0	34.1	137.5	103.1		44.0	71.3	
Mining, Manufacturing and Construction	0.8	2.0	150.0			0.7	1.3				0.1	0.7	
Public Transport	434.5	393.8	(-) 9.4	12.0	9.0	60.0	51.0	235.3	252.8		127.2	132.0	
Roads	1,009.1	1,125.0	11.5	390.5	384.2	51.0	121.0	81.0	74.0		486.6	545.8	
Other Transport and Communication	60.7	86.4	42.3	1.8	1.3	16.0	17.6				42.9	67.5	
Community and Regional Development	1.3	7.2	453.8								1.3	7.2	
Electricity	511.4	503.3	(-) 1.6	3.0		0.3		287.3	97.9		223.8	405.4	
Industry Assistance	3.2	3.0	(-) 6.2	3.0		0.2							
General Administration n.e.i.	515.8	291.5	(-) 43.5			130.3	9.7	339.7	197.5		45.8	84.3	
Total	4,406.8	4,445.1	0.9	780.7	746.0	781.9	809.7	1,329.7	964.7		1,514.5	1,924.7	

Column 1. Capital program expenditure financed from all sources.

Column 2. Consolidated Fund financing is from two sources; Commonwealth Specific Purpose Capital Payments and Other. Specific purpose payments are shown here on an expenditure basis in contrast to table 5.1 in the overview section which is on a receipts basis. Consolidated Funds include the governmental loan programs, both loan funds and capital grants, part of the global borrowing allocation, repayments arising from previous years' loans and disposal of assets and miscellaneous items.

Column 3. Borrowings and other financial accommodation for all authorities as specified under the Loan Council's global borrowing resolution (net of the transfer to the governmental program), including conventional trade credits, deferred payment arrangements and net movement in short term financings. Also included are the proceeds of borrowings charged against the 1986-87 borrowing allocation but not spent in that year. Reconciliation with the 1987-88 Loan Council global borrowing allocation of \$1,539.7 million is as follows: global borrowing allocation (\$1,539.7 million) less transfers to governmental loan program (\$387.4 million) plus borrowings raised in earlier years but not spent in those years (\$177.4 million) equal \$1,329.7 million.

Column 4. Financing from revenue and reserves of authorities and other sources including developer's contributions and proceeds from sale of assets.

CAPITAL WORKS PROGRAM—1988-89

Administrative Unit by Functional Group	Ministry	Type of work			Total	Source of Funding			Internal and Other
		Work in Progress	Annual Provisions	New Works		Consolidated Fund		Borrowings and other Financial Accommodation	
						\$'000	\$'000			$'000	Other
Law, Order and Public Safety— Police—Buildings	Police and Emergency Services	16,073	6,979	3,656	26,708		20,757		5,951
—Equipment	Police and Emergency Services	4,760	1,980	3,722	10,462		10,462		
—Housing	Police and Emergency Services		796		796		796		
Board of Fire Commissioners	Police and Emergency Services	1,149	4,091	2,660	7,900			6,400	1,500
Courts	Attorney-General	49,438	2,000	2,141	53,579		53,579		
Corrective Services	Corrective Services	35,758	3,800	13,552	53,110		53,110		
Total—Law, Order and Public Safety		107,178	19,646	25,731	152,555		138,704	6,400	7,451
Education— Schools (Department of Education)	Education	93,285	82,505	22,790	198,580		141,710		
Technical Colleges (TAFE)	Education	39,500	43,204	13,140	95,844	56,870	41,574		2,050
Ministry of Education	Education	3,830			3,830	52,220	3,830		
Agriculture (Colleges)	Agriculture	361	441		802		802		
Total—Education		136,976	126,150	35,930	299,056	109,892	187,114		2,050
Health— Hospitals	Health	157,271	14,600	22,612	194,483		26,400	134,455	25,316
Community Health	Health	3,157	1,211	1,165	5,633	8,312	5,633		
Dental Services	Health		621	510	1,131		1,131		
Miscellaneous Health	Health	171	2,565		2,736		2,223		
Ambulance Services	Health	439	2,946	3,975	7,360		7,360		
Total—Health		161,038	22,073	28,262	211,373	8,855	42,747	134,455	25,316
Welfare— Family and Community Services	Family and Community Services	3,793	5,420	4,963	14,176		12,539		1,637

*Commonwealth Specific Purpose Payments

CAPITAL WORKS PROGRAM—1988-89

Administrative Unit by Functional Group	Ministry	Type of work			Total	Source of Funding			Internal and Other
		Work in Progress	Annual Provisions	New Works		Consolidated Fund		Borrowings and other Financial Accommodation	
						\$'000	\$'000			C'with S.P.P.*	Other
Housing and Community Services— Housing and Homesite Development— Department of Housing— Public Rental Housing Homesites—Land Cost Homesites—Land Cost Crown Lands—Homesites Department of Lands—Homesites Teacher Housing Authority Public Servant Housing Authority	Housing Housing Housing Lands Education Administrative Services	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		191,500	158,000	200,500	550,000	220,180	134,027	86,000	109,793
		.....	63,000	.....	63,000	.....	.....	.....	63,000
		.....	15,000	.....	15,000	.....	.....	.....	15,000
		.....	1,000	.....	1,000	.....	.....	.....	1,000
		.....	6,000	.....	6,000	.....	.....	.....	6,000
		.....	1,750	.....	1,750	.....	.....	.....	1,750
	
	
	
Water and Sewerage— The Water Board Hunter Water Board Broken Hill Water Board Country Towns Water Supply and Sewerage	Environment Environment Natural Resources Public Works	173,358	30,089	120,648	324,095	.....	.....	.....	324,095
		12,237	13,611	4,922	30,770	.....	.....	2,270	28,500
		1,885	160	.....	2,045	.....	.....	1,380	955
		64,136	2,500	3,945	70,581	2,100	65,746	.....	2,735
		251,616	46,360	129,515	427,491	2,100	65,746	3,660	355,985
Protection of the Environment— Department of Planning State Pollution Control Commission Metropolitan Waste Disposal Authority	Local Government and Planning Environment Environment	3,250	12,392	1,500	17,142	.....	.....	.....	17,142
		665	191	.....	856	742	2,765	.....	13,635
		7,410	480	5,660	13,550	.....	856	.....	13,550
		11,325	13,063	7,160	31,548	742	3,621	.....	27,185
Total—Housing and Community Services	.....	304,173	337,175	1,095,789	223,022	204,394	96,060	572,313	

*Commonwealth Specific Purpose Payments.

CAPITAL WORKS PROGRAM—1988-89

Administrative Unit by Functional Group	Ministry	Type of work			Total	Source of Funding			Internal and Other
		Work in Progress	Annual Provisions	New Works		Consolidated Fund		Borrowings and other Financial Accommodation	
						C-with S.P.P.*	Other		
Recreation and Culture— Recreation Facilities and Services— Bicentennial Park Department of Lands—Public Reserves Management Fund National Parks and Wildlife Service Department of Sport and Recreation Tourism Commission Zoological Parks Board	Environment Natural Resources Environment Sport and Recreation Tourism Environment	\$'000 131 10,432 1,826 645	\$'000 1,000 5,345 470 220 600	\$'000 390 4,064 470 2,820 1,731	\$'000 521 1,000 19,841 3,016 2,976	\$'000 521 1,000 17,347 3,016 220	\$'000 2,476	\$'000 1,194 500	
Cultural Facilities and Support of the Arts—	Arts	13,034	7,885	9,475	30,394	22,104	2,476	1,694	
		13,860		1,564	15,444	15,444			
Total—Recreation and Culture		26,914	7,885	11,039	45,838	37,548	2,476	1,694	
Economic Services— Agriculture, Forestry and Fishing— Department of Agriculture Dairy Corporation of N.S.W. Fish Marketing Authority Soil Conservation Service Sydney Market Authority Grain Handling Authority Forestry Commission Department of Water Resources Treasury—State Bank Agencies	Agriculture Agriculture Agriculture Agriculture Agriculture Transport Natural Resources Natural Resources Treasurer	18,622 2,246 11,058 216 63,666 7,629 11,658	2,200 579 7,282 1,100 1,100 20,595 8,500	173 150 450 1,945 2,000 856 1,500	20,995 2,396 11,058 7,732 2,740 66,766 80,216 33,753 8,500	20,995 4,664 2,220 3,405 8,500	46,845 28,916 30,348	2,396 11,058 848 2,740 19,921 34,300	
		115,095	91,987	7,074	214,156	34,159	103,109	71,263	

* Commonwealth Specific Purpose Payments

CAPITAL WORKS PROGRAM—1988-89

Administrative Unit by Functional Group	Ministry	Type of work			Total	Source of Funding					
		Work in Progress	Annual Provisions	New Works		Consolidated Fund			Borrowings and other Financial Accommodation	Internal and Other	
						C-with S.P.P.*	Other	\$'000			
Economic Services—continued Mining, Manufacturing and Construction— Department of Mineral Resources	Mineral Resources	1604	377		1981			\$'000	\$'000	\$'000	676
Public Transport— State Rail Authority Urban Transit Authority	Transport Transport	315,515 29,260	27,180 430	12,605 8,817	355,300 38,507	9,000			235,300 17,507		120,000 12,000
Roads— Department of Main Roads (including Traffic Authority)	Transport	344,775	27,610	21,422	393,807	9,000			252,807		132,000
Other Transport and Communication— Department of Motor Transport Public Works Department—Coasts and Rivers. Maritime Services Board Ministry of Transport— Elimination and Improvement of Level Crossings	Transport Public Works Transport Transport	422,343	615,657	87,000	1,125,000	384,200			74,000		545,800
		3,075 6,450 53,225	4,120 2,836	1,505 2,365 10,535	4,580 12,935 66,596	1,335			4,580 10,700		900 66,596
Community and Regional Development— Sydney Cove Redevelopment Authority	Local Government and Planning	62,750	9,256	14,405	86,411	1,335			17,580		67,496
				7,166	7,166						7,166

* Commonwealth Specific Purpose Payments

CAPITAL WORKS PROGRAM—1988-89

Administrative Unit by Functional Group	Ministry	Type of work			Total	Source of Funding			Internal and Other
		Work in Progress	Annual Provisions	New Works		Consolidated Fund		Borrowings and other Financial Accommodation	
						C.with S.P.P.*	Other		
Economic Services— <i>continued</i>		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Electricity— Electricity Commission County Councils	Energy Energy	409,900	45,000 31,400	17,000	471,900 31,400 .....	.....	66,500 31,400 .....	.....	405,400
Industry Assistance— Department of Industrial Relations and Employment	Industrial Relations and Employment	409,900	76,400	17,000	503,300	.....	97,900	.....	405,400
Total—Economic Services		284	732	1978	2994	.....	2994	.....	.....
General Administration, n.e.i.— Local Government— Councils—General Purpose Lord Howe Island Board	Local Government Environment	1,356,751	822,019	156,045	2,334,815	400,160	177,038	.....	1,229,801
Public Buildings and Other— Public Works Department—Public Buildings Generally Darling Harbour Authority	Public Works and Ports Local Government and Planning	85,468	64,032 571	48,000	197,500 571	.....	197,500	.....	571
Department of Lands—Buildings, Additions, etc Government Supply Office	Administrative Services	85,468	64,603	48,000	198,071	.....	197,500	.....	571
		6,930	500	975	8,405	.....	8,140	.....	265
		66,370	4,000	12,500	82,870	.....	1,520	.....	82,870
		1,420	.....	100	1,520	.....	.....	.....	605
		74,720	4,500	14,180	93,400	.....	9,660	.....	83,740
Total—General Administration, n.e.i.		160,188	69,103	62,180	291,471	.....	9,660	.....	84,311
Total—State Program		2,407,279	1,376,469	661,325	4,445,073	746,049	809,744	964,707	1,924,573

* Commonwealth Specific Purpose Payments

CAPITAL WORKS PROGRAM—1987-88

Administrative Unit by Functional Group	Ministry	Total Expenditure	Source of Funding				Internal and Other
			Consolidated Fund		Borrowings and other Financial Accommodation		
			Commonwealth Specific Purpose Payment	Other			
Law, Order and Public Safety—		\$'000	\$'000	\$'000	\$'000	\$'000	
Police—Buildings	Police and Emergency Services	8,984	8,984				
—Equipment	Police and Emergency Services	2,485	2,485				
—Housing	Police and Emergency Services	723	723				
Board of Fire Commissioners	Police and Emergency Services	4,598		4,598			
Courts	Attorney-General	14,568					
Corrective Services	Corrective Services	27,300	27,300				
Total—Law, Order and Public Safety		58,658		54,060	4,598		
Education—							
Schools (Department of Education)	Education	148,239					
Technical Colleges (TAFE)	Education	88,968	53,000	95,239			
Ministry of Education	Education	4,002	55,733	33,235			
Department of Agriculture Colleges	Agriculture	1,043	1,043	4,002			
Total—Education		242,252	109,776	132,476			
Health—							
Hospitals	Health	165,577					
Community Health	Health	3,340	25,796	16,900	118,601	4,280	
Dental Services	Health	472		3,240		100	
Miscellaneous Health	Health	1,951	234	472			
Ambulance Services	Health	3,175		1,717			
Total—Health		174,515	26,030	25,504	118,601	4,380	
Welfare—							
Family and Community Services	Family and Community Services	14,702		14,702			

CAPITAL WORKS PROGRAM—1987-88

Administrative Unit by Functional Group	Ministry	Total Expenditure	Source of Funding				Internal and Other
			Consolidated Fund		Borrowings and other Financial Accommodation	\$'000	
			Commonwealth Specific Purpose Payment	Other			
		\$'000	\$'000	\$'000	\$'000	\$'000	
Housing and Community Services— Housing and Homesite Development— Department of Housing— Public Rental Housing Homesites—LandCom Homesites—Crown Lands Department of Lands—Homesites Teacher Housing Authority Public Servant Housing Authority	Housing Housing Housing Natural Resources Education Administrative Services	504,668 35,000 10,028 769 5,509 1,314	222,421	116,087 789	86,000 4,750 1,000	80,160 35,000 10,028 759 314	
		557,288	222,421	116,856	91,750	126,261	
Water and Sewerage— The Water Board Hunter Water Board Broken Hill Water Board Country Towns Water Supply and Sewerage	Environment Environment Natural Resources Natural Resources	341,800 36,017 1,517 60,108	664 1,844	..... ..... ..... 58,264	20,000 4,000 1,064	321,800 31,353 453
		439,442	2,508	58,264	25,064	353,606	
Protection of the Environment— Department of Planning State Pollution Control Commission Metropolitan Waste Disposal Authority	Local Government and Planning Environment Environment	22,689 461 23,300	508	2,726 461 .....	..... ..... .....	19,455 23,300
		46,450	508	3,187	.....	42,755
Total—Housing and Community Services		1,043,180	225,437	178,307	116,814	522,622	

CAPITAL WORKS PROGRAM—1987-88

Administrative Unit by Functional Group	Ministry	Total Expenditure	Source of Funding				Internal and Other
			Consolidated Fund		Borrowings and other Financial Accommodation	Internal and Other	
			Commonwealth Specific Purpose Payment	Other			
Recreation and Culture— Recreation Facilities and Services— Department of Environment Department of Lands—Public Reserves Management Fund National Parks and Wildlife Service Department of Sport and Recreation Tourism Commission Sydney Cricket and Sportsground Trust Zoological Parks Board	Environment Natural Resources Planning and Environment Sport and Recreation Tourism Sport and Recreation Lands	\$'000 6,352 1,299 16,796 5,381 1,852 20,000 3,996	\$'000 3,305 1,424 1,452 231	\$'000 3,047 1,299 13,967 5,381 400 2,765	\$'000 9,000	\$'000 1,405 11,000 1,000	
Cultural Facilities and Support of the Arts— Arts	Arts	55,676 62,100 117,776	6,412 344 6,756	26,859 59,456 86,315	9,000	13,405 2,300 15,705	
Total—Recreation and Culture					9,000		
Economic Services— Agriculture, Forestry and Fishing— Department of Agriculture Dairy Corporation of N.S.W. Fish Market Soil Conservation Service Sydney Marketing Authority Grain Handling Authority Forestry Commission Water Resources Commission Treasury—State Bank Agencies	Agriculture Agriculture Agriculture Agriculture Agriculture Forests Water Resources Treasurer	13,245 3,083 5,524 5,446 4,652 85,500 46,991 46,458 8,000	1,500 2,875	13,245 3,495	84,000 15,200 33,262	3,083 5,524 974 4,652 29,806	
		218,899	5,352	32,046	137,462	44,039	

CAPITAL WORKS PROGRAM—1987-88

Administrative Unit by Functional Group	Ministry	Total Expenditure	Source of Funding				Internal and Other
			Consolidated Fund		Borrowings and other Financial Accommodation	Internal and Other	
			Commonwealth Specific Purpose Payment	Other			
Economic Services—continued Mining, Manufacturing and Construction— Department of Mineral Resources State Brickworks	Mineral Resources Public Works	\$'000 698 56	\$'000	698	\$'000	\$'000 56	
Public Transport— State Rail Authority Urban Transit Authority	Transport Transport	393,941 40,519	..... 12,000	60,000	230,000 5,277	103,941 23,242
Roads— Department of Main Roads (including Traffic Authority)	Roads	434,460	12,000	60,000	235,277	127,183	
Other Transport and Communication— Department of Motor Transport Public Works Department—Coasts and Rivers Maritime Services Board Department of Local Government—Elimination and improvement of Level Crossings	Transport Public Works Public Works and Ports Local Government	1,009,091	390,500	51,037	81,000	486,554	
Community and Regional Development— Sydney Cove Redevelopment Authority	Planning	2,753 13,742 42,070 2,184	..... 1,821	2,753 11,064 2,184	..... ..... ..... .....	..... 857 42,070
		60,749	1,821	16,001	.....	42,927
		1,283	.....	.....	.....	1,283

CAPITAL WORKS PROGRAM—1987-88

Administrative Unit by Functional Group	Ministry	Total Expenditure	Source of Funding				Internal and Other
			Consolidated Fund		Borrowings and other Financial Accommodation	Internal and Other	
			Commonwealth Specific Purpose Payment	Other			
Economic Services—continued		\$'000	\$'000	\$'000	\$'000	\$'000	
Electricity Authority—Rural Electrification	Energy and Technology	321		321			
Electricity Commission	Energy and Technology	477,701			253,900	223,801	
County Councils	Energy and Technology	33,400			33,400		
		511,422		321	287,300	223,801	
Industry Assistance—							
Department of Industrial Relations	Industrial Relations	248		248			
Advanced Technology	Business and Consumer Affairs	3,000	3,000				
		3,248	3,000	248			
Total—Economic Services		2,239,906	412,673	160,351	741,039	925,843	
General Administration, n.e.i.—							
Councils—General Purpose	Local Government	209,700			209,700		
Lord Howe Island Board	Environment	179				179	
		209,879			209,700	179	
Public Buildings and Other—							
Public Works Department—Public Buildings	Public Works	53,106		53,106			
Generally	Local Government and Planning	250,190		74,588	130,000	45,602	
Darling Harbour Authority	Natural Resources	2,642		2,642			
Department of Lands—Buildings, Additions, etc.		305,938		130,336	130,000	45,602	
		515,817		130,336	339,700	45,781	
Total—General Administration, n.e.i.		4,406,806	780,672	762,051	1,329,752	1,514,331	
Total—State Program							

LAW, ORDER AND PUBLIC SAFETY

Policy Sector	Total Payments		
	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
Police	12.2	38.0	(+) 211.5
Law Courts and Legal Services	14.6	53.6	(+) 267.1
Corrective Services	27.3	53.1	(+) 94.5
Other—			
Board of Fire Commissioners	4.6	7.9	(+) 71.7
Total	58.7	152.6	(+) 160.0

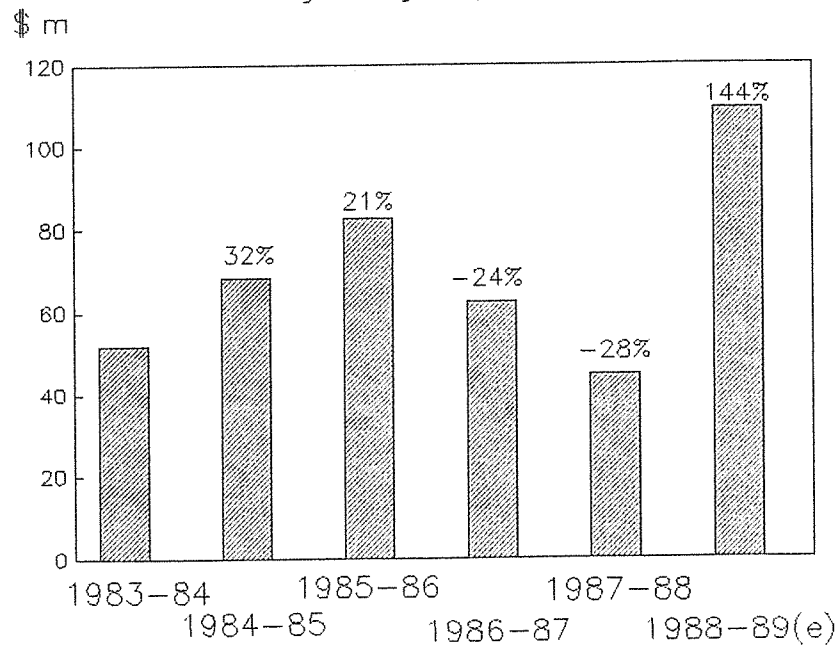
OVERVIEW

Figure 5.6

LAW, ORDER AND PUBLIC SAFETY

(Payments expressed in real terms, 1983-84 base;

Percentage change on previous year)



Total capital payments for Law, Order and Public Safety are projected to increase by 144 per cent in real terms over that for 1987-88.

In view of the substantial program of works in upgrading and expanding the Courts system and increasing the capacity of the prison system, as well as the need to refurbish and upgrade police buildings and provide improved police equipment, this trend of real growth is projected to continue well into the future.

1988-89 CAPITAL BUDGET HIGHLIGHTS

POLICE DEPARTMENT

The allocation of \$38.0 million includes \$26.7 million for Police buildings, \$10.5 million for equipment and services and \$0.8 million for Police housing.

The allocation of \$26.7 million for the Police Buildings Program allows \$16.1 million for the continuation of works-in-progress at the Goulburn Police Academy, Sutherland and Castle Hill Divisional Headquarters, Katoomba and Bossley Park Police Stations and the Justice and Police Museum.

Provision has been made for New Works, as follows—

- \$2.3 million for additional residential and teaching facilities at the Goulburn Police Academy (ETC: \$4.6 million).
- \$0.7 million for construction of the Wollongong Police Station (ETC: \$5.8 million).
- \$0.7 million for construction of the Hay Police Station (ETC: \$0.7 million).

The \$10.5 million for equipment and services includes \$4.8 million for the replacement of a helicopter and \$3.2 million to replace obsolete telephone switchboards.

COURTS

The allocation of \$53.6 million represents an increase of some 267 per cent over the actual level of expenditure incurred last year. Work will continue on the fit-out of the Sydney District Court in the Downing Centre and the new court house at Campbelltown, both projects being an integral part of the overall strategy to reduce delays in the District Court jurisdiction. The Sydney District Court project will cost almost \$82 million and is expected to be completed in mid 1990 while the Campbelltown court house is scheduled for completion in April 1991 and will cost almost \$14 million.

Provision has been made for commencement of the Sydney Western District Court complex at Parramatta, this project also representing a vital link in the strategy to reduce District Court arrears. Construction will commence on new court houses at Burwood, Wyong and Byron Bay while work on new facilities at Sutherland and Katoomba will be completed this year.

CORRECTIVE SERVICES

The main thrust of the Corrective Services program is the provision of additional cells to relieve the overcrowding in prisons and the general upgrading of the existing infrastructure. The average expenditure over the last three years was some \$18.8 million per annum which will increase to an estimated annual average of some \$60 million over the next 3 years.

The funding provides for the expansion of prison industries to help ensure that prisoners are constructively employed.

The current year's allocation of \$53.1 million includes provision for the following works-in-progress—

- \$5.4 million for the construction of 60 maximum security single cells at Goulburn (ETC \$8.0 million)
- \$3.6 million for the construction of 2 cell blocks, each of 48 maximum security single cells at Parklea (ETC \$12.9 million)
- \$3.6 million for Mulawa Women's Prison Stage 1 which consists of a 64-single cell block and associated services, a 20-single cell segregation unit and a combined Mulawa/Silverwater Prison Officers Amenities Block (ETC \$13.5 million)
- \$7.0 million for Mulawa Women's Prison Stage 2 which consists of a 66 single cell block plus associated services (ETC \$9.4 million)
- \$12.3 million for the Long Bay Special Purpose Prison (ETC \$17.4 million) which is expected to be completed by January 1989 and will provide a self-contained 60 single cell witness protection facility
- Additional works at Grafton, Long Bay, Parramatta and Siverwater

Within the New Works allocation of \$13.6 million, provision has been made for the following—

- \$5.5 million for commencement of work on 2 maximum security prisons, each consisting of 250 single cell accomodation (ETC \$54.1 million each)
- \$2.4 million for various industry buildings at nine locations throughout the State (ETC \$3.2 million)
- \$1.4 million for redevelopment of the former Family and Community Services facility St Heliers near Muswellbrook (ETC \$2.4 million) which, when completed, will accommodate up to 100 minimum security prisoners
- \$2.0 million for the upgrading of the former Family and Community Services facility, Brush Farm in Eastwood, into a Correctional Officers Training College
- \$2.3 million for other new works

OTHER —

Board of Fire Commissioners

The Board's program of \$7.9 million provides for expenditure of \$4.0 million on new fire stations and renovations to existing stations and \$3.9 million for vehicles, major plant and equipment and services.

EDUCATION

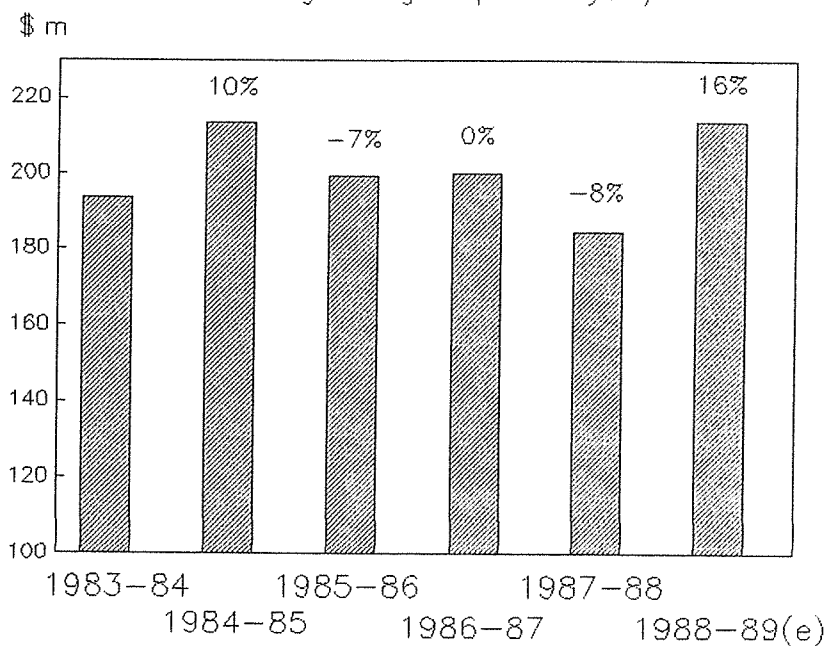
Policy Sector	Total Payments		
	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
Primary and Secondary Education	152.0	199.7	31.4
Technical and Vocational Education	90.0	96.6	7.3
Other (including General Administration) ...	0.2	2.8	1300.0
Total	242.2	299.1	23.5

OVERVIEW

Figure 5.7

EDUCATION

(Payments expressed in real terms, 1983-84 base;
Percentage change on previous year)



Over the five years to 1987-88, Education capital payments have decreased 4.8 per cent in real terms. However, this outcome has been artificially deflated by the impact of the capital works freeze imposed by the Government in the second half of 1987-88. A clearer indication of the growth in Education capital payments is provided by the growth to 1988-89, which shows an increase of 10.4 per cent.

In regard to Primary and Secondary Education, while total Government School enrolments have been declining, capital payments have been increasing in real terms. This reflects, firstly, the need for upgrading of existing facilities, secondly, the requirement for new equipment and, thirdly, shifts in the distribution of the population, particularly to the West and South West of Sydney.

The TAFE area has had a very substantial ongoing building and equipment program, which has also contributed to the large increase in expenditures.

1988-89 CAPITAL BUDGET HIGHLIGHTS

STATE SCHOOLS

The provision of \$198.6 million (which includes \$56.9 million from Commonwealth Specific Purpose Grants) is for construction of 23 new schools, 12 of which are expected to be completed during 1988-89, upgrading and additions to over 80 existing schools, demountable classrooms, site acquisitions, school furniture and other general items.

Expenditure of \$19.5 million will be incurred this year on major new works, including new permanent primary schools at Northlakes and Erskine Park, replacement primary schools at Yamba and Freemans Reach, a new permanent high school at Kincumber and major upgradings at Boorowa Central School and Chatham, Taree and J. J. Cahill Memorial High Schools.

Upgradings and additions to existing facilities will be undertaken at a number of other primary and secondary schools. Expenditure on primary and secondary schools works-in-progress is estimated at \$93.3 million in 1988-89.

A further \$16.8 million will be expended on a wide range of minor works in 1988-89.

Expenditure on school furniture and equipment, site acquisitions, asbestos removal and other miscellaneous items will be roundly \$65.7 million in 1988-89.

TECHNICAL AND FURTHER EDUCATION

The allocation of \$95.8 million includes \$52.2 million from Commonwealth Specific Purpose Capital Grants.

Major works to establish new colleges are to be undertaken at Boggabilla and Sutherland. Major extensions are being undertaken at Blacktown, Deniliquin, Granville, Campbelltown, Kurri Kurri, Macquarie Fields, Ryde, Sydney, Tamworth and Werrington.

Two joint TAFE/Industry projects, to construct a Building Industry Skills centre at an appropriate location in the Western Suburbs and a Management Training Centre at Hamilton, are due to commence.

Funds have been provided for a substantial program of upgradings to existing College facilities at a number of locations including East Sydney and Sydney.

Provision has also been made for minor building works, site acquisitions and the purchase of equipment for both the replacement of outdated equipment and the acquisition of new high technology and computing equipment.

MINISTRY OF EDUCATION

The allocation includes \$1.1 million for completion of the Newcastle Conservatorium of Music and for the further upgrading of the Greenway Building, Sydney Conservatorium, including sound-proofing of the Joseph Post Auditorium.

An amount of \$2.8 million has also been provided in 1988-89 to meet the first phase of construction of a university of international standing in Western Sydney. The total cost of Stage 1 is expected to be roundly \$12 million (in current day prices), with construction being completed for student occupation in 1990.

DEPARTMENT OF AGRICULTURE (Colleges)

Extensions to the C.B. Alexander Agricultural College, Paterson at a total cost of \$1.4 million will be funded from Commonwealth sources.

HEALTH

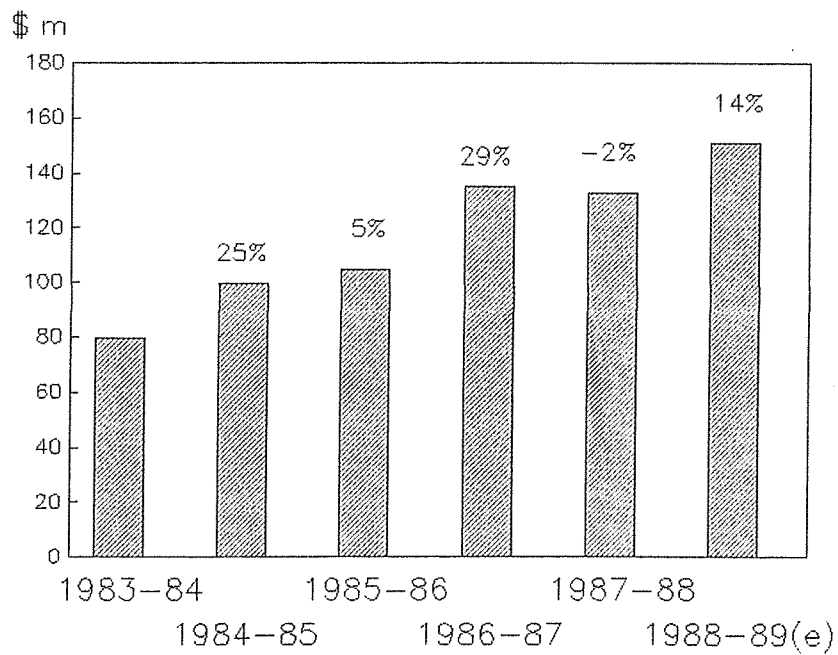
Policy Sector	Total Payments		
	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
Area Health Services and Other Health Services	165.4	192.6	16.4
Community and Other Support Services ...	7.8	17.4	123.1
Public Health (Including Inspection Services)	1.3	1.4	7.7
Total	174.5	211.4	21.1

OVERVIEW

Figure 5.8

HEALTH

(Payments expressed in real terms, 1983-84 base;
Percentage change on previous year)



For the five years to 1987-88, Health Capital Payments have increased by 66.8 per cent in real terms. A significant part of this real expansion reflects the cost of the New Teaching Hospital-Newcastle, Fairfield Hospital, Campbelltown Hospital Stage II, St Vincents Hospital Darlinghurst, Sydney Hospital Redevelopment and the Sacred Heart Hospice. Capital payments in 1988-89 will increase by a further 13.8 per cent over 1987-88 in real terms.

From 1988-89 onwards the Health program is taking a new direction in that emphasis will be placed in future years on replacement and upgrading the existing capital stock, rather than increasing bed capacity. This policy is based on projections that the present number of beds are adequate for future years, taking into account changing patterns of beds usage, a decline in the length of stay for inpatients and a greater role by private hospitals. The standard of Health facilities will improve significantly as the program is directed to upgrading existing facilities rather than expanding capacity.

The new policy is contained in the Department's five year forward plan which includes major hospital redevelopment projects, a technology replacement program, an infrastructure program to upgrade existing facilities and enhancement of psychiatric services in public hospitals.

1988-89 CAPITAL BUDGET HIGHLIGHTS

AREA HEALTH SERVICES AND OTHER HEALTH SERVICES

An allocation of \$192.6 million has been provided for area health services/public hospitals and other health services. Brief details of major projects either in progress or planned for commencement this year are listed below—

Works in Progress

	\$'M
Acquisition of major hospital plant and equipment—X-rays, computers, new technology (estimated total cost: \$99.8 million)	17.7
Campbelltown, Stage II—Provision of new facilities including a maternity unit and a day surgery unit and the refurbishment of selected facilities. (estimated total cost: \$24 million)	0.6
Fairfield—Construction of a new 200 bed hospital. (estimated total cost: \$45 million)	4.1
Gosford Psychiatric Unit—Construction of a new 30 bed centre (estimated total cost: \$6.4 million)	3.0
Gosford District Hospital Stage 3 Development—Major redevelopment of services (estimated total cost: \$41.6 million)	1.6
Lismore Services Block—Provision of a new ward block to accommodate a range of services (estimated total cost: \$30.4 million)	3.0
Mercy Hospital, Albury—Upgrading obstetric facilities and hospital services (estimated total cost: \$3.5 million)	1.4
New Teaching Hospital, Newcastle—Provision of a new 490 bed teaching and referral hospital (estimated total cost: \$169.0 million)	52.0
Nepean Hospital—Provision of a new kitchen block and a psychiatric unit (estimated total cost: \$8.1 million)	3.0
Port Kembla Hospital—Provision of a new rehabilitation unit (estimated total cost: \$3.4 million)	3.2

Royal Alexandra Hospital for Children—Major redevelopment (estimated total cost: \$64.9 million)	2.0
Sacred Heart Hospice, Darlinghurst—Construction of a new hospice on the existing site to provide a range of facilities (estimated total cost: \$16.5 million)	4.9
St George Hospital, Kogarah—Construction of clinical services building including pathology facilities and cardiac intensive care facilities (estimated total cost: \$48.6 million)	4.3
St Vincent's, Darlinghurst—Provision for a new gastroenterological ward and a new services block (estimated total cost: \$35.0 million)	8.6
Sydney Hospital—Major redevelopment involving renovations, restoration and new buildings to provide operating theatres, accident and emergency ward, intensive care unit and an Occupational Health Support and Services Unit (estimated total cost: \$45.7 million)	2.0
Wollongong Hospital—Provision of a new diagnostic services block (estimated total cost \$55.8 million)	7.5
Other works will continue at Bulli, Holbrook, Liverpool, Parkes, Queanbeyan, Royal Newcastle, Royal Prince Alfred and Sutherland	

New Works

A range of new works will commence or will involve preliminary planning expenditure in 1988-89. All of the major projects are subject to cost effectiveness appraisal.

Albury New Hospital—preliminary planning for provision of a new base hospital of approximately 180-200 beds, with full clinical support services. (estimated cost: \$72.5 million)	0.3
Greater Newcastle Services Building—Laundry and Linen Services for hospitals in Greater Newcastle Area (estimated cost: \$22.8 million)	1.0
Hospital Buildings Infrastructure—renovation, upgrading and improvement of existing stock of buildings (estimated cost: \$50.0 million)	8.0
Hospital Enhancement Program—The Commonwealth will during 1988-89 provide \$8.3 million to NSW towards the upgrading of the infrastructure of public hospitals, replacing the Teaching Hospital Capital Equipment Program which ended in 1987-88. The Commonwealth will distribute a further \$50 million among the States in each of the next two years on the basis that \$25 million will be matched \$1 for \$1 by the States (estimated cost: \$8.3 million 1988-89)	8.3
Legionnaires Disease—Installation of specialised equipment in warm water storage systems of some hospitals to remove risk of Legionnaires Disease (estimated cost: \$0.7 million)	0.7
Mater Misericordiae Newcastle—Completion and fitting out of Level 3 of the Clinical Sciences Building (estimated cost \$2.7 million)	1.0
Royal Newcastle Hospital Kitchen—Refurbishment of kitchen facilities (estimated cost: \$2.6 million)	1.7
St. Joseph's Hospital, Auburn—Construction of a Day Care Hospital and refurbishment of adjoining 20-bed ground floor ward area in existing hospital (estimated cost: \$0.6 million)	0.6
Sydney Eye Hospital Redevelopment—Provision of a new inpatient facility (estimated cost: \$24.2 million)	1.0

In addition, \$6.0 million has been provided for the continuance of works associated with the "Hospital Services Improvement Programme" begun in 1984-85 and directed at improving community utilised facilities such as maternity, geriatrics, paediatrics and accident and emergency care.

\$5.7 million has been allocated for expenditure in 1988-89 on transferring nurse education facilities from teaching hospitals to Colleges of Advanced Education.

A further \$10.0 million has been allocated for the development of services for the mentally ill.

\$2.0 million has been provided for the State-wide upgrading of fire services and for the removal of asbestos in health buildings.

\$0.7 million has been allocated for expenditure during 1988-89 to provide further facilities for the treatment and counselling of AIDS sufferers at the St. Vincent's Aids Unit.

COMMUNITY AND OTHER SUPPORT SERVICES

An amount of \$7.4 million has been provided for Ambulance Services for new stations, equipment, minor works and a new air ambulance.

The program of integrating the developmentally disabled into the community will receive \$10 million in 1988-89.

PUBLIC HEALTH (INCLUDING INSPECTION SERVICES)

Roundly \$1.0 million has been provided for the Red Cross Blood Transfusion Service and \$0.4 million for subsidies payable under the Water Fluoridation Scheme and other minor works.

WELFARE SERVICES

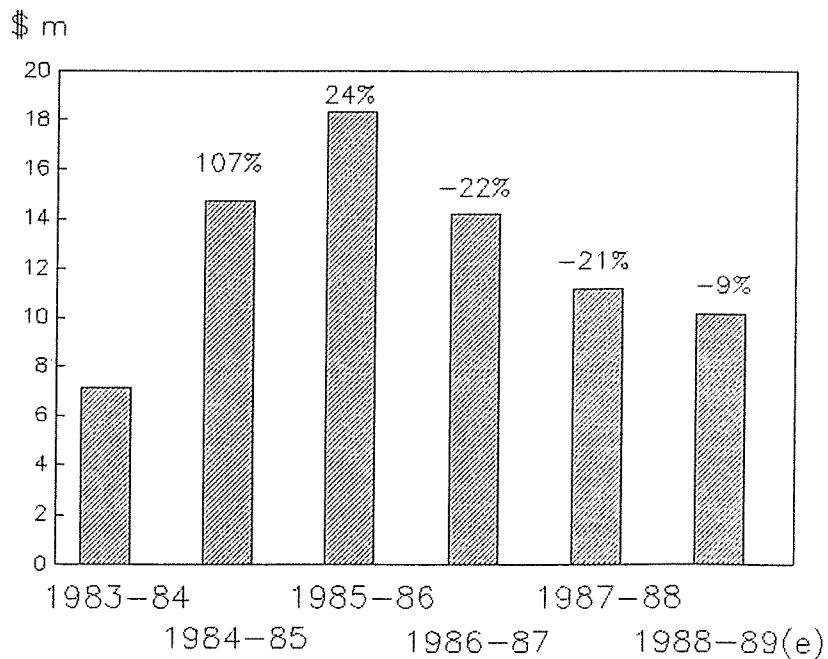
Policy Sector	Total Payments		
	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
Welfare Support Services	14.7	14.2	-3.4
Total	14.7	14.2	-3.4

OVERVIEW

Figure 5.9

WELFARE

(Payments expressed in real terms, 1983-84 base;
Percentage change on previous year)



Over the five years to 1987-88, capital payments in the welfare area increased by 43.7 per cent in real terms, though declining significantly in real terms in each of the last two years. A further decline in capital payments will occur in 1988-89, with a nominal reduction of 3.4 per cent or a real decline of about 9.0 per cent.

Expenditure in past years reflects the emphasis placed on the areas of the construction of Long Day Care Centres, the redevelopment of Young Offender and State Wards residential accommodation, implementation of fire safety measures, deinstitutionalisation of young offenders into community based cottages and State Wards into family group homes and the purchase or construction of buildings for use as Departmental District Centres at various localities.

As a result of the Commonwealth's cut in loan funds for this State and the need to minimise the present debt charges burden faced by the State, Family and Community Services projects (other than Long Day Care Centres), have had to undergo reductions both in works-in-progress and new works.

1988-89 CAPITAL BUDGET HIGHLIGHTS

Works-in-Progress

Specific works-in-progress provisions are—

- \$0.7 million for the District Centres Program commenced in 1986-87.
- \$0.8 million on the upgrading of Young Offender Units.
- \$0.8 million for Long Day Care Centres.
- \$0.8 million on work associated with the Community Welfare Act.
- \$0.7 million for completion of the fourth stage of the Yasmar Youth Centre and Children's Courts, mainly using internal "assets sales" funding.

New Works

An amount of \$3.9 million has been provided to construct a further 12 new Long Day Care Centres, being the balance of the three year State/Commonwealth agreement involving the construction of 77 Long Day Care Centres in New South Wales.

The Department plans to apply part of its retained proceeds of sale of assets to the following projects—

- 0.6 million for improvements to the Cobham Residential Care Unit.
- 0.5 million for a new District Centre at Shalvey.

Annual Provisions

An amount of \$2.9 million has been included for minor works at numerous locations and a provision of \$1.5 million has been made for furniture and equipment for various centres. Also, finalisation payments involving an overall \$0.5 million will be made in 1988-89 in respect of various Long Day Care Centres and other projects completed in earlier financial years.

The balance of the allocation for annual provisions includes an amount of \$0.4 million to cover costs of preliminary planning, design, etc. for other new works planned to be introduced into this program in a later year.

HOUSING AND COMMUNITY SERVICES

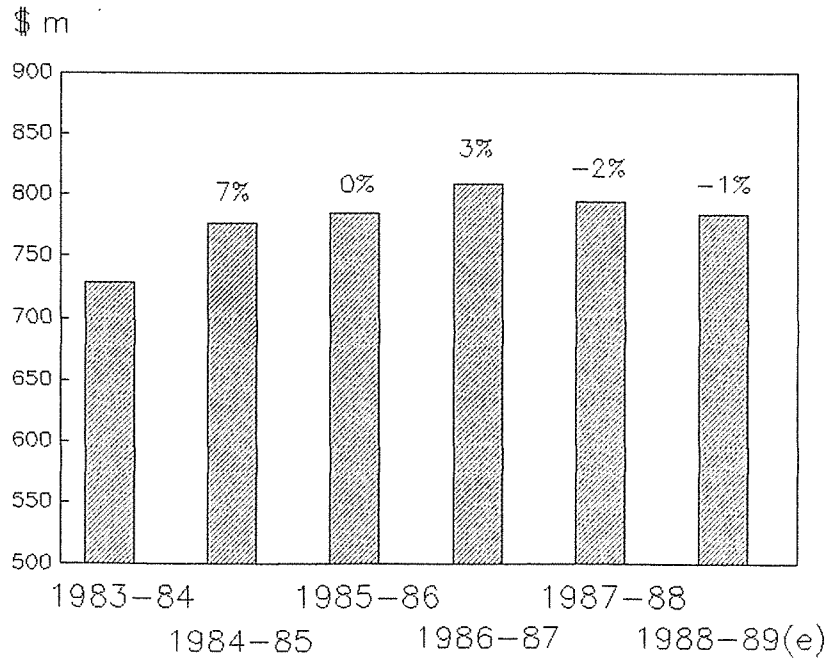
Policy Sector	Total Payments		
	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
Housing	511.5	557.8	(+) 9.1
Homesite Development	45.8	79.0	(+) 72.5
Water and Sewerage	439.4	427.5	(-) 2.7
Protection of the Environment	53.7	40.8	(-) 24.0
Total	1,050.4	1,105.1	(+) 5.2

OVERVIEW

Figure 5.10

HOUSING AND COMMUNITY SERVICES

(Payments expressed in real terms, 1983-84 base;
Percentage change on previous year)



Over the last five years to 1987-88 capital payments in the Housing and Community Services area have increased in real terms by 9.1 per cent. In the Housing Sector, capital payments have increased by over 15.0 per cent during the same period. From 1988-89 the funding of home purchase assistance programs has been fully transferred from the provision of direct loans to off-Budget methods of financing which significantly enhances the effectiveness with which the programs are delivered. After taking into account this changed approach, capital payments have increased in real terms by over 33.0 per cent.

Consideration is being given to alternative approaches in the provision of public rental housing. At present the Government allocates capital funds for the construction of dwellings and provides a rental subsidy, based on the tenants' household income. Options that more closely involve the private sector are being considered in the light of the success of the Rental Property Trust.

The capital works program of the Water Board is highlighted by major expenditure on the submarine outfalls project, improved drainage and dam safety.

The Public Works Department and the Hunter District Water Board will also allocate significant amounts for water, sewerage and drainage programs, including the Hunter Fringe Area Sewerage Scheme.

Funding will be provided to enable completion of the Gosford Regional Sewerage Scheme in 1992, one year ahead of schedule.

In the Environment area, programs include funding to continue the policy of acquisition of properties nominated under environmental plans. Funding has also been provided for a number of environmental restoration and protection works and preservation of heritage properties.

1988-89 CAPITAL BUDGET HIGHLIGHTS

HOUSING (including Homesite Development)

The overall allocation for public housing of \$557.8 million is an increase of almost \$50 million on 1987-88 expenditure. This is in spite of cut backs in Commonwealth funding for housing. Increases in State funding have been achieved by a program of asset realisation which will be directed towards the target commencement of some 3,600 units of accommodation.

Commonwealth payments for housing are made subject to the provisions of successive Commonwealth State Housing Agreements (CSHA), the most recent of which was negotiated in 1984 and includes a requirement for the States and Northern Territory to match on a dollar for dollar basis certain Commonwealth assistance. For 1988-89 Commonwealth capital payments to New South Wales total \$212.1 million and are again in the form of outright grants. The State is required to match the "untied" component of the grants from its own resources which amounts to \$179.0 million in 1988-89.

The State again has the option, after satisfying matching requirements, of nominating up to 100 per cent of the loan component of the General Purpose Capital Program for public housing. Nominated funds are made available by the Commonwealth on concessional loan terms, that is, repayable over 53 years with interest at 4.5 per cent per annum. Due to changed arrangements agreed at the May 1988 Premiers' Conference the maximum which New South Wales can nominate in 1988-89 is \$86.3 million, compared with \$114.4 million in 1987-88. The State will however supplement the amount of nominated funds available by a grant of \$28.1 million in 1988-89 from its own sources, to maintain the level of funding provided in 1987-88.

Rental Housing Program

The Department of Housing has been allocated \$550.0 million for public rental housing needs, including the special needs of pensioners and Aboriginal people. The program includes—

- the completion of over 5,700 new dwellings which were in progress at 30 June 1988 or which will be committed and completed during the year;
- the commencement of 3,600 new dwellings including approximately 2,000 units of accommodation under a Land and House Package Program involving private builders and developers;
- continuation of major urban renewal projects in Waterloo, Glebe, Millers Point and Daceyville;
- commencement of 1,200 units of accommodation for aged people;
- provision of housing in country areas experiencing high growth rates particularly along the North Coast and in the areas surrounding Newcastle and Wollongong;
- an upgrading program of \$61.5 million funded from Capital Works (an additional \$70 million is funded from revenue);
- commencement of 520 units of accommodation for Aboriginal people.

The rental housing program will be subject to review during the year. Additional funds may be made available depending on the results of the asset realisation program to be undertaken.

Teacher Housing Authority and Public Servant Housing Authority

The Teacher Housing Authority's program includes the construction of additional dwellings for teachers in country areas and the upgrading of its existing housing stock. Planned expenditure of \$6.0 million will be funded from borrowings (\$5.0 million) and internal sources (\$1.0 million).

The Public Servant Housing Authority's allocation of \$1.75 million will enable the Authority to continue its program of replacement, upgrading and acquisition of additional housing stock.

HOMESITE DEVELOPMENT

A total amount of \$78.0 million (including \$15.0 million for Crown land homesites in metropolitan areas) has been allocated to the Department of Housing. Lot production will be geared to providing sufficient blocks over a wide range of prices to meet the needs of home builders.

In addition, an amount of \$1.0 million will be available to the Department of Lands for development of Crown land homesites in country areas.

WATER AND SEWERAGE

Water Board

The Water Board's \$324 million capital works program in 1988-89 will be funded from internal reserves (\$276 million) and contributions from developers (\$48 million).

The 1988-89 program includes provision for—

- Construction of submarine sewerage outfalls from the water pollution control plants at Malabar, Bondi and North Head with outlays of \$61.2 million in 1988-89;
- sewerage services to 3,200 lots in existing urban areas including completion of facilities at Kiama, Albion Park, Mt Kuring-gai and Helensburgh;

- relief from flooding in 10 drainage areas in which 150 properties are significantly affected;
- water reticulation to 3,700 urban release lots;
- sewer reticulation to 4,200 urban release lots;
- completion of civil work and modification of the radial gates on the Warragamba Interim Flood Protection Measures;
- completion of remedial measures at Cataract, Cordeaux and Woronora Dams;
- completion of the amplification of the Maianbar Inlet Main;
- completion of Kiama Reservoir;
- completion of the amplification of Mulgoa Water Pumping Station 172 to augment water supply to the Bringelly Road zone;
- completion of the upgrading to secondary treatment at Wollongong Sewage Treatment Plant;
- completion of amplification of Cronulla Sewage Treatment Plant Stage 3 to minimise storm sewage overflows to Woolloomare Bay;
- completion of Bringelly Road Water Treatment Works Stage 2 Advance Construction to meet summer demand for water.

Hunter District Water Board

The Hunter District Water Board's program, totalling \$30.8 million, will be funded by borrowings (\$2.3 million) and from the Board's revenue, reserves and contributions by developers (\$28.5 million).

The allocation makes provision for the continuation of work on the following major projects in 1988-89—

- the construction of the Burwood Beach Waste Water Treatment Works Shaft and Ocean Outfall Tunnel (\$8.4 million in 1988-89).
- ongoing water, sewerage and drainage programs, including the Hunter Fringe Area Sewerage Scheme (\$7.6 million in 1988-89).

The Hunter Fringe Area Sewerage Project will be funded on a 50:50 basis by the Hunter District Water Board and the Public Works Department. The Lake Macquarie, Port Stephens, Cessnock, Maitland and Newcastle Councils will not now be required to contribute towards the cost of the project (estimated total cost \$153.7 million). The contributions made by Councils towards the project in 1986-87 and 1987-88 will be reimbursed.

During 1988-89 schemes will be completed at Fassifern, Kearsley-Neath, Haddon Greta-Cliffleigh, Largs and Minmi.

Broken Hill Water Board

The allocation of \$2.0 million includes provision for commencement of work on the Imperial Lake Water Main (\$550,000 in 1988-89).

Country Towns Water Supply and Sewerage Schemes

The overall program includes two components, one involving dollar for dollar subsidies for Council operated water supply and sewerage schemes and the other the operation of Government water supply undertakings. The overall allocation for the schemes in 1988-89 is \$70.6 million, \$64.1 million for direct Government subsidies and \$6.5 million for Government operated schemes for the South-West Tablelands and Fish River.

A large number of projects are proceeding under the subsidy arrangements available to local councils in country areas to undertake water supply and sewerage schemes.

Expenditure on major works in the program includes—

- Gosford-Wyong Regional Water Supply—\$6.9 million;
- Gosford Regional Sewerage Scheme—\$10.2 million;
- St. Georges Basin Sewerage—\$2.2 million;
- Wyong Sewerage Scheme—\$9.0 million;
- Hunter Sewerage Scheme—\$7.6 million.

Other works are continuing at Armidale, Bathurst, Berrima, Braidwood, Camden Haven, Coffs Harbour/Sawtell, Crookwell, Howlong, Kempsey, Lake Cathie, Lower Clarence, Manning District, Merimbula, Moree, Narooma/Tuross, North Shoalhaven, Nowra/Bomaderry, Port Macquarie, Singleton, Sussex Inlet, Tamworth, Tantawanglo, Taree, Tweed, Urunga, Wentworth, Wingham, and Yass.

Provision has also been made for a number of new works to commence in 1988-89 subject, in a number of cases, to consideration by the councils concerned. The total cost of these works is estimated at \$81 million of which roundly \$4 million could be required in 1988-89. The locations of the major works proposed include Brunswick Heads, Coffs Harbour, Griffith and Rous.

PROTECTION OF THE ENVIRONMENT

Department of Planning

An allocation of roundly \$17 million has been made to the Department in 1988-89. The program includes—

- \$1.0 million for further land acquisitions at the Western Sydney University site;
- \$0.5 million for restoration and landscaping works at Little Manly Point and Kelly's Bush;
- \$0.5 million to complete acquisition of the Coal Geology Centre, Illawarra;
- \$2.5 million for land acquisitions under the Coastal Lands Protection Scheme;
- \$1.5 million for inner city open space land acquisitions;
- other land acquisitions and development in the Sydney Region for planning purposes and open space of \$11.0 million.

State Pollution Control Commission

The allocation of \$856,000 includes \$665,000 for the purchase of scientific and technical equipment required in pollution monitoring and \$191,000 for the new Drive-by Noise Test site at Lidcombe.

Metropolitan Waste Disposal Authority

The allocation of \$13.5 million, to be funded entirely from internal resources, will enable the Authority to develop and expand facilities for waste disposal in the Sydney metropolitan area.

RECREATION AND CULTURE

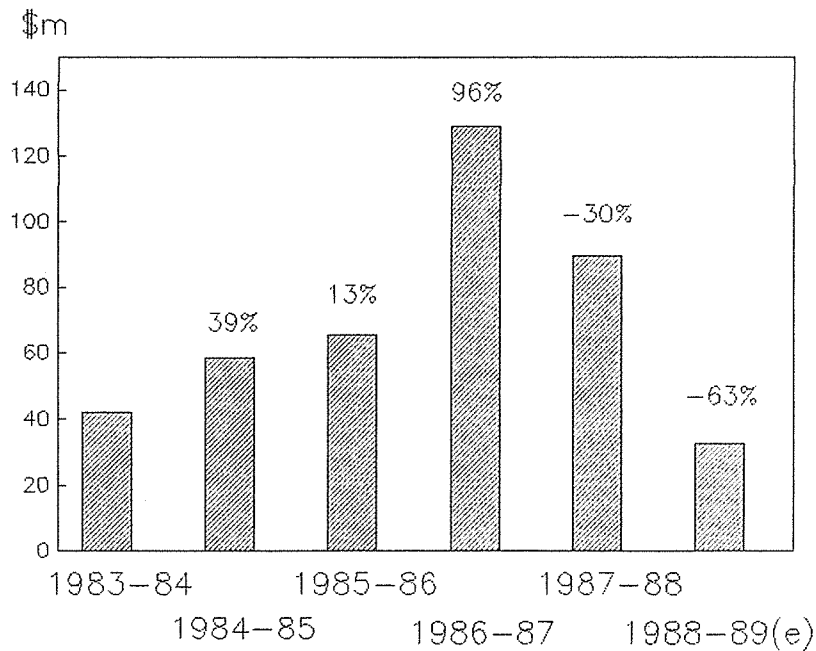
Policy Sector	Total Payments		
	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
Recreation Facilities and Services	57.8	30.4	(-) 47.4
Cultural Facilities and Support of the Arts ..	62.1	15.4	(-) 75.2
Total	119.9	45.8	(-) 61.8

OVERVIEW

Figure 5.11

RECREATION AND CULTURE

(Payments expressed in real terms, 1983-84 base;
Percentage change on previous year)



Over the past five years to 1987-88, capital payments in real terms for Recreation and Culture have increased by 117.4 per cent. With the coming on stream in 1987-88 and 1988-89 of a range of major facilities, capital payments will substantially decline, while recurrent outlays will significantly increase.

The relatively high level of capital expenditure in recent years reflects outlays on the Art Gallery, State Library, Australian Museum, Power House Museum, the Sydney Football Stadium, and the development of the Royal Botanic Gardens, including Mount Tomah and Mount Annan.

For 1988-89 allocations amount to roundly \$45.8 million, as follows—

	\$M
Recreation Facilities and Services—	
Department of Sport, Recreation and Racing	3.0
Tourism Commission of New South Wales	3.0
National Parks and Wildlife Service	12.8
Bicentennial Park	0.5
Royal Botanic Gardens	6.4
Centennial Park	0.7
Zoological Parks Board	3.0
Public Reserves Management Fund	1.0
	<u>30.4</u>
Cultural Facilities and Support of the Arts—	
Ministry for the Arts	5.8
State Library	3.7
Australian Museum	3.1
Museum of Applied Arts and Sciences	2.8
	<u>15.4</u>
Total	<u>45.8</u>

1988-89 CAPITAL BUDGET HIGHLIGHTS

RECREATION FACILITIES AND SERVICES

Department of Sport, Recreation and Racing

The allocation of \$3.0 million includes \$300,000 to provide for the commencement of a proposed international standard rowing course at Penrith Lakes and \$170,000 for the construction of additional facilities at Lake Ainsworth Sport and Recreation Centre.

Other works to be undertaken include the construction of new recreation halls at Newnes and Broken Bay Sport and Recreation Centres and various other improvements to Centres at Lake Keepit, Borambola and Broken Bay as well as to the Academy of Sport at Narrabeen.

Tourism Commission

The allocation of \$3.0 million includes \$2.8 million received from the Commonwealth Government for completion of various projects in the Hunter and Illawarra Regions under the Steel Regions Assistance Program.

National Parks and Wildlife Service

An amount of roundly \$12.8 million has been allocated for development works and land acquisitions in National Parks and State Recreation Areas. This allocation includes provision for the following projects—

- Further development works in Blue Mountains National Parks;
- Roads and facilities upgrading in Myall Lakes National Parks;
- Establishment works in Yengo National Park and Parr State Recreation Area at Wiseman's Ferry;

- Oxley Wild Rivers development;
- Fire suppression and communication equipment;
- Ku-Ring-Gai Chase National Park development and restoration works; and
- Road maintenance and reconstruction in Kosciusko National Park.

The allocation also includes Commonwealth funding for National Rainforest Conservation Program projects (\$1.3 million) and other restoration and development works.

Bicentennial Park

Funds of roundly \$500,000 have been allocated to complete establishment works at the Park and construction of a Visitor Information Centre and children's playground.

Royal Botanic Gardens

An amount of roundly \$6.3 million has been allocated to the maintenance and development of the Royal Botanic Gardens, Mount Tomah Gardens and Mount Annan Gardens.

The allocation includes \$1.9 million for the Royal Botanic Gardens Glass House, \$2.6 million for Mount Annan Gardens Arboretum Stages I and II and \$1.1 million for the development of facilities at Mount Tomah Gardens.

Centennial Park

An amount of \$679,000 has been allocated towards the maintenance and development of Centennial Park.

Zoological Parks Board

A program of roundly \$3.0 million provides for completion of the Athol Bay Marine Sanctuary Centre (\$500,000) and commencement of redevelopment of the Reptile House (\$1.3 million).

Other amounts are included for upgrading of other exhibits, roads, paths, signs and the like.

Public Reserves Management Fund

Expenditure estimated at \$1.0 million will be made from the Fund in respect of showgrounds, caravan parks and other reserves.

CULTURAL FACILITIES AND SUPPORT OF THE ARTS

The overall 1988-89 allocation of \$15.4 million for these works includes final payments for the following projects—

- Art Gallery—New Wing (\$5.4 million)
- State Library—New Wing (\$1.3 million)
- State Library—Revamp existing Air Conditioning (\$1.2 million)
- Australian Museum—New Wing (\$1.6 million)
- Powerhouse Museum—Stage II (\$1.9 million)

ECONOMIC SERVICES

Policy Sector	Total Payments		
	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
Agriculture, Forestry and Fishing	133.3	147.4	10.6
Transport and Communication	1,580.5	1,662.8	5.2
Other Economic Services	516.7	515.4	0.6
Total	2,230.5	2,325.6	4.3

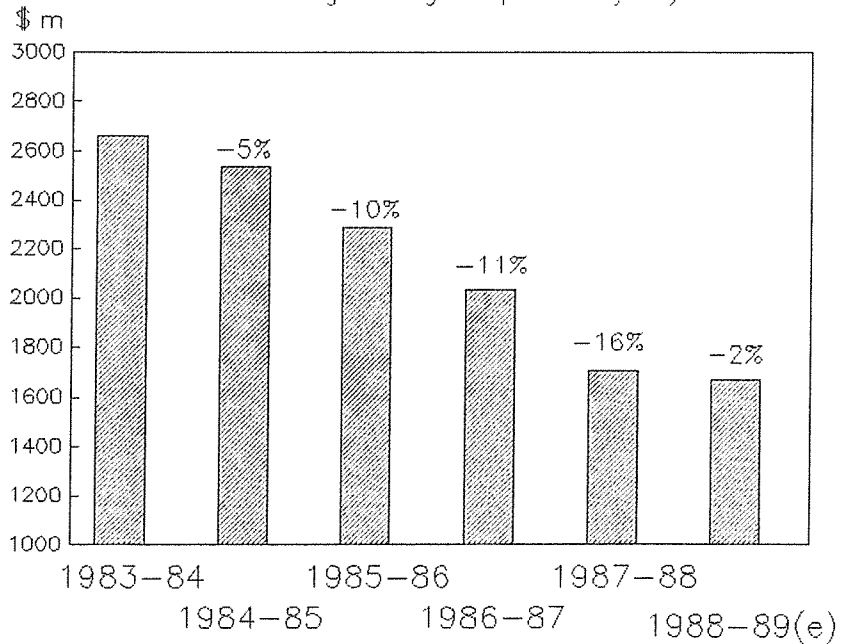
OVERVIEW

Figure 5.12

ECONOMIC SERVICES

(Payments expressed in real terms, 1983-84 base;

Percentage change on previous year)



Over the five years to 1987-88, capital payments in the Economic Services area have declined by 35.5 per cent in real terms. As a proportion of the total Capital Works Program, Economic Services have declined from 66.5 per cent in 1983-84 to 50.8 per cent in 1987-88.

The trend will continue in 1988-89 with capital payments decreasing in real terms by 2.1 per cent. However, within this aggregate position there are a number of diverse trends.

The major development in the Economic Services area in 1988-89 is the growth in the Department of Main Roads allocation which will increase by 11.5 per cent, or almost \$116 million. The Government is committed to linking petrol tax receipts to road construction in order to both eliminate recourse to borrowings in this area and to provide a boost to road funding. In 1988-89 some \$71 million in petrol revenue will be dedicated to road outlays, in addition to the normal diversion of the diesel fuel levy.

Public transport experienced very strong real growth in the late 1970's, and early 1980's and has subsequently been declining moderately in real terms. In 1988-89 capital payments will decline by 9.3 per cent in dollar terms and by 14.9 per cent in real terms. As explained in Section 4.3, public transport revenue funding is now on a global budget basis with the public transport authorities required, within the overall allocation to meet all financing charges. Accordingly this, combined with the requirement to apply asset appraisal guidelines in evaluating new capital works, has resulted in a more disciplined approach to capital work.

In the electricity generation area, work is continuing on the completion of Mount Piper Power Station and on the rehabilitation of older power stations. As identified by the Audit Commission the State has excess generating capacity at the present time and this situation is expected to continue well into the 1990's. The Electricity Commission is conducting an economic appraisal of the alternatives of rehabilitation versus new power stations and the results of this study will assist the Government in the development of a power supply strategy into the next century.

The various allocations under this heading amount to roundly \$2,326 million as follows—

	\$m
Agriculture, Forestry and Fishing—	
Forestry Commission	60.2
Department of Water Resources	33.8
Sydney Market Authority	2.7
Soil Conservation Service	7.7
Treasury—State Bank Agencies	8.5
Department of Agriculture and Fisheries	21.0
Dairy Corporation of N.S.W.	2.4
Fish Marketing Authority	11.1
	<u>147.4</u>
Transport and Communication—	
State Rail Authority	355.3
Grain Handling Authority	66.8
Ministry of Transport—	
Elimination of Railway Level Crossings	2.3
Urban Transit Authority	38.5
Department of Motor Transport	4.6
Department of Main Roads	1,125.0
Maritime Services Board	66.6
Public Works Department—	
Coast and Rivers	3.7
	<u>1,662.8</u>

Other Economic Services—	
Electricity Commission	471.9
Electricity County Councils	31.4
Department of Mineral Resources	2.0
Department of Industrial Relations	3.0
Sydney Cove Redevelopment Authority	7.1
	<hr/>
	515.4
Total	<hr/>
	2,325.6

1988-89 CAPITAL BUDGET HIGHLIGHTS

AGRICULTURE, FORESTRY AND FISHING

Total capital works expenditure for Agriculture, Forestry and Fishing in 1988-89 is estimated at roundly \$147.4 million, up 10.6 per cent on 1987-88.

Forestry Commission

The Commission's \$60.2 million allocation provides for the continuation of the reforestation program, including planting and replanting of forests, development of forest access roads, acquisition of land and the purchase of major items of equipment. The allocation also includes provision for the continuation of construction of the Commission's new Head Office.

Department of Water Resources

The allocation of \$33.8 million includes \$2.7 million for the Murray Valley Salinity and Drainage project and \$3.7 million for flood security works at Burrinjuck Dam.

The allocation also includes \$4.6 million for urban flood plain protection.

Sydney Market Authority

It is estimated that \$2.7 million will be expended by the Sydney Market Authority to complete construction of a new warehouse building as well as commencement of construction of additional carparking facilities, purchase of plant and equipment and several minor new works.

Soil Conservation Service

The allocation of \$7.7 million represents a 24.7 per cent increase on the 1987-88 allocation and includes provision for—

- The care, control and management of approximately 84,000 hectares of foreshore lands surrounding many of the States major water supply dams.
- The protection and rehabilitation of soil and water resources and community assets by reducing the onsite and offsite costs of land degradation.
- A program of Salinity Abatement, incorporating regional investigations and demonstrations, including the Yass Valley Catchment Management Project which aims to mitigate salinity levels in the worst affected dryland area in the state.
- Establishment of Total Catchment Management and Coastal Dune Management groups and activities to foster community action.
- Investigation and demonstration programs to control woody shrubs within the Western Region of the State.

State Bank Agencies

Concessional financial assistance is provided to primary producers through State Bank Agencies under three main schemes—General (encouraging improved farming practices), Special (conservation of soil and water resources) and Relief (assistance following natural disasters).

An allocation of \$8.5 million has been provided in 1988-89 for concessional advances under the schemes—

	\$m
General Scheme—	
Production and permanent improvements	1.7
Special Scheme—	
Soil Conservation	3.5
Farm Water Supplies	2.9
Other Special Schemes	0.4

Funding for Relief Schemes following natural disasters (floods, droughts, bushfires, etc.) is made available as required.

Department of Agriculture and Fisheries

The Department of Agriculture and Fisheries has been allocated \$21.0 million in 1988-89 including the following—

- \$17.2 million towards relocation of the Glenfield Veterinary Research Station to historic Camden Park (estimated total cost \$31.4 million);
- \$977,000 for fire hazard prevention works at the Biological and Chemical Research Institute, Rydalmere.

Dairy Corporation

The Corporation will outlay some \$2.2 million this year on the continuing construction of the new laboratory complex at Chippendale (estimated total cost \$6.8 million). Extension work will also commence at the Corporation's Northern Regional Office, Lismore, with an estimated total cost to be \$0.2 million.

Fish Marketing Authority

The Authority is to spend a total amount of \$16.6 million (\$11.1 million in 1988-89) on the first stage of the redevelopment of the Sydney Fish Markets. Stage I includes new facilities for the sale of fish and clears the way for much improved access for fishermen and the public.

TRANSPORT AND COMMUNICATION

State Rail Authority

The \$355.3 million allocation includes provision for the following.

- Passenger Rollingstock—Suburban/Interurban Services

\$144.5 million provides for the continuation of a ten year program of deliveries of 450 "Tangara" cars and deliveries of other suburban and interurban electric cars. The allocation also provides for the upgrading of engine/transmission units in 620,660 and 900 class diesel rail cars.

- Freight Rollingstock

\$2.9 million is expected to be spent in 1988-89 to improve freight rollingstock, including \$1.8 million for coal wagons.

- Passenger Infrastructure

\$17.8 million is allocated for continuation of works already commenced and also centralise metropolitan train control and trouble centre to improve handling of delays and emergency situations.

- Freight Infrastructure

\$45.8 million allows for the completion of the Port Kembla Grain Terminal, including expenditure on the Hunter Valley Coal Improvements for the more efficient movement of export coal and commencement of construction of stage 2 (8 loops) on the North Coast.

- Workshops, Depots, Buildings and Other Facilities

A total of \$44.6 million to be expended, including \$4.4 million for upgrading workshops, \$12.5 million for upgrading Train Servicing Facilities, \$12.4 million for improvement to Buildings.

- Bridges

Expenditure on bridges is expected to be \$3 million in 1988-89.

- Station Upgrading

A \$3 million program for the continued upgrading of stations.

- Signalling, Communications and Electrical Works

A total of \$54.7 million to be expended to further improve these facilities. Major projects include \$4 million for cable troughing replacement, \$6.1 million for radio systems, \$8.5 million for telephone exchanges, \$7.2 million for conversion of overhead wiring to constant tension to improve reliability of supply, \$4 million for improving train operations and to replace antiquated signalling works.

- Track Upgrading

Expenditure of \$39 million is planned for 1988-89 and includes an ongoing upgrading program to improve track structure and reduce train delays due to track failures.

Grain Handling Authority

The Authority's allocation of \$66.8 million provides for completion of work on the new Grain Terminal at Port Kembla and completion of the redevelopment work on the Newcastle Grain Terminal.

Some \$62.8 million will be outlaid on the Port Kembla project (including \$12.9 million for capitalisation of interest) during the current financial year. It is anticipated that wheat exports from the new terminal will commence early in 1989.

Ministry of Transport

- Level Crossings

The amount of \$2.3 million provided from the Consolidated Fund will be available to subsidise council contributions towards the cost of upgrading or eliminating railway level crossings.

Urban Transit Authority

The \$38.5 million allocation includes provision for the following—

- Bus Services

The last of the 200 buses to be acquired with funding provided under the Australian Bicentennial Road Development Program will be delivered. In addition buses are being delivered under contract for the supply of 250 new buses.

Other measures to improve bus services include the installation of two-way radios on buses in Newcastle.

Construction works will include the erection of bus/rail interchange facilities and the continuation of workshop reconstruction at Chullora.

Work will be carried out on the which provides for the staged implementation of the Authority's Information Systems Strategic Plan to computerise information systems.

- Ferry Services

Provision has been made for costs of the fourth Manly ferry Funding for the ferry has been made available under the Australian Bicentennial Road Development Program.

Work on the upgrading of Circular Quay wharves will be completed incorporating the automatic fare collection system. Construction work will commence on the development of the Balmain Maintenance Complex.

A program for supplementing the fleet and the replacement of older vessels with high speed vessels will be commenced.

Department of Motor Transport

The allocation of \$4.6 million provides for the following—

Works-in-Progress (\$3.1 million)

Completion of motor registries at Blacktown and Gosford, completion of redevelopment of existing site at Penrith and extensions to motor registry at Tamworth and Carrington.

New Works (\$1.5 million)

Extensions to motor registries in various locations, acquisition of shop-front registries in various locations, staff accommodation in various country locations, provision of pre-permit rider training facilities at Wetherill Park and Unanderra and further redevelopment and renovation of Head Office at Rosebery.

Department of Main Roads

This program, which covers all expenses relating to activities of the Department as well as Commonwealth grants for national highways, arterial and local roads and Bicentennial Road Development Projects, is provisionally distributed as follows.

	\$m
State Arterial Roads Program	766.7
National Roads Program	209.7
Traffic Facilities Program	67.4
Local Roads	81.1
	<hr/>
	1,125.0
	<hr/>

The Statewide program of road works being undertaken this year includes—.

SYDNEY MAJOR ROUTES

Description of Project

	Estimated Expenditure 1988-89 \$m
Sydney Newcastle Freeway— Construction of Hornsby Bypass from Pennant Hills Road, Wahroonga to Berowra	31.2
Glebe Island Arterial Route— Construction from Darling Harbour Goods Yard to Victoria Road, White Bay	11.0
City West Link Road— Construction of City West Link Road from Victoria Road, White Bay to Strathfield	10.0
South Western Freeway— Construction between Salt Pan Creek, Padstow and Moorebank Avenue, Moorebank	1.5
Southern Arterial Route— Construction of Southern Arterial Route between Harris Street, Pyrmont and Botany Road, Waterloo	5.5
Eastern Arterial Route— Connection from Southern Cross Drive at Wentworth Avenue, East Lakes to General Holmes Drive at Millpond Drive, Mascot	1.8
State Route No 33— Construction of dual carriageways to provide sixlanes between Princes Highway, Blakehurst and Penshurst Avenue, Penshurst	1.1
State Route No 33— Reconstruction and widening to six lane divided carriageway between Penshurst Avenue, Penshurst and Stoney Creek Road, Beverly Hills	2.1
State Route No 33— Upgrading to provide six lane divided carriageways, including bridgeworks, between Punchbowl Road, Greenacre and Hume Highway, Chullora	1.6
State Route No 33— Construction of Deviation—six lane dual carriageways between Hume Highway, Homebush West and Parramatta Road, Strathfield ...	1.1
State Route No 33— Construction of four lane dual carriageways between Marlborough Road, Flemington and Concord Road, Rhodes—Homebush Bay Deviation	15.5
State Route No 33— Widening to six lane divided carriageway between Alfred Street, Concord West and Cavell Avenue, Rhodes	1.3
State Route No 33— Construction of three lane bridge and approaches—Parramatta River (to duplicate Ryde Bridge)	3.5
State Route No 33— Provision of right turn lanes at intersection with Church and Devlin Streets, Ryde	1.4
Menai—Dundas— Reconstruction, widening and realignment between The Boulevard West and Alfords Point Bridge	3.7

Description of Project

	Estimated Expenditure 1988-89 \$m
Menai—Dundas—	
Widening to six lane divided carriageway from Boorea Street to Hilliers Road, Lidcombe	1.6
Gore Hill Freeway—	
Construction of four lane carriageways and associated bridgeworks from F1 Freeway to Pacific Highway, Lane Cove	11.0
Western Freeway—	
Construction of four lane divided carriageway and associated bridgeworks between Frances Street, Mays Hill and Quarry Road, Prospect	7.0
Western Freeway—	
Construction of four lane divided carriageway and bridgeworks—Russell Street, Emu Plains to Lapstone including interchange at Russell Street	1.7
Parramatta Bypass—	
Construction of Parramatta Bypass between Old Windsor Road, Wentworthville and Old Prospect Road, South Wentworthville ..	1.1
Cumberland Highway—	
Upgrading to four lanes from Old Prospect Road, South Wentworthville to (Kenyons Bridge), Smithfield	2.4
Cumberland Highway—	
Upgrading to 4/6 lanes from Prospect Creek (Kenyons Bridge), Smithfield to Cabramatta Creek, Cabramatta West	10.3
Cumberland Highway—	
Upgrading to 4/6 lanes from Cabramatta Creek, Cabramatta to Hume Highway, Liverpool	1.0
Parker Street—	
Widening from Great Western Highway, Kingswood to Andrews Road, Cambridge Park	1.8
Richmond Road—	
Widening to four lanes between Lyton Street, Blacktown and Rooty Hill Road North, Plumpton and construction of bridge over Eastern Creek	1.2
Princes Highway—	
Construction of new bridge and approaches—Georges River, Tom Uglys Point	1.3
Pacific Highway—	
Construction of grade separated interchange, including Railway Bridge at Pymble	3.9
Pennant Hills Road—	
Widening to six lane divided carriageway between Beecroft Road and Pearces Corner, Wahroonga	9.2
West Botany Street—	
Improvement to intersection of Wickham and Marsh Streets with West Botany Street, Arncliffe (approach to Sydney Airport)	1.3
Narrellan Road/Camden Valley Way—	
Widening to four lanes between Blaxland and Appin Roads, Campbelltown	1.2
Punchbowl Road—	
Widen to six lane dual carriageways, (Punchbowl Road) from King Georges Road, Lakemba to Coronation Parade, Enfield	1.9

Description of Project

	Estimated Expenditure 1988-89 \$m
Forest Way—	
Reconstruction and widening to six lanes from Adams Street, Frenchs Forest to Mona Vale Road, Terry Hills	1.4
Hills District—	
Traffic Management Works	3.7

CENTRAL COAST AND NEWCASTLE AREAS

Sydney—Newcastle Freeway—	
Construction of dual carriageways from Dora Creek to Bifurcation at MR220 from 114.2 km to 127.4 North of Sydney	1.0
Sydney—Newcastle Freeway—	
Rehabilitation and upgrading between Somersby and Wallarah Creek	3.1
Sydney—Newcastle Freeway—	
Construction of dual carriageways, including structures, from 127.50km to 146.60km North of Sydney	12.6
New England Highway—	
Construction of Maitland Inner City Bypass, including rehabilitation of existing highway	2.5
Pacific Highway—	
Construction of northbound carriageway, including bridgeworks, from MR225 to MR349 (near Gosford)	4.0
Pacific Highway—	
Construction of dual carriageways—Parbury Road to Swansea Channel including duplication of bridge—Swansea Channel and approaches	5.6
Charlestown-Sandgate Highway—	
Construction of North-South Newcastle Bypass from Rankin Park to Pacific Highway (SH 10)	4.2
Minmi Road—	
Upgrading of Leneghans Drive and Wheatleys Drive (Temporary National Highway Route) 145.3km to 154.5 km North of Sydney	1.6
McGraths Hill—Singleton Road—	
Reconstruction and sealing between 39.7km and 49.3km North of St Albans	1.5
Newcastle Road—	
Reconstruction and widening from Blue Gum Road to Lake Road, Wallsend	1.3
Toronto—Mulbring Road—	
Upgrading, including rehabilitation and bridgeworks, between Toronto and Cessnock City Boundary	2.1
Toronto—Mulbring Road—	
Construction of bridge and approaches—Black Creek, between 13.3km and 14.3km North of Cessnock	1.7
West Gosford—Patonga Road—	
Construction of new bridge over railway, Point Clare	3.5

WOLLONGONG AREA

Princes Highway—	
Reconstruction to four lanes from Macquarie Rivulet to railway station, Oak Flats	1.2

Description of Project	Estimated Expenditure 1988-89 \$m
Northern Distributor—	
Construction of Northern Distributor, Wollongong	2.2
Picton Road—	
Provision of grade separated junction at MR513 including duplication of existing road to "The Cuttings", 9.2 to 15.8km West of Wollongong	2.2
Appin Road—	
Reconstruction on new alignment from 4.5km to 7.4km East of Appin	2.4
BLUE MOUNTAINS AREA	
Great Western Highway—	
Reconstruction, widening and sealing between Springwood and Linden from 75.6 km to 83.3km West of Sydney	4.6
Great Western Highway—	
Upgrading, including bridgeworks, between The Avenue, Valley Heights and Honour Avenue, Lawson	1.0
Great Western Highway—	
Widening to four lanes and associated rail and bridgeworks between Honour Avenue, Lawson and Bowling Green Avenue, Katoomba	4.5
Bells Line of Road	
Upgrading between 45.9km and 69.5km West of Windsor (near Mt Tomah)	1.2
COUNTRY AREAS	
Princes Highway—	
Rehabilitation and widening including provision of overtaking lanes and improvement to junctions, 13.1km and 108.0km South of Nowra	7.4
Princes Highway—	
Rehabilitation and widening including associated bridgeworks at Stephens, Cockwhy, Haggod and Higgins Creeks between 88.0km and 109.5km South of Nowra	1.2
Princes Highway—	
Rehabilitation, widening and strengthening between 101.2km and 107.06km South of Nowra	1.2
Princes Highway—	
Upgrading, including construction of Tilba Tilba deviation and bridgeworks, between 82.0km and 87.86km South of Batemans Bay	2.9
Princes Highway—	
Construction of deviation, including new bridge over Frogs Hollow Creek, between 10.0km and 15.2km South of Bega	1.4
South Western Freeway—	
Construction of Mittagong Bypass between 114.0km and 123.0km South of Sydney	10.5
South Western Freeway—	
Construction of Berrima Bypass to dual carriageway standard, including bridges, 123.0km to 139.3km South of Sydney	11.4
Hume Highway—	
Rehabilitation of selected sections between 114.0km and 148.0km South of Sydney	3.2

Description of Project	Estimated Expenditure 1988-89 \$m
Hume Highway— Rehabilitation of selected sections between 137.5km and 151.4km South of Sydney	1.1
Hume Highway— Pavement rehabilitation Hume Highway 154.70km to 189.40km from Sydney towards Albury	5.5
Hume Highway— Pavement rehabilitation Hume Highway 29.20km to 30.50km from Yass towards Gundagai	1.1
Hume Highway— Construction of dual carriageways from Bookham Bypass to Reedy Creek, 34.0km to 47.6 South of Yass	1.2
Hume Highway— Construction of dual carriageways, including bridgeworks between 2.33km and 11.32km South of Gundagai	6.2
Hume Highway— Rehabilitation of pavement—27.9km to 177.7 South of Gundagai ...	2.2
Hume Highway— Upgrading to dual carriageways including associated bridgeworks and rehabilitation from 76.0km to 41.8km South of Gundagai	1.2
Hume Highway— Upgrading and rehabilitation between The Olympic Way, North of Albury and Victorian Border	2.2
Great Western Highway— Upgrading and rehabilitation from 9.6km to 24.5km West of Lithgow, including replacement of bridge over railway, Lidsdale	5.5
Great Western Highway— Upgrading and realignment from 24.5km to 34.5 km West of Lithgow including construction of bridge and approaches—Lawsons Creek	1.0
Great Western Highway— Construction of bridge and approaches—Macquarie River, Bathurst (Denison Bridge)	3.5
New England Highway— Construction of dual carriageways, upgrading and rehabilitation 63.0km to 84.7km North of Maitland	1.3
New England Highway— Construction of new bridges and approaches—railway and Seven Mile Creek between 11.0km and 13.0 North of Tamworth	2.2
New England Highway— Construction of Stage I of traffic relief route between 107.0km and 115.0km North of Tamworth (near Armidale)	1.3
New England Highway— Improvement between 46.2km and 49.1km north of Glen Innes, including widening bridge over Peberdys Creek	1.1
Pacific Highway— Rehabilitation, including provision of overtaking lanes, between 53.0km and 169.0km North of Newcastle	1.0
Pacific Highway— Construction of Herons Creek deviation from Bonny Hill Road to Oxley Highway, including bridgeworks, between 66.3km and 74.3km North of Taree	7.0

Description of Project

	Estimated Expenditure 1988-89 \$m
Pacific Highway—	
Construction of replacement bridges and approaches—Scrubby and Stumpy Creeks between 111.6km and km North of Taree (near Kempsey)	1.7
Pacific Highway—	
Rehabilitation of selected sections and improvement between 76.3km and 194.3km North of Kempsey	1.5
Pacific Highway—	
Reconstruction including deviation North of Swan Creek between 0.96km and 11.2km North of Grafton including overtaking lane at Swan Creek	2.7
Pacific Highway—	
Rehabilitation and widening between 2.8km and 7.6km North of Grafton	1.3
Pacific Highway—	
Rehabilitation and strengthening of selected sections between 67.9km and 131.8km North of Grafton	3.3
Federal Highway—	
Upgrading, including bridges over Yass River and grade separated interchange between 62.76km and 74.3km South of Goulburn ..	2.1
Federal Highway—	
Upgrading to dual carriageways, including bridgeworks at Brook's Creek, 43.0km to 63.0km (Bungendore Road) South of Goulburn	4.0
Barrier Highway—	
Rehabilitation and widening between 12.00km and 38.60km West of Broken Hill	1.3
Oxley Highway—	
Construction of bridges and approaches—railway line and Warral Road, West Tamworth	1.6
Oxley Highway—	
Reconstruction, realignment and bridgeworks between 2.3km and 13.1km West of Coonabarabran	1.3
Oxley Highway—	
Widening and strengthening between 35.0km and 81.0km West of Gilgandra	1.3
Gwydir Highway—	
Rehabilitation and upgrading between 71.4km and 124.0km West of Moree (near Collarenebri)	1.0
Cobb Highway—	
Construct new bridges, approaches and intersection improvement—Murray River (Echuca Bridge) and overflow Channel, Moama ...	2.0
East—West Route—	
Reconstruction and sealing between 57.3km and 91.3km East of Bourke	1.0
Moree-Boonangar Road—	
Rehabilitation of Narrow Bitumen surfaced road between 18.2km and 52.20km North of Moree	1.2
Mt Kosciusko Road—	
Construction of overtaking lane at Ski Tube Development between 0.0km and 17.0km West of Jindabyne—Mt Kosciusko Road ...	1.4

Maritime Services Board

The Maritime Services board will finance its capital works program entirely from its internal funds. The program is directed at continued improvement in the efficiency of the operation of ports and the provision of services for recreational boating.

Of the \$66.6 million which has been allocated to the Board for Capital Works during 1988-89, \$53.2 million will be expended on works in progress whilst the balance of \$13.4 million will be allocated to new works and annual provisions.

Features of the program include—

- \$2.1 million for the redevelopment of wharves 6/7, Darling Harbour.
- \$5 million for ongoing work to upgrade facilities and services for recreational boating.
- \$7 million for the purchase of a replacement dredge and associated facilities for the maintenance of channels and berthing basins in the Port of Newcastle.
- \$7.6 million for the fitout of the Maritime Plaza Complex.

An allocation of \$3.7 million has been provided to the Public Works Department under the coast and rivers program for Fishing and Government Facilities.

Some specific works include—

- | | |
|---|-----------------|
| ● Forster/Tuncurry (Port Facilities) | — \$0.4 million |
| ● Tweed Entrance Study | — \$0.6 million |
| ● Blackwattle Bay (Port Development) | — \$0.6 million |
| ● Wollongong (Regional Port Facilities) | — \$0.5 million |

OTHER ECONOMIC SERVICES

Electricity Commission

The Electricity Commission and its associated colliery company subsidiaries will undertake a capital works program of \$471.9 million in 1988-89. This compares with actual expenditure of \$477.7 million for 1987-88.

To fund its 1988-89 program, the Commission will have access to borrowings and other financial accommodation totalling \$66.5 million. The balance will come from the Commission's internal revenue (\$345.4 million), sale of assets (\$23 million) and from its subsidiary collieries (\$37 million).

The Commission has stringently reviewed its program and is only proceeding with works which are considered essential to ensure an adequate supply of electricity to the State.

The Government has requested the Commission to conduct an economic appraisal of its rehabilitation program. This will assist in determining whether it is more cost effective to rehabilitate existing power stations or build a new one.

For 1988-89, expenditure will be incurred on the following major projects—

- Mount Piper Power Station

Expenditure in 1988-89 on this two 660 megawatt units station near Portland will be \$147 million. The first unit is due for completion in mid-1993 and the second unit one year later subject to load growth and system requirement. The estimated total cost of the project is \$1,981 million.

- Power Station Rehabilitation

Subject to satisfactory completion of the economic appraisal study, expenditure of \$149 million will be incurred on rehabilitation of existing power stations to improve their performance and extend their serviceable life. Major rehabilitation work will be undertaken in 1988-89 at Vales Point Power Station (\$25.8 million), Munmorah Power Station (\$52.4 million) and Liddell Power Station (\$38.7 million). Improved performance of existing stations would allow some deferment of the completion of Mt Piper Power Station.

- Power Supply

The program provides for expenditure amounting to \$63 million to ensure that the State has a reliable overall electricity supply system. Major works include—

	\$ million
Kemps Creek 500/330 kV Substation	5.0
Dubbo to Nyngan 132 kV Line	3.7
Darlington Point to Deniliquin 132kV Line	2.6
Bunnerong 132/33kV Substation	3.8
Communication System	5.0
Waratah 132 kV Substation	3.0

Electricity County Councils

The borrowing allocation for these authorities amounts to \$31.4 million compared with expenditure of \$33.4 million in 1987-88. The decrease reflects the reduction in the global borrowing allocation to New South Wales.

Department of Mineral Resources

The allocation of \$2.0 million provides for further works on the redevelopment of the Mining Museum (\$1.4 million), upgrading of gas and dust analysis equipment (\$0.2 million), and for the purchase of major plant and equipment (\$0.3 million) and a cottage for the Mining Registrar at Lightning Ridge (\$80,000)

Department of Industrial Relations

An allocation of \$3.0 million will allow for the completion of work on the fire gallery at the Londonderry Industrial Safety Centre, upgrading of the 260kw dynamometer, and fencing of the outer perimeter of the Centre. Some preliminary work is to commence on the Integrated Occupational Health and Safety Centre (Stage 1).

Sydney Cove Redevelopment Authority

The allocation of \$7.2 million includes provision of \$1.2 million for restoration and renovation of various properties, \$1.2 million for upgrading of roads and footpaths and \$4.8 million for acquisition of the Ordinance Store from the Commonwealth Government.

GENERAL ADMINISTRATION AND OTHER

Policy Sector	Total Payments		
	Actual 1987-88 \$m	Estimate 1988-89 \$m	Variation %
Local Government—			
General Borrowing Allocation	209.7	197.5	(-) 5.8
Other—			
Public Buildings Generally	53.1	8.4	(-) 84.2
Darling Harbour Authority	250.2	82.9	(-) 66.9
Building Additions and Improvements (Lands Department)	2.6	1.5	(-) 42.3
Lord Howe Island	0.2	0.6	(+)200.0
Government Supply Office	...	0.6	...
Total	515.8	291.5	(-) 43.5

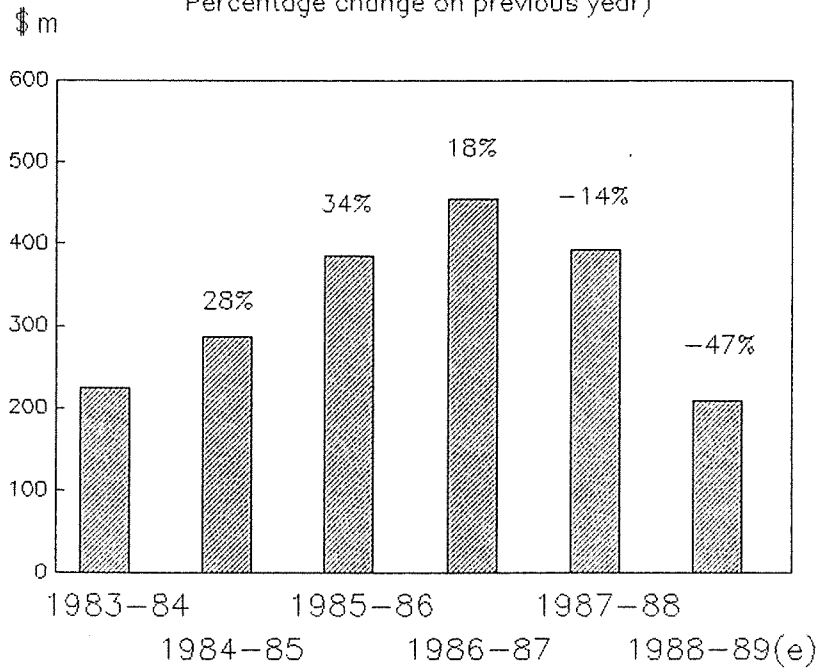
OVERVIEW

Figure 5.13

GENERAL ADMINISTRATION

(Payments expressed in real terms, 1983-84 base;

Percentage change on previous year)



Over the five years to 1987-88, capital payments in the General Administration and Other area increased by 148 per cent in real terms. This in large part reflected the construction costs of the public sector components of the Darling Harbour project and various Bicentennial projects such as the Macquarie Street upgrade and work on Circular Quay. In 1988-89, with the near completion of these projects, capital payments in total in this area are projected to decline by 43.5 per cent on 1987-88.

It should be noted that only the borrowing component of the Local Government Capital Works program is reflected in the program. As a separate tier of Government the practice has been to only show that portion of capital funds that is met by Loan Council approved global borrowings.

1988-89 CAPITAL BUDGET HIGHLIGHTS

LOCAL GOVERNMENT

The overall borrowing allocation of \$197.5 million to councils compares with an allocation of \$209.7 million in 1987-88. The decline reflects the reduction in the global borrowing allocation provided to New South Wales.

OTHER

Public Buildings Generally

Provision of \$8.4 million has been made for expenditure on public buildings in 1988-89, including the following major works—

	ETC	1988-89
	\$m	\$m
Government Office Block—Wollongong	21.5	0.9
Macquarie Street Enhancements (including upgrading of old Parliament House)	16.6	0.7
Circular Quay East—redevelopment	47.4	2.3
Circular Quay Central—redevelopment	23.5	0.5
Circular Quay West—redevelopment	35.9	0.4
Chief Secretary's Building—restoration and major repairs	2.3	0.9
Woolloomooloo Day Care Centre	1.7	0.5

The enhancement of Macquarie Street and the redevelopment of Circular Quay are Bicentennial projects.

Darling Harbour Authority

The Darling Harbour Authority will incur expenditure amounting to \$82.9 million in 1988-89.

Funding for the program will come from internal sources as a result of land sales.

The allocation provides for expenditure on the following projects—

	ETC	1988-89
	\$m	\$m
Exhibition Centre	123.0	11.9
Convention Centre	154.0	34.0
Parks and Gardens	35.0	1.0
Other DHA	111.5	10.4
Indirect Project Costs	89.3	2.6
Land Acquisition	63.4	6.4
National Maritime Museum	42.5	12.5

Lands Department

The allocation of \$1.5 million mainly provides for fire safety related works in the Department of Lands building at Bridge Street, Sydney.

Lord Howe Island

Lord Howe Island is now administered by the National Parks and Wildlife Service following the change in Government. The allocation of \$0.6 million includes provision for roadworks, renovations to buildings and extension to the Airport terminal and carpark area.

Government Supply Office

An amount of \$0.6 million has been allocated to provide for modifications to the main warehouse structure at Alexandria to enable the upgrading of distribution functions by the provision of a canopy and loading docks.

SECTION 6: 1987-88 BUDGET RESULT

- 6.1 Introduction**
- 6.2 Recurrent Payments—Variations from Budget**
- 6.3 Receipts—Variations from Budget**
- 6.4 1987-88 Capital Budget Result**



6.1 INTRODUCTION

On the traditional method of presentation, the 1987-88 Budget projected a balanced cash result. Expressed on the new presentation basis, the 1987-88 budget was based on a deficit of \$444 million, being financed by borrowings.

The substantial over-run on receipts which occurred during the course of the year (see Section 6.3) of \$656 million was used to meet additional expenditures on both recurrent (\$276 million, including \$55.8 million transferred to the Revenue Equalisation Account) and capital (\$136 million) items. The resultant cash balance (\$244.7 million) eliminated the accumulated overdraft on the Consolidated Fund.

On the new budget format, the 1987-88 Budget produced a recurrent surplus of \$510 million compared to a budgeted surplus of \$138 million, while on the Capital Budget, the actual deficiency was \$710 million, compared to a budgeted deficiency of \$582 million. Overall, the budget result was a deficit of \$200 million, compared to the projected budget result of a deficit of \$444 million.

Table 6.1: 1987-88 Budget Result*

	1986-87 Con. Fund Actual	1987-88 Con. Fund Budget	1987-88 Con. Fund Actual	% Variation— 1987-88 Actual over 1987-88 Budget %
	\$m	\$m	\$m	
RECURRENT				
Revenue				
State Taxation	4,481	4,863	5,424	11.5
Other State Revenue	1,318	1,664	1,751	5.2
Commonwealth Grants	4,857	5,204	5,204	—
Total Revenue	<u>10,656</u>	<u>11,731</u>	<u>12,379</u>	<u>5.5</u>
Payments				
Departments	8,872	9,616	9,977	3.8
Payments to Authorities	960	983	999	1.6
Debt Charges	750	994	893	(-) 10.2
Total Payments	<u>10,582</u>	<u>11,593</u>	<u>11,869</u>	<u>2.4</u>
Recurrent Result	<u>74</u>	<u>138</u>	<u>510</u>	
CAPITAL				
Revenue				
State Capital Revenue	29	33	36	9.1
Commonwealth Grants and Advances	930	841	846	0.6
Total Capital Revenue	<u>959</u>	<u>874</u>	<u>882</u>	<u>0.9</u>
Payments				
Capital Works Payments	<u>1,529</u>	<u>1,456</u>	<u>1,592</u>	<u>9.3</u>
CAPITAL RESULT	(570)	(582)	(710)	
TOTAL BUDGET RESULT				
Revenue	11,615	12,605	13,261	
Less Expenditure	12,111	13,049	13,461	
Equals Budget Result	(496)	(444)	(200)	
FINANCING				
Budget Result	(496)	(444)	(200)	
Plus Borrowings	550	502	502	—
Less Loan Repayments	53	58	57	(-) 1.7
Equals Cash Result	<u>1</u>	<u>—</u>	<u>245</u>	

* 1986-87 and 1987-88 budget payments and revenue are not on a consistent basis and hence comparisons between the two years are not valid.

6.2 RECURRENT PAYMENTS—VARIATIONS FROM BUDGET

Recurrent Consolidated Fund payments were over budget by \$275.9 million (which includes \$24.5 million under Section 26 of the Public Finance and Audit Act).

Post budget policy initiatives accounted for some \$181 million of the variation.

The balance of the variations are due to cost variations and changes in Commonwealth payments.

Major post Budget initiatives are listed in Table 6.2. The major initiatives were—

	\$M
● Grants to assist in road restoration due to floods	25
● additional maintenance payments for schools and TAFE to address arrears	57
● arrears in maintenance for public and Police buildings	15
● Police superannuation charges	60
● Joint State and Commonwealth coal assistance package	20
● Police superannuation—Early Retirement Option	48
In respect to cost variations, the major items were—	
● overall variation in Education	27
● overall variations to Health area	70
● Darling Harbour recurrent cost variation	12
● reduced payment to transport authorities	(62)
● natural disaster cost variation	25

Table 6.2: Summary of Additional Consolidated Fund recurrent expenditure associated with post 1987-88 Budget Major Policy initiatives

Item	1987-88 \$m	1988-89 \$m
Premier		
Royal Commission into Aboriginal Deaths in Custody ..	0.2	1.0
Treasurer		
Police Superannuation-early retirement option	48.0	108.0
New South Wales Commission of Audit	0.4	0.8
Agriculture and Rural Affairs		
Sugar Industry Assistance Package	2.7	1.2
Recall and destruction of Organochlorine chemicals	1.0	—
Attorney General		
Additional Judges, Magistrates and Court Support Staff	1.6	8.2
Criminal Injuries Compensation Tribunal	0.2	12.1
Create Office of Director of Public Prosecutions	0.8	4.3
Business and Consumer Affairs		
Feasibility Study for Multi Function Polis	0.1	0.3
Economic Development Strategy	0.9	2.8
Carrington Slipways infrastructure improvements - contribution	4.1	—

Table 6.2: Summary of Additional Consolidated Fund recurrent expenditure associated with post 1987-88 Budget Major Policy initiatives

Item	1987-88 \$m	1988-89 \$m
Education and Youth Affairs		
Staying on Program	0.8	2.3
Occupational Health and Safety	0.5	0.5
School and TAFE Maintenance	57.0	—
Environment		
Establishment of Yengo National Park Wiseman's Ferry	—	1.4
Family and Community Services		
Operational subsidy for 24 additional Long Day Care Centres by 31st December 1988	—	0.5
Health		
Increase in remuneration - Country Doctors	NA	6.5
Increase in Ambulance staff levels	NA	6.1
Transcover - Brain Injury Program	NA	0.6*
Mineral Resources		
Cobar Mine rescue package	0.3	—
Police		
Control of Firearms	1.7	—
Neighbourhood Watch and Safety House advertising campaign	1.3	—
Police Superannuation Scheme— increased benefits ..	12.0	14.0
Police training and education	—	1.0
Interception of telecommunications	1.3	—
Policing of Bicentennial events	1.9	—
Arrears of maintenance	6.8	—
Public Works		
Public buildings generally	8.3	—
Transport		
Joint State/Commonwealth Coal Industry Package .. .	20.0	20.0
Wheat haulage - road repairs	0.5	0.5
Home and Community Care program— UTA subsidies	2.4	0.3
Travel concessions to retirees	6.0	13.2
TOTALS	<u>180.8</u>	<u>205.6</u>

* This amount represents the contribution towards the scheme from Consolidated Fund. The remaining \$2.1 million (70 per cent) is to be met by the Government Insurance Office.

Table 6.3: Summary of Variations from 1987-88 Budget Consolidated Fund Recurrent Expenditure

Minister for— Organisation	Variation on Budget						Comment
	Budget \$m	Actual \$m	Major Policy Initiatives \$m	Other (including minor policy initiatives and cost variations) \$m	Total Variations \$m		
Legislature	35.2	34.2	—	(-)1.0	(-)1.0		Underexpenditure in salaries.
Premier, Treasurer and Ethnic Affairs							
Cabinet Office	2.2	2.2	—	—	—		
Premier's Office	48.5	51.2	0.3	2.4	2.7		
Auditor-General's Office	7.5	7.9	—	0.4	0.4		
State Electoral Office	16.3	12.2	—	(-)4.1	(-)4.1		General election expenses by candidates not submitted before end of financial year.
Ombudsman's Office	3.1	2.9	—	(-)0.2	(-)0.2		
Treasury	1,490.7	1,636.1	48.4	97.0	145.4		\$48.4m in policy initiatives relates to Police early retirement option (\$48m) and the Audit Commission (\$0.4m). The \$97m of other went towards computers (\$76m), and the restoration of flood damaged roads (\$25m).
Advance to Treasurer	134.0	—	—	(-)134.0	(-)134.0		Actual expenditures are made by various organisational units and are included in figures for individual Ministers.
Public Service Board							
Ethnic Affairs Commission	13.1	13.1	—	—	—		
	5.4	5.6	—	0.2	0.2		
	1,720.8	1,731.2	48.7	(-)38.3	10.4		
Administrative Services							
Department of Administrative Services	73.3	77.5	—	4.2	4.2		
Government Printer	8.4	8.9	—	0.5	0.5		
Government Supply Office	223.2	228.2	—	5.0	5.0		\$5m includes increased employer's liability for superannuation funds, and for additional award payments.
	304.9	314.6	—	9.7	9.7		

Table 6.3: Summary of Variations from 1987-88 Budget Consolidated Fund Recurrent Expenditure

Minister for— Organisation	Variation on Budget					
	Budget \$m	Actual \$m	Major Policy Initiatives \$m	Other (including minor policy initiatives and cost variations) \$m	Total Variations \$m	Comment
Agriculture and Rural Affairs Department of Agriculture and Fisheries	125.3	127.2	3.7	(-)1.8	1.9	\$3.7m went towards: Sugar Industry Assistance Package (\$2.7m), and recall and destruction of Organochlorine Chemicals (\$1.0m.)
Rural Assistance Board	15.0	11.6	—	(-)3.4	(-)3.4	Overestimation of level of Commonwealth funding made available.
Meat Industry Authority	0.3	0.3	—	—	—	
Soil Conservation Service	19.0	19.1	—	0.1	0.1	
	<u>159.6</u>	<u>158.2</u>	<u>3.7</u>	<u>(-)5.1</u>	<u>(-)1.4</u>	
Attorney General Attorney General's Department	154.7	157.9	2.6	0.6	3.2	\$2.6m went towards: Additional Judges, Magistrates and Court support staff; Creation of Office of Director of Public Prosecutions; and Criminal injuries compensation.
Legal Aid Commission	33.4	38.7	—	5.3	5.3	Overexpenditure of Commonwealth funded component.
Public Trust Office	13.2	14.2	—	1.0	1.0	
Judicial Commission of NSW	0.6	0.6	—	—	—	
	<u>201.9</u>	<u>211.4</u>	<u>2.6</u>	<u>6.9</u>	<u>9.5</u>	
Business and Consumer Affairs Business and Consumer Affairs	86.8	89.6	5.2	(-)2.4	2.8	\$5.2m towards: multi-function polis, Economic Department strategy and Carrington slipways infrastructure.

Table 6.3: Summary of Variations from 1987-88 Budget Consolidated Fund Recurrent Expenditure

Minister for— Organisation	Variation on Budget					
	Budget \$m	Actual \$m	Major Policy Initiatives \$m	Other (Including minor policy initiatives and cost variations) \$m	Total Variations \$m	Comment
Chief Secretary and Tourism						
Chief Secretary's Department	5.1	5.1	—	—	—	
State Lotteries Office	29.7	38.3	—	8.6	8.6	\$8.6m included under provision for implementation costs of on-line lotto.
Tourism Commission	18.7	19.0	—	0.3	0.3	
	<u>53.5</u>	<u>62.4</u>	<u>—</u>	<u>8.9</u>	<u>8.9</u>	
Corrective Services						
Department of Corrective Services	152.2	150.7	—	(-)1.5	(-)1.5	
Education and Youth Affairs						
Ministry of Education and Youth Affairs	47.2	51.3	—	4.1	4.1	\$4.1m includes State's share of higher education superannuation costs.
Department of Education	2,101.2	2,129.6	1.3	27.1	28.4	\$1.3m towards: Staying on Program, Occupational and Health and Safety. \$27.1m went towards—additional award costs plus additional expenditure from Commonwealth funds.
Department Technical and Further Education	461.5	465.6	—	4.1	4.1	\$4.1m relates to overexpenditure of Commonwealth funded component.
	<u>2,609.9</u>	<u>2,646.5</u>	<u>1.3</u>	<u>35.3</u>	<u>36.6</u>	
Environment						
Office of the Minister for Environment	—	0.1	—	0.1	0.1	
National Parks and Wildlife Services	44.4	44.8	—	0.4	0.4	
State Pollution Control Commission	9.9	10.0	—	0.1	0.1	
	<u>54.3</u>	<u>54.9</u>	<u>—</u>	<u>0.6</u>	<u>0.6</u>	

Table 6.3: Summary of Variations from 1987-88 Budget Consolidated Fund Recurrent Expenditure

Minister for— Organisation	Variation on Budget						Comment
	Budget \$m	Actual \$m	Major Policy Initiatives \$m	Other (including minor policy initiatives and cost variations) \$m	Total Variations \$m		
Family and Community Services Department of Family and Community Services	333.8	322.4	—	(-)11.4	(-)11.4		Underexpenditure due to delays in implementation of the new Community Welfare Act and the staff freeze.
Health and Arts Department of Health	2,969.5	3,039.3	—	69.8	69.8		Increased Hospital operating costs mainly due to increases in salaries and wages and visiting medical officers.
State Drug Crime Commission	4.2	3.5	—	(-)0.7	(-)0.7		
Arts Ministry for the Arts	98.7	97.9	—	(-)0.8	(-)0.8		
	3,072.4	3,140.7	—	68.3	68.3		
Housing Department of Housing	19.9	20.6	—	0.7	0.7		
Industrial Relations and Employment Department of Industrial Relations and Employment	123.2	124.8	—	1.6	1.6		
NSW Superannuation Office	29.6	30.4	—	0.8	0.8		
Tow Truck Industry	—	1.9	—	1.9	1.9		
	152.8	157.1	—	4.3	4.3		
Local Government and Planning Department of Local Government	49.4	44.4	—	(-)5.0	(-)5.0		Underexpenditure in pensioner concession rebate.
Department of Planning	86.3	98.7	—	12.4	12.4		Contribution for First State 88 and, Darling Harbour debt charges.
	135.7	143.1	—	7.4	7.4		

Table 6.3: Summary of Variations from 1987-88 Budget Consolidated Fund Recurrent Expenditure

Minister for— Organisation	Variation on Budget					
	Budget \$m	Actual \$m	Major Policy Initiatives \$m	Other (including minor policy initiatives and cost variations) \$m	Total Variations \$m	Comment
Mineral Resources and Energy Department of Mineral Resources	22.9	28.7	0.3	5.5	5.8	Supplementation to meet the 20% concession on Coal royalty from July 1987 to September 1987.
Department of Energy	11.8 34.7	11.9 40.6	— 0.3	0.1 5.6	0.1 5.9	
Natural Resources Forestry Commission	41.8	39.2	—	(-)2.6	(-)2.6	
Department of Lands Valuer General's Department	41.6 13.3	40.9 13.4	— —	(-)0.7 0.1	(-)0.7 0.1	
Department of Water Resources	74.2	73.1	—	(-)1.1	(-)1.1	
Land Titles Office	21.0 191.9	22.8 189.4	— —	1.8 (-)2.5	1.8 (-)2.5	
Police and Emergency Services Police Department	526.5	549.3	18.3	4.5	22.8	\$18.3m was expended on—Neighbourhood Watch and Safety House, Police Superannuation, Policing of Bicentennial events, Control Firearms and Telecommunication Interceptions. \$4.5m includes Police 38 hour agreement, national wage and award provisions, extra workers compensation, and increase in special allowances and payments to witnesses.
State Emergency Services Bush Fire Council	5.0 23.3 554.8	4.7 23.2 577.2	— — 18.3	(-)0.3 (-)0.1 4.1	(-)0.3 (-)0.1 22.4	

Table 6.3: Summary of Variations from 1987-88 Budget Consolidated Fund Recurrent Expenditure

Minister for— Organisation	Variation on Budget						Comment
	Budget \$m	Actual \$m	Major Policy Initiatives \$m	Other (including minor policy initiatives and cost variations) \$m	Total Variations \$m		
Sport Recreation and Racing Department of Sport Recreation and Racing	24.6	24.0	—	(-)0.6	(-)0.6		
State Development and Public Works Department of State Development Department of Public Works	— 122.6	0.1 192.5 192.6	— 72.0 72.0	0.1 (-)2.1 (-)2.0	0.1 69.9 70.0		Arrears of maintenance for Education, Police and Public buildings.
Transport Department of Motor Transport	229.7	219.7	—	(-)10.0	(-)10.0		\$10m underexpenditure was due to the deferred introduction of photographic licences.
Ministry of Transport	1,423.0 1,652.7	1,389.4 1,609.1	28.9 28.9	(-)62.5 (-)72.5	(-)33.6 (-)43.6		\$28.9m went towards—State/ Commonwealth Coal Industry Package, Travel Concessions to Retirees, Home and Community Care-UTA Subsidies, Wheat Haulage Road Repairs. \$62.5m went towards: Reduced payments to transport authorities towards leasing costs, reduced revenue supplement to SRA, and reduced SRA debt charges.
Revenue Equalisation Account	—	55.8	—	55.8	55.8		Our buoyant revenues during the year allowed the transfer to this account.
GRAND TOTAL	* 11,675.0	11,926.3	181.0	70.3	251.3		

* The original budget figure was \$11,650.5, however this was subsequently revised by \$24.5m through amendments under section 26 of the Public Finance and Audit Act.

6.3 RECEIPTS—VARIATIONS FROM BUDGET

Overall, Consolidated Fund receipts exceeded the 1987-88 Budget forecast by \$656.2 million or 5.0 per cent, with all but \$7.9 million of this being in respect of recurrent receipts.

The substantial receipts over-run can be attributed largely to the unexpected strength of the real estate boom, particularly in the Sydney residential and CBD commercial sectors. This boom affected revenue from stamp duty on contracts and conveyances, on loan securities and, to a lesser extent, on insurance as well as revenue from the sale of Crown Land home sites.

The record volumes of transactions on the stock exchange prior to the October 1987 crash also contributed substantially to the over-run on stamp duty revenues. Revenue was boosted by the higher than forecast growth in the economy generally, with revenues from payroll tax and petroleum franchise licences affected.

Finally the unexpected revenue resulted in substantially increased cash balances available for investment. Combined with interest rates which remained high, this contributed to the growth in interest earnings.

Details of the more significant variations from the Budget are shown in Table 6.4.

Table 6.4: 1987-88 Receipts—Variations from Budget

Receipt Item	Budget Estimate \$m	Actual \$m	Variation from Budget		Comment
			\$m	%	
RECURRENT RECEIPTS					
Stamp Duty— Contracts and conveyances	666.0	1,020.9	+ 354.9	+ 53.3	While the Budget Estimate assumed a 28 per cent growth in revenue from this item, the real estate boom far exceeded this expectation, with revenue coming in almost double that of the preceding year.
Insurance	170.0	180.3	+ 10.3	+ 6.1	Revenue in 1987-88 was boosted by rising property values associated with the real estate boom and by a large payment from one major insurer of duty covering underpayments over a number of years.
Loan securities	58.0	80.7	+ 22.7	+ 39.1	A significant component of this item relates to mortgages on real estate. The substantial growth in 1987-88 reflects the level of real estate activity during the year.
Share transfers	155.0	202.3	+ 47.3	+ 30.5	The 1987-88 estimate assumed that there would be a major correction in the market during the year. However the massive volume of stock exchange turnover in the period immediately preceding the crash boosted collections to record levels.
Motor vehicle registration	140.0	147.1	+ 7.1	+ 5.1	Stronger growth in new vehicle registrations and larger price increases for both new and used vehicles than assumed in Budget.
Leases	25.0	42.0	+ 17.0	+ 67.8	Over-run mainly attributed to one very large 125-year lease which attracted the higher conveyancing rate of duty.
Payroll Tax	1,812.9	1,852.9	+ 40.1	+ 2.2	1987-88 employment growth of 4.1 per cent over the previous year exceeded the Budget estimate of 1.8 per cent.
Land Tax	382.0	413.3	+ 31.3	+ 8.2	The over-run in receipts was due to higher than forecast increases in the values used for assessment purposes and the effective elimination by the Office of State Revenue of outstanding assessments from earlier years.
Poker Machine Tax	200.0	212.2	+ 12.2	+ 6.1	Strong growth in patronage, possibly associated with improved economic and employment conditions.
Business Franchise Licences—Petroleum Products	220.0	232.0	+ 12.0	+ 5.5	The strong growth in the volume of petroleum products sold is thought to be associated with stronger than forecast economic growth during 1987-88.
Lotto	124.9	114.9	(-) 10.0	(-) 8.0	Assumed growth in patronage failed to eventuate.
Sale of Homesites	21.0	37.5	+ 16.5	+ 78.7	Proceeds from the sale of Crown Land homesites by the Department of Housing ("Landcom") were boosted by the resurgence in the residential property market.

Table 6.4: 1987-88 Receipts—Variations from Budget

Receipt Item	Budget Estimate \$m	Actual \$m	Variation from Budget		Comment
			\$m	%	
Fees— Department of Motor Transport	217.3	206.1	(-) 11.2	(-) 5.2	The delayed introduction of photographic licences resulted in a shortfall in revenues. Revenue from search fees, etc. boosted substantially as a result of real estate boom. The combination of additional taxation and other revenue available for investment and the failure of interest rates to fall to the extent assumed in the Budget resulted in a substantial boost from interest earnings. Over-run largely due to the repayment of an advance made to the Home Purchase Assistance Account, the timing of which had not been determined when the Budget Estimates were finalised. The NSW share of the 6 State "weighted" population (ie weighted by the per capita relatives determined by the Commonwealth on the recommendations of the Commonwealth Grants Commission) was slightly less than that assumed in the Budget resulting in the shortfall shown.
Land Titles Office	31.0	37.3	+ 6.3	+20.4	
Receipts on Account of Interest	113.6	156.8	+ 43.3	+38.1	
Repayments to Credit of Consolidated Fund—Previous Years	25.5	45.4	+ 19.9	+78.2	
Financial Assistance Grant	3,613.9	3,594.9	(-) 19.0	(-) 0.5	
Commonwealth Specific Purpose Payments— Coal Mining Industry Long Service Leave Scheme	16.9	29.8	+ 12.9	+76.3	
Assistance to Coal Industry	0.3	10.3	+ 10.0	n.a.	Substantial numbers of coal miners retrenched or leaving the industry during the year resulted in a large increase in long service leave payments and hence receipts from the Commonwealth. Payment of \$10m from Commonwealth under new joint Commonwealth/State scheme not included as details of scheme not finalised at time of State Budget.
Other Recurrent Items	3,737.3	3,762.1	+ 24.9	+ 0.7	
TOTAL, RECURRENT RECEIPTS	<u>11,730.6</u>	<u>12,378.8</u>	<u>+648.2</u>	<u>+ 5.5</u>	

Table 6.4: 1987-88 Receipts—Variations from Budget

Receipt Item	Budget Estimate \$m	Actual \$m	Variation from Budget		Comment
			\$m	%	
CAPITAL RECEIPTS					
Commonwealth Specific Purpose Payments— Technical and Further Education	67.8	59.4	(-) 8.4	(-)12.4	Delays in Commonwealth approvals to various projects resulted in lower expenditure during 1987-88 and hence a reduced draw-down of Commonwealth funds. Higher than anticipated expenditure during the year on eligible projects resulted in a greater draw-down of Commonwealth funds.
Teaching Hospitals	17.4	26.4	+ 9.0	+51.6	
Other Capital Items	1,291.0	1,298.4	+ 7.4	+ 0.6	
TOTAL, CAPITAL RECEIPTS	<u>1,376.2</u>	<u>1,384.0</u>	<u>+ 7.9</u>	<u>+ 0.6</u>	
TOTAL RECEIPTS	13,106.8	13,763	+656.2	+ 5.0	

6.4 1987-88 CAPITAL BUDGET RESULT

A comparison of 1987-88 Capital Budget and Actual Payment is as follows—

	\$000
Budget Estimate	4,583,370
Actual Payment	4,406,806
Variation from Budget	<u>-176,564</u>

Details are as follows—

Minister	Allocation \$000	Payment \$000	Variation \$000
Treasurer	8,000	8,000	...
Administrative Services	1,500	1,314	-186
Agriculture and Rural Affairs	34,431	32,993	-1,438
Attorney General	15,204	14,568	-636
Business and Consumer Affairs	3,000	3,000	...
Chief Secretary and Tourism	2,921	1,852	-1,069
Corrective Services	21,000	27,300	+6,300
Education and Youth Affairs	275,433	246,718	-28,715
Environment	476,752	428,901	-47,851
Family and Community Services	17,308	14,702	-2,606
Health and Arts	251,725	236,615	-15,110
Housing *	611,863	549,696	-62,167
Industrial Relations and Employment	616	248	-368
Local Government and Planning	433,503	483,862	+50,359
Mineral Resources and Energy	541,171	512,120	-29,051
Natural Resources	92,871	99,676	+6,805
Police and Emergency Services	22,311	16,790	-5,521
State Development and Public Works	134,055	127,012	-7,043
Sport Recreation and Racing	26,537	25,381	-1,156
Transport	1,613,169	1,576,058	-37,111
	4,583,370	4,406,806	-176,564

* Includes \$90 million allocation for Home Purchase Assistance. Expenditure outside Budget and not reflected in figures shown.

A number of factors influenced actual expenditures against Budget for 1987-88, not the least of which was the change of Government in March 1988. The Government upon assuming Office introduced a freeze on the capital program to ensure that programs proposed accorded with its priorities and as a first step to more adequately controlling State finances. In addition progress achieved on some major projects was less than anticipated.

SECTION 7: SOCIAL AND ECONOMIC IMPACT OF BUDGET

- 7.1 Aboriginal Assistance**
- 7.2 Employment and Training**
- 7.3 Ethnic Affairs**
- 7.4 Housing Assistance**
- 7.5 Industry and Small Business**
- 7.6 Programs for Older People**
- 7.7 Rural Sector**
- 7.8 Programs for Women**



7.1 ABORIGINAL ASSISTANCE

OFFICE OF ABORIGINAL AFFAIRS

The Office of Aboriginal Affairs acts as a Policy Co-ordination Unit reporting to the Premier and co-operating with other Departments which provide services directly to Aboriginal people.

The objectives of the Office are—

- the development, provision, evaluation and co-ordination of State policies and programs for the advancement of aboriginal people in NSW.
- the promotion of self-determination for Aboriginal people.
- to assist in liaison with the Commonwealth Government on matters relating to the Aboriginal people of NSW.
- to promote understanding of and respect for Aboriginal culture.

The Office of Aboriginal Affairs' 1988-89 budget allocation of \$29.982 million is an increase of 3.2 per cent on 1987-88 expenditure. The main features of activity will be—

- funds of \$28.2 million to be made available under the Aboriginal Land Rights Act 1983 to the NSW Aboriginal Land Council.
- a contribution of \$160,000 under the program of grants to assist Aborigines and the provision of training of Land Councils, carried out by Tranby Aboriginal College in conjunction with the Department of Technical and Further Education and the Commonwealth Department of Employment, Education and Training.

The legislation relating to payments to the NSW Aboriginal Land Council is presently being reviewed by the State Government with a view to better focusing funds on Aboriginal needs.

The Office of Aboriginal Affairs has commissioned a series of projects including—

- plans to produce and distribute an information kit, consisting of single sheet information pamphlets on available services as well as background information on a wide range of current issues.
- a project focusing on the measuring of socio-economic development of 20 Aboriginal communities.
- a project recommending economic development strategies for Aboriginal communities in NSW.
- a joint project, with the Department of Family and Community Services, relating to the welfare service delivery systems.
- a joint project, with the Department of Corrective Services which will independently evaluate the post-release support programs for Aboriginal prisoners.

LAW, ORDER AND PUBLIC SAFETY

The Aborigine Liaison Unit of the Police Department is continuing to improve the relationship between Aborigines and Police within the State of NSW. During 1988-89 the Department will be implementing a scheme whereby 16 Aboriginal Community Liaison Officers will be placed in a number of outlying country towns.

The Office of Aboriginal Affairs, along with the Departments of Corrective Services, Police and Family and Community Services are sponsoring a research project into Aboriginal Deaths In Custody-Custodial Practices.

The Office of Aboriginal Affairs and the Department of Corrective Services are co-sponsoring a three year research project which commenced in 1987-88 on Post-Release Support for Aboriginal Ex-Prisoners.

In March 1988, five post-release centres were established. These centres, run and administered by Aboriginal organisations, will offer drug and alcohol counselling, education and vocational programs as well as their own job creation programs, in the form of small enterprises. Consequently, these centres offer a mixture of accommodation, rehabilitation, education and training courses as well as jobs.

EDUCATION

Department of Education—Aboriginal Education Programs

Education programs and services solely for Aboriginal students are an important feature of this year's Budget. An amount of roundly \$6.5 million is provided within the allocation of the Department of Education to fund these activities. The State Government contribution to this sum more than matches the Commonwealth effort in this area. The Priority Schools program, designed to increase achievement in the basic skills and lift the proportion of Aboriginal students in secondary schooling, is the most significant educational element pertaining to Aboriginal programs in this year's Budget.

The Department of Technical and Further Education (TAFE)

TAFE makes particular provision for Aboriginal students, with targeted courses in trades and other vocational areas, as well as general and preparatory education. To assist colleges in meeting the needs of Aboriginal communities, Regional Aboriginal Co-ordinators are located at twelve country and metropolitan colleges.

DEPARTMENT OF INDUSTRIAL RELATIONS AND EMPLOYMENT

The aim of the Aboriginal Employment Strategy is to provide greater employment training and development opportunities for Aboriginal people in the Public Service.

The objectives of the Aboriginal Employment Strategy are—

- To provide aboriginal staff with career and training opportunities which will assist their representation at all levels within the public sector.
- To extend the distribution of aboriginal staff to all kinds of occupations and to all levels of public service organisations.
- To ensure for aboriginal members of the community equitable access to government services by employing staff who have the ability to communicate effectively with aboriginal people and who have a knowledge and understanding of aboriginal culture and society.

The Commonwealth will provide an amount of \$718,000 in 1988-89 and the State will contribute \$200,000.

An Aboriginal Employment Unit is to be established within the Department of Industrial Relations and Employment to implement the Aboriginal Employment Strategy which will include apprenticeships, study programs and management development programs.

The Department of Industrial Relations and Employment will introduce a new employment and training program "New Careers for Aborigines" (\$400,000 in 1988-89). Further details of this program are given in Section 7.2 "Employment and Training".

HEALTH

\$5.2 million has been provided specifically for supplementary health services to Aborigines of which roundly \$2 million has been earmarked in grants to non government Aboriginal organisations for the provision of dental, drug and alcohol services and to conduct a public health awareness program.

The Office of Aboriginal Affairs is to carry out a project which will investigate the health needs of Aboriginal people and will evaluate the appropriateness of the present health service delivery modes.

The aim of this research is to identify what kind of health service delivery systems best service the health needs of Aboriginal people.

HOUSING AND COMMUNITY SERVICES

The State this year will provide 520 units of accommodation to assist Aboriginals in need of rental housing. This will include the provision of 263 units of public housing and 257 units to be built on Aboriginal reserves and missions to address substandard housing conditions.

The Department of Family and Community Services will contribute funds to the extent of \$160,000 in 1988-89 to enable the granting of funds on a \$1:\$1 basis in conjunction with the Commonwealth Department of Community Services and Health to provide for the construction of the multi-purpose community centre on the site provided by the local community at the Toomelah Reserve.

WELFARE SERVICES

A key priority of the Home and Community Care Program will be the development of new services and the expansion of existing services in order to improve access to such services by Aboriginal Australians.

7.2 EMPLOYMENT AND TRAINING

EDUCATION AND TRAINING FOUNDATION

The Government has decided to establish an Education and Training Foundation, which will be responsible to the Minister for Education and Youth Affairs.

The New South Wales Education and Training Foundation will have two functions—

- To expedite the development and provision of new business oriented courses and to encourage the links between business and education. This program will be known as the Priority Business Program.
- To oversight the management of the Start to Life Program.

PRIORITY BUSINESS PROGRAM

The aim of the program will be to increase the flexibility of the education system by incorporating a more responsive approach to the requirements of business and commerce.

The objectives of the program will be to—

- Encourage the business community to specify its post-secondary education needs, and to participate in the selection of the most effective responses to those needs.
- Seek proposals from education institutions to develop new courses, or to extend and improve existing courses, to meet the needs established by the Foundation.
- Provide financial support for preferred proposals.
- Contribute to the establishment of centres of excellence.

Funding of the Foundation will consist of three components—

- An initial allocation of \$5 million.
- Private and public sector organisations which pay payroll tax will have the option to divert up to 0.1 per cent of their taxable wages for payroll tax purposes as their contribution to the Foundation. (It is anticipated that this will generate \$7.0 million in 1988-89 and \$16 million in a full year). This provision will be reviewed at the end of two years to assess the effectiveness in encouraging additional financial support from business
- Contributions from business which will be matched on a \$1 for \$1 basis by the Government.

The Priority Business Program will be administered by a Board of Directors. The major portion of funds will be used for the establishment of new courses.

It is anticipated that this new program will be operative by 1 January 1989.

START TO LIFE

As indicated above, the Education and Training Foundation will oversight the Start to Life program. Details of the Start to Life initiatives are given below.

EMPLOYMENT AND TRAINING SCHEMES

Broad details of the Government's employment and training schemes are set out below—

	TOTAL PAYMENTS	
	Actual 1987-88 \$000	Estimate 1988-89 \$000
EMPLOYMENT AND TRAINING SCHEMES		
Start to Life	...	30,000
Local Employment Initiatives/Business Advice	2,564	4,800
Community Employment Program	34,691	4,184
Youth Employment Scheme	24,552	2,800
New Careers for Women	5,566	2,200
New Careers for Migrants	533	1,300
Community Management Skills Program	1,170	139
New Careers for Mature Workers	...	400
New Careers for Aborigines	...	400
Skill Analysis and Development	...	1,600
Other	51	...
Sub Total	69,127	47,823
 TRAINEESHIP SYSTEM*		
Australian Traineeship System	7,364	9,000
 APPRENTICESHIP SCHEMES*		
Group Apprenticeship Scheme	1,928	2,860
Country Apprentices Training Assistance Scheme	1,233	1,737
Disabled Apprentice Intake Scheme	186	380
Reimbursement of Workers' Compensation Payments for Out-of-Trade Apprentices	203	374
Intensive Training Scheme for Out-of-Trade Apprentices	644	845
Way Ahead Program	18	55
Women's Industrial Program	25	40
Government Intake Group Apprenticeship Scheme	0	400
Other	208	—
Sub Total	4,445	6,691
TOTAL	80,936	63,514

* Elements of Start to Life program involve supplementary funds for these areas.

NOTE—The reduction in the total payments estimate for 1988-89 compared with 1987-88 is due to the winding down by the Commonwealth of the Community Employment Program. Excluding this program, and including the Education and Training Foundation, payments for Employment and Training are projected to increase by 54 per cent in 1988-89.

A major focus of the Government's efforts to assist young people is the introduction of a new initiative to be known as Start to Life.

As already announced, the Youth Employment Scheme is to be phased out and replaced by Start to Life which will provide an integrated approach to the needs of young people.

The aim of Start to Life is to ensure that all school leavers will have the choice of either secure employment, participation in a recognised training scheme or higher education.

Whilst elements of the Start to Life program will be administered by the Minister for Industrial Relations and Employment and the Minister for Education and Youth Affairs, overall co-ordination of Start to Life will be undertaken by the Education and Training Foundation.

START TO LIFE—DEPARTMENT OF INDUSTRIAL RELATIONS AND EMPLOYMENT

Components of Start to Life will include—

Traineeship Program (\$3.9 million in 1988-89)

The Australian Traineeship System is an important area of youth training and employment opportunities. The Government will introduce three initiatives designed to improve and expand the traineeship system in New South Wales—

- A subsidy payment to employers of \$1,000 per trainee in the private sector and local government (this will be in addition to the Commonwealth subsidy). Some 6,000 traineeships are expected to be created through this initiative in 1988-89.
- Expansion of the Group Traineeship Program. Four new schemes will be established in 1988-89.
- Country traineeship subsidy program, which will provide travel and accommodation subsidies for assisting country trainees needing to attend training courses away from home.

Trade Training Program (\$2.6 million in 1988-89)

- The Western Metropolitan Training Centre will assist industry in areas of skills shortages by providing a facility which can be accessed by employers and group schemes for supplementary and remedial training.
- Group Apprenticeship Scheme will be expanded to provide an additional 400 apprenticeships at a cost of \$300,000 in 1988-89. These apprenticeships will be targeted to areas of skill shortages.
- Competency based trade training program, which will aim to assist industry to modify the current time-served system of Apprenticeship to one of competency attainment as the criteria for awarding trade status.
- Multi-skilling training program, which will provide a service to employers introducing multi-skilling training of apprentices and trades people.

Jobs for Youth (\$3 million in 1988-89)

This component of Start to Life will include three options—

- An extra \$3,000 subsidy to private sector employers participating in the Commonwealth Jobstart Scheme who are prepared to provide a minimum of a 2 year job rather than the current 6 months. Employers will be required to significantly increase their training commitment and to provide the young participants with intensive training in recognized and accredited courses.

- Training and work experience for the most disadvantaged unemployed who are not participating in any other programs. Job skills and accredited training will be provided off-the-job, as well as work experience with employers. A wage subsidy of \$5,000 per person will be provided for employers offering employment for at least 12 months.
- Special projects providing grants of up to \$5,000 per participant for employers willing to sponsor employment and training projects in areas of high unemployment. An example of such a project is the successful employment and training of young people to act as security officers in the Liverpool area.

Jobs for Youth is expected to provide 1,500 jobs in 1989.

New Careers for Young Women (\$750,000 in 1988-89)

Employers will receive a subsidy of \$5,000 for female apprentices and up to \$8,000 for other non-traditional occupations. The subsidy is for a 12 month period and employers are required to retain the trainee until the completion of her training.

It is anticipated that 200 jobs will be created in 1989 in the private sector and Local Government.

New Careers for Young Migrants (\$500,000 in 1988-89)

- Unemployment rates amongst ethnic communities are above those for the community as a whole. This program will extend the existing Migrant Employment Program into the private sector and focus on young migrants under 25. Some 200 jobs and training opportunities will be provided.

Work Place (\$1.2 million in 1988-89)

- Long term unemployed young people face particular difficulties in obtaining work. This new program will provide an intensive job search and matching service for such young people and will assist employers and employees during the initial period after placement. The program will provide both a general service and will also fund specific services for particular groups such as aborigines, ex prisoners, etc. It is expected that 1,700 long-term unemployed young people will be placed in permanent jobs in a full year.

Work Place for Disabled Youth (\$420,000 in 1988-89)

- This program will help integrate disabled youth into the labour market, who need a more personalised service than is offered by the Commonwealth Employment Service. This involves identifying and assessing the suitability of employers and positions for placing approximately 250 disabled young people per year. It is expected that up to six projects will be established across the State.

Skills Training (\$800,000 in 1988-89)

- This new program will focus on improving the quality and quantity of training opportunities for young people. The program will fund a number of initiatives including—
 - * Computer Training Centres Program, which will assist the private sector to establish computer training facilities utilizing industry standard hardware, software and course materials.
 - * Skill Gap Training Program, which will provide a range of short courses for young people for skills in demand, e.g. in the tourism industry.

One Stop Shop Employment and Training (\$1 million in 1988-89)

- This initiative will co-ordinate and integrate the delivery of employment and training programs in a number of key regions. It will establish a single reference point for Start-to-Life programs in shop-front locations more accessible to both employers and young people. It will also cover labour market services administered by the Education Sector wherever possible. Discussions will also be held with the Commonwealth Government regarding integration with their services.

START TO LIFE—DEPARTMENT OF EDUCATION AND OFFICE OF YOUTH AFFAIRS

Within the allocation to the Minister for Education and Youth Affairs, \$5.8 million has been provided for Start to Life initiatives.

The Department of Education will be responsible for Secondary Student Retention Strategies aimed at encouraging students to continue in secondary education and undertake further tertiary study. An amount of \$1.1 million has been allocated for this purpose in 1988-89.

The Office of Youth Affairs will receive an allocation of \$4.7 million in 1988-89 to undertake the following initiatives—

Helping Early Leavers Program (HELP)

To provide contract training in local communities for young people aged from 15-19 who have not obtained basic literacy, numeracy and social skills through formal education institutions.

Pilot Industry Training

The development of innovative private sector pilot projects which provide young people with training opportunities.

Information, Counselling and Referral

Providing young people and their parents with detailed and accurate information on the choices available under Start to Life programs.

Consultation with Young People

A Ministerial Youth Advisory Council will be established to advise the Minister on youth matters.

START TO LIFE—DEPARTMENT OF TECHNICAL AND FURTHER EDUCATION

The Department of Technical and Further Education (TAFE) is to set aside \$10 million in 1988-89 for Start to Life initiatives.

TAFE will provide additional mainstream places and specially targeted places for young people who have left school and are not undertaking educational and training programs.

OTHER EMPLOYMENT SCHEMES

Local Employment Initiatives/Business Advice (\$4.8 million in 1988-89)

This scheme has operated successfully overseas for several years. A small number of projects have been funded in N.S.W. and have proved successful. Additional projects are planned to commence in 1988-89. Detailed business advice is provided to new small business entrepreneurs to assist them to self employment.

Professional people in the community provide the advice on an honorary basis. Survival rate of the new business created is substantially higher than the rate for those who set up without assistance.

Community Employment Program (\$4.2 million in 1988-89)

The Community Employment Program was introduced by the Commonwealth in late 1983 when it was indicated that the program was to run for at least three years. The Federal Minister for Employment and Industrial Relations extended the program for a further three years but in the May 1987 Economic Statement it was announced that the program would be wound down.

Current projects will cease by February 1989. Commitments on these and earlier projects will be met through refunds and remaining Commonwealth balances.

Youth Employment Scheme (\$2.8 million in 1988-89)

The Youth Employment Scheme is to be replaced by Start to Life. Funds provided are to meet outstanding commitments on this scheme.

New Careers for Women (\$2.2 million in 1988-89)

New Careers for Women will replace the Technical Jobs for Women program in the private sector and local government. This program extends opportunities for women in non-traditional occupations. Funds provided are to meet outstanding commitments.

New Careers for Migrants (\$1.3 million in 1988-89)

The current Migrant Employment Program will be expanded to include the private sector and youth (as outlined in Start to Life). New Careers for Migrants will include a special component to improve the utilisation of overseas skills in the NSW labour market. 300 jobs will be provided in 1989.

New Careers for Mature Workers (\$400,000 in 1988-89)

Appropriate mixes of counselling, training and employment will be provided to retrenched workers, those about to be retrenched and other mature age workers requiring assistance and not catered for by other programs. It is anticipated that up to 800 people will be assisted through this initiative.

New Careers for Aborigines (\$400,000 in 1988-89)

A group training company will be established to expand the employment and training opportunities for Aborigines of all ages.

Participants will be provided with employment and training in occupations of particular relevance to their communities; for example, hospitality and tourism industries and business and community management skills. Assistance of existing training organisations will be sought in providing off-the-job training.

Younger participants will be placed in apprenticeships or traineeships whilst older workers will be provided with accredited training and work experience. This complements Commonwealth initiatives for Aborigines.

Funds will be provided in 1988-89 for the establishment of the company and the placement of at least 40 Aboriginal people.

Skills Analysis and Development (\$1.6 million in 1988-89)

This program will enable in-depth analysis of skill requirements in particular industries and regions, and will help identify strategic training and skill formation initiatives. It will be used in conjunction with the proposed Skill Development Council. The program will also provide some funds for joint skill development initiatives with the private sector, such as "seed" funds for skill centres.

TRAINEESHIP SYSTEM**Australian Traineeship System (\$9 million in 1988-89)**

The system provides for 12 months combined training in both on and off-the-job areas.

As indicated above, additional funds will be provided for traineeships under the "Start to Life" Program.

APPRENTICESHIP SCHEMES

The various apprenticeship incentive schemes are aimed at retaining apprentices in training, assisting out-of-trade apprentices to complete their training, and increasing new apprentice intakes.

Group Apprenticeship Schemes (\$2.9 million in 1988-89)

Under this scheme, subsidies are provided for the employment of supervisors and other administration costs and for payroll tax on the wages of apprentices employed by group apprenticeship organisations. There are currently 15 such organisations providing training to approximately 2,200 apprentices. Six new schemes are expected to commence during 1988-89.

Country Apprentices Training Assistance Scheme (\$1.7 million in 1988-89)

Country apprentices receive subsidies under this scheme for travel and accommodation to attend technical college trade courses. Around 2,700 apprentices are being assisted under this scheme. The accommodation subsidy has been increased from \$8.00 to \$10.50 per day and the travelling allowance from 5 cents to 6 cents per kilometre.

Disabled Apprentice Intake Scheme (\$380,000 in 1988-89)

This scheme is intended to recruit a number of disabled persons into apprenticeships in Government Authorities and Departments. Currently there are 13 in the scheme. A maximum of 20 persons a year may be recruited.

Reimbursement of Workers' Compensation Payments for Out-of-Trade Apprentices (\$374,000 in 1988-89)

Employers taking on out-of-trade apprentices and pre-apprenticeship students are eligible under this scheme for the reimbursement of workers' compensation premiums for the first 12 months employment. The eligibility period for the Scheme has been extended to 30 June 1989. The aim of the scheme is to increase the incentive to employers to take in partly trained apprentices. There have been 1191 claims since 1983.

Intensive Training for Out-of-Trade Apprentices (\$845,000 in 1988-89)

These centres provide off-the-job training as well as intensive training for out-of-trade apprentices. The centres assist in reducing apprenticeship wastage resulting from redundancy, and/or provide intensive training to enhance apprentices' employment opportunities. There are four intensive training centres operating; two for building trades, and two centres for metal trades.

These centres have the capacity to employ up to one hundred and eighty apprentices at a time. Funding is available from the Commonwealth with supplementary funding from the State.

Government Intake Group Apprenticeship Scheme (\$400,000 in 1988-89)

This scheme is intended to increase the training effort of Government Authorities and Departments. Under the scheme 50 per cent of the wage cost to client Departments/ Authorities will be borne by the Department of Industrial Relations and Employment. Currently there are 38 apprentices employed across ten government departments.

7.3 ETHNIC AFFAIRS

ETHNIC AFFAIRS COMMISSION OF N.S.W.

The Ethnic Affairs Commission's 1988-89 budget allocation of \$6.155 million represents an increase of 10.3 per cent on 1987-88 expenditure. After discounting the effect of once only special Bicentennial grants to ethnic communities last year, the increase is 18.8 per cent. The main features are—

- funds of \$85,000 to conduct an Inquiry into the Recognition of Overseas Qualifications;
- \$1,173,000 for grants to organisations which provide welfare and cultural services to persons of non-English speaking background—including a 25 per cent increase for the Ethnic Schools grants program;
- \$954,000 to engage contract interpreters and translators (this is in addition to provision for salaries for full-time interpreters and translators);
- \$119,000 as a contribution towards the cost of administering the National Accreditation Authority for Translators and Interpreters;
- \$163,000 as part of a 3 year program to complete computerisation of the Commission's language and other services;

In accordance with the Government's policy of "mainstreaming" ethnic affairs, all NSW Government organisations maintain ethnic affairs management plans (EAPS) to ensure that mainstream program and services are adapted to meet the needs of ethnic communities.

Details of major ethnic affairs initiatives across the NSW Government administration are provided below.

FAMILY AND COMMUNITY SERVICES

The Department of Family and Community Services 1988-89 budget allocation of well over \$5,500,000 for ethnic community services reflects its commitment to service provision to ethnic communities and to the implementation of mainstreaming policies.

Specifically, the Department will continue to provide in excess of \$3.5 million as grants to community based organisations for multicultural and ethno-specific community and welfare services.

This includes over \$800,000 for general ethnic welfare projects as well as services for people with disabilities; home and community care projects; alternate care services for refugee youth; women's projects; multicultural neighbourhood centres; family support and support accommodation.

The Department will also continue its allocation of over \$2 million for the employment of "identified" multicultural positions in the Department. An additional position, the Program Development Officer position in the SAAP Unit, has been identified as multicultural.

Specific funds have been allocated for new projects in 1988-89. Such as—

- completion of the production of an EAPS Resource Kit for the non-government sector
- production of a multicultural education programming kit for early childhood services
- implementation of a Multicultural Training Program for SAAP service providers

In regard to the Home and Community Care Program, \$50,000 has been allocated for an EAPS Project Officer position in the HACC Unit. A priority of the HACC program in 1988-89 will be to improve the access of ethnic communities to HACC services.

Funds have been allocated for a research project aimed at evaluating the impact of the Department's child protection intervention with families of non-English speaking background.

The Child Protection Council's booklet for families with children who have been sexually abused will be produced in 11 community languages.

The Department will continue to participate in the Commonwealth/State cost sharing agreement for services to refugee minors without parents in Australia. In 1988-89 the Commonwealth will be providing an increased allocation of \$197,000. This, however, is not sufficient to meet their 50% share of program costs, as agreed by the Commonwealth and the State. The Department will continue to negotiate with the Commonwealth to ensure a more equitable cost sharing arrangement.

The Department will also initiate negotiations with the Commonwealth to increase the maintenance allowance to an equivalent level to the boarding out allowances that are currently paid by FACS to foster parents and caregivers of refugee minors.

HEALTH

It is the policy of the Department of Health that the full range of health services be accessible and appropriate to ethnic communities. This is attained through the modification of mainstream services and the provision of access programs such as the Health Care Interpreter Service and the Ethnic Health Worker Program. In addition, specially targeted programs and services are provided where appropriate.

The estimated overall expenditure for these programs is approximately \$7.3 million per annum. In addition to this, of course, mainstream services with varying degrees of cultural specificity are provided. Some programs with ethnic components are also either jointly Commonwealth/State funded or are Commonwealth funded.

The Health Care Interpreter Service is provided in the Sydney metropolitan area, Newcastle, Wollongong and Griffith, and has bases in 20 hospitals.

There are currently 117 full time and 21 part time interpreter positions, covering up to 26 languages. In addition, sessional interpreters cater for languages with less demand. Interpreters are called over 150,000 times per year.

The Health Translations Service currently provides translated health and health services information on 300 topics in up to 17 languages. In 1987-88 approximately 50-60,000 requests for publications were received per month.

A program of information is also provided to ethnic communities via the ethnic media and by Migrant Health Education Officers.

In 1987-88 a Clinic to rehabilitate refugee victims of torture and other trauma was established in Western Sydney with an annual budget of \$350,000.

As well, the Health Care Interpreter Service in Western Sydney was provided with an additional six full time and one part time positions to enable an interpreter base to be established at Lidcome Hospital. Additional funds of \$150,000 p.a. were provided.

DIRECTORATE OF THE DRUG OFFENSIVE

The Directorate of the Drug Offensive funds a number of ethnic specific services to assist ethnic communities minimise the adverse consequences and misuse of alcohol and other drugs. Funding details are provided below.

● Co. As. It.	Italian counselling and education service	\$29,000
● Ethnic Line	Telephone counselling	\$44,000
● Newtown Neighbourhood Centre	Greek counselling and education service	\$24,000
● South West Alternative Program	Ethnic community development service	\$63,000
● Directorate of the Drug Offensive	Ethnic worker training scholarship program	\$100,000

EDUCATION

The Ministry of Education and Youth affairs has planned the following specific allocations for ethnic affairs—

- \$45,000 for the Board of Adult Education to provide education programs for people of non-English speaking backgrounds.
- The Estimates include provision of \$19,162,000 for the Adult Migrant Education Service.

The above are continuing programs. Negotiations are under way with the Department of Family and Community Services to provide funding for a Youth Affairs Officer for the Ethnic Communities Council (about \$35,000).

The Department of Education has available funds of \$8.2 million for the continued employment of 260 Specialist English as a Second Language (ESL) Teachers and 31 support staff including necessary induction and inservice courses. The Department also has available \$3.3 million for the continued employment of 90 Community Language Teachers, together with associated administrative and consultative staff.

The Department also operates the Saturday School of Community Languages in 14 centres covering 20 community languages at School Certificate and Higher School Certificate levels. The cost of this service is \$1.7 million per annum.

Insofar as new programs are concerned, funds have been made available in 1988-89 to provide for a series of courses for currently employed ESL Teachers in Primary and Secondary Schools. The courses are to be designed as refresher training programs for ESL Teachers.

TECHNICAL AND FURTHER EDUCATION

The Department of TAFE has a long term commitment to funding of programs and services in the ethnic affairs field.

To meet requirements of some of these initiatives 11 permanent staff in the Multicultural Education Unit and some 12 co-ordinators based in colleges are employed. Also, a number of staff are engaged on special projects.

The Unit administers an English for Specific Purposes program costing some \$2.5 million which includes special access and bridging courses, English Support Tutorials, Course Information Services, Staff Development, Material Development and Research Projects. The Unit undertakes other initiatives in multicultural education and operates a Multicultural Access Centre.

The Department is continuing to extend its employment of permanent bilingual course information officers, as well as maintaining employment of temporary course information officers at peak periods. The employment of bilingual counsellors has been extended.

The provision of courses specially designed for students from non-English speaking backgrounds will be maintained. These courses included Ethnic Welfare, Interpreters Level 2, English and Clerical Skills for Migrants and Language Aides Courses.

The English for Speakers of Other Languages Course is offered at most Sydney metropolitan colleges as well as Newcastle and Wollongong and some other centres. Almost 9000 places were available in 1987.

The Department will also maintain its provision of community language courses, which presently include Arabic, Cantonese, Mandarin, Croatian, French, German, Greek, Japanese, Indonesian, Italian, Russian, Serbian and Spanish. Most of these programs are offered through the Division of Languages as part of TAFE's normal offerings.

TAFE will maintain an extensive range of courses to students from non-English speaking backgrounds through its Outreach program, particularly in the Sydney metropolitan area. On a Statewide basis, a substantial proportion of the Outreach activities are devoted to courses targeted for NESB students.

In addition, a number of labour market program initiatives are provided for students from non-English speaking backgrounds. For instance in 1987-88 an amount of \$0.75 million was spent on the migrant training component of the Migrant Employment Program. A specific program for 1988-89 has not yet been compiled as these initiatives are determined in conjunction with other Departments.

HOUSING

The Department of Housing estimates that expenditure on specific ethnic affairs initiatives for 1988-89 will total in excess of \$1,673,000.

Major budget items include—

- an allocation of \$133,000 for the Multicultural Housing unit;
- \$150,000 allocated for publicity and multilingual information;
- \$50,000 for regional ethnic affairs initiatives;
- \$300,000 for two projects funded under the Local Government and Community Housing Program to assist the Lao and Spanish-speaking communities;
- \$40,000 for a multilingual Housing Information and Tenancy Advice Service for private tenants;
- \$200,000 for the Housing Advisory Service, which includes \$100,000 to address the needs of ethnic communities.

CORRECTIVE SERVICES

Approximately \$120,000 has been earmarked by the Department of Corrective Services to meet ongoing expenditure on ethnic affairs programs as well as provide for a number of new initiatives in this area.

Dual handset phones are to be installed in the Department's correctional institutions to provide a telephone interpreter service.

Essential information relating to the Prisons Act, 1952, is to be translated into 20 community languages at an estimated cost of \$13,000. The translation will greatly assist prisoners of non-English speaking backgrounds to understand more readily their entitlements and gaol responsibilities.

A document specifying the visiting procedures in the Metropolitan Remand Centre, Long Bay will be translated into six languages at an approximate cost of \$4,000.

A pamphlet containing information about the type of services and programs provided by the Department will also be translated into 20 community languages. The translated document will be made available to non-english speaking inmates currently serving sentences and those received into the prison system in the future.

Proposals are underway to formulate an educational program for non-English speaking prisoners in respect of AIDS.

Multiculturalism awareness workshops for prison officers and psychologists will continue to be held this financial year with participation from prison welfare and custodial staff.

LEGAL SERVICES

The Legal Aid Commission has estimated that in 1988-89 it will allocate \$112,000 towards ethnic specific programs and strategies. Major budget items include—

● Interpreters (TIS and Private Agencies)	\$55,000
● EAPS implementation and research	\$34,000
● CLERC (Community Legal Education Resource Centre)	\$ 4,000
● Reprinting of brochures, posters and other items for publication in community languages	\$18,000

In addition to these funds, it should be noted that a number of EAPS initiatives have been successfully integrated into mainstream procedures. Therefore, funds associated with their implementation are included in the appropriate Division's estimates.

WORKCOVER

WorkCover is the State's Worker's Compensation scheme, covering public and private sector employees.

The funding for the specific needs of people of non-English speaking background under WorkCover is at this time spread across a number of administrations. The following specific projects are planned for 1988-89.

- An interpreter service network for injured workers is being developed. The State Compensation Board intends to print a list of Board-registered interpreters, together with the "Guidelines for the Use of Interpreters, and Bilingual Service Providers under WorkCover". These guidelines also state which government and non-government interpreter service covers specific situations in the workers compensation field.
- A separate pamphlet explaining interpreter service provision under WorkCover will be produced and disseminated to medical practitioners.
- The Board is preparing a variety of pamphlets to explain different aspects of WorkCover, some of which will be translated into ten community languages.

There are other projects that may need to be addressed during the 1988-89 financial year. Consultations will be sought with the English in the Workplace Committee to develop, print and distribute information on English language courses. The purpose being to assist rehabilitation providers and injured workers to effectively select the most relevant English language course as part of an "approved rehabilitation program".

LOCAL GOVERNMENT

The Department of Local Government will continue the development of the Local (Government) Ethnic Affairs Policy Statements (LEAPS) Pilot Program. The LEAPS Program aims to encourage Local Government in its efforts to make its services more accessible and appropriate to ethnic communities.

The LEAPS Pilot Program has highlighted the need within the local government sector for specific training packages to be developed which focus on the management difficulties Councils face in today's linguistically and culturally diverse municipalities.

PROGRAMS FOR WOMEN OF NON-ENGLISH SPEAKING BACKGROUND

The 1988-89 Budget allocation for programs directed to immigrant women administered by the Women's Co-ordination Unit is \$104,000.

The Women's Advisory Council's multilingual publications program, provides for pamphlets in community languages, including a domestic violence pamphlet, at an estimated cost of \$52,000.

An on-going state wide program is being conducted to change community attitudes and inform NESB communities of legislation and services for victims of sexual assault.

A community education health project with a NESB component will be launched in 1989, with a budget allocation of \$20,000.

A new directory will be produced to assist welfare workers in providing information and referral for NESB women.

OFFICE OF AGED SERVICES

One of the major programs administered by the Office of Aged Services is Senior Citizens Week. In 1988, 13 grants were allocated to ethnic aged organisations for Senior Citizens Week. The ethnic aged are becoming increasingly involved in Senior Citizens Week activities and it is anticipated funding will increase in 1989.

ARTS

The main emphasis of the Ministry of the Arts will continue to be the Carnivale activity and as of 1988 a full-time co-ordinator has been appointed. Carnivale provides ethnic artists and groups with the funds and opportunity to exhibit their products and activities. The Ministry will continue to administer the Ethnic Affairs Commission Literary Award under the Premier's Literary Award program.

The Ministry is also undertaking initiatives to ensure that all grant programs are relevant and accessible to ethnic groups.

SPORT, RECREATION AND RACING

An amount in excess of \$40,000 has been provided within 1988-89 estimates for expenditure contributing to ethnic affairs programs.

PLANNING

The Department of Planning is not a major service provider. The Area Assistance Schemes, however, do provide grants to multicultural and ethno specific projects. The 1988-89 budget allocation for the Area Assistance Schemes is \$5.8 million. Grants are made according to identified local needs across a broad range of priority areas—youth, children, recreation, cultural, community development, and health.

The Department will be producing a multilingual display for Carnivale, and will translate information into several community languages.

HOME CARE SERVICE OF NSW

In 1987-88, 8.52% of Home Care field hours were used by people from non-English speaking backgrounds. In 1988-89 a major publicity campaign to increase access is anticipated and it is hoped to see this figure increased to 9.5%.

The expected expenditure on field hours will be in the range of \$5 million to people from non-English speaking backgrounds.

In the branches of Home Care the equivalent of 12 full-time Service Co-ordinator positions were employed as bilingual Assessors in 1987-88.

DEPARTMENT OF INDUSTRIAL RELATIONS AND EMPLOYMENT

One of the initiatives under the Government's new Start to Life program will be "New Careers for Young Migrants" (\$550,000 in 1988-89). This initiative will extend the existing Migrant Employment Program into the private sector and focus on young migrants under 25.

The Migrant Employment Program will be retitled New Careers for Migrants and include a special component to improve the utilisation of overseas skills in the NSW labour market.

Further details are given in Section 7.2 "Employment and Training".

7.4 HOUSING ASSISTANCE

INTRODUCTION

State housing assistance is provided within three major program areas—

- Home Ownership
- Public Housing
- Private Rental

Home ownership assistance is provided off-Budget with funds raised in the capital market by FANMAC Ltd a mortgage company in which the Government has a 26 per cent equity. Government financial support is available for interest subsidisation and risk cover, particularly for the Affordable Home Loan program which is directed toward low income earners.

The public housing program provides for the construction of public rental housing and also for rental rebates to low income earners. Consideration is being given to alternative approaches in the provision of public rental housing which permit a greater role for the private sector. This is in line with developments undertaken in recent years in home ownership schemes.

In the private rental area the Government has initiated the Rental Property Trust as a mechanism to increase the supply of private rental accommodation and to ease the pressure off escalating rents.

In summary the Government's housing schemes in 1988-89 through public housing provision, home loan assistance, the Rental Property Trust and land and house package sales, will assist over 62,000 households. This is an increase of 13,000 households on 1987-88.

HOME OWNERSHIP SCHEMES

In 1988-89 the Government has a major commitment to assisting families into home ownership. A total of \$690 million will be made available through the following schemes, which will provide assistance for some 11,000 households. This is almost double the amount available in 1987-88.

Affordable Home Loan Program

This program provides loans at a concessional interest rate of 13.5 per cent with additional interest subsidies available to borrowers not able to pay the full interest rate. In 1988-89 \$375 million will be available under the program which will assist some 6,000 households into home ownership. This significantly expands the amount of \$100 million available in 1987-88. The program is funded off-Budget apart from the level of interest subsidy paid.

Premier Low Start Home Loan Program

Introduced in 1986 the Premier Low Start Home Loan provides assistance for middle income families. At the end of 1987-88, 4,317 loans totalling \$228 million had been settled. In 1988-89 \$250 million will be committed under this scheme, which will assist some 4,000 households. Premier Low Start Home Loans are mortgages with a low start repayment structure, protection of fixed interest rates and income geared repayments. As with the Affordable Home Loan Program, this program is funded off-Budget by the issue of mortgage backed securities by FANMAC Ltd.

Ready To Buy Program

This year an amount of \$64 million will be made available to provide some 1,000 public tenants an opportunity to purchase a home under this scheme. Eligible tenants will be offered an Affordable Home Loan at a concessional interest rate of 12.9 per cent and have a total waiver of stamp duty. In addition tenants who purchase Departmental homes will have their legal costs and deposit requirement reduced.

Other Initiatives include—

- The Stamp Duty Deferral Scheme, which enables qualifying first home purchasers to pay stamp duty over five years, has been expanded. In 1988-89 the exemption limit will be increased by 19 per cent to \$125,000 and Loan Security Duty applying to those admitted under this scheme has been abolished.
- The Landcom development program will see over 4,160 developed lots available for sale in the year. This will be supplemented by the release of a further 1,140 developed Crown Land allotments. In addition, wholesaling of 50 parcels of englobo Departmental land will give a potential of around 2,500 lots. This will further improve the private sector's ability to respond in the middle to lower housing markets and will lessen market dependence on Landcom as a major supplier of developed lots.

PUBLIC HOUSING PROGRAM

The role of public housing is to cater for those least able to look after their own accommodation needs and to ensure that all persons have access to secure, appropriate and affordable public rental housing.

In 1988-89, \$550 million will be made available for capital construction programs in public housing, an increase of approximately \$50 million over last year. This will provide for the commencement of some 3,600 units of accommodation and completion of over 5,700 units in the year.

Under the Commonwealth State Housing Agreement, the Commonwealth Government guarantees to provide funds to the States for the provision of public rental housing. Specific purpose grants are provided for specific programs for pensioners, Aboriginal people and some community housing programs. General grants are provided for public housing assistance and are required to be matched by the State on a dollar for dollar basis.

The Government's strategy during 1988-89 is to provide the maximum number of units of accommodation with available funds to alleviate the distress of families and individuals living in poverty.

This year's program for aged persons housing provides for commencement of 1,200 units of accommodation costing \$96 million. In addition 2,122 units will be completed in the year.

Projects involving community based management of housing stock will continue to be funded. This will include increasing commitments to the Crisis Accommodation Program and the Local Government and Community Housing Program. The Crisis Accommodation Program provides housing for refugees and medium term accommodation services funded through the Department of Family and Community Services. The Local Government and Community Housing Program combines the resources of three levels of Government and community organisations to provide housing which has a strong element of tenant participation.

This year will complete the provision of housing to schemes funded under the Women's Housing Program (Medium-Term).

The Government will also maintain a commitment to the housing needs of people with disabilities through the direct provision of public housing and through the allocation of funds to the Special Purpose Housing Program.

The housing program targeted to Aboriginal people will involve the provision of 263 units of direct leased public housing and 257 units of housing to be built on Aboriginal reserves and missions to address sub-standard housing conditions.

PRIVATE RENTAL HOUSING

The private residential rental market continues to tighten. Rent increases for the Sydney metropolitan area in 1987-88 were significantly higher than previous years, rising by 23 per cent. This reflects declining affordability as rent continues to consume an increasing proportion of household income.

The supply of rental accommodation measured by bonds lodged with the Rental Bond Board has also now begun to decline after remaining fairly static for the past two to three years.

The Government has taken a number of steps to assist private tenants and encourage investment in the private rental market. A major initiative has been the New South Wales Rental Property Trust which has been developed to increase the supply of private rental accommodation directed towards low to middle income earners. The Trust raises funds by public subscription, acquires properties and oversees the management and rental of the housing stock. The first public subscription, undertaken in February/March 1988 was particularly successful. In 1988-89 a further public fund raising will be launched which is estimated will provide an additional 589 units of rental accommodation during the year. The Government is also lending strong support to the further development of rental purchase schemes in conjunction with major building societies.

To further encourage private investment in residential accommodation a five year land tax holiday for investors in new rental housing is to be introduced from 1 January 1989. The Premier has made a submission to the Federal Treasurer seeking an enhanced depreciation allowance for residential rental investment.

A Committee of Inquiry into Homelessness has been established to examine the extent and nature of homelessness in the Inner City and to develop strategies to deal with this problem.

7.5 INDUSTRY AND SMALL BUSINESS

THE ROLE OF GOVERNMENT

The New South Wales Government recognises that a strong private sector is vital to the State's prosperity. By facilitating private sector development and investment the Government aims to achieve increased economic growth in the State.

The Government has created a new portfolio of State Development under the control of the Deputy Premier. The Deputy Premier has also been appointed as the State's Co-ordinator General and has the responsibility of co-ordinating Government involvement on projects considered to be of strategic importance to the State's economy.

The Department of State Development provides professional support to the Deputy Premier in the State Development portfolio and co-ordinates the work of other economic development departments (Agriculture, Business and Consumer Affairs, Mineral Resources, Energy and Tourism), infrastructure departments (Public Works, Education, Administrative Services, Transport, Industrial Relations, Local Government and Planning) as well as Treasury and the Office of Cabinet.

A new Department, Business and Consumer Affairs, has also been established and will help in providing a conducive environment for business development and consumer protection. The Department brings together the former Departments of Consumer Affairs, Corporate Affairs, Industrial Development and Decentralisation and Co-operative Societies.

Business and Consumer Affairs will focus on programs that encourage business development and growth and on observance of fair trading principles.

The Government is undertaking a major review of business regulation with a view to identifying and removing unnecessary bureaucratic requirements. The Government is also investigating the one stop shop concept for business licencing as a means of facilitating the development of the private sector. These reviews are being conducted within the administration of the Minister for Business and Consumer Affairs.

Through its Office for Trade Development, Business and Consumer Affairs is examining opportunities to maximise the involvement of New South Wales industry in overseas markets. A comprehensive Trade Development Strategy is being developed which will form the basis for future promotional activities. The Government intends to work with other trade development organisations to promote exports of Australian industry.

INDUSTRY ASSISTANCE

While the main approach of the Government is to create a climate conducive to business and economic development, a number of specific provisions are made in the Budget to foster industrial development in the State—

- Payroll Tax Concessions—as from 1 January 1989 the payroll tax scale will be adjusted to compensate for the effects of inflation. This means that the threshold level, at which no tax is payable, will be increased from \$400,000 to \$432,000 and the small business concession will phase out at \$1,512,000 (previously \$1,400,000). The cost to revenue of adjusting the scale for inflation will be \$7 million in 1988–89 and \$16 million in a full year.
- Payroll Tax Rebates—provision is made for rebates amounting to \$17 million in regard to tax paid last financial year.
- \$2.5 million to assist Australian companies up-grade their quality assurance programs.
- \$4.3 million under the National Industry Extension Service joint scheme with the Commonwealth to assist firms with export potential to improve their performance and thus boost exports.

- Payments in excess of \$11 million are expected to be made from the Industries Assistance Fund to help a wide variety of industries in this State to improve their performance and provide New South Wales with a better industrial base for future growth.
- A contribution of up to \$5 million is being provided to assist New South Wales companies meet costs associated with tendering for the proposed ANZAC ship defence contract.
- \$660,000 is provided for assistance to the Industrial Supplies Office to encourage the use of domestic products in local manufacturing.

In addition, the Building Services Corporation will provide \$5 million during the year for education and training projects to improve standards and promote employment in the building industry.

SMALL BUSINESS

Small Business will benefit considerably from the various assistance schemes referred to above. Small Business will also particularly benefit from the Government's review of business regulation as the intention is to reduce and simplify the large number of licences needed by business in New South Wales.

Advice and other services will continue to be provided to small business operators through the agency of Business and Consumer Affairs.

The Department of Technical and Further Education operates special-purpose small business centres at Newcastle and Shellharbour, with other multipurpose centres at Campbelltown, Gosford and Werrington. Additional centres are to be constructed at Blacktown and Granville. The Department is establishing an Industry Liaison Unit to improve its responsiveness to the needs of industry and commerce.

NEW SOUTH WALES INVESTMENT CORPORATION

Having full regard to the wide range of financial institutions available to service business and consistent with its views on the role of the public sector, the Government has announced that the Corporation is to be sold. Existing private financial institutions are keen to provide the necessary investment capital for development of private industry.

The Government has engaged consultants to advise on the best way to dispose of the Corporation and intends to use the proceeds of sale to reduce the State's debt.

7.6 PROGRAMS FOR OLDER PEOPLE

The Government is well aware of the need to give special attention to older people in New South Wales to maintain their independence, self-esteem and quality of life. In 1988-89 increased funds have been allocated for better services, despite prevailing economic constraints.

The Government's commitment to maintaining programs for older people is a recognition of the fact that the aged population is growing at twice the rate of any other group in the community, and has many wide-ranging needs.

HEALTH SERVICES

Most elderly residents of New South Wales are well and active, but those who are ill rely on health services more than any other group.

The Government aims to provide a proper level of care for elderly people and one which is sensitive to their needs. As part of the Department of Health's program for elderly people, multi-disciplinary geriatric health services are being established throughout the State.

The Department of Health will continue to provide podiatry, day care and rehabilitation services for the elderly. Through the Commonwealth/State Home and Community Care (HACC) Program, increased funds will be allocated to enable the expansion of community nursing, paramedical services and respite care (in particular for dementia sufferers and their carers).

Other State Government health services and programs directed specifically at older people are the Dentures for Pensioner's Scheme, the aged component of the Hospital Refurbishment Program and health promotion for senior adults.

POLICE

The Aged Services Unit of the Police Department has been allocated \$79,000 for 1988-89. The Unit will be developing policies to ensure efficient and effective service delivery to older people.

Projects for 1988-89 include—

- consultation with Patrol, District and Region Commanders regarding service use and availability to older people.
- undertaking evaluation of the organisational services delivered.
- holding a series of Crime Prevention seminars in both metropolitan and rural areas.
- updating the Safety and Security brochure.
- expanding the Safety Advice for the Elderly Program (S.A.F.E.), where senior citizens volunteers are trained to teach their peers Crime Prevention techniques, to a number of metropolitan and rural areas.
- continuation of training Police Officers to understand the particular concerns of senior citizens.
- conducting a special police spectacular in Senior Citizens Week 1989.

EDUCATION

The New South Wales Government, through the Board of Adult Education, gives advice and financial support to a number of organisations which conduct courses or provide other learning opportunities for older adults.

For 1988-89, the Board proposes expenditure of \$60,000 specifically for programs for the elderly. In addition, \$75,000 is proposed for students with hearing impairment, a substantial number of whom are elderly.

The Department of Technical and Further Education has increased its assistance to the aged by establishing a position of Outreach Co-ordinator (Older Adults) within the Department's Directorate of Special Programs.

The Co-ordinator will be responsible for the organisation of retraining for older workers, rewriting curricula to train the growing field of non-medical workers with the frail-aged and establishing necessary teaching material.

HOME AND COMMUNITY CARE PROGRAM

The Commonwealth/State Home and Community Care (HACC) provides a range of co-ordinated services to support frail aged and disabled people and permit them to live more independently in their own homes.

The co-ordinating Minister in New South Wales is the Minister for Family and Community Services.

In 1988-89 the Government will increase funds available for the Program by 15.8 per cent.

Program funds in 1988-89 will enable—

- maintenance of all existing approved services.
- construction and development of capital facilities in co-operation with local government authorities.
- continued growth of HACC programs on a co-ordinated basis with allocation of approximately \$10.7 million.

ACCOMMODATION

The Department of Housing is implementing a strategy for providing a range of accommodation services which will improve housing choices for older people in NSW.

The Department of Housing is the biggest provider of affordable housing for low income older people.

In 1988-89 the Department's aged persons' housing program provides for the commencement of 1,200 units of accommodation at an estimated total cost of \$96 million. In addition 2,122 units will be completed in the year.

In recognition of the ageing of our population, the Department is also involved in the provision of retirement housing. In 1988-89, the Department will develop three of these projects, each in metropolitan Sydney locations. A number of other projects are currently being evaluated in pre-planning studies and these include sites at Newcastle, Woy Woy, Windsor, Peakhurst, Manly and Kingsford.

In developing this program, the Department has been negotiating with the Commonwealth Government to maximise access to capital and recurrent funds for hostels under the Aged or Disabled Persons Homes Act.

Further strategies involve the improvement of design standards for older persons' housing, and the development and promotion of innovations in the area of consumer choices when selecting and living in retirement housing.

A Retirement Villages Bill and Code of Practice is proposed for enactment during the Budget Session and for implementation from January 1989.

The Home Maintenance and Modification sub-program of Home and Community Care continues to be administered by the Department of Housing. This provides a range of services to modify and maintain houses for disabled and frail elderly people. An amount of over \$2.0 million will be available in 1988-89 for the program.

THE HOME CARE SERVICE OF NEW SOUTH WALES

The Home Care Service of NSW has become a Statutory Authority which will enable improved accountability and service delivery to clients. The Service is now responsible to the Minister for Family and Community Services through the Director-General.

The Home Care Service is extensively funded by the State and Commonwealth Governments under the Home and Community Care Program. An estimated \$71 million will be spent on Home Care in 1988-89 of which some \$64 million will be provided by the two Governments.

During 1988-89 Home Care will provide services to approximately 42,000 households at any one time. Of these, 54 per cent are aged single people living alone and 20 per cent are aged couples.

The proportion of hours worked in each type of service in 1988-89 is likely to be—

General Housework	73 per cent
Personal Care	14 per cent
Respite Care	6 per cent
Handyperson Service	3 per cent
Live-In Housekeeper	1 per cent
Other	3 per cent

The Home Care Service will be extending existing services and continuing to administer a number of innovative projects during 1988-89, including Community Options. The objective of the Community Options program is to give clients, who would otherwise be eligible for nursing home places, the option and ability to remain in their own home.

Particular priorities for 1988-89 include improved service delivery for non-English speaking people and Aboriginal Australians.

LEISURE AND RECREATION

The Department of Sport, Recreation and Racing provides a significant range of leisure activities including a comprehensive selection of sporting, recreational and aquatic classes, hobbies, day trips, senior citizens residential camping holidays, and other specialist activities.

This year, the Department will continue to develop activities for older adults, including the very popular program, 'Senior Citizens Camping Holidays', for which \$390,000 has been allowed.

To assist in the co-ordination of these projects, the Department recently established a Special Projects Unit. One of its tasks is to ensure fairness in the Department's distribution of recreational and sporting opportunities to specific populations in the community, one such group being older adults.

Estimated 1988-89 cost of the Special Projects Unit's Specific Populations Section is \$72,000.

GRANTS

As part of the Community Welfare Fund administered by the Minister for Family and Community Services, \$551,000 has been allocated to provide grants to more than 30 aged and disabled self-help groups, community projects, operating costs of the New South Wales Council of the Ageing and the Combined Pensioners Association.

A number of Non-English Speaking background aged groups will benefit from the Welfare grants program of the Ethnic Affairs Commission in 1988-89.

OFFICE OF AGED SERVICES

In keeping with the Government's special commitment to older people, the Budget for the Office of Aged Services in Premier's Office has been set at \$875,000. This will permit the Office to continue all its regular services and programs at an adequate level, including 1989 Senior Citizens Week.

The Office, which has now been established for 5 years, gives older people a direct link to the Premier as Head of Government. In addition, the Premier further recognised the aged community by recently appointing The Hon V. A. Chadwick, M.L.C., as Minister Assisting the Premier on the Aged.

Projects planned already for the year include—

- examination of consultative mechanisms on aged matters.
- preparation for public comment of a directions statement on aged policy in New South Wales.
- compilation of the latest statistical data on the aged in conjunction with the policy proposal.
- the twelfth Government-sponsored Senior Citizens Week from 12 to 19 March 1989.
- continuing performances of the Premier's Concerts at the Sydney Entertainment Centre for Christmas and Senior Citizens Week.
- liaison on the development of the Bicentennial Seniors Symphony Orchestra funded by an Australian Bicentennial Authority grant with first performance at the Premier's Christmas Concert.
- continuation of the successful newsletter, "the Banyan Tree".

CONCESSIONS FOR PENSIONERS

The State Government provides a comprehensive range of concessions and rebates which assist pensioners and those in genuine need. Approximately 65 per cent of pensioners in New South Wales are age pensioners.

The package of concessions and rebates is clearly the best in Australia, and is of great value in supplementing the fixed incomes of pensioners.

It is an objective of the Government to develop a more equitable distribution of services for older people. To this end, many transport concessions have been extended to retired senior citizens.

The cost to the Budget of concessions, rebates and services to pensioners includes—

- \$165.6 million for transport concessions. This includes public and private transport passenger concessions of \$105.5 million and free driver's licences and the abolition of registration fees and reduced motor taxation and third party insurance premiums of \$60.1 million.
- \$64.9 million for the State's share of reduced Council, water, sewerage and electricity charges.

- \$2.5 million to exempt the Financial Institutional Duty on the initial deposit of pension cheques.
- \$27 million for public housing rent rebate for aged pensioners. Other pensioners represent a significant proportion of the recipients of rent rebates amounting to \$203 million making a total of \$230 million.
- \$23.8 million for dental services including some \$9.7 million for the Dentures for Pensioners and other necessitous Persons Scheme.
- \$2.9 million to assist with the provision of spectacles.
- \$720,000 to enable the participation of up to 42,500 pensioners in adult education courses.

In addition there are further concessions available to pensioners including ambulance transport, reduced mooring fees, free game, gun, and fossicking licences and free entry to National Parks. Also a 50 per cent discount is available on boating licences for persons over 60.

7.7 RURAL SECTOR

The Rural Sector in N.S.W. is facing a strong, positive economic outlook for the first time in many years. High returns on wool and other animal products coupled with the prospect of excellent grain and other crop yields have enabled the Government to review existing commitments and subsidies to the Rural Sector with a view to reducing farmer reliance on free or subsidised services.

At the same time the Government has recognised the importance of the Rural Sector as a major contributor to the State's economic success. This recognition is evidenced by a number of new initiatives within the Rural Sector. New programs aimed at helping producers to maximise returns and profits and to plan for a sound future are being introduced and many existing management advisory services are being expanded.

AGRICULTURAL AND FISHERIES SERVICES

Experts from the private sector are combining with the Department's own technical and farm management staff to conduct programs that provide essential management and marketing information. These programs assist producers to adjust production to meet specific changes in market conditions and to making their farm businesses more profitable.

The management and marketing programs complement a world class research and development team supported by a widespread advisory network and, where necessary, an effective regulatory effort.

Specific initiatives within the NSW Department of Agriculture and Fisheries to be introduced in 1988-89 include the establishment of an Optimum and Creative Marketing Unit (to advise on methods of marketing designed to provide maximum increases in sales of NSW produce) and a Rural Costs Analysis Unit (to monitor and analyse cost factors affecting NSW agricultural products).

A moderate level of restructuring has been necessary to enable financial and staff targets to be met. The Department reviewed all its programs to determine the lowest priority functions and those more appropriately and economically handled by other organisations or the private sector. As well, eight agricultural economists have been re-designated as full-time farm management advisors.

By concentrating on higher priority programs the Department will be able to maintain its services to the rural sector and operate effectively and efficiently.

The Department's major capital expenditure item will be the completion of Australia's most modern veterinary research facilities and associated services at the Elizabeth Macarthur Agricultural Institute at Camden Park.

The Department's allocation also includes funds from the Commonwealth to undertake a major marine ecology study in Jervis Bay (\$658,000) and nearly \$1 million for assistance to the sugar industry.

PROVISION OF RURAL ASSISTANCE

Following a review of rural agencies in NSW, covering the Rural Assistance Board and the State Bank Rural Agency, consultants recommended that the two agencies be combined into a Rural Assistance Authority under the responsibility of the Minister for Agriculture and Rural Affairs.

The Government supports in principle the consultants' recommendations.

A working party comprising representatives of the Department of Agriculture, Treasury, State Bank and Rural Assistance Board is currently developing an implementation plan to put into effect the integrated Rural Assistance Authority.

The Commonwealth will make available \$2.144 million (the same amount was provided in 1987-88) for new debt reconstruction, farm build up and farm improvement assistance under the Rural Adjustment Scheme. In addition, in line with an election undertaking, the State will match the Commonwealth's level of assistance in 1988-89.

Concessional financial assistance will also be provided to primary producers through State Bank Agencies under three schemes—General (encouraging improved farming practices), Special (conservation of soil and water resources) and Relief (assistance following natural disasters).

An allocation of \$8.5 million has been provided for concessional advances under these schemes—

	\$000
General Scheme—Production and permanent improvements	1,700
Special Scheme—Soil Conservation	3,500
Farm Water Supplies	2,900
Other	400

Funding for Relief Schemes following natural disasters is made available as required.

SOIL AND WATER CONSERVATION SERVICES

Soil is one of this State's major resources and the Government is committed to its protection and development. The Soil Conservation Service will continue to provide its specialised services in this area and will also undertake two new initiatives—

- The Trees on Farms program which is designed to promote and demonstrate the use of trees in rural areas and to control soil erosion and other forms of land degradation; and,
- A Public Education Program aimed at improving public awareness and commitment to soil and water conservation principles and practices.

The Service will also be undertaking a salinity control initiative in the Yass Valley which contains some of the most severe areas of dry land salinity in the State.

PREVENTION, DETECTION AND INVESTIGATION OF STOCK THEFT

The Police Department will employ 13 stock investigators to perform both preventative and reactive stock related duties. An allocation of \$455,000 for 1988-89 will meet the costs of hiring part-time staff for mustering, purchase of equipment, tackle, portable yards, hiring of horses and equipment, care and disposal of exhibits.

EDUCATIONAL SERVICES

TAFE operates a number of mobile teaching units in country areas, with one unit specially designed for wool courses which operates in the New England Region.

Courses are being provided at Tumut for multiskilling personnel in the Forestry industry.

Included in the TAFE Outreach program is special provision for access to TAFE for geographically isolated people. In 1987 over seven thousand country students from over 300 different towns were enrolled through the Outreach program.

7.8 PROGRAMS FOR WOMEN

The Government is committed to the important role of women in all the mainstream activities of the State. Thus it hopes to see women in small business, in the corporate sector, in the professions, in the traditional service occupations, as well as in the non-traditional employment areas.

It is also committed to an appreciation of the role women play in every level of the State's functioning from Parliament, through Local Government, in management committees which run community services, as community volunteers, and in their vital role in the home and family context.

The Government is very aware that women who suffer a double disadvantage (including those who are of non-English speaking background, Aboriginal women, women who are victims of domestic violence or sexual assault, and women who suffer poverty or disablement) need some special supports and services to ensure that they take their full and rightful role in the community.

The Government's commitment to the needs of women can be seen in the following allocations.

WOMEN'S HEALTH

Women are the major users of the health system and the \$3.8 billion gross payments Health budget provided in 1988-89 will ensure that women across the State will have access to high quality public hospital care for treatment of gynaecological problems, chronic illness and childbirth services. The wide range of preventive and early intervention programs offered through community health services such as baby health centres, family care cottages and therapy or rehabilitation programs provide information, care and support for women and their families.

Approximately \$11.235 million is earmarked in 1988-89 for the continuation of health initiatives for women and parent support services as recommended by the Women's Health Policy Review.

Major on-going initiatives include—

- Funds for mammographic screening services for early detection of breast cancer at Central Sydney and Hunter Area Health Services.
- Funding of twenty-eight women's health nurses in rural and urban growth areas, and a mobile outreach service offering preventive health screening, counselling and health education.
- Community based health education and information programs for women provided by a state-wide network of Regional and Area Women's Health Education officers and bilingual community educators.
- Over \$5.4 million to maintain grants to thirty-five community organisations providing health services for women including seventeen Women's Health Centres, sexual assault, family planning, pregnancy support and migrant health education services as well as residential programs for heroin-addicted pregnant women and psychiatrically ill women and their children.
- Funds for family planning clinics in rural areas.
- Funds for extended public hospital antenatal care services targeted to disadvantaged families in Western Sydney.
- Over \$600,000 to maintain parent support services targeted to vulnerable families and those with infant stress problems including four family care cottages in Western Sydney, the Hunter and the South East regions and funds for the Tresillian telephone counselling service.

Detailed planning for a range of health programs of benefit to women will continue in 1988-89.

The prevention or early detection of diseases such as breast and cervical cancer are major health concerns for women. Innovative New South Wales based screening projects are currently participating in a three year national evaluation of breast and cervical cancer screening services, health, education and recruitment programs.

In 1988-89 the Women's Health Unit of the Department of Health will begin the development of detailed strategic plans for the prevention or early detection of these cancers in collaboration with the New South Wales Cancer Council, leading cancer specialists, Royal Medical Colleges, community groups, researchers and Area Health Services.

A Working Party has been established to develop a state-wide health promotion plan for early detection of chlamydia and prevention of pelvic inflammatory disease, a major cause of infertility in women.

The Ministerial Task Force to Review Obstetric Services in New South Wales is scheduled to report to the Minister for Health in 1988 concerning improved provision of antenatal care and education, services for childbirth, postnatal care and services for disadvantaged groups.

SEXUAL ASSAULT

The Government welcomes the growth of awareness among women, in particular those of non-English speaking background in the area of sexual assault. It is committed to improving police investigation techniques in sexual assault cases.

To facilitate this the Police Department has allocated—

- \$280,000 to continue training police in the investigation of sexual assault and the care of victims in the Detectives' Training Course. As well as this, there will be 16 courses for police already in the field to train them in their initial response to sexual assault crimes;
- \$40,000 for computerising sexual assault reports and records to develop an intelligence data base; and
- sexual assault liaison officers will be established in each patrol.

It is the Government's stated intention that everyone should be able to walk the streets without fear and feel safe in their homes. The Police Department will be spending a total of \$7.0 million on sexual assault related work in terms of salaries and programs.

The Health Department will fund the adult component of the state-wide network of thirty-one sexual assault services.

CHILD SEXUAL ASSAULT

Since the community awareness campaign conducted by the Child Protection Council, there has been a substantial increase in reported incidences of child sexual assault.

The Police Department has made a commitment to dealing with this increasing case load with the following programs—

- The Safety House and Protective Behaviour programs have been launched to provide a network of safe premises and strategies for children to protect themselves from abuse. A child protection program co-ordinator has been appointed to develop the program;
- The Police Recruit Education Program and the Detectives' Training Course are incorporating a child abuse component;

- There will be an increased number of participants in the Child Abuse and Sexual Assault Initial Response Officers' Course;
- \$80,000 will be used to establish an education program for general duty police in country areas, to provide an initial response capacity;
- A pool of trained general police officers in each district will be established for initial response to such situations;
- There will be inter-agency liaison in dealing with sexually abused children;
- Sexual assault liaison officers will be established for each patrol;
- \$30,000 has been allocated for child abuse information workshops for all police;
- The total commitment of the Department of Police to dealing with child sexual assault, including salaries and programs, is \$5.0 million.

The Department of Family and Community Services' Child Sexual Assault Program will expend a total of \$2.605 million this year. This is \$615,000 or 31 per cent more than was spent on the program last year and it will meet the cost of the Child Protection Council, community based non-government services, regional training, community education and other related activities.

In addition, staff and operating costs associated with the program have been included in the overall Departmental allocation so that the actual amount to be spent in 1988-89 will exceed \$3 million;

The Department of Health has been allocated \$2.8 million to meet the ongoing costs associated with the Child Sexual Assault Program.

Ongoing Programs include—

- Support for metropolitan and rural child sexual assault services.
- Pre-trial Diversion Treatment Programs for a limited number of offenders.
- Support for state-wide training for health personnel on child sexual assault issues with specific projects providing resources for medical practitioners and careers of the disabled being undertaken in 1988-89.
- Support for the Forensic Biology Laboratory to process forensic evidence pertaining to child sexual assault cases.

The Child Sexual Assault Unit in the Office of the Director of Public Prosecutions will continue to be funded so as to provide specialist services during legal procedures which involve child victims. This year there has been additional travel and salaries budgetary commitment to the regional offices of the Director of Public Prosecutions. This allows for an officer in each region to specialise in sexual assault work.

The Department of Corrective Services will continue its commitment to state-wide training on child sexual assault issues specifically relating to work with adult sex offenders. It will also continue to fund the program for sex offenders in gaol.

POLICE SERVICES

Most of the budget commitments made by the Police Department are described under the sexual assault, child sexual assault and domestic violence sections.

In addition to those services, the Police Department has allocated funds to cover ex-gratia payments of up to \$1,000 to the spouses of police who keep lock-ups, or who are in small police stations (less than three officers) for their voluntary assistance. This can include taking telephone messages, and assisting in emergencies.

HOMELESS WOMEN

In 1988-89 the allocation for the Capital Works Program of the Department of Housing will be \$550 million. This compares with outlays of \$504.7 million in 1987-88. This will enable the construction or acquisition of housing stock which will provide security and affordability of public housing to the large number of women and their families who comprise more than two-thirds of the Department's waiting list.

Through the Department's programs for home buyers, of the \$100 million made available for Affordable Home Loans in 1987-88, 23 per cent of the borrowers were single parents (most of whom are women). Similarly, 33 per cent of the settlements of Premier Low Start Loans have been to women. This contribution to the housing of women is expected to increase proportionately with the substantial expansion of these programs in 1988-89 to an overall \$440 million to Affordable Home Loans and \$250 million to Premier Low Start Loans.

The Women's Housing Program (medium-term), provides resources and support to assist women to overcome problems of chronic homelessness and instability. In 1988-89 \$2.8 million will be available for recurrent operational expenses and \$0.6 million for the provision of dwellings.

DOMESTIC VIOLENCE

The Government will continue the commitment under the joint Commonwealth/State Supported Accommodation Assistance Program (SAAP) agreement, to provide funding under the Women's Emergency Support Program and under the General SAAP.

A total of \$11.109 million is being allocated through the Women's Emergency Services Program. This includes enhancement of existing Women's Refuge funding of \$0.396 million.

The following program allocations to the Police Department are designed to result in a Police Force which will be well-informed and equipped to cope with domestic violence—

- A crime information report will be submitted for every dispute;
- \$100,000 will be allocated to develop a computer package to analyse the data collected and to provide feedback to field operatives;
- \$80,000 will be used to make 2 training videos for police regarding domestic violence intervention procedures and awareness;
- \$60,000 will be used to deliver a field-training program;
- \$10,000 will provide a special supplement to go with the Procedures Manual and the Awareness Manual;
- \$20,000 will provide domestic violence kits for car crews;
- \$8,000 to form a crisis intervention pilot scheme in partnership with the Salvation Army. This will follow up police involvement in domestic violence situations.

The total commitment in this area, including salaries, is \$20.9 million.

CHILDREN'S SERVICES

The amount available from all sources for Pre-schools and Day Care Centres is \$52.7 million, some \$8.7 million more than was spent in 1987-88. The 1988-89 figure includes growth of \$2 million for funding of new or expanded Pre-schools, including one-off grants up to a maximum of \$40,000 to assist with extensions or renovations to such facilities. The allocation will also enable all subsidies to Pre-schools to be maintained at existing rates and provides for an increase in session rates from 1st January, 1989. Day care subsidies will continue to be paid at the rate of 20 per cent of approved salary costs.

Other services for children which would be of particular interest to women include—	\$000
The Protection of Children from Abuse and Exploitation Program . . .	4,644
Residential and alternate care	7,590
Vacation Care	2,322
Early Childhood projects	1,616
National Family Support Program	8,753

In addition to the programs already mentioned, the Department of Family and Community Services funds a range of other services for women.

Over \$1,000,000 is allocated each year to women's resource and information centres, to accommodation services other than women's refuges, to young women's services and to services for single mothers.

WOMEN IN PRISON

The Department of Corrective Services subsidises welfare bodies working for the rehabilitation of offenders and the welfare of their families. The amount of the subsidy for 1988-89 will be \$520,000.

Stage I of the \$39 million re-development of Mulawa Women's Prison at Silverwater will open in November, 1988. The budget provides recurrent funds of \$2.7 million to open Stage I which comprises a new remand section plus new industrial facilities and visiting areas. Funds to the extent of \$7.0 million have been provided to continue work on Stage 2A, the new accommodation unit of the Prison.

WOMEN'S EMPLOYMENT AND TRAINING

A Women's Employment and Training Taskforce will be established to facilitate the co-ordination of the development and implementation of the Women's Employment and Training Strategy for New South Wales.

Performance indicators will be developed to measure the extent to which the range of services and programs offered by the Department of Industrial Relations and Employment are meeting the goals of the Women's Employment and Training Strategy.

New Careers for Women will replace the Technical Jobs for Women program in the private sector and local government. \$2.2 million has been provided to meet outstanding commitments. New Careers for Young Women is a similar scheme focused on young women. \$0.75 million has been allocated for the 1988-89 year.

Management Skills in the Community Program is being phased out, but \$140,000 will be available to meet remaining commitments.

While there are no other schemes specifically targeted to women in the Start to Life and other Employment Programs, the principles of Equal Employment Opportunities will be closely followed.

The Department of Industrial Relations and Employment has been allocated \$100,000 for the Way Ahead and Women's Industrial Programs administered by the Department's Women's Directorate.

The Way Ahead Program and the Register of Women in Non-traditional occupations will continue to promote women's access to and retention in training and employment in non-traditional occupations.

The allocation to the Anti-Discrimination Board (ADB) and Equal Opportunity Tribunal is \$1.14 million. These bodies have been relocated from the then Premier's Department to the Attorney-General's Department. The ADB will continue to act on behalf of the Human Rights Commission under co-operative arrangements between the Commonwealth and the State. The cost is met by the Commonwealth.

The Office of the Director of Equal Employment Opportunity in Public Employment this year will receive \$1.05 million to reach its four target groups which include women, people of non-English speaking background, Aboriginal Australians, and disabled persons.

DEPARTMENT OF EDUCATION

The Government in 1988 will announce new policies and strategic plans for the education and training of girls and women and for merit and equal opportunity in employment in the education portfolio.

The Government gives high priority to the improvement of opportunities and outcomes for girls and women in the education and training areas. It has initiated major changes in the structural approach to these goals. Strategies for improving educational outcomes for girls and women will not only be more effective, but also more permanent, when they emanate from and are part of mainstream functions. \$51,000 has been provided for the Social Policy Unit within the Ministry of Education and Youth Affairs to continue co-ordination of policy development relating to girls and women and the development of the portfolio strategic plans.

The Government's priorities in schools are to increase girls' participation in mathematics, science and technology areas, particularly at higher levels, to widen girls' post-school education and career options and to provide a supportive educational environment for girls—

- \$37,000 will be provided in 1988-89 for the co-ordination of staff development material for Head Teachers of mathematics, science, industrial arts and computer education in relation to girls.
- \$37,000 to maintain the Computers and Girls Program to improve access for girls to computer education.
- \$52,000 for the ongoing development and co-ordination of strategy plans to improve educational outcomes for girls through the Chief Education Officer (Girls).
- Provision for the continuation of the Child Protection Program through professional development materials, regional consultancy and support for teachers. \$234,000 will be provided for curriculum materials.

The Government has greatly extended promotion on merit within schools and introduced the new promotion category of Leading Teacher. These strategies will provide women teachers with greatly increased opportunities to gain promotion in schools.

Provision of \$30,000 has been made for the development and delivery of a wide range of staff development activities to enhance career opportunities for women and to encourage participation by women in merit-based promotion. \$35,000 for the extension of selection committee training to ensure a full understanding of the merit principle, and the evaluation of merit-based promotion strategies. \$20,000 for the distribution to all schools and administrative offices of a kit for the elimination of sex-based harassment and the development of a training module for inclusion in regional and head office staff development activities. \$16,000 for the establishment of clear performance measures in these areas and the establishment of a monitoring system to collect data on recruitment and employment issues with particular emphasis on women.

A streamlined EEO Unit will maintain a co-ordinating and monitoring role. The new Strategy on Merit and Equal Opportunity in Employment will detail mainstreaming strategies and supporting structures.

The Government is committed to improving women's access to TAFE and increasing the participation of women in courses in which they are under-represented. It also wants to ensure that courses which have predominantly female enrolments, equip women with high level technologically relevant skills which maximise their potential for further training, skill development and employment.

The Government has moved to mainstream the structures and strategies by which these goals can be effectively achieved within TAFE. A streamlined TAFE Women's Co-ordination Unit will continue.

Women's access courses will continue within mainstream TAFE school structures.

Provision for the continued implementation of strategies within TAFE to promote merit and achieve established EEO goals.

The future directions and specific initiatives in this area will be specified in the TAFE Strategy on Merit and Equal Opportunity in Employment to be announced this year.

IMMIGRANT WOMEN

Through the Department of Industrial Relations and Employment a number of bilingual inspectors have been appointed to concentrate on occupational health and safety problems of migrants.

A Multilingual Occupational Health and Safety Information Unit will continue to provide advice regarding work place matters.

The Women's Advisory Council's multilingual publications program provides for pamphlets in community languages, including a new publication about women's preventive health checks costing an estimated \$52,000.

An ongoing state-wide program is being conducted to change community attitudes and inform non-English speaking background communities of legislative provisions and services for victims of sexual assault. The budget allocation is \$20,000.

A preventive health project with a non-English-speaking background component will be launched in 1989, with a budget allocation of \$100,000.

A new directory, at an estimated cost of \$8,000, will be produced to assist welfare workers in providing information and referral for women of non-English speaking background.

A "Booklet for Families" aimed at families of victims of child sexual assault will be published in 11 community languages. \$5,000 has been allocated for the development of a multicultural educational programming kit to assist children's services to better cater for the needs of immigrant women and their children.

WOMEN'S CO-ORDINATION UNIT AND THE WOMEN'S ADVISORY COUNCIL

The Women's Advisory Council comprises representatives from a diverse range of community backgrounds. Its role is to inform the Government of issues of concern to women and to inform women about Government policies and initiatives of relevance to them.

The Women's Co-ordination Unit provides administrative support for the Advisory Council and also undertakes to co-ordinate, foster, monitor and initiate policies and projects affecting the status of women.

The Budget for these two bodies in 1988-89 is again \$1.2 million. Their projects for the year include—

- The permanent employment of an Ethnic Women's Project Officer and an Aboriginal Women's Project Officer whose work includes the printing of a new pamphlet on Aboriginal Domestic Violence;
- A major community education project on the importance of Preventive Health Checks, such as mammograms and pap smears, for women;
- A consultation on the issue of women's self-esteem;
- A pilot state-wide community education project on sexual assault in the Bathurst region;
- A new publication on disabled women;
- Two new publications on women and ageing;
- Three issues of the newsletter 'Hersay';
- Printing of new leaflets on Sexual Assault, Domestic Violence and Sexual Harassment;
- Reprinting of the publication 'Women and Family Law'.

SECTION 8: SPECIAL BUDGET FEATURES

- 8.1 Commission of Audit**
- 8.2 Asset Sales**
- 8.3 Public Sector Debt and Debt Servicing Costs**
- 8.4 Financial and Administrative Reforms**
- 8.5 Public Infrastructure Maintenance**
- 8.6 Superannuation**
- 8.7 Budget Funded Concessions Granted by the Government**
- 8.8 Transport Authorities**
- 8.9 Centralised Services**



8.1 COMMISSION OF AUDIT

INTRODUCTION

The establishment of the Commission of Audit was announced by the Premier and Treasurer on 4 April 1988. The broad purpose of the Commission was to review the financial affairs of the State public sector.

Three of the four members of the Commission were from the private sector. The Chairman of the Commission was Mr Charles Curran A.O., Deputy Chairman of Kleinwort Benson Australia Limited. Members were Mr Jim Dominguez A.M., Chairman Dominguez Barry Samuel Montagu Limited; Mr James Yonge, Deputy Chairman and Managing Director Wardley Australia Limited, and Mr Don Nicholls (Executive Director), Deputy Secretary Treasury.

The objectives of the Commission were—

- To review the State's financial obligations and assets and determine the public sector deficit.
- To develop a framework for improving the financial management of the State.
- To assess the extent to which selected Government business undertakings are operating on commercial lines.
- To examine opportunities for the commercialisation of business undertakings.

In the course of its work, the Commission examined the following areas; State Rail Authority, Urban Transit Authority, Electricity Commission, Maritime Services Board, Grain Handling Authority, Community Welfare funding, Legal Aid Commission, Sydney Cricket Ground Trust, Opera House Trust, Employee Liabilities, Workers' Compensation and Transport Accident Compensation. Much of this work was undertaken by consultants appointed by the Commission.

THE REPORT

The Commission completed its Report on 29 July.

As well as covering the State's finances, the Report includes comment on such matters as—

- corporatisation;
- operational practices in authorities;
- the role of government;
- property management.

The Report traces the growth in Government outlays, which for Australia as a whole have risen over 20 years from 30 per cent to 42 per cent of the nation's Gross Domestic Product. At the State level, recurrent spending has continued to grow as a proportion of Gross State Product.

Demographic factors are not the only reasons for the expansion of public services. Growth has come from continued improvements in public sector programs and the introduction of new programs. The Report asserts that unless action is taken, this growth pattern will continue into the future, causing additional strains on the State's economy. In addition, the Commission found that inefficiencies in the major statutory authorities reviewed add a further dimension to the financial problems of Government.

In the context of its overall review of trends in the Australian and State economies and the State public sector, the Commission's Report drew the conclusion that 'New South Wales has been living beyond its means'. This was found to be the result of excessive spending, the heavy drain of losses from Government business undertakings, poor management of the State's assets, a failure to recognise and pay for operating expenses as they are incurred and an increasing reliance on debt.

Following the general review of the public sector in the economy, the Report covered three main subjects—

- Finances of the State public sector.
- Business undertakings.
- Property Management.

The Report includes balance sheets and income and expenditure statements for the State public sector as a whole and separately for the budget sector and statutory authorities. This is the first time such an exercise has been attempted in Australia.

The Commission identified total State liabilities of \$46 billion. New South Wales State borrowings had increased from \$11.7 billion in 1982 to \$24.7 billion in 1987.

The income and expenditure statement produced by the Commission shows a combined deficit of \$1.2 billion. It is drawn up on an accrual accounting basis, so that it includes accrued employer entitlements and a depreciation allowance in the budget sector figures.

The Report featured substantial comment on statutory authorities. The consultants' reports were highly critical of many aspects of the operations of authorities.

The Commission drew attention to—

- taxpayer support to the transport authorities (over \$2m per day);
- unrealistic pricing structures;
- massive operational inefficiencies, including manning levels in some cases of 20 per cent or more above realistic levels.
- over servicing by the Electricity Commission, State Rail Authority and Grain Handling Authority.

A third area of review was property management in the public sector. The Commission concluded that property has not been well managed in the public sector. The Commission found that—

- there was no complete State property register;
- no consistent, coherent Government plan existed for the management of State property;
- there was a lack of appreciation that property is a scarce resource requiring skilled professionals to manage it;
- departments and authorities hold on to properties even when they are significantly under-utilised;
- no uniform basis existed for identifying the opportunity costs associated with the concessional granting of land for public purposes;
- because land occupation costs were not fully charged to departments and authorities, there was little incentive to reduce costs.

The Report commented on the role of government. Broadly the Commission took the view that there is no inherent need for Government to be a provider of goods and services which can be provided effectively by the private sector at a competitive cost.

The Report emphasises that the Government should examine whether activities could be more efficiently and effectively provided by the private sector. Where the Government has social objectives in mind, they should be explicitly identified and subsidised by Government to the full extent of their economic cost.

The Report goes on to say that the initial and general presumption should be that the private sector has a number of advantages over the public sector. They include the ability of management to respond quickly to changing market conditions and the existence of simple performance measures that determine the continued viability of the firm, such as profitability. In addition, there is a recognition in the private sector of the importance of investment decisions that determine the future of the firm through an ability to obtain adequate equity and loan capital. These market forces do not apply to the same extent to protected and guaranteed Government providers of services.

The Report strongly recommends that the Government "corporatise" its business undertakings. However, it also suggests a regulatory mechanism to oversight the exercise of any monopoly power transferred from the public to the private sector. Corporatisation is defined in the Report as the application of commercial principles to a public authority's operations, including limiting the power of Ministers to issue directions. By "commercial principles" it means those principles that apply to businesses in the private sector, such as the preparation of full commercial accounts on an accrual basis; paying commercial dividends; developing the business using an appropriate gearing ratio; negotiating contracts on a full cost recovery basis, even when supplying community benefits at less than full cost; having a board with members mainly drawn from the business world; paying the equivalent of all taxes, charges and commercial rents; and being exposed to competition from alternative sources of supply.

The Report emphasises the need for State business undertakings to have planning mechanisms such as corporate and strategic plans, financial targets and performance measures.

The Report contains over 100 proposals for reform, including an Action Plan for the immediate future.

There are three groups of proposals: a financial strategy, a strategy for improving the operations of business undertakings and proposals for rationalising Government services.

As part of a financial strategy for the next five years, the Report recommends—

- reducing taxes by \$300m;
- reducing debt as a percentage of Gross State Product by five percentage points, through increased payments to the National Debt Sinking Fund, sale of assets, financing non-income earning capital works from current budget revenues and increasing the proportion of internally generated funds to finance the capital works of business undertakings;
- increasing funding of employer liabilities in the budget sector;
- reducing the transport undertakings subsidy by 15 per cent;
- reducing Consolidated Fund (ie. departmental) expenditure by 5 per cent through efficiency measures, rationalisation of activities and charging full costs for some services;
- introducing full accrual accounting for the budget sector, including a depreciation element.

To improve the operations of business undertakings, the Commission recommends corporatising them by—

- appointing new management and boards;
- applying full commercial principles to management;
- improving financial disclosure.

The Commission recommends rationalising a wide range of services, which could be provided by the private sector, including—

- Building construction and maintenance
- Bus services
- Elcom coal mines
- Engineering Workshops
- Ferries
- Government Cleaning
- Government Insurance Office
- Government Printing
- Grain Handling Authority
- Land development - other than welfare housing
- Maritime Services Board Coal Loaders
- New South Wales Investment Corporation
- Public Trustee
- State Bank
- State Lotteries Sales Offices
- Technical Services (Government Stores Department)

The Commission also advocates the reform of both legal aid services and the management of Community Welfare programs.

The Commission prepared a financial model setting out the impact of its suggested financial targets. The analysis shows that sufficient cash can be produced, without borrowings, to fund the targetted reductions by year five. Whilst the income and expenditure statement indicates a shortfall of income in 1993-94 of \$308m, this is on the conservative basis of virtually no additional dividend income being received by the Government from the statutory authorities. Most importantly, this result can be achieved as part of a program of financial reform, which includes not just a cap on the growth of Government liabilities, but a gradual reduction of Government borrowings and unfunded liabilities.

GOVERNMENT REACTION TO THE REPORT

In a Ministerial Statement of 2 August 1988, the Premier and Treasurer indicated acceptance of the following Commission recommendations—

- \$300m in tax cuts;
- elimination of borrowings for non-income producing social infrastructure;
- sale of some businesses viz. the Investment Corporation;
- examination of all other businesses identified by the Commission for review;
- reform of legal aid and community welfare funding;
- a further review in five years time by an Independent Commission of Audit.

The Premier and Treasurer also announced that the newly formed Management Council would be responsible for overseeing the assessment and implementation of the Report as a primary task.

The Management Council consists of: Director, The Premier's Office, Director, Cabinet Office; Director-General, Department of State Development; Secretary, Department of Industrial Relations and Employment; Mr M A Besley A.M.(Chairman: CIG Ltd Monier Redland, Commonwealth Banking Corporation, Royal Botanic Gardens); and Secretary, Treasury.

During the period of the Commission's study, the Government established the "Steering Committee on Government Trading Enterprises", chaired by the Director of the Cabinet Office and serviced by the Treasury. This Committee is responsible for reporting to Government on a policy framework and strategy for corporatisation.

The Premier and Treasurer also said that he would report to Parliament early next year on progress in implementing the Report's proposals.

The Government's Medium Term Budget Strategy (set out in Section 1 of this Budget Paper) is broadly in accord with the recommendations of the Commission.

8.2 ASSET SALES

COMMISSION OF AUDIT REPORT

The recent Report of the Commission of Audit focused on property holdings of the Public Sector. Attention was drawn in this Report to deficiencies in a number of areas.

The Commission was of the view that

- Government should only retain property necessary for its operations which cannot be economically provided by the private sector in a competitive environment.
- Government Departments and Authorities should continue to hold property for their operations as well as land for urban social infrastructure. Departments and Authorities should justify their continuing occupation of prime properties and high cost office sites (e.g. prime CBD).

The Commission has recommended a number of actions to be taken in respect of existing properties, both surplus and other, and these matters are being fully investigated.

CURRENT APPROACH

The Department of Administrative Services provides a co-ordinating role in the disposal of surplus property in that it ensures other Government Departments and Agencies have no use for the surplus property. All Departments and Authorities are now required to pay market value for property acquired from other government departments and authorities.

USE OF PROCEEDS OF SALE

The treatment of asset sale proceeds varies between the Inner and Outer Budget Sector.

Traditionally those organisations which fall into the Outer Budget Sector have always retained proceeds from the sale of assets. In the past, where Inner Budget Sector organisations sold assets, the proceeds of sale were paid into the Consolidated Fund and were used to generally fund the State's Capital program.

During 1987-88 legislative changes were implemented which provided for Inner Budget Sector organisations to retain up to one half of the proceeds of sale of assets declared surplus to requirements. Such proceeds were to be utilised on approved capital projects.

Legislative amendments in late 1987 provided the framework for the current practice of Inner Budget Sector organisations retaining one half of the proceeds of sale of surplus property.

Procedures have been laid down in the Treasurer's Directions (which are issued under the authority of the Public Finance and Audit Act) for the disposal of surplus property and the accounting for the proceeds of sale.

Asset sales form an important source of funds for the Capital Works Program. The asset sale program is closely reviewed by the Treasury in its initial examination of the capital programs of Departments and Authorities. The Capital Works Committee also closely examines the asset sale program in the determination of the Capital Program.

Asset appraisal reviews are now being undertaken for a number of projects to ensure that the projects are cost effective and are to be carried out in the most efficient manner. Broad guidelines have been issued and are being expanded and modified as required.

In the main asset sales have been utilised to fund capital works expenditure and maintenance and there has been little direct application to retire debt. To the degree that asset sales displace borrowings, this is consistent with the objective of containing growth of debt. However there is a need for a more direct incentive to utilise asset sales for debt reduction.

The development of rate of return reporting requirement for statutory authorities will provide such an incentive by requiring authorities to carefully evaluate the efficiency and effectiveness with which assets are employed.

For the Inner Budget Sector there is not a financial incentive to utilise asset sales for debt. Consideration is being given to the allocation of debt cost to Departments and other options which may address this difficulty.

FOUR YEAR ASSET SALE PROGRAM

The Government has announced its proposed \$1 billion four year asset sale program.

Departments and Authorities are being actively encouraged to review their asset holding and to dispose of those which are no longer required and/or which are not being effectively and efficiently used.

The use of the proceeds of sale of assets to finance capital works provides a positive means of achieving in part the Government's aim of reducing overall indebtedness.

ASSET SALES IN 1988-89

As mentioned earlier, the great bulk of asset sales are currently applied to the Capital Works Program. Comprehensive and reliable data is not available on asset sales for other purposes and accordingly the information provided below for asset sales relate totally to asset sales used to fund capital works.

It is expected that the proceeds on asset sales will finance works to a value of \$475 million in 1988-89. This includes \$363.8 million from the proceeds of sale retained by Departments and Authorities and \$111.2 million from proceeds of sale payable to the Consolidated Fund.

The Department of Education is an exception to the rule in relation to the utilisation of funds from the sale of surplus property. Recognising the problem which existed with the maintenance of schools the previous Government decided that the Department of Education would utilise its one half share of asset sales to enhance its school maintenance program. The present Government endorses this procedure.

8.3 PUBLIC SECTOR DEBT AND DEBT SERVICING COSTS

PUBLIC SECTOR DEBT

Introduction

Among the various measures of size and growth of Governments in Australia, public debt statistics are generally the least well documented, although improvements are in train. The NSW Government strongly supports fuller disclosure of financial liabilities and assets of States and their authorities, and follows this principle in publishing its own financial data. The Loan Council has endorsed a proposal that the Australian Bureau of Statistics compile and publish data on net debt of State and Commonwealth Governments, and the first official statistics will be published in 1988-89. New South Wales welcomes this development.

The Definition and Measurement of Debt in NSW

Under the global borrowing approach adopted by the Australian Loan Council in June 1984, all forms of financing are included within the State's program limit. Accordingly, Table 8.3.1 provides a comprehensive picture of total outstanding government and semi-government debt and other obligations consistent with the global approach's definition of borrowings. In addition, a split is provided between Australian dollar and foreign currency debt and other obligations. Further information on foreign currency debt is set out as a later section.

State Government and semi-government debt has arisen almost exclusively from borrowings and other financial accommodation associated with funding capital works projects. As a general rule, the State does not resort to borrowings to finance recurrent (ie operating) expenditure.

State Government Debt and Other Obligations

As detailed in earlier years' Budget Papers, the State Government's own direct debt consists of three main categories—

- Borrowings raised on behalf of the State Government by the Commonwealth Government under the Financial Agreement
- Advances for specific purposes made by the Commonwealth to the States
- The State's overdraft and other obligations incurred by departments. It should be noted that there was no overdraft at June 1988 because the Government paid it off as a debt reduction measure. Part of the "Other" category has now been retired, with the balance being refinanced as semi-government debt on more attractive terms.

In addition, borrowings raised by the NSW Treasury Corporation and on lent to the NSW Government through the NSW Capital Financing Corporation also contribute to State Government debt, but because of its source is classified as Semi Government debt.

Table 8.3.1: Government and Semi-Government Guaranteed Debt and Other Obligations

Outstanding liabilities as at 30 June, \$ million, capital value

	1983	1984	1985	1986	1987	1988 (1)
(a) State Government Debt—						
Indebtedness under Financial Agreement—						
\$A	5,325.3	5,565.2	5,773.0	5,999.1	6,042.6	5,962.7
Foreign Currency	2.5	1.3	1.0	.....	.....	.....
Other Indebtedness to Commonwealth	1,928.7	1,980.0	1,963.0	2,001.7	2,127.8	2,205.1
Overdraft	212.5	246.4	246.0	245.5	244.7	.....
Other	4.0	59.4	178.6	245.9	272.4	.....
Sub total	7,473.0	7,852.3	8,161.6	8,492.2	8,687.5	8,167.8
(b) Semi-Government Debt and Other Obligations—						
\$A	6,075.7	8,297.9	9,259.3	9,765.2	13,021.0	16,230.0
Foreign Currency	1,582.5	2,100.3	3,430.6	4,292.2	2,958.7	1,550.0
	7,658.2	10,398.2	12,689.9	14,057.4	15,979.7	17,780.0
(Of which Non Government Guaranteed)	(1,842.2)	(2,514.0)	(2,820.5)	(2,754.5)	(2,588.8)	(2,087.5)
(c) Non-Debt Obligations—						
Borrowing Guarantees	164.8	138.5	171.5	177.3	234.8	149.7
Gross State and Semi-Government Debt and Other Obligations	15,296.0	18,389.0	21,023.0	22,726.9	24,902.0	26,097.5
(d) Less Cash, Securities and Debtors—						
Government Business Undertakings and other Bodies	1,559.6	1,527.9	1,397.5	1,331.6	1,305.6	1,626.1
Government Agencies	936.3	1,022.6	1,081.1	1,124.2	1,054.4	998.8
Cash and Securities	615.0	872.8	834.1	1,408.5	1,049.7	1,445.2
Semi-Government Financial Assets (2)	NA	NA	NA	NA	NA	3,910.8
Total Cash, Securities and Debtors (2)	3,110.9	3,423.3	3,312.7	3,864.3	3,409.7	7,980.9
Net State and Semi-Government Debt and Other Obligations	12,185.1	14,965.7	17,710.3	18,862.6	21,492.3	18,116.6
Gross State Product (\$ billion)	60.5	66.9	73.1	81.8	90.3	101.4
Percent of Gross State Product:						
—Gross Debt	25.3	27.5	28.8	27.8	27.6	25.7
—Net Debt	20.1	22.4	24.2	23.1	23.8	17.9

(1) For 1988, semi-government debt data were collected at face value, but for purposes of this table converted to capital value so as to be comparable. Face value is the amount payable at maturity while capital value is the amount of the loan proceeds, amortised over the life of the loan to face value.

(2) Data have not been collected for semi-government financial assets before June 1988.

Semi-Government Debt and Other Obligations

As detailed in previous years' budget papers, semi-government debt comprises direct debt and debt-like obligations such as finance leases and deferred payment arrangements of budget sector authorities. It also includes small amounts of government guaranteed debt for non budget authorities, principally local government authorities.

Some semi-government financings, primarily trade credits and leasing arrangements, are not Government guaranteed and the amount of these is shown separately in the table.

Net Debt

A significant part of State Government debt is represented by financial assets in the form of long term debtors, including outstanding advances to statutory authorities' business undertakings and advances to occupier purchasers of welfare housing, to farmers for water and soil conservation work, and to industry generally. These are shown under (d) in Table 8.3.1.

Additionally, the Treasury holds substantial amounts of cash, representing both the Treasurer's own funds and funds on deposit (principally from Inner Budget Sector authorities). These financial assets are also shown under (d) in the table.

Public authorities, principally in the Outer Budget Sector, have substantial financial assets held outside the Treasury facility. These also are shown under (d) in the Table (July 1988 only-not available for earlier years).

New Format for Table of Government and Semi-Government Debt

Budget papers for previous years have not made any distinction between debt of semi-government authorities which are classified as "Inner Budget" (and thus supported by the Budget) and debt of those authorities which are essentially commercial and self-financing by nature ("Outer Budget" authorities). Table 8.3.2 shows the gross debt data for 1986-87 and 1987-88 re-classified on this basis (the break-up is not presently available for earlier years). It should be noted that the State Rail Authority and Urban Transit Authority, with aggregate debt of \$3,035 million at 30 June 1988, are included in the Outer Budget Sector. The reason for this is that, although they receive subsidy from the Budget, they are regarded in principle as commercially operating organisations. Also, the Department of Main Roads, although currently an Outer Budget authority, has been classified as Inner Budget for the purposes of this table (and also for later Table 8.3.3), as it will be formally re-classified as Inner Budget from next financial year, since most of its income is from taxes not user charges.

Table 8.3.2 differs from 8.3.1 in that debt is shown on the basis of face value rather than capital value. This accords with the definitional approach being adopted by the Australian Bureau of Statistics.

Table 8.3.2: Government and Semi-Government Gross Debt (Inner and Outer Budget Sectors)

Outstanding liabilities as at 30 June, \$ million, face value.

	1987	1988
(1) Inner Budget		
(a) State Government Debt—		
Indebtedness under Financial Agreement	6,042.6	5,962.7
Other Indebtedness to Commonwealth	2,127.8	2,205.1
Overdraft	244.7	—
Other	272.4	—
	8,687.5	8,167.8
(b) Semi-Government Debt—		
\$A	2,473.3	3,339.1
Foreign Currency	45.5	18.2
	2,518.8	3,357.3
(Of which Non Government Guaranteed)	(NIL)	(NIL)
Total Inner Budget	11,206.3	11,525.1
(2) Outer Budget		
Semi-Government Debt		
\$A	11,519.7	13,946.6
Foreign Currency	2,975.3	1,543.8
Total Outer Budget	14,495.0	15,490.4
(Of which Non Government Guaranteed)	(2,588.8)	(2,087.5)
Gross State and Semi-Government Debt	25,701.3	27,015.5
Gross Debt as a per cent of Gross State Product	28.5	26.6

NOTE—Non-Debt Obligations have been excluded from the figures contained in this Table.

Trends in NSW Government Debt

Gross public debt of New South Wales grew significantly in the first half of the 1980's, peaking at 28.8 per cent of Gross State Product in June 1985 (capital value basis). Since then, there has been a decline in the proportion of the capital works program financed from borrowings, with a consequent easing in the ratio of debt to GSP, to 25.7 per cent in 1988 on the capital value basis.

Within the overall trend of the State's public debt, there has been a marked difference in the pattern of development of the Government's own debt and that of its semi-government authorities. Governmental debt has fallen consistently as a proportion of GSP, with increases (up to 1985) being in the semi-governmental sector. However, a proportion of semi

government debt belongs to the Government sector. This is because the Government, through its Capital Financing Corporation, has been tapping a share of semi government loan raisings since 1987.

A significant decline in the gross public debt/GSP ratio is expected in 1988-89, thanks to a sharp cutback in State borrowings.

Data is not available to divide the semi-governmental debt into Inner and Outer Budget sectors over the six year period, but the strongest growth in dollar value of borrowings has been in the Inner Budget sector, as demonstrated by the expansion of that sector's debt servicing costs (see next section).

Other Liabilities and Contingencies

The "Report on the State's Finances", released by the New South Wales Commission of Audit in July 1988, arrived at a total of \$46,185 million for the State's total liabilities as at June 1987. In addition to debt and other obligations as defined in this Budget Paper this amount includes \$2,715 million short term accommodation and accounts payable, \$13,124 million for employee entitlements, \$3,896 million for other non current liabilities (principally Transport Accident Compensation) and \$748 million for other liabilities.

Set against the first of these there is \$2,602 million of accounts receivable, inventory and other non financial current assets. The estimates for unrefunded superannuation (the bulk of the contingent liability for employee entitlements) and Transport Accident Compensation are heavily reliant on actuarial assumptions, rather than being unambiguous liabilities.

To the extent that these contingencies may become realised over future years, the former would where necessary be met from Consolidated Fund, while the latter would be expected to be funded by premiums from motorists.

DEBT SERVICING COSTS

As mentioned earlier, "Inner Budget" semi-government authorities are supported by expenditure from the Budget, which includes their debt servicing costs. In addition, there are debt service charges on the Budget in respect of State Government debt under the Financial Agreement and other indebtedness to the Commonwealth. Table 8.3.3 shows the trend in these expenditures in recent years.

Table 8.3.3: Trends in Inner Budget Sector Debt Servicing Costs

	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89 (Estimate)
	\$m	\$m	\$m	\$m	\$m	\$m
Inner Budget Debt Servicing Costs						
State Loan Allocations	440.3	465.2	546.1	584.2	605.6	606.9
Other loans (excluding transport authorities but including DMR) ..	104.2	137.5	205.8	284.0	420.5	502.4
Total	544.5	602.7	751.9	868.2	1,026.1	1,109.3
Transport Authorities	187.8	250.2	329.3	401.5	457.3	491.8
Inner Budget Sector plus Transport Authorities	732.3	852.9	1,081.2	1,269.7	1,483.4	1,601.1
Debt Servicing Cost as % of Recurrent Consolidated Fund Outlays						
inner budget sector	6.9	6.9	7.7	8.1	8.7	8.9
inner budget sector plus transport authorities	9.3	9.8	11.1	11.8	12.6	12.9
Growth in Debt costs						
inner budget sector	16.6	10.7	24.8	15.5	18.2	8.1
inner budget sector plus transport authorities	18.7	16.5	26.8	17.4	16.8	7.9

Debt servicing costs of the Inner Budget Sector with and without the State Rail Authority and Urban Transit Authority are shown in Table 8.3.3.

Data for debt servicing costs of Outer Budget authorities have been collected and collated for the first time in 1988. The total for financial year 1988-89 is estimated at \$1,601 million, including the amounts for the State Rail Authority and Urban Transit Authority.

Debt servicing costs of the Inner Budget sector entities have increased markedly in recent years, despite a substantial real decline in Commonwealth loan allocations to the States.

There has been substantial growth in requirements for social infrastructure in such areas as Health, Courts, Prisons, Education, as well as substantial projects in the Recreation, Cultural and Public Buildings area (eg Darling Harbour Authority). Given the decline in Commonwealth loan allocations, there has been an increasing diversion of the global loan program from semi-government authorities' capital funding to the funding of the State Government's Inner Budget sector capital program. This was made possible by the establishment of the NSW Capital works Financing Authority, a semi government authority entitled to drawdown loan funds from the NSW Treasury Corporation and onlend them to State Government departments and other entities within the Inner Budget sector.

Over the five years to 1987-88, Inner Budget sector debt costs (including public transport) increased by an average of 16.9 per cent per annum, as can be seen from table 8.3.3. Debt costs, as a proportion of recurrent outlays, increased from 9.3 per cent in 1985-86 to 12.6 per cent 1987-88.

In recognition of this problem, the Government is committed to a Debt Containment Program that will involve the elimination of direct budget sector borrowings for non revenue generating purposes by 1990-91. This program will have an immediate impact on the growth of inner budget sector debt charges, slowing it from 16.8 per cent in 1987-88 to an estimated 7.9 per cent in 1988-89.

OVERSEAS DEBT

Introduction

Significant overseas borrowings were commenced by the State public sector in 1978. Initially all borrowings were in foreign currencies, and apart from currency diversification there was no active program of exchange risk hedging.

Since 1985 there has been minimal increasing of new foreign currency exposures. This has been facilitated by the development of offshore Australian dollar markets and swap markets, providing opportunities from time to time to obtain Australian dollar debt on attractive terms through overseas markets.

From 1986, these markets have also been used extensively to hedge previous foreign currency exposures back into Australian dollars.

Remaining exposures have been swapped heavily into the relatively weaker United States dollar.

The 1987-88 edition of Budget Paper No 2 explains in some detail the Loan Council framework and the New South Wales approach to overseas borrowings.

Foreign Currency Exposures

Table 8.3.4 sets out the foreign currency debt of NSW authorities. This excludes foreign currency debts of the State Bank and agricultural marketing authorities, which have foreign currency assets or earnings to provide natural hedges to foreign currency exposures.

There has been a major reduction in debt exposure to foreign currencies between June 1987 and June 1988, with a decline from almost \$A3 billion equivalent to under \$A1.6 billion equivalent.

Table 8.3.4: Authorities' Foreign Currency Debt Exposures

Outstanding Liabilities at Face Value							
	US\$ (M)	YEN (B)	STG (M)	SFR (M)	DMK (M)	ECU (M)	Total \$A Equiv. (M)
Net Foreign Currency Exposure 30.6.87							
Electricity Commission (1)	790.2	45.0	139.5	312.6	149.2	30.0	2,269.9
Maritime Services Board	70.9	3.6	9.4	—	17.4	—	166.0
State Rail Authority (2)	144.1	14.0	31.0	—	45.7	10.0	450.0
Department of Main Roads	5.3	—	10.0	—	—	10.0	44.7
Water Board	5.3	—	10.0	—	—	10.0	44.7
TOTAL	1,015.8	62.6	199.9	312.6	212.3	60.0	2,975.3
Australian Dollar Equivalent 30.6.87	1,409.9	591.9	433.0	285.1	160.9	94.5	2,975.3
% of Total	47.3	19.9	14.6	9.6	5.4	3.2	100.0
Net Foreign Currency Exposure 30.6.88							
Electricity Commission (1)	565.3	10.4	60.2	259.6	156.2	30.0	1,310.4
Maritime Services Board	43.4	2.1	13.8	—	12.1	—	112.7
State Rail Authority (2)	77.9	—	—	—	—	—	98.1
Department of Main Roads	14.4	—	—	—	—	—	18.2
Water Board	17.9	—	—	—	—	—	22.6
TOTAL	718.9	12.5	74.0	259.6	168.3	30.0	1,562.0(3)
Australian Dollar Equivalent 30.6.88	905.4	118.8	160.4	217.5	116.6	43.3	1,562.0(3)
% of Total	58.0	7.6	10.2	13.9	7.5	2.8	100.0

(1) Includes Eraring Power Company

(2) Includes Urban Transit Authority

(3) Variation with foreign debt in Table 8.3.1 is due to variation between capital value as per Table 8.3.1 and face value as shown in Tables 8.3.4 and 8.3.5.

As noted in last year's Budget Paper, although individual authorities are responsible for the management of their foreign currency exposures there has been a broad co-ordination of strategy through the Treasurer's Overseas Borrowing Advisory Committee (OBAC). This Committee has been chaired by the Secretary of Treasury and serviced by the Treasury Corporation. It has met at quarterly intervals to assess performance and to develop strategy for the period ahead.

From June 1988, OBAC has been absorbed by the newly appointed Treasury Functions Advisory Committee. This is also chaired by the Secretary of Treasury and serviced by the Treasury Corporation. It broadens the membership of OBAC to include financial experts from the private sector and advises the Treasurer and authorities on the totality of financial portfolio management, including the management of foreign currency exposures.

Liability Structure

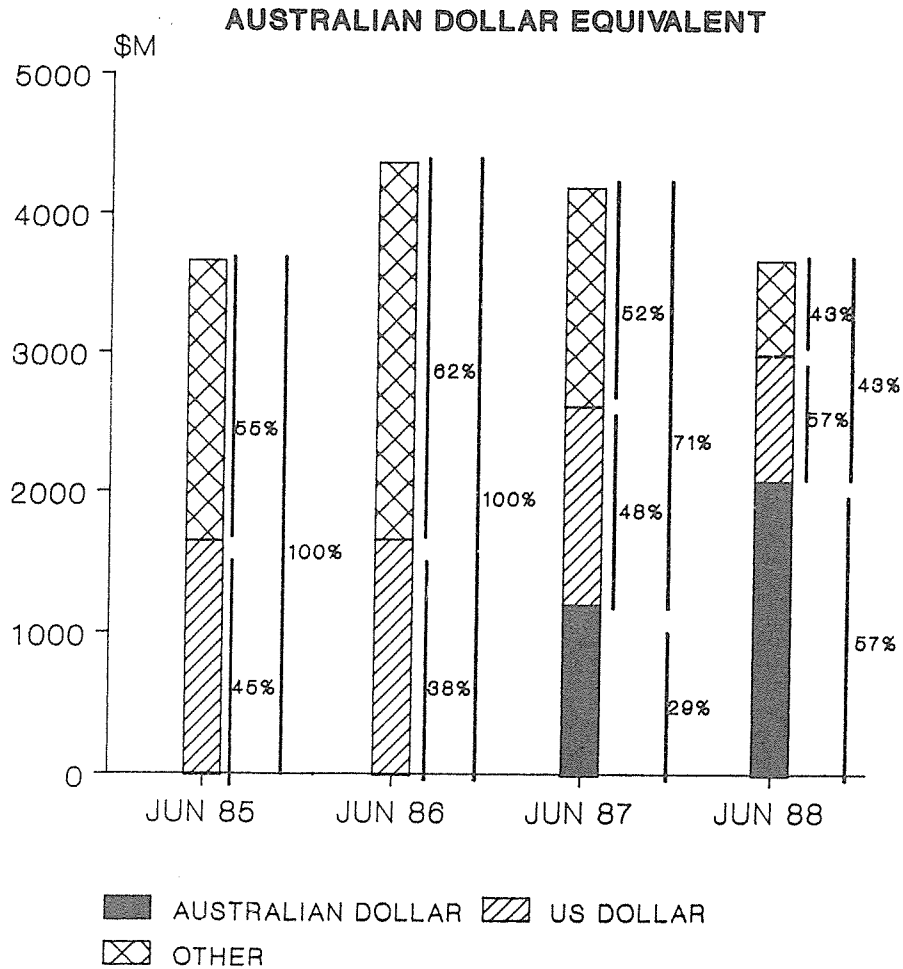
Prior to December 1986 active management of the foreign debt portfolio was restricted to the currency choice for new borrowing and currency choice at reset dates for

multicurrency facilities. These actions had significant effects on the portfolio structure in earlier years, but as the portfolio grew each incremental borrowing or reset had a smaller impact on the overall structure.

Since December 1986 there has been active management of the total portfolio, with the use of hedging techniques both to reduce foreign currency exposure and to switch the remaining exposure from hard currencies (ie DM, SF, Yen, Sterling) to soft currencies (ie US\$). This two fold strategy has helped to limit foreign exchange losses on the State's overseas debt exposure.

Table 8.3.5 shows for each authority the currency mixes at June 1986, prior to the commencement of more active management, and at June 1988. Figure 8.3.1 shows how the position for the State as a whole has varied over the period from June 1985 to June 1988. The proportion of Foreign currency debt expressed in United States dollars has been increased from 38% in June in June 1986 to 58% in June 1988.

Figure 8.3.1
FOREIGN CURRENCY
EXPOSURE AND MANAGEMENT

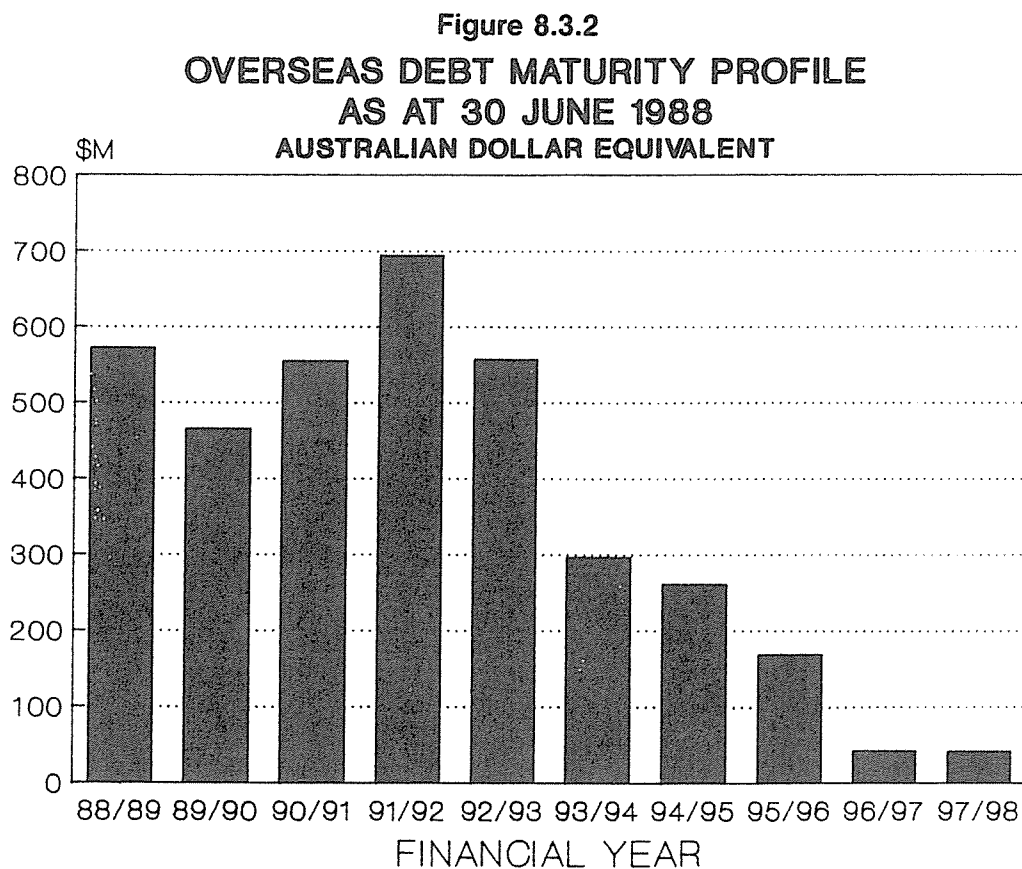


**Table 8.3.5: Foreign Currency Exposure and Management
Outstanding Liabilities at Face Value
A\$ MILLION**

As at 30 June	ELCOM		SRA(1)		MSB		DMR		W/B		TOTAL							
	1986	1988	1986	1988	1986	1988	1986	1988	1986	1988	1986	1988						
Foreign Currency Exposure	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%						
\$US	1,259	(38)	712	(54)	299	(44)	90	(40)	55	(49)	8	(18)	23	(100)	1,664	(38)	906	(58)
YEN	850	(25)	99	(8)	237	(35)	62	(28)	20	(18)	—	—	—	—	1,149	(26)	119	(8)
DMK/ECU ..	934	(28)	152	(12)	73	(11)	72	(32)	8	714	14	(31)	—	—	1,107	(25)	160	(10)
GBP	318	(9)	130	(10)	70	(10)	—	—	30	(26)	23	(51)	—	—	434	(11)	160	(10)
SFR	—	—	217	(16)	—	—	—	—	—	—	—	—	—	—	—	—	217	(14)
TOTAL	3,361	(100)	1,310	(47)	679	(100)	224	(100)	113	(69)	45	(100)	18	(38)	4,354	(100)	1,562	(43)
AUD COVER	—	—	1,464	(53)	—	—	—	—	51	(31)	—	—	30	(62)	—	—	—	—
TOTAL EXPOSURE	3,361	(100)	2,774	(100)	679	(100)	224	(100)	164	(100)	45	(100)	48	(100)	4,354	(100)	3,658	(100)

The mixture of fixed and floating rate borrowing was significantly affected by the finance arrangements for the Eraring Power Station which, due to its size and market conditions at the time, was arranged in floating rate debt. Since this transaction, the proportion of floating rate debt has been significantly reduced by new fixed rate borrowings and interest rate swaps. Around 10 per cent of the foreign currency portfolio was held as floating rate debt at end June 1988, compared to 37 per cent and 13 per cent at end June 1986 and 1987 respectively.

Figure 8.3.2 shows the maturity profile of overseas borrowings, including Australian dollar borrowings in overseas markets. The general structure is reasonably even over the next five years, averaging approximately A\$550 million equivalent per annum.



Cost of Foreign Currency Borrowings

There are several ways in which the cost of overseas borrowings can be calculated. In previous years' Budget Papers one of these has been presented, viz. the cash cost to date. The rationale for this has been that the total cost of overseas borrowings can only be known with certainty once all interest and principal payments have been made and that inclusion of a measure of notional exchange rate losses or gains during the term of the borrowings could be misleading.

On the other hand, there have been very significant variations in exchange rates. These are only brought to account slowly under the cash cost measure of overseas borrowings.

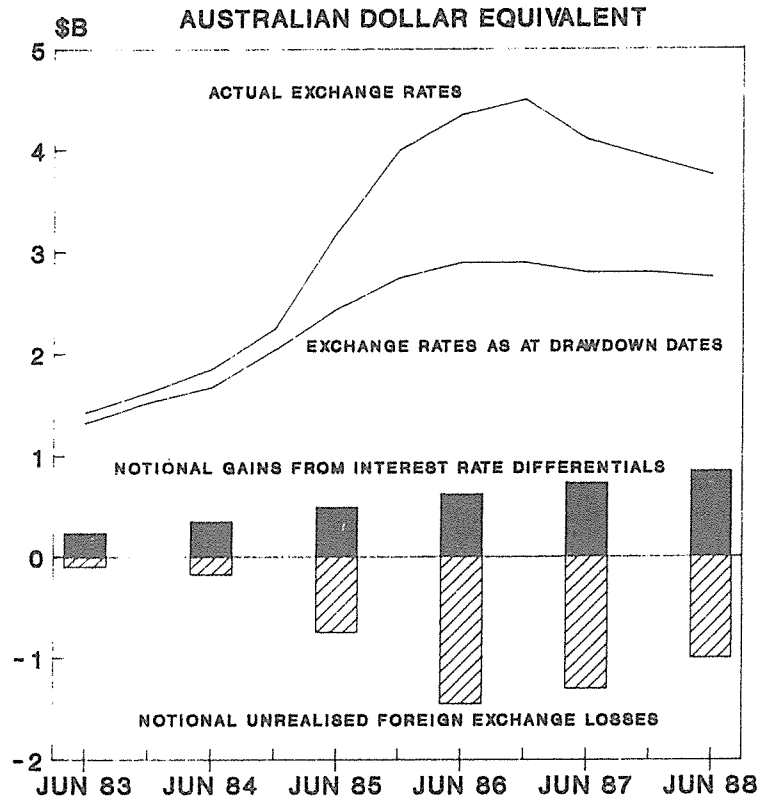
Table 8.3.6 shows the cash costs of borrowing over the last five years, together with the "economic" cost of the portfolio and its hedged cost to maturity. The cash costs to date of the portfolio if it had been raised in the domestic markets are also included.

Table 8.3.6: Costs of Overseas Borrowings

	% Per Annum				
	June 84	June 85	June 86	June 87	June 88
Cash Cost to Date (1)	11.1	11.7	12.1	13.1	13.4
Economic Cost to Date (2)	13.9	23.6	24.0	20.9	19.9
Hedged Cost to Maturity (3)	13.0	16.9	19.4	18.4	17.4
Domestic Cost to Date (4)	15.2	15.1	13.9	13.9	13.9

- (1) The cash cost to date measures the cost of the interest and principal payments made to the valuation date of 30 June.
- (2) The economic cost to date adds to the cash cost the cost of paying out the outstanding principal and interest at the valuation date.
- (3) The hedged cost to maturity adds to the cash cost the cost of refinancing the remaining interest and principal cash flows at the domestic interest rates at valuation date.
- (4) The domestic cost to date measures the cash cost of a debt portfolio raised domestically under prevailing interest rates and with the same maturities as the overseas portfolio.

Figure 8.3.3
GROWTH OF OUTSTANDING PRINCIPAL
IN FOREIGN BORROWING PORTFOLIO



NOTE: EXCLUDES \$A RAISINGS IN FOREIGN MARKETS AND FOREIGN CURRENCY SWAPPED INTO \$A AT OR NEAR TIME OF DRAWDOWN

Figure 8.3.3 shows the growth in the principal value of the foreign debt portfolio since 1983. The lower line on the figure shows the value of the portfolio in the absence of any exchange rate variations and the upper line shows the value incorporating movements in exchange rates. The spreads between the two lines represent the unrealised notional losses on the portfolio. These are plotted as bars on the figure. Also plotted as bars are the cumulative benefits of the cash cost savings from the lower interest rates obtained with foreign currency borrowings.

Up until 1985, the cash flow benefits of foreign currency borrowings considerably outweighed notional exchange losses. This was sharply reversed by the marked depreciation of the \$A in 1985, such that at June 1986 the notional exchange loss approached \$1,500 million, more than \$800 million above the benefits from interest rate differentials.

More active management of the portfolio since late 1986, coupled with a recovery of the currency, has improved the situation such that at June 1988 the net notional loss from foreign borrowings was approximately \$150 million.

8.4 FINANCIAL AND ADMINISTRATIVE REFORMS

INTRODUCTION

Financial and administrative reforms of the State public sector have in the main enjoyed bipartisan support in New South Wales. The reforms have been directed at improving the management and accountability of the public sector.

The 1987-88 Budget Information Paper provided a full listing of reforms.

The major reforms in chronological order of introduction are as follows—

Reform	Date of Commencement
● Management Strategy Review of objectives, strategies and structure of Departments	1978
● Efficiency audits of Departments	1980
● Monthly financial statement of Budget trends	1982
● Program budgeting	1982
● Reformed Parliamentary Public Accounts Committee	1982
● Ministerial Capital Works Committee	1983
● NSW Treasury Corporation	1983
● Enactment of the Public Finance and Audit Act	1983
● Annual Reports Legislation	1984
● Financial performance targets and dividends for commercial authorities	1986
● Program Performance Evaluation Five Year Plans	1987

RECENT REFORMS

ADMINISTRATIVE REFORMS

Restructure of Public Service

Following its election in March 1988 the new Government substantially restructured the Public Service, the major changes being—

- abolition of the Public Service Board and the transfer of the industrial relations function to the Department of Industrial Relations and Employment, the public sector efficiency and effectiveness review role to the Office of Public Management and devolution of day to day personnel management to individual Departments.
- reconstitution of the former Premier's Department as two separate entities—the Premier's Office (incorporating the Office of Public Management) and the Office of Cabinet.
- integration of the Treasury and the former Department of Finance to establish, under Treasury, the Office of Financial Management and the Office of State Revenue.
- establishment of a super portfolio, Business and Consumer Affairs, to bring under one Minister the functions of business development and fair trading.
- establishment of the Department of Administrative Services to consolidate a wide range of central services provided to Government Departments in order to improve efficiency.
- integration under the Chief Secretary of a range of gaming functions including Lotteries and the Liquor Administration Board.
- establishment of the Department of State Development to co-ordinate the State's efforts in facilitating private sector projects and private sector participation in public infrastructure.

PUBLIC INFORMATION

● **Freedom of Information Legislation**

The Government is proceeding to enact Freedom of Information legislation that will provide the public with the right of access to official documents of the Government and its agencies. This initiative fulfils a proposal of the 1977 Interim Report of the Review of New South Wales Government Administration and is in line with the Government's commitment to foster open and accessible public administration.

FINANCIAL PROCEDURES AND MANAGEMENT

● **Introduction of user charges by and commercialisation of central service agencies.**

Following a Treasury review of service wide payments and services, it has been decided to move to full implementation of the provision of user charges for services provided between Departments and the allocation to individual Departments of payments currently paid on their behalf by various central agencies (eg. superannuation, payroll tax, debt charges). The objective is to more accurately allocate costs to individual programs in order to improve decision making and to encourage more economical use of resources.

Starting in 1988-89, payments for payroll tax, cleaning and technical services and certain superannuation schemes will be directly charged to Departments. In the following year, 1989-90, user charges will be extended to accommodation, maintenance and the balance of other services.

● **Commercial Activities**

Departments are now permitted to operate commercial activities (ie activities that are self funding), separately from their budget funded programs. Earnings from commercial activities will be retained in a departmental working account and not paid into Consolidated Fund. The arrangement is subject to full accrual accounting for the operation of such activities and the payment of dividends on profits achieved. Amendment to the Public Finance and Audit Act has been effected to authorise this initiative to encourage Departments to establish a commercial arm for those activities which could be initiated or expanded through user charges without compromising the Government's social or economic objectives.

● **Expenditure Review Committee**

A (Ministerial) Expenditure Review Committee has been established to set and review broad budget strategy and identify and review future issues with major budgetary implications facing the State. The Committee, unlike the Commonwealth Government model, is not involved in detailed expenditure review but rather with broad budgeting strategy and direction. It is the first such Committee in the State's history.

8.5 PUBLIC INFRASTRUCTURE MAINTENANCE

INTRODUCTION

An increasing concern in the public sector is the adequacy of public sector infrastructure maintenance.

This issue was comprehensively addressed by the South Australian Public Accounts Committee which undertook a detailed analysis of that State's stock of public sector infrastructure in order to assess future capital needs due to replacement and upgrading.

Similarly, a Commonwealth Parliamentary Review Committee undertook a review of national public sector infrastructure and concluded that, while not an immediate problem, there would be increasing maintenance required for such infrastructure in the future.

A NSW Treasury paper was recently released on "Asset Appraisal Guidelines" which is directed at developing a systematic approach to capital works decision making by Departments and Authorities that integrates evaluation of new capital works with the assessment of the maintenance and utilisation of existing infrastructure.

This paper provides a brief summary of public infrastructure maintenance expenditure for the inner budget sector, augmented by the inclusion of the Department of Housing and the Department of Main Roads. Information is provided on both recurrent and capital maintenance expenditure. Recurrent maintenance expenditure includes expenditure on minor plant and equipment and less substantial maintenance work on buildings which will not increase the economic life or capacity of the asset. Capital maintenance expenditure involves more substantial maintenance expenditure on buildings and on major fixed plant and equipment.

1988-89 MAINTENANCE EXPENDITURE

Recurrent maintenance expenditure for 1988-89 is projected to be \$228.5 million, up 19 per cent on 1987-88 expenditure.

Capital maintenance expenditure at \$380.5 million in 1988-89 is at broadly the same level as in 1987-88. However the 1987-88 figure is distorted by the substantial increase in Department of Main Road's expenditure to address arrears in local roads maintenance. Compared to 1986-87 the 1988-89 capital maintenance expenditure is up 41 per cent.

Highlights of the maintenance program in 1988-89 include—

- \$90 million for essential maintenance in primary and secondary schools, up 47 per cent or \$28.9 million on 1987-88.
- \$25.9 million for TAFE maintenance, up 15 per cent on 1987-88.
- \$25.8 million on maintenance expenditure undertaken by the Department of Public Works.
- \$70 million on maintenance work on public rental accommodation.
- \$283.9 million on the maintenance of roads.

Table 8.5.1: 1987-88 Public Infrastructure Maintenance

Minister for— Organisation	Recurrent Maintenance Costs			Capital Maintenance Costs			Comment
	Actual 1986-87 \$000	Actual 1987-88 \$000	Estimate 1988-89 \$000	Actual 1986-87 \$000	Actual 1987-88 \$000	Estimate 1988-89 \$000	
Inner Budget Sector— Legislature	139	352	214	—	—	—	
Agriculture and Rural Affairs— Department of Agriculture and Fisheries	2,112	2,145	2,083	561	484	440	
Soil Conservation Service	58	116	192	350	154	190	
	<u>2,170</u>	<u>2,261</u>	<u>2,275</u>	<u>911</u>	<u>638</u>	<u>630</u>	
Corrective Services— Department of Corrective Services	1,150	1,568	1,912	230	297	772	
Education and Youth Affairs— Department of Education	51,204	61,112	90,000*	—	—	—	*Amounts for arrears of maintenance included in recurrent costs represent actual or anticipated actual expenditure in year, i.e., it is not necessarily the amount of funds actually transferred. Includes \$2,278m from estimated asset sales.
Department of Technical and Further Education	8,038	9,959	10,759	6,044	8,510	8,163	
	—	4,190**	7,000**	—	—	—	** Arrears of maintenance.
	<u>59,242</u>	<u>75,261</u>	<u>107,759</u>	<u>6,044</u>	<u>8,510</u>	<u>8,163</u>	
Family and Community Services— Department of Family and Community Services	1,415	1,392	2,320	496	197	518	
Health and Arts— Department of Health	—	—	—	21,189	19,306	24,073	
Ministry for the Arts	5,909	6,744	7,521	1,709	1,999	2,348	
	<u>5,909</u>	<u>6,744</u>	<u>7,521</u>	<u>22,898</u>	<u>21,305</u>	<u>26,421</u>	Increase due to additional building and facilities resulting from bicentennial policy.

Minister for— Organisation	Recurrent Maintenance Costs			Capital Maintenance Costs			Comment
	Actual 1986-87 \$000	Actual 1987-88 \$000	Estimate 1988-89 \$000	Actual 1986-87 \$000	Actual 1987-88 \$000	Estimate 1988-89 \$000	
Industrial Relations and Employment— Department of Industrial Relations and Employment	50	83	30	—	—	—	
Mineral Resources and Energy— Department of Mineral Resources	20	32	30	—	—	—	
Department of Energy (Consolidated Fund)	—	7	40	—	—	—	
Natural Resources— Department of Lands	20	39	70	—	—	—	
Department of Water Resources	142	150	141	—	—	—	
	116	97	127	—	—	—	
	258	247	268	—	—	—	
Police and Emergency Services— Police Department	197	13,895	8,883	—	—	—	Prior to 1987-88 the Public Works Department had met the cost of police building maintenance.
State Emergency Services	1	26	46	—	—	—	
	198	13,921	8,929	—	—	—	
Sport, Recreation and Racing— Department of Sport, Recreation and Racing	394	385	362	—	—	—	
State Development and Public Works— Department of Public Works	30,155	24,181	25,778	—	—	—	The 1986-87 actual includes \$5,543m spent by PWD on Police Buildings.
	833	947	1,076	—	—	—	
Transport— Department of Motor Transport	—	—	—	—	—	—	
Outer Budget Sector— Housing Department of Housing	70,504	64,491	70,000	37,637	55,694	60,000	
Department of Main Roads	—	—	—	201,146	288,463	283,880	
GRAND TOTALS	172,437	191,872	228,514	269,362	375,104	380,384	

8.6 SUPERANNUATION

CURRENT SITUATION

Superannuation schemes in the New South Wales public sector have recently been restructured to provide uniform coverage for all new employees. The State Authorities Superannuation Scheme (SASS), which commenced on 1 April, 1988, is the scheme to which the majority of new public sector employees may elect to contribute. Its benefits are in line with those available in the private sector.

Table 8.6.1 shows the public sector superannuation schemes operating in New South Wales.

Table 8.6.1: Summary of New South Wales Public Sector Superannuation Schemes (1)

Scheme	Coverage(2)	Scheme Type	Benefit Type
State Authorities Superannuation Scheme (SASS)	Optional for all new public sector employees except Judges and GIO, State Bank and TAB employees. Also includes members of some closed schemes. 130,000 contributors plus 3,000 pensioners.	Split benefit scheme— employer-financed benefit is defined as a proportion of final salary; employee-financed benefit is an accumulation of contributions plus interest.	Lump sum; some indexed pensions available to members of schemes amalgamated to form SASS.
State Superannuation Fund (SSF)	Closed to new entrants. Prior to closure, was compulsory for all public servants and some employees of authorities. 100,000 contributors plus 30,000 pensioners.	The entire benefit is defined in terms of final salary and is not separated into employer- and employee-financed components.	Indexed pension or lump sum.
State Public Service Superannuation Scheme (SPSSS)	Closed to new entrants. Prior to closure, provided optional cover for public servants and some employees of authorities. 15,000 contributors.	As for SASS.	Lump sum.
Police Superannuation Scheme	Closed to new entrants. Prior to closure, was compulsory for all members of the police force. 10,000 contributors plus 3,400 pensioners.	As for SSF.	Indexed pension, or lump sums available from 1.4.88. Provides both superannuation and workers' compensation coverage.
Judges Pension Scheme	Compulsory for members of the judiciary. 112 contributors plus 92 pensioners.	Benefit is defined in terms of final salary and is employer-financed.	Indexed pension.

Table 8.6.1: Summary of New South Wales Public Sector Superannuation Schemes (1)—continued

Scheme	Coverage(2)	Scheme Type	Benefit Type
Parliamentary Superannuation Scheme	Compulsory for Members of Parliament. 154 contributors plus 161 pensioners.	As for SSF.	Indexed pension or partial indexed pension plus partial lump sum.

Note—(1.) The GIO, State Bank and TAB run separate schemes for their employees.

(2.) All members of schemes other than the Judges Pension Scheme and Parliamentary Superannuation Scheme are entitled to a 3 per cent productivity benefit for each year of service after 1 April 1988.

Prior to the introduction of SASS to provide coverage for all new public sector employees, inner Budget sector employees were covered under the State Superannuation Fund (SSF), the State Public Service Superannuation Scheme (SPSSS), the NSW Retirement Benefits Scheme (NRF) and the Police Scheme. Outer budget sector employees received coverage under the SSF, the NRF and the Transport Employees Retirement Benefits Scheme. Local Government employees were covered by the Local Government Pension Fund. All these schemes have been closed to new entrants. These varied arrangements mean that some employers have members in several schemes.

New South Wales public sector superannuation schemes have, like those in the Commonwealth and the other States, developed substantial liabilities. In 1987, total liabilities of approximately \$15,000 million existed for the past service of current employees and for benefits in payment to retirees. Of the total liabilities, some \$4,000 million was held as employer contributions in the schemes and an additional \$1,000 million had been provided for in the accounts of authorities. The New South Wales Commission of Audit recently investigated the unfunded liability of public sector superannuation schemes.

Table 8.6.2 shows employer liabilities net of employer assets in the various schemes, as reported by the Commission of Audit.

Table 8.6.2: Liabilities of New South Wales Public Sector Schemes

	Total Liability*
	1987
	\$m
State Superannuation Fund (SSF)	6,379
Police Superannuation Fund (PSF)	2,507
State Authorities Superannuation Scheme (SASS)	1,398
Railways Superannuation Account	292
Judges' Pension Scheme	66
Parliamentary Contributory Superannuation Fund	63
Transport Gratuity Scheme	21
State Public Service Superannuation Fund	15
Other schemes	19
TOTAL	10,760

* Net of reserves held in the schemes by various employers.

These liabilities in State schemes have developed over the past century since the first public sector scheme was established. They have arisen because improvements were made to benefits without accompanying increases in employer or employee contributions.

The policy for employer funding in the schemes has varied between employer. Local government employers have fully funded their liability. However the inner Budget sector and authorities have only partially met their liabilities as they accrued, through contributions to the schemes. The large proportion of benefits have been met when they emerge for payment. Some authorities have increased their rate of funding by making internal provisions toward their liability, following a 1984 Public Accounts Committee report which revealed a large shortfall.

Cash flow projections for the schemes show that outlays are expected to rise as a proportion of total Government outlays. This is because the number of retirees as a proportion of total employees is expected to increase sharply in future, and benefits emerging will represent a larger portion of outlays.

COMMONWEALTH CHANGES

On 25 May, 1988, the Commonwealth Government announced new arrangements for superannuation schemes. The Commonwealth imposed two taxes on superannuation funds. They are:

- (i) a tax on employer contributions in respect of benefits accrued after 1 July 1988, and
- (ii) a tax on annual fund earnings.

In addition the Commonwealth has brought all schemes under its Occupational Superannuation Standards Act (OSSA) which limits the level of benefits.

The Commonwealth's actions have increased the cost of superannuation to all employers which have "defined-benefit" schemes, that is, benefits to employees are defined as a proportion of final salary. The Commonwealth taxes will increase the liability of existing New South Wales schemes if a decision is taken to increase the level of employer funding beyond that required to meet benefits as they emerge for payment.

The New South Wales Government's initial reaction to the Commonwealth's changes is to examine the possibility of reallocating employer reserves in the schemes into separate reserves to meet existing pensions in payment. All reserves established through contributions by an employer would remain allocated to meet benefit payments due by that employer. These reserves would not be subject to taxation and this would minimise the cost of meeting the existing liability.

With respect to the OSSA standards, SASS conforms in large part and only minimal adjustment will be needed.

Further responses to the Commonwealth's changes are still under consideration by the New South Wales Government.

AUDIT COMMISSION REPORT

The NSW Commission of Audit reported on the liabilities and the structure of the State's superannuation schemes.

The Commission identified a serious level of underfunding of public sector schemes. A peak in retirements is expected in future and this will cause cash flow problems if the rate of employer funding is not increased.

The Commission's major recommendations were—

- that accrual accounting be introduced so that the full costs of superannuation are reported each year, and
- that the level of employer financing in the Budget sector be increased by \$75 million annually for ten years, to reach a rate of funding which would fully meet accruing liability and amortise the existing unfunded liability over the subsequent 30 years;

In light of the Commission's report, the Government has decided to undertake a review of the funding of superannuation by public sector employers. As a minimum, all bodies will be required to fully disclose their annually accruing liability, in order that the full costs be brought to account.

Changes to the level of funding to be adopted by employers, particularly in the inner Budget sector, await further analysis of the Commonwealth's tax changes. However, as set out in section 1 of this Budget Paper, the Government will be seeking to commence to address the backlog in superannuation funding once the Debt Containment Program has been fully implemented.

8.7 BUDGET FUNDED CONCESSIONS GRANTED BY THE GOVERNMENT

The New South Wales Commission of Audit recommended that the Budget Papers disclose, in a consolidated form, the cost of all Budget funded concessions.

The concessions listed in table 8.7.1 are those applying to services normally provided by public sector entities on a fee for service basis but which, for certain defined segments of the population, are provided at less than the standard charge.

In the main the concessions listed are reflected directly in the Budget. However, the Department of Housing rental rebate has also been included for the sake of completeness in that it has the characteristics of a budget concession though in reality it represents income foregone.

In total, budget concessions for government services are estimated at \$844.5 million in 1988-89, up 11.4 per cent or \$86.6 million on 1987-88. The major items are public transport concessions which account for \$393.3 million of the total concessions. This item does not include SRA freight concession. The commercial charter that is to be implemented for the SRA and UTA means that freight will be established on a commercial basis. In view of this, concessions on freight have been included as part of the transport authorities operating deficit rather than as a freight concession.

The major beneficiaries of the concessions are pensioners. Of the total concessions in 1988-89 of \$844.5 million, \$322 million is directed at pensioners. In addition low income pensioners would be significant beneficiaries of the rental rebate for public housing which in 1988-89 is estimated at \$230 million.

Table 8.7.1 Cost of Budget Funded Concessions Granted by the Government (1)

Minister	Description of Concession	Cost	
		Actual 1987-88 \$000	Estimated 1988-89 \$000
Energy	Contribution towards pensioner concession on electricity charges—varies between County Councils—approximately \$16 per quarter	2,100	2,400
	Energy management assistance to disadvantaged households*	1,554	470
	Assistance to financially disadvantaged people for payment of electricity accounts*	2,347	4,800
	* These concessions are funded by contributions from the Electricity Commission and the County Councils and not by the Consolidated Fund.		
Environment	Water and Sewerage rate rebates for pensioners	13,662	16,350
Housing	Rental rebates—public housing tenants	207,220	230,000
	Rental subsidies are provided to public housing tenants so that no tenant pays more than 20% of household income in rent. The subsidy is not a direct cost to the Budget but represents rent income foregone.		

Minister	Description of Concession	Cost	
		Actual 1987-88 \$000	Estimated 1988-89 \$000
Local Government	Council rate rebate for pensioners. (State's share)	35,984	46,000
Natural Resources	Subsidy to Broken Hill Water Board for rate rebates for pensioners	178	204
Transport	Subsidies to pensioners and others on privately operated buses and ferries	10,582	14,350
	Drivers licence concessions to pensioners	7,453	14,025
	Payments to SRA and UTA for passenger concessions granted by the Government for travel on trains, buses and ferries ...	172,591	206,916
	Transportation of school children	175,000	172,000
	Motor Vehicle Registration concessions to pensioners—		
	(i) Registration Fee (DMT)	8,269	8,948
	(ii) Weight Tax	116,270	123,494
	(iii) Third Party Insurance (G.I.O.)	4,600	4,500
	Totals	<u>757,810</u>	<u>844,457</u>

- (1) In line with the Government's policy of placing the Transport Authorities on a commercial basis, the cost of the freight concessions provided by the SRA has been absorbed into the overall operating deficit of the SRA.

8.8 TRANSPORT AUTHORITIES

INTRODUCTION

While Section 5 of the Budget Paper provides information on the Government contribution to transport authorities, it is useful to place that payment in the context of the overall operating result of the authorities.

As set out below, the total estimated expenditure of the SRA in 1988-89 is \$2,077.3 million. Total customer revenue is estimated at \$1,010.3 million, indicating a revenue shortfall of \$1,067 million. That is, the SRA recovers through fares and charges only 48.6 per cent of operating expenditure. However, it is appropriate to take account of the budget funded passenger fare concessions provided by the Government. When these are added to direct revenue the percentage increases to 54.2 per cent.

Operating Budgets of the SRA and UTA.

	Actual 1987-88 \$000	Estimate 1988-89 \$000	
State Rail Authority			
Operating Expenditure	2,034,578	2,077,330	
Revenue—			
Customers—			
Freight			
Wheat	92,699	76,800	
Coal	274,938	254,600	
Other Goods	271,286	295,800	
Freight Sub-total	638,923	627,200	
Passengers	262,714	309,090	
Trading and Catering	39,702	41,500	
Rents	25,426	21,440	
Other Revenue	10,849	11,100	
Total Customer Revenue	977,614	1,010,330	
Revenue Shortfall	1,056,964	1,067,000	
Revenue Shortfall met from—			
Internal Reserves	60,865	—	
Government Contribution*	996,099	1,067,000	
	1,056,964	1,067,000	
*Government Contribution consists of—			
Contribution towards—			%.
Concessional Fares for Pensioners, etc.	101,548	115,910	+14.1
Finance Charges (Debt and Leasing)	428,954	461,100	+7.5
Operating Losses	445,597	469,990	+5.5
Joint State/Commonwealth Assistance to Coal Industry	20,000	20,000	—
	996,099	1,067,000	+7.1

Notes on SRA.

- The estimate of gross operating expenditure in 1988-89 includes allowance for increases in wage rates and prices.
- The SRA is budgeting for the introduction of numerous efficiency initiatives, productivity improvements and the rationalisation of a number of uneconomic services which will result in considerable staff reductions during the year.
- The increase in subsidy to meet the cost of fare concessions shown under Community Services includes the cost of the extension of concessions granted to retired persons aged 60 and over late in 1987-88, the full-year effect of which is reflected in 1988-89.
- The large increase in the contribution to meet debt charges reflects a decision made in 1987-88 to refinance a number of lease contracts from direct borrowings, the full effect of which is felt in 1988-89.

For the UTA, total operating expenditure for 1988-89 is estimated at \$310.2 million while direct revenue is \$115.2 million, indicating a revenue shortfall of \$195 million. That is, the UTA's cost recovery is only 37.1 per cent or 66.5 per cent when account is taken of Government funded passenger concessions.

Urban Transit Authority

	Actual 1987-88 \$000	Estimate 1988-89 \$000	
Operating Expenditure	302,367	310,199	
Revenue—			
Customers—			
Bus Services	92,725	98,500	
Ferry Services	15,786	16,699	
Total Customer Revenue	108,511	115,199	
Revenue Shortfall	193,856	195,000	
Revenue Shortfall met from—			
Government contribution as follows:			
Contribution towards—			%.
Concessional Fares for Pensioners, etc.	72,144	91,006	+26.1
Finance Charges (Debt and Leasing) ..	28,322	30,720	+8.5
Operating Losses	93,390	73,274	-21.5
	193,856	195,000	+0.6

Notes on UTA

- The increase in subsidy to meet the cost of fare concessions includes the cost of the extension of concessions granted to retired persons aged 60 and over late in 1987-88, the full-year effect of which is reflected in 1988-89.

8.9 CENTRALISED SERVICES

Over the 1988-89 and 1989-90 Budgets the activities of central government service agencies providing services to departments within the Inner Budget Sector will be put on a commercial footing. Rather than receiving a lump sum appropriation from the Consolidated Fund to cover operating costs these agencies will fully recover costs from user charges.

Effectively the central service agencies will be taken off budget and their fees will be reflected as expenses of individual departments.

This reform should result in Budget savings since departments are likely to economise on their use of centrally provided services once they are required to pay fees related to their usage of the services. It should also encourage central service agencies to contain their costs and provide a high quality of service to maintain demand for their services.

Central service agencies taken off budget with effect from 1 July 1988 are—

Auditor-General's Office

Department of Administrative Services

- Computer Services/Payroll Services
- Government Motor Service
- Public Service Notices

Government Supply Office

- Cleaning Services
- Provision of Motor Vehicles
- Technical Services
- Uniform Manufacture
- Warehousing and Distribution Services

Valuer-General's Office

Budgets for the above services in 1988-89 are provided hereunder for information.

AUDITOR-GENERAL'S OFFICE

PUBLIC SECTOR AUDITING

Program Objectives:

- * *To provide a high quality, cost effective auditing service over the financial operations of the Government. To form and express an opinion regarding the truth and fairness of financial statements prepared by the Treasurer, departments and authorities of the State.*
- * *To present independent, comprehensive and timely reports to Parliament, the government and operational management.*
- * *To provide advice for the continuing improvement of public sector financial management.*

Program Descriptions:

- * *Auditing Services: The independent conduct of audits as required or authorised by statute. Reporting to Parliament, and to the Treasurer or other Ministers, or the organisation concerned, as appropriate.*
- * *Administrative Support Services: The provision of administrative support services, research and staff development and training.*

Activities:

	Average Staffing	
	1987-88	1988-89
Auditing Services:		
Audit of organisations under Parliamentary Budget control	53	54
Audit of statutory authorities and agencies	92	98
Special audits and investigations	2	2
Data processing audit services	10	10
Report to Parliament	8	8
	165	172
Administrative Support Services:		
Administrative and management information services	18	18
Research, policy and planning	}	
Continuing professional development		13	14
	31	32
TOTAL	196	204

AUDITOR-GENERAL'S OFFICE

PUBLIC SECTOR AUDITING (Cont)

	Budget 1988-89 \$000
Income	
Audit fees	10,230
Miscellaneous	10
Contribution to cost of reports to Parliament	670
	10,910
 Expenditure	
Auditing Services:	
Employee related payments	5,910
Maintenance and working expenses	1,325
Contract auditing	1,280
 Administrative Support Services:	
Employee related payments	1,051
Maintenance and working expenses	285
Staff development and training	80
 Provisions:	
Superannuation	810
Long service leave	95
Annual leave	40
	10,876
OPERATING RESULT	34
	(Surplus)

DEPARTMENT OF ADMINISTRATIVE SERVICES

COMPUTER SERVICES/PAYROLL SERVICES

Program Objective:

* To foster efficient and effective management practice within the public sector, to provide an efficient central data processing and entry service and to provide a centralised payroll system for the use of government departments and statutory bodies.

Program Description:

* Provision of management support and computing services to departments and authorities, the provision of policy advice and recommendations to Government. Operation of a centralised payroll system for the Public Service and various statutory bodies.

Activities:

	Average Staffing	
	1987-88	1988-89
Data information processing	46	49
Data processing training	4	4
Data processing client services	78	82
Data processing finance and administration	12	12
Centralised payroll and data entry service	16	15
	<u>156</u>	<u>162</u>

Budget
1988-89
\$000

Income

Information processing	7,515
Professional contracting	3,125
Training	873
	<u>11,513</u>

Expenditure

Employee related payments	5,239
Maintenance and working expenses	3,257
Training of staff	208
Training branch expenses	679

Provisions:

Depreciation - furniture and fixtures	33
Depreciation - plant and equipment	130
Amortisation	164
	<u>9,710</u>

OPERATING RESULT

1,803
(surplus)

N.B. Expenditure now includes amounts previously recouped, such as, overtime, rental for communication lines, contracting services, etc.

Training Branch income and expenditure during 1987-88 was included in a separate Special Deposits Account but now included as part of the Working Account.

DEPARTMENT OF ADMINISTRATIVE SERVICES

GOVERNMENT MOTOR SERVICE

Program Objective:

* To meet the servicing, repair and maintenance needs of motor vehicles, motorised machines and equipment owned by government departments and the adaption of vehicles for specific governmental purposes.

Program Descriptions:

* The provision, on a user pays basis, of a complete range of vehicle and motor services, including repair, body building, panel beating and spray painting, alterations to stock vehicles to suit specific purposes and petrol sales. Operations are conducted from the Government Motor Garage at Glebe, by mobile service vans, and on site locations for the Police Department and other major clients, including Public Works Department.

Activities:

	Average Staffing	
	1987-88	1988-89
Mechanical repairs and servicing of vehicles	}	118*
Body building and panel beating service		
Repair and servicing of motor cycles and other motorised machinery		
Research and prototyping of vehicle equipment		
	117*	

* Includes miscellaneous trades and temporary employees (99 for 1987-88 and 102 for 1988-89). All staff and other employees are charged out to client works and services.

	Budget 1988-89 \$000
Income	
Receipts from trading	5,897
Other income	80
	5,977
Expenditure	
Employee related payments	2,955
Maintenance and working expenses	2,865
	5,820
OPERATING RESULT	157 (surplus)

DEPARTMENT OF ADMINISTRATIVE SERVICES

PUBLIC SERVICE NOTICES

Program Objective:

* To provide general staff information to Public Service departments.

Program Description:

* A provision of information to public servants, such as directions, policy matters, courses, job vacancies, appointments.

Activities:

	Average Staffing	
	1987-88	1988-89
Provision of staff information	3	3
		Budget 1988-89 \$000

Income

Subscriptions	1,066
	1,066

Expenditure

Employee related payments	76
Maintenance and working expenses	33
Government Printer (printing and distribution)	879
	988

OPERATING RESULT

78
(Surplus)

GOVERNMENT SUPPLY OFFICE

GOVERNMENT CLEANING SERVICES

Program Objective:

** To provide a centralised cleaning service for Departments and schools.*

Program Description:

** The cleaning of Government establishments including schools throughout the State by full-time and part-time staff. The service is restricted generally to Consolidated Fund departments and Education Department schools.*

Activities:

	Average Staffing	
	1987-88	1988-89
Cleaning of schools	7,057	7,015
Cleaning of other establishments	1,459	1,452
Cleaning administration	<u>45</u>	<u>39</u>
	<u>8,561</u>	<u>8,506</u>

Budget
1988-89
\$000

Income

Recoup of cleaning services provided	196,634
	<u>196,634</u>

Expenditure

Employee related payments	184,924
Maintenance and working expenses	11,649
Purchase of computers and related payments	<u>61</u>
	<u>196,634</u>

GOVERNMENT SUPPLY OFFICE

PROVISION OF MOTOR VEHICLES

Program Objective:

** To lease Motor Vehicles to Public Service Departments.*

Program Description:

** Operation of the Motor Vehicle Fund to purchase vehicles at contract rates, lease the vehicles to Public Service Departments and dispose of the vehicles by Public Auction.*

Activities:

	Average Staffing		
	1987-88	1988-89	
Motor vehicle services	7	7	
			Budget 1988-89 \$000

Income

Lease charges for Departmental motor vehicles	15,268
Sale of Departmental motor vehicles	42,000
	<u>57,268</u>

Expenditure

Employee related payments	168
Purchase of departmental motor vehicles	57,000
Maintenance and working expenses	100
	<u>57,268</u>

GOVERNMENT SUPPLY OFFICE

PROVISION OF TECHNICAL SERVICES

Program Objective:

* To provide the Office's customers with technical services at competitive prices.

Program Description:

* Operation of repair and maintenance service centres at Flemington and six country centres for a wide range of electronic and audiovisual goods and office equipment on behalf of departments and schools.

Activities:

	Average Staffing	
	1987-88	1988-89
Technical repair services	188	192
		Budget 1988-89 \$000

Income

Repair of office equipment	7,069
	7,069

Expenditure

Employee related payments	4,993
Maintenance and working expenses	2,066
Purchase of computers and related payments	10
	7,069

GOVERNMENT SUPPLY OFFICE

UNIFORM MANUFACTURE

Program Objective:

** To provide for specialist clothing needs of Government uniformed personnel in a cost efficient manner.*

Program Description:

** The manufacture and supply of uniforms for police, prison officers, firemen and others, as approved by the Minister, through the operation of the Government Clothing Factory.*

Activities:

	Average Staffing		
	1987-88	1988-89	
Clothing manufacture	120	123	
			Budget 1988-89 \$000
Income			
Sale of uniforms		5,157	
Rental of premises		20	
		5,177	
Expenditure			
Cost of sales		4,635	
Administrative and selling overheads		322	
Transfer to reserves		20	
		4,977	
OPERATING RESULT		200	
		(Surplus)	

GOVERNMENT SUPPLY OFFICE

WAREHOUSING AND DISTRIBUTION SERVICES

Program Objective:

** To provide the Office's customers with supply of common useage items at competitive prices.*

Program Description:

** Operation of the warehouse at Shea's Creek, Alexandria, operating costs of which are met from the Consolidated Fund with the purchases of goods and sales on credit to departments and approved customers being conducted through the Office's Working Account.*

Activities:

	Average Staffing		
	1987-88	1988-89	
Warehousing and distribution	207	213	
			Budget 1988-89 \$000

Income

Sale of warehouse stocks to Departments and Instrumentalities	<u>48,000</u>
	<u>48,000</u>

Expenditure

Purchase of stores for use by Departments and Instrumentalities	<u>48,000</u>
	<u>48,000</u>

VALUER-GENERAL'S DEPARTMENT

VALUING SERVICES

Program Objective:

* *Provide an independent and reliable valuation service to the N.S.W. Government and its agencies within the constraints of available resources and meeting appropriate quality standards.*

Program Descriptions:

- * *Provision of valuation services to Government, its agencies and local government councils.*
- * *Provision of valuation services to members of the public.*
- * *Revision of values for rating and taxing purposes.*
- * *Maintaining the Valuation Roll as needed by relevant authorities.*

Activities:

	Average Staffing	
	1987-88	1988-89
Valuation Services:		
Assessment of land values for rating and taxing	45	54
Determination of assessed annual values for Water Board rates	40	33
Determination of equalisation factors for Land Tax	25	11
Production of supplementary valuations	129	135
Review and determination of objections to rating valuations	18	27
Provision of certificates of valuation of property owners' interests	56	62
Provision of valuation consultancy services to state and local Government	83	101
	396	423
Administrative Support Services	31	31
TOTAL	427	454

VALUER-GENERAL'S DEPARTMENT

VALUING SERVICES (Cont)

	Budget 1988-89 \$000
Income	
Fees for valuation certificates	2,210
Valuation lists	8,817
Other	<u>2,449</u>
	<u>13,476</u>
Expenditure	
Employee related payments	12,006
Maintenance and working expenses	3,426
Purchase of motor vehicles	86
Provisions:	
Accrued employee entitlements	<u>400</u>
	<u>15,918</u>
OPERATING RESULT	(-) 2,442 (Deficiency)

N.B. The deficiency in the first year of operation will be met by a short term advance. Fees will be reviewed to enable the service to be provided on a cost recovery basis.



SECTION 9: STATE PUBLIC SECTOR

- 9.1 Size and Growth of Government**
- 9.2 Government Revenue and Taxation**
- 9.3 Government Expenditure**
- 9.4 Government Employment**
- 9.5 Net Public Sector Financing Requirement**



9.1 SIZE AND GROWTH OF GOVERNMENT

The size of government is frequently measured in terms of the ratios to Gross State Product (GSP) of state public sector outlays, revenues (including taxation), borrowings and debt; and the ratio to the state's work force of public sector employment. GSP is the value of all goods and services produced within the boundaries of the state.

Throughout this Section the terms public sector and government are used interchangeably. They include both the budget and non-budget sectors of each sphere of government. State expenditure excludes payments to local government, while Commonwealth expenditure excludes payments to State and local governments. State revenue refers to receipts of State Government, as distinct from receipts of semi government authorities which are self funding. The net financing requirement is the concept defined by the Australian Bureau of Statistics (ABS); and employment is the number of employees. Debt refers to the State-guaranteed gross debt from both the inner and outer budget sectors in each State. While the ABS is shortly to produce comparable debt statistics for the States and the Commonwealth, the only currently available data is from the US Investment Bank, Salomon Brothers, for the period 1985-86. Due to the importance placed on the burden of debt, Section 8 of this Budget Paper has a detailed explanation of NSW debt and debt servicing costs. The concepts used are currently consistent with those being developed by the ABS, though there may be late revisions to the ABS definitions. The data in Section 8 is not fully comparable with the Salomon Brothers data.

Table 9.1 compares the relative size of the NSW Government to that of other States for the latest year for which statistics are available. Table 9.2 shows the relative growth of the NSW Government to that of other State Governments and the Commonwealth Government over the latest five years for which data is obtainable.

Table 9.1: Size of Public Sector: Latest Year (a)

	Expenditure (percentage of GSP)	Revenue (percentage of GSP)	Tax (percentage of GSP)	Net Financing Requirement (percentage of GSP)	Debt (percentage of GSP)	Employment (percentage of labour force)
NSW	17.1	15.1	5.6	1.6	24.3	17.8
Vic	16.9	14.3	5.1	2.2	31.3	18.7
Qld	18.9	17.8	3.8	1.2	32.1	21.2
WA	22.8	19.8	5.3	2.6	30.0	22.9
SA	17.2	15.2	3.7	2.1	31.4	21.6
Tas	25.3	22.8	5.0	2.3	52.3	25.4
NT	39.1	34.4	3.3	2.9	n.a.	31.0
States excl NSW (b)	18.9	16.6	4.6	2.0	32.1	20.7
All States (b)	18.3	16.1	5.0	1.9	29.3	19.7

(a) All items refer to 1987-88 except for Employment which refers to March 1988, and Debt which refers to 1985-86.

(b) These categories include the Northern Territory, other than for the statistics on Debt.

Sources: ABS: Australian National Accounts-State Accounts, 5220.0; Australian National Accounts-National Income and Expenditure, 5206.0; Government Financial Estimates, 5501.0; Employed Wage and Salary Earners, 6248.0; Debt Statistics, Salomon Brothers, New York.

In 1987-88, the NSW ratio for expenditure of 17.1 per cent compared favourably with Victoria (16.9 per cent) and was substantially below the corresponding average for the States excluding NSW (18.9 per cent). The ratio for revenue in NSW of 15.1 per cent was higher than that of Victoria (14.3 per cent), but was well below the average for States excluding NSW (16.6 per cent). However, taxation as a proportion of GSP in NSW (5.6 per cent) was

higher than the average of the other States (4.6 per cent). Borrowings as a percentage of GSP for NSW (1.6 per cent) were lower than any other State except Queensland. The NSW ratio for employment was 17.8 per cent. This was lower than the average for the other States (20.7 per cent) and almost a full percentage point below the Victorian ratio of 18.7 per cent. NSW debt, which was a relatively high 24.3 per cent of GSP, was below the ratio for all other States of 32.1 per cent.

Table 9.2: Growth of Public Sector, Past Five Years (a) (Average Annual Growth Rates, per cent)

	Expenditure	Revenue	Tax	Net Financing	Debt	Employment
NSW	9.5	10.3	11.4	7.3	14.2	1.2
Vic	8.9	9.2	9.4	2.6	15.3	2.5
Qld	8.2	12.0	9.8	-12.9	16.9	0.4
WA	9.5	11.8	15.2	0.0	19.4	0.7
SA	9.9	10.4	13.2	17.2	14.4	0.7
Tas	8.7	10.0	15.2	1.7	10.7	-0.1
NT	7.8	7.8	18.6	n.a.	n.a.	0.8
States excl NSW (b)	8.9	10.4	11.0	0.7	15.7	1.3
All States (b)	9.1	10.4	11.1	2.5	15.2	1.3
Commonwealth	11.5	12.4	13.6	-32.2	n.a.	0.6

(a) All growth rates are calculated from 1982–83 to 1987–88, except for Employment, which is calculated as a four year growth rate from March 1984 to March 1988 (Employment figures prior to March 1984 are not available on a consistent basis), and Debt, which is for the period 1981–82 to 1985–86.

(b) These categories include the Northern Territory, other than for the statistics on Debt.

Source; ABS: Government Financial Estimates, 5501.0; Employed Wage and Salary Earners, 6248.0. Debt Statistics: Salomon Brothers, New York.

Over the past five years, the NSW public sector has grown at a faster rate than the combined public sectors of the other States in all categories except Employment and Debt.

Compared with the average growth rate in Commonwealth expenditure (11.5 per cent), the NSW rate of 9.5 per cent is lower. Likewise, NSW total revenue growth and taxation growth are lower than the Commonwealth figures.

Commonwealth borrowings have declined at an average annual rate of 32.2 per cent over the last five years, compared with an increase of 7.3 per cent for New South Wales and 0.7 per cent for States other than New South Wales. The sharp reduction in Commonwealth borrowings was from an abnormally high level reached in 1982–83.

9.2 GOVERNMENT REVENUE AND TAXATION

Interstate comparison of State public sector revenue and tax statistics shows that:

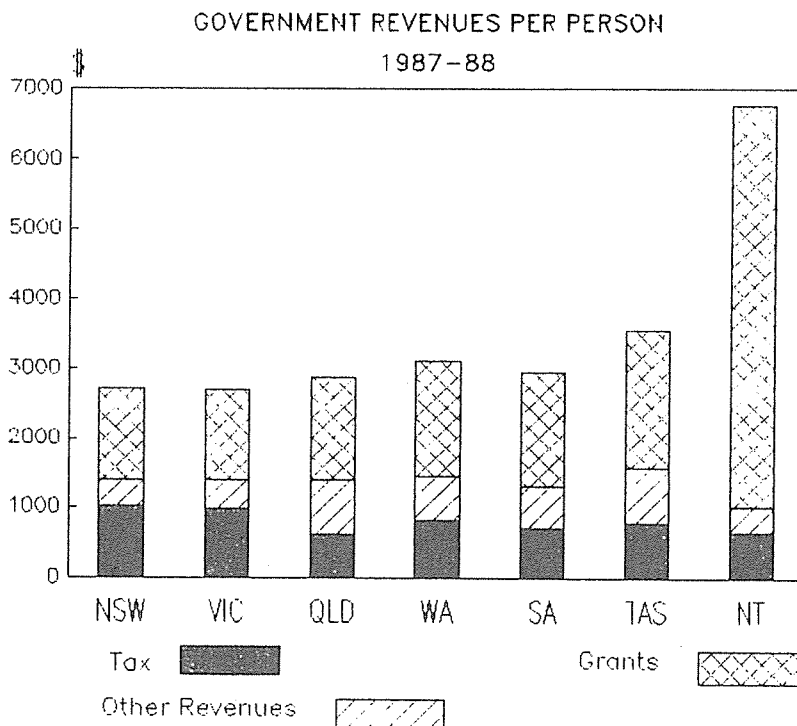
- New South Wales revenue per person was lower than all States except Victoria and substantially below the average of the other States.
- New South Wales and Victoria have higher collections of tax compared with the smaller States; this is partly necessitated by the lower level of Commonwealth assistance to the larger States.
- During the five years to 1987-88, tax receipts in New South Wales have grown at a slightly higher rate than the average for the other States.

INTERSTATE COMPARISON OF LEVEL OF REVENUE

The figures in this Section are based on estimates compiled by the ABS (see Appendix for an explanation of the concepts used and sources of information).

In 1987-88 New South Wales had total revenue per person of \$2,708, lower than the average of the other States of \$2,934 (see Figure 9.1).

Figure 9.1



Source: ABS Catalogue Nos: 5501.0, 3101.0

New South Wales had higher average taxation collections (\$1,008) compared with the average of the other States (\$809). A detailed distribution can be seen in the following table:

**Taxation Per Person: New South Wales
and Other States, 1987-88**

\$							
NSW	Vic	Qld	WA	SA	Tas	NT	Other States
1,008	971	611	822	712	779	644	809

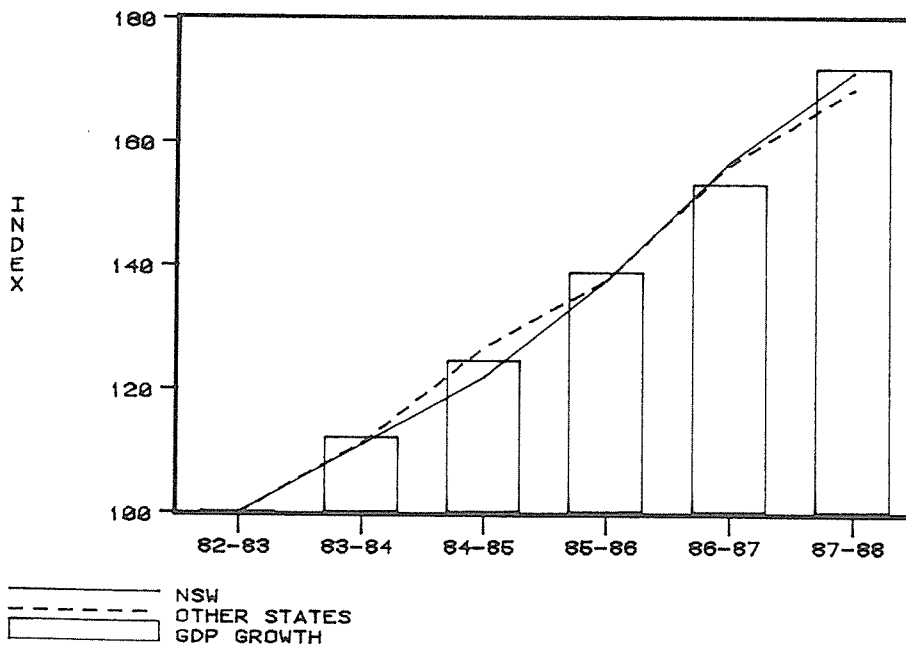
New South Wales and Victoria have historically had higher tax rates than the smaller States. This is partly because of the lower grants received by these States from the Commonwealth Government. In 1987-88 New South Wales received \$1,318 per person from the Commonwealth, compared with an average of \$1,464 for the other States.

GROWTH IN REVENUE AND TAX RECEIPTS

Figure 9.2 shows growth in State taxation revenue since 1982-83. Average annual growth in taxation since 1982-83 had been 11.4 per cent for New South Wales and 11.0 per cent for the other States. Year-on-year growth for New South Wales had been at a similar rate to the other States until 1987-88, when New South Wales showed a slightly higher growth. Total receipts have increased broadly in line with the increase in Gross Domestic Product (GDP).

Figure 9.2

GROWTH IN STATE TAXATION



Source: ABS

Catalogue Nos 5501.0 and 5206.0

Figure 9.3 shows growth in total own source revenue since 1982-83. The average annual growth rate for New South Wales during this period has been 11.0 per cent, below the other States' average of 12.3 per cent. While taxes are growing at a faster rate on average in the other States, NSW taxpayers are still subject to a higher tax burden.

NSW own source revenue has grown at a slightly slower rate than GDP in most years.

Figure 9.3

GROWTH IN NSW REVENUES

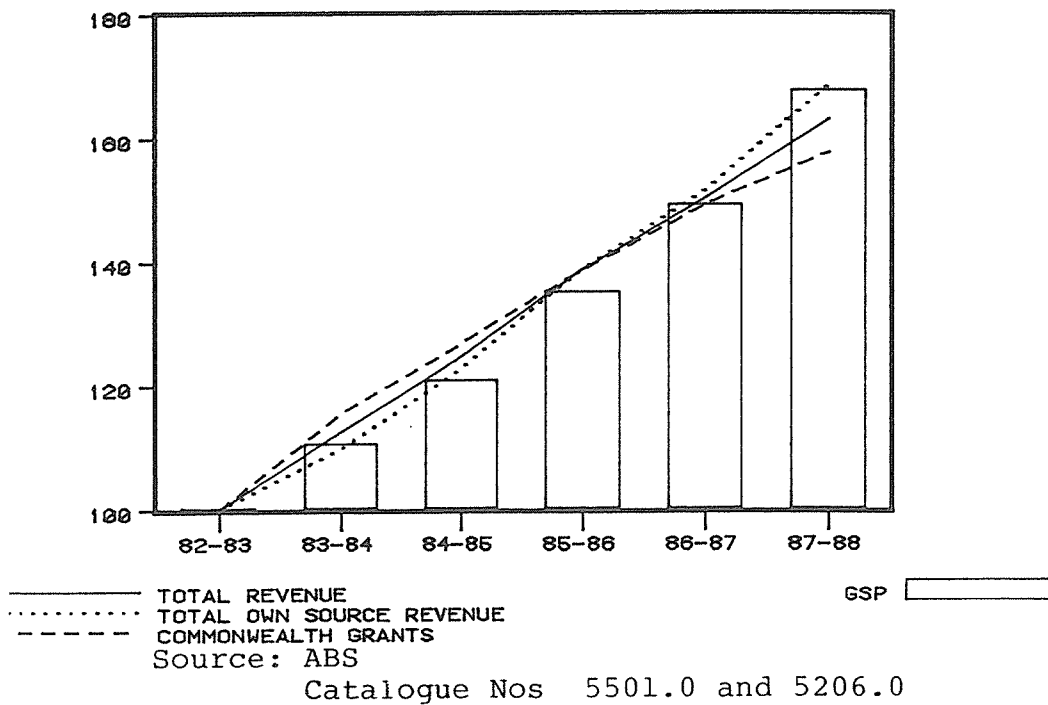
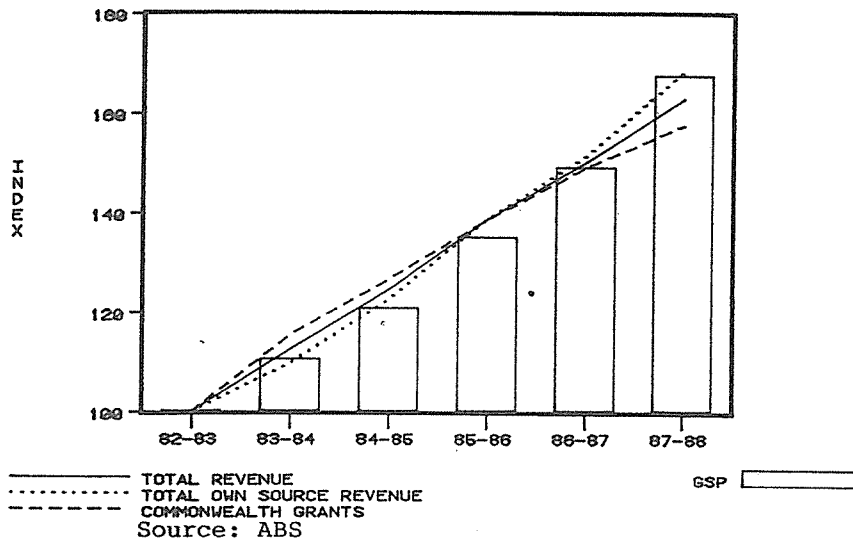


Figure 9.4 compares growth in Commonwealth grants to New South Wales and NSW own source revenues. NSW total revenue has grown at an average annual rate of 10.3 per cent since 1982-83, while Commonwealth grants have increased at only 9.5 per cent. In 1987-88 revenue growth for New South Wales at 8.4 per cent was markedly higher than growth in revenue of the other States of 5.6 per cent. NSW's higher growth is explained by a high growth in its own source revenue of 11.2 per cent. Growth in taxation receipts was responsible for the majority of this increase. This is part of a continued trend for New South Wales to rely more heavily on its own revenues due to lower growth in Commonwealth grants (see Figure 9.4).

Figure 9.4
GROWTH IN NSW REVENUES



The Treasury has compiled an index of State Government charges based on a selection of authorities which raised substantial revenue from charges.

Figure 9.5 shows that since 1982-83 increases in State Government charges have remained well below the increase in the general price level, as measured by the Consumer Price Index (CPI). A more detailed breakdown is given in Table 9.3.

Figure 9.5
COMPARISON OF NSW GOVERNMENT CHARGES WITH
CONSUMER PRICE INDICES, 1982-83 = 100

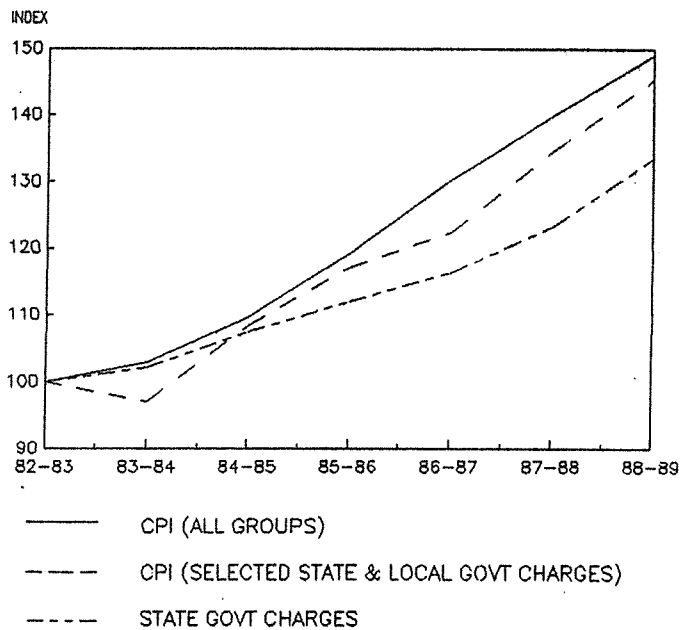


TABLE 9.3: PRICE INDEX OF SELECTED GOVERNMENT CHARGES

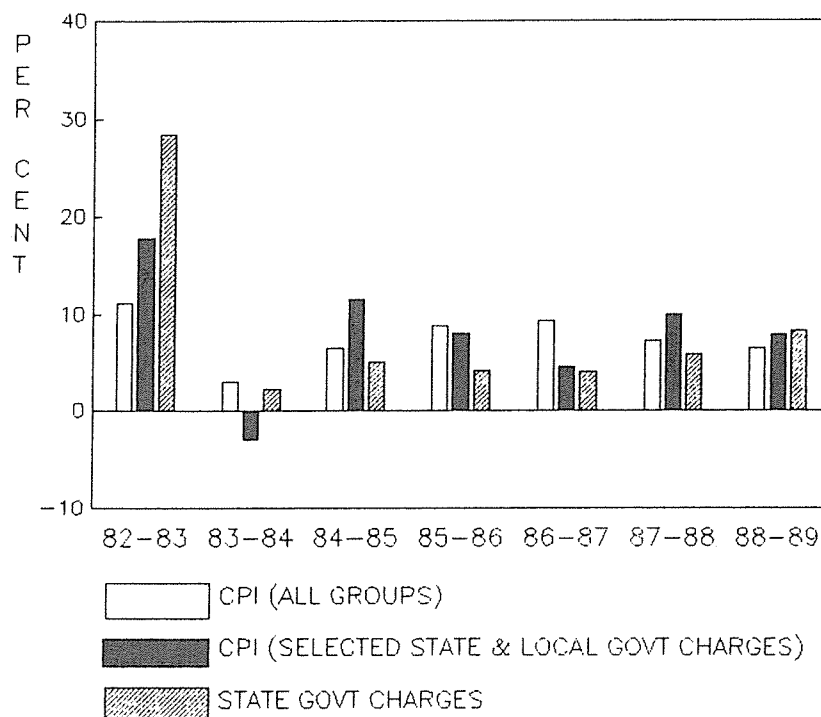
Agency	Item	1986-87 Revenue \$M	Revenue Fraction Weight	% Index Movement Points						
				82-83	83-84	84-85	85-86	86-87	87-88	88-89
State Rail Authority	Freight Services	663.6	0.1382846	1.52	0.21	0.41	0.35	0.21	0.14	0.35
Urban Transit Authority	Passenger Services	223.4	0.0465533	1.00	0.60	0.40	0.36	0.41	0.35	0.58
Maritime Services Board	Revenue—Bus	81.2	0.0169209	0.25	0.07	0.21	0.12	0.15	0.06	*
	Cargo Charges and Coal Loading	196.6	0.0409886	0.88	0.17	0.00	0.32	0.00	—	0.05
Motor Transport Department	Drivers License	70.3	0.0146495	0.00	0.00	0.49	0.00	0.07	0.07	0.07
	Vehicle Registration	70.3	0.0146495	0.00	0.00	0.49	0.00	0.15	0.33	0.11
Forestry Commission	Forestry Royalty	56.2	0.0117113	0.19	0.11	0.10	0.09	0.10	0.08	*
Land and Housing Corporation	Rents	253.3	0.0527840	0.72	0.20	0.26	0.24	0.16	0.59	0.75
Land Titles Office	Charges	28.3	0.0058873	0.13	0.00	0.00	0.06	0.10	0.03	0.09
Metropolitan Waste Disposal Authority	Solid Waste	20.8	0.0043344	0.06	0.03	0.00	0.00	0.03	0.04	*
	Liquid Waste	3.7	0.0007710	0.01	0.00	0.00	0.01	0.01	0.01	*
Grain Handling Authority	Wheat Charges	65.8	0.0137118	0.05	0.15	0.06	—	0.00	0.00	*
Corporate Affairs Commission	Fees	49.6	0.0103359	0.51	0.00	0.07	0.00	0.09	0.09	0.07
Electricity Commission	Sales (All Users)	2,036.0	0.4246895	19.11	1.14	0.10	1.19	1.29	3.37	3.71
Health Department	Accommodation Charges	262.6	0.0547220	1.37	—	1.01	0.87	0.50	0.46	0.82
	Ambulance Services	26.5	0.0055222	0.06	0.06	0.04	0.04	0.04	0.04	0.03
	Domestic Usage Charge	22.0	0.0045845	0.10	0.05	0.10	0.03	0.03	0.04	0.04
Sydney Water Board	Property Value Based	666.6	0.1389097	2.65	1.20	1.39	0.62	0.63	0.28	0.99
	Total	4,796.8	1.0000000	28.40	2.18	5.14	4.25	3.96	5.93	8.32
	Average % Movement Index 1982-83 = 100			100.00	102.18	107.44	112.01	116.45	123.95	133.62

* Increase not yet approved. Estimate used for Index calculation.

Year on year percentage changes for these indices are shown in Figure 9.6. During 1988-89, State Government charges are expected to exceed slightly the general increase in prices. This has been caused by some authorities bringing their revenues more into line with costs, following several years of excessive price restraint.

Figure 9.6

**COMPARISON OF NSW GOVERNMENT CHARGES WITH CONSUMER PRICES
PER CENT CHANGE YEAR ON YEAR**



TAXATION BY CATEGORY

Table 9.4 shows taxation by category for New South Wales and the other States.

For New South Wales, payroll taxation is the largest single source of tax revenue, followed by stamp duties, taxes on the use of motor vehicles, gambling taxation, business franchise licence fees and taxes on land.

Other States have a similar tax structure to New South Wales, with the exception that proportionately less revenue is collected from gambling taxation and slightly more from stamp duties and franchise licence fees.

The Table shows that land taxes, franchise licence fees and contributions from statutory authorities have shown the highest growth since 1982-83. However, the last of these is not a significant portion of total revenue.

TABLE 9.4—TAXATION BY CATEGORY

	New South Wales				Other States (b)			
	1981-82 (\$ million)	1986-87 (a) (\$ million)	Average Annual Growth %	Per cent of Total %	1981-82 (\$ million)	1986-87 (a) (\$ million)	Average Annual Growth %	Per cent of Total %
Payroll	1,018.0	1,489.2	7.9	28.4	1,416.0	2,193.7	9.1	28.1
Property	642.5	1,373.6	16.4	26.2	985.2	1,993.7	15.1	25.5
Immovable Property	144.3	347.4	19.2	6.6	225.6	448.5	14.7	5.7
Stamp Duties	425.5	859.8	15.1	16.4	698.2	1,353.7	14.2	17.3
Financial Inst. Duty	—	164.6	—	3.1	—	189.7	—	2.4
Other	72.7	1.8	-52.3	0.0	61.4	1.8	-50.6	0.0
Provision of Goods and Services Levies on Statutory Corporation	527.5	890.5	11.0	17.0	765.2	1,393.7	12.7	17.8
Gambling	11.0	32.5	24.2	0.6	127.4	295.4	18.3	3.8
Insurance	367.1	571.9	9.3	10.9	351.7	673.4	13.9	8.6
Use of Goods Services	149.5	286.2	13.9	5.5	286.0	424.8	8.2	5.4
Motor Vehicles	533.4	1,222.9	18.1	23.4	1,011.4	1,932.0	13.8	24.7
Franchises	383.4	683.1	12.2	13.0	613.3	1,016.8	10.6	13.0
Other	143.9	533.7	30.0	10.2	355.9	894.3	20.2	11.4
Fees and Fines	6.1	6.1	0.0	0.1	42.2	20.9	-13.1	0.3
Fees for service	158.6	260.5	10.4	5.0	170.8	301.3	12.0	3.9
Fines	88.0	170.3	14.1	3.3	98.2	176.3	12.4	2.3
Total	70.6	90.3	5.0	1.7	72.6	124.9	11.5	1.6
	2,880.1	5,236.8	12.7	100.0	4,348.6	7,814.3	12.4	100.0

(a) 1986-87 is the latest available data. Source: ABS catalogue No.: 5504.0.

(b) Includes five other States and the Northern Territory.

9.3 GOVERNMENT EXPENDITURE

A comparison of public sector outlays for each State and the Commonwealth shows that:

- NSW own purpose outlays per person were less than the average of the other States and below all States except Queensland.
- Over the past five years, own purpose outlays of New South Wales grew faster than the average of the other States.
- Own purpose outlays of all States grew by less than the growth in Commonwealth own purpose outlays.

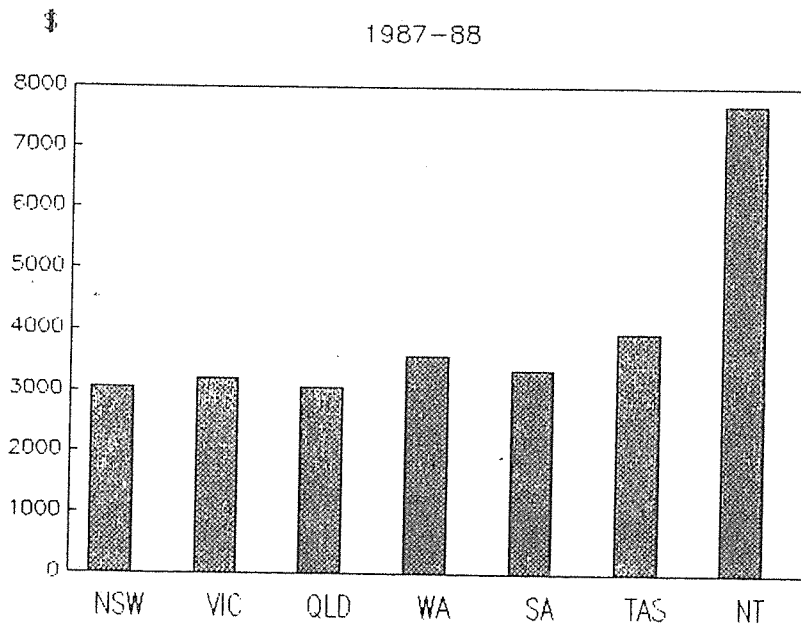
INTERSTATE COMPARISON OF LEVEL OF OUTLAYS

Each State spends the majority of its revenue on programs of its own responsibility. However, a proportion of its available revenue (both from the Commonwealth and its own sources) is passed on to local government. Adjusting ABS figures for transfers to local government provides an estimate of State "own purpose" outlays.

In 1987-88, NSW own purpose outlays per person were \$3,066, significantly lower than the average of the other States of \$3,335 and lower than all States except Queensland (see Figure 9.7).

Figure 9.7

GOVERNMENT EXPENDITURE PER PERSON



Source: ABS Catalogue Nos: 5501.0, 3101.0

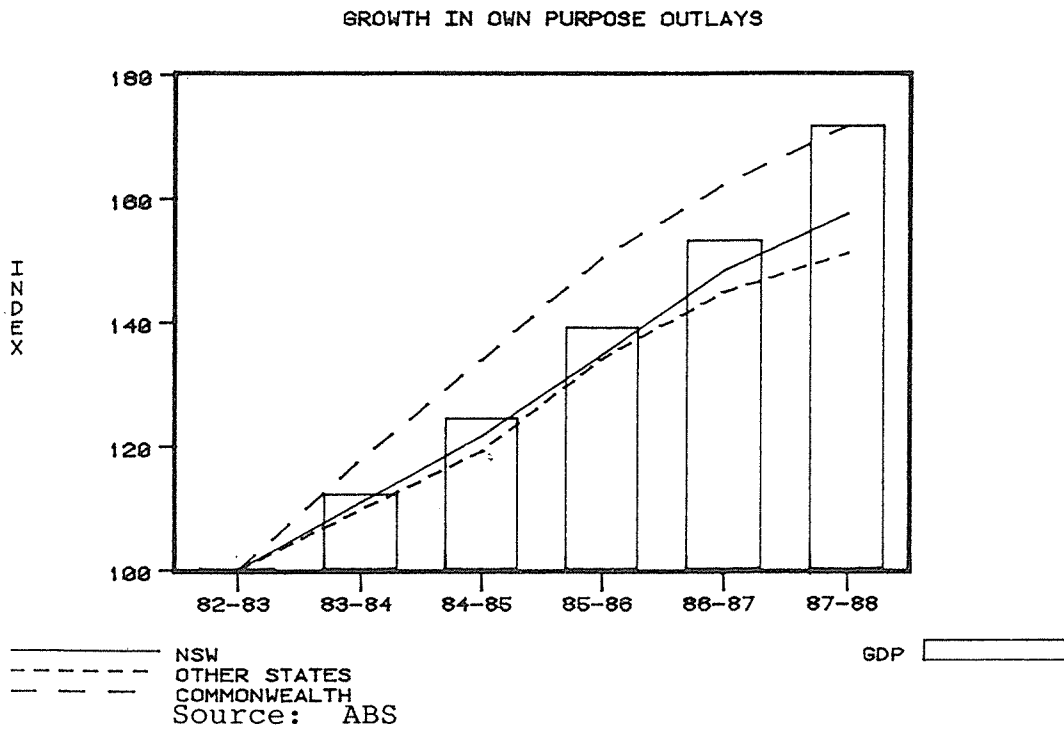
GROWTH IN OUTLAYS

Over the period 1982-83 to 1987-88 NSW own purpose outlays grew by 9.5 per cent per annum, higher than the average of the other States of 8.6 per cent (see Figure 9.8).

Outlays of all States grew by less than growth in the economy over the same period.

The States have demonstrated considerable fiscal restraint compared with the Commonwealth. Figure 9.8 shows that Commonwealth own purpose outlays (net of transfers to the States and local government) grew faster than State outlays in all years. Indeed, the growth in State own purpose outlays was less than the growth in GDP.

Figure 9.8



FUNCTIONAL CLASSIFICATION OF OUTLAYS

Current Outlays

Between 1981-82 and 1986-87 total recurrent outlays in New South Wales grew by 11.3 per cent, compared with an average of 13.3 per cent for the other States (see Table 9.5). For functional comparisons, information is only available for periods up to 1986-87.

TABLE 9.5—RECURRENT OUTLAYS CLASSIFIED BY PURPOSE

	New South Wales				Other States (b)			
	1981-82 (\$ million)	1986-87 (a) (\$ million)	Av. Annual Growth %	Per cent of Total %	1981-82 (\$ million)	1986-87 (a) (\$ million)	Av. Annual Growth %	Per cent of Total %
General Public Services	353.7	524.3	8.2	4.9	739.8	1,461.2	14.6	6.3
Public Order and Safety	577.9	944.3	10.3	8.9	981.2	1,630.6	10.7	7.1
Education	2,142.6	3,145.6	8.0	29.5	4,221.7	6,656.4	9.5	28.8
Primary and Secondary	1,412.2	1,962.4	6.8	18.4	2,578.5	4,038.3	9.4	17.5
Tertiary	701.4	1,060.3	8.6	9.9	1,309.8	2,080.5	9.7	9.0
Other	29.0	122.9	33.5	1.2	333.3	537.6	10.0	2.3
Health	1,427.6	2,663.4	13.3	25.0	2,453.9	4,523.3	13.0	19.6
Hospitals and other Institutional Services and Benefits	1,287.4	2,498.9	14.2	23.4	2,156.7	3,916.8	12.7	16.9
Clinics and Other Non-Institutional Services and Benefits	77.7	83.6	1.5	0.8	138.6	289.3	15.9	1.3
Other	62.6	80.9	5.3	0.8	158.5	317.1	14.9	1.4
Social Security and Welfare	62.5	156.0	20.1	1.5	216.0	465.0	16.6	2.0
Housing and Community Amenities	18.0	51.5	23.4	0.5	79.8	117.6	8.1	0.5
Housing and City Development	10.4	7.8	-5.6	0.1	28.0	71.0	20.5	0.3
Water Supply	0.0	0.0	.....	0.0	19.8	12.4	-8.9	0.1
Sanitation and Protection of the Environment	7.6	43.6	41.8	0.4	31.8	34.1	1.4	0.1
Other Community Amenities	0.0	0.0	.....	0.0	0.3	0.3	0.0	0.0
Recreation and Culture	55.6	89.6	10.0	0.8	140.2	294.7	16.0	1.3
Fuel and Energy	13.4	21.8	10.2	0.2	9.6	13.7	7.4	0.1
Fuel Affairs and Services	5.9	11.0	13.3	0.1	2.3	5.1	17.3	0.0
Electricity and Other Energy	7.5	6.1	-4.0	0.1	6.9	0.0	.....	0.0
Fuel and Energy NEC	0.0	4.6	.....	0.0	0.4	8.8	85.6	0.0
Agriculture, Forestry, Fishing and Hunting	141.7	171.6	3.9	1.6	369.7	567.1	8.9	2.5
Mining, Manufacturing and Construction	5.2	18.0	28.2	0.2	75.8	130.6	11.5	0.6

TABLE 9.5—RECURRENT OUTLAYS CLASSIFIED BY PURPOSE

	New South Wales				Other States (b)			
	1981-82 (\$ million)	1986-87 (a) (\$ million)	Average Annual Growth %	Per cent of Total %	1981-82 (\$ million)	1986-87 (a) (\$ million)	Average Annual Growth %	Per cent of Total %
Transport and Communications	184.8	287.9	9.3	2.7	321.7	562.0	11.8	2.4
Road Transport	177.2	282.1	9.7	2.6	312.2	518.7	10.7	2.2
Water Transport	4.8	0.7	-32.0	0.0	2.5	3.8	8.7	0.0
Rail Transport	0.0	0.0	.....	0.0	-3.9	-0.2	-44.8	0.0
Other	2.8	5.1	12.7	0.0	10.9	39.7	29.5	0.2
Public Debt Transactions	1,163.7	2,470.1	16.2	23.2	2,606.4	6,382.5	19.6	27.6
Other	83.3	116.2	6.9	1.1	145.8	320.8	17.1	1.4
Total Current Outlays	6,230.5	10,660.2	11.3	100.0	12,361.4	23,125.8	13.3	100.0
Less Current Grants to Local Government	164.6	282.8	.....	.....	329.7	568.8	.....	.....
Total Current Own Purpose Outlays	6,065.9	10,377.4	.....	.....	12,031.7	22,557.0	.....	.....

(a) Includes five other States and the Northern Territory.

Source: ABS Catalogue No. 5504.0

Education, Health and Public Debt transactions dominate the recurrent expenditure of all States.

Education accounted for 29.5 per cent of recurrent spending in 1986-87. This is marginally higher than the other States' average of 28.8 per cent.

Recurrent outlays on Health comprise 25.0 per cent of the total in New South Wales, compared with an average of 19.6 per cent for the other States. Health expenditures of all States have increased at a rate above the general level of inflation of 8.1 per cent as measured by the CPI. These expenditures have largely been matched by increased payments from the Commonwealth.

Public Debt transactions include interest payments and loan establishment costs, but not principal repayments. In New South Wales they have shown an average annual increase of 16.0 per cent over the past five years, and by 1986-87 had become a substantial portion (16.2 per cent) of recurrent outlays. Nonetheless, Public Debt transactions of other States increased faster than in New South Wales and represented 27.6 per cent of total recurrent expenditure in 1986-87.

Other areas of high growth in expenditure were Social Security and Welfare; Housing and Community Amenities; and Mining, Manufacturing and Construction.

Capital Outlays

Table 9.6 shows capital outlays of the States classified by function.

Transport, Housing and Energy were the three largest areas of capital outlays by the States. New South Wales had substantially higher expenditure on both Housing and Transport compared with the other States. Capital outlays on Fuel and Energy were lower in New South Wales than the other States.

Capital outlays on Health in New South Wales are comparable to the average of the other States (around 5 per cent of total). However, New South Wales has increased capital spending on Health by an average of 27.8 per cent over the last five years, while expenditure of the other States has only grown by 15.0 per cent on average.

Capital spending in Education has grown by 7.2 per cent in New South Wales over the last five years, while the other States have increased their spending by 14.8 per cent. Recreation and Culture in New South Wales has experienced very strong growth of 77 per cent over the period.

TABLE 9.6—CAPITAL OUTLAYS CLASSIFIED BY PURPOSE

	New South Wales				Other States (a)			
	1981-82	1986-87	Average Annual Growth	Per cent of Total	1981-82	1986-87	Average Annual Growth	Per cent of Total
	(\$ million)	(\$ million)	%	%	(\$ million)	(\$ million)	%	%
General Public Services	25.5	55.6	16.9	1.4	83.5	177.7	16.3	2.3
Public Order and Safety	44.9	98.8	17.1	2.5	94.5	283.6	24.6	3.6
Education	225.5	319.7	7.2	8.0	372.0	742.5	14.8	9.5
Primary and Secondary	143.4	160.5	2.3	4.0	190.3	375.6	14.6	4.8
Tertiary	82.1	159.2	14.2	4.0	158.8	329.9	15.7	4.2
Other	0.0	0.0	.....	0.0	22.9	37.0	10.1	0.5
Health	49.5	168.9	27.8	4.2	194.7	391.5	15.0	5.0
Hospitals and other institutional services and benefits	43.3	146.7	27.6	3.7	173.4	358.5	15.6	4.6
Clinics and other non-institutional services and benefits	6.0	11.2	13.3	0.3	8.5	13.3	9.4	0.2
Other	0.2	11.0	.....	0.3	12.8	19.6	8.9	0.3
Social Security and Welfare	5.7	20.2	28.8	0.5	9.3	30.2	26.6	0.4
Housing and Community Amenities	454.5	936.4	15.6	23.4	777.3	1325.9	11.3	16.9
Housing and City Development	168.8	435.6	20.9	10.9	282.6	720.1	20.6	9.2
Water Supply	93.3	138.6	8.2	3.5	272.9	274.3	0.1	3.5
Sanitation and Protection of the Environment	192.4	362.1	13.5	9.1	221.6	332.3	8.4	4.2
Other Community Amenities	0.0	0.0	.....	0.0	0.3	-0.6	.....	0.0
Recreation and Culture	19.3	336.4	77.1	8.4	96.7	199.5	15.6	2.5
Fuel and Energy	793.3	714.1	-2.1	17.9	1783.2	1668.0	-1.3	21.3
Fuel Affairs and Services	38.8	59.5	8.9	1.5	163.8	129.0	-4.7	1.6
Electricity and Other Energy	754.5	654.5	-2.8	16.4	1619.3	1538.9	.....	19.6
Fuel and Energy NEC	0.0	0.0	.....	0.0	0.0	0.2	.....	0.0
Agriculture, Forestry, Fishing and Hunting	83.8	116.7	6.8	2.9	163.7	294.7	12.5	3.8

TABLE 9.6—CAPITAL OUTLAYS CLASSIFIED BY PURPOSE

	New South Wales					Other States (a)						
	1981-82	1986-87	Average Annual Growth	Per cent of Total	1981-82	1986-87	Average Annual Growth	Per cent of Total	1981-82	1986-87	Average Annual Growth	Per cent of Total
	(\$ million)	(\$ million)	%	%	(\$ million)	(\$ million)	%	%	(\$ million)	(\$ million)	%	%
Mining, Manufacturing and Construction	2.0	11.7	42.4	0.3	16.7	36.8	17.1	0.5				
Transport and Communications	747.0	1164.7	9.3	29.1	1284.1	2080.3	10.1	26.5				
Road Transport	307.9	616.0	14.9	15.4	557.6	1074.2	14.0	13.7				
Water Transport	113.8	89.6	-4.7	2.2	242.4	161.9	-7.8	2.1				
Rail Transport	325.3	459.1	7.1	11.5	375.0	537.2	7.5	6.9				
Other	0.0	0.0	.....	0.0	109.1	307.0	23.0	3.9				
Other	20.5	53.5	21.1	1.3	73.7	158.9	16.6	2.0				
Total Capital Outlays	2471.3	3996.5	10.1	100.0	4949.6	7839.9	9.6	100.0				
Less Capital Grants and Advances to Local Government	92.0	144.4	9.4	.....	230.4	309.3	6.1	.....			
Total Capital Own Purpose Outlays	2379.3	3852.1	10.1	.....	4719.2	7534.3	9.8	.....			

(a) Includes five other States and the Northern Territory.

Source: ABS Catalogue No. 5504.0.

9.4 GOVERNMENT EMPLOYMENT

Interstate comparisons of public sector employment are based on ABS data, although it is considered to be deficient in several respects. For this reason, the State also compiles its own data, which is presented separately in this Budget Paper. Interstate comparison of Government employment, based on ABS data, shows that

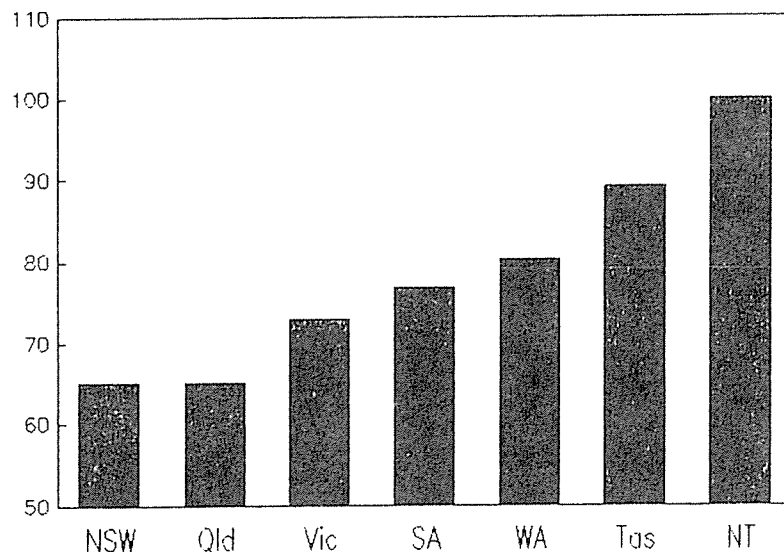
- New South Wales, together with Queensland, has fewer State Government employees per head of population than any other State in Australia.
- NSW Government employment has grown at a slower rate than that of other Governments, State or Commonwealth.
- Government employment in New South Wales has grown more slowly than the NSW labour force as a whole.

INTERSTATE COMPARISON OF LEVEL OF EMPLOYMENT

In December 1987 New South Wales and Queensland both had 65 State Government employees per 1,000 population, compared with an average of 71 employees in all States and an average of 81 employees in the four least populous States (See Figure 9.9).

Figure 9.9

LEVEL OF GOVERNMENT EMPLOYMENT
Employment Per 1000 Population, December 1987



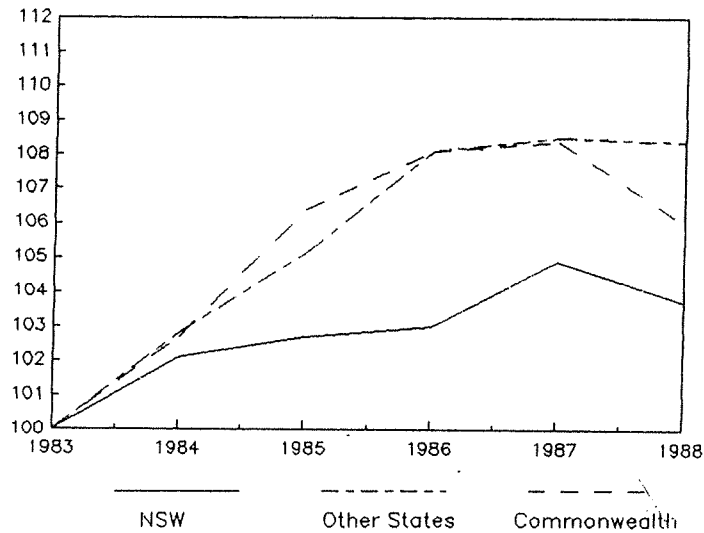
Source: ABS

Catalogue Nos 3101.0 and 6248.0

GROWTH IN GOVERNMENT EMPLOYMENT

Government employment in New South Wales grew by 3.7 per cent between June 1983 and March 1988. By contrast, Government employment in the other five States rose by 8.4 per cent and in the Commonwealth by 6.8 per cent over this period, as illustrated by Figure 9.10. However, growth in Commonwealth employment in recent years has slowed markedly.

Figure 9.10
GROWTH IN GOVERNMENT EMPLOYMENT
Indices, June 1983 = 100

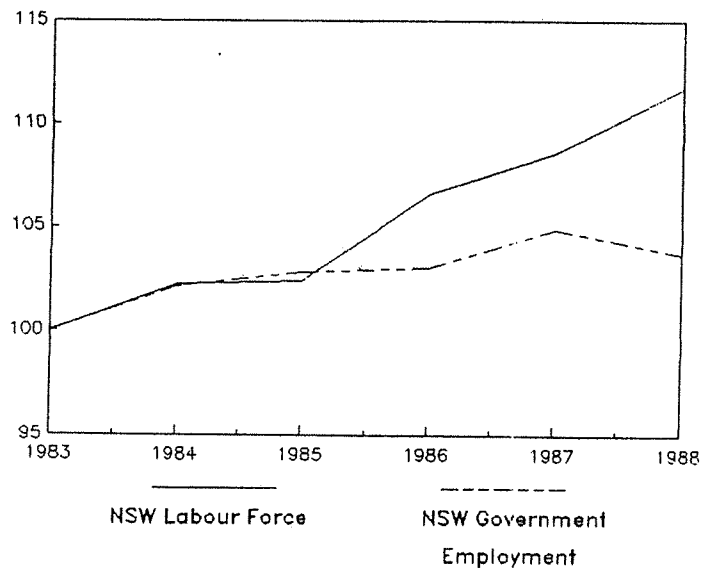


Source: ABS

Catalogue No 6248.0

Over the last five years, the growth in Government employment in New South Wales (3.7 per cent) has been significantly less than that of the NSW labour force as a whole (11.8 per cent), as shown in Figure 9.11.

Figure 9.11
GROWTH IN LABOUR FORCE AND GOVERNMENT EMPLOYMENT - NSW
Indices, June 1983 = 100



Source: ABS

Catalogue Nos 6203.0 and 6248.0

LEVEL AND GROWTH OF EMPLOYMENT

The Treasury statistics which follow provide the most accurate measure of the absolute size and trend in NSW public sector employment. Table 9.7 shows NSW public employment by Sector since June 1985 and the percentage change over that period.

Table 9.7: NSW Public Sector Employment (EFT) by Financial Year

Government Sector	1985-86	1986-87	1987-88	1988-89	per cent change
Inner Budget	151,485	153,595	158,963	159,122	0.1
Outer Budget	154,084	154,547	150,473	147,464	-2.0
Non Budget	7,477	7,867	8,410	8,662	3.0
Total NSW Public Sector	312,970	316,009	317,846	315,248	-0.8

Note: There is a slight definitional difference between staff data collected for purposes of staff monitoring and that used for Budget estimates.

(e) Estimate

(f) Forecast

Source: State Statistical Coordination Unit, NSW Treasury.

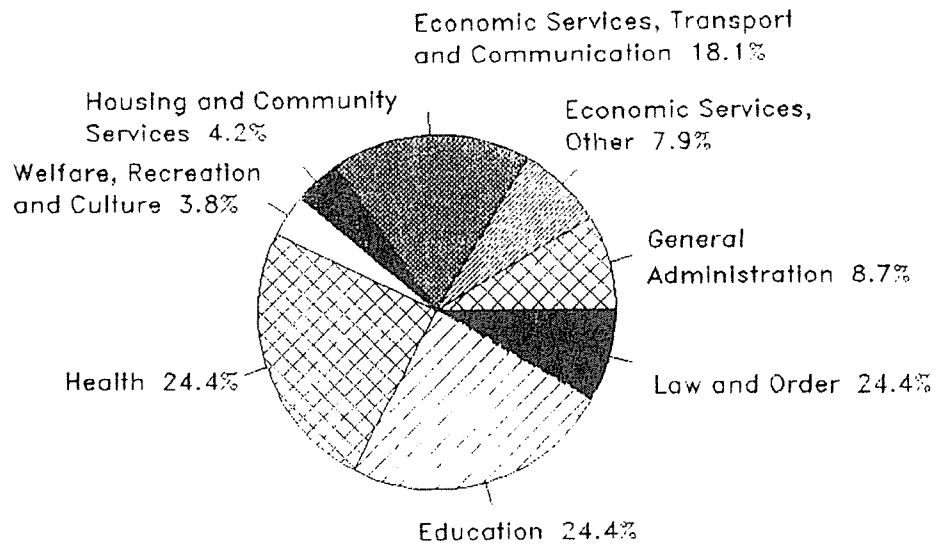
The increase in the Inner Budget Sector between 1986-1987 and 1987-1988 was due mainly to increases in the Departments of Education, TAFE and Police, which more than offset reductions in a number of other departments. In the Outer Budget Sector, there were significant falls in the State Rail Authority, Water Board, Department of Main Roads, Electricity Commission and other agencies. In 1988-89 employment in the Inner Budget Sector is estimated to rise by 0.1% and the Outer Budget Sector is expected to fall by 2.0%. The total Public Sector is expected to fall by 0.8%

FUNCTIONAL CLASSIFICATION OF NSW GOVERNMENT EMPLOYMENT

While the same functional classification is used for expenditure and employment, it is not possible to record and classify the employment related to certain payments (such as various transport subsidies). Nevertheless, Education and Health are again the largest functional areas of Government employment, each accounting for over 24 per cent of the total. Transport and Communication accounts for a further 18 per cent, as shown in the Figure 9.12.

Figure 9.12

NSW GOVERNMENT EMPLOYMENT, BY FUNCTION
Percentage Share at June 1988



Source: NSW Public Sector Staff Statistics

Table 9.8 shows NSW Government employment as at 30 June 1988 for each department and agency, classified by function and budget and sector.

TABLE 9.8—NEW SOUTH WALES PUBLIC SECTOR EMPLOYMENT, BY FUNCTION (1)

Function/Agency (2)	At 30 June 1987			At 30 June 1988		
	Inner Budget	Outer and Non-budget	Total	Inner Budget	Outer and Non-Budget	Total
LAW, ORDER AND PUBLIC SAFETY						
Attorney Generals Department	4,320	..	4,320	3,488	..	3,488
Board of Fire Commissioners .....	..	3,254	3,254	..	3,317	3,317
Bushfire Council .....	..	..	..	..	33	33
Corrective Services	3,475	..	3,475	3,447	..	3,447
Judicial Commission .....	..	..	..	15	..	15
Legal Aid Commission	460	..	460	459	..	459
Police Department	14,276	..	14,276	15,400	..	15,400
Public Trust Office	368	..	368	367	..	367
State Drug Crime Commission	60	..	60	72	..	72
State Emergency Service	96	..	96	99	..	99
Total, Law, Order and Public Safety	23,055	3,254	26,309	23,347	3,350	26,697
EDUCATION						
Department of Technical and Further Education	14,580	..	14,580	15,256	..	15,256
Department of Education	59,671	..	59,671	60,757	..	60,757
Ministry of Education and Youth Affairs	888	..	888	983	..	983
Total, Education	75,139	..	75,139	76,996	..	76,996
HEALTH						
Department of Health	12,556	..	12,556	12,484	..	12,484
Hospitals and Allied Services .....	..	65,469	65,469	..	64,654	64,654 (3)
Total, Health	12,556	65,469	78,025	12,484	64,654	77,138
WELFARE SERVICES						
Department of Family and Community Services	3,491	..	3,491	3,458	..	3,458
Home Care Service of N.S.W.	2,287	..	2,287	2,371	..	2,371
Total, Welfare Services	5,778	..	5,778	5,829	..	5,829

Function/Agency (2)	At 30 June 1987			At 30 June 1988		
	Inner Budget	Outer and Non-budget	Total	Inner Budget	Outer and Non-Budget	Total
HOUSING AND COMMUNITY SERVICES						
Broken Hill Water Board .....	..	124	124	..	121	121
Department of Housing	2,205	..	2,205	2,199	..	2,199
Department of Planning .....	..	..	..	444	..	444
Office of the Minister for the Environment .....	..	..	..	15	..	..
Hunter Valley Water Board .....	..	1,409	1,409	..	1,378	1,378
Metropolitan Waste Disposal Authority .....	..	79	79	..	97	97
State Pollution Control Commission	241	..	241	248	..	248
Sydney Water Board .....	..	10,825	10,825	..	9,442	9,442
Total, Housing and Community Services	2,446	12,437	14,883	2,906	11,038	13,944
RECREATION AND CULTURE						
Department of Environment and Planning	1,695	..	1,695	..	..	..
Department of Sport, Recreation and Culture	302	..	302	304	..	304
Greyhound Racing Control Board .....	..	27	27	..	27	27
Harness Racing Authority of N.S.W. ....	..	37	37	..	37	37
Ministry for the Arts .....	..	..	..	..	..	..
National Parks and Wildlife Service	770	..	770	1,276	..	1,276
Office of the Minister for the Arts	123	..	123	1,303	..	1,303
State Sports Centre Trust .....	..	26	26	..	27	27
Sydney Cricket Ground and Sports Ground Trust .....	..	128	128	..	134	134
Sydney Opera House	373	..	373	366	..	366
Totalizator Agency Board .....	..	921	921	..	467	467
Tourism Commission	270	..	270	305	..	305
Zoological Parks Board of N.S.W. ....	..	261	261	..	388	388
Total, Recreation and Culture	3,533	1,400	4,933	3,554	1,080	4,634

Function/Agency (2)	At 30 June 1987			At 30 June 1988		
	Inner Budget	Outer and Non-budget	Total	Inner Budget	Outer and Non-Budget	Total
ECONOMIC SERVICES						
Agriculture, Forestry and Fisheries—						
Department of Agriculture and Fisheries	3,482	..	3,482	3,303	..	3,303
Department of Water Resources	1,860	..	1,860	1,846	..	1,846
Fish Marketing Authority	..	80	80	..	78	78
Forestry Commission	1,838	..	1,838	1,845	..	1,845
Grain Handling Authority	..	988	988	..	686	686
Homebush Abbatoir	..	494	494	..	88	88
Meat Industry Authority	17	..	17	25	..	25
N.S.W. Dairy Corporation	..	230	230	..	206	206
Soil Conservation Service	775	..	775	760	..	760
Sydney Market Authority	..	109	109	..	110	110
Sub-Total, Agriculture, Forestry and Fishing	7,972	1,901	9,873	7,779	1,168	8,947
Mining, Manufacturing and Construction—						
Building Services Corporation	..	207	207	..	210	210
Department of Mineral Resources	447	..	447	465	..	465
Public Works Department, Other Awards	2,594	..	2,594	2,167	..	2,167
Sub-Total, Mining, Manufacturing and Construction	3,041	207	3,248	2,632	210	2,842
Transport and Communication—						
Department of Main Roads	..	8,588	8,588	..	7,987	7,987
Department of Motor Transport	2,872	..	2,872	2,947	..	2,947
Maritime Services Board	..	3,379	3,379	..	3,037	3,037
Ministry of Transport	87	..	87	85	..	85
State Dockyard	..	8	8	..	3	3
State Rail Authority	..	38,972	38,972	..	36,668	36,668
Urban Transit Authority	..	6,588	6,588	..	6,463	6,463
Sub-Total, Transport and Communication	2,959	57,535	60,494	3,032	54,158	57,190

Function/Agency (2)	Inner Budget	Outer and Non-budget	Total	Inner Budget	Outer and Non-Budget	Total
State Authorities Superannuation Board .....	..	461	461	..	451	451
State Bank .....	..	5,878	5,878	..	6,272	6,272
State Compensation Board .....	..	176	176	..	179	179
State Lotteries Office	469	..	469	439	..	439
Treasury	356	..	356	166	..	166
Treasury Corporation .....	..	..	..	..	44	44
Valuer General	457	..	457	421	..	421
Sub-Total, Financial and Fiscal Services	2,179	8,938	11,117	2,063	9,490	11,553
Other General Administration—						
Darling Harbour Authority .....	..	41	41	..	43	43
Department of Administrative Services .....	..	..	..	314	..	314
Department of Lands	1,142	..	1,142	1,105	..	1,105
Department of Local Government	170	..	170	157	..	157
Ethnic Affairs Commission	89	..	89	94	..	94
Government Printer	905	..	905	876	..	876
Government Supply Office	9,547	..	9,547	9,469	..	9,469
Land Titles Office .....	..	..	..	833	..	833
Ministry of Aboriginal Affairs	18	..	18	..	..	..
Ombudsman's Office	68	..	68	57	..	57
Premiers Department	498	..	498	..	..	..
Premiers Department and the Cabinet Office .....	..	..	..	418	..	418
Public Service Board	407	..	407	187	..	187
Public Works Department, Public Service	2,932	..	2,932	2,821	..	2,821
Sub-Total, Other General Administration	15,776	41	15,817	16,331	43	16,374
Total, General Administration	18,483	8,979	27,462	18,932	9,533	28,465
Total, All Functions	157,695	162,111	319,806	160,231	155,656	315,887

Notes:

- (1) During 1987-88, new departments were created, while others were restructured. In this context, classification to predominant function can introduce some lack of comparability between years.
- (2) Some agencies have programs in a number of functional areas, e.g., Department of Lands—Economic Services and General Administration. In most cases, the staffing figures for these agencies have been allocated to the area with the highest proportion of staff.
- (3) Estimate.

9.5 NET PUBLIC SECTOR FINANCING REQUIREMENT

The net public sector financing requirement shows the amount by which public sector expenditures exceeded revenue, less net advances from the Commonwealth Government and increases in internal provisions. It is a cash flow concept and is a measure of the call of the public sector on the savings generated within the economy.

The net financing requirement is financed largely by borrowings. Other sources include changes in cash holdings and changes in creditors and debtors.

Interstate comparisons show that

- NSW has the lowest net financing requirement of any State except Queensland.
- NSW's net financing requirement has grown significantly faster than that of other States in the last five years.

INTERSTATE COMPARISON OF LEVEL OF NET FINANCING REQUIREMENT

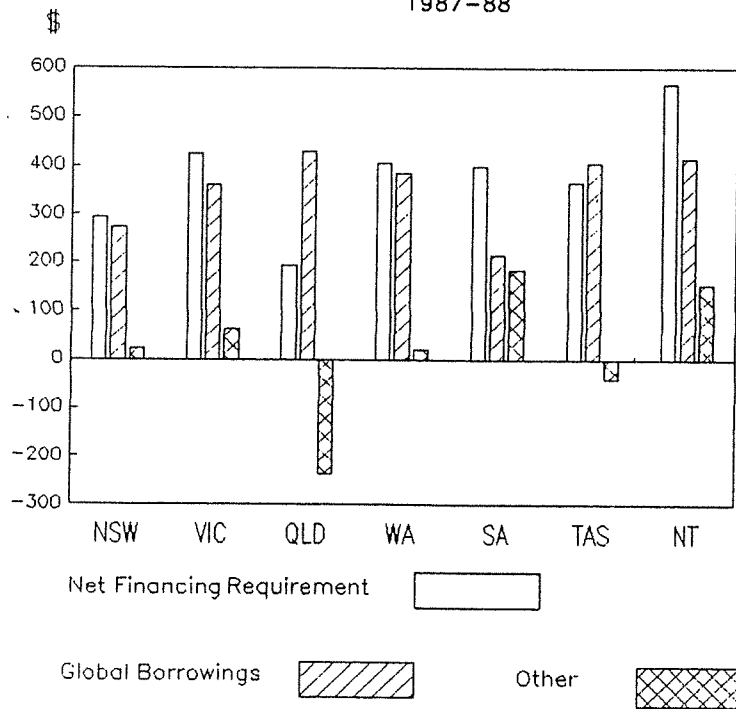
ABS figures show that New South Wales has the lowest net financing requirement per person of any State except Queensland (see Figure 9.11). In 1987-88 the net financing requirement for New South Wales was \$295 per person, compared with an average of \$358 per person for the other States.

In 1987-88 NSW global borrowings under the Loan Council were \$272 per person, below the average of the other States of \$364. Global borrowings accounted for most of the net financing requirement in New South Wales, indicating little net contribution from other sources. This contrasts with the situation in some other States, where borrowings exceeded the net financing requirement and were used to build up financial reserves (see Figure 9.13).

Figure 9.13

FINANCING REQUIREMENTS PER PERSON

1987-88



Source; ABS Catalogue Nos: 5501.0, 3101.0

TABLE 9.9—NET FINANCING REQUIREMENT 1982-83 TO 1987-88

	(\$ million)							Growth Rate 1982-83 to 1987-88	Per cent of GSP	
	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1982-83		1986-87	
Public Sector										
N.S.W.	1,170	1,113	1,255	1,329	1,715	1,668	7.3	1.9	1.6	
Vic.	1,576	1,585	1,545	1,763	1,512	1,794	2.6	3.4	2.2	
Qld.	1,041	856	425	685	734	523	— 12.9	4.1	1.2	
W.A.	618	632	376	417	482	617	0.0	4.8	2.6	
S.A.	252	215	87	293	388	558	17.2	1.6	2.1	
Tas.	151	85	154	207	153	164	1.7	3.7	2.3	
N.T.	— 19	— 12	— 19	85	206	89	n/a	— 1.1	2.9	
States excluding N.S.W.	3,619	3,361	2,568	3,450	3,475	3,745	0.7	3.4	2.0	
All States	4,789	4,474	3,823	4,779	5,190	5,413	2.5	2.9	1.9	
Commonwealth	5,003	8,642	7,093	6,604	3,623	718	— 32.2	2.9	0.2	

SOURCE: ABS Catalogue Nos: 5501.0, 5220.0, and 5206.0

GROWTH IN NET FINANCING REQUIREMENT

Table 9.9 shows that between 1982–83 and 1987–88 the net financing requirement grew on average by 7.3 per cent per year in NSW compared with the other States' average of 0.7 per cent per year. The net financing requirement for New South Wales has increased steadily over the past five years compared with a much more modest increase for all other States and a large reduction for the Commonwealth. The Commonwealth's achievements can be largely attributed to the lack of indexation of income tax scales, asset sales, reduced payments to the States and windfall revenue increases from new taxes. The Commonwealth's performance is not comparable to any State's achievements due to the latter's limited tax base. In addition, the decline in Commonwealth borrowings was from an abnormally high level in 1982–83.

Appendix — Concepts, Definitions and Sources of Information

● *Revenue*

Total revenue covers both the budget and non-budget sectors of Government.

The Statistician's detailed breakdown of State Government taxation revenue for New South Wales and the other five states and the Northern Territory is shown in Table 9.4. It should be noted that the Statistician's definition of taxes is broader than the categories included in Consolidated Fund receipts. For example, taxes on motor vehicle registrations and transfers and drivers' licences which are collected outside the NSW Budget are included in the Statistician's roundup. Additionally, items such as net lottery proceeds, fines and fees from regulatory services are classified as taxation revenue by the Statistician.

The ABS taxation revenue classification has been developed to present the relationships that exist between taxes in terms of taxation criteria adopted by the Organisation for Economic Co-operation and Development (OECD). The first five groups of the classification are as follows:

- Taxes on income;
- Employers' payroll taxes;
- Tax on property;
- Taxes on provision of goods and services; and
- Taxes on use of goods and performance of activities.

These tax groups are divided into sub-groups according to types of entities, property, activities, goods or services being taxed. The classes generally describe the specific types of tax actually collected in Australia. A full description of each of the categories is given in the "Classifications Manual for Government Finance Statistics, Australia" (ABS 1217.0). It outlines the major concepts used and provides definitions of individual items of taxation.

The main categories of taxation are defined by the Statistician as follows:

- **Taxes:** A tax is a compulsory levy imposed by government, mainly designed to raise revenue. There is usually no clear and direct link between payment of taxes and the provision of particular goods and services by government. Taxes are levied, inter alia, on incomes, wealth, production, sale and use of goods and services, and the performance of activities.
- **Fees from Regulatory Services:** Fees from regulatory services are levies which are not primarily designed to raise general revenue and which are associated with the granting of a permit or privilege or regulation of activity. Excluded are fees for the provision of services which directly benefit individual payers and for which payment is made voluntarily. Also excluded are fees mainly designed to raise revenue (which are classified as taxes).
- **Fines:** Fines are civil and criminal penalties imposed on law breakers other than penalties imposed by tax authorities. Penalties imposed by tax authorities are added to taxes received.

It should be noted that interstate comparisons of tax collections by State or local government separately can be misleading unless account is taken of State-to-State variations in the range of activities for which State and local levels of government are responsible.

- *Outlays*

As for revenue, outlays include both the budget and non-budget sectors. In particular, outlays include the operation of public trading enterprises and general government bodies, but exclude the operations of public financial enterprises. These bodies are defined as follows:

- Public trading enterprises - undertakings which aim at recovering the bulk of their expenses by revenue from the sale of goods and services.
- General government bodies - all of the agencies of government not classified as public trading or financial enterprises, that is, all government departments, offices and other bodies engaged in providing services free of charge or at a price significantly below their cost of production.
- Public financial enterprises - bodies primarily engaged in financial transactions in the market involving both the incurring of liabilities and the acquisition of financial assets.

A full description of each of these categories is given in the "Classifications Manual for Government Finance Statistics, Australia" (ABS 1217.0).

State "own purpose" outlays is defined as State outlays minus all transfers to local government (i.e. current grants, capital grants and net advances).

Commonwealth "own purpose" outlays is defined as Commonwealth outlays minus all transfers to the States (including the Northern Territory) and local government.

State and Commonwealth outlays data used in figures were sourced from ABS publication "Government Financial Estimates Australia 1987-88" (Catalogue No. 5501.0).

State outlays data used in Tables were sourced from ABS publication "State and Local Government Finance Australia 1986-87" Catalogue No. 5504.0.

Estimates of resident population as at 31 December 1987 were sourced from ABS publication "Population Estimates Australia, December Quarter 1987" Catalogue No. 3219.0.

Estimates of Gross Domestic Product were sourced from ABS publication "Quarterly Estimates of National Income and Expenditure Australia, June Quarter 1988" Catalogue No. 5206.0.

- *Employment*

During 1984, ABS introduced a new collection, which is not comparable with the previous series. Previous figures have been estimated by the Treasury on the basis of data collected in the new ABS survey. The ABS no longer adjusts any part time staff to a full time equivalent. This accounts for much of the difference between the two series at June 1983. Also, the new series includes various agencies which are not directly under Government control, State Government employees working interstate and overseas, those employed in a few small organisations not previously enumerated and all staff employed by the State Government under various special employment programs.

Thus, this data overstates the total workforce in the NSW Government sector. Nevertheless, the statistics are a useful indicator of the general trends in State Government employment over the past few years.

In 1986, a further substantial revision was made to the new ABS series with the Home Care Service being reclassified from the private sector to the NSW Government sector. This statistical change resulted in a higher measure of employment in both the category of Social Security and Welfare and the Government sector as a whole in New South Wales.

- *NSW Employment Data*

In June 1985 the State Statistical Coordination Unit (SSCU) of the NSW Treasury instituted its own direct collection of employment statistics from departments and authorities funded and controlled by the State. Compared with the ABS collection, this series excluded Members of Parliament, Universities and Colleges of Advanced Education, Pasture Protection Boards and the commercially managed colliery companies associated with the Electricity Commission, but includes a number of hospitals run by religious and charitable organisations which receive considerable funding from the State. The SSCU statistics are superior to the ABS data as they are enumerated on a full time equivalent basis and are not just simply head counts. They also exclude special employment schemes.

- *Financing Requirement*

The net financing requirement is based on receipts and outlays of both the budget and non-budget sectors of government. Data is sourced from the ABS publication "Government Financial Estimates, Australia 1987-88" Catalogue 5501.0.

The net financing requirement of a sector is defined as outlays less receipts, increases in provisions and net advances from other parts of the non-financial public sector. Advances from the other parts of the public sector are classed as capital outlays of that sector, and therefore form part of the financing requirement of that sector. They would be double counted if included in the financing requirement of the State.

SECTION 10: EXPLANATION OF BUDGET CONCEPTS

- 10.1 Guide to Budget Papers and Financial Documents**
- 10.2 Glossary of Terms Used in Budget Papers**

10.1 GUIDE TO BUDGET PAPERS AND FINANCIAL DOCUMENTS

The aim of this section is to describe the documents published which contain information about the finances of the State Government and its agencies. A brief summary of each of the document's contents and the relationship between the documents is provided.

A detailed description of the accounting system and financial procedures is not encompassed in this Guide. Those interested in more detail about the State's financial system are referred to the Treasury publication "Introduction to Government Finances and Accounting in N.S.W." which explains the State's financial system.

A glossary of terms used in State financial documents is also included in this Section.

STATE PUBLIC SECTOR

Documents referred to in this Guide are concerned with various financial aspects of the "State Public Sector".

In order to appreciate the scope of the contents of the financial documents, it is important to have an understanding of what is meant by the term "State Public Sector".

The State Public Sector as the Second Tier of Government

A neat definition of the State Public Sector is difficult to produce—an exception can always be found to a proposed definition.

To the layman, the State Public Sector is the second tier of Government coming after the Commonwealth Government but before Local Government. It comprises State Government departments and bodies set up under State legislation. But there are blurred edges because joint authorities have been established responsible to more than one tier, e.g. Joint Coal Board, Albury/Wodonga Corporation, River Murray Commission which are responsible to the Commonwealth and to one or more States. Also some bodies, principally Universities and Colleges of Advanced Education, while established under State laws, rely on the Commonwealth Government for funding.

Despite these aberrations, the concept of the State Public Sector as the second tier of government is both simple and useful.

As mentioned this second tier of Government, the State Public Sector, consists of departments (Department of Education, Public Works Department) and a range of statutory bodies. These statutory bodies may be administrative in nature (e.g. health professionals Registration Boards which regulate practitioners), may provide specific services (e.g. the Water Board—water supply; Colleges of Advanced Education—educational services) or may sell goods and services in the market either from a virtually monopolistic position such as the various primary products marketing authorities or in direct competition in the market place (State Bank, Government Insurance Office).

The Budget Sector (inner and outer) and the non-Budget Sector

All departments and some authorities are funded from the State's principal fund, the Consolidated Fund (see later). Some authorities are self-funding but require government approval to embark on capital works. There are also a number of authorities referred to as non-budget sector bodies that neither require support from the Consolidated Fund nor appear in the State's Capital Works Program.

Appendix A sets out examples of authorities in the Budget and non-Budget sector and their relationship to Parliamentary, Ministerial and financial controls. The following summarises the relationships (there are a number of exceptions).

Budget Sector

Inner Budget Sector bodies:

- Includes all departments and certain statutory bodies (e.g. Ethnic Affairs Commission).
- Funded mainly from *Consolidated Fund*.
- Subject to Ministerial direction, the Public Finance and Audit Act 1983 and audit by the Auditor General.
- Annual Reports (Departments) Act 1985 applies—generally non-commercial (cash basis) accounting.

Outer Budget Sector bodies:

- Includes certain statutory bodies (e.g. State Rail Authority, Water Board).
- Recurrent services funded mainly from own charges, capital works funded from borrowings and internal funds and *included in the State's Capital Works Program*.
- Subject to Ministerial direction, the Public Finance and Audit Act 1983 and audit by the Auditor-General.
- Annual Reports (Statutory Bodies) Act 1984 applies—commercial type accounts (accrual basis) prepared.

Non-Budget Sector

Non-Budget Sector bodies:

- Includes Universities, Colleges of Advanced Education, Marketing Authorities, State Bank, Government Insurance Office.
- Some authorities in this group not subject to Ministerial direction, but subject to the Public Finance and Audit Act 1983 (although not in all cases to Directions issued under that Act) and audit by the Auditor-General.
- Annual Reports (Statutory Bodies) Act 1984 applies—commercial type accounts (accrual basis) generally prepared.
- Recurrent services and capital works not funded from State Government sources (from own revenues or provided by Commonwealth grants etc.).
- Generally not referred to in the Budget Papers.

The Budget Papers incorporate the funding of the recurrent services of departments and authorities in the inner budget sector and the capital budgets of departments and authorities in the inner and outer budget sector. The budget papers and other State financial documents do not include information on the finances of statutory bodies in the non-budget sector. However reference may be made in the Budget Papers to any Commonwealth grants which may pass through the State's accounts (e.g. Commonwealth grants to Universities).

Publications issued by the Australian Bureau of Statistics (ABS) include the receipts and payments of the State Public Sector.

FINANCING GOVERNMENT

Principal Government Funds

The receipts and payments of the inner budget sector are recorded in two main funds.

Consolidated Fund

The Consolidated Fund is defined in the Constitution Act 1902 as:

- “(1) Except as otherwise provided by or in accordance with any Act, all public moneys (including securities and all revenue, loans and other moneys whatsoever) collected, received or held by any person for or on behalf of the State shall form one Consolidated Fund.
- (2) Without limiting the generality of subsection (1), all territorial, casual and other revenues of the Crown (including all royalties), from whatever source arising, within New South Wales, and as to the disposal of which the Crown may otherwise be entitled absolutely, conditionally or in any other way shall form part of the Consolidated Fund.”

This means that unless other legislation directs that moneys be paid into other accounts (such as Acts establishing statutory bodies for example) *all* moneys due to the State are paid into the Consolidated Fund.

The Consolidated Fund is the main account of Government. It records the receipts and payments of departments and those statutory bodies in the inner budget sector.

All payments from this Fund require parliamentary approval. Each year the amount estimated to be paid from the Fund is included in the *Appropriation Bill*. The Bill is one of six documents tabled in Parliament which are known as *the Budget Papers*.

State taxes such as pay-roll tax, stamp duties, land tax and gambling revenues are paid into the Fund as well as receipts from charges for government services, sales of government property, borrowings for inner budget sector capital works, other receipts (e.g. interest earned on cash balances of government funds, lottery receipts) and Commonwealth payments to the State. The last category represents about half of the Fund's receipts.

Payments from the Consolidated Fund are to meet the administrative costs of departments and inner budget sector authorities and the cost of specific government policies.

In order of size, payments are for health services and educational services. Interest on borrowings is also a significant item.

Special Deposits Account

The Public Finance and Audit Act 1983 authorises the establishment of the Special Deposits Account as:

- “(a) an account of funds which the Treasurer is, by statutory or other authority, required to hold otherwise than for or on account of the Consolidated Fund;
- (b) an account of money directed to be paid to the Special Deposits Account by or under this or any other Act; or
- (c) an account of such other money, not directed by or under this or any other Act to be placed to the credit of another account, which the Treasurer directs to be carried to the Special Deposits Account.”

It consists of about 250 accounts, each falling into one of the following four categories:

1. Commonwealth Payments Accounts: records the receipt of certain Commonwealth specific purpose payments and the direct payment of such items or their transfer to other accounts or funds (to facilitate bookkeeping).
2. Departments' Working Accounts: departmental accounts which include suspense accounts and accounts of a business nature such as plant operating accounts and canteen accounts and working accounts of certain government trading undertakings (State Brickworks, etc.), and service departments (Government Printer, Government Supply Department, etc.).

3. Statutory Bodies Accounts: working accounts, reserve and depreciation funds of budget sector bodies kept at the Treasury, often as a requirement of their enabling legislation.
4. Statutory Funds Accounts: funds established by statute where the Government acts as trustee (superannuation funds, etc.).

A table in the Public Accounts includes information about each Special Deposits Account. No non-budget sector statutory bodies accounts are maintained in the Special Deposits Account.

Payments from the Special Deposits Account are not subject to parliamentary appropriation but, in order to show all program costs, payments directly related to programs from any of the accounts are included for information in the Budget Estimates.

DOCUMENTS RELATING TO STATE PUBLIC SECTOR FINANCES

Documents dealing with State Public sector finances fall into the following groups:

1. State Budget Papers (annually, available generally in September)
 - The Budget Speech, Budget Information, Budget Estimates, Financial Arrangements between the Commonwealth and N.S.W., Capital Works Program—List of Projects, Appropriation Bill.
2. Financial Reporting and Accounting for the State Budget
 - Niemeyer Statement (Monthly)
 - Quarterly Financial Gazettes (September, December, March)
 - Public Accounts (annually, available in September)
 - Auditor-General's Report (annually, available in September)
 - N.S.W Public Accounts Committee Reports (intermittent).
3. Financial Reporting—Departments and Statutory Bodies
 - Annual Reports, Departments (July to June reporting period, by November. Department of Education and Department of Technical and Further Education (TAFE), calendar year, by May)
 - Annual Reports, Statutory bodies (within 5 months of end of each body's financial year).
4. Other Sources of State Financial Information
 - Statistical Reports (published by ABS): Taxation Revenue, Australia (annual), Commonwealth Government Finance, Australia (annual), Government Financial Estimates, Australia (annual), State and Local Government Finance, Australia (annual).
 - Other Reports: Commonwealth Budget Papers, Commonwealth Grants Commission Reports—particularly those on Tax Sharing Relativities (intermittent).

The N.S.W. Government Information Service, 55 Hunter Street, Sydney, and the N.S.W. Government Printing Office, 390-422 Harris Street, Ultimo, have supplies of documents in the first three groups, while in group 4 ABS publications are available from the Australian Bureau of Statistics, St Andrews' House, Sydney Square, Sydney and Commonwealth Government reports are available from the Australian Government Publishing Service, 120 Clarence Street, Sydney.

THE BUDGET PAPERS

The Budget Papers consist of six volumes.

● **Budget Speech** (Budget Paper No. 1):

This is the printed version of the speech delivered in Parliament by the Treasurer on budget day.

The speech outlines the Government's financial program for the year and its overall budgetary strategies. New major expenditure and revenue measures are featured.

● **Budget Information** (Budget Paper No. 2)

This paper contains background material, supplementary to the Budget Speech, and other important financial information. Graphs are included to aid understanding. Topics covered are:

1. *Budget Summary and Overview*: summary of the main budget aggregates and the budget strategy.

Includes determination of major payment and revenue initiatives in the Budget.

2. *Economic Outlook*: a summary of trends in the Australian and New South Wales economies and projections for the budget year.

Subjects covered include industry activity, the labour market, prices, income, finance and interest rates, external sector and the exchange rate.

3. *Overall Budget Payments*: overview of total payments; from Consolidated Fund and other sources for capital and recurrent payments.

Included in this sector are the green pages which summarise payments by program. The totals in these tables are what is generally considered as the State's budget expenditure and consists of payments from the Consolidated Fund, Special Deposits Account, and from borrowings and internal funds which fund the capital program of the inner and outer budget sector.

Summary of Gross Program Costs: Gross program costs are listed by Minister, organisational unit, program area and program according to whether payments are in respect of recurrent services or capital works and services.

Gross Program Costs by Minister: In this table gross program costs are summarised by the Minister for recurrent services and capital works and services. Program costs include payments from the Consolidated Fund and other funds.

Gross Program Costs by Policy Area, Policy Sector and Program: The figures in these statements are derived from the Program Statements. The policy area and the policy sector are higher levels in the program hierarchy (see glossary for definitions). The source of funding, either the Consolidated Fund or other sources, is shown. The Consolidated Fund payments total agrees with payments from the Consolidated Fund shown in the Appropriation Bill.

4. *Operating Budget*: a review of the projected receipts and the payments estimates with tables and graphs.

The receipts review includes details of any new revenue measure and the reasons for anticipated changes in major revenue items. Commonwealth payments to the State are not covered in detail in this review but are dealt with in Budget Paper No. 4 (see later).

Payments are considered on a functional basis (e.g. Law, Order and Public Safety, Economic Services) and not by Ministry. This is to aid in understanding the Government's Budget strategy and to avoid problems of comparison between years if portfolios are reorganised. New initiatives and significant program changes are the subject of comment.

5. *Capital Budget*: a review of overall capital outlays on a functional basis.

The review identifies new works and progress on major works that have commenced. Sources of funds for the Capital Works Program are set out in tables in this section.

6. *1987–88 Budget Result*: an overview comparison of the budgeted and actual 1987–88 Consolidated Fund result.

This section includes a summary table of major revenue and payment variations and post 1987–88 Budget initiatives.

7. *Social and Economic Impact of Budget*: covers Aborigines, employment and training, ethnic affairs, housing, industry and small business, older people, rural sector and women.
8. *Special Budget Features*: special interest articles. The topics covered may differ from year to year but in 1988–89 coverage includes—Audit Commission, Asset Sales, Debt and Debt Servicing Costs, Financial and Administrative Reforms, Public Infrastructure Maintenance, Superannuation, Government Concessions, Transport Authorities and Financial Accounts of select Government entities moved off budget.
9. *State Public Sector*: an interstate comparison of five variables showing the size and growth of the public sector.

The variables examined are expenditure, revenue and taxation, borrowings, debt and employment.

- * *Expenditure*: a comparison of the size and growth of N.S.W. outlays with other States and the national economy.

The growth and the per capita outlays in New South Wales are compared with those in other States. An analysis of the functional classification of recurrent and capital outlays in New South Wales and the six States plus the Northern Territory is also provided.

- * *Revenue and Taxation*: a comparison of the size and growth of N.S.W. revenue and taxes with other States and the national economy.

Details of the different types of taxes levied are also provided.

- * *Borrowings*: a review of State Public Sector Borrowings.

Information presented shows an interstate comparison of borrowings.

- * *Debt*: a review of the State and Semi-Government debt.

Tables included in this section compare N.S.W. debt with that of other States.

Trends in debt growth are also shown.

- * *Employment*: statistics of State public sector employment.

The tables and commentary in this section compare the growth of State government employment over time and with the total N.S.W. labour force.

10. *Explanation of Budget Concepts*.

● **Budget Estimates** (Budget Paper No. 3)

The Budget Estimates contain the detailed receipts and payments (both recurrent and capital) estimates of the Consolidated Fund for the *inner budget* sector.

The building block is the program statement. Each organisational unit's (broadly a department) expenditure plans are divided into programs.

The program statements include narrative material—the main objectives of the program and a description of the program—staffing resources required and financial details.

The financial tables set out both the Consolidated Fund and total funding needed for the program.

The Consolidated Fund details in this Budget Paper support the Ministerial total figures in the Appropriation Bill.

Background information on program budgeting as it applies in N.S.W. and further information about the tables included are provided in the introduction prefacing this Budget Paper.

As from 1987-88, the previous year's details included in this paper are subject to audit

● **Financial Arrangements between the Commonwealth and N.S.W.** (Budget Paper No. 4).

This Budget Paper outlines the financial relations between the Commonwealth and the State.

The Commonwealth provides the State with moneys for a wide range of recurrent and capital purposes. These payments may be in the nature of grants or repayable advances. To qualify for some payments the State may be required to match the Commonwealth payment.

This Budget Paper explains the nature, purpose and history of each Commonwealth payment. As well as budget sector bodies, some bodies in the non-budget sector (e.g. Universities) receive Commonwealth assistance. The Budget Paper also refers to Commonwealth payments to the third tier of Government, Local Government.

A major table in the Budget Paper lists each payment over a ten year period showing percentage movements and comparing the rate of growth with the increase in the Consumer Price Index and economic activity as measured by Gross Domestic Product.

● **Capital Works Program—List of Projects** (Budget Paper No. 5)

Works-in-progress and new capital works in the budget sector with a cost of \$100,000 or more are listed.

The listing is arranged under the Ministers responsible for each section. Details of estimated total cost, expenditure in previous years, estimated expenditure in 1988-89 and locations are given.

As the list is not fully comprehensive, totals are not included. The more important of these works may be referred to in the Budget Speech and/or in the section on the Capital Works Program in Budget Paper No. 2; the latter also provides total expenditure information.

● **Appropriation Bill** (Budget Paper No. 6)

The Appropriation Bill seeks legislative authority for expenditure from the Consolidated Fund.

The Appropriation Bill includes requests for parliamentary approval for:

- (i) payments from the Consolidated Fund *for the budget year*;
- (ii) payments from the Advance to Treasurer approved *in the previous year*;
- (iii) payments by the Treasurer in the previous year under Section 22 of the Public Finance and Audit Act 1983 approved by the Governor in anticipation of parliamentary approval;
- (iv) various rules proposed to permit flexibility in program payments.

FINANCIAL REPORTING AND ACCOUNTING FOR THE BUDGET

A number of 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 for payments from the Consolidated Fund and the Special Deposits Account.

● **The Niemeyer Statement**

The Niemeyer Statement is released monthly to provide cumulative summaries of receipts and payments of the Consolidated Fund for that part of the financial year completed and a statement of Treasury balances of cash and securities. These figures are shown against the estimates made for the year. A comparison is provided for the corresponding period of the previous year. The Treasurer issues a covering media release.

● **Quarterly Financial Gazette**

The quarterly gazette includes statements of:

- (i) Treasury cash and security balances at end of quarter.
- (ii) Consolidated Fund receipts and payments in detail since 1 July.
- (iii) Special Deposits Account receipts and payments of each account since 1 July and balances at the end of the quarter.

● **The Public Accounts**

The accounting by the Treasurer for funds under his control is set out in the financial statements making up the Public Accounts. The Public Accounts are incorporated in Part 1 of the Auditor-General's Report. As well as statements subject to audit, the Public Accounts include statements for information only. Statements subject to audit are those relating to accounts kept in the Treasury (Consolidated Fund and Special Deposits Accounts), the cash and security balances, liability to the Commonwealth for loans and advances, advances repayable to the Treasury and borrowings guaranteed by the State. Statements not subject to audit are those containing historical information—10 year summaries of budget results, taxation receipts and loan liability to the Commonwealth—and brief explanations of each new account that has been established in the Special Deposits Account (a complete explanation list is printed every three years).

The taxation table incorporates in notes attached details of changes in tax rates.

Explanatory notes on each table appearing in the Public Accounts are included in a Memorandum prefacing the Public Accounts. The audit certificate signed by the Auditor-General stating whether in his opinion those financial statements subject to audit exhibit a true and fair view, is also included.

● **The Auditor-General's Report**

Section 34 of the Public Finance and Audit Act 1983 requires the Auditor-General to audit the Public Accounts and submit them to the Legislative Assembly, accompanied by his report, no later than 30 September following the end of the financial year to which the Public Accounts relate.

In Part I of the Report, the Auditor-General reviews the State's finances generally and comments specifically on:

- Commonwealth Payments to the State;
- The Consolidated Fund;
- The Special Deposits Account;
- The State's Debt.

Also included are a copy of the Public Accounts and the Annual Report of the Auditor-General's own Office.

Part II of the report provides comments and reports on the financial statements of many of the State's Statutory bodies both in the budget and non-budget sector.

The Auditor-General may include in his report suggestions to improve the financial management of departments or authorities.

● **N.S.W. 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 statutory bodies and the Auditor-General's Report and to report to the Legislative Assembly on any matter referred to it by the Legislative Assembly, a Minister or the Auditor-General. The committee is also empowered to report *on any matter it considers should be brought to the notice of the Legislative Assembly*. A report by the Committee is printed and published once it has been transmitted to the Clerk of the Legislative Assembly. Thus publication of their reports is not dependent on Parliament being in session.

It has a wide charter to report on financial management and related matters. As mentioned above it can act on its own initiative. Recommendations directed at improving administrative efficiency and reducing the costs of programs, as perceived by the Committee, feature in their reports.

FINANCIAL REPORTING—DEPARTMENTS AND STATUTORY BODIES

Both departments and statutory bodies are required by legislation to prepare annual reports which are to include audited financial statements prepared in accordance with the Public Finance and Audit Act 1983 and the Regulation under that Act and a narrative report as specified in the Annual Reports Acts and Regulations.

Most statutory bodies have to provide a detailed budget for the financial year to which the statements relate and an outline budget for the following financial year. The annual reports must be submitted to the appropriate Minister and simultaneously to the Treasurer no later than four months after the end of their financial year.

The Minister is required to lay an annual report before both Houses of Parliament within one month of receipt and as soon as practicable make copies of the report available to the public, providing another source of information on the State's financial management.

OTHER SOURCES OF STATE FINANCIAL INFORMATION

● **Australian Bureau of Statistics Bulletins**

A number of the Bureau's statistical publications contain information on New South Wales Government finances. These are:

- "Taxation Revenue, Australia" (catalogue no. 5506.0) provides data on State taxes, fees and fines.
- "Commonwealth Government Finance, Australia" (catalogue no. 5502.0) provides data on grants and net advances to the State classified by function.
- "Government Financial Estimates, Australia" (catalogue no. 5501.0) summarises forecasts of payments, receipts and grants (classified by their economic character) separately for the Budget and outer and non-Budget Sectors together.

- "State and Local Government Finance, Australia" (catalogue no. 5504.0) summarises the State totals for;
 - (a) payments, receipts and grants, classified by their economic character and
 - (b) final consumption and new fixed assets expenditure classified by function.
- "The New South Wales Year Book" (catalogue no. 1301.1) includes chapters on the State's economy and public funds.

● **Reports of the Commonwealth Grants Commission**

The Commission periodically reviews the distribution (between States) of the Financial Assistance Grant, the Commonwealth's major general grant to the States for recurrent purposes. The Commission's Reports contain summary tables of receipts and payments of the States' on a standardised basis. The State's submission to the inquiry prepared by Treasury in conjunction with departments is not published for sale or general distribution but is available for perusal in specialist libraries. The submission deals with the difficulties faced in N.S.W. in providing government services compared with the provision of comparable services in other States.

● **Commonwealth Budget Papers**

References to payments to the State are scattered throughout the Commonwealth Budget papers. However, Commonwealth Budget Paper No. 4 "Commonwealth Financial Relations with other levels of Government" deals specifically with Commonwealth/State financial relations.

APPENDIX A

DEPARTMENTS AND AUTHORITIES—RELATIONSHIP TO PARLIAMENTARY, MINISTERIAL AND FINANCIAL CONTROLS

State Public Sector	Subject to Ministerial Direction	Subject to Public Finance and Audit Act	Subject to Audit by Auditor-General	Subject to Annual Reports (Statutory Bodies) Act	Subject to Annual Reports (Departments) Act	Recurrent Services		Capital Works		Referred to in Budget Documents
						Financed from Consolidated Fund	Met from own charges etc.	Financed from Consolidated Fund	Financed from Borrowings and Internal Funds	
<i>Budget Sector</i> Inner—All departments —Some Statutory bodies e.g. Ethnic Affairs Commission Legal Aid Commission State Pollution Control Commission Tourism Commission	YES	YES	YES	NO NO YES NO NO	YES YES NO YES YES (a)	YES	NO (c)	YES	NO	YES
Outer (d)—State Rail Authority —Metropolitan Water Sewerage and Drainage Board —Electricity Commission —Maritime Services Board	YES	YES	YES	YES YES	NO	NO (e)	YES	NO	YES	CAPITAL WORKS ONLY (e)
<i>Non-Budget Sector (d)</i> —Universities —State Bank	NO	YES (f)	YES	YES	NO	NO	YES (g) YES	NO	YES (g) YES	NO (h)

(a) Prepares financial statements as if it were subject to the Annual Reports (Statutory Bodies) Act.

(b) Its costs are also partly met from interest earned on solicitors' trust funds.

(c) Fees, charges and other collections are paid into the Consolidated Fund.

(d) Some only of the statutory bodies are listed.

(e) Cash deficits of the transport authorities are met from the Consolidated Fund and included in the Minister for Transport's Consolidated Fund Estimates.

(f) Universities and State Bank are not subject to Treasurer's Directions issued under the Act.

(g) Mainly funded from Commonwealth Grants.

(h) To the extent non-budget sector bodies undertake special programs for government on a cost recovery basis, reference will be made to them in the budget documents, particularly the Consolidated Fund Estimates.

10.2 GLOSSARY OF TERMS USED IN BUDGET PAPERS

Accrual Accounting: Accrual accounting is the recognition of receipt and payment items as they are earned or incurred respectively (and not as money is received or paid) and included in the financial statements in the year to which they relate. The budget is presented on largely a cash basis though salary costs are shown on an accrual basis.

Activity: A group of tasks which contributes towards the achievement of the objectives of a program.

Advance to the Treasurer: The sum appropriated to the Treasurer under the Appropriation Act as an advance to allow for supplementary payments of an unforeseen nature. Actual expenditures charged against this item are recorded against appropriate departmental items and are accounted for to Parliament in the following year's Appropriation Act.

Advances repayable to the State from external sources: Repayable advances made from State funds to statutory bodies whose funds are not included in the Treasurer's accounts.

Allocative Efficiency: The production of goods and services by an organisation at levels consistent with the mix of goods and services which will yield maximum consumption benefits to society over time. Allocative inefficiency may occur because of monopoly power (overcharging) or price controls (under charging).

Annual interest liability: Interest payable to the Commonwealth on the State's loan liability.

Appropriateness: A term used in program performance evaluation to denote whether a program's stated objectives adequately address the community real needs and the Government's policy priorities.

Appropriations—Annual: Amounts which may be spent from the Consolidated Fund under the authority of an annual Appropriation Act during the period 1st July to 30th June.

Appropriations—Special: Continuing expenditure authorised by specific acts (e.g. the salaries of Judges; payments on account of the State's loan liability to the Commonwealth).

Auditor-General: A statutory office established under the Public Finance and Audit Act 1983 to oversee and report to Parliament on the Public Accounts and the accounts of departments and authorities.

Average Staffing: An estimate of average monthly staff employed over the course of the whole financial year.

Balance of payments: The term used to describe all economic payments and transactions between Australia and other countries.

Balance of payments is usually divided into two parts—the Current Account and the Capital Account. The Current Account is the term used to describe the payment flows, both in and out of Australia, for all imports and exports of goods and services (the Balance of Trade) and payments for items such as freight, insurance, interest on borrowings, etc. (the Invisibles Balance). The Capital Account is the term used to record financial transactions not related to trade in goods and includes government and private sector creation and extinction of financial claims on or by the rest of the world.

Borrowings guaranteed by the State: Loans guaranteed by the State in accordance with specific Acts.

Budget: The several Budget Papers including Estimates of receipts and payments of the Consolidated Fund and the Appropriation Bill.

Budget Estimates: Summarised and detailed dissections of estimated revenue and amounts which may be expended by departments and statutory bodies, in the budget sector, on recurrent services and capital works and services from the Consolidated Fund (under authority of the annual Appropriation Act or specially appropriated under other Acts), or from sources other than the Consolidated Fund.

Budget Sector (inner and outer): Departments and certain statutory bodies which appear in the Consolidated Fund Estimates and/or the Capital Works Program (also see main text).

Capital receipts and payments (works and services): Consolidated Fund receipts or payments for works of a permanent character such as schools and other public buildings. Receipts include the State's share of new loans raised by the Commonwealth payments for specific capital purposes, proceeds of the sale of assets and repayments by authorities.

Cash Accounting: In contrast to accrual accounting, only takes into account cash payments to be made and cash receipts to be received during the year. It does not take into account liabilities and debts arising during the year, but not expected to be settled at the end of the year.

Consolidated Fund: An account of governmental receipts and payments of departments and certain authorities within the inner budget sector. Payments out of this Fund can only be made under Parliamentary authority.

Consumer Price Index (CPI): A measure of the prices of a basket of goods and services representing household expenditure patterns. Changes in the CPI are intended to broadly indicate changes in the cost of living.

Corporatisation: Corporatisation is the application of market disciplines to a Government trading entity to improve its productive and allocative efficiency. The five requirements of corporatisation are clear and consistent management objectives; management autonomy and authority; independent performance monitoring; managerial rewards and sanctions; and competitive neutrality (i.e. removal of special advantages and disadvantages stemming from public ownership).

Currency Depreciation: The reduction in the value of one country's currency against another country's. The actual measurement of the size of the depreciation occurs through movements in the exchange rate.

Currency Swaps: The exchange by two parties of their respective loan obligations, generally in different currencies. Following the swap the two parties are responsible for the servicing of their new obligations.

Drawing Accounts: Official overdraft bank accounts to enable payments to be made by departments before being charged to Treasury accounts.

Economy: When used in the context of program performance evaluation, this means keeping inputs (i.e. resources to the minimum necessary to provide an adequate program service).

Effective Full-Time Staff (EFT): Staff numbers derived by adding to full time staff the full-time equivalent of any part-time staff.

Effectiveness: A term used in program performance evaluation to denote whether a program's stated objectives are being achieved.

Efficiency: See Allocative Efficiency and Productive Efficiency. Efficiency is a term frequently used in the context of program performance evaluation.

Equity: The value of the interest held by the owners in the assets of an organisation as represented by the value of the assets of the organisation less external liabilities (e.g. borrowings from outside bodies).

Estimates: See Budget Estimates.

Exchange Rate: The exchange rate is the value of one country's currency, compared to one unit of another country's currency. (e.g. \$1 in Australian currency = \$0.80 of United States currency).

Financial Agreement: An agreement between the Commonwealth and State Governments controlling the borrowing arrangements of the Commonwealth and State Governments.

Financial Assistance Grant: The general revenue grant payable to the State by the Commonwealth—originally based on reimbursement to the State for withdrawing from the income tax field.

Fiscal Policy: The name given to all measures and policies announced in the Budget. The name also applies to any other measures whose impact is felt through any increase or decrease in government spending or revenue raising (i.e. taxation).

Forward Contracts: Contracts entered into for the purchase or sale of foreign currency at a future date at a predetermined price.

Global Budgeting: Global Budgeting allows departments much greater freedom to alter spending patterns between line items (salaries, maintenance, etc) and programs, provided they live within their total budgets and staff ceilings. Moreover, greater flexibility in expenditure patterns will be allowed within the limits applying at the service delivery level such as schools and health services.

Global Limit: The annual limit set by the Loan Council on borrowings that can be raised by State authorities other than State financial and marketing authorities. In New South Wales borrowings within the global limit are raised by the NSW Treasury Corporation.

Government Employment: The term used to describe the total employment in all sub-sectors of the NSW Public Sector. As enumerated by the Treasury it relates to all paid staff, excluding only employees under Commonwealth special employment schemes, measured on an effective full time basis - see under effective full-time staff, above.

Compared with data published by the Australian Bureau of Statistics (which must be used for interstate comparisons) Treasury excludes staff of Universities, CAEs, Pasture Protection Boards, the colliery companies operated by the NSW Electricity Commission and a few other small organisations. However a large number of staff employed in religious and charitable hospitals financed by the State are included in the Treasury figures.

Treasury collects data as at the end of each month, whereas ABS figures are for a specified pay period. The ABS data is based on a head count which exaggerates the effect of part time staff. Average whole year data is also published by Treasury for the Inner Budget Sector.

Government Trading Entity: A Business unit within the public sector that produces goods or services which are, or could be, sold or tendered in the market place without compromising the Government's economic or social objectives. GTE's include not only organisations engaged in trading activities, but also organisations which provide subsidised community services on a contractual basis. GTE's are suitable candidates for corporatisation.

Grants and Subsidies: A classification of expenditure for dissection of program costs generally applying to payments to assist voluntary bodies and firms in the business sector.

Gross Domestic Product (GDP): The value of all goods and services produced in the Australian economy. When expressed in constant price terms, GDP measures the total volume of output (e.g. production of 1 unit in one year, and 1.1 unit the following year will mean a 10% increase). When measured in current price terms, GDP measures the total dollar value of production.

Gross State Product (GSP): A measure of the value of total production and income earned in the State economy and hence the State equivalent of GDP.

Group Vote: The amount appropriated to an organisational unit for services provided to other organisational units (e.g. allocation to Government Supply Department for cleaning of Government offices, schools, etc).

Hedging Techniques: Techniques employed to protect against foreign exchange risks. Hedging instruments include currency swaps and forward contracts.

Indebtedness to the Commonwealth outside the Financial Agreement: Repayable advances from the Commonwealth to the State for specific projects.

Inflation: The name given to any general upward movement in prices, as measured by a price index such as the Consumer Price Index (CPI).

Other, more specialised, price indices include the GDP deflator, wholesale prices indices and import and export price indices.

Inner Budget Sector: Government entities whose receipts and payments are through the Consolidated Fund and are in the main funded from the Budget (i.e. taxes or Commonwealth payments) without significant income from user charges.

Interest Rate Swaps: The exchange by two parties of their respective interest rate obligations. Following the swap the two parties are responsible for the servicing of their new obligations.

Labour Force: The number of persons in the civilian population (i.e. non-Defence Forces) aged 15 years and over, who are classified as either "working" or "looking for work".

The participation rate is the proportion that the labour force represents of the total civilian population aged 15 years and over.

The "labour force" then represents those who are employed and those who are unemployed. It excludes most students, retired people, housepersons and "discouraged workers" who are not usually considered as unemployed because they are not actively seeking work.

Loan Council: Consists of representatives of the Commonwealth and the States established for the purpose of the orderly management of Commonwealth and State debt and borrowings.

Loan Liability to the Commonwealth: The indebtedness to the Commonwealth for the State's share of loan raisings in terms of the Financial Agreement.

Maintenance and Working Expenses: A classification of expenditure for dissection of program costs relating to the running expenses (travel, minor stores, etc.) of departments.

Ministerial Head: The highest level at which funds are appropriated under the Appropriation Act.

Monetary Policy: The name given to all measures and policies designed to affect the supply and demand for money, and thereby, interest rates. These policies are usually administered and implemented by the Reserve Bank of Australia in consultation with the Federal Treasurer.

National Debt Sinking Fund: The fund established under the Financial Agreement for repayment of the State's loan liability to the Commonwealth.

Niemeyer Statement: A monthly statement of functional operations on the Consolidated Fund and the balances of cash and securities held by the Treasurer.

Non Budget Sector: Statutory bodies which are both financially self sufficient and fully competitive and as such do not appear in the Budget Estimates or the Capital Works Program, e.g. State Bank, Government Insurance Office.

Organisational Unit: An administrative unit (department) or declared authority (certain statutory bodies) within the terms of the Public Service Act and within the budget sector. Also includes the Legislature. It is the lowest level at which funds are specifically allocated under the Appropriation Act.

Other receipts: A classification of receipts in the Consolidated Fund that can not be readily classified under other standard receipt headings.

Other services: A classification of payments for dissection of program costs which can not be readily classified under other standard payment headings.

Outer Budget Sector: Government entities that are predominately funded from user charges (i.e. self funding) but which are not subject to full competition from alternative sources of supply.

Payments under Section 22, Public Finance and Audit Act 1983: Consolidated Fund payments determined by the Treasurer, with the approval of the Governor, provide for unforeseen expenditures considered to be in the public interest. Payments under this authority are approved retrospectively by Parliament in the following year's Appropriation Act.

Payments under Section 26, Public Finance and Audit Act 1983: Commonwealth specific purpose payments to the State, the expenditure of which was not provided for in the Budget Estimates.

Plant and Equipment: A classification of expenditure for dissection of program costs, relating to the acquisition of major items of plant and equipment.

Policy area: A broad aggregation of policy sectors representing the main areas of government endeavour.

Policy sector: A grouping of related programs representing a particular function of government.

Privatisation: Privatisation is the transfer of activities or ownership of assets and operations from the public sector to the private sector.

There are a number of forms of privatisation, although the sale of Government businesses as going concerns is the form most commonly considered. Other means of achieving privatisation include leasing of assets, franchising arrangements and the contracting out of services.

Productive Efficiency: The production of goods and services by an organisation in a way which uses the least possible amount of resources (in value terms). Productive efficiency depends essentially on the quality of management performance in day to day operations and in making investment decisions.

Program: A grouping of activities to achieve a particular goal.

Program area: A grouping of programs with related goals within the same organisational unit.

Program Budgeting: A budgetary system in which spending is classified according to the purposes (objectives) to be accomplished.

Program Performance Evaluation: Assessment of a budget program or activity appropriateness, effectiveness, efficiency and economy. Program performance evaluations are undertaken by Government organisations in accordance with a methodology and guidelines developed by the Office of Public Management. External evaluations (called Efficiency Audits) may be undertaken by that office.

Program Receipts: Receipts of an ancillary nature generated by a program and paid into the Consolidated Fund.

Public Accounts: The annual financial statements prepared by the Treasurer in terms of section 6, Public Finance and Audit Act 1983.

Public Accounts Committee: A Committee of five members of the Legislative Assembly appointed under the provisions of the Public Finance and Audit Act 1983, which is empowered to examine the financial administration of departments and bodies within the State Public Sector. The Committee reports to the Legislative Assembly.

Public Authorities (Financial Arrangements) Act 1987: The principal legislation governing the borrowing and investment powers of public authorities (as defined by the Act) and the provision of guarantees in respect of such borrowings.

Public Finance and Audit Act 1983: The principal legislation dealing with the State's financial administrative machinery including provision for independent audit by the Auditor-General and review by the Public Accounts Committee.

Rate of Return: A measure of the financial performance of an organisation derived by expressing income (after all expenses but before interest and taxes) as a proportion of the asset base (or a component of the asset base) of the organisation.

Recurrent Receipts and Payments (services): The on-going receipts and payments of government departments and authorities contained within the budget sector including payments to the State by the Commonwealth under financial assistance grant arrangements.

Salaries and other Employee Payments: A classification of expenditure for dissection of program costs relating to the costs of employing staff including allowances, overtime payments for leave on retirement and resignation, worker's compensation, employer superannuation contributions, meal allowances, payroll tax and fringe benefits tax.

Semi Government Authority: An agency representing the Crown and set up under its own Statute.

Certain authorities are included in the inner budget sector, on the basis that they are funded mainly from Consolidated Fund. (for example the Ethnic Affairs Commission)

Others such as the Electricity Commission and the Water Board are in the outer Budget sector with their recurrent services funded mainly from their own charges. The capital works program of outer budget sector authorities are included in the State Capital Works program as non Consolidated fund payments.

Both of the above types of authorities are subject to Ministerial direction, the Public Finance and Audit Act 1983 and audit by the Auditor-General. Annual Reports (Statutory Bodies) Act 1984 and accrual basis accounting apply.

Universities, colleges of advanced education, marketing authorities, State Bank and the Government Insurance Office belong to the non budget sector.

Some authorities in this group are not subject to Ministerial direction, but subject to the Public Finance and Audit Act 1983 (although not in all cases to Directions issued under that Act) and audit by the Auditor-General. Annual Reports (Statutory Bodies) Act 1984 applies and accrual accounting is generally adopted.

Service Wide Payments: Payments for common services such as superannuation and debt costs that are met on behalf of Departments by a central agency or other Department. In 1988-89 such payments are being allocated directly to Departments in the areas of payroll tax, accrued leave, superannuation (employer contribution) Public Service notices, cleaning services, technical services, Land Titles Office fees and Valuer-General's fees. This is an application of the user pays principle.

Sinking Fund: A fund established to repay debt by means of regular payments into the fund until all moneys owing are repaid from the fund contributions and accumulated interest earnings.

Special Deposits Account: An account of funds which the Treasurer is, by statutory or other authority, required to hold other than in the Consolidated Fund; money directed to be paid to that account under any Act and money which the Treasurer directs to be paid to that account.

Specific Purpose Payments: In addition to general purpose revenue payments to the States, the Commonwealth Budget also makes provision for payments to the States which must be used for specific purposes. The authority for such payments is Section 96 of the Australian Constitution.

The conditions attached to the specific purpose payments may give the States some discretionary control as to the way in which they are spent (e.g. grants for government schools) or they may simply involve the State as a "paying agent" (e.g. recurrent grants for non-government schools, universities and colleges of advanced education).

The purpose specified may be of a capital or a recurrent nature and the payment to the State may be either a grant (i.e. non-repayable) or an advance (i.e. repayable). Where payments are on a "matching" basis with expenditure from the State's own resources, they are generally subject to a limitation in terms of the amount provided by the Commonwealth.

State Instrumentalities Contributions: Contributions to the Consolidated Fund by statutory bodies such as the Government Insurance Office, the State Bank and the Maritime Services Board.

Statutory Body (or Authority): An agency representing the Crown and set up under its own Statute.

Supply: An Act that permits payments out of the Consolidated Fund pending passing of the annual Appropriation Act.

Tax: A compulsory payment to a government or government sponsored entity usually for the provision of goods and services, but not necessarily of direct benefit to the payee.

Terms of Trade: The term given to the ratio of prices received for exports to the prices paid for imports; both prices being expressed in domestic currency. In recent years Australia's export price index has fallen, while its import price index has risen. This has meant a deterioration in our terms of trade.

Trade-weighted index: The average value of the Australian dollar vis-a-vis a trade-weighted basket of currencies of Australia's leading trading partners expressed as an index.

Treasurer's Directions: Directions issued by the Treasurer, under section 9 of the Public Finance and Audit Act 1983, covering accounting practices and procedures of departments and those statutory bodies not specifically exempted from the Directions.

Unemployment Rate: The percentage of the labour force classified as unemployed.

User Charges: A user charge is a payment to a producer for the voluntary acquisition of a particular good or service of direct benefit to the payee.

