

Chapter 1: BUDGET POLICY AND POSITION

- 1.1 Budget Policy Statement**
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1.1 BUDGET POLICY STATEMENT

BACKGROUND

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

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

This Section of Budget Paper No. 2 provides the Budget Policy Statement for the 1996-97 Budget.

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

Principle no. 1 - adherence to fiscal targets

- **Past Trends**

After achieving a surplus in 1988-89, the Budget result deteriorated rapidly as the economy slowed and the boom in the Sydney property market reversed. The deficit peaked in 1991-92 (refer to Table 1.7 in Section 1.2 for details).

- **Policy and Prospects**

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

The Budget and forward years' results projected in this Budget Paper show that the Budget is broadly in balance in 1996-97 with a modest \$5 million surplus and moderate surpluses in the following years.

However the Budget coverage at present is not based on the general government sector. The result for 1996-97 on a general government basis is also projected to be broadly in balance, as shown in Budget Paper No. 6.

Projections are not produced beyond the Budget year for the general government sector at this stage. However it is anticipated that on a general government basis, the result will be a surplus in 1997-98 and beyond.

It should also be noted that the Budget Sector results for 1996-97 to 1998-99 are inclusive of large expenditures on the Olympics and Homebush Bay development (\$442 million, \$605 million and \$387 million in the respective years). These years represent the peak years of Budget impact from these projects, confirming the prospect of continuing sustainable surpluses in following years.

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

At present, the annual interest bill on Budget Sector debt is around \$1.6 billion. This consumes 7½ per cent of Budget receipts. Reducing debt and hence interest costs will decrease the exposure of the Budget to economic downturns and free resources for service provision and/or a lower tax burden. A comprehensive review is to be undertaken to determine the sustainable debt level.

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

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

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

- **Past Trends**

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

As at 30 June 1995, the net worth of the Budget Sector was \$25.8 billion. The Public Accounts will present data as at June 1996 in October this year.

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

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

Table 1.1: Trends in Budget Sector Net Worth

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

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

- **Policy and Prospects**

The principle is to at least maintain the net worth of the general government sector in real terms. While information is not yet available on Budget Sector net worth as at June 1996 or the projected position as at June 1997, some tentative conclusions can be drawn.

In view of the projected balanced result for 1996-97, the \$3 billion capital program (which adds to the asset base) and the move to full funding of accruing superannuation liabilities, it can be assumed that Budget Sector (and by inference, general government sector) net worth will increase in real terms in 1996-97.

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

Principle no. 3 - funding employer superannuation contributions

- **Past Trends**

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

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

Table 1.2: Budget Sector Unfunded Superannuation Liability

As at 30 June	Budget Sector Unfunded Superannuation Liability
	\$m
1992	12,086
1993	12,422
1994	12,250
1995	12,687
1996	13,370

- **Policy and Prospects**

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

Of the Budget Sector's non-debt liabilities of broadly \$17.9 billion as at 30 June 1995, the most significant component was the unfunded superannuation liabilities of \$12.7 billion.

This principle requires that -

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

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

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

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

Principle no. 4 - asset maintenance

- **Past Trends**

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

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

- **Policy and Prospects**

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

Asset maintenance plans will be required to be submitted in sufficient time to enable their review and approval by the Budget Committee of Cabinet prior to the 1997-98 Budget. The result of this process will be the endorsement of an asset maintenance program and the commitment by the Government of funding. It needs to be acknowledged that this will absorb some of the funding that may previously have gone into new capital projects. However, it is clearly inappropriate to expand the capital stock to the exclusion of adequate maintenance of existing assets.

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

- **Past Trends**

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

- **Policy and Prospects**

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

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

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

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

Accrual Budgets are able to reflect the *net cost of services*, i.e. total expenses less user charges.

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

In the 1996-97 Budget, current outlays are forecast to grow by 3.6 per cent. This represents a real per capita increase of 0.4 per cent (when measuring inflation on the basis of the non farm GDP deflator or a real per capita decrease of 0.9 per cent when inflation is measured by the CPI). Net cost of services is projected to increase by only 1.7 per cent in nominal terms, a real per capita decline of 0.2 per cent (based on the non farm GDP deflator or 1.5 per cent using the CPI).

Excluding the impact of the capital restructure payments from Non Budget Sector agencies, capital outlays will grow by 3.5 per cent in 1996-97 in nominal terms (including the near seven-fold increase in Olympics related expenditures). This represents a real per capita increase of 0.3 per cent. Capital outlays excluding both capital restructure payments and Olympics related expenditures will decline by 9.3 per cent in nominal terms.

Principle no. 6 - prudent risk management

- **Policy and Prospects**

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

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

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

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

The principles applied to Treasury Corporation will be applied more generally to agencies during 1996-97.

Principle no. 7 - tax restraint

- **Past Trends**

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

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

Over the period 1988-89 to 1994-95 inclusive, policy induced tax increases totalled \$980 million or, if expressed in 1995-96 prices, \$1,075 million.

Table 1.3: Trends in Tax Levels

Year	Policy Induced Tax Changes (a)	Index of Tax Burden in NSW relative to the National Average
	\$m	
1988-89	50	n.a.
1989-90	200	n.a.
1990-91	310	104.5
1991-92	80	104.0
1992-93	240	103.1
1993-94	100	101.6
1994-95	(-) 40	103.9
1995-96	10	n.a.
1996-97	(-) 20	n.a.

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

- **Policy and Prospects**

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

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

At the same time, it is important for taxpayers in the State to have a degree of certainty as to the level of taxes they will face in the future. The 1996-97 Budget, like the 1995-96 Budget, has achieved the financial targets set by the Government without recourse to tax rate increases. (In fact, as detailed in Chapter 3 of this Budget Paper, the refinancing of existing loans will be exempted from loan security duty as from 1 July 1996.) The intention is for future Budgets to maintain the position of no tax increases and, if possible and consistent with the overall fiscal targets, to achieve targeted tax relief.

It is also intended to seek over time to improve the structure of taxes in a revenue-neutral way. At present an intergovernmental review of financial taxes is underway to seek to achieve meaningful reform in this area.

In future every effort will be made to avoid further distorting the tax base. For example, increases in the tax threshold for payroll tax assist smaller firms but not, to any significant degree, medium and large sized firms. While the government has honoured the commitment of the previous government to increase the tax threshold for payroll tax from 1 January 1996, future tax relief is intended to be delivered by tax rate reduction rather than tax threshold increases or other sectional specific concessions.

ECONOMIC AND FINANCIAL VARIABLES

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

Table 1.4: Economic and Financial Variables

Variable	1995-96	1996-97	1997-98	1998-99
NSW GSP growth (%)	2.8	3.0	3.2	3.5
NSW employment growth (%)	3.0	1.3	2.0	2.0
NSW unemployment rate (%)	7.9	7.9	7.8	7.6
Sydney CPI (%)	5.0	3.3	2.8	2.5
10 Year bond rate (as at June) (%)	8.7	8.6	8.3	8.2
Budget result (underlying) (\$m)	(282)	5	155	167
Net Budget Sector debt (% of GSP)	7.9	7.5	7.1	6.7
Budget Sector debt costs (% of budget receipts)	7.7	7.0	7.2	6.6
Real growth in Budget Sector current outlays (%)	2.2	1.6	(-) 1.1	0.9
Real growth in Budget Sector capital outlays (a) (%)	16.1	1.5	1.8	(-) 8.0
Real growth in Budget Sector receipts (%)	4.2	3.0	(-) 0.1	(-) 0.3
Budget Sector employment (000)	229.4	230.1	n.a.	n.a.

(a) Excluding equity restructure payments.

1.2 BUDGET POSITION

BUDGET AGGREGATES

1996-97 Budget Projections

The 1996-97 Budget projects a surplus of \$145 million on a Government Finance Statistics (GFS) basis. This result includes the impact of equity restructure payments from Non Budget Sector agencies. On an "underlying" basis (i.e. excluding these transactions), the projected Budget result is a surplus of \$5 million, a \$287 million improvement on the current year's estimated underlying deficit.

The underlying \$5 million surplus consists of a surplus of \$2,243 million on the current side and a deficit of \$2,238 million on the capital side of the Budget. This is the first Budget surplus since 1988-89 and, to the extent that comparable historical data are available, only the second ever achieved.

The projected underlying Budget results for the period of the forward estimates are surpluses of \$155 million in 1997-98 and \$167 million in 1998-99. The levelling off in the 1998-99 result, following the previous year-on-year improvements, reflects increasing superannuation payments in that year (due to the increase from 6 per cent to 7 per cent in the compulsory superannuation contribution) and a decrease in revenue from the disposal of surplus assets in restructured GTEs.

Further details are shown in Table 1.5, with an analysis of the major components appearing later in this Section.

1 - 13

Interest Payments	1,646	1,576	(-) 4.3	1,653	4.9	1,555	(-) 5.9
Superannuation	1,057	1,272	20.3	1,362	7.1	1,485	9.0
Subsidies to Non Budget Sector							
Agencies -							
Redundancies	71	76	7.0	...	...	...	...
Other	951	887	(-) 6.7	782	(-) 11.8	787	0.6
Departmental Payments -							
Redundancies	22	26	18.2	10	(-) 61.5	10	...
Other	16,004	16,610	3.8	16,930	1.9	17,496	3.3
Treasurer's Advance	20	100	400.0	200	100.0	300	50.0
Total, Current Payments	19,771	20,548	3.9	20,936	1.9	21,633	3.3
less User Charges	1,192	1,301	9.1	1,318	1.3	1,357	3.0
Total, Current Outlays	18,579	19,246	3.6	19,618	1.9	20,276	3.4
Current Receipts							
Taxes, Fees and Fines	10,880	11,284	3.7	11,834	4.9	12,495	5.6
Income from Non Budget Sector							
Agencies	1,321	1,494	13.1	1,215	(-) 18.7	1,103	(-) 9.2
Commonwealth Grants	7,439	7,609	2.3	7,936	4.3	8,168	2.9
Other	863	1,102	27.7	934	(-) 15.2	838	(-) 10.3
Total, Current Receipts	20,503	21,490	4.8	21,919	2.0	22,604	3.1
Current Result	1,925	2,243		2,301		2,328	
Capital Outlays							
Gross Fixed Capital Payments -							
Olympics/Homebush Bay	56	442	689.3	605	36.9	387	(-) 36.0
Other	1,941	1,969	1.4	1,816	(-) 7.8	1,936	6.6
Capital Grants	1,284	1,158	(-) 9.8	1,138	(-) 1.7	935	(-) 17.8
Advances made	42	14	(-) 66.7	14	...	14	...
Total, Capital Payments	3,322	3,583	7.9	3,573	(-) 0.3	3,272	(-) 8.4
less Advances repaid to the Budget Sector (a)	1,896	139	(-) 92.7	71	(-) 48.9	34	(-) 52.1
less Asset Sales	164	409	149.4	171	(-) 58.2	98	(-) 42.7
Total, Capital Outlays	1,262	3,035	140.5	3,331	9.8	3,140	(-) 5.7
Capital Receipts							
Commonwealth Grants	849	931	9.7	961	3.2	975	1.5
Other	13	6	(-) 53.8	224	3,633.3	5	(-) 97.8
Total, Capital Receipts	862	937	8.7	1,185	26.5	980	(-) 17.3
Capital Result	(400)	(2,098)		(2,145)		(2,161)	
TOTAL RESULT (a) (b)	1,524	145		155		167	

(a) Includes equity restructure payments from Non Budget Sector agencies of \$1,806 million in 1995-96 and \$140 million in 1996-97 (see Section 4.3.20 for details).

(b) Excluding these payments, the underlying results are a deficit of \$282 million in 1995-96 and a surplus of \$5 million in 1996-97.

1995-96 Estimated Result

The financial result for 1995-96 is projected to be a surplus of \$1,524 million, an improvement of \$417 million on the estimate as at Budget time last year. This improvement is more than explained by the \$461 million increase in equity restructure payments received from Non Budget Sector due to the early availability in 1995-96 of payments originally budgeted to be received in 1996-97.

Excluding equity restructure payments, the result is projected to be a deficit of \$282 million, a deterioration of \$44 million on the Budget estimates. The main components explaining the deterioration were -

- **current outlays \$3 million above Budget**

interest payments	up \$54 million
superannuation payments	down \$21 million
departmental outlays	down \$25 million

- **current receipts \$7 million below Budget**

payroll tax	down \$49 million
contracts and conveyances stamp duty	up \$105 million
tobacco licence fees	up \$20 million
motor vehicle weight tax	up \$31 million
income from Non Budget Sector agencies	up \$27 million
Crown asset sales	down \$142 million

- **capital outlays \$41 million below Budget**

Olympic related works	down \$36 million
revised treatment of John Maddison Tower	up \$51 million
National Highways Program - RTA	down \$58 million

- **capital receipts \$76 million below Budget**

National Highway Program funding	down \$64 million
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The main aggregates relating to 1995-96 are shown in Table 1.6, while a more detailed explanation of the factors leading to the variations from Budget is given in Appendix B of this Budget Paper.

Table 1.6: 1995-96 Estimated Budget Result

	Budget	Revised	Variation
	\$m	\$m	\$m
Current Outlays			
Interest Payments	1,592	1,646	54
Superannuation	1,078	1,057	(-) 21
Subsidies to Non Budget Sector Agencies -			
Redundancies	77	71	(-) 6
Other	950	951	1
Departmental Payments -			
Redundancies	75	22	(-) 53
Other	15,900	16,004	104
Treasurer's Advance	75	20	(-) 55
Total, Current Payments	19,748	19,771	23
less user charges	1,171	1,192	21
Total, Current Outlays	18,576	18,579	3
Current Receipts			
Taxes, Fees and Fines	10,745	10,880	135
Income from Non Budget Sector Agencies (a)	1,436	1,321	(-) 115
Commonwealth Grants	7,401	7,439	38
Other	928	863	(-) 65
Total, Current Receipts	20,510	20,503	(-) 7
Current Result	1,934	1,925	(-) 9
Capital Outlays			
Gross Fixed Capital Payments	2,127	1,997	(-) 130
Capital Grants	1,224	1,284	60
Advances made	47	42	(-) 5
Total, Capital Payments	3,398	3,322	(-) 76
less Advances repaid to the Budget Sector (a)	1,461	1,896	435
less Asset Sales	174	164	(-) 10
Total, Capital Outlays	1,764	1,262	(-) 502
Capital Receipts			
Commonwealth Grants	921	849	(-) 72
Other	18	13	(-) 5
Total, Capital Receipts	938	862	(-) 76
Capital Result	(826)	(400)	426
TOTAL RESULT (b)	1,107	1,524	417

(a) Consistent with GFS principles, the Budget figures have been adjusted to reflect the reclassification of equity restructure payments from 'Income from Non Budget Sector Agencies' to 'Advances repaid to the Budget Sector'.

(b) Includes equity restructure payments from Non Budget Sector agencies.

Trends in Budget Results

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

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

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

Trends in the Budget position over recent years and projected over the forward estimates period are shown in Table 1.7 (and in Figure 1.1).

Table 1.7: Budget Sector Results, 1988-89 to 1998-99 (a)

Year	Current			Capital			Total Result	
	Outlays	Receipts	Result	Outlays	Receipts	Result	Underlying	GFS
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
1988-89	12,746	13,613	867	1,515	851	(664)	202	254
1989-90	13,866	14,341	475	2,418	1,159	(1,259)	(784)	(784)
1990-91	14,792	14,990	198	2,386	1,213	(1,173)	(975)	(975)
1991-92	15,729	15,690	(39)	2,267	1,038	(1,229)	(1,268)	(1,268)
1992-93	16,060	16,423	363	2,605	1,241	(1,364)	(1,001)	676
1993-94	16,745	17,961	1,216	2,919	1,195	(1,724)	(508)	(412)
1994-95	17,680	18,954	1,274	2,570	977	(1,593)	(319)	208
1995-96	18,579	20,503	1,925	3,068	862	(2,206)	(282)	1,524
1996-97	19,246	21,490	2,243	3,175	937	(2,238)	5	145
1997-98	19,618	21,919	2,301	3,331	1,185	(2,145)	155	155
1998-99	20,276	22,604	2,328	3,140	980	(2,161)	167	167

(a) In order to present the underlying position, the table excludes the proceeds from the sales of major business assets such as the GIO and the State Bank and equity restructure payments to the Budget. Under GFS principles, these transactions would be shown as an offset to capital outlays. The final column indicates the results including these transactions.

Table 1.7 and Figure 1.1 show quite clearly a pattern of a Budget result deteriorating substantially up to 1991-92 (most noticeably in 1989-90), with a turnaround since 1991-92 leading to the underlying \$5 million surplus in this Budget and a projected surplus of \$167 million by 1998-99.

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

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

MAIN COMPONENTS OF BUDGET RESULTS

Historic Trends

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

Table 1.8 shows the variations in Budget aggregates compared with what might be expected if growth had been in line with GSP. Over the period 1988-89 to 1991-92 the underlying Budget deficit expanded by around \$1.5 billion. Subsequent to 1991-92, the deficit fell by \$900 million during the next 3 years and is expected to fall a further \$300 million in the period 1994-95 to 1996-97.

Table 1.8: Growth in Budget Aggregates Compared with GSP (a) (b)

	1988-89 to 1991-92 \$m	1991-92 to 1994-95 \$m	1994-95 to 1996-97 \$m

Current Outlays -	1,203	(-) 397	(-) 391
Interest	(-) 16	(-) 482	(-) 395
Redundancies	343	(-) 177	(-) 79
Superannuation	247	34	164
Other	630	228	(-) 82
Capital Outlays -	541	24	372
Net Advances	(-) 196	250	59
Casino Licence	...	(-) 376	376
Other	736	150	(-) 63
Total Outlays	1,744	(-) 373	(-) 19
Receipts -	244	538	275
Tax	103	330	25
Grants	(-) 172	(-) 94	(-) 306
Other	314	303	556
Deficit	1,499	(-) 912	(-) 294

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

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

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

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

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

- After the deficit peaked in 1991-92 at \$1,268 million, the growth in current outlays was constrained during the following 3 years, reflecting both policy actions and the impact of a slowly recovering economy. The process of winding back the growth was assisted greatly by a reduction in interest rates, with interest payments falling relative to GSP by nearly \$500 million. While current outlays fell relative to GSP, capital outlays continued to increase strongly, although revenue from the licensing of the casino in 1994-95 minimised the impact on the deficit. (Under GFS principles the proceeds from the casino fee were treated as an offset to capital outlays.)

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

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

- Between 1994-95 and 1996-97 there is expected to be a further reduction in, and then elimination of, the deficit. In the main, the projected improved financial result will be achieved through control over outlays combined with real growth in revenues. Outlays growth will be constrained by further declines in interest expenses and the winding back of redundancy payments although superannuation expenditure is expected to continue to increase in line with the policy to eliminate the unfunded liability. Revenues other than taxes and Commonwealth grants are expected to increase strongly.

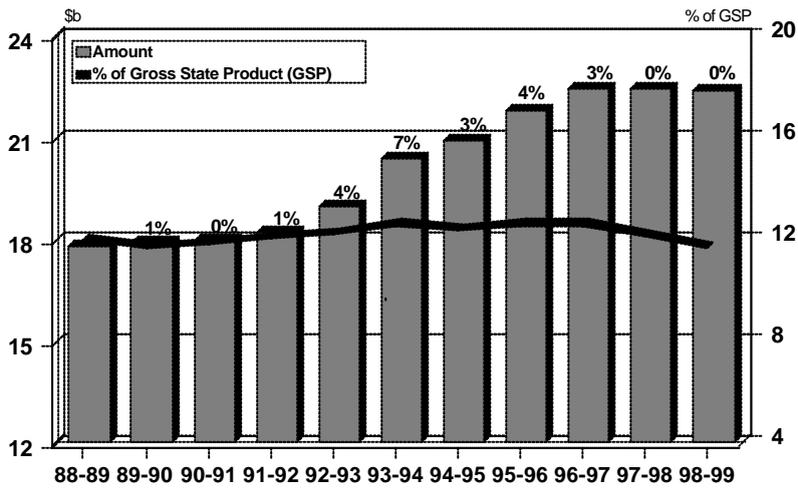
Receipts

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

State receipts, with the exception of payroll tax, are in fact relatively inelastic with respect to the general level of economic activity, in contrast to the position with Commonwealth revenue, which moves in line with the level of economic activity.

Figure 1.2
Budget Receipts

Real Terms, 1996-97 base; percentage change on previous year and percent of Gross State Product



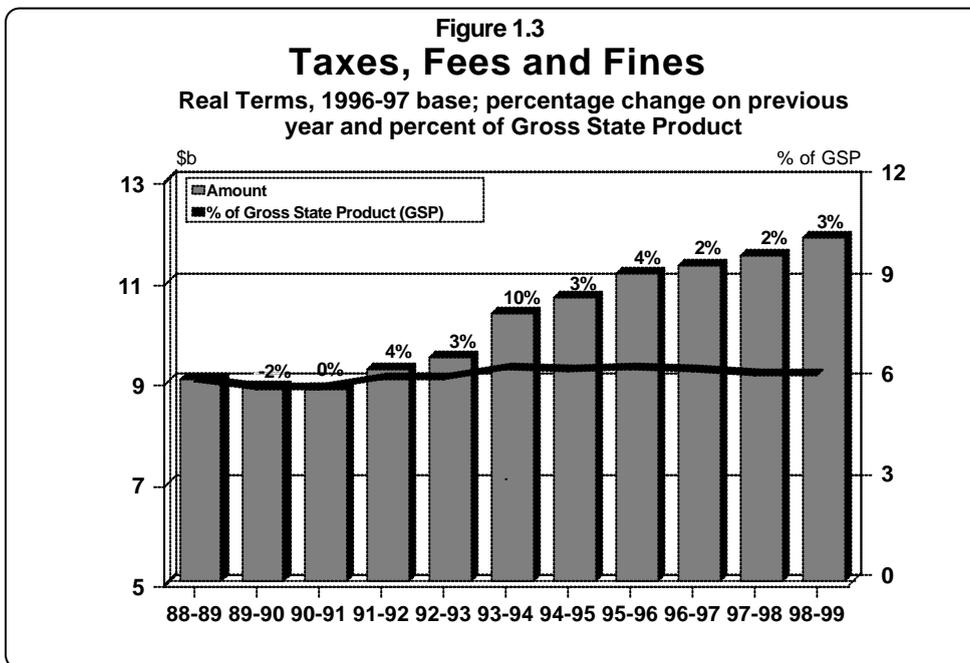
In the period 1988-89 to 1995-96, Budget receipts increased by 3.0 per cent per annum in real terms and, by 1995-96, reached 12.8 per cent of Gross State Product. However this largely reflects the impact of tax increases in the years 1988-89 to 1993-94 inclusive. Abstracting from policy changes, the real increase was only 2.1 per cent per annum.

For 1996-97, Budget Sector receipts are projected to again increase by 3.0 per cent in real terms. Expressed as a percentage of Gross State Product, Budget Sector receipts are projected to fall from 12.8 per cent in 1995-96 to 11.9 per cent in 1998-99.

The main features of the projected receipts position for 1996-97 are as follows -

- **a moderate increase in revenue from taxes, fees and fines**

There are no new taxes or tax increases in this Budget.



Overall, receipts from taxes, fees and fines are projected to increase by 3.7 per cent in 1996-97 (1.7 per cent in real terms).

The main contributors to this increase are -

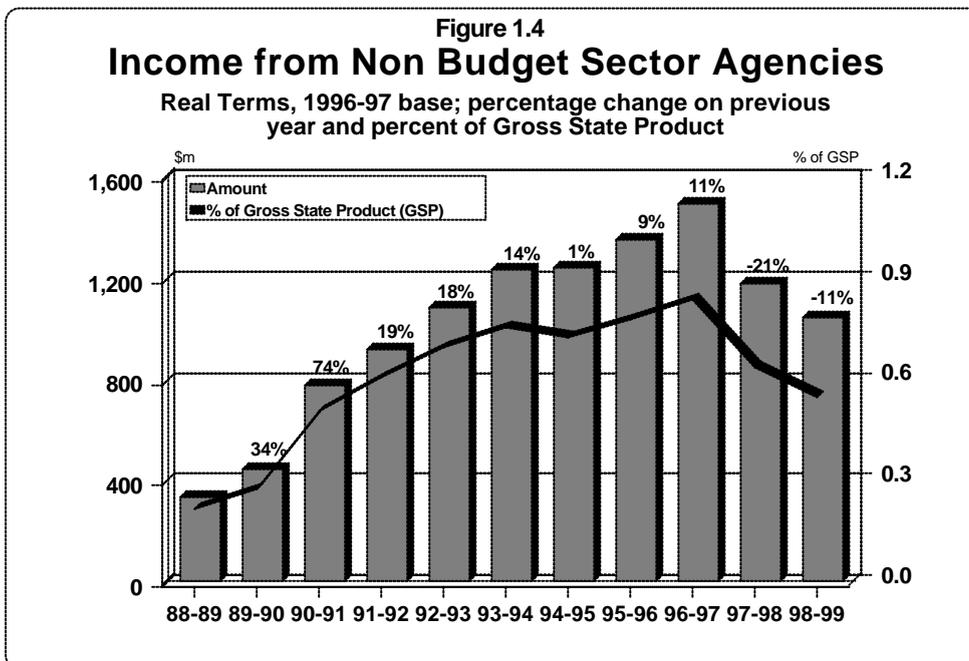
- an 11.3 per cent increase in contracts and conveyances stamp duty, reflecting an improvement in confidence in the property market during 1995-96 following the stabilisation of interest rates; and
- an expected increase of 4.7 per cent in payroll tax collections, reflecting growth in employment and wages.

Partly offsetting the above factors is the projected 45.7 per cent decrease in drivers' licence fees, reflecting the pattern of receipts associated with the renewal pattern of five year licences.

- **an increase in income from Non Budget Sector agencies**

Income from Non Budget Sector agencies is projected to increase by 10.9 per cent in real terms in 1996-97. This reflects -

- dividends declining by 8.4 per cent and tax equivalent payments growing by 33.8 per cent; and
- the inclusion of proceeds from the sale of surplus assets in 1996-97, largely associated with agency restructuring.



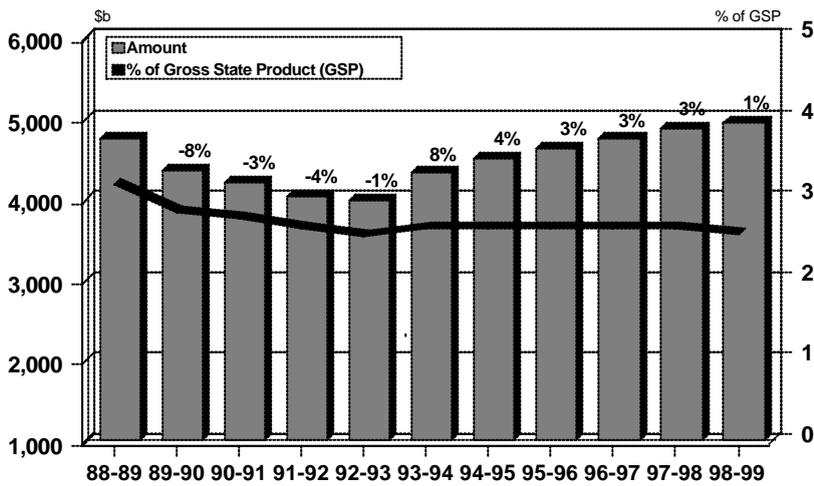
Beyond 1996-97, underlying income (i.e. excluding revenue from the sale of surplus proceeds) from Non Budget Sector agencies is projected to decline in real terms and as a percentage of Gross State Product. After reaching a peak of \$1,494 million (or 0.85 per cent of Gross State Product) in 1995-96, it is

expected to decline to \$1,045 million (or 0.56 per cent of Gross State Product) by 1998-99. This decline largely reflects the impact of declining profits in the electricity area due to reduced electricity prices.

- **increase in Commonwealth grants**

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

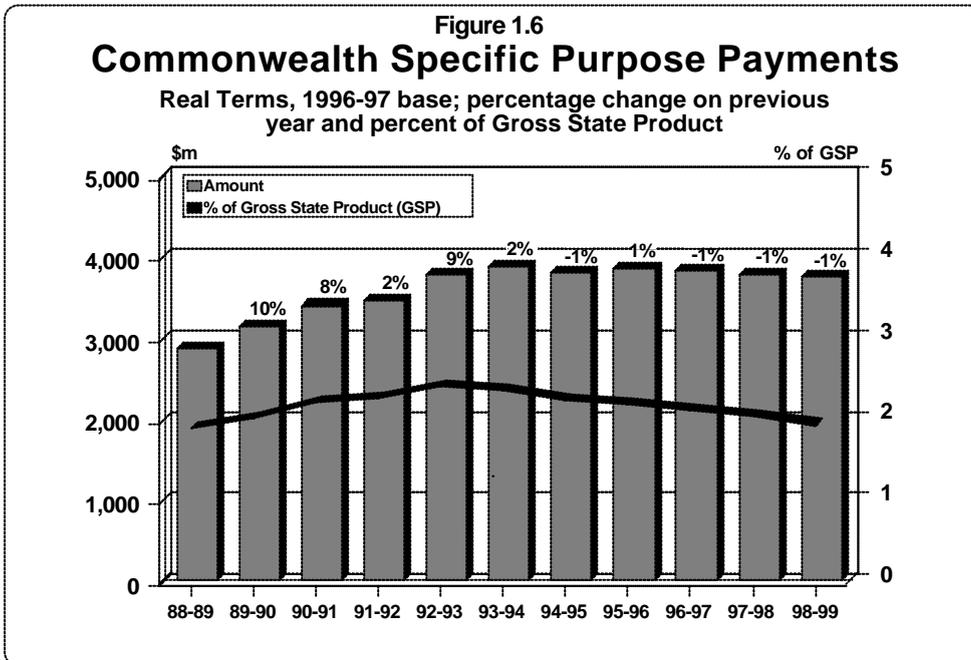
Figure 1.5
Commonwealth General Purpose Payments
 Real Terms, 1996-97 base; percentage change on previous year and percent of Gross State Product



General purpose payments, consisting of financial assistance grants, special revenue assistance and untied roads funding (and in years prior to 1994-95, general purpose capital payments) declined sharply in real terms between 1987-88 and 1992-93 by about \$760 million (or a reduction from 3.2 per cent to 2.6 per cent of Gross State Product). By 1996-97 general purpose payments should recover to their 1988-89 level in real terms, although as a percentage of GSP, Commonwealth general purpose payments will have declined by 0.5 per cent relative to 1988-89.

General purpose payments are expected to increase in real terms by 2.6 per cent in 1996-97, by 2.9 percent in 1997-98 and by 1.3 per cent in 1998-99.

Beyond 1996-97, general purpose payments will continue to decline as a proportion of Gross State Product, falling from 2.7 per cent in 1997-98 to 2.6 per cent in 1998-99. This reflects, among other things, the assumption that financial assistance grants will be maintained in real per capita terms and that the Commonwealth Government will make the first payment under the National Competition Policy Agreement in 1997-98.



At the same time that general purpose payments declined, specific purpose payments (current and capital) increased from 38 per cent of total Commonwealth payments in 1988-89 to 49 per cent in 1992-93. In the four years to 1996-97 this percentage is projected to decline to 45 per cent.

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

While a reduction in the share of specific purpose payments on an unchanged policy basis is expected beyond 1996-97, this will hardly be sufficient to compensate for adverse trends in the Commonwealth funding mix during the decade prior to 1992-93.

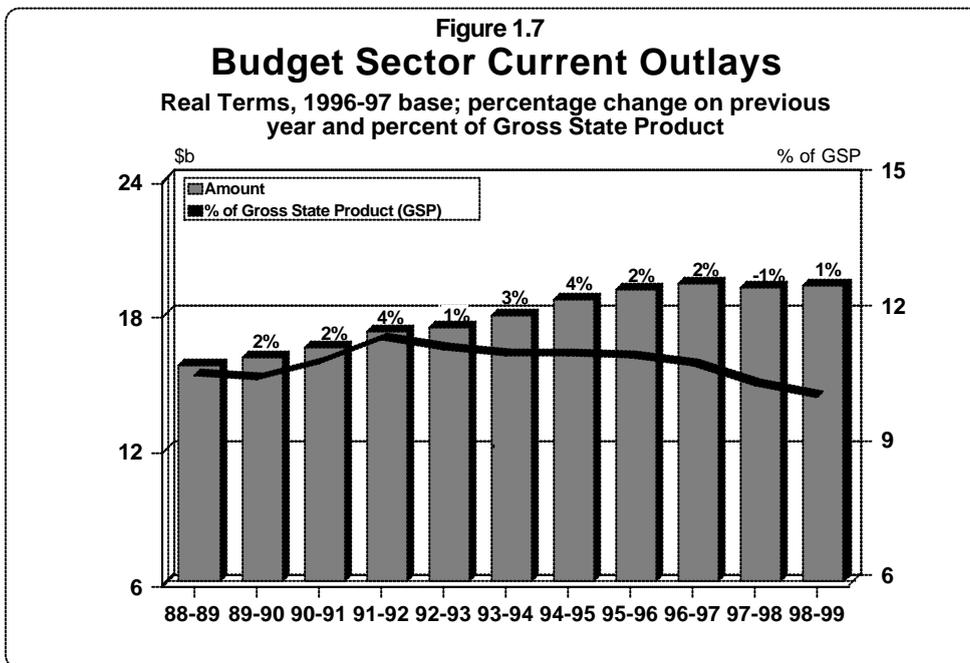
Current Outlays

Current outlays are projected to increase by 3.6 per cent in 1996-97, a real increase of 1.6 per cent.

Table 1.9: Summary of Current Outlays

		1995-96 Revised	1996-97 Estimate	1997-98 Estimate	1998-99 Estimate
Current outlays	\$m	18,579	19,246	19,618	20,276
Change over previous year	%	5.1	3.6	1.9	3.4
Real change over previous year	%	2.2	1.6	(-) 1.1	0.9
As a proportion of GSP	%	11.1	11.0	10.5	10.2

Over the three year period to 1998-99, current outlays are projected to increase by 1.4 per cent in real terms and decline as a proportion of Gross State Product from 11.1 per cent in 1995-96 to 10.2 per cent in 1998-99.



The small real increase of 1.6 per cent in current outlays in 1996-97 mainly reflects the net of the following -

- the relative low increase in the broad measure of inflation, the Non Farm GDP deflator, relative to the inflation measures that impact on expenditure, namely wages growth and the CPI;
- the 6.1 per cent real decline in interest payments in 1996-97;
- a 18.1 per cent real increase in superannuation payments;
- the real decline of 7.5 per cent in subsidies to Non Budget Sector agencies, mainly reflecting the further reduction in transport authority cost structures; and
- a real increase in departmental payments of 1.8 per cent, reflecting growth in governmental priority areas of community services, law and order and education.

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

- **interest payments**

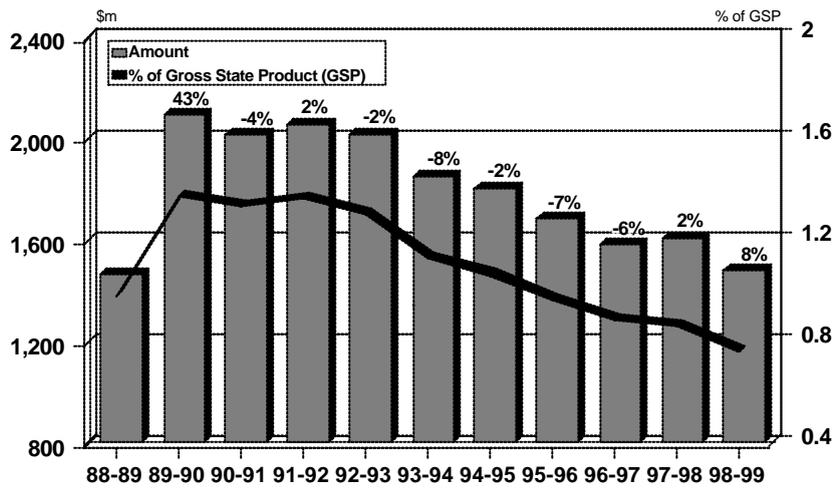
Budget Sector debt servicing costs, as a percentage of Budget receipts, have declined from 11.7 per cent in 1989-90 to 7.0 per cent in 1996-97 and are projected to fall to 6.6 per cent in 1998-99 with further falls in future years as the debt reduction strategy of the Government continues to deliver ongoing benefits.

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

Figure 1.8

Budget Sector Interest Payments

Real Terms, 1996-97 base; percentage change on previous year and percent of Gross State Product



- **superannuation**

Superannuation payments are projected to increase by 20.3 per cent in 1996-97, a real increase of 18.1 per cent. This large increase is the result of the planned increase in payments aimed at extinguishing the unfunded superannuation liability, and of the Government assuming responsibility for some of the unfunded liability of restructured Non Budget Sector agencies in the transport and electricity sectors.

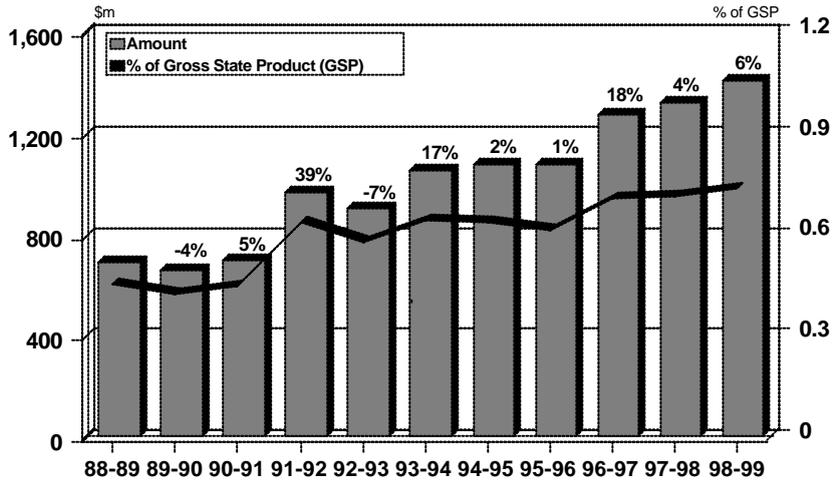
Over the period 1990-91 to 1995-96, superannuation payments have increased by an average 11.1 per cent per annum, or 9.3 per cent per annum in real term.

The reform of the State's major superannuation schemes (as detailed in Section 7.3) is addressing the unfunded superannuation liability and will, over time, reduce the cost of superannuation relative to what otherwise would have been the case.

However, in the short to medium term, the reform will involve substantially increased cash payments as the new scheme, First State Super, is financed on a fully funded basis. Additional payments will also be made into the closed schemes, as part of the strategy to first fully fund accruing liabilities by the year 2020 and then to extinguish Budget Sector unfunded liabilities relating to these schemes by the year 2044-45. Additional cash payments over the 10 year period 1996-97 to 2005-06 are projected to be about \$3.4 billion (in June 1996 dollars).

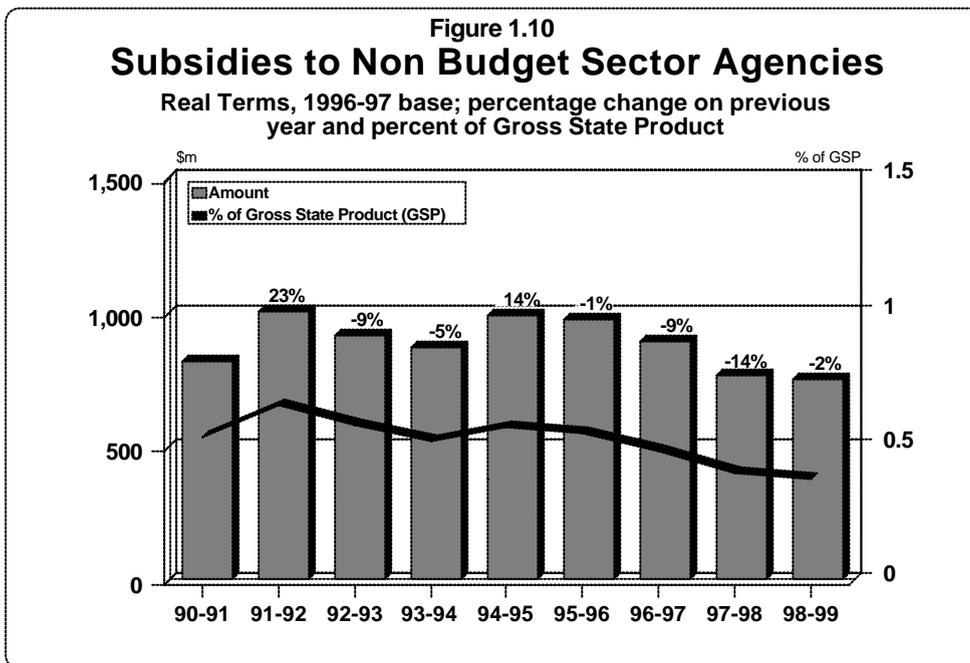
Figure 1.9 Superannuation Payments

Real Terms, 1996-97 base; percentage change on previous year and percent of Gross State Product



- **subsidies to Non Budget Sector**

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



- **Departmental payments**

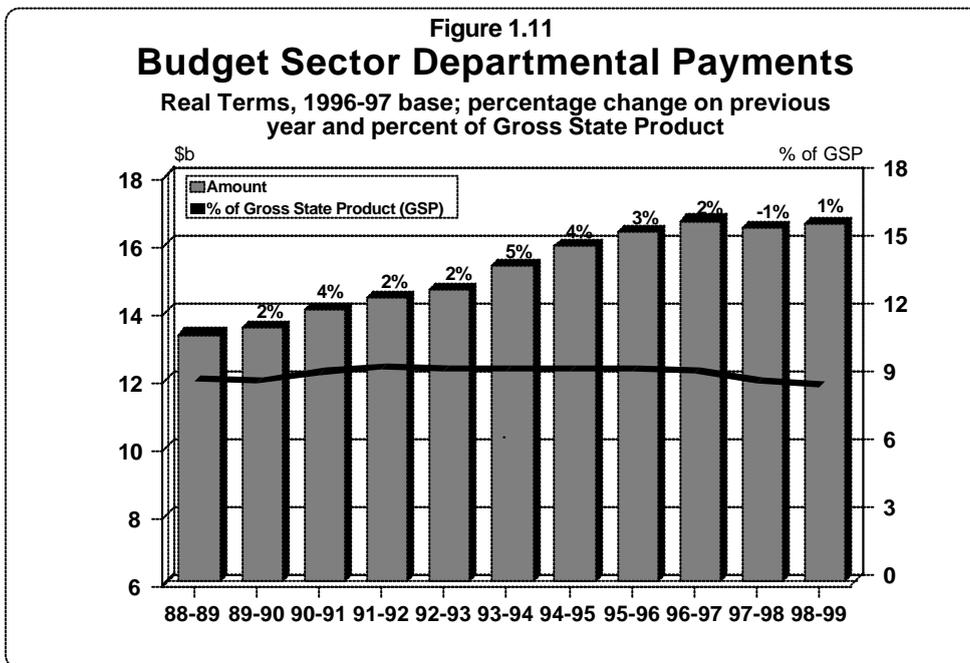
Departmental payments exclude interest and superannuation payments and subsidies to Non Budget Sector agencies.

Over the three years to 1998-99, departmental payments are projected to increase by 1.5 per cent in real terms but decline as a proportion of Gross State Product from 9.6 per cent in 1995-96 to 8.8 per cent in 1998-99.

Departmental payments are projected to increase by 1.8 per cent in real terms in 1996-97. This increase is primarily due to -

- the impact of the relatively low increase in the measure of inflation used to calculate real growth;
- real growth of 3.1 per cent in the Social and Community Services area, due largely to the cost of pensioner electricity rebates now being funded from the Budget and additional funding being provided for child protection services and services for people with a disability;
- increased payments relating to the joint Commonwealth/State assistance program for restructure of the forestry industry; and
- real growth of around 2.9 per cent in primary and secondary education, reflecting additional teachers, funding for the school technology initiative and additional funding for school cleaning.

Departmental payments are estimated to decline by 1.2 per cent in real terms in 1997-98. This mainly reflects the net impact of the full year effect of the completion of the Police Royal Commission, reduced requirements for drought assistance and the substantial completion of expenditure on the forest industry restructure package in 1996-97, partially offset by the increased payments in School Education due to the full effect of education initiatives.



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

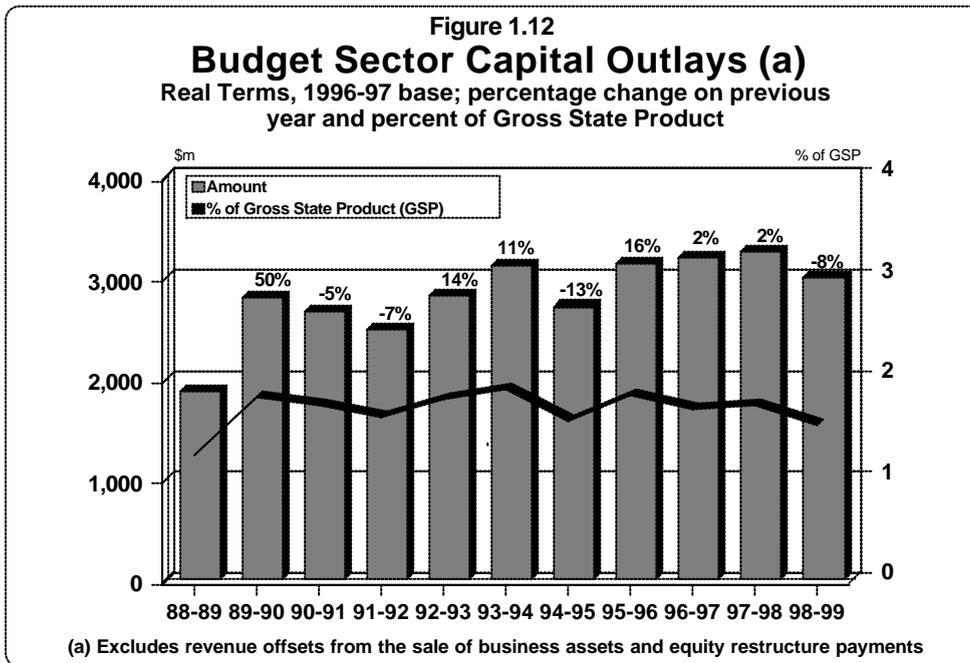
Capital Outlays

Over the period 1989-90 to 1996-97, Budget Sector capital outlays will have increased by 25.5 per cent or nearly \$246 million in real terms. Major factors contributing to the real growth over this period include the acceleration in the State's roads program (the 3 cents petroleum levy and the full hypothecation of motoring taxation), increased funding for hospital infrastructure, including the relocation of hospital facilities to the west and south-west of Sydney, the major infrastructure renewal program of the State Rail Authority, and (in 1996-97) the substantial expenditure on Olympics and Homebush Bay projects.

Expressed as a percentage of Gross State Product, Budget Sector capital outlays have remained relatively constant at around 1.8 per cent over the period 1990-91 to 1996-97 but are projected to decline to 1.6 per cent in 1998-99, as the peak years of Budget funded expenditure on the Olympic/Homebush Bay projects are passed.

Budget Sector capital outlays are projected to increase by 3.5 per cent in 1996-97, a real increase of 1.5 per cent. Excluding Olympic related expenditure, outlays will decrease by 11 per cent in real terms in 1996-97.

The Budget Sector capital outlays include the full assessed commitment for the Olympics and Homebush Bay development. The Olympics related capital payments will increase from \$56 million in 1995-96 to \$442 million in 1996-97 and \$605 million in 1997-98.



OVERVIEW OF BUDGET SECTOR FINANCIAL PERFORMANCE

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

Indicators of the Budget Sector financial performance are summarised in Table 1.10.

Table 1.10: Key Budget Sector Performance Indicators

Financial Indicator	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Debt and Interest Burden										
Net debt: % of Budget receipts	n.a.	n.a.	77.4	78.6	77.8	75.0	61.9	59.0	57.2	56.1
% of GSP	n.a.	n.a.	9.5	9.9	10.1	9.5	7.9	7.5	7.1	6.7
Debt servicing costs: % of Budget receipts	11.7	11.2	11.3	10.6	9.0	8.6	7.7	7.0	7.2	6.6
% of GSP	1.4	1.4	1.4	1.3	1.2	1.1	1.0	0.9	0.9	0.8
Unfunded Superannuation Liability										
% of Budget receipts	59.1	65.2	72.3	70.3	63.9	63.7	62.6	62.4	59.0	56.3
% of GSP	7.1	8.0	8.9	8.9	8.3	8.1	8.0	8.0	7.3	6.7
Budget Result (underlying)										
% of Budget receipts	(-) 4.4	(-) 5.4	(-) 7.0	(-) 5.3	(-) 2.5	(-) 1.5	(-) 1.3	...	0.7	0.7
% of GSP	(-) 0.5	(-) 0.7	(-) 0.9	(-) 0.7	(-) 0.3	(-) 0.2	(-) 0.2	...	0.1	0.1
Tax Burden										
NSW Tax Severity Index (base = 100)	n.a.	105.5	104.0	103.1	101.6	103.9	n.a.	n.a.	n.a.	n.a.
Trends in Payments and Receipts										
Current outlays: real change (%)	2.3	2.4	4.4	0.9	3.3	4.0	2.2	1.6	(-) 1.1	0.9
% of GSP	10.6	11.0	11.5	11.3	11.2	11.2	11.1	11.0	10.5	10.2
Capital outlays: real change (%)	50.0	(-) 5.3	(-) 6.7	13.4	11.0	(-) 13.5	16.1	1.5	1.8	(-) 8.0
% of GSP	1.9	1.8	1.7	1.8	1.9	1.6	1.8	1.8	1.8	1.6
Total Outlays: real change (%)	7.3	1.3	2.8	2.5	4.3	1.5	4.0	1.6	(-) 0.7	(-) 0.4
% of GSP	12.5	12.8	13.2	13.1	13.1	12.8	12.9	12.8	12.3	11.8
Receipts: % real change (%)	0.7	0.4	1.3	4.4	7.4	2.5	4.2	3.0	(-) 0.1	(-) 0.3
% of GSP	11.9	12.0	12.2	12.4	12.8	12.6	12.8	12.8	12.4	11.9
Budget Sector Employment (as at 30 June)										
Number (000)	225.4	228.4	221.7	224.8	222.9	228.2	227.6 ^(a)	n.a.	n.a.	n.a.
% change	0.1	1.6	(-) 2.9	1.4	(-) 0.8	2.4	(-) 0.3	n.a.	n.a.	n.a.
% of labour force	8.0	8.1	7.7	7.8	7.6	7.6	7.5 ^(a)	n.a.	n.a.	n.a.

(a) As at 31 March 1996.

1.3 1996-97 BUDGET MEASURES

BACKGROUND

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

Current outlay initiatives in 1996-97 are set out in Table 1.11 below. In addition, a selection of some of the major new capital projects to commence in 1996-97 is detailed in Table 1.12 of this Section.

CURRENT OUTLAY INITIATIVES

Table 1.11 summarises major Budget initiatives impacting on current outlays. More detailed coverage of each of the initiatives is provided in the relevant sections of Chapter 4.

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

Table 1.11: Summary of Major Current Outlay Initiatives

Initiative (a)	Impact of Initiative	
	1996-97	Maximum Cost (b) 1997-98 or 1998-99
	\$m	\$m
PREMIER, MINISTER FOR THE ARTS AND MINISTER FOR ETHNIC AFFAIRS		
Ministry for the Arts		
Increased support of cultural, literary, musical, dramatic and artistic activities	1.1	1.1

State Electoral Office

New Joint Roll Agreement with the Commonwealth	2.6	2.7
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Art Gallery

Funding for special exhibitions	1.0	1.0
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Table 1.11: Summary of Major Current Outlay Initiatives (cont)

Initiative (a)	Impact of Initiative	
	1996-97	Maximum Cost (b) 1997-98 or 1998-99
	\$m	\$m
Ombudsman's Office		
Increased funds for investigation of complaints against police	0.4	0.4
Witness Protection Act - ruling on appeals	0.2	0.2
Youth Support Officer	0.1	0.1
MINISTER FOR AGRICULTURE		
Department of Agriculture		
Development of nine Centres of Excellence and research facilities*	2.5	2.8
Additional whole-of-Industry specialists*	2.0	2.3
Other agricultural initiatives*	3.5	2.9
ATTORNEY GENERAL AND MINISTER FOR INDUSTRIAL RELATIONS		
Attorney General's Department		
Introduction of variable vacations in the District Court for a two year trial period	0.9	0.9
Appointment of Acting Judges to the Supreme Court to reduce backlogs in Common Law and Court of Appeal Divisions	1.0	1.3
Appointment of Acting Magistrates to Local Courts to reduce delays in special fixtures committal matters	0.6	...
Department of Industrial Relations		
Implementation of new industrial relations legislation	0.5	...
MINISTER FOR COMMUNITY SERVICES, MINISTER FOR AGED SERVICES AND MINISTER FOR DISABILITY SERVICES		
Department of Community Services		
Special initiatives for the protection of children from abuse and neglect	3.5	3.5
Appointment of additional child protection field staff and district officers (substitute care)	4.0	6.0
Increase in allowances for foster carers	3.2	3.2
Support for families to maintain children safely in their care	2.0	2.0
Ageing and Disability Department		
Improved services to children with a disability	3.5	4.5
Joint Aged Care Policy - special initiatives	1.0	2.0
Department of Juvenile Justice		
Increased funding for maintenance of juvenile justice centres	1.5	1.5

Table 1.11: Summary of Major Current Outlay Initiatives (cont)

Initiative (a)	Impact of Initiative	
	1996-97	Maximum Cost (b) 1997-98 or 1998-99
	\$m	\$m
MINISTER FOR CORRECTIVE SERVICES AND MINISTER FOR EMERGENCY SERVICES		
New South Wales Fire Brigades		
Increased funding for backlog maintenance of appliances and fire stations	1.3	2.3
MINISTER FOR EDUCATION AND TRAINING		
Department of School Education		
Schools Technology Program - additional funding	2.6	27.9
MINISTER FOR THE ENVIRONMENT		
National Parks and Wildlife Service		
Maintenance of new additions to the park estate	1.4	1.4
Improvements to computer network	1.0	1.0
Preservation of endangered species	4.0	4.0
Heritage assets maintenance	2.0	2.0
MINISTER FOR HEALTH AND MINISTER FOR ABORIGINAL AFFAIRS		
Department of Health (c)		
Recurrent funding associated with new capital projects*	25.0	25.0
Rural health services*	15.0	15.0
Mental health*	10.0	17.0
Victor Chang Research Centre*	2.0	...
12 trial telemedicine projects*	2.0	...
Program of appliances for disabled people*	1.0	1.0
Factor VIII blood plasma*	3.0	3.8
Statewide dialysis services*	3.0	...
Additional support for Aboriginal health*	1.0	2.0
Services for physically and/or emotionally abused and neglected children	0.3	0.3
Management of lead contamination at Broken Hill	2.2	1.8
Health Care Complaints Commission		
Patient support officers*	0.5	0.5
Additional staff*	0.2	0.1
Adverse cost orders*	0.2	0.2
MINISTER FOR LAND AND WATER CONSERVATION		
Department of Land and Water Conservation		
Extended Willandra Lakes World Heritage Area package	4.0	4.0
Data collection for water environment programs	0.8	0.5

Table 1.11: Summary of Major Current Outlay Initiatives (cont)

Initiative (a)	Impact of Initiative	
	1996-97	Maximum Cost (b) 1997-98 or 1998-99
	\$m	\$m
Aboriginal land claims surveys	0.2	...
Department of Land and Water Conservation (cont)		
SEPP No. 46 implementation costs	1.8	...
West 2000 integrated adjustment and recovery program for the Western Division	0.8	0.9
MINISTER FOR POLICE		
New South Wales Police Service		
Child Protection Enforcement Agency	3.4	3.4
MINISTER FOR TRANSPORT AND MINISTER FOR TOURISM		
Department of Transport		
SRA initiatives:		
Additional station staff training*	0.9	0.9
Extra off-peak train services*	1.6	1.6
Additional rail services for Western Sydney*	1.8	1.8
Improved rail security*	1.2	1.2
TREASURER, MINISTER FOR ENERGY AND MINISTER FOR STATE AND REGIONAL DEVELOPMENT		
Sustainable Energy Development Authority		
Sustainable energy development	7.0	20.1
MINISTER FOR URBAN AFFAIRS AND PLANNING AND MINISTER FOR HOUSING		
Department of Urban Affairs and Planning		
Maintenance and conservation of heritage assets	5.0	...
Payments to other Government Bodies under the Control of the Minister		
Establishment of the Sydney West Airport Development Corporation and the Sydney South Development Corporation	0.7	0.7
Sydney Water		
Blue Mountains septic pumpout subsidy	0.3	0.3

(a) Initiatives marked with a * symbol are funded internally by the agency.

(b) Maximum cost in either of the forward years 1997-98 and 1998-99.

(c) The Health Department's funding base has been increased by \$51 million from 1996-97. This additional funding contributes to the Department's capacity to fund new initiatives marked with a*.

CAPITAL OUTLAY INITIATIVES

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

Table 1.12 lists the more significant Budget Sector projects (or Budget funding towards Non Budget Sector projects) which are planned to commence in 1996-97. More detailed information appears in Chapter 4 of this Budget Paper and in Budget Paper No. 4 "State Capital Program".

Table 1.12: Significant New Capital Projects to Commence in 1996-97

Project (a)	Estimated Completion Date	Estimated Total Cost	Allocation in 1996-97
		\$m	\$m
PREMIER, MINISTER FOR THE ARTS AND MINISTER FOR ETHNIC AFFAIRS			
Ministry for the Arts			
Construction of the Broadwalk studio at the Sydney Opera House	1998	4.0	1.0
Sydney Opera House canopy refurbishment	1999	2.2	0.6
State Library			
Collection storage replacement project	1999	1.0	0.5
Australian Museum			
Aboriginal Australian exhibition	1999	2.4	0.7
Art Gallery			
Building replacements upgrade program	1999	4.9	1.8
ATTORNEY GENERAL AND MINISTER FOR INDUSTRIAL RELATIONS			
Attorney General's Department			
Campbelltown Children's Court	1999	5.0	1.2
Toronto Court House complex	1999	4.3	0.7
Installation of closed circuit television systems in children's courts	1999	2.5	1.1
MINISTER FOR COMMUNITY SERVICES, MINISTER FOR AGED SERVICES AND MINISTER FOR DISABILITY SERVICES			
Ageing and Disability Department			
Respite and other facilities for children with a disability	1998	3.6	2.0

Table 1.12: Significant New Capital Projects to Commence in 1996-97 (cont)

Project (a)	Estimated Completion Date	Estimated Total Cost	Allocation in 1996-97
		\$m	\$m
MINISTER FOR COMMUNITY SERVICES, MINISTER FOR AGED SERVICES AND MINISTER FOR DISABILITY SERVICES (cont)			
Department of Juvenile Justice			
Expansion of Cobham Juvenile Justice Centre	1998	3.3	1.3
Dubbo Juvenile Justice Centre	1999	7.9	1.5
Northern NSW Juvenile Justice Centre	2000	15.8	1.1
Lidcombe Juvenile Justice Centre	2000	18.6	1.9
Mount Penang Juvenile Justice Centre	1999	15.2	3.3
Special Care Centres for the mentally ill	1997	0.8	0.8
MINISTER FOR CORRECTIVE SERVICES AND MINISTER FOR EMERGENCY SERVICES			
Department of Corrective Services			
Emu Plains redevelopment stage 2	1998	5.7	1.5
Probation Information Management System	1998	3.0	1.5
New South Wales Fire Brigades			
Improved training facilities	2000	4.5	0.6
Replacement of aged fire pumper appliances	2001	39.3	4.4
Replacement of special appliances and equipment	2001	33.4	3.1
Upgrade of communications network to link to Government Radio Network	2001	34.0	6.0
Department of Bush Fire Services			
Additional 110 tankers for councils	1997	7.1	7.1
MINISTER FOR EDUCATION AND TRAINING			
Department of School Education			
Blaxland and Warrimoo Public Schools - redevelopment	1998	4.6	0.8
Blue Haven Public School - new school	1998	3.7	0.5
Camden Haven High School/Distance Education Centre - new school and Kendall Public School - conversions	1999	13.4	1.0
Claremont Meadows Public School - new school	1998	4.4	0.8
Evans Head K-12 School - new school and Woodburn Public School - stage 1 redevelopment	1999	11.6	0.7
Mudgee High School - stage 2 upgrade	1998	3.6	1.3
Nimbin Central School - replacement school stage 2	1998	4.3	1.0
Orange High School - stage 2 upgrade	1998	3.6	1.1

Table 1.12: Significant New Capital Projects to Commence in 1996-97 (cont)

Project (a)	Estimated Completion Date	Estimated Total Cost	Allocation in 1996-97
		\$m	\$m
MINISTER FOR EDUCATION AND TRAINING (cont)			
NSW TAFE Commission			
New facilities for child studies, fine arts, student support and administration at Campbelltown	1998	7.6	0.8
New facilities for adult basic education, library, student support and administration at Hornsby	1998	6.9	0.8
New facilities for tourism and hospitality, retail and wholesale and general purpose classrooms at Wagga Wagga	1997	7.2	4.9
New facilities for student support, library and general purpose classrooms at Wetherill Park	1998	5.7	0.2
Joint development with Southern Cross University and the Department of School Education for child studies, engineering services, rural and mining courses at Coffs Harbour	1998	5.5	0.1
Automotive and heavy vehicle training facility at Shellharbour	1998	6.3	2.9
Laboratories for biosciences, material technology, chemical and food technology and general science at Newcastle	1999	5.7	0.8
New facilities for office administration, travel, maritime, general purpose lecture rooms, child care and business services at Kingscliff	1997	7.9	6.3
MINISTER FOR THE ENVIRONMENT			
National Parks and Wildlife Service			
Heritage assets stabilisation	ongoing	2.0	2.0
Centennial Park and Moore Park Trust			
Construction of new depot for Moore Park Golf Course	1997	0.7	0.7
Works to improve water quality	1999	1.8	0.6
MINISTER FOR HEALTH AND MINISTER FOR ABORIGINAL AFFAIRS			
Department of Health			
Blue Mountains hospital upgrade	1999	4.1	0.5
Broken Hill hospital redevelopment	2000	*	1.0
Central Sydney resource transition program	2002	*	9.4
Coffs Harbour hospital	2001	*	2.3
Information technology strategy, stage II	2001	*	25.0
Lower North Coast strategy	2001	25.4	1.0
Statewide planning/asset maintenance	2001	51.6	1.0
Upgrade of Calvary hospital to provide new aged and rehabilitation services	1999	15.0	2.0

Table 1.12: Significant New Capital Projects to Commence in 1996-97 (cont)

Project (a)	Estimated Completion Date	Estimated Total Cost	Allocation in 1996-97
		\$m	\$m
MINISTER FOR LOCAL GOVERNMENT			
Department of Local Government			
Blue Mountains urban stormwater run-off pollution abatement	1999	7.5	2.5
MINISTER FOR THE OLYMPICS AND MINISTER FOR ROADS			
Olympic Co-ordination Authority			
Government contribution to construction cost of Olympic Stadium and associated infrastructure	2002	151.6	8.0
Roads and Traffic Authority			
Pacific Highway Reconstruction Program:	2007	2,200.0	220.0
· \$100 million for State funded projects			
· \$120 million from the Pacific Highway Reconstruction Agreement, funded jointly by the State and Federal Governments on a dollar for dollar basis (subject to Commonwealth Government honouring the agreement)			
Homebush Bay Drive, Australia Avenue - Grade separation at Homebush	1997	10.6	8.0
Great Western Highway, Linden Bends - Stage 3	1998	6.4	2.0
Illalong Creek Deviation near Binalong	1998	6.4	1.0
MINISTER FOR POLICE			
New South Wales Police Service			
Cell improvement program	2004	16.3	4.0
Construction of new Police stations at Auburn, Raymond Terrace, Ashfield and Kogarah	1999	13.0	1.4
Replacement of firearms with self loading pistols	2001	11.2	2.5
MINISTER FOR PUBLIC WORKS AND SERVICES AND MINISTER FOR PORTS			
Office of the Minister for Public Works and Services			
Purchase of sandstone for heritage building restoration	2000	11.0	1.5
MINISTER FOR SPORT AND RECREATION			
Department of Sport and Recreation			
New mess hall/kitchen for the NSW Academy of	1997	2.4	2.4

Table 1.12: Significant New Capital Projects to Commence in 1996-97 (cont)

Project (a)	Estimated Completion Date	Estimated Total Cost	Allocation in 1996-97
		\$m	\$m
<hr/>			
Sport at Narrabeen			
<hr/>			
MINISTER FOR TRANSPORT AND MINISTER FOR TOURISM			
Department of Transport			
Parramatta - Chatswood Rail Link Study	1998	0.9	0.3
Flemington Junction - infrastructure for growth and operational enhancements	2002	17.9	5.0
Improved station security	1999	14.4	3.0
Major station upgrades	2002	5.6	2.6
New wharves at Cabarita and Looking Glass Bay	1999	3.5	0.1
New bus/rail transport interchange at Rockdale station	1999	2.0	0.3
Upgrade Abbotsford and Balmain wharves	1999	4.0	1.4
TREASURER, MINISTER FOR ENERGY AND MINISTER FOR STATE AND REGIONAL DEVELOPMENT			
Department of State and Regional Development			
Rehabilitation works at Moore Park Showground	1998	31.6	20.0

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

Chapter 2:

THE ECONOMY

2.1 Introduction

2.2 Economic Trends

2.3 Economic Outlook for 1996-97 Onwards

2.4 Alternative Budget Scenarios

2.1 INTRODUCTION

Both the revenue and the outlay sides of the Budget are affected by the state of the NSW economy and more broadly the Australian economy. This chapter discusses the main features of the NSW economy, reviews the recent performance of the NSW and Australian economies, and provides the forecasts for the main economic parameters that underlie the Budget projections. Consideration is also given to some of the important assumptions that underlie the forecasts. Alternative budget scenarios show the potential impact of changes in these assumptions on the outcomes for 1996-97.

The broad outlook for 1996-97 as summarised in Figure 2.1, is for a pick-up in both national and State output. Little improvement from the weakening employment growth that is evident in the latter part of 1995-96 is expected in 1996-97.

In the following two years, economic growth is expected to remain steady at a little over 3 per cent and there should be some consequent pick up in the labour market. Annual inflation is expected to have increased to over 4 per cent by the end of 1995-96 and then is projected to fall back to close to 3 per cent in the two years beyond, pushing against the upper limit of the Reserve Bank's inflation target.

STRUCTURE OF THE NEW SOUTH WALES ECONOMY

New South Wales is Australia's largest and most diverse State economy accounting for over one third of national output. Therefore developments in the national economy are generally reflected in the State economy.

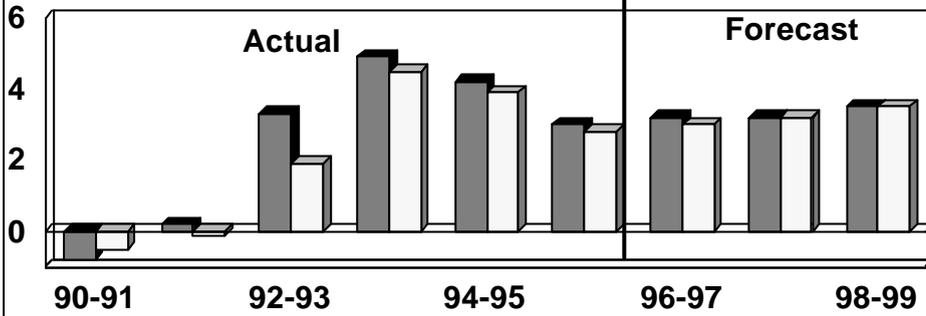
All nineteen broad industry sectors are represented in New South Wales as indicated in Figure 2.2. However, the relative contributions of the NSW agriculture and mining sectors are smaller than those sectors nationally, reducing the relative exposure of the State economy to commodity market cycles. On the other hand, with mining accounting for only 1.7 per cent of State output (but 4.3 per cent of national output), New South Wales will benefit much less than States such as Queensland and Western Australia from strong growth in this resource based sector that may be evident in the coming year or so.

Similarly to the Australian economy, the most significant industry sectors in the State by output are (in order of importance and excluding ownership of dwellings) manufacturing, property and business services, retail trade, and wholesale trade, jointly accounting for 40 per cent of total NSW output and 44 per cent of total NSW employment.

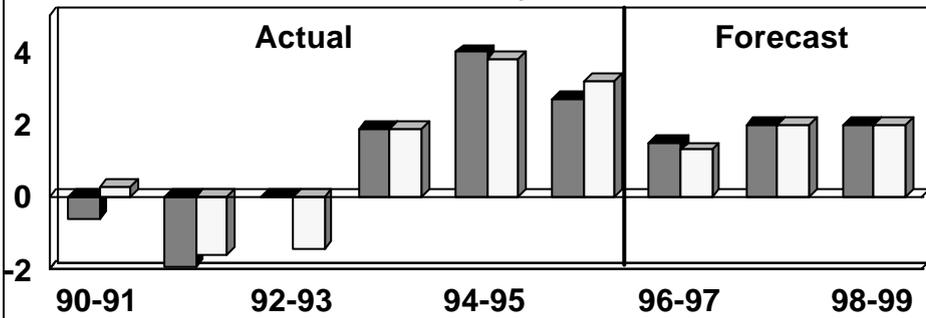
The contribution of the State to the national finance, property and business services industries (almost 40 per cent) and wholesale trade (39 per cent) is particularly significant. The finance, property and business services industry includes banking, insurance, superannuation, property development, computer services, accounting services, legal services and marketing services. Over the last decade or so New South Wales has been a major beneficiary from strong growth in these areas and other service industries such as those associated with hospitality, recreation and tourism.

Figure 2.1
Key Indicators
 Percentage Changes

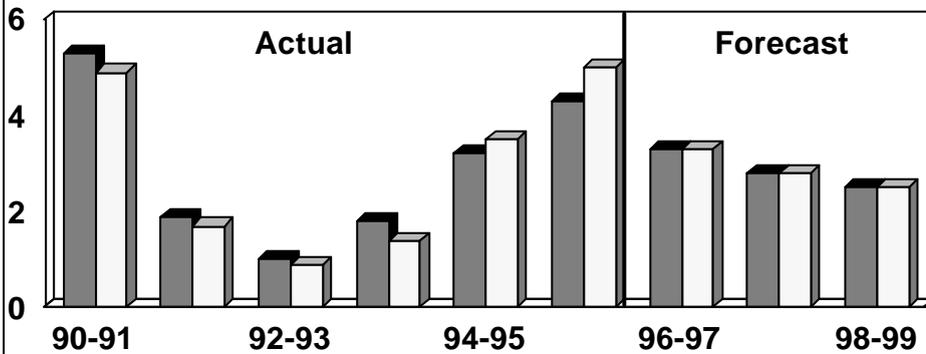
Gross Domestic Product



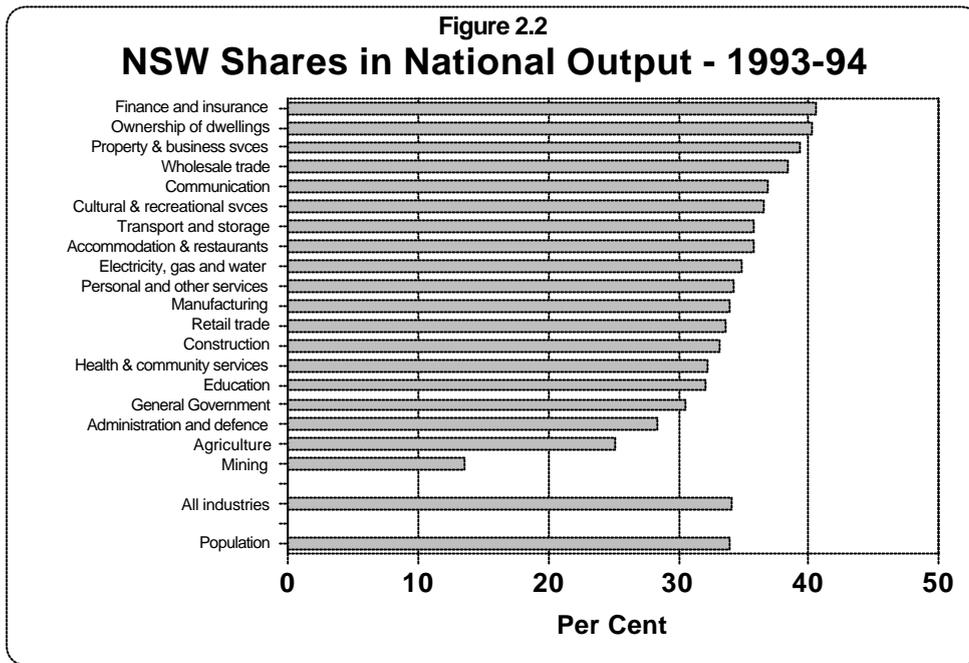
Employment



Consumer Price Index



■ Australia □ New South Wales

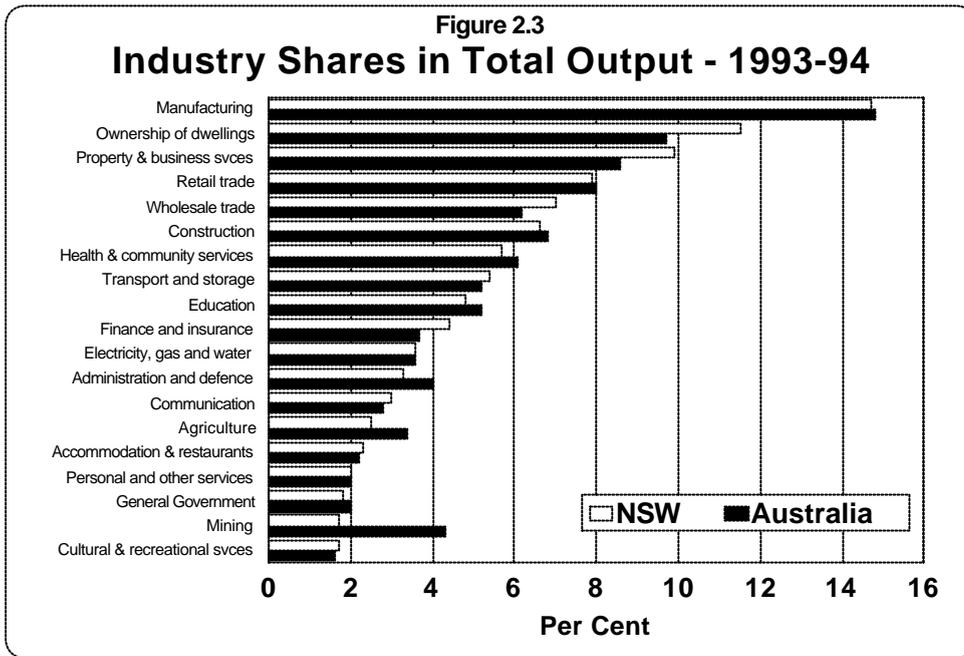


The composition of the economy within the broad industry sectors is also very important. Manufacturing, for example, is less dominated in New South Wales than in some other States by those components most adversely affected by industry reform and restructuring, such as motor vehicles and textiles.

One of the most significant developments for the national economy over recent years has been the increase in international trade. Merchandise exports grew by 7.3 per cent per year in real terms between 1984-85 and 1994-95, and are now equal to 17 per cent of national output compared with 11 per cent 10 years ago. Exports of services are equal to 4.5 per cent of output.

Correspondingly, the NSW economy has also become increasingly open with international exports of goods and services growing at a similar rate to the national average, although overseas trade is relatively less important to the State than the national average. However, because the States trade with each other as well as other countries, the State economies are more open than the international trade data alone suggests. The ABS estimates that in 1994-95 NSW interstate exports (including foreign imports destined for other States that enter Australia via New South Wales) were equal to 20.4 per cent of NSW output, and NSW overseas exports were equal to 14.8 per cent of NSW output.

An important consequence of this trend is that the NSW economy is increasingly affected by the strength of other economies, both overseas and interstate, and therefore by factors well beyond local influence.



Sources of Uncertainty

Any set of economic forecasts is subject to uncertainty, and therefore subject to a number of caveats. The following qualifications should be borne in mind when interpreting the forecasts contained in the following sections -

- Aligning the Budget with the start of the financial year and the Budgets of other Australian governments has many clear benefits. However, the earlier timing does make the forecasts for the economy subject to greater uncertainty than previous Budgets. The available data is necessarily more limited. For example, State and National Accounts data is only available for the first two quarters of 1995-96.
- Much of the data that is available and influences the forecasts will be subject to revision. Such revisions have on past occasions been sufficiently large to have required a re-interpretation of the path taken by the economy in the recent past.
- The quality of much of the State Accounts data is significantly poorer than National Accounts data, because of larger sampling errors, data availability, and for conceptual reasons. The ABS categorises its real GSP estimates as *experimental* to reflect their imprecision. Therefore the significance of GSP trends, whether actual or forecast, should not be overstated.
- The forecasts require assumptions regarding events which are themselves very uncertain, such as the outlook for the world economy, future wages outcomes and the industrial relations climate, and the Commonwealth Government's fiscal strategy.

- The relationship between the economy and Budget outcomes is imprecise, and therefore the implications of changes in the forecasts for the economy on the Budget cannot be precisely determined.

Nevertheless, there is some scope for assessing the possible magnitude of the impact on the Budget of changes in some of the economic parameters, as discussed in section 2.4.

2.2 ECONOMIC TRENDS

Due to the timing of this Budget, the information utilised in this section is limited for the most part to data covering the period to the end of the December 1995 quarter.

NATIONAL AND STATE OUTPUT

Real GDP(I) growth fell from 4.9 per cent in 1993-94 to 4.2 per cent in 1994-95. Annual growth in the first half of 1995-96 declined to 2.6 per cent. Partial indicators since the turn of the year suggest that growth probably slowed further during the March 1996 quarter. Business expectations surveys, however, suggest that the economy may turn out to be a bit stronger in the June quarter.

Relative to Australia, NSW GSP growth in 1994-95 of 3.9 per cent appears to have been adversely affected by the drought. Annual growth in GSP in the first half of 1995-96 was reduced to 2.4 per cent, with reasonably solid State Final Demand offset by a weaker international merchandise trade performance. For 1995-96 as a whole, GSP is estimated to increase by 2.8 per cent, marginally below the expected GDP growth of 3 per cent. However the expected growth in NSW State Final Demand of 2.6 per cent is more than half a percentage point above the expected growth in Gross National Expenditure.

Labour market

Growth in demand for labour reached a peak in the first half of 1995 with an increase of 1.3 per cent in the June quarter. However, by the first quarter of 1996 employment growth had flattened to 0.1 per cent. The national unemployment rate fell to 8.4 per cent in the June quarter 1995, down 1.6 points from its level a year earlier, but then remained flat through the March quarter 1996. Leading indicators suggested a rebound in the labour market was unlikely before the end of 1995-96.

Employment growth was stronger in the State than the national average during the second half of 1995, averaging 1 per cent per quarter compared to 0.4 per cent nationally. In the first quarter of 1996, however, NSW employment growth flattened, as it did around the nation. Employment growth in New South Wales in 1995-96 is expected to end up around 3 per cent, exceeding the national average by about half a percentage point.

Wages

Adult ordinary time pay (AWOTE) growth accelerated during 1994-95 and 1995-96, peaking at an annual rate of 5.1 per cent in seasonally adjusted terms in the September 1995 quarter before slowing to 4.2 per cent in the March 1996 quarter. However the adult ordinary time measure may have been biased upward by the restructuring of pay packages within enterprise bargaining agreements and may not reflect compositional changes in the work force. Average total weekly earnings of all employees increased by only 2.8 per cent in the year to March 1996.

Wage growth in the State moved above the national average during 1994-95, and remained about 1.5 percentage points higher than Australia in the December 1995 quarter. Strong growth in employment and output in some sectors of the NSW economy was one factor explaining this. Wages are expected to grow more moderately both nationally and in New South Wales during the second half of 1995-96, reflecting a weaker labour market.

Prices

Headline inflation (CPI) accelerated from 1.8 per cent in 1993-94 to 3.2 per cent in 1994-95 and was 3.7 per cent in the year to March 1996. Headline inflation is expected to average 4.3 per cent for 1995-96 as a whole. The "underlying" inflation measure (which excludes mortgage interest charges amongst other things) rose by about 1 percentage point less than the headline rate in 1994-95 and is expected to increase by about 3.3 per cent in 1995-96.

Inflation in New South Wales was lower than in Australia in 1993-94 and was close to the national average in 1994-95. However headline CPI growth was higher in the State in each of the four quarters to March 1996 and is expected to be 5 per cent for the 1995-96 year, about 0.7 of a point above Australia.

Balance of Payments

Australia's current account deficit peaked in 1994-95 at \$27.6 billion. Imports were driven up by the surge in business investment while export growth was constrained by the drought.

In the first eight months of 1995-96 the current account deficit averaged 19.2 per cent lower than in the previous year, helped by the slowdown in investment, the recovery from the drought, and by improving terms of trade. Commodity prices in February 1996 were 5 per cent higher than at the beginning of the financial year in foreign currency terms. For 1995-96 as a whole, the current account deficit is expected to total around \$22 billion or 4.6 per cent of GDP.

Interest rates

After a 2.75 point tightening in monetary policy in the first half of 1994-95, the RBA cash rate was held steady over the next 12 months, and is expected to stay unchanged for the remainder of 1995-96, given that inflation remains near the upper limit of the RBA target range (of 2 to 3 percentage points over a run of years).

Australia's long term interest rates are set in world capital markets, and reflect expectations for world inflation and demand for capital, plus a premium for Australia's own inflation performance and risk. From a peak of 10.5 per cent in 1994 10-year bond rates fell steadily to 8 per cent by the end of January 1996, reflecting weakening economic growth abroad plus firm domestic monetary policy. This trend came to an abrupt end in early 1996 when markets became convinced that world output growth and inflation were about to accelerate. Bond rates in Australia quickly went back up to around 8.5 - 9.0 per cent, about the same level at which they started the financial year.

Exchange rates

Following a steep decline in 1994-95, Australia's trade weighted exchange rate index (TWI) recovered quickly early in 1995-96. The exchange rate was also helped by the growing short-term interest rate differential in favour of Australia as the RBA chose not to follow several other OECD countries in easing monetary policy. The TWI went through a second strong upsurge in the first half of 1996 following an upward revision in market expectations for world economic growth and demand for Australian commodity exports.

Revisions to 1995-96 Forecasts

Table 2.1: Comparison of Forecasts for 1995-96

(Annual Average Percentage Change)

	1995-96 Budget	1996-97 Budget	Actual First Half Year
	%	%	%
National GDP(I)	3.2	3.0	2.6 ⁽¹⁾
NSW GSP	3.7	2.8	2.4 ⁽¹⁾
NSW Employment	3.0	3.0	3.7 ⁽²⁾
Sydney CPI	4.3	5.0	5.4 ⁽²⁾

(1) First two quarters of 1995-96 compared to same period of 1994-95.

(2) First three quarters of 1995-96 compared to same period of 1994-95.

As Table 2.1 shows, the outcomes for 1995-96 that are expected at present are somewhat different from the forecasts in the 1995-96 Budget.

- The 0.2 per cent downward revision to GDP reflects recent trends across a range of indicators including GDP in the first half of the year, the labour market, leading indicators of dwelling construction, and business confidence surveys.
- The downward revision in NSW GSP reflects a downward revision in growth estimates for the 1994-95 base year, results in the first half of 1995-96, and a smaller than expected boost from the drought recovery.
- ABARE estimates that NSW crop production will be almost 150 per cent higher in 1995-96 crop year (against 64 per cent for the rest of Australia), and the ABS reports that dwelling construction fell only 5.1 per cent in the State through the first half of 1995-96 (compared to 19 per cent in the rest of Australia). Nonetheless as GSP growth has been less than GDP growth in the first half of the financial year, these factors appear to have been offset by other factors.
- The upward revision in the Sydney CPI reflects the performance in the first three quarters of the 1995-96 financial year.

Estimates for the 1995-96 Budget outcomes are based on these expected outcomes for the economy.

2.3 ECONOMIC OUTLOOK FOR 1996-97 ONWARDS

The estimates and forecasts for the main economic aggregates that underlie the 1996-97 Budget and forward estimates are shown in Table 2.2.

Outlook for 1996-97

The outlook for economic growth in 1996-97 is a little more optimistic than forecast at the time of the 1995-96 Budget. Growth in output is anticipated to continue to pick up somewhat as the year continues, though employment growth is expected to be lower than in 1995-96. However, the outlook for inflation is more favourable than for 1995-96, and the economy should end the year well positioned for sustainable higher growth in the remainder of the decade.

- Nationally, economic growth is expected to increase slightly to 3.2 per cent in 1996-97 from 3.0 per cent in 1995-96;
- There is likely to be a shift in the composition of growth, from public to private final demand, reflecting strong business investment and the priorities of the new Federal Government;
- Growth in employment in 1996-97 is expected to be weak, at around half the 1995-96 rate;
- Inflation in 1996-97 should decline as measured by the headline Consumer Price Index, but will remain steady in underlying terms;
- NSW output growth is likely to be slightly less than the national average in 1996-97;
- NSW employment growth is expected to be slightly below the national rate in 1996-97 following a year of relatively strong growth compared to Australia in 1995-96.

The critical assumptions which present risks to the achievement of the forecast outcomes include the prospects for the world economy, the outlook for wages and industrial relations and the impact of the new Federal Government's budget measures on economic growth. These factors are discussed at the end of this section, and an analysis of the possible implications of changes to some critical assumptions is contained in section 2.4.

Table 2.2: Economic Performance and Outlook⁽¹⁾

	1994-95	1995-96(e)	1996-97(f)	1997-98(f)	1998-99(f)
1. ECONOMIC OUTPUT⁽²⁾					
Income Based GDP	4.2	3.0	3.2	3.2	3.5
Private Consumption	5.0	3.6	2.7	2.5	2.6
Private Dwelling Construction	4.0	(-) 12.5	(-) 3.0	10.0	8.0
Business Sector Investment	17.5	6.9	8.2	7.9	9.2
Public Final Demand	5.5	1.3	0.8	1.1	3.2
Gross National Expenditure	6.6	2.0	2.7	3.0	4.0
Exports	3.2	8.3	9.0	8.4	8.2
Imports	17.7	3.8	7.0	7.8	10.3
2. CURRENT ACCOUNT (\$b)⁽³⁾	(-) 27.6	(-) 22.0	(-) 20.6	(-) 24.3	(-) 27.0
Per cent of GDP	(-) 6.1	(-) 4.6	(-) 4.1	(-) 4.5	(-) 4.7
Net Foreign Debt (\$b) ⁽⁴⁾	180.6	186.8	202.3	217.8	222.0
3. Prices					
National CPI Index	3.2	4.3	3.3	2.8	2.5
C'wealth Treasury "Underlying"	2.1	3.3	3.3	2.9	2.7
CPI					
Non-Farm GDP Deflator	1.4	2.8	2.0	3.1	2.4
Terms of Trade	4.5	3.1	1.3	0.2	(-) 0.1
4. Wages:⁽⁵⁾					
Survey AWE (full time adult)	4.5	4.5	4.3	3.2	3.5
National Accounts AWE	1.8	4.5	4.5	3.1	3.3
5. National Employment	4.0	2.6	1.5	2.0	2.0
Unemployment Rate ⁽⁶⁾	8.9	8.5	8.5	8.1	7.9
6. Financial Variables⁽⁴⁾					
Interest Rates					
90-day bills	7.7	7.5	7.5	7.5	7.5
10-Year Bonds	9.3	8.7	8.6	8.3	8.2
Mortgages ⁽⁷⁾	10.5	10.5	10.5	10.4	10.4
Exchange Rates: \$US/\$A Rate	71.7	79.3	77.9	78.5	78.2
TWI Index	49.2	58.7	56.4	56.9	56.5
7. New South Wales					
Output (Gross State Product) ⁽²⁾	3.9	2.8	3.0	3.2	3.5
Private Consumption ⁽²⁾	4.5	4.1	2.5	2.5	2.6
Private Dwelling Construction	8.1	(-)10.0	(-)0.5	10.0	8.0
Business Sector Investment ⁽²⁾	24.6	6.9	8.2	7.9	13.3
State Final Demand ⁽²⁾	6.8	2.6	2.7	3.3	4.4
Employment	3.8	3.0	1.3	2.0	2.0
Unemployment Rate ⁽⁶⁾	8.6	7.9	7.9	7.8	7.6
Inflation (Sydney CPI)	3.5	5.0	3.3	2.8	2.5
Wages AWE (full time adult) ⁽⁵⁾	5.7	6.1	4.3	3.2	3.5

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

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

(3) Current \$.

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

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

(6) Average for financial year.

(7) Predominant bank variable rate.

(e) Estimate.

(f) Forecast.

Prospects for New South Wales

In 1996-97 NSW growth is forecast to be slightly below the national average. This is largely because -

- New South Wales does not benefit from a favourable commodity outlook to the same extent as some other States; and
- over the long term, NSW annual output growth has averaged about a quarter of a percentage point or so below national growth, in part because annual population growth in New South Wales averages about a quarter of a percentage point below Australia; and this relationship is expected to continue.

Components of Growth

Private Consumption

Following on from a slowdown in growth in 1995-96, private consumption growth is expected to slow further in 1996-97 due to more subdued growth in jobs, relatively low real wage growth, and weaker consumer confidence.

Dwelling Construction

Private dwelling investment is expected to reach a trough during 1996, but growth in the financial year 1996-97 is still likely to be negative in year average terms. The growth trend in private sector housing approvals appeared to remain negative in early 1996, and indications of a turnaround in housing finance commitments remained tentative. The increased upside risks for mortgage interest rates may also dampen demand.

There are a wide range of views on the 1996-97 outlook for dwelling construction. However a useful benchmark is the view of the Indicative Planning Council for the Housing Industry, which expects housing starts in 1996-97 to be only fractionally higher than the depressed outcome for 1995-96, which suggests that the National Accounts result could again be negative.

Business Investment

Business investment growth is forecast to be around 8 per cent in 1996-97 for both Australia and New South Wales, boosted by stronger world growth and the positive outlook for commodities. The composition is likely to shift from non-dwelling construction (new investment growth is expected to slow from 24 per cent in 1995-96 to 10 per cent in 1996-97) to plant and equipment investment (which is expected to accelerate from 1 per cent to 8 per cent). This pattern is consistent with the evidence from the ABS survey of capital expenditure expectations.

As a large proportion of plant and equipment is imported, any increase in this component of business investment is substantially offset by import growth, leaving a relatively small net addition to domestic growth in the short term.

Business investment is one of the most volatile components of GDP growth (fluctuating between a low of -14 per cent and a high of +17.5 per cent over the last six years), and hence one of the most uncertain. A change in business and consumer confidence could lead to business investment growth outcomes different to those forecast. One factor that is likely to have a significant impact on business confidence will be the rate of world growth flowing through to commodity prices, as this will influence expectations of the profitability or otherwise of investment projects in the Australian resources sector.

Wage pressures have tended to erode profit shares in GDP recently, and the upswing in interest rates has increased investment costs. In addition, to the extent that the rising exchange rate experienced in early 1996 is expected to be maintained, this will tend to lower the competitiveness of investments in Australia. These considerations present down side risks to the forecasts.

Public Final Demand

The contribution to growth from public final demand is expected to be negligible in 1996-97, in part as a consequence of the Commonwealth government's announced intentions of cutting \$4 billion off the Commonwealth budget result in each of the next two years. There is uncertainty about the size and impact of the cuts that will be achieved. In any case most of the States and Territories are expected to maintain tight budget strategies over the next few years.

Foreign Trade

Australia's export growth is expected to strengthen slightly in 1996-97, but with imports expected to grow at almost twice their growth rate in 1995-96 the improvement in the trade balance is expected to be less than that in 1995-96. The net contribution of foreign trade to GDP growth is therefore expected to decline from 1 point in 1995-96 to 0.5 points in 1996-97.

Some of the appreciation in the \$A that has occurred in the first quarter of 1996 is expected to be maintained through 1996-97, given an expectation of higher global commodity prices. The prospects are favourable for grains, coal, iron and some metals. The short term outlook for wool, sugar and beef on the other hand is less promising.

Higher commodity prices will be beneficial for export earnings. On the other hand, a higher dollar will offset some of those gains to commodity exporters, and will unambiguously reduce the competitiveness of non-commodity exporters as well as domestic producers competing with imports. The higher terms of trade, however, will augment the real income of Australian consumers, thereby raising final demand, other things being equal.

Inventory Investment

Slower growth in final demand has led to a downward adjustment in private sector inventory targets, detracting an estimated 0.2 points from GDP in 1995-96. With the recovery in demand in 1996-97, however, inventory accumulation is likely to recover and is expected to make a 0.1 point positive contribution to growth nationally.

The Labour Market

The labour market was flat in the first quarter of 1996 and leading indicators of employment offered little prospect of any significant pick up over the remainder of the calendar year. Even if employment growth were to accelerate from the start of 1997, the year average outcomes for 1996-97 are likely to be well down from the previous year.

Wages and Prices

The forecasts for the national economy provide for surveyed average weekly earnings growth to slow marginally to 4.3 per cent in 1996-97 from 4.5 per cent in 1995-96. There is expected to be a larger fall in wages growth in New South Wales from over 6 per cent to under 4.5 per cent.

With the expected moderation of wage pressures on prices, and the forecast rate of demand growth being well below the sustainable rate of growth, it is likely that the increase in the headline CPI in 1996-97 will be lower than 1995-96 both nationally and in New South Wales. Consistent with this, the underlying CPI will be steady. However, there are some significant risks to both the wage and price forecasts from the industrial relations climate, discussed below.

Major Risk Factors

Economic Outlook for the World's Major Economies

The outlook for the Australian and NSW economies is strongly influenced by the outlook for the world's major economies, in particular the United States, Japan, South-East Asia, and Europe. This is mainly because the Australian economy is relatively open, and relatively small, and quite dependent on the strength of various global commodity markets.

Underlying the forecasts for the Australian and NSW economies and consistent with the most recent forecasts of the IMF, is the expectation that world economic growth in 1996 will be a little stronger than 1995, followed by a stronger acceleration in 1997. For both the United States and the European Union, growth in 1996 is expected to be very moderate and lower than in 1995, but will accelerate again to around 2.5 per cent in 1997. However, Japan is expected to enjoy a reasonable recovery in 1996 with growth a little over 2.5 per cent, which will be sustained into 1997. While there is expected to be some slow down in the rates of growth of the South East Asian economies and China, rates of growth through to the end of 1997 will remain very strong compared to Western Europe, the US and Japan. If the inflationary fears which drove up bond rates in early 1996 linger, there may be little moderation in interest rates during 1996-97.

Substantial uncertainty surrounds the outlook for the world's major economies, and hence this assessment. Given that the assessment above is quite positive, the greater risks appear to be on the downside although that view could easily change quite quickly.

- **Industrial Relations**

The election of a Coalition Government has brought about the demise of the Wages and Prices Accord, and the new Government has indicated its intention to change the federal industrial relations system. This raises the prospect of conflict between the labour movement and the Commonwealth. These factors significantly raise the risk to the forecasts for 1996-97 and beyond while the parties test the limits of their bargaining power in a more deregulated environment.

A significant wages break-out would lead to higher inflation than forecast, and provoke a tightening of monetary policy which would reduce the rate of growth. Furthermore, the interruptions to production caused by industrial unrest would imply lower growth. Therefore there is some risk that industrial unrest could lead to a significantly lower rate of growth than that forecast.

- **Fiscal Policy**

The new Commonwealth Government has announced expenditure reductions of \$4 billion (which is equal to 0.9 per cent of GDP) in each of 1996-97 and 1997-98.

Cuts of this order of magnitude will be difficult to achieve. In any case, possible Commonwealth cuts in transfer payments aimed at reducing the budget deficit will not directly reduce public final demand. However, such cuts would be expected to reduce household disposable income, and private consumption will be reduced to the extent that the cuts are not absorbed through lower rates of private saving. Furthermore, because of the possibility of there being one off redundancy payments associated with reductions in Commonwealth public sector employment in both 1996-97 and 1997-98, cuts in the underlying budget position may exceed the net cuts on a cash basis in both years.

After allowing for possible slippage from targets, in 1996-97 these cuts could perhaps reduce public final demand by around 0.3 percentage points in GDP below the level that would have been expected in the absence of fiscal consolidation. The impact of the cuts is expected to be somewhat greater in the following year.

The impact of Commonwealth fiscal consolidation on growth has been assumed to be small, with the negative impact of a lower fiscal stimulus offset to some extent by the positive impact on business and consumer expectations.

Medium Term Outlook

Table 2.2 contains forecasts out to 1998-99. The medium term outlook is predicated on the following assumptions -

- economic growth is expected to remain fairly steady in 1997-98 with the gradual growth in world demand, and low rates of inflation helping to keep interest rates down;
- Australia's non-inflationary growth potential over the coming decade will be lifted by microeconomic and competition policy reforms; and
- in the medium term, given the size and diversity of its economy, New South Wales' economic performance is likely to average fairly close to that of Australia as a whole.

2.4 ALTERNATIVE BUDGET SCENARIOS

The revenue and expenditure sides of the Budget are influenced by uncertainty to different degrees. On the revenue side, items which can be quite sensitive to variations in key economic indicators include payroll tax and stamp duties, both very important sources of State revenue. Payroll tax is affected by both employment levels and wage rates. Stamp duty income from contracts and conveyances and share transfers, as well as land tax, are all significantly affected by changes in asset prices and trading volumes, and such changes are difficult to forecast accurately. Other sources of tax revenue such as the amount spent on cars, petrol, alcohol, tobacco and gambling are affected by general economic conditions.

In the short term, the expenditure side of the Budget is relatively insensitive to changes in economic conditions. This is because many expenditure quantities are locked in at the time of the Budget and until such time as budget levels are reviewed for the following year. Nevertheless, changes in wage rates could have some impact on outlays as wages account for a large proportion of recurrent outlays, and an earlier Budget increases the scope for such changes to occur during the Budget year. Changes in interest rates can also have some impact on the cost of servicing the budget sector debt.

There are always a range of different views on the outlook for the economy. For example, the current range of published forecasts for GDP growth in 1996-97 spans a percentage point either side of Treasury's forecast of 3.2 per cent. However, the range of plausible outcomes extends well beyond the 2-4 per cent band.

Section 2.1 notes the major sources of uncertainty that may ultimately impact on the Budget. Section 2.3 discussed some of the major risk factors associated with the assumptions underlying the economic forecasts: the outlook for the world economy; the outlook for domestic wages, prices growth and industrial relations; and the impact of tighter Commonwealth government fiscal policy. In order to illustrate the potential impact of some of the sources of uncertainty on the Budget outcome, three alternative scenarios are explored: a *high demand* scenario; a *wage blow-out* scenario; and a *low demand* scenario.

The *high demand* scenario is based on the presumption that either higher world growth increases domestic growth, or that the response of domestic growth to a given rate of world growth is stronger than the base forecast. With GDP growth approaching 5 per cent, supply side and balance of payments constraints will put pressure on prices and interest rates. In the *wage blow-out* scenario, increases in average weekly earnings of almost 7 per cent in parallel with significant industrial unrest, lead to a strong tightening in monetary policy and a significant reduction in demand and output. In the *low demand* scenario, sluggish growth in the US, Europe and Japan coupled with tight fiscal policy lead to very low domestic growth, some softening of wages and prices, flat employment growth, and some loosening of monetary policy.

The alternative scenarios are defined in terms of some key economic parameters that influence the State Budget, with the deviations from the base forecast given in Table 2.3. The values in Table 2.3 represent the average deviations over a twelve month period. The alternative budget outcomes given in Table 2.4 are given on the basis of *no* explicit revenue or expenditure response on the part of the State government compared to policy under the base forecast.

While the expected underlying budget outcome is for a surplus of \$5 million, under the *high demand* scenario the outcome could easily be a surplus of \$220 million, or under the *wage blow-out* scenario the budget outcome could be a deficit as high as \$320 million. These are not confidence limits or alternative forecasts, but are intended to indicate some of the possible sources of deviation from the base case and potential magnitudes.

Table 2.3: Economic Scenarios

	Budget Estimates	Growth Rates - Change on Budget Estimate		
		High Demand	Wage Blow -out	Low Demand
		%	% points	% points	% points
Aggregate Demand (GSP)	3.0	+ 1.6	(-) 1.5	(-) 1.5
NSW Employment	1.3	+ 1.0	(-) 1.5	(-) 0.5
Wages (AWE)	4.3	+ 1.0	+ 2.5	(-) 1.5
Budget Sector Wages	3.0	0	+ 1.5	(-) 0.5
Consumer Prices (Sydney)	3.3	+ 0.5	+ 2.0	(-) 0.5
90-Day Bill Rate	7.5	+ 1.0	+ 2.0	(-) 1.0
10-Year Bond Rate	8.6	+ 1.0	+ 1.0	(-) 1.5

The *wage blow-out* scenario is particularly bad for the Budget because the expenditure side of the Budget is increased without any compensating offsets on the revenue side (note that the positive impact of higher wages on payroll tax receipts is offset by the negative impact of lower employment). However, the *low demand* scenario is not so bad because even though there is a big fall in revenues, it is offset to some extent by lower expenditures. The *high demand* scenario is very favourable for the Budget because revenues are increased without a significant growth in outlays.

Table 2.4: Alternative Budget Outcomes

	Budget Estimates	Change on Budget Estimate ⁽²⁾		
		High Demand	Wage Blow-out	Low Demand
		\$m	\$m	\$m
Current Financial Result	2,243	+ 235	(-) 267	(-) 146
Outlays	19,246	+ 47	+ 265	(-) 131
Receipts	21,490	+ 282	(-) 2	(-) 277
Tax	11,284	+ 201	(-) 47	(-) 199
Non-tax	10,206	+ 81	+ 45	(-) 78
Capital Financial Result ⁽¹⁾	(2,238)	(-) 20	(-) 60	+ 23
Outlays ⁽¹⁾	3,175	+ 25	+ 80	(-) 31
Receipts	937	+ 5	+ 20	(-) 8
Total Result ⁽¹⁾	5	+ 215	(-) 327	(-) 123

(1) Results shown are net of equity restructure payments from Non Budget sector agencies.

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

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

Chapter 3:
BUDGET RECEIPTS

3.1 Budget Receipts, 1996-97

3.2 Forward Estimates of Budget Receipts

3.1 BUDGET RECEIPTS, 1996-97

OVERVIEW

Budget receipts for 1996-97 are projected to increase by 5.0 per cent to \$22.4 billion, consisting of a 4.8 per cent increase in current receipts and an 8.7 per cent increase in capital receipts.

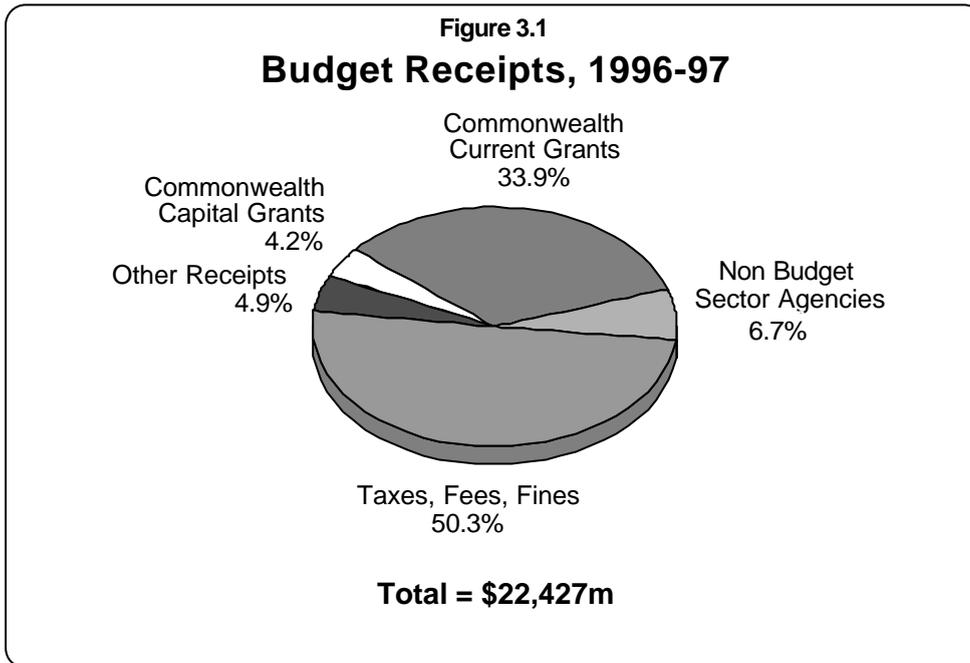
Table 3.1 is a summary of major Budget receipts aggregates from 1993-94 to 1996-97. Total receipts are expected to increase by 17.1 per cent in nominal terms over this period.

Tables 3.2 to 3.6 provide details of Budget receipts for 1995-96 and 1996-97 and show changes between last year's projected receipts and the 1996-97 Budget. The tables are supported by a later section commenting on the principal revenue items.

Table 3.1: Budget Receipts, 1993-94 to 1996-97

	1993-94		1994-95		1995-96		1996-97	
	\$m		\$m	% change	\$m	% change	\$m	% change
CURRENT RECEIPTS								
Taxes, Fees and Fines	9,706	10,139	4.5	10,880	7.3	11,284	3.7	
Income from Non Budget Sector								
Agencies	1,064	1,139	7.0	1,321	16.0	1,495	13.2	
Commonwealth Grants	6,469	6,963	7.6	7,439	6.8	7,609	2.3	
Other	722	832	15.2	863	3.7	1,102	27.7	
TOTAL, CURRENT RECEIPTS	17,961	19,073	6.2	20,503	7.5	21,490	4.8	
CAPITAL RECEIPTS								
Commonwealth Grants	1,187	961	(-) 19.0	849	(-) 11.7	931	9.7	
Other Capital Receipts	8	14	75.0	13	(-) 7.1	6	(-) 53.8	
TOTAL, CAPITAL RECEIPTS	1,195	976	(-) 18.4	862	(-) 11.6	937	8.7	
TOTAL, RECEIPTS	19,156	20,049	4.7	21,365	6.5	22,427	5.0	

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



TAX INITIATIVES

Loan Security Duty

Secured loans (such as mortgages) are subject to Loan Security Duty at a rate of \$5 for the first \$16,000 and 0.4 per cent thereafter. Loan Security Duty is generally also payable when refinancing a loan.

To facilitate competition between financial institutions, the Government will provide an exemption from Loan Security Duty from 1 July 1996 for genuine refinancing transactions. The exemption, at an estimated cost of \$20 million per annum, will be provided in situations where the borrower, the outstanding balance and the security underlying the loan remain unchanged.

Hiring Arrangements Duty

The hire or lease of goods, including short term consumer rentals and some forms of equipment financing, is subject to Hiring Arrangements Duty at a rate of 1.5 per cent. Currently, there is no State tax on commercial hire purchase arrangements which represent a close substitute for leasing. The differing State tax treatment of hire purchase and leasing distorts decisions by businesses on which financing option to choose.

Following representations from the industry, Hiring Arrangements Duty will apply to both commercial leasing and commercial hire purchase from 1 October 1996. The rate of tax will be halved to 0.75 per cent to ensure the outcome of the reform is revenue neutral. The lower rate of tax will apply only to arrangements entered into after 1 October 1996. The expanded tax base will not encompass consumer items financed under the current Consumer Credit Code.

It is proposed that the existing rate of tax will be retained for short term consumer hiring and other non-finance rentals.

CURRENT RECEIPTS, 1996-97

Estimated current receipts in 1996-97 are \$21,490 million, an increase of \$987 million or 4.8 per cent on 1995-96.

Taxes, Fees and Fines

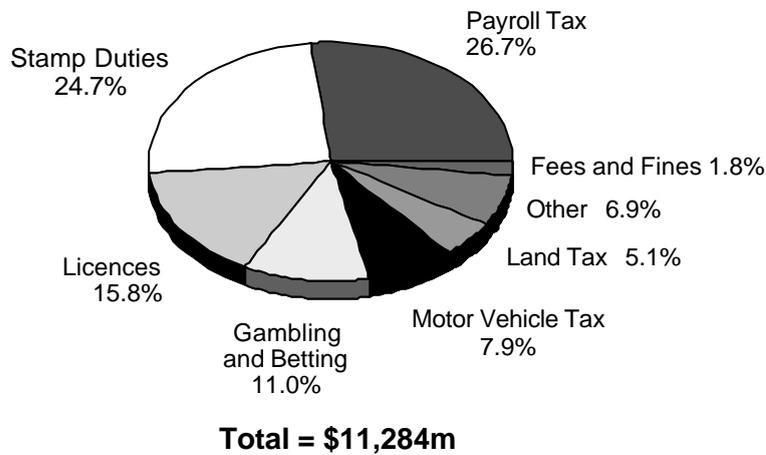
Table 3.2: Taxes, Fees and Fines

Category	1995-96		1996-97	
	Budget	Revised	Budget	Increase
	\$000	\$000	\$000	%
Stamp Duties				
Contracts and Conveyances	1,000,000	1,105,000	1,230,000	11.3
First Home Purchase Scheme	27,500	26,000	29,000	11.5
Insurance	275,000	260,000	268,000	3.1
Loan Securities	119,000	126,000	120,000	(-) 4.8
Share Transfers	170,000	183,000	192,000	4.9
Motor Vehicle Registration Certificates	313,000	310,000	319,000	2.9
Financial Institutions Duty	505,000	498,000	526,000	5.6
Hiring Arrangements	50,600	53,000	53,000	...
Leases	27,500	32,000	35,000	9.4
Deeds Agreements	6,100	6,100	6,400	4.9
Adhesive Stamps	4,600	3,600	3,800	5.6
Other	8,690	8,700	9,090	4.5
	2,506,990	2,611,400	2,791,290	6.9
Payroll Tax	2,931,440	2,881,941	3,016,085	4.7
Land Tax	570,000	580,000	576,000	(-) 0.7
Debits Tax	325,000	321,000	327,000	1.9
Taxes on Motor Vehicle Ownership and Operation				
Weight Tax	630,800	661,500	634,000	(-) 4.2
Drivers Licence Fees etc.	118,000	114,000	61,900	(-) 45.7
Vehicle Registration and Transfer Fees	157,400	158,200	172,500	9.0
Other Motor Vehicle Taxes	24,900	24,900	27,000	8.4
	931,100	958,600	895,400	(-) 6.6
Health Insurance Levy	45,000	44,000	44,000	...

Table 3.2: Taxes, Fees and Fines (cont)

Category	1995-96		1996-97	
	Budget	Revised	Budget	Increase
	\$000	\$000	\$000	%
Fire Brigades Levy	170,516	170,516	178,491	4.7
Gambling and Betting				
Racing	334,958	328,514	337,123	2.6
Poker Machine Taxation	448,000	448,000	472,000	5.4
Keno Tax	12,000	12,000	14,700	22.5
Soccer Football Pools	2,600	2,700	2,700	...
Lotteries and Lotto	256,000	256,000	266,900	4.3
Footytab Commission	2,000	2,000	1,950	(-) 2.5
Casino	53,140	63,200	84,400	33.5
Amusement Devices	76,000	69,000	62,000	(-) 10.1
	1,184,698	1,181,414	1,241,773	5.1
Licences				
Petroleum	537,000	537,000	571,000	6.3
Tobacco	852,000	872,000	874,000	0.2
Liquor	287,420	284,720	305,780	7.4
Pollution Control	26,273	26,273	28,152	7.2
Other	4,932	5,958	4,598	(-) 22.8
	1,707,625	1,725,951	1,783,530	3.3
Fees				
Motor Dealers	1,056	1,056	1,000	(-) 5.3
Firearms and Dangerous Weapons	558	558	704	26.2
Corporate Affairs	11,641	12,000	12,000	...
Environment Protection Authority	855	855	855	...
Weights and Measures	1,755	1,200	1,200	...
Other	11,887	11,708	11,556	(-) 1.3
	27,752	27,377	27,315	(-) 0.2
Fines	175,107	178,217	175,892	(-) 1.3
Other				
Racecourse Development Fund	12,725	16,508	11,000	(-) 33.4
Government Guarantee of Debt	11,600	8,365	10,500	25.5
Bush Fire Services Levy	48,479	48,479	43,962	(-) 9.3
Court Fees	39,687	41,853	45,845	9.5
Waste Disposal Levy	18,500	18,500	28,000	51.4
Other	38,563	66,253	87,600	32.2
	169,554	199,958	226,907	13.5
TOTAL, TAXES, FEES AND FINES	10,744,782	10,880,374	11,283,683	3.7

Figure 3.2
State Tax Receipts, 1996-97



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

Stamp Duties

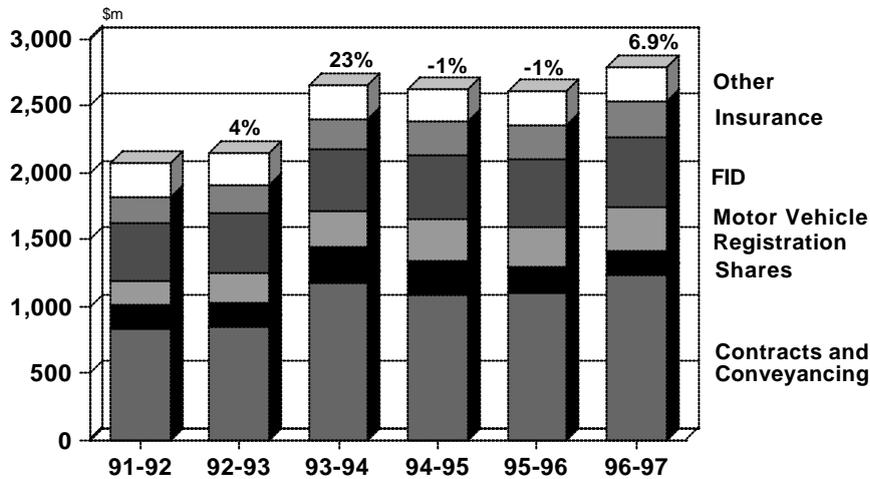
As shown in Figure 3.3, the major sources of stamp duty receipts are contracts and conveyances, motor vehicle registrations and Financial Institutions Duty.

- **Contracts and Conveyances**

Since the significant decline in the value of turnover in residential properties over the course of 1994-95, revenue has picked up steadily throughout 1995-96 due to increased confidence in the property market. The increase in confidence has been assisted by a relatively stable interest rate environment and competition among home lending institutions attempting to capture increased market share. Moderate growth in volumes and prices is expected to continue into 1996-97 in line with increasing incomes, tighter vacancy levels in the rental market and the assumption that there will not be an increase in interest rates during 1996-97.

Growth in the commercial market is assumed to continue at a relatively strong rate in 1996-97 due to continued portfolio rebalancing and the increase in the popularity of property trusts. However, growth in volumes will be much lower than the high levels experienced in 1994 when property owners seized the first opportunity to liquidate stock in a recovering market.

**Figure 3.3
Stamp Duty Receipts**



- **Insurance**

Limited growth in insurance premiums in 1996-97 is expected due to continuing competitive pressures and the increasing trend to under-insure. The low growth reflects the impact of inflation on premiums.

- **Loan Securities**

Underlying revenue is expected to grow strongly in 1996-97 in line with increases in the number and value of property transactions and the growth in credit. The forecast includes the \$20 million cost of exempting refinancings from duty.

- **Share Transfers**

Despite the volatile nature of the share market in the short-term, it is expected that long-term growth in revenue will be broadly in line with growth in the value of economic output.

- **Motor Vehicle Registrations**

Revenue from this item is determined by both vehicle prices as well as the volume of new and used car sales. Prices are anticipated to grow in line with general price inflation while volumes are expected to grow by 2.9 per cent.

- **Financial Institutions Duty**

Moderate growth in underlying revenue is anticipated as advancements in technology and further restructuring by businesses results in minimisation of tax payments.

Payroll Tax

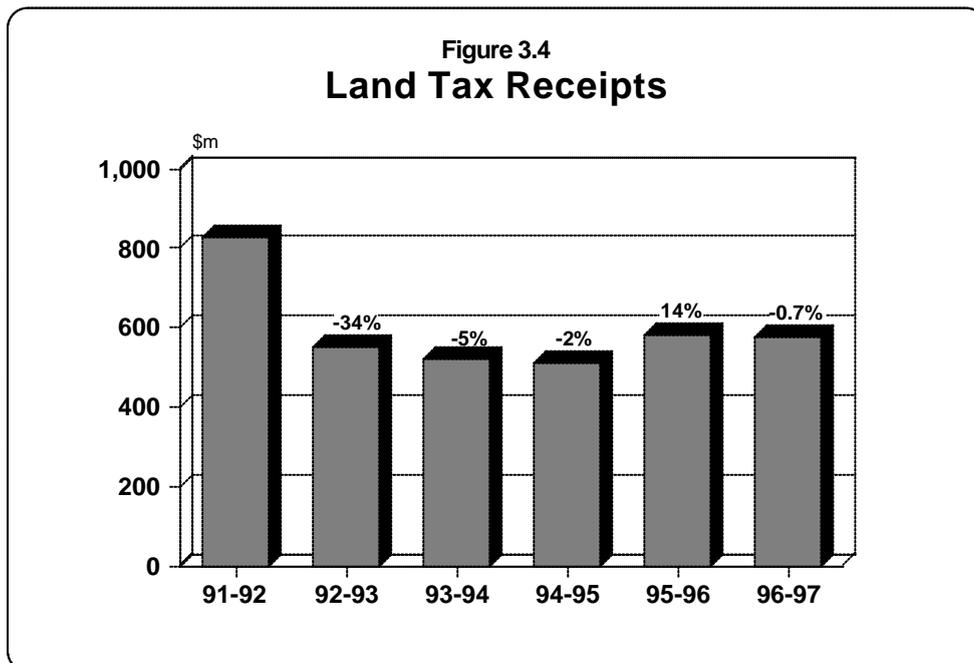
Based on joint wage and employment growth and the trend for employment to increase more rapidly in smaller firms, underlying revenue is expected to increase by around 4.6 per cent in 1996-97. This estimate includes the full year cost of changes to Commonwealth Fringe Benefits Tax arrangements and the increase in the threshold to \$600,000 on 1 January 1996. (The payroll tax base includes amounts on which FBT is payable.)

Consistent with Government Finance Statistics principles, the estimate of revenue is net of payroll tax paid by Budget Sector agencies.

Land Tax

The increase in unimproved land values is not expected to be significantly different to general price inflation in 1996-97. Revenue is expected to fall in 1996-97 as a result of the impact of amnesty related payments in 1995-96.

Figure 3.4 illustrates the pattern of land tax receipts since 1991-92. In real terms, total land tax revenue in 1996-97 is expected to be around \$320 million less than in 1991-92.



Debits Tax

While revenue from this tax is broadly related to economic activity, its growth potential is adversely affected by a regressive tax rate scale.

Taxes on Motor Vehicle Ownership and Operation

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

The forecasts are based on a vehicle stock growth of 1.0 per cent for 1996-97 and CPI indexation.

Revenue from weight tax is forecast to fall by 4.2 per cent, while revenues from vehicle registration fees and transfer fees are estimated to grow by 9.8 per cent and 5.0 per cent respectively in 1996-97.

The fall in weight tax revenue results from the introduction of a national fee structure for heavy vehicles from 1 July 1996. The new fees will be lower than those currently imposed in New South Wales, leading to a revenue loss in 1996-97.

Revenue from drivers' and riders' licence fees varies considerably from year to year as receipts are dependent on the renewal pattern of three and five year licences.

Gambling and Betting

• Racing

Revenue growth in recent years has been adversely affected by -

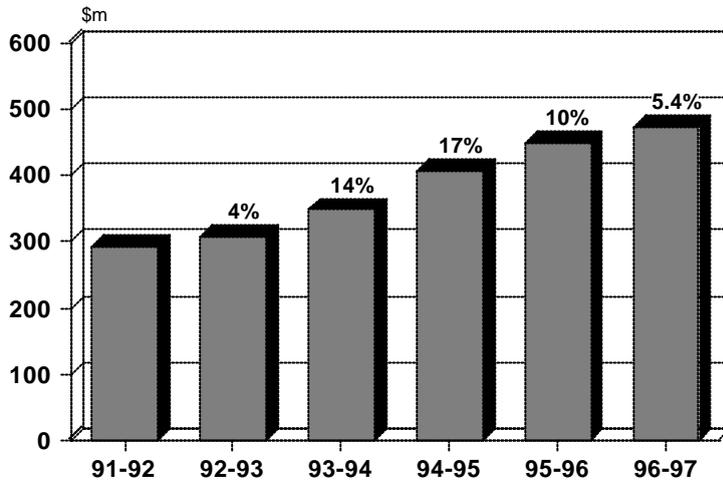
- the decrease in pool sizes resulting from a decline in the number of horses racing; and
- the increased share of totalisator commission retained by the metropolitan racing clubs announced in the 1994-95 Budget.

Revenue growth in 1996-97 from off-course bets reflects increases in household disposable income. Little improvement is expected for revenue from on-course betting due to its decline in popularity.

• Poker Machine Tax

In the last few years, revenue has grown rapidly in line with the expansion in betting options and improved marketing by clubs. However, in 1996-97 revenue growth is expected to be more in line with historical patterns. Revenue of \$472 million is expected for 1996-97 which represents a 5.4 per cent increase in collections on the previous year.

Figure 3.5
Poker Machine Tax Receipts



- **Lotteries and Lotto**

Revenue growth is dominated by the size and timing of jackpots, marketing and new product innovation. The anticipated introduction of new products and changes to existing products generates additional revenue growth.

- **Casino**

The temporary casino has been operational since September 1995. Estimated revenue in 1995-96 is expected to exceed last year's Budget predictions as the initial operations of the casino were more successful than anticipated. The high growth rate in 1996-97 reflects the full year operation of the temporary casino. Other factors contributing to the growth in 1996-97 include increases in domestic incomes and international tourist expenditure on gambling.

Licences

- **Petroleum**

Revenue in 1996-97 will increase as a result of CPI indexation and the growth in fuel consumption. It is expected that \$571 million will be collected in 1996-97.

- **Tobacco**

The growth in revenue from tobacco licence fees is affected by both inflation and changes in consumer preferences. Revenue in 1996-97 is estimated to be \$874 million, which represents a 0.2 per cent increase on 1995-96.

- **Liquor**

Revenue in 1996-97 will be based on the value of liquor consumed in 1995-96. In the absence of data, the value of liquor consumed in 1995-96 is assumed to increase in line with Household Disposable Income. Revenue for 1996-97 is estimated to be \$306 million, an increase of 7.4 per cent.

Fines

The main receipts under this heading relate to fines under the Motor Traffic Act (estimate \$175.9 million - a decrease of 1.3 per cent). The bulk of these are collected by the Police Service through on the spot infringement notices issued by Police and Parking Patrol Officers.

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

Income from Non Budget Sector Agencies

Table 3.3: Income from Non Budget Sector Agencies

Category	1995-96		1996-97	
	Budget	Revised	Budget	Increase
	\$000	\$000	\$000	%
Dividends				
Advance Energy (a)	...	...	4,370	n.a.
Darling Harbour Authority	870	870	490	(-) 43.7
Energy South(a)	...	...	4,460	n.a.
EnergyAustralia(b)	25,970	25,937	88,370	n.c.
Far West Energy (a)	...	...	1,090	n.a.
Generation Sector(c)	417,000	411,487	316,000	(-) 23.2
Hunter Water Corporation	17,400	17,400	31,200	79.3
Integral Energy Australia(d)	26,920	25,487	84,400	n.c.
Land Titles Office	11,900	11,903	20,440	71.7
Landcom	44,090	48,530	107,720	122.2
Newcastle Port Corporation	...	...	3,990	n.a.
NorthPower(a)	...	...	11,110	n.a.
NSW Lotteries	24,020	23,909	24,530	2.6
Port Corporations	30,170	30,432	...	n.a.
Port Kembla Port Corporation	...	...	5,500	n.a.
Public Works and Services	153,700	153,233	8,100	(-) 94.7
Registry of Births, Deaths and Marriages	9,200	9,200	2,910	(-) 68.4
State Forests	18,230	18,230	7,770	(-) 57.4
State Transit Authority	1,490	1,485	3,770	153.9
Sydney Cove Redevelopment Authority	510	511	250	(-) 51.1
Sydney Market Authority	1,350	1,347	500	(-) 62.9
Sydney Ports Corporation	...	...	14,350	n.a.
Sydney Water Corporation	53,000	63,482	26,000	(-) 59.0
TransGrid	16,400	16,361	57,500	251.4
Treasury Corporation	56,000	56,000	26,500	(-) 52.7
Waste Service of NSW	2,480	2,483	6,080	144.9
Other Dividends	200	375	250	n.c.
	910,900	918,662	857,650	(-) 6.6

Table 3.3: Income from Non Budget Sector Agencies (cont)

Category	1995-96		1996-97	
	Budget	Revised	Budget	Increase
	\$000	\$000	\$000	%
Tax Equivalent Payments				
Advance Energy (a)	...	2,000	5,830	n.c.
Darling Harbour Authority	1,400	1,400	1,150	(-) 17.9
Energy South(a)	...	400	1,470	n.c.
EnergyAustralia(b)	39,630	38,440	61,300	n.c.
Far West Energy (a)	...	40	890	n.c.
Generation Sector(c)	94,000	115,000	167,000	45.2
Hunter Water Corporation	700	900	4,400	388.9
Integral Energy Australia(d)	33,440	31,400	22,630	n.c.
Land Titles Office	5,200	5,170	9,510	83.9
Landcom	26,460	28,330	11,350	(-) 59.9
Newcastle Port Corporation	...	1,100	5,770	n.c.
NorthPower(e)	...	2,330	9,130	n.c.
Port Corporations	28,890	21,871	...	n.a.
Port Kembla Port Corporation	...	1,520	6,230	n.c.
Public Works and Services	16,000	15,300	9,400	(-) 38.6
State Forests	5,400	4,530	1,300	(-) 71.3
State Transit Authority	1,420	1,000	4,870	387.0
Sydney Cove Redevelopment Authority	750	690	720	4.3
Sydney Market Authority	1,340	1,340	2,620	95.5
Sydney Ports Corporation	...	4,280	18,760	n.c.
Sydney Water Corporation	61,000	56,300	108,500	92.7
TransGrid	12,900	12,600	20,400	61.9
Treasury Corporation	8,900	10,480	11,400	8.8
Waste Service of NSW	3,880	3,850	7,010	82.1
	341,310	360,271	491,640	36.5
Dividend and Tax Equivalent Payments	1,252,210	1,278,933	1,349,290	5.5
Property Income(e)	183,970	42,010	...	n.a.
Proceeds from Sales of Surplus Assets	...	...	145,000	n.a.
INCOME FROM NON BUDGET SECTOR AGENCIES	1,436,180	1,320,943	1,494,290	13.1

n.a. Not applicable

n.c. Not comparable

(a) Regional electricity distributors were merged on 1 October 1995 and established as State Owned Corporations on 1 March 1996.

(b) On 1 October 1995, Sydney Electricity and Orion Energy were formally amalgamated and on 1 March 1996 the merged body was established as a State Owned Corporation.

(c) On 1 March 1996, Pacific Power was split into a shell company and two State Owned Corporations. The two corporations are First State Power and Macquarie Generation.

(d) On 1 October 1995, Prospect Electricity and Illawarra Electricity were formally amalgamated and on 1 March 1996 the merged body was established as a State Owned Corporation.

(e) Comprises rental income from State-owned multiple occupancy buildings and income from land and property sales. These activities are treated as a user charge from 1996-97.

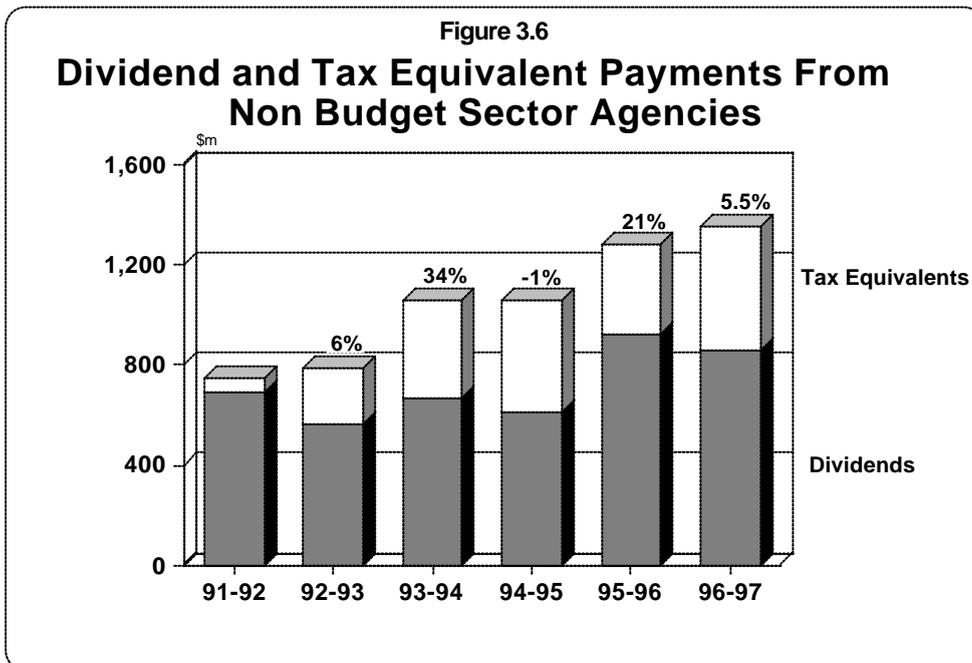
Dividend and Tax Equivalent Payments

As indicated in Figure 3.6, Dividend and Tax Equivalent payments from Government Trading Enterprises and State Owned Corporations have increased significantly in the five years since 1991-92. In 1991-92 these payments were \$744 million, or 4.7 per cent of total Budget receipts. In 1996-97, dividend and tax equivalent payments are expected to total \$1,349 million or 6.0 per cent of total Budget receipts.

The main contribution to the increase has been the growth of tax equivalent payments. Tax equivalent payments, which were \$52 million in 1991-92, are expected to reach \$492 million in 1996-97. Dividends, on the other hand, are expected to increase by only \$166 million from \$692 million in 1991-92 to \$858 million in 1996-97.

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

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



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

Tax equivalent payments will increase by \$131 million, or 36.5 per cent, in 1996-97 compared with 1995-96, mainly as a result of the timing changes, discussed above. Income from dividends, however, will decrease by \$61 million, or 6.6 per cent, in 1996-97 when compared with 1995-96. There will be significant changes in the dividend and tax equivalent payments of several individual agencies.

In particular, the restructure of the Electricity industry will result in profitability being redistributed from the generation to the transmission and distribution sectors. However, there will be substantial costs incurred by the distribution sector in the first years of operation, as distributors pursue efficiency gains. Therefore, the increased profitability will take some time to be achieved, with a consequent fall in overall profits in the industry available for distribution to the Budget in 1996-97.

To "smooth" this transition, the interim dividend previously planned for payment by distributors in August 1997 will be brought forward to June 1997. The payment of interim dividends is common practice with listed companies, with an interim dividend being paid in the second half of the financial year. The move will therefore bring distributors into line with commercial practice, while ensuring that restructure costs do not adversely impact on the Budget.

The 1996-97 dividend of Public Works and Services will be significantly less than the 1995-96 dividend as the latter includes the expected payment of \$104 million resulting from an expansion of the sale and leaseback arrangements of the State Fleet Service.

The 1996-97 dividend for Landcom reflects increased sales of Landcom's inventory and landbank assets.

The Treasury Corporation's 1995-96 dividend includes an extra \$31 million from accumulated past earnings. In line with the findings of a major review, Treasury Corporation's future ongoing role will be focused on financial asset management and agency funding needs. This will lead to a \$6 billion reduction in gross State debt and a decline in future financial distributions to the Consolidated Fund.

Sydney Water Corporation's increased financial distribution in 1996-97 largely reflects efficiency gains in operating expenditure and changes relating to the timing of taxation payments. The significant increase in Hunter Water Corporation's 1996-97 financial distribution compared to its 1995-96 distribution is primarily attributable to efficiency gains in operating expenditure and changes with respect to the timing of taxation payments.

Notwithstanding these increases, return on shareholders' equity is expected to be less than 1.0 per cent for Sydney Water Corporation and 2 per cent for Hunter Water Corporation. Expected funding payments by the Government to the Sydney and Hunter Water Corporations during 1996-97 are as follows -

Table 3.4: Expected Funding Payments to Sydney and Hunter Water Corporations

Funding	Sydney Water Corporation	Hunter Water Corporation
	\$m	\$m
Pensioner, Water and Sewerage Rebates (CSOs) ¹	64.0	7.5
Exempt Properties (CSOs) ¹	10.5	0.7
Environmental Protection ²	13.3	17.0
TOTAL FUNDING PAYMENTS	87.8	25.2

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

Sale of Surplus Assets

Principally associated with the establishment of corporatised entities, assets deemed surplus to the requirements of the particular entity are to be sold and the proceeds returned to the Consolidated Fund.

Commonwealth Grants¹

Total Commonwealth payments to New South Wales for the State's own purposes (i.e. excluding payments through the State to third parties such as local government or the private sector) will decline marginally in real terms by about 0.3 per cent in 1996-97. General purpose payments to the Budget Sector will increase in real terms by 2.6 per cent while specific purpose payments will decline by 3.3 per cent.

Table 3.5: Commonwealth Grants

Category	1995-96		1996-97	
	Budget	Revised	Budget	Increase
	\$000	\$000	\$000	%
General Revenue Grants				
Financial Assistance Grant	4,514,500	4,517,500	4,727,000	4.6
Commonwealth Specific Purpose Payments				
Companies Regulation	42,125	42,125	43,599	3.5
Legal Aid	41,585	41,189	43,754	6.2
Sydney Olympics 2000	75,000	82,000	...	(-) 100.0
Technical and Further Education	171,270	175,991	196,471	11.6
Schools	404,523	404,380	401,328	(-) 0.8
High Cost Drugs	35,972	35,972	32,678	(-) 9.2
Medical Speciality Centres	953	6,946	982	(-) 85.9
Other Health Care Access	6,441	6,441	3,516	(-) 45.4

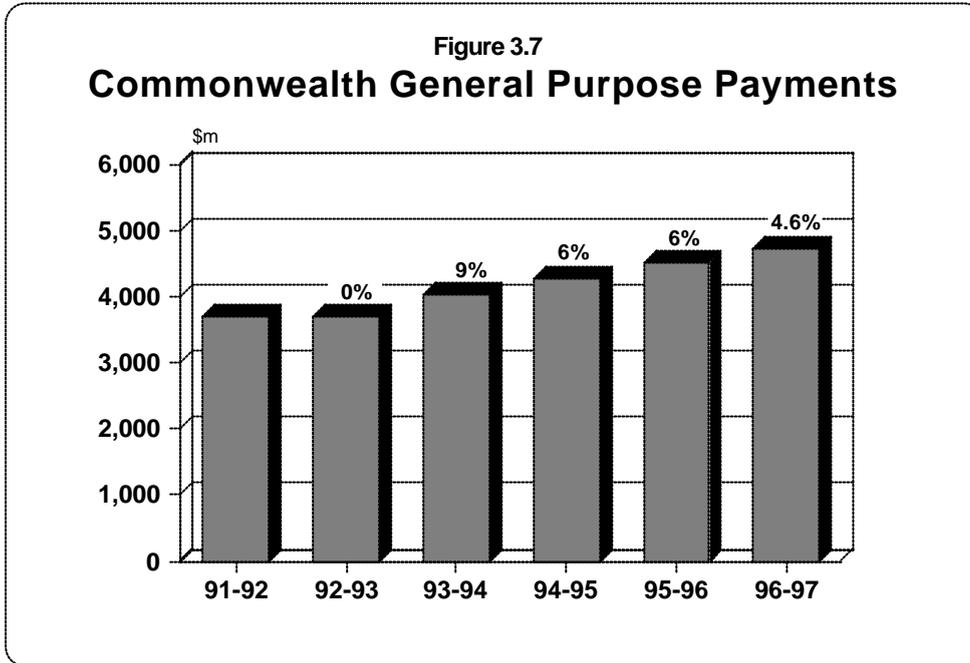
- 1 Growth rates in this section differ from those in Chapter 5 because of differences in coverage and timing. Chapter 5 has wider coverage and is based on data in Commonwealth Budget Paper 3. This Chapter deals with payments to the Budget Sector only and includes updates since the Commonwealth Budget was published.

Table 3.5: Commonwealth Grants (cont)

Category	1995-96		1996-97	
	Budget	Revised	Budget	Increase
	\$000	\$000	\$000	%
Hospital Funding Grant	1,503,908	1,515,702	1,549,321	2.2
Drug Education Campaigns	8,064	9,122	9,396	3.0
Dental Program	36,398	36,398	37,490	3.0
Immunization - HIB	5,163	4,090	4,785	17.0
Magnetic Resonance Imaging	6,682	7,097	6,882	(-) 3.0
Breast Cancer	13,902	11,338	14,319	26.3
Artificial Limb Scheme	2,497	2,497	2,572	3.0
Funds to Combat AIDS	20,932	21,038	21,560	2.5
National Mental Health	6,588	7,992	6,786	(-) 15.1
Geriatric Assessment	13,498	13,342	13,742	3.0
Home and Community Care	139,486	141,025	143,800	2.0
Supported Accommodation Assistance	58,702	59,469	41,809	(-) 29.7
Assistance to Disabled	98,160	98,160	102,231	4.1
Pensioner Concessions	45,644	45,644	47,000	3.0
Rural Adjustment Scheme	59,144	65,024	47,096	(-) 27.6
Soil Conservation	9,117	11,704	10,167	(-) 13.1
Mortgage and Rent Relief	10,481	10,481	...	(-) 100.0
Debt Redemption Assistance	21,609	21,612	25,769	19.2
Natural Disaster Relief	2,500	1,050	1,900	81.0
Interstate Road Transport	6,900	12,600	1,000	(-) 92.1
Other	39,489	31,012	72,342	133.3
Total, Commonwealth Specific Purpose Payments	2,886,733	2,921,441	2,882,295	(-) 1.3
TOTAL, COMMONWEALTH GRANTS	7,401,233	7,438,941	7,609,295	2.3

General Purpose Payments

Commonwealth General Purpose Payments consist of monies paid as Financial Assistance Grants (FAGs), special revenue assistance and identified roads funds. These are expected to increase by 4.6 per cent in 1996-97 in nominal terms, or 2.6 per cent in real terms over 1995-96.



The increase is due mainly to the growth in Financial Assistance Grants to New South Wales, reflecting a slight improvement in Grants Commission relativities and the maintenance of the Commonwealth's real terms per capita guarantee on the growth of the general revenue pool.

Commonwealth Payments for Specific Current Purposes

Payments to the States by the Commonwealth are made under Section 96 of the Australian Constitution. These payments generally relate to functions which the Commonwealth does not itself directly undertake (e.g. higher education, health services) or to functions where the Commonwealth provides assistance to enable the States to meet their expenditure obligations (e.g. redemption of debt).

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

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

The principal current specific purpose payments relate to health, education and community services. Health and education payments in aggregate are expected to increase in 1996-97. In the health area, hospital funding grants, drug education, dental services, breast cancer and AIDS funding will increase, while in the area of education growth will result from the increase in TAFE payments.

Other Current Receipts

Table 3.6: Other Current Receipts

Category	1995-96		1996-97	
	Budget	Revised	Budget	Increase
	\$000	\$000	\$000	%
Crown Receipts				
Sale of Crown Land	43,856	50,156	53,898	7.5
Leases	24,050	27,080	26,737	(-) 1.3
Royalties	167,570	166,156	173,353	4.3
Unclaimed Racing Dividends	9,764	11,000	10,000	(-) 9.1
Fire Brigades Levy on Local Government	28,458	28,458	29,789	4.7
Statutory Authorities - Interest	12,216	9,240	7	(-) 99.9
Department of Housing - Interest	81,380	81,392	80,172	(-) 1.5
Interest on Crown Funds	56,335	63,354	56,250	(-) 11.2
Other Interest	20,316	20,150	18,625	(-) 7.6
Contribution - Environmental Trust	56,794	25,697	59,388	131.1
Other Crown Receipts	45,396	27,921	234,361	739.4
Agency Receipts				
Grants received	131,660	93,624	106,566	13.8
Donations and industry contributions	127,880	133,338	154,156	15.6
Interest on agency cash balances	42,661	57,403	58,608	2.1
Other agency receipts	79,630	68,003	40,377	(-) 40.6
TOTAL, OTHER RECEIPTS	927,966	862,972	1,102,287	27.7

Sale of Crown Land

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

Leases

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

Royalties

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

Interest on Crown Funds

The estimate for 1996-97 is projected to decline as a result of lower interest rates and lower average cash balances.

Other Crown Receipts

Included under this category is \$200 million to be received in 1996-97 from cross border leases.

Agency Receipts

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

CAPITAL RECEIPTS, 1996-97

Estimated capital receipts in 1996-97 are \$937 million - an increase of \$75.3 million, or 8.7 per cent on 1995-96.

Table 3.7: Capital Receipts

Category	1995-96		1996-97	
	Budget	Revised	Budget	Increase
	\$000	\$000	\$000	%
COMMONWEALTH GRANTS				
Schools	69,300	70,970	70,000	(-) 1.4
Technical and Further Education	72,851	75,136	80,774	7.5
Public Housing	259,350	259,351	292,945	13.0
Pensioner Housing	18,520	18,520	...	(-) 100.0
Housing Assistance for Aborigines	17,777	17,777	17,777	...
Australian Land Transport Development	366,368	302,266	406,200	34.4
Housing	43,221	43,221	35,141	(-) 18.7
Building Better Cities	56,600	49,560	14,000	(-) 71.8
Other	16,952	12,469	14,000	12.3
TOTAL, COMMONWEALTH GRANTS	920,979	849,270	930,837	9.6
OTHER CAPITAL RECEIPTS	17,541	12,544	6,307	(-) 49.7
TOTAL, CAPITAL RECEIPTS	938,520	861,814	937,144	8.7

Commonwealth Capital Grants

The Commonwealth provides payments to the States for specific capital purposes under Section 96 of the Commonwealth Constitution. Payments to the States are made under terms and conditions determined by the Commonwealth.

The Commonwealth will provide \$14.0 million for the Building Better Cities Program. There are no specific financial arrangements related to the program but the nominated projects will receive State financial support in addition to Commonwealth grants. Program expenditures will be accounted for in the State Capital Program.

Road grants under the Land Transport Development Program will increase from \$302 million in 1995-96 to \$406 million in 1996-97. The Commonwealth Government untied a substantial portion of specific road grants from 1994-95, providing a commensurate amount by way of untied grants. The other major Specific Purpose Capital Payments are for public housing and education.

3.2 FORWARD ESTIMATES OF BUDGET RECEIPTS

INTRODUCTION

This section provides estimates of Budget receipts for the period 1996-97 to 1998-99 by major receipt category. This information has been provided to give an appreciation of the factors impacting on the future receipts.

Overall for the three year period 1995-96 to 1998-99, Budget receipts are projected to increase by 3.3 per cent per annum, a real increase of 0.8 per cent per annum.

Table 3.8 provides details of receipts for the period 1995-96 to 1998-99. The Table is supported by the following comments on the major receipt categories.

CURRENT RECEIPTS

Taxes, Fees and Fines

Stamp Duty on Contracts and Conveyances

The property market is expected to continue to improve in 1997-98 and 1998-99 due to a resurgence in economic growth, increases in overseas migration, stable interest rates and the overall impact of the Olympics.

Other Stamp Duties

Receipt items are expected to grow moderately in 1997-98 and 1998-99 in line with relatively strong economic activity and the recovery of the new vehicle registration market.

Payroll Tax

Underlying revenue is expected to benefit from the gradual increase in wage and employment growth in 1997-98 and 1998-99.

Land Tax

Only moderate growth in land values is expected by the Valuer General over the next two years with a pick up in 1998-99. Low growth is forecast for 1996-97 since 1995-96 collections will be inflated by a number of one-off payments related to the Land Tax amnesty.

Table 3.8: Budget Receipts, 1995-96 to 1998-99

	1995-96	1996-97		1997-98		1998-99	
	\$m	\$m	% change	\$m	% change	\$m	% change
CURRENT RECEIPTS							
Taxes, Fees and Fines							
Stamp Duties -							
Contracts and Conveyances	1,105	1,230	11.3	1,300	5.7	1,420	9.2
Insurance	260	268	3.1	280	4.5	292	4.3
Share Transfers	183	192	4.9	205	6.8	217	5.9
Motor Vehicle Registrations	310	319	2.9	335	5.0	353	5.4
Financial Institutions Duty	498	526	5.6	553	5.1	575	4.0
Other	255	256	0.4	275	7.4	302	9.8
Payroll Tax	2,882	3,016	4.7	3,170	5.1	3,339	5.3
Land Tax	580	576	(-) 0.7	588	2.1	654	11.2
Taxes on Motor Vehicle							
Ownership and Operation	959	895	(-) 6.6	943	5.4	1,015	7.6
Gambling and Betting	1,181	1,242	5.1	1,328	6.9	1,415	6.6
Licences	1,726	1,784	3.3	1,846	3.5	1,888	2.3
Other	941	980	4.1	992	1.2	1,006	1.4
Total, Taxes, Fees and Fines	10,880	11,284	3.7	11,834	4.9	12,495	5.6
Income from Non Budget Sector Agencies							
Dividends	919	858	(-) 6.6	702	(-) 18.2	611	(-) 12.9
Tax Equivalent Payments	360	492	36.5	413	(-) 16.1	442	7.0
Total Dividend and Tax Equivalent Payments	1,279	1,349	5.5	1,115	(-) 17.3	1,053	(-) 5.6
Property Income	42	...	n.a.	...	...	...	...
Proceeds from Sales of Surplus Assets	...	145	n.a.	100	(-) 31.0	50	(-) 50.0
Total Income from Non Budget Sector Agencies	1,321	1,494	13.1	1,215	(-) 8.7	1,103	(-) 9.2
Commonwealth Grants							
Financial Assistance Grant	4,518	4,727	4.6	5,015	6.1	5,205	3.8
Specific Purpose Payments	2,921	2,882	(-) 1.3	2,921	1.4	2,963	1.4
Total, Commonwealth Grants	7,439	7,609	2.3	7,936	4.3	8,168	2.9
Other	863	1,102	27.7	934	(-) 15.2	838	(-) 10.3
TOTAL, CURRENT RECEIPTS	20,503	21,490	4.8	21,919	2.0	22,604	3.1
CAPITAL RECEIPTS							
Commonwealth Grants	849	931	9.7	961	3.2	975	1.5
Other Capital Receipts	13	6	(-) 53.8	224	3,633.3	5	(-) 97.8
TOTAL, CAPITAL RECEIPTS	862	937	8.7	1,185	26.5	980	(-) 17.3
TOTAL, RECEIPTS	21,365	22,427	5.0	23,104	3.0	23,583	2.1

Taxes on Motor Vehicle Ownership and Operation

Moderate growth is forecast for underlying revenue from motor vehicle weight tax and vehicle registration fees. This is consistent with the continuation of relatively strong economic activity and the indexation of fees. However, the introduction of a national heavy vehicle fee scheme by 1 July 1996 will result in a loss in weight tax revenue of around \$60 million in 1996-97.

The forecasts for licence fees reflect the renewal periods for three and five year licences.

Business Franchise Licences

Petroleum revenue will benefit from relatively strong economic activity and the annual indexation of the licence fee.

Tobacco licence fee revenue will benefit from price increases, including increases in the Commonwealth excise. This will be partially offset by ongoing changes in preferences and the increasing trend to restrict smoking.

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

Gambling and Betting

Moderate growth is forecast for most of these taxes consistent with the projected trend for household disposable income. Revenue from this source will also benefit from the continued operations of the temporary casino and the introduction of the permanent casino in December 1997.

Other State Receipts

Income from Non Budget Sector Agencies

In 1997-98, tax equivalent payments by Government businesses are projected to be \$413 million, a decline of 16.1 per cent on anticipated tax revenue for 1996-97. This decline is mainly the result of timing changes of tax payments introduced in 1996-97. In 1997-98, tax equivalent payments are projected to be \$442 million, an increase of 7 per cent.

Revenue from dividends is projected to decline in 1997-98 and again in 1998-99, by 18.2 per cent and 12.9 per cent, respectively.

The most important factors affecting the revenue forecasts are -

- a significant reduction in the revenue from the Electricity Generation sector in 1997-98 as a result of lower electricity prices, being only slightly offset by increased revenue from the Distribution sector; and
- a slowing down of sales of Landcom's inventory and landbank assets in 1998-99.

Commonwealth Funded Grants

General Purpose Payments

Financial Assistance Grants (inclusive of payments for untied road grants) are projected to increase in nominal terms by 6.1 per cent in 1997-98 and 3.8 per cent in 1998-99. This represents maintenance in real per capita terms of Financial Assistance Grants in line with the decisions of the Premiers' Conference in 1994 and the Council of Australian Governments (COAG) meeting in 1995. In addition, receipts in 1997-98 and 1998-99 include competition policy payments, the first tranche of which is expected to be received in 1997-98.

Specific Purpose Payments

For the most part the amounts shown in the Table for the forward years will be as provided in the relevant Commonwealth-State agreement, subject to indexation arrangements which became effective in 1995-96; the review or renegotiation of major specific purpose payments such as public housing and community services; and possible changes to existing specific purpose payment arrangements which may be introduced in the next few years as part of a redistribution of Commonwealth-State roles and responsibilities.

CAPITAL RECEIPTS

Commonwealth Grants

A decline in specific purpose capital payments may be expected in future years, due in part to the winding down of major infrastructure expenditures under the Building Better Cities Program. Forward estimates will also depend on changes in major specific purpose payment programs which may be introduced by the federal government.

For the forward years the amounts payable under individual agreements have been included or, where forward information is not available, the amount has been indexed in line with arrangements introduced in 1995-96.

Chapter 4:

BUDGET PAYMENTS

- 4.1 Trends in Current and Capital Payments**
- 4.2 Current and Capital Payments by Policy Area**
- 4.3 Current and Capital Payments by Minister and Agency**
- 4.4 Sydney 2000 Olympic and Paralympic Games**
- 4.5 Budget Current Expenditure Forward Estimates**
- 4.6 Budget Concessions**
- 4.7 Payments to Government Trading Enterprises under the Social Program Policy**

4.1 TRENDS IN CURRENT AND CAPITAL PAYMENTS

INTRODUCTION

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

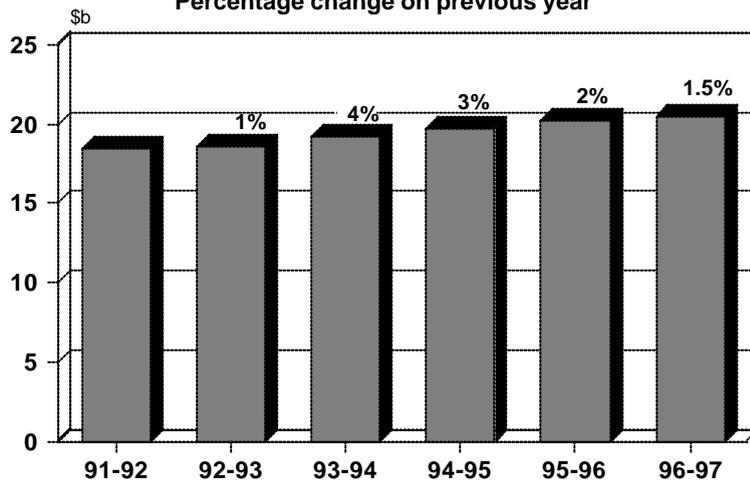
- new assets constructed or acquired by an agency may have implications for its annual operating costs - where a new asset is to expand services, operating costs may also increase; where it is replacing an obsolete asset, there may be operating cost savings;
- services can be provided in different ways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

CURRENT PAYMENTS

Trends in total current payments from 1991-92 to 1996-97 are outlined in Figure 4.1. Total current payments will increase in real terms over this period by 11.4 per cent and are estimated to increase in 1996-97 by 1.5 per cent.

Figure 4.1
Total Current Payments

Payments expressed in real terms, 1996-97 base
Percentage change on previous year



There has been relatively modest real growth in total current payments since 1991-92. This reflects the net impact of a decline in interest payments and in subsidies to Non Budget Sector agencies, partly offset by increasing superannuation payments, and real growth in other current payments of around 4 per cent per annum up to 1994-95 and moderating in 1995-96 and 1996-97.

CAPITAL PAYMENTS

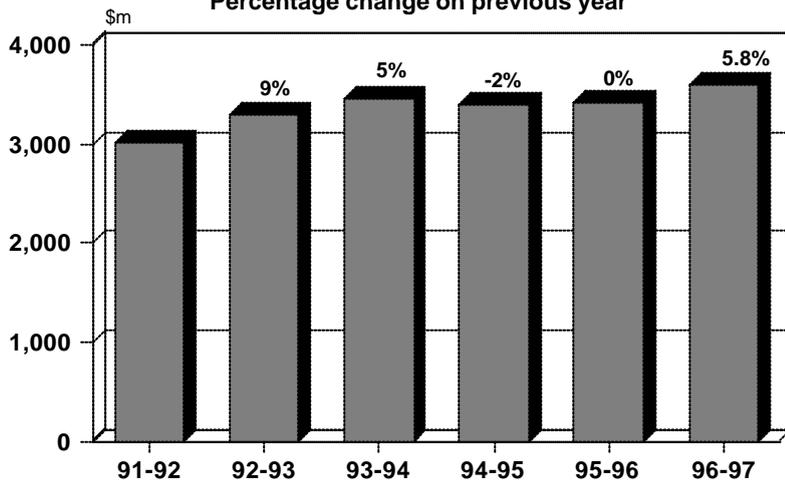
The total State capital program comprises capital expenditures of both Budget and Non Budget Sector agencies. This chapter covers the Budget Sector only. (Budget Paper No. 4 *State Capital Program* provides an overview of both the total capital program and the Non Budget Sector component, as well as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

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

Trends in total capital payments from 1991-92 to 1996-97 are outlined in Figure 4.2. Over this period, total capital payments will increase in real terms by 20.0 per cent including an estimated increase in 1996-97 of 5.8 per cent.

Figure 4.2
Total Capital Payments

Payments expressed in real terms, 1996-97 base
Percentage change on previous year



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

In the five years up to and including 1996-97, the Budget Sector capital program is forecast to increase by \$262 million (or 5.8 per cent in real terms). The major policy areas growing over the five year period are Health, Transport and Communication, and Recreation and Culture.

Budget Sector capital payments grew significantly in real terms in 1992-93. Areas of real growth were in Health, Social and Community Services (increased payments to the Aboriginal Land Council following the growth in land tax revenue in the previous year), Transport and Communication (particularly roads) and, most strongly, Recreation and Culture (the provision of Olympic bid related facilities at Homebush Bay).

The Budget Sector capital program grew strongly again in real terms in 1993-94. Real growth occurred in the policy areas of Health, Housing, Water and Sewerage and the Environment (due to Commonwealth grants under the Building Better Cities program) and Recreation and Culture. Significant decreases occurred in Social and Community Services (reduced payments to the Aboriginal Land Council reflecting the fall in land tax revenue collections) and in Transport and Communication (reflecting the end of additional Commonwealth roads funding under the One Nation program and for road blackspots).

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

The Budget Sector capital program is expected to remain constant in real terms in 1995-96 relative to the previous year. Strong growth in Law, Order and Public Safety reflects the reclassification of the John Maddison Tower as a finance lease - this effectively results in the arrangements being treated as a capital expenditure. The increase in Social and Community Services is due to the purchase of group homes for people with disabilities.

In 1996-97, capital payments in the Budget Sector are forecast to increase by around 5.8 per cent in real terms. This increase is fully driven by the gearing up of expenditure in 1996-97 on Olympic and Homebush Bay facilities. Excluding this factor, capital payments will decrease by 5.6 per cent in real terms.

4.2 CURRENT AND CAPITAL PAYMENTS BY POLICY AREA

INTRODUCTION

The Policy Area Classification

Financial data can be presented on various bases.

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

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

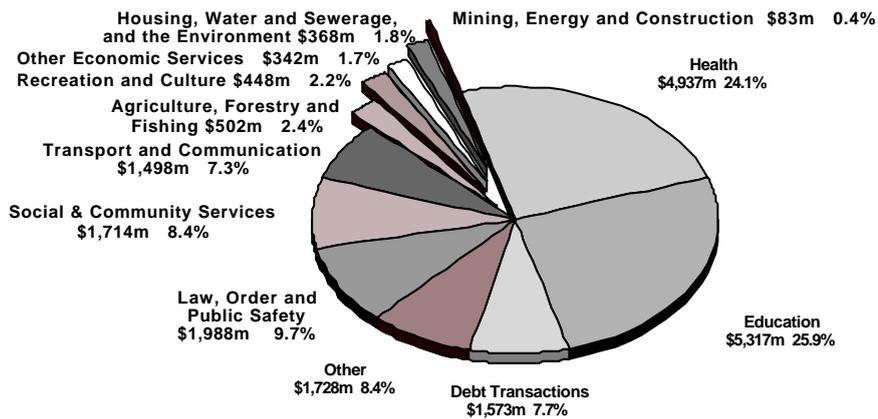
The basis of the information presented in this section is the *Government Finance Statistics* (GFS) coding of payments according to the *Government Purpose Classification* (GPC). This classification system is that used by the IMF in comparing government outlays over time and across jurisdictions.

The policy area figures used in the following analyses are shown in Appendix E for 1995-96 and 1996-97.

1996-97 Current Payments

Estimated total current payments by policy area in 1996-97 are shown in Figure 4.3, together with the share of the total budget for the respective areas.

Figure 4.3
Total Current Payments 1996-97
by Policy Area



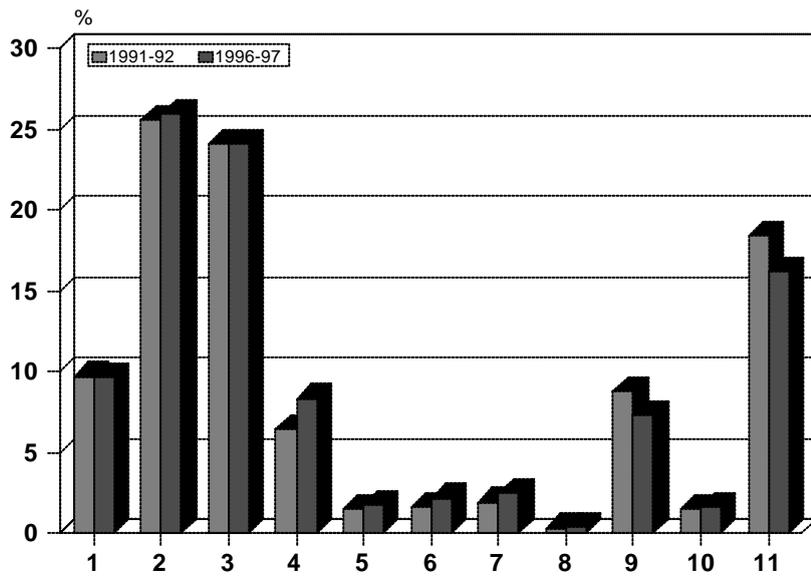
Total = \$20,498m

The most apparent feature of the information on total current payments by policy area is the high proportion that is either in areas of high Government priority and social need or is contractually committed. In aggregate, the policy areas of law, order and public safety, social and community services, education and health, together with debt transactions and superannuation, account for 81.9 per cent of total current payments.

Changes in Policy Area Shares

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

Figure 4.4
Movement in Total Current Payments
by Policy Area
 Percentage share of total, 1991-92 to 1996-97



- | | |
|---------------------------------|-------------------------------------|
| 1 Law, Order and Public Safety | 7 Agriculture, Forestry and Fishing |
| 2 Education | 8 Mining, Energy and Construction |
| 3 Health | 9 Transport and Communication |
| 4 Social and Community Services | 10 Other Economic Services |
| 5 Housing, Water and Sewerage | 11 General Public Services |
| 6 Recreation and Culture | |

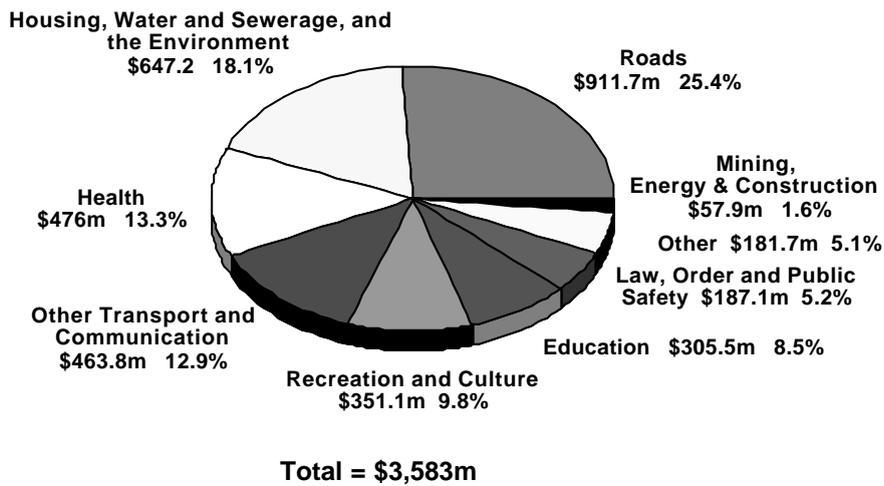
The most notable features of Figure 4.4 are -

- a substantial increase in the Social and Community Services share, reflecting increases in programs such as Home and Community Care and funding under the Commonwealth/State Disability Agreement as well as additional spending, as well as increased Budget funding for the Department of Community Services for child protection services and places for people with disabilities;
- a substantial increase in the Recreation and Culture share, reflecting the establishment of the Olympic Co-ordination Authority and the Casino Control Authority and additional funding for the Arts and for the National Parks and Wildlife Service;
- an increase in the Education share, reflecting increased student enrolments and retention rates, specific initiatives to improve educational outcomes and growth in Commonwealth funding, particularly under the Australian National Training Authority (ANTA) Agreement;
- no change in the share of Health payments, notwithstanding substantial increases in hospital admissions and other services, reflecting productivity improvements in service delivery;
- a substantial decrease in the Transport and Communication share, reflecting increased efficiencies in (and hence reduced subsidies to) the State's transport authorities; and
- a substantial decrease in the General Public Services share, largely reflecting reductions in debt costs, partly offset by increasing superannuation costs.

1996-97 Capital Payments

Estimated Budget Sector capital payments by policy area in 1996-97 are shown in Figure 4.5, together with the share of total Budget Sector capital payments for the respective areas.

Figure 4.5
Budget Sector Capital Payments 1996-97
by Policy Area

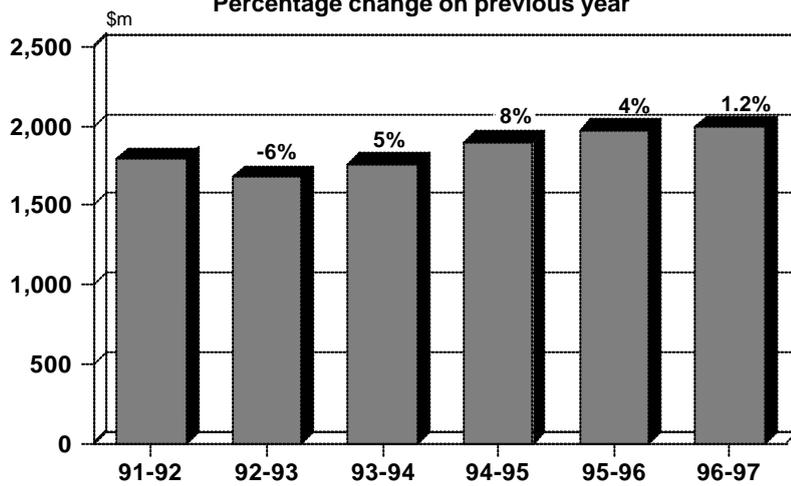


Total estimated Budget Sector capital payments of \$3,583 million in 1996-97 represent a real increase of 5.8 per cent compared with 1995-96 forecast payments.

LAW, ORDER AND PUBLIC SAFETY

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

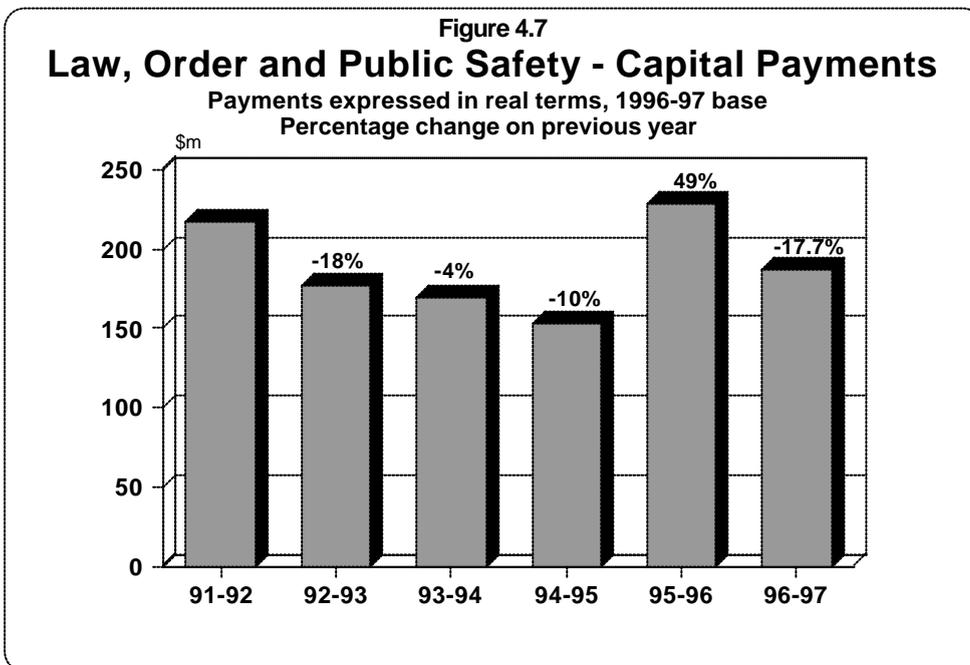
Figure 4.6
Law, Order and Public Safety - Current Payments
Payments expressed in real terms, 1996-97 base
Percentage change on previous year



Current payments for this policy area will increase by 11.2 per cent in real terms over the five year period to 1996-97, including a projected real increase in 1996-97 of 1.2 per cent. This upward trend is reflective of the appointment of additional police, a hardening of community attitudes towards law and order, the need to improve emergency services, and an increased propensity for litigation.

The 6 per cent decline in 1992-93 resulted from reviews of the Courts, court support and administrative areas. The reviews resulted in reductions in cost structures and improved efficiency through significant organisational reform.

The 8 per cent increase in 1994-95 related to the former Government's initiatives concerning the appointment of additional police and an expansion of the judiciary. The current Government has continued this trend with the appointment of additional police.



Capital payments for this policy area will decline by 13.8 per cent in real terms over the five year period to 1996-97. After strong growth in the years prior to 1991-92 (due to expansion of court, correctional and juvenile justice facilities), payments declined over the next three years to more modest levels.

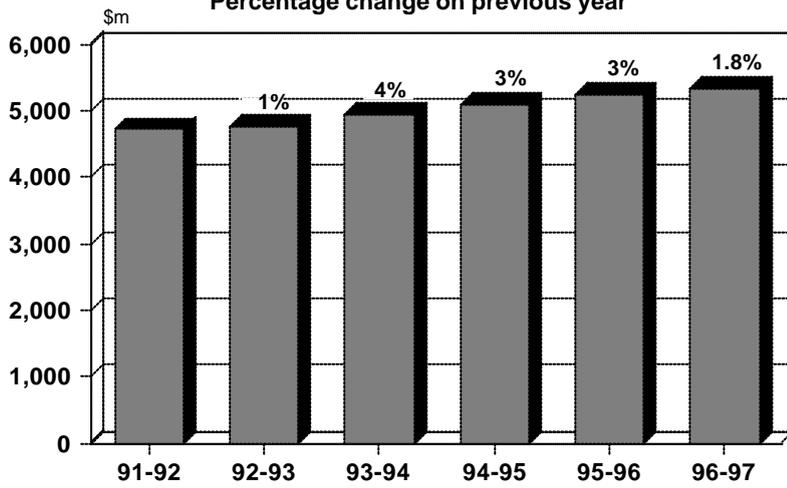
The increase in 1995-96 is caused by the need to reflect the value (\$52 million) of a leased asset (John Maddison Tower) as a capital payment in 1995-96. Excluding this factor, capital payments in 1996-97 are moving upwards again (relative to 1994-95) reflecting increased payments on the provision of police equipment, fire brigades equipment, juvenile justice centres and new court facilities.

EDUCATION

The Education policy area incorporates -

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

Figure 4.8
Education - Current Payments
Payments expressed in real terms, 1996-97 base
Percentage change on previous year

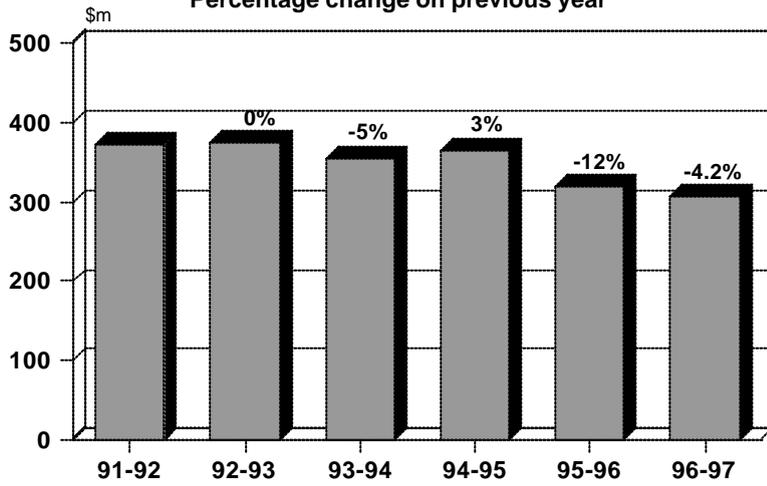


Current payments for Education have continued to increase in real terms. Over the 5 years to 1996-97, total current payments are projected to increase by almost 13 per cent in real terms including an increase of 1.8 per cent in real terms in 1996-97. The lower than average growth in 1996-97 is due, in part, to changes to the School Student Transport Scheme.

The overall growth in payments in this policy area reflects both the impact of demographic changes and specific initiatives designed to improve educational outcomes. Increasing school student enrolments have increased demand related spending components. Teaching numbers were increased by over 1,500 in 1994-95 to meet specific commitments. In 1995-96 the Government provided funding for a further program to employ an additional 1,405 teachers over four years. These additional costs are reflected in the 1996-97 allocations. Additional resources have also been provided for school technology and school cleaning.

Payments in this policy area have also increased due to the strong growth in TAFE NSW over the past five years. New funding arrangements commenced in 1993-94 under the Australian National Training Authority (ANTA) Agreement with the Commonwealth. Under this agreement, the Commonwealth agreed to provide increased funding between 1993 and 1996 for growth in vocational education and training, on the basis that the State "maintains its effort" in the sector. Funding has since been extended to 1997. The TAFE Commission has also increased expenditure on commercial and fee for service activities for other clients over the past five years.

Figure 4.9
Education - Capital Payments
Payments expressed in real terms, 1996-97 base
Percentage change on previous year

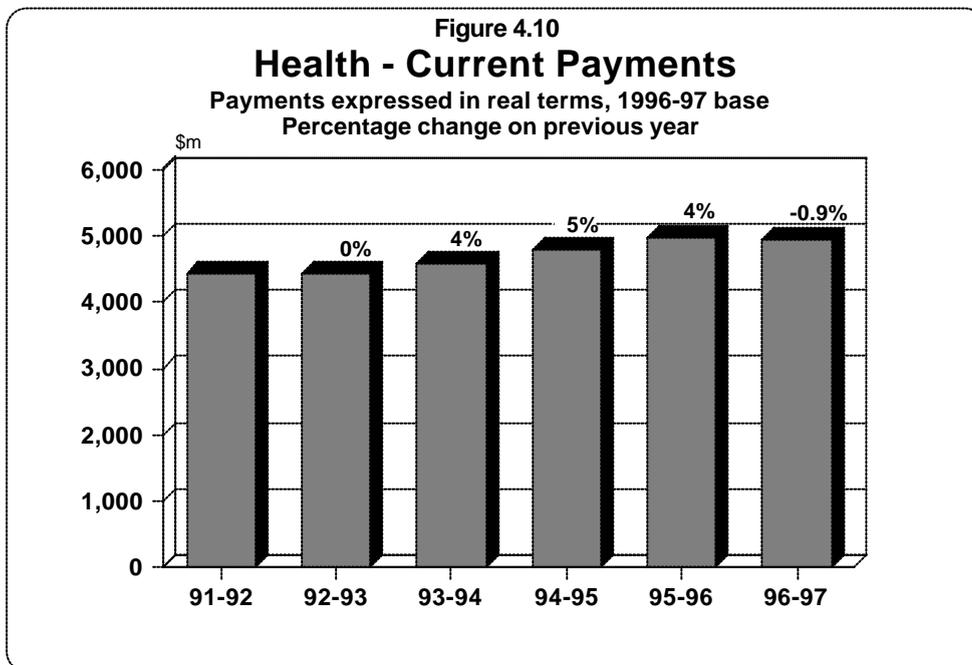


Over the five years to 1996-97, Education capital payments have fluctuated in line with overall capital program priorities, the availability of Commonwealth funding, the need for new educational facilities and ongoing requirements for the upgrading of existing infrastructure. In real terms payments have varied over this period from some \$373 million in 1991-92 to \$319 million in 1995-96.

The allocation for 1996-97 of \$306 million includes increased expenditures for pre-school centres and construction of new TAFE facilities to meet growth in demand, offset by a reduction in the schools capital program. Expenditures in 1995-96 also included \$6 million for the refurbishment of the Kirkbride Buildings at Rozelle for the Sydney College of the Arts.

HEALTH

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



The health system continues to experience a significant growth in demand, reflecting the combined effect of population growth, the ageing of the population and advances in medical technology.

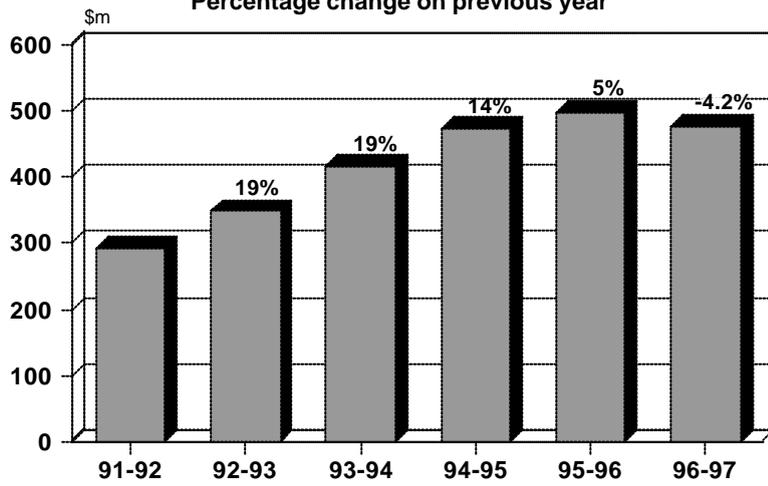
Spending on Health is expected to increase by 11.5 per cent in real terms over the five years to 1996-97. The substantial growth in 1993-94 reflects the merger of the Concord Repatriation Hospital into the State health system from 1 July 1993 and the full effect of the inclusion of own-source funding of hospitals and area and district health services. In addition, from 1993-94, expenditures on certain items of plant and equipment have been accounted for within capital rather than current payments.

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

The reduction in payments in real terms in 1996-97 reflects the level of activity in 1995-96 which was boosted by use of the Department's cash reserves. Compared to the 1995-96 Budget estimate, the 1996-97 estimate shows a real increase of 0.7 per cent or \$34 million. Funding available to the Department in 1996-97 is likely to be affected by lower revenues from patient fees and a slight reduction in Commonwealth grants in real terms. State funding in 1996-97 allows for expected cost escalation as well as substantial additional funding for general health expenditures and to support growth in programs such as aboriginal health and mental health.

Figure 4.11
Health - Capital Payments

Payments expressed in real terms, 1996-97 base
Percentage change on previous year



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

Over the five year period to 1996-97, Health capital payments will increase by 63.3 per cent in real terms. From 1993-94, the cost of certain plant and equipment items has been accounted for as capital rather than current payments.

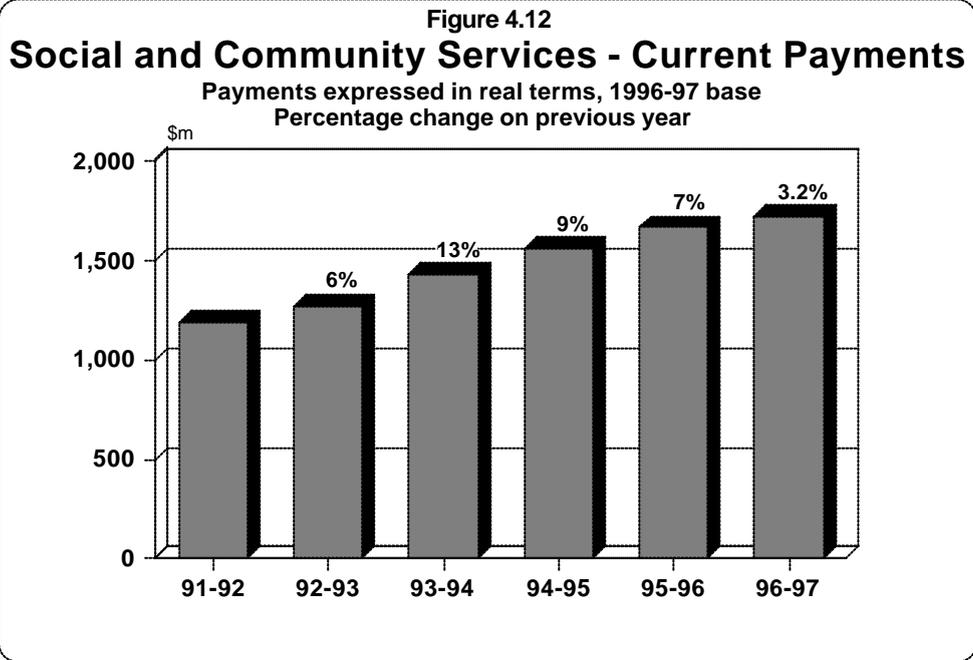
The growth in expenditure in 1994-95 was associated with increased activity on a number of large capital works including hospital redevelopments at Liverpool and Bankstown/Lidcombe, consolidation of services on the Prince of Wales Hospital site and the transfer of the Children's Hospital to Westmead. The increase in expenditure in 1995-96 is associated with the large capital works in progress and the commencement of significant new projects including the Prince of Wales Ambulatory Care Clinic and the redevelopment of hospitals at Blacktown, Lithgow, Dubbo and West Wyalong.

The reduction in 1996-97 reflects completion of a number of projects funded primarily from the Department's own sources and a reduction in the level of new own-source funded projects. Overall, the program allows the continuation of all works in progress and the commencement of the Central Sydney Resource Transition Program, stage 2 of the Information Technology Strategy, the Lower North Coast Strategy which includes redevelopment of a clinical services block at Manning Base Hospital, redevelopment of Broken Hill and Coffs Harbour Hospitals, refurbishment of the Calvary Hospital and upgrading of the Blue Mountains Hospital.

SOCIAL AND COMMUNITY SERVICES

Funding provided under this policy area is primarily for -

- services for children, older people, people with disabilities and families (includes the operations of the Department of Community Services, the Ageing and Disability Department, the Community Services Commission and the Home Care Service);
- people with special needs or requiring a particular focus and commitment (services provided by the Department of Aboriginal Affairs, the Ethnic Affairs Commission and the Department for Women);
- some of the mental health services provided by the Department of Health;
- compensation to victims of crime; and
- Budget-funded concessions to social security beneficiaries (including payments by the Department of Transport).

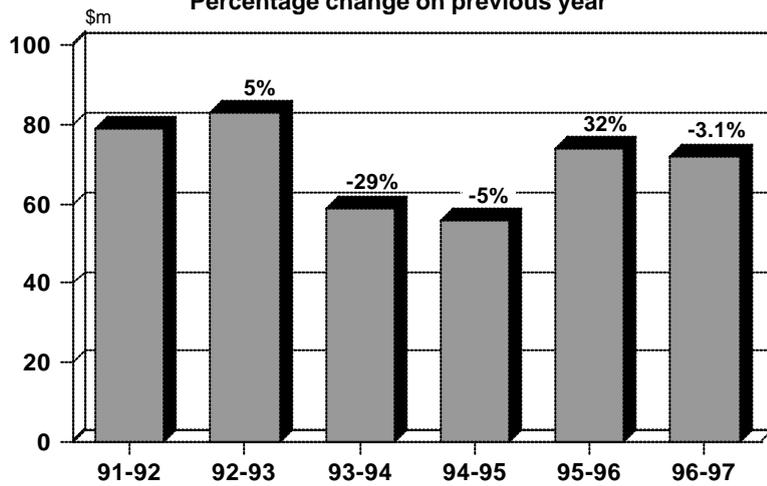


Over the five years to 1996-97, social and community services current payments will increase by 44 per cent in real terms. This increase reflects increases in funding for the Department of Community Services and additional spending on child protection services and supported accommodation places for people with a disability. In addition, there have been increases in Commonwealth Specific Purpose Payments, particularly for the Home and Community Care program and funding under the Commonwealth-State Disability Agreement.

The real estimated growth in 1996-97 current payments is 3.2 per cent. This is due in part to the \$36.7 million cost of pensioner electricity rebates now being funded from the Budget as part of the process of corporatisation of electricity distribution authorities. Additional funding is also being provided for child protection services and services for people with a disability.

Figure 4.13
Social and Community Services - Capital Payments

Payments expressed in real terms, 1996-97 base
Percentage change on previous year

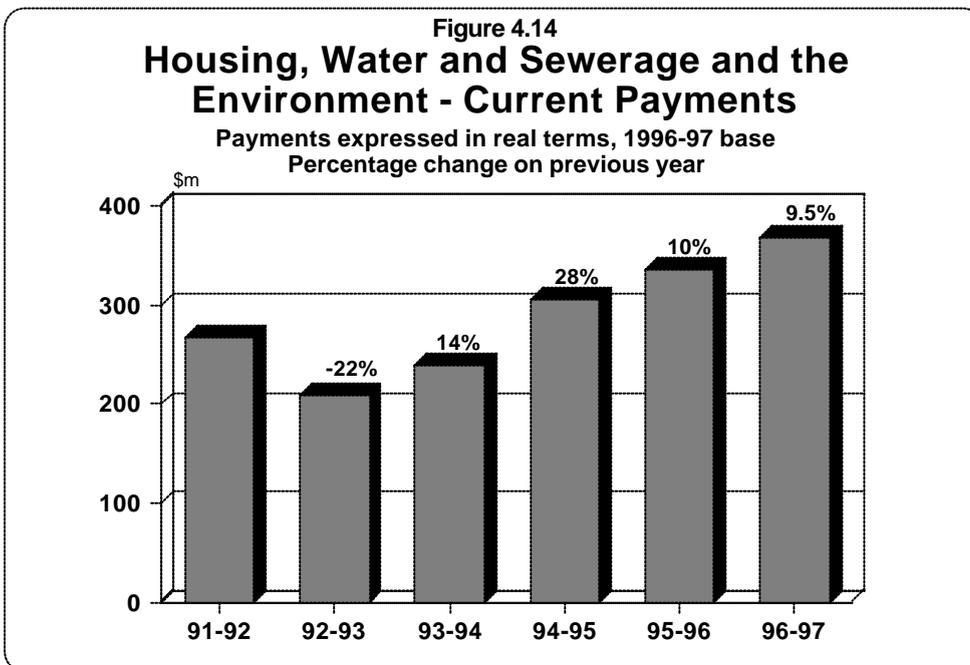


The fluctuations in capital payments over the period relate in the main to payments to the NSW Aboriginal Land Council, which are based on 7.5 per cent of the previous year's land tax collections. The increase from 1991-92 to 1992-93 reflected the property boom of the late 1980s, the lag in land tax revenue collections and consequent increase in land rights payments. The decline in capital payments between 1992-93 and 1993-94 was the result of the effect on land tax collections of the stagnation of the property market.

The increase in capital payments in 1995-96 was due to the provision of funding for the purchase of group homes for people with disabilities. While payments relating to this initiative will decline in 1996-97 as the acquisition of properties is completed, additional funding is being provided for the purchase of facilities for respite care and other services for children with a disability.

HOUSING, WATER AND SEWERAGE, AND THE ENVIRONMENT

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



Growth in current payments of 37.3 per cent in real terms over the five years to 1996-97 reflects significant increases in funding for the environment area and a steady increase in funding for housing initiatives.

The decrease of 22 per cent in 1992-93 payments resulted from reductions from the previous year in debt servicing costs of the Sydney Region Development Fund and in redundancy payments made by the Department of Conservation and Land Management.

Current payments have continued to increase each year since 1992-93. The largest increase was in 1994-95 when current payments rose by 27.9 per cent or \$67 million in real terms. The increase was due to a change in the accounting treatment of operating costs under the Commonwealth/State Housing Agreement which were capitalised in 1993-94.

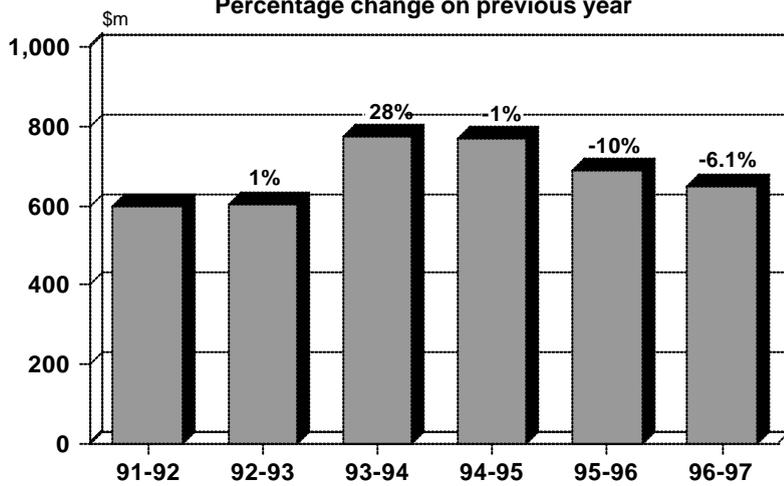
Housing expenditure increased again in 1995-96 due to an additional \$18 million in funding for grants to individual and community groups and for the establishment of the Office of Housing Policy.

Estimated current payments for 1996-97 will increase in real terms by \$32 million or 9.5 per cent largely due to -

- \$13.4 million of payments by the Rental Bond Board and the Building Services Corporation, transferred to the Budget Sector as part of the establishment of the Department of Fair Trading;
- an additional \$12 million for waste management initiatives to be undertaken by the Environment Protection Authority; and
- an increase of \$6.2 million relating to the provision of housing assistance and the establishment of the Office of Community Housing.

Figure 4.15
Housing, Water and Sewerage and the Environment - Capital Payments

Payments expressed in real terms, 1996-97 base
Percentage change on previous year



Over the past five years capital payments in this policy area have increased 8.4 per cent in real terms. A large increase occurred in 1993-94 due to urban development projects by City West and Honeysuckle Development Corporations and once-off payments to local government to enable the discharge of loans in relation to Country Towns Water Supply and Sewerage projects.

The decrease in 1995-96 estimated capital payments mainly reflects the scaling down of the Better Cities program, particularly in relation to the City West precinct, the transfer of housing assistance funds from capital to recurrent and a reduction of \$5 million in the Country Towns Water Supply and Sewerage program.

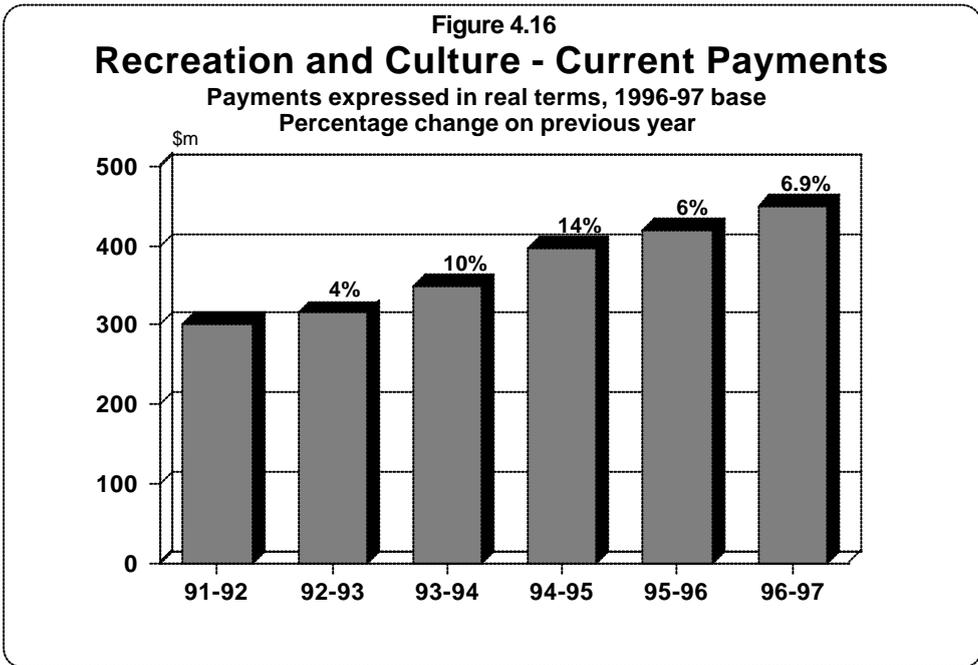
In 1996-97, capital payments are expected to decrease by 6.1 per cent in real terms, principally due to -

- the completion of the Better Cities program, reducing subsidies by \$66.7 million to the City West and Honeysuckle Development Corporations;
- reduced expenditure on the Housing Assistance program principally as a result of funding transferred to current forms of housing assistance and revised Commonwealth funding levels; and
- increased expenditure by the Olympic Co-ordination Authority (\$57.6 million) reflecting the gearing up of the water, stormwater and water recycling projects and progress on other infrastructure and services.

RECREATION AND CULTURE

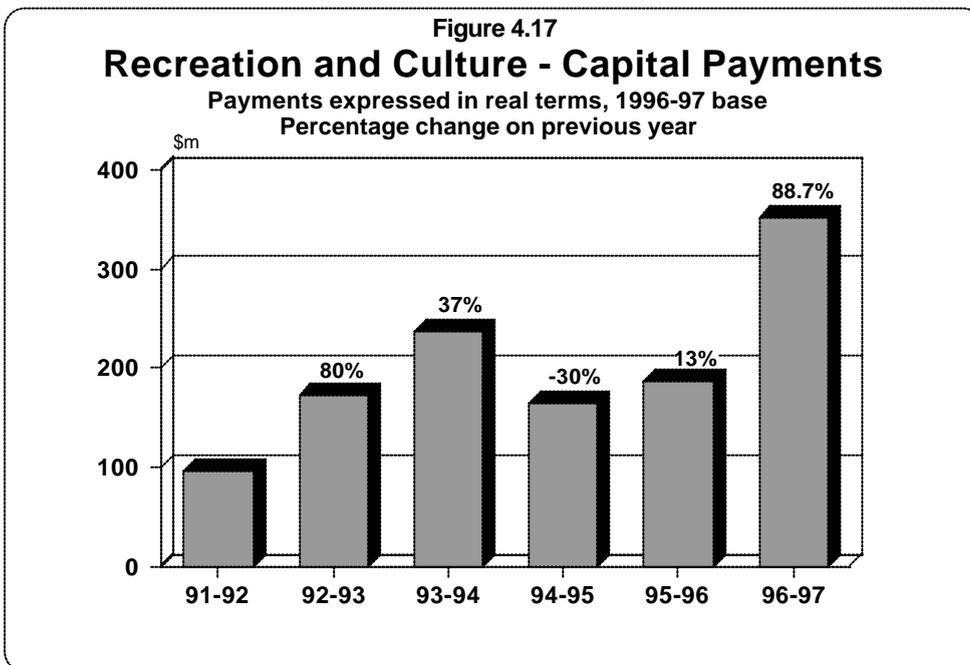
The Recreation and Culture policy area includes funding for the operating costs of recreation facilities and services and for cultural facilities and support of the arts. The policy area includes major functions of the National Parks and Wildlife Service, the Department of Sport and Recreation, the expenditure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

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



Since 1991-92 there has been a steady increase in current payments reflecting the establishment of the Casino Control Authority and the Olympic Co-ordination Authority as well as additional funding for the arts and for the protection of conservation assets through the National Parks and Wildlife Service. Over the 5 years to 1996-97, current payments will increase by 48.4 per cent in real terms.

Further significant contributing factors to real growth in this policy area in 1996-97 include the ongoing maintenance costs of the recently declared new national parks, maintenance of heritage assets, preservation of threatened species and the third year of substantial additional funding for the National Parks and Wildlife Service for fire management, pest species management and neighbour relations.



The significant growth in capital expenditure in 1992-93 and 1993-94 largely reflects the impact of the Sydney Olympic venues and facilities and additional support for the arts.

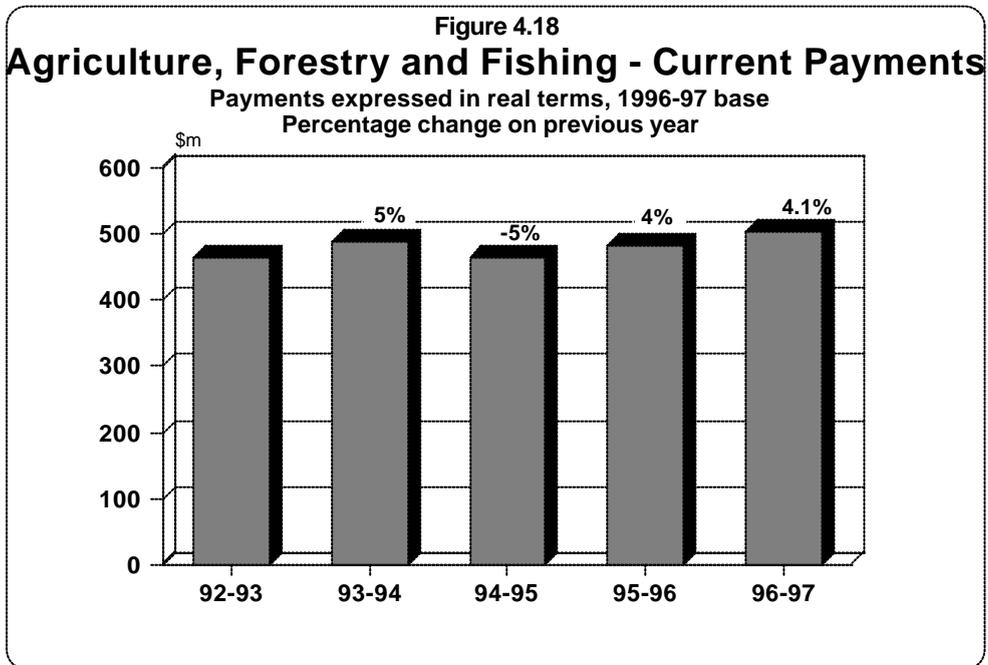
The decrease in 1994-95 followed substantial completion of the Aquatic Centre and the Athletics Stadium at Homebush Bay.

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

The estimated large increase in 1996-97 is due almost entirely to an increase in expenditure on Olympic and related projects. Olympic related construction expenditure will increase by \$175 million reflecting the gearing up of construction of venues and facilities (\$27.8 million), the relocation of the Royal Agricultural Society to Homebush Bay (\$169.6 million) and the commencement of construction of the Olympic Stadium (\$8 million).

AGRICULTURE, FORESTRY AND FISHING

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



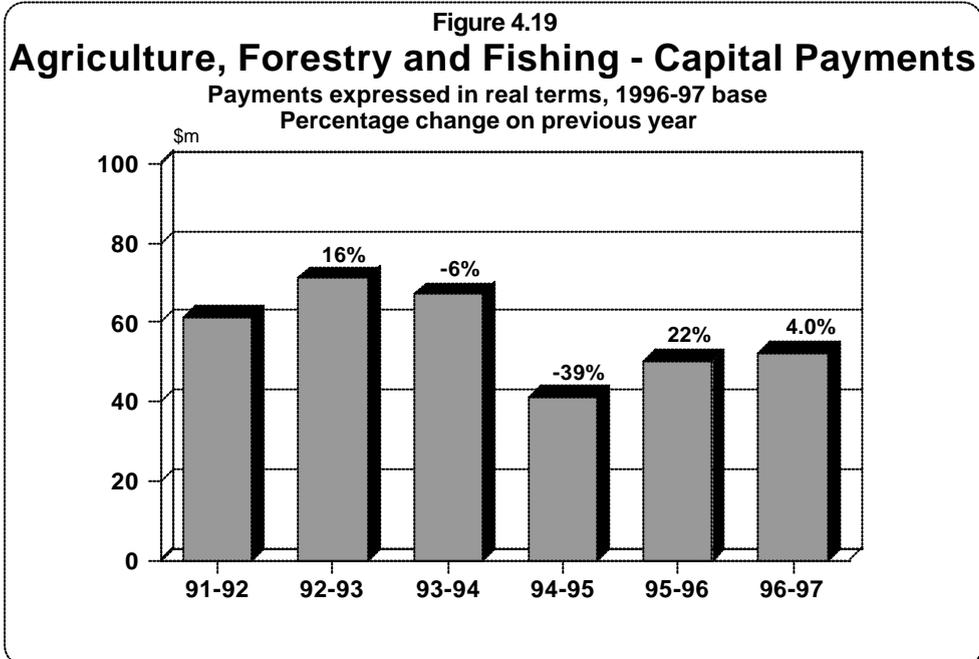
Over the four years to 1996-97, current payments in the Agriculture, Forestry and Fishing policy area will increase by 8.4 per cent in real terms including a 4.1 per cent increase in 1996-97.

The significant increase over the period reflects the introduction of the Forestry Industry Structural Adjustment Package, increased payments under the Commonwealth National Landcare Program and increased industry contributions and user charges.

During 1995-96, a significant level of assistance was provided to rural communities suffering drought conditions. Drought relief payments in this policy area included Drought Transport subsidies (\$16.5 million) and the provision, under the Rural Adjustment Scheme, of interest rate subsidies to farmers in drought "exceptional circumstances" areas (\$49 million).

The growth in current payments in 1996-97 reflects the net impact of the significant increased expenditure on the Forestry Industry Structural Adjustment Package (\$54 million), mainly offset by reduced expenditure requirements for drought relief assistance (\$25 million).

The State and Commonwealth are jointly funding the Forestry Industry Structural Adjustment Package on a dollar for dollar basis. Under this package, \$120 million will be provided over 5 years (\$66 million in 1996-97) for retraining, redeployment, relocation and redundancy benefits for workers, as well as compensation for owner drivers of logging trucks and incentives for value adding in the forestry industry.

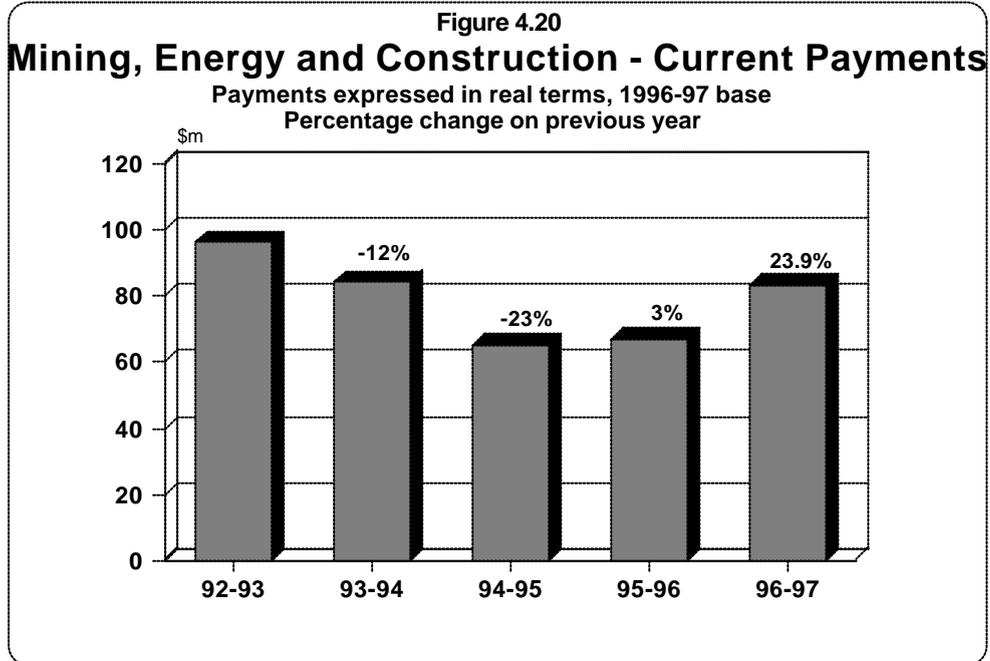


The high level of capital payments in this policy area during the period 1991-92 to 1993-94 was mainly attributable to expenditures on the Pindari Dam enlargement and Burrinjuck Dam flood security works. A significant proportion of the total cost of the two projects was incurred during this period.

Growth in the level of capital payments for this policy area between 1994-95 and 1996-97 largely relates to the additional funding being provided to State Forests to accelerate the establishment of hardwood plantations.

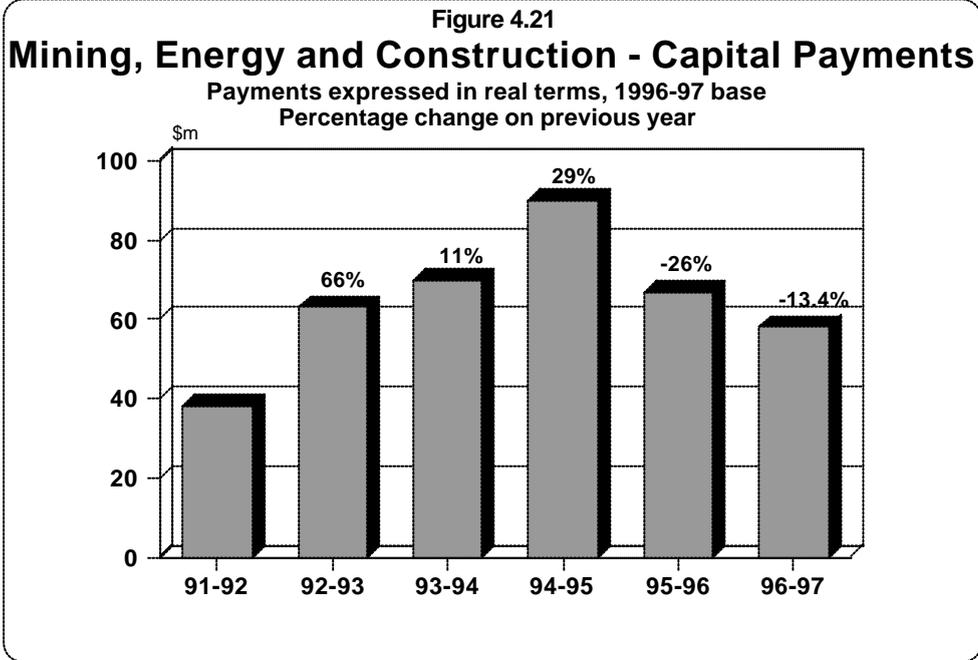
MINING, ENERGY AND CONSTRUCTION

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



Over the four year period to 1996-97, current payments to this policy area will decrease by 6.7 per cent in real terms. The steady decline in current payments to 1994-95 reflects reducing redundancy payments for the commercialisation of the Department of Public Works and Services in 1992-93.

The large increase in current payments in 1996-97 is primarily due to the establishment of the Sustainable Energy Development Authority (\$17 million) and the inclusion of activities of the former Building Services Corporation under the Department of Fair Trading (\$15 million). These increases are partly offset by reduced expenditure of the Department of Energy following its restructure.



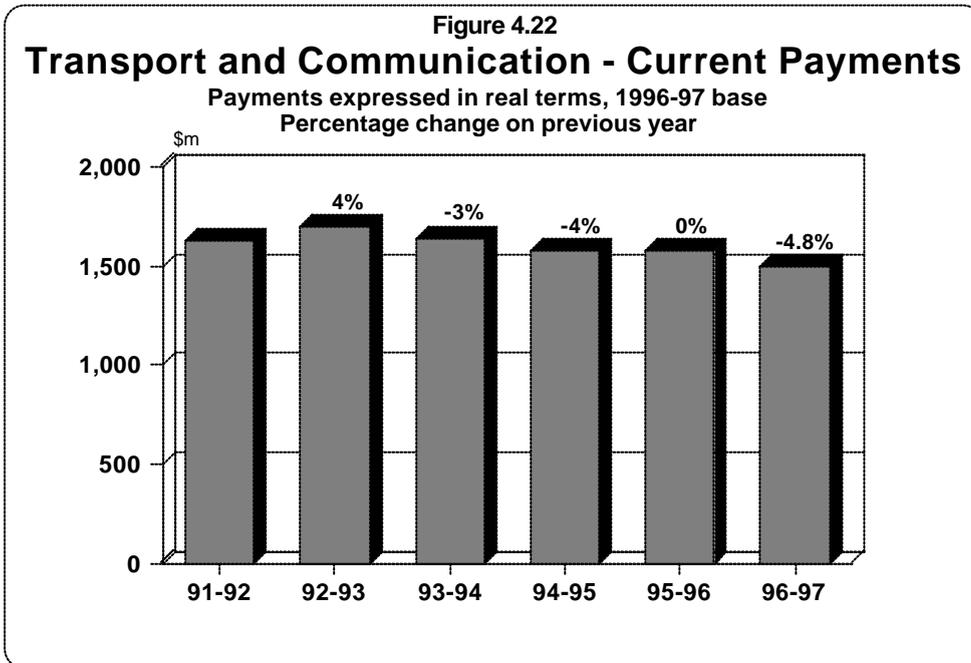
The significant variations in capital payments from year to year reflect major capital outlays to achieve certain policy initiatives. Specifically, the increasing trend up to 1994-95 reflected expenditure on the Far West Electrification Scheme that commenced in 1992-93 and was substantially completed in 1994-95. The significant increase in 1994-95 is also attributable to extra coal compensation payments of \$10 million and the commencement of the "Discovery 2000" project, aimed at improving and updating the State's geoscience database over a six year period.

The decline in 1995-96 and 1996-97 is mainly attributable to the completion of the Far West Electrification Scheme and the rehabilitation of the Baryulgil mine site and reduced expenditure on the Department of Mineral Resources Discovery 2000 project.

TRANSPORT AND COMMUNICATION

Budget funding provided for this policy area primarily covers -

- activities of the Department of Transport, including the payment of subsidies to public and private transport operators, community groups and certain individuals;
- the Roads and Traffic Authority's motor registry services, capital works program and maintenance of the State's road network;
- the operations of the Office of Marine Safety and Ports Strategy and the Waterways Authority within the portfolio of the Minister for Ports; and
- payments by the Olympic Co-ordination Authority for the development of transport infrastructure for the 2000 Olympics and Paralympics at Homebush Bay and related sites.



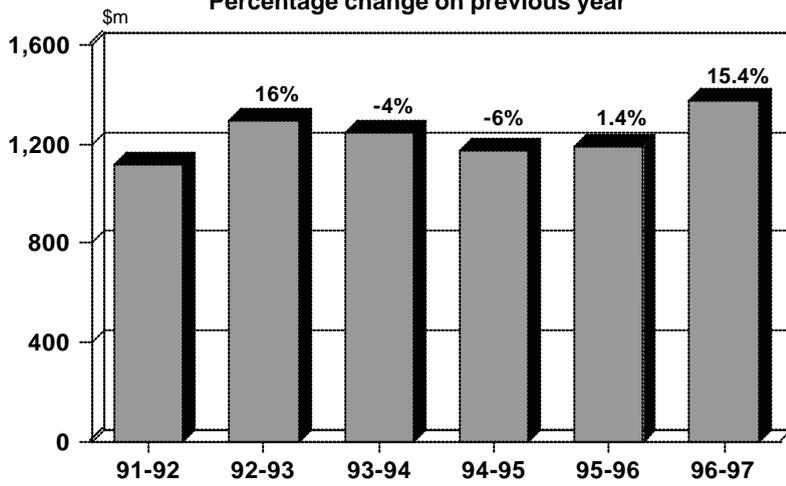
Over the 5 years to 1996-97, current payments have declined by 7.8 per cent in real terms. This largely reflects the adoption of a more commercially oriented approach to the operations of public transport authorities. Budget support for public bus, ferry and rail services has dropped substantially between 1991-92

and 1996-97 and the restructure of the management of rail services as from 1 July 1996 is expected to result in additional savings in future years as this area is further exposed to competition.

Further details of the rail services restructure are contained in Section 4.3.19.

Figure 4.23
Transport and Communication - Capital Payments

Payments expressed in real terms, 1996-97 base
Percentage change on previous year



Capital payments for Transport and Communication primarily cover road works undertaken by the Roads and Traffic Authority, capital grants for the development the rail network, funding for the provision and upgrading of transport interchanges and payments by the Olympic Co-ordination Authority for the development of transport infrastructure for the 2000 Olympics. Total capital payments will increase by 22.8 per cent in real terms between 1991-92 and 1996-97, including a 15.4 per cent increase in 1996-97.

State funding for roads from dedicated sources such as motor vehicle taxation and fuel levies has essentially been maintained in real terms over the past 5 years, with variations in total capital payments by the Roads and Traffic Authority reflecting changing levels of funding provided for special purposes by both the State and Federal Governments.

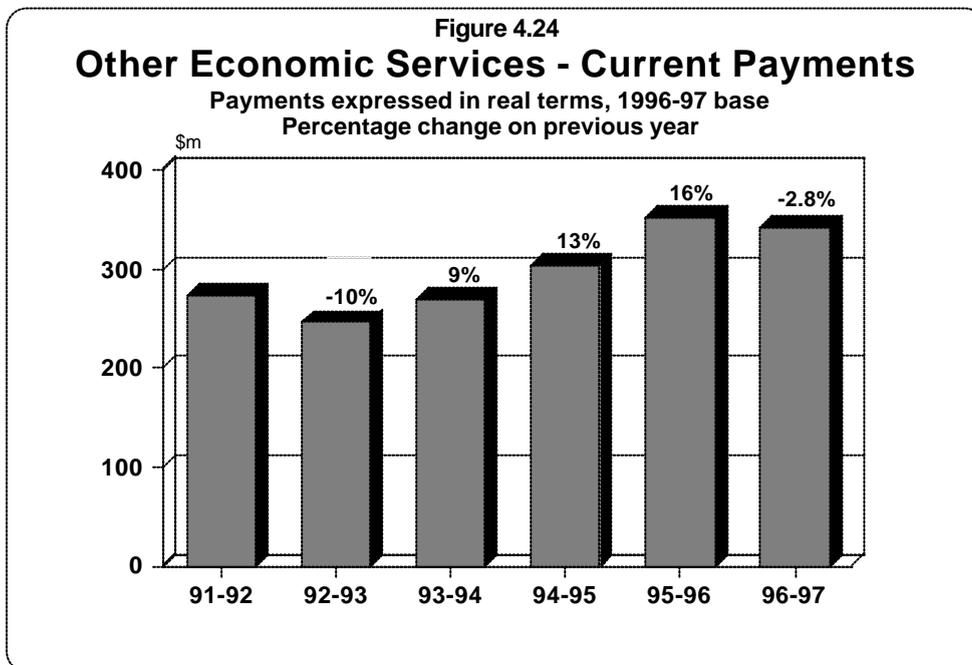
Payments for non-commercial rail works rose in 1990-91, following the commencement of a 7 year rehabilitation program, and peaked at almost \$400 million in 1993-94. Funding for rail services has again increased since 1994-95 and the ongoing construction of the New Southern Railway and other major projects will continue the need to maintain capital grants for rail works at relatively high levels over the next few years.

In 1996-97 capital payments on roads by the Roads and Traffic Authority will increase by 6.4 per cent in real terms (including roads infrastructure works by the Olympic Co-ordination Authority the increase will be 16.2 per cent in real terms), while there will be a minor increase of almost 1 per cent in funding for rail works and transport interchanges. Over \$5.5 million will also be spent on works related to port management, marine safety and wetlands management by the Office of Marine Safety and Port Strategy and the Waterways Authority.

Payments for the development of major transport infrastructure for the 2000 Olympics and Paralympics will increase substantially to over \$138 million in 1996-97 as compared to \$4.6 million in 1995-96. Major Olympic related projects include the Homebush Bay rail line and station to service the Olympic site (\$56.7 million), and the development of other transport infrastructure, such as roads, bridges, parking, pedestrian and ferry facilities (\$81.6 million in 1996-97).

OTHER ECONOMIC SERVICES

The Other Economic Services policy area includes the payments of the Training and Education Services program of the Department of Training and Education Co-ordination, the Department of Industrial Relations, the Department of State and Regional Development, Tourism New South Wales, Department of Fair Trading, Department of Local Government, the Land Information Centre of the Department of Land and Water Conservation and the Industrial Court.

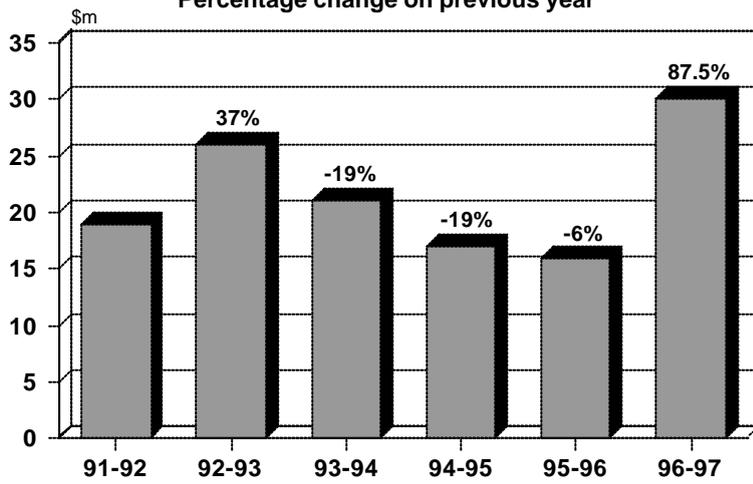


Over the five years to 1996-97, total current payments for the Other Economic Services policy area will increase by 24.8 per cent. This reflects substantially increased funding of Industrial Relations, Employment programs, State and Regional Development and Tourism.

On 1 July 1996, the Department of Fair Trading will be established through the amalgamation of the activities of the former Department of Consumer Affairs with those of the Office of Real Estate Services, the Motor Vehicle Repair Industry Council and the Building Services Corporation.

Total current payments in 1996-97 will be marginally lower than the previous year. This reflects a reduction in Tourism, Employment programs and the activities of the Land Information Centre. More than half of the reduction is attributable to savings from the amalgamation of the former Departments of State Development and Business and Regional Development and variations in the timing of financial assistance to businesses to establish corporate headquarters in New South Wales.

Figure 4.25
Other Economic Services - Capital Payments
Payments expressed in real terms, 1996-97 base
Percentage change on previous year

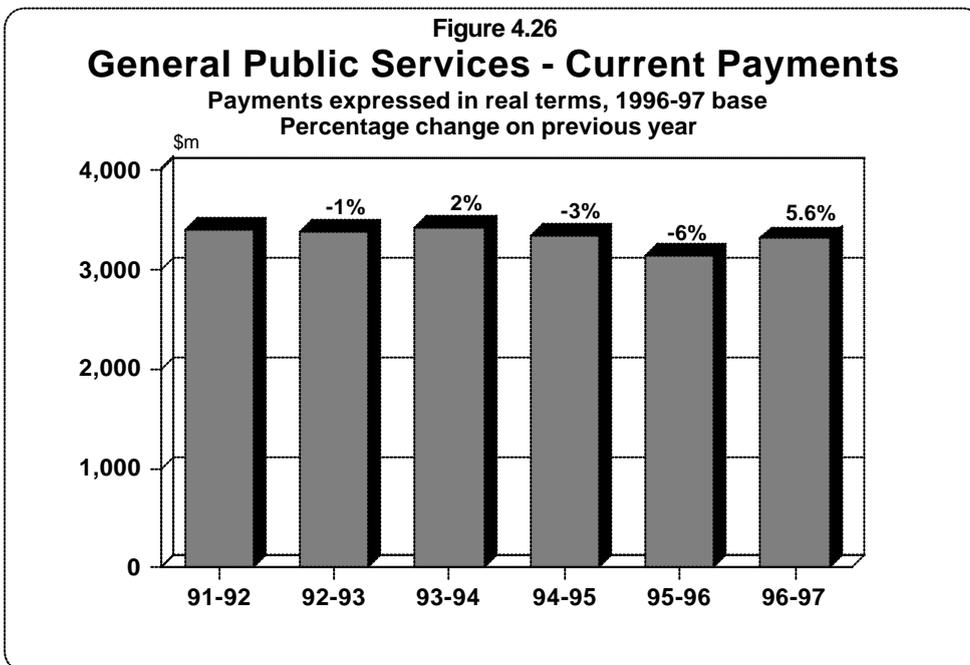


Capital expenditure in the Other Economic Services policy area is relatively minor and therefore subject to sharp variations when a new policy initiative is implemented or completed. A capital grant of \$20 million will be made towards rehabilitation works at Moore Park Showground in 1996-97. This item amounts to almost seventy per cent of capital payments in this policy area and accounts for the significantly increase over previous years.

GENERAL PUBLIC SERVICES

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

- legislative services including the Legislature and Parliamentary Counsel's Office;
- interest payments of the Budget Sector including the RTA and other transactions such as long service leave and superannuation (administered by Crown Transactions) which cannot be specifically allocated to other policy areas;
- operations of the central agencies, namely Treasury, Cabinet Office, Public Employment Office, and Premier's Department (excluding the Office of the Director of Equal Opportunity);
- State Electoral Office, Ombudsman's Office, Independent Commission Against Corruption and Archives Authority of New South Wales;
- operations of the Department of Local Government and the policy and development functions of the Department of Gaming and Racing; and
- funding provided to the Department of Public Works and Services for the administration and co-ordination of community and general government services and maintenance of certain Crown assets.

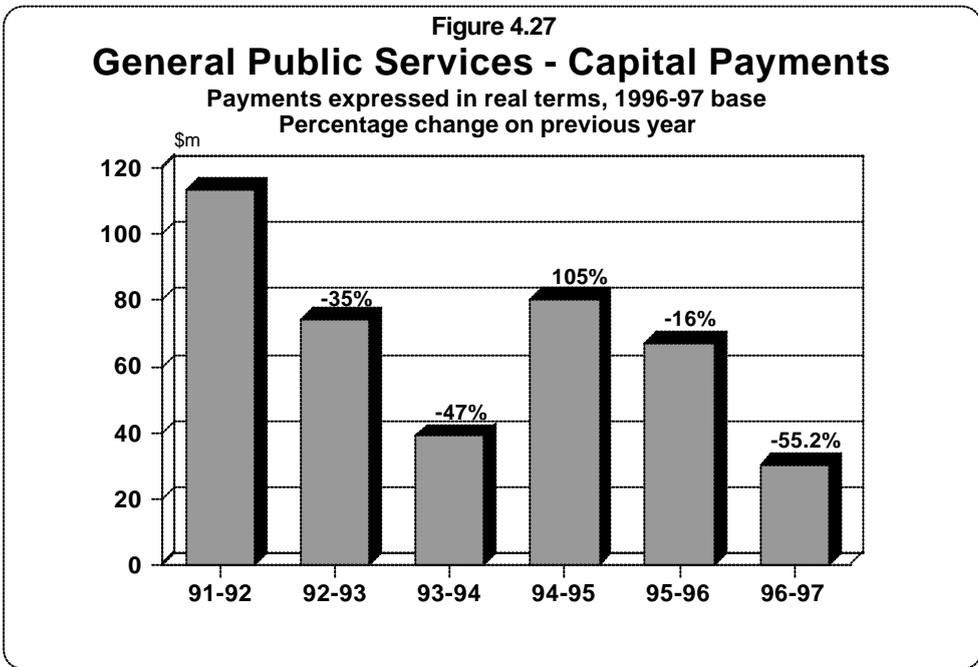


Payments for this policy area have been relatively stable over the five year period. The reduction in expenditure in 1995-96 reflects interest savings after proceeds from the sale of the State Bank and other measures were applied to reduce the level of State debt.

As outlined in Figure 4.26, current payments in this policy area are expected to increase by \$176 million or 5.6 per cent in real terms in 1996-97. This is principally due to an increase of \$170 million in Crown payments for superannuation and long service leave, a decrease in debt servicing costs of \$84 million and an increase of \$102.5 million due to Crown commercial property rental payments being brought onto Budget from 1996-97. Previously, rental payments and income on Crown commercial property were shown as a net Crown revenue for Budget purposes.

As detailed in Section 4.3.20, proceeds from equity restructures of the electricity and other sectors in 1995-96 and 1996-97 are being applied to reducing the State's debt. This, and other measures, will result in considerable savings in debt servicing costs in 1996-97 and future years.

Concurrently, in accordance with the Government's strategy to reduce unfunded liabilities over the medium term, contributions to the four closed superannuation schemes are projected to increase in real terms by nearly 17 per cent in 1996-97. Under the Government's superannuation funding policy, cash payments are set at a level which, after adjustment for inflation and allowing for the existing level of reserves held by the superannuation schemes, will fully meet emerging liabilities and smooth out year to year fluctuations in cash contributions over the long term.



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

Capital expenditure over the period 1991-92 to 1996-97 will fall by 73 per cent in real terms. However the 1991-92 expenditures included major costs associated with natural disaster relief following the Newcastle earthquake. Figures for 1994-95 include natural disaster relief stemming from severe storms in the Hunter region during February 1992.

Payments for capital works in this area are projected to decrease by \$36.9 million in real terms in 1996-97, principally due to the substantial completion of the CBD Asset Strategy.

4.3.1 THE LEGISLATURE

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
The Legislature			
Current Payments	57.7	60.0	4.0
Capital Payments	2.2	3.2	45.5
Total, The Legislature	59.9	63.2	5.6

1996-97 Budget

Current Payments

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

Total current payments of \$60.0 million will be met by the Legislature in 1996-97. Specific areas to be addressed by the Legislature this year include -

- the implementation of recommendations arising from the recent security review for both Members' private residences and while working at Parliament House;
- review of non-Member related programs to achieve administrative and service efficiencies following budget reductions; and
- the implementation of a Members' computerised entitlement system in both Houses of Parliament to improve service delivery and control of payments made to Members.

Capital Payments

An allocation of \$3.2 million has been provided to the Legislature for computer projects, items of minor plant and equipment and electorate office fitouts during 1996-97.

Specifically, funding has been allocated to complete stage four of the Parliament's Information Technology Strategic Plan. This includes implementation of the Members' Entitlement System and the new Financial Management Information System which commenced in 1995-96.

An amount of \$316,000 has been provided to fit-out Legislative Assembly electorate offices as part of an ongoing program when Members find it necessary to relocate their office at the expiration of an existing lease.

The Parliament has received approval to replace a damaged electrically driven chiller in the Central Plant Room with a gas driven unit. Under a special funding arrangement, savings in energy costs gained from the operation of the new chiller will be used to repay, over a three year period, the capital funding of \$405,000 provided from the Consolidated Fund. Subsequent savings will then be retained by the Parliament for its own use. The total cost of the chiller unit is \$792,000 with the balance of funding obtained from a capital grant from Sydney Hospital combined with the proceeds of the insurance claim lodged for the damaged chiller being replaced.

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

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Cabinet Office			
Current Payments	8.3	9.2	10.8
Capital Payments .....	...	...	...
Parliamentary Counsel's Office			
Current Payments	3.7	4.1	10.8
Capital Payments	0.1	0.1	...
Public Employment Office			
Current Payments	12.6	12.2	(-) 3.2
Capital Payments	0.1	0.1	...
Premier's Department			
Current Payments	55.9	55.2	(-) 1.3
Capital Payments	0.3	0.7	133.3
Independent Commission Against Corruption			
Current Payments	12.7	12.6	(-) 0.8
Capital Payments	0.2	0.2	...
Ombudsman's Office			
Current Payments	4.5	5.2	15.5
Capital Payments	0.3	0.1	(-) 66.7
State Electoral Office			
Current Payments	13.1	8.1	(-) 38.2
Capital Payments .....	...	...	...
Independent Pricing and Regulatory Tribunal			
Current Payments	2.9	3.8	31.0
Capital Payments .....	...	...	...
Ministry for the Arts			
Current Payments	33.8	34.6	2.4
Capital Payments	19.1	25.0	30.9
State Library			
Current Payments	41.4	42.0	1.4
Capital Payments	6.0	7.0	16.7
Australian Museum			
Current Payments	19.3	20.0	3.6
Capital Payments	1.0	1.7	70.0
Museum of Applied Arts and Sciences			
Current Payments	26.6	27.3	2.6
Capital Payments	2.8	1.0	(-) 64.3
Historic Houses Trust			
Current Payments	9.5	9.6	1.1
Capital Payments	0.8	0.6	(-) 25.0
Art Gallery of New South Wales			
Current Payments	19.4	18.3	(-) 5.7
Capital Payments	3.3	3.2	(-) 3.0
Archives Authority of New South Wales			

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Current Payments	4.4	4.6	4.5
Capital Payments	0.1	0.1	...
New South Wales Film and Television Office			
Current Payments	10.4	6.1	(-) 41.3
Capital Payments	0.1	0.1	...
Ethnic Affairs Commission			
Current Payments	9.6	10.4	8.3
Capital Payments	0.8	0.2	(-) 75.0
Total, Premier, Minister for the Arts and Minister for Ethnic Affairs	323.1	323.4	0.1

The variations in current payments in this portfolio have mainly resulted from -

- reduced funding to the State Electoral Office after settlement of all costs relating to the March 1995 general election;
- increased funding to the Ombudsman's Office for initiatives in relation to Witness Protection, Youth and Aboriginal issues; and
- an increase in the Ethnic Affairs current payments due to delays in the Community Assistance Grants Program in 1995-96.

The variations in capital payments are mainly due to -

- standardisation of information technology in the Premier's Department following the corporate services integration project;
- reduced funding provided in 1996-97 to the Museum of Applied Arts and Sciences due to the completion of refurbishment of the Harwood Building;
- increased level of funding for capital projects in the Ministry for the Arts; and
- increased level of funding for the Australian Museum, mainly due to funding provided for the Aboriginal exhibition.

CABINET OFFICE

The Cabinet Office provides support to the Premier and Cabinet through the development, co-ordination and implementation of government policy. It co-ordinates New South Wales' involvement in the Council of Australian Governments process.

The Cabinet Office has estimated total payments of \$9.2 million in 1996-97. The 1996-97 capital allocation of \$10,000 is for an annual provision for upgrading and replacing minor works.

PARLIAMENTARY COUNSEL'S OFFICE

The Parliamentary Counsel's Office is responsible for developing, drafting and publishing Government legislation for presentation to Parliament or the Governor-in-Council. The Office advises on and drafts or settles environmental planning instruments and provides a legislative drafting service for non-government Members of Parliament. It compiles and maintains the NSW Legislation Database and manages the Legislation Reprinting Program. The Office also produces a range of legislation information publications and provides advice and information on legislation and related matters.

Current payments are estimated at \$4.1 million. The capital program consists of \$120,000 for the purchase of a new high speed photocopier.

PUBLIC EMPLOYMENT OFFICE

The Office, established in August 1995, provides advice to the Government on people management policies, practices and programs, and strategic planning on these and related activities in the public sector. Its activities are targeted at strengthening the independence and merit of the public sector.

During the year the Office of the Council on the Cost of Government, the Office of the Director of Equal Opportunity in Public Employment, the Government Actuary's Office and the Spokeswomen's program were transferred from Premier's Department to the Public Employment Office.

The Office is developing a strategic framework for people management in the New South Wales public sector, with an emphasis on ethics, accountability and improved employee performance. This framework will achieve the Government's objectives in reducing the Senior Executive Service and the management of displaced employees as a consequence of restructuring public administration.

To achieve whole of Government results, the Office will work with the Council on the Cost of Government and other central agencies.

Current payments in 1996-97 are estimated at \$12.2 million. A capital works allocation of \$100,000 provides for the purchase of minor plant and equipment.

PREMIER'S DEPARTMENT

Expenditure Trends and Recent Developments

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

The improved co-ordination of Government responses to issues and concerns of regional communities was continued by the regional co-ordinators in Lismore and Dubbo.

Strategic Directions

The Department provides certain services including -

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

1996-97 Budget

Current Payments

Funding has been provided to enable the Department to assist in the implementation of the corporatisation program approved by the Microeconomic and Government Trading Enterprises Reform Unit of Cabinet, to improve management and organisational performance throughout the public sector, and for the formation of the corporate services unit which will improve services and reduce costs in the Governor Macquarie Tower.

Current payments in 1996-97 are estimated at \$55.2 million. The capital allocation of \$668,000 mainly provides for the replacement of computers.

INDEPENDENT COMMISSION AGAINST CORRUPTION

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

In the past year the Commission has been able to move toward a broader approach involving greater emphasis on collaboration, advice and education while still retaining a strong investigative capacity. This has resulted in the development of various corruption prevention and education publications and resource kits.

These include the Practical Guide to Corruption Prevention, Local Government Conflicts of Interest and Higher School Curriculum Materials.

During the forthcoming year the Commission will be continuing its emphasis on co-operative corruption prevention and education projects. In particular, work will be undertaken with various agencies to assist in the achievement of a corruption free Olympics. Interactive multi media resources will be developed for use in primary and secondary schools as well as development of materials for TAFE institutions and Universities.

OMBUDSMAN'S OFFICE

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

As a consequence of the recommendations of the Interim Report of the Royal Commission into the Police Service, the Office has been allocated \$400,000 per annum to upgrade investigations of complaints about police, including provision to establish an Aboriginal Complaints Unit to specifically deal with complaints made by Aborigines.

The Witness Protection Act, 1995 created a new responsibility for the Ombudsman to determine appeals and complaints made against decisions of the Commissioner of Police in relation to inclusion in or removal from the witness protection program. An amount of \$200,000 per annum has been provided for this purpose.

The sum of \$60,000 will be provided in 1996-97 and 1997-98 to improve access to and awareness of the office among young people.

The new initiatives will result in an increase in staff from 72 to 81 positions.

Capital funding includes the provision of \$77,000 to complete the implementation of the Case Management System. The system will support more effective management of cases and provide information that assists in optimising resource allocation.

STATE ELECTORAL OFFICE

The State Electoral Office is responsible for the management and administration of Parliamentary elections, by-elections and referenda, the Political Education Fund and, through the Election Funding Authority, the public funding of election campaigns. In addition it conducts, on a commercial basis, such elections as local government, trade unions, statutory boards, registered clubs and enterprise agreements.

The major expense item in 1996-97 will be payments to the Commonwealth under the Joint Roll Agreement which has been signed by all States. An amount of \$2.7 million has been provided for this purpose. Payments to parties and candidates from the Political Education Fund will amount to \$1.4 million.

INDEPENDENT PRICING AND REGULATORY TRIBUNAL

The Independent Pricing and Regulatory Tribunal of New South Wales (formerly the Government Pricing Tribunal) was established in 1992 for the purpose of determining maximum prices of government monopoly services supplied by New South Wales government trading enterprises.

During 1995-96 the Tribunal's activities increased to cover waste services, rural bulk water and pricing policies of local water authorities. It also took over research and advisory support services for the Gas Council. Current payments are estimated at \$3.8 million.

MINISTRY FOR THE ARTS

Expenditure Trends and Recent Developments

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

In 1995-96 the Government launched the first New South Wales City of the Arts in the Blue Mountains, with a two year program and special assistance totalling \$550,000 to improve cultural amenities in the region.

Strategic Directions

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

1996-97 Budget

Current Payments

An amount of \$14.8 million has been allocated for the Cultural Grants Program, an increase of \$1.3 million over the 1995-96 allocation. This comprises enhancement funding of \$1.1 million for specific new initiatives.

The additional \$1.1 million will support the following -

- a Regional Museum Development Fund, with an annual allocation of \$500,000, will be created to improve museum buildings and facilities in regional New South Wales;
- \$200,000 has been provided for the employment of professional staff in regional museums;
- support for performing artists will continue with on-going funding of \$110,000 to meet the cost of award increases;
- a second instalment of \$70,000 for a Writers to the People program in rural New South Wales;
- as part of the Government's plan to revive the study of history in New South Wales, \$70,000 has been provided for the annual NSW History Awards to recognise and reward scholarly achievement in published history;
- \$68,000 will be provided to the State Library towards the conservation of its collection of Joern Utzon's papers, plans and photographs relating to the construction of the Sydney Opera House;
- \$49,000 will be used to develop a detailed brief on the operation of the Historic Houses Trust's Rouse Hill House property within the major new urban park at Rouse Hill; and

- the Archives Authority will receive \$33,000 towards the conservation of the Aboriginal Welfare Board's correspondence, the most significant body of archival records documenting Government policy and practice concerning Aboriginal people in New South Wales.

Capital Payments

In 1996-97 funds have been allocated to continue the Indigenous Cultural Centre project. The Centre is to occupy two locations: Wharf 4/5 at Walsh Bay and the former Earth Exchange Building. This project will provide much needed performance, exhibition, administrative and meeting facilities for the Aboriginal and Torres Strait Islander Community. The "Earth Exchange" project will be known as the Tulagulla Indigenous Cultural Centre, while the Wharf 4/5 project will be called the Bangarra Dance Theatre Centre. Funding arrangements for both projects are currently being finalised. It is anticipated that the Commonwealth will contribute \$2 million towards this project.

An amount of \$842,000 has been provided to replace the roofing and guttering of Wharf 4/5, Walsh Bay. Since 1990 almost \$8 million has been provided for refurbishment and repairs at this location.

An amount of \$1.644 million has been allocated in 1996-97 to continue the construction of an anteroom and soloists' suite for the Concert Hall at the Sydney Opera House. The project (estimated total cost \$2.389 million) will improve performers' access to the Concert Hall, provide adequate security and storage space for instruments, music scores and parts and increase incentives to hire the Concert Hall. The project is due for completion in June, 1998.

An amount of \$4 million will be provided over the next two years to construct a new theatre seating approximately 300 people in the Opera House's Broadwalk Studio area.

STATE LIBRARY

The State Library of New South Wales is the major public reference library and information service for the people of New South Wales. The Library fulfils a

Statewide role by providing services to people who visit the Library or who seek information by mail, telephone, fax or e-mail. The Library maintains and ensures the security of the unique heritage Mitchell and Dixson collections of Australian and New South Wales resources.

The Library also supports the network of public libraries throughout New South Wales through subsidies and grants to Local Government and by providing loans, supply of documents, and reference services on request to users of public libraries.

Expenditure Trends and Recent Developments

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

Completion of the major refurbishment of the General Reference Library will improve customer service through the streamlining of service points and providing better access to the collections. Replacement of the State Library's computer system will further improve customer access to the collections.

Installation of a new telephone system will also improve customer service by extending the range of services and facilities available to customers who contact the Library by telephone.

Strategic Directions

The State Library is committed to continuous improvement in customer service and in the management and preservation of the cultural heritage of New South Wales. Policies to further mainstream and improve services for clients of non-English speaking backgrounds, clients with disabilities, and Aboriginal and Torres Strait Islander clients are being developed.

A greater focus on meeting the information needs of students is also being evaluated. The establishment of INFOCUS, a specialist document delivery service to support the Higher School Certificate curriculum, has been a significant development in meeting the needs of school students. The Library is also examining methods of providing this service electronically.

Options for the application of digitisation technology and the development of a range of multimedia services and products are being investigated. The State Library's web site on the Internet is available and will continue to be updated, providing links to other appropriate sites, and enabling participation in the whole of government approach to information technology developments.

1996-97 Budget

Current Payments

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

Capital Payments

The State Library's capital program provides \$2.3 million for the replacement of the existing computer system. An amount of \$500,000 has been provided for the collection storage project, which will enable the purchase of compactus shelving for the Library's stack areas.

The capital program also provides \$3.5 million for the purchase of resources for the State Library's collection, including books, journals, pictures, maps, manuscripts, CD-ROMs and other print and electronic materials.

AUSTRALIAN MUSEUM

Expenditure Trends and Recent Developments

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

Strategic Directions

Programs focus on the history of the Australian continent, biodiversity and evolution of the Australian fauna; the cultural heritage of indigenous peoples of Australia and the near Pacific; and development of a public program to the year 2000 based on audience needs and interests and new technologies.

1996-97 Budget

Current Payments

The Museum has been allocated additional recurrent funding of \$162,000 to enable programs associated with the transfer of the Albert Chapman mineral collection to be undertaken.

A number of exhibitions are planned for 1996-97. These include -

- Indigenous Australia - the largest and most comprehensive exhibition of its type for semi-permanent display;
- Frogs - an innovative travelling exhibition developed by the Museum dealing with frogs and their importance in the environment;
- Sex - an exciting travelling exhibition to be developed by the Museum dealing with the reproductive strategies in the animal and plant kingdom;
- Chapman Mineral Collection - a world class mineral collection to be placed on long-term display at the Museum (previously displayed at the former Earth Exchange);
- Dinosaur Museum on the Road - a travelling exhibition based on the Museum's successful "More than Dinosaurs" semi-permanent exhibition which will tour New South Wales country areas during the next five years; and
- New Museum in a Box programs - focusing on contemporary and traditional aboriginal issues - an innovative outreach project enhancing the Museum's extension services to New South Wales schools.

Capital Payments

Capital funding of \$700,000 has been provided for development of a new Indigenous Australia semi-permanent exhibition. The exhibition will explore themes which are relevant to Aboriginal people, and provide information on the experience of Australia's indigenous peoples over their more than 60,000 year history and mark the relevance of that history to contemporary Australia.

MUSEUM OF APPLIED ARTS AND SCIENCES

Expenditure Trends and Recent Developments

The Museum of Applied Arts and Sciences is a public museum operated by the Government for the people of New South Wales. It consists of the Powerhouse Museum, the Sydney Mint Museum and the Sydney Observatory.

Past programs have provided for expenditures associated with the maintaining of the Museum's asset base, plant and equipment purchases and works associated with temperature controls for exhibits held in stores.

Strategic Directions

The Museum's mission is to be a dynamic, innovative and enjoyable museum that promotes awareness and understanding of the past, present and future of Australian society through research, scholarship and the acquisition, conservation and integrated presentation of material in the fields of science, technology, industry, design, decorative art and social history.

1996-97 Budget

Current Payments

In 1997, the Powerhouse Museum will open a major new gallery featuring the museum's extensive collection of Asian design and decorative arts. The first exhibition in this changing gallery will be on the theme of Chinese costume and will attract considerable public attention to the high quality and depth of the Powerhouse Museum's collection in this field.

In addition to the permanent galleries, the Museum each year mounts a number of temporary exhibitions as a means of showing to the public different aspects of the Museum's collection as well as those of other museums and collectors to which it has access. Major exhibitions planned for 1996-97 include -

- The World of Faberge, Treasures of the Kremlin, opening July 1996;
and
- Circus, to open in December 1996, to celebrate the sesquicentenary of the circus in Australia.

Capital Payments

The Museum is entering the second year of a program to establish an imaging system to digitise the Museum's collection for access by staff and the public. The system will enable staff to utilise these images for exhibition design, interactive and multimedia presentation and public programs, enabling the public to view images of the vast collection not on display. The total cost of the project is estimated to be \$2.5 million of which an amount of \$762,000 has been allocated in 1996-97.

HISTORIC HOUSES TRUST

Expenditure Trends and Recent Developments

The Historic Houses Trust of New South Wales is entrusted with the care of key heritage buildings of New South Wales. Its objectives are to conserve and manage these properties, surrounds and collections, and to provide a range of public and school programs to increase awareness of the Trust and its properties.

In March of this year the Trust became responsible for the management of Government House.

Strategic Directions

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

1996-97 Budget

Current Payments

The Trust is developing a number of major exhibitions including Francis Greenway and Homesteads of Western New South Wales.

Capital Payments

Included in the Trust's capital program for 1996-97 are funds for the maintenance of its properties and for the upgrade of its computer system.

An amount of \$400,000 has been provided from the Trust's own resources for the finalisation of the fit-out work for the Museum of Sydney, which opened in March 1995.

ART GALLERY OF NEW SOUTH WALES

Expenditure Trends and Recent Developments

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

Strategic Directions

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

1996-97 Budget

Current Payments

A number of major exhibitions are planned for 1996-97. These include -

- 1996 Biennale;
- Archibald, Wynne and Sulman and Dobell Prizes;
- Beyeler;
- Russian Avant Garde; and
- Dancing to the Flute.

The Gallery has been provided with an additional \$1 million per annum to expand its exhibition program and to fulfil its main function to enhance public access and improve the visibility, use and image of the Gallery's collection.

The Gallery has developed a program of ten exhibitions over the next four years. Each exhibition will involve works which have never been seen in Australia before.

An amount of \$250,000 has been allocated for a feasibility study in relation to the proposed extension of the Art Gallery building to include a new Japanese and contemporary Asian Art display gallery, new conservation studio and sculpture garden.

Capital Payments

An amount of \$1.7 million has been provided to meet major maintenance projects which include the replacement of the roof in certain areas of the Gallery, upgrade of emergency lights and exit signs and the upgrade of the air-conditioning system.

This will enable the Gallery to guarantee the safe housing of its collection and loan items and ensure the prestige of the Gallery is maintained.

ARCHIVES AUTHORITY OF NEW SOUTH WALES

Expenditure Trends and Recent Developments

The Archives Authority of New South Wales is responsible for the management of the Archives Office of New South Wales, the Government Records Repository and the Records Management Office.

The Authority has been involved in the drafting of new legislation to reconstitute it as the State Records Authority of New South Wales. The new legislation will provide protection for State records in all formats, including electronic records, over every stage of a record's life and over the full range of Government activity. Funds have been allocated to develop records management standards to apply across the public sector.

Strategic Directions

The Authority's priorities are the introduction and implementation of the new public records legislation; increased community support of archives and awareness of the functions and services of the Authority; rationalising accommodation and ensuring that sufficient space is available for the storage of records; and management of records, including the development of recordkeeping standards, policy directions for electronic recordkeeping and computerised control systems for the State's archives.

1996-97 Budget

Current Payments

The Authority will be developing records management standards to apply across the public sector and implementing its new legislation.

Capital Payments

Capital funding amounting to \$118,000 has been provided to upgrade equipment used in the Authority to provide a quality service. The program is based on recommendations of the Authority's customer council.

NEW SOUTH WALES FILM AND TELEVISION OFFICE

The New South Wales Film and Television Office promotes, encourages and facilitates film and television production in New South Wales, assists in script development, provides an efficient liaison service between filmmakers and property owners, and co-ordinates and supervises the production of documentary and promotional films for Government departments and authorities.

The Office has stimulated the cultural and economic growth of the New South Wales film and television industry and in turn delivered economic benefits to the State.

Expenditure Trends and Recent Developments

In 1995-96 the Government created a \$5 million revolving film financing fund to retain and attract film and television production to New South Wales, by discounting distribution guarantees and pre-sales for film and television projects. A further \$1.5 million was provided to increase assistance for film production, to establish a Young Filmmakers Fund and for other initiatives.

Strategic Directions

The Film and Television Office is committed to assist, promote and strengthen the film and television industry. Its main aim is to promote growth in jobs and investment and enhance the industry's export potential, whilst preserving and enhancing quality, innovation, local cultural wealth and identity.

1996-97 Budget

Current Payments

The Office will further its involvement with the industry through its script and project development program and its provision of pre-production and production support to film and television projects produced in New South Wales.

Capital Payments

An amount of \$94,000 has been provided this financial year to replace the Office's computer system.

ETHNIC AFFAIRS COMMISSION

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

In addition to providing the Government with ethnic affairs policy advice and services, the Commission also provides a comprehensive language and translating service.

The Commission is responsible for the implementation of the *New South Wales Charter of Principles for a Culturally Diverse Society*. This Charter requires all government agencies to develop programs, policies and services aimed at improving access and equity for people of non English speaking backgrounds and deriving maximum benefit for the community as a whole.

1996-97 Budget

Current Payments

The Ethnic Affairs Commission has estimated total payments of \$10.4 million in 1996-97. A total of \$1.446 million has been allocated to ensure an effective and targeted community grants program.

The Government has relaunched Carnivale as a separate Statewide event. Carnivale is hosted by the Commission and \$300,000 has been allocated for this purpose.

Capital Payments

The Commission has been allocated \$200,000 for the upgrade of computer hardware and the purchase of various applications, in accordance with its Information Technology Plan.

POLICE CORRUPTION COMMISSION

To give effect to the major recommendation of the Interim Report of the Royal Commission into the NSW Police Service, a Police Corruption Commission is to be established. The staffing structure and budget of the Commission will be finalised after the appointment of the initial Commissioner. It is anticipated that the Commissioner will be appointed by July 1996.

It is expected that the Commission will have between 50 and 70 staff. The new body will be phased in gradually from September 1996 and it is not expected that it will be fully operational until April 1997, after the Royal Commission has completed its Final Report.

The principal functions of the Commission will be to -

- prevent police misconduct;
- detect or investigate police misconduct;
- oversee other agencies in the detection or investigation of police misconduct; and
- take over responsibility for matters not completed by the Royal Commission.

4.3.3 MINISTER FOR AGRICULTURE

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Department of Agriculture			
Current Payments	199.5	176.8	(-) 11.4
Capital Payments	9.8	11.1	13.3
Rural Assistance Authority			
Current Payments	83.7	62.4	(-) 25.4
Capital Payments	9.3	11.1	19.4
Total, Minister for Agriculture	302.3	261.4	(-) 13.5

The reduction in total payments in this portfolio in 1996-97 is due to -

- reduced costs relative to 1995-96 on drought measures (following the improvement in drought conditions);
- the inclusion in the 1995-96 figures of the cost of the Quarantine Service prior to its transfer to the Commonwealth;
- redundancy payments in 1995-96; and
- compensation payments made in 1995-96 for chlorfluazuron (helix) residue contamination in cattle.

After allowing for these factors, the current payments of the Department of Agriculture will increase by 7.1 per cent in 1996-97. Rural Assistance Authority current payments will increase by 5.7 per cent in 1996-97 after adjusting for the improvement in the drought situation.

DEPARTMENT OF AGRICULTURE

The Department's key objectives are -

- to assist the New South Wales food and fibre industries to be economically and environmentally viable through the development and adoption of production and marketing practices that are both internationally competitive and environmentally sustainable;
- to assure consumer confidence in the quality of New South Wales food and fibre products; and
- to encourage the development and use of farm business and risk management skills that assist New South Wales primary producers to be economically viable and self reliant.

Expenditure Trends and Recent Developments

The Department of Agriculture has undergone substantial restructuring over the last five years to accommodate policy initiatives to make it more attuned to market forces, competition policy and deregulation. Initiatives have also been taken in the manner in which the Department's research, extension, regulatory and other services are delivered. A major component of these changes has been the decentralisation and the use of improved consultative networks to provide the rural community with improved access to Government.

In March 1996 the Premier announced a new development and operational charter for the Department. This action plan is based on a coordinated network of "Centres of Excellence" and greater community consultation. Under this plan, the Department's research, extension, regulatory and other services will be delivered by a system of specialised, integrated units that will provide more relevant and cost effective services in close cooperation with universities, CSIRO, industry funding bodies and other providers.

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

The Government also recognises however that the Department has a key role in ensuring that the State's food and fibre products are produced in a sustainable manner that does not threaten the environment and is in keeping with the community's expectations. This includes measures to guarantee rigorous surveillance and control of important animal and plant pests and diseases.

During 1996-97 approximately \$12.5 million will be spent implementing new initiatives on capital works and staff salaries.

Strategic Directions

The Department's key strategies are as follows -

- decentralisation of the services provided by the Biological and Chemical Research Institute from Rydalmere to twelve more appropriate country locations plus rationalisation of the State's current five regional Veterinary Laboratories to three laboratories including the "state of the art" Elizabeth Macarthur Agricultural Institute at Camden;
- creation of seven agricultural consultative Regions instead of five, with new boundaries based on the water catchment boundaries of the Department of Land and Water Conservation. Regional Directors will be based at Wollongbar, Gunnedah, Maitland, Dubbo, Broken Hill, Yanco and Goulburn;
- consolidation and development of nine "Centres of Excellence" based on closer links with universities, CSIRO and industry funding corporations and an integrated approach between research, extension, education and other services. These nine larger centres will focus on particular industries and priorities and be complemented by a variety of other services strategically located in other parts of the State;
- creation of an Office of Rural Communities to provide better coordination between all Government services to rural communities and a more integrated and professional approach to rural policy research;
- establishment of a special Rural Communities Consultative Council and a Regional Consultative Network to provide a new level of, and better consultation between the Government, the Department of Agriculture, the rural community, community groups and other State and local government agencies including the New South Wales Rural Assistance Authority and Rural Lands Protection Boards;
- an increased commitment to the environment through the establishment of the NSW Centre for Agricultural Environment Research at Wollongbar, further development of the Department's Organic Waste Recycling Unit at Richmond and expansion of Trangie based programs to improve the management of our fragile western rangelands; and
- improvement of plant and animal disease surveillance and control, including the complete overhaul and modernisation of the Department's entire range of legislative responsibilities.

1996-97 Budget

Major payments in the 1996-97 Budget are -

- \$81.6 million for the Food and Fibre Products programs to encourage food and fibre industries to be internationally competitive, self reliant and meet customer requirements for efficient and environmentally sustainable production system;
- \$52.5 million for Quality Assurance programs to -
 - ensure that the producers and processors of food and fibre products meet the plant and animal product quality standards of local and overseas markets;
 - ensure that agricultural exports meet the requirements of overseas markets for pest, disease, residue and weed status;
 - reduce the threat of exotic pests, disease and weeds to New South Wales;
 - minimise the impact of existing and future pests, diseases, residues and weeds in New South Wales; and
- \$35.1 million for Resource Management programs to encourage agricultural systems and practices that are environmentally sustainable; increase the ability of the agricultural sector to recover from natural disasters (including drought); minimise the impacts of vertebrate pests and noxious insects; encourage the implementation of environment and resource management plans and policies which also take account of the needs of competitive and market driven agricultural industries; and, encourage sustainable management of pastures and rangelands for the production of marketable food and fibre products.

Current Payments

Total current payments in 1996-97 will be \$176.8 million. In addition to the expenditure discussed above, the following initiatives were recently announced by the Premier and include -

- the establishment and operation of new Agricultural Regions and Regional Consultative Committees (\$0.25 million);
- the establishment of the Rural Communities Consultative Council (\$0.18 million);
- the establishment and development of nine agricultural Centres of Excellence at Wollongbar, Tamworth, Narrabri, Armidale, Orange, Trangie, Wagga Wagga, Yanco and Camden and linkages with National Cooperative Research Centres and the upgrading of key research facilities at Alstonville, Grafton, Gosford and Griffith Research Stations and the Richmond Organic Waste Recycling Unit (\$2.5 million);
- the establishment of a Cooperative Research Centre for Sustainable Cropping Systems at Tamworth (\$0.35 million);
- the establishment of a research centre for sustainable rice farming systems at Yanco (\$0.14 million);
- the recruitment, training and operation of “whole of industry” extension and technical specialists such as extension agronomists, extension horticulturalists, livestock officers, veterinary officers and environmental specialists (\$2 million);
- the development of significant research and extension projects to improve the viability of agricultural enterprises in rangelands and arid environments (\$0.2 million);
- the provision of extension data such as marketing, technical and environmental information through electronic services (\$0.5 million);
- monitoring and control of residues in farm produce (\$0.24 million) and maintaining the integrity of areas free from pests and diseases such as cattle tick, parthenium weed and fruit fly (\$0.3 million);
- the introduction of scientifically based, active surveillance programs for animal diseases to enhance overseas market access (\$0.3 million);
- the reduction in the use of chemicals for the use of animal and plant pests and diseases by promoting integrated pest management programs (\$0.28 million);

- the provision of a coordinated state-wide plant diseases diagnostic service based on services transferred from Rydalmere and located at centres such as Alstonville, Tamworth, Yanco and Wagga (\$0.25 million);
- environmental monitoring and rehabilitation of the agriculture resource base (\$0.32 million) and the introduction of a new program to evaluate and promote organic farming methods (\$0.08 million); and
- the establishment and implementation of the “Camden Park” environmental model for protection of the environment and Australia’s agricultural heritage (\$0.15 million).

Capital Payments

In 1996-97, total capital payments for the Department will be \$11.1 million.

Approximately \$3.4 million of this total will be expended as part of the decentralisation initiatives and implementation of the Government’s “key centre” concept for integrated research, extension, education and diagnostic services.

Capital payments will include -

- \$1.17 million to correct occupational health and safety related problems at various locations;
- \$0.85 million provided by the Commonwealth Government for the construction of additional teaching facilities at C.B. Alexander Agricultural College, Paterson, and Murrumbidgee Agricultural College, Yanco;
- \$1.24 million to relocate key functions from the Biological and Chemical Research Institute at Rydalmere, to decentralised locations;
- \$0.45 million enhancing and providing Information Technology infrastructure; and
- \$1.82 million for the purchase of plant and equipment, ozone depleting gas phase-out, and office relocation.

RURAL ASSISTANCE AUTHORITY

The Authority administers -

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

Expenditure Trends and Recent Developments

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

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

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

The “exceptional circumstances” provisions of the Rural Adjustment Scheme were invoked in July 1994 to provide assistance to farmers in specified areas of New South Wales who would otherwise have prospects of long term profitability and sustainability but for exceptional drought conditions. The scheme has been extended on a number of occasions since this time, with the current expiry date of 31 December 1996.

In addition, interest subsidies were made available to assist farmers to plant winter crops during 1995. These subsidies were introduced by the State in 1994-95 to assist drought affected farmers in New South Wales. Some \$4.8 million was provided to farmers under this Scheme.

In 1995-96 expenditure under all areas of the Rural Adjustment Scheme will total a record \$76 million, including \$49 million for Exceptional Circumstances, Drought.

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

Strategic Directions

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

1996-97 Budget

Current Payments

In 1996-97 it is expected that \$55 million will be made available to primary producers under the Rural Adjustment Scheme. With the continuation of drought conditions throughout New South Wales, expenditure under the “exceptional circumstances” provisions of the Rural Adjustment Scheme is forecast at \$35 million.

In addition, during 1996-97, it is expected that total funding of \$2.8 million will be directed to the Rural Partnership Program - Drought Regional Initiatives. Grants will be provided to encourage farmers to undertake on-farm drought preparedness works. Fifty per cent of the costs of the Drought Regional Initiatives will be met by the State, on the basis that matching funds will be received from the Commonwealth Government.

Capital Payments

The Rural Assistance Authority manages the State’s Special Conservation Scheme which provides concessional rate loans to farmers for purposes such as soil conservation and water supply works. Loans are provided on the basis that the proposed works will have a beneficial impact on the land, the community and the environment. In 1996-97, \$9 million will be made available for this scheme.

The Rural Assistance Authority also manages Natural Disaster Relief to primary producers and small businesses. Under this Scheme, concessional rate loans are made available to assist eligible farmers and small businesses to recover from the effects of natural disasters, such as storms, floods or bushfires. An estimate of \$2 million has been included in the 1996-97 Budget in relation to this Scheme. Additional funding will be provided if required and will depend on the level of natural disaster activity.

In 1996-97, the Authority will also undertake minor capital works relating to the agency’s computer facilities.

4.3.4 ATTORNEY GENERAL AND MINISTER FOR INDUSTRIAL RELATIONS

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Attorney General's Department			
Current Payments	328.4	323.2	(-) 1.6
Capital Payments	69.1	17.5	(-) 74.7
Judicial Commission			
Current Payments	2.5	2.4	(-) 4.0
Capital Payments	0.2	0.1	(-) 50.0
Legal Aid Commission			
Current Payments	81.7	85.1	4.2
Capital Payments	3.5	2.2	(-) 37.1
Office of the Director of Public Prosecutions			
Current Payments	36.5	39.6	8.5
Capital Payments	0.4	1.7	325.0
Department of Industrial Relations			
Current Payments	20.5	20.9	1.9
Capital Payments	0.2	0.6	211.5
Total, Attorney General and Minister for Industrial Relations	543.0	493.3	(-) 9.2

The decline in total payments for this portfolio between 1995-96 and 1996-97 is principally due to the accounting treatment of the John Maddison Tower, which houses the District Court (Civil Jurisdiction), the Compensation Court and the Dust Diseases Board. The building was constructed and financed by the private sector following arrangements agreed to by the former Government. The building is leased back by the Attorney General's Department for a minimum period of twenty five years.

Initially the transaction was considered an "operating" lease. Following advice from the Auditor General in November 1995, the transaction was classified as a "financing" lease. This meant that the leased asset, valued at some \$52 million, had to be reflected as a capital payment in 1995-96, thus increasing the payments total for that year.

The increase in current payments for the Legal Aid Commission reflects increased funding provided for public defenders, community legal centres, the Aboriginal Women's Legal Advisory Service, and the transfer from the Department of Women of expenditure on the court support scheme for women.

ATTORNEY GENERAL'S DEPARTMENT

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

The Attorney General's Department provides the legal and administrative framework to facilitate the conduct of the Attorney General's role as the first Law Officer of the Crown, as well as providing the services to support the Attorney's legislative and advisory responsibilities to Parliament and Cabinet. The Department is also responsible for courts administration and the operation of the Community Justice Centre Scheme.

Expenditure Trends and Recent Developments

The Attorney General's Department has undergone several structural changes over the past five years with an increase in responsibilities and a corresponding increase in expenditure.

The Department has seen the establishment of many cost centres e.g. Juvenile Crime Prevention Division, Professional Standards Council, Building Industry Task Force, Aboriginal Justice Advisory Committee, Debt Recovery Office, Legal Representation Office, Legal Management Services and the Office of the Legal Services Commissioner.

The Attorney General's Department and the Department of Courts Administration were merged in April 1995, resulting in increased responsibility for the former Attorney General's Department, and requiring a review of structures, processes, strategic direction and planning.

Responsibility for the Office of the Protective Commissioner and Public Guardian was transferred to the Department from the Public Trustee in 1995. The Building Industry Task Force ceased operation from 30 June 1995 and responsibility for the Conveyancers Licensing Committee and Probation Services was transferred to other Government agencies in 1995.

There have been several other changes within the Department affecting expenditure. The Crown Solicitor's Office commenced a process of commercialisation in 1993, resulting in a changed funding basis. The funds paid to victims of crime have significantly increased over time due in part to the community's increased awareness of these benefits.

The commercialisation of the Crown Solicitor's Office will be completed by 30 June 1996. The Office has demonstrated that it will be able to operate successfully on a commercial basis. Funding was redistributed to relevant Budget Sector agencies to meet the cost of general legal work performed by the Crown Solicitor's Office. It continues to receive funding for core legal work performed on behalf of the Government. The Office will be moving to new premises in the first quarter of 1996-97. This will provide improved facilities and ensure that clients receive the highest standard of service.

The Legal Representation Office provides representation to persons who may be called upon to give evidence before the Royal Commission into the Police Service. The Office continues to operate in conjunction with the Royal Commission and will continue to do so until such time as the Royal Commission completes its terms of reference.

The District Court completed and distributed a Strategic Plan. The Plan outlines time standards for all cases and reorganising of the Court's workload, including a reduction in its vacation periods. The Plan recognises the commitment to ensuring client satisfaction in all areas within the Court.

Central to the implementation of improved service delivery to the community, has been an increased focus on alternate dispute resolution, including arbitration, mediation and pre-trial case management techniques. By optimising the resolution of disputes by these means, the judiciary is able to concentrate on cases which require a full judicial determination.

Over the past year all jurisdictions have concentrated on successfully reducing delays. The reduction has been achieved through the appointment of acting judges and magistrates and the establishment of Differential Case Management, Active Case Management and alternate arbitration programs.

The Community Justice Centres extended their operations into several country centres and continued to operate Community Youth Conferencing as an alternative to the justice system for appropriate juvenile offenders. As a result of additional funding in 1995-96, Community Justice Centres have also developed a family mediation program to provide an enhanced response to domestic violence in conjunction with local courts.

Following the merger of the Attorney General's Department and the Department of Courts Administration a revised Information Technology Strategic Plan is being prepared, taking into consideration the new Departmental structure. Significant projects include the development of a workflow automation system for the Victims Compensation Tribunal; continuing development of the Judicial Support System, the Electronic Data Interchange project between justice agencies and the installation of a new Financial Management System. In addition, the Case Management System strategy is being reviewed.

Major refurbishment work has been undertaken at a number of court houses including Goulburn and Wagga Wagga. In addition there has been an ongoing process of replacing and installing air conditioning in various court houses throughout the State.

Construction and upgrading of court houses has been undertaken at Tamworth and Lismore.

Strategic Directions

The Attorney General's Department has embarked on a process of regionalisation within the courts administration areas, in particular Local Courts and the Sheriff's Office. Regionalisation will result in the devolution of responsibility to regional managers and increased local autonomy to make decisions based on strategic and local information.

A quality review program has commenced in the Department. The program will assist the Department in identifying those tasks which are time consuming and resource intensive and then enable innovative alternatives to be developed. A phased approach is being implemented, focusing initially on the courts administration areas, receiving input from all levels of staff. The completed self-assessment phase has provided the Department with a preliminary assessment of the existing management systems against established guidelines and a basis for the development of an action plan to address the issues raised.

1996-97 Budget

Current Payments

The Department will continue to improve processes resulting from the restructure in 1995 and will manage change issues that have occurred. Administrative functions will also continue to be devolved to cost centres, assisting them to run as autonomously as possible.

The focus of recent years on reducing case delays and backlogs whilst maintaining the community's access to the justice system will be enhanced.

Funding has been provided to appoint, on a temporary basis, 3 acting judges to the Supreme Court, enabling a reduction of the existing backlog in the Common Law and Court of Appeal (\$2.3 million over the next two years); and for three acting magistrates and additional support staff for Local Courts to assist in the reduction of delays in special fixtures committal matters (\$0.6 million in 1996-97). The Department has achieved savings in the Supreme Court allowing the funding of an additional judge.

Variable vacations will be introduced into the District Court (Civil Jurisdiction) on a trial basis, to enable a reduction in current backlogs. Funding of \$0.9 million has been provided in 1996-97 and 1997-98 for this trial. Acting judges will be employed allowing the Court to reduce its vacation period by 6 weeks through elimination of the July vacation and reduction in the summer vacation.

The role of the Juvenile Crime Prevention Division will be expanded (with additional funding of \$0.2 million per annum) to encompass crime prevention policy generally and to undertake the secretariat role to the Council on Crime Prevention which is chaired by the Premier. The Unit will be known as the Crime Prevention Division.

The Attorney General's Department has prepared for consideration by Parliament Privacy and Data Protection legislation. The legislation will impact significantly on the structure and functions of the Privacy Committee.

The Law Reform Commission is undertaking a review of the Anti-Discrimination Act 1977. This comprehensive review is the first time that the Act has been reviewed as a whole; all previous reviews were undertaken on individual parts of the legislation. The terms of reference for the review are to determine whether the definition of discrimination is still current, whether the existing grounds for exemption are still relevant and whether the current enforcement procedures are still appropriate.

The Attorney General has introduced legislation into Parliament to implement a package of reforms to the victims' compensation scheme so as to ensure that the genuine needs of victims are met at a reasonable cost to the community.

The package places a strong emphasis on counselling support services through the establishment of a Victims of Crime Bureau within the Attorney General's Department at an estimated cost of \$0.6 million per annum. The Bureau will provide support and referral services to victims of crime and co-ordinate the delivery of victims' support and counselling services by Government and community agencies.

This package also includes enactment of a statutory charter of rights for victims of crime so as to ensure a recognised position for victims within the criminal justice system.

The Department will also continue to implement information technology infrastructure (personal computers, networks and communications) to court houses; the migration of the existing COURTNET applications from Prime to Unix; the migration of the Sheriff's Office Jury Roll system from a mainframe system to Unix; and the installation of a new Human Resource Management system.

Capital Payments

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

The major components of the 1996-97 capital program of \$17.5 million are -

- the continued implementation of the Joint Criminal Justice Agencies Electronic Interchange Project (\$0.4 million);
- the continuing replacement/installation of air-conditioning in Court Houses throughout the State (\$1.4 million);
- the continued implementation of the Judicial Support computer system in the Supreme and District Courts (\$1.0 million);

- the relocation of the Land and Environment Court to Windeyer Chambers, Macquarie Street, Sydney (\$2.3 million);
- construction of a Children's Court at Campbelltown (\$1.2 million);
- construction of a Court House at Toronto (\$0.7 million);
- the undertaking of remedial maintenance of various court premises, initially in the Sydney, Newcastle and Wollongong areas (\$1.5 million);
- the installation of closed-circuit television systems in courts in major locations across the State (\$1.1 million); and
- a minor works allocation covering minor office refurbishment, equipment replacement, installation of computers, improvement of communication networks, minor structural changes and improvements, and continuation of planning of major capital works for future programs (\$7.7 million).

JUDICIAL COMMISSION

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

Expenditure Trends and Recent Developments

The Commission has completed the re-engineering of the Sentencing Information System (SIS) utilising Internet technology. The new SIS is based on a micro-computer platform instead of a proprietary mini-computer which offers significant operational efficiencies. The SIS also features a windows "point and click" environment which offers judicial officers greater ease of use and enhanced productivity.

Special funding has been provided to the Commission to enable its involvement with a three year research project arising out of a White Paper on Juvenile Justice. The project team has been involved in monitoring of data collection and undertaking preliminary analysis of new data coming from the Children's Court in relation to Aboriginality and ethnic background.

The coding of the New South Wales legislation for the special project to provide a uniform set of law codes to enhance the exchange of electronic data between criminal justice agencies is almost complete. Some data has been delivered to the Police Service for compatibility testing on the COPS computer system. With the completion of the database at the end of June 1996, the project will move to the next step of database maintenance which requires less staff.

Strategic Directions

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

1996-97 Budget

Current Payments

The Commission will continue to enhance the useability of the computerised Sentencing Information System (SIS) during 1996-97. Eleven Judges of the Industrial Court and eleven Commissioners of the Industrial Commission were connected to the system during the 1995-96 financial period. Connections to the SIS are now available from most courts across the State.

An amount of \$2.4 million has been provided for the operation of the Commission during 1996-97. Improved delivery methods will allow more services within the budget of the Commission.

Capital Payments

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

LEGAL AID COMMISSION

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

The Commission is incurring increased costs as a direct result of a significant increase in retrials and expensive cases (i.e. those costing in excess of \$100,000) in the Criminal Law area and an increase in separate representation of children in defended custody and access matters within the Family Law program. Family law representation orders have also increased expenditure.

Strategic Directions

The Commission is promoting increased use of alternative dispute resolution systems as an alternative to the court system to resolve family and civil law disputes between parties.

1996-97 Budget

Current Payments

The Commission's estimated current payments will amount to \$85.1 million in 1996-97 compared with \$81.7 million in 1995-96. Expenditure on the court support scheme for women previously funded through the Department for Women will now be part of the Commission's funding (\$1.29 million in 1996-97).

There will be increased funding provided for public defenders, community legal centres and the Aboriginal Women's Legal Advisory Service during 1996-97.

Legal Services in the Family Law and Civil Law jurisdictions and in the Commission's telephone advice service will be enhanced through the application of additional funding provided under the former Commonwealth Government's "Justice Statement" initiative.

Services in the North Coast region of the State will also be greatly enhanced with the opening of a new regional office at Coffs Harbour. In addition to regular regional office services, the new office will specifically target the needs of clients in remote locations, will provide access for Aboriginal communities in the area (including an outreach service to Kempsey) and will service the Family Court which now has regular circuit sittings at Coffs Harbour. The office will also provide an alternative dispute resolution service in Family and Civil Law matters.

Capital Payments

Capital expenditure in 1996-97 will be \$2.2 million enabling the continued upgrade and replacement of computer systems.

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

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

Expenditure Trends and Recent Developments

Over the past five years, the Office has been relatively stable in operations. The Office continues to increase its productivity in conducting criminal proceedings so as to reduce backlogs in the District Courts. It has also expanded the Witness Assistance Service to country regions.

Strategic Directions

The Office will continue to improve the services it provides to witnesses and victims of crime by expanding the Witness Assistance Service when funds are available.

The Office will continue to participate in the development of proposals to improve the way committal proceedings are conducted in New South Wales. It will also continue its involvement in efforts to improve procedures for dealing with appeals lodged in the District Court. Both these initiatives have the potential to reduce the cost of the criminal justice system.

1996-97 Budget

Current Payments

An amount of \$39.6 million has been provided to the Office in 1996-97 to continue its work. This amount includes enhancement funding of \$700,000 to assist the Special Crimes Unit of the Office in undertaking additional work generated by the Royal Commission into the New South Wales Police Service.

The Office will also undertake a pilot for the conduct of summary prosecutions during the first half of 1996-97. The pilot will be evaluated and the results used to assist in determining how summary prosecutions will be undertaken in the future.

Capital Payments

In 1996-97, \$953,000 has been allocated to the Office to upgrade the CASES computer system. The CASES system provides case tracking, practice management and research capabilities and assists in the reduction of court delays by contributing to more effective and efficient preparation of prosecution cases.

An allocation of \$750,000 has also been provided for ongoing plant and equipment replacement, and the fitout of accommodation at various country locations.

DEPARTMENT OF INDUSTRIAL RELATIONS

The Department of Industrial Relations works with employers, employees and their representatives to facilitate equitable, innovative and productive workplace relations. The Department also provides arbitration services in the settlement of industrial disputes and conciliation committees for the hearing of appeals against promotion and disciplinary decisions in the public sector.

In 1996-97 the Department has been allocated an additional \$500,000 towards costs involved with implementing the new industrial relations legislation. These funds will be used to advertise and promote the changes, and to employ temporary award enquiry staff.

In concert with the new legislation, a number of other strategies are being progressed -

- **Women's Equity Bureau**

The Bureau, established late last year, will provide essential services and support to reforms enunciated in the new IR legislation, namely pay equity, the removal of discrimination from awards and agreements and encouraging the adoption of flexible work practices.

- **Establishment of Workplace Change NSW Unit**

The Workplace Change NSW initiative is the cornerstone of the Government's objective of reforming enterprises in New South Wales and achieving sustainable equitable productivity improvements in the workplace to close the gap with overseas competitors. The Workplace Change NSW unit will provide proactive services to industries and enterprises by way of customised workplace change strategies, assisting clients with access to services provided by the Department and other Government agencies, undertaking research, and the evaluation and promotion of leading edge workplace change initiatives.

- **Change Program**

The Department is undertaking a change program to refocus its customer services to better meet client needs and to complement the Workplace Change NSW initiative.

A complementary strategy in the refocussing of the Department's role is to ensure effective availability of information from the Department's databases to both its staff and to clients. As part of the \$623,000 allocation from the Capital Program, the Department is implementing new remote access computer technology which will enable field staff to access up-to-date award, complaints and workplace change information on-site in clients' premises (\$383,000).

4.3.5 MINISTER FOR COMMUNITY SERVICES, MINISTER FOR AGED SERVICES AND MINISTER FOR DISABILITY SERVICES

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Department of Community Services (a)			
Current Payments	423.2	460.7	8.8
Capital Payments	17.7	26.3	48.6
Ageing and Disability Department			
Current Payments	578.3	610.9	5.6
Capital Payments	15.8	10.3	(-) 34.8
Community Services Commission			
Current Payments	3.0	3.1	3.3
Capital Payments	0.1	0.1	...
Department of Juvenile Justice			
Current Payments	61.2	67.0	9.5
Capital Payments	2.0	11.5	475.0
Home Care Service (a)			
Current Payments	18.3	17.3	(-) 5.5
Capital Payments	2.3	2.0	(-) 13.0
Total, Minister for Community Services, Minister for Aged Services and Minister for Disability Services			
	1,121.9	1,209.2	7.8

(a) Payments shown for the Department of Community Services and the Home Care Service exclude those funded by the Ageing and Disability Department.

The increase in the level of payments for the Department of Community Services is due to various factors, including Budget enhancements totalling \$12.7 million in 1996-97 for child and family support services as well as the provision of an extra \$36.7 million to meet the cost of pensioner rebates for recently corporatised electricity distribution authorities. The level of payments also reflects the phasing out of drought relief assistance following an improvement in the outlook for rural communities.

The increase in payments for the Ageing and Disability Department is mainly due to additional funding for disability services, including improved services for children with a disability. Additional funding is also being provided for ageing initiatives.

Year to year variations in Capital Payments are due to completion of projects in some agencies and the commencement of new projects in other agencies. In the case of the Department of Juvenile Justice, new juvenile justice centres are to be constructed at Dubbo and in the northern area of the State. Centres at St Marys, Mount Penang, and metropolitan Sydney are to be upgraded.

DEPARTMENT OF COMMUNITY SERVICES

Expenditure Trends and Recent Developments

Responsibility for development of strategic policy, planning, funding, evaluation and monitoring programs for older people and people with disabilities was transferred at the beginning of 1995-96 from the Department of Community Services to the new Ageing and Disability Department.

The Department's operations now focus on the priority areas of assisting families and children and the provision of certain services to people with disabilities.

During 1995-96 the Department has assumed responsibility from the Department of Energy for administration of schemes relating to the provision of electricity rebates to pensioners and financially disadvantaged people.

The Department is continuing to implement its Information Technology Strategic Plan that will provide general office and network technology throughout the Department's service centres.

Strategic Directions

The Department is working to ensure that the Government's commitment to improve standards for children in care (both foster care and residential care) are achieved. It is appointing more child protection specialists to further strengthen its role in relation to protection of children and provision of services for children and families.

Whilst maintaining overall responsibility for children placed in its care, the Department is continuing to implement recommendations of the Usher Report. The Government is introducing a dual service system whereby substitute care services will be delivered by both the Department and non-government organisations.

1996-97 Budget

Current Payments

Key activities of the Department of Community Services include -

- **Child and Family Support**

A number of the Department's activities are focussed on the need to provide support and assistance to children, adolescents and families under stress or in crisis. A total of \$251.2 million will be made available for child and family support in 1996-97. After allowing for special factors in 1995-96 such as phasing out of drought relief assistance and the peaking of payments relating to reform of substitute care services, the 1996-97 estimate represents an increase of 5.5 per cent over 1995-96.

Included within this program are projects associated with the protection of children from abuse and neglect. A total of \$59.1 million is being provided for these projects which is an increase of 15.6 per cent over 1995-96 and 33 per cent over the funding provided by the previous Government in 1994-95.

The child protection allocation includes an additional \$9.6 million that is being provided over three years (\$3.5 million in 1996-97) for the Department's share of the cost of the special initiatives to prevent child abuse that were recently announced by the Premier.

In addition, the allocation includes an extra \$4 million in 1996-97 (\$6 million per annum thereafter) for the employment of 45 additional field staff to provide child protection services and to meet the cost of 51 new district officers to deal with substitute care matters.

Increased funding of \$3.2 million per annum is being provided for foster care payments to enable higher allowances to be paid to carers. These increased allowances are expected to ensure that there will be a wider range of people willing to take on the responsibility of caring for children who are placed under the care of the State.

Additional funding of \$2 million is being provided for early support to families so they can continue to safely care for their children.

The Supported Accommodation Assistance Program (SAAP) also plays a key role in assisting people who are in crisis, homeless, moving towards independent living or who are returning to their own families. This Commonwealth-State program provides assistance to community organisations that operate accommodation or other support services for these people in need. Total SAAP payments in 1996-97 are estimated at \$81.3 million.

Other projects and programs that assist children and families include -

- family and individual support (\$17.5 million);
 - the Child Sexual Assault Program (\$744,000); and
 - funding for family group homes (\$527,000).
-
- **Children's Services**

Funding of \$90.9 million has been allocated to assist the community in the provision of child care services. Programs funded include pre-schools and day care centres (\$75.5 million), vacation care (\$3.4 million) and early childhood resource and support services (\$3.9 million).

- **Community Resources**

An amount of \$90.8 million is being provided for support services and concessions which assist in reducing the effects of social disadvantage of local groups and increase community self sufficiency.

Projects being funded in 1996-97 include \$16.6 million for community development such as the provision of neighbourhood houses and playgroups and community youth and adolescent support (\$12.2 million).

Also included in this program are payments of \$49.5 million relating to electricity rebates for pensioners and financially disadvantaged people. These rebates are made by the corporatised electricity distribution authorities but the cost is met by the Government.

- **Disability Services**

An amount of \$256 million is being made available to enable Community Services to assist, accommodate and support persons with a disability. This funding is mainly provided by the Ageing and Disability Department, with some additional resources being made available by Community Services. The services provided by the Department are part of the Government's overall strategy to assist people with a disability to maximise their independence and participation in the community.

Capital Payments

The Department's 1996-97 Capital Program of \$26.3 million covers the following projects -

- capital grants of \$9 million to assist in the development of child care places. These State-funded grants provide for the establishment or expansion of child care centres which will then attract on-going subsidy support under the Commonwealth-State Expanded National Child Care Strategy;
- further funding of \$13.4 million for the Department's Information Technology Strategic Plan. This funding will meet the cost of installing general office and network technology throughout the Department's service centres;
- continued upgrading of residential accommodation, including removal of material containing asbestos before it becomes unstable and poses a risk to the Department's clients and employees. Funding has been allocated for a condition audit to be undertaken of the Department's properties; and
- an amount of \$2.6 million for minor projects including replacement of furniture and equipment and costs associated with design and preliminary planning.

AGEING AND DISABILITY DEPARTMENT

The Ageing and Disability Department provides funding to other government and non-government agencies to enable services to be delivered to frail aged and disabled people. It does not directly deliver services to clients.

Expenditure Trends and Recent Developments

The Department was created in 1995 through amalgamation of the Office on Ageing and Office on Disability (formerly units of the Social Policy Directorate) with the Ageing and Disability Directorate from the Department of Community Services.

Expenditure on services for aged and disabled people increased substantially in 1995-96 due to the implementation of new Government initiatives such as the provision of additional places in community based supported accommodation for people with disabilities.

Strategic Directions

The Ageing and Disability Department is the Government's primary source of strategic advice on ageing and disability matters. Its key functions are strategic policy, planning, funding, evaluation and monitoring of programs for older people and people with disabilities.

The Department is focussing on initiatives that maximise the independence and community participation of aged people and people with disabilities in order to avoid premature or inappropriate admission to permanent residential care.

1996-97 Budget

Current Payments

Specific allocations include -

- **Supported Accommodation for People with a Disability**

An amount of \$183.5 million will be provided to the Department of Community Services in 1996-97 to assist, accommodate and support people with a disability through direct accommodation services. In addition, an amount of \$30 million will be spent in connection with the 383 places for people with disabilities that have been provided over the last year in both departmental and community based supported accommodation.

- **Commonwealth-State Disability Agreement**

The Commonwealth-State Disability Agreement (CSDA) aims to more clearly define the roles of the State and the Commonwealth in the delivery of services to people with disabilities. The CSDA has resulted in the development of standards that aim to establish what is expected of present and prospective service providers and encourage service quality improvement. Payments in 1996-97 are estimated at \$102 million.

- **Children's Services Package**

An amount of \$3.5 million will be allocated in 1996-97 to improve services to children with a disability. This funding will provide 1,020 placements for children requiring respite care, early intervention services, out of school hours care and therapy services.

- **Post School Options**

The Post School Options program provides a planned transition from school to the wider community for people with disabilities. Early identification of the needs of people with disability who are leaving school permits the development of individual transition plans that best suit the individual's needs and the needs of the family.

Funding of \$23.2 million is being allocated to this program in 1996-97.

- **Community Support**

Funding of \$8.3 million will be made available to community based services for people with a disability with a further \$1.2 million being made available for services to aged persons.

An amount of \$37 million will also be made available to the Department of Community Services in 1996-97 to provide direct care services to the ageing and persons with a disability.

- **Brain Injury Program**

An amount of \$1.5 million is being allocated to this program to allow for implementation of services under the Brain Injury Action Plan.

- **Home and Community Care Program**

The Home and Community Care Program (HACC), a Commonwealth-State program, is administered by the Ageing and Disability Department with assistance from the Departments of Community Services, Health, Housing and Transport. One of the main HACC service providers is the Home Care Service which is shown as a separate agency in the Budget Papers.

Total estimated expenditure on the HACC program in 1996-97 is \$240.3 million. This is an increase of \$7.3 million over the 1995-96 program. The NSW Government contribution will be \$96.5 million.

HACC provides funds for an extensive range of support services to assist frail aged people and people with disabilities to continue to live independently.

- **Guardianship Board**

The Guardianship Board provides guardianship and advocacy services on behalf of people with disabilities and the aged.

- **Joint Aged Care Policy**

Funding of \$1 million is being provided in 1996-97 as part of a \$4 million package to undertake a number of initiatives associated with the aged care policy developed jointly by the Minister for Aged Services and the Minister for Health. Key areas of focus will be development of the NSW Action Plan on Dementia, elder abuse, community education and demonstration projects relating to community care and transport projects.

Capital Payments

Capital funding of \$8.2 million is being made available to allow purchase of houses to provide supported accommodation within the community for people with developmental and other disabilities. This funding will also allow for modification of group homes to ensure that they are accessible and safe.

Funding of \$2 million is also being provided in 1996-97 for capital costs associated with the improvement of services for children with a disability.

COMMUNITY SERVICES COMMISSION

The Community Services Commission is a complaints and monitoring body that covers services provided by the Department of Community Services, the Department of Ageing and Disability, the Home Care Service and non-government services funded by the Minister.

The Commission was established in April 1994 by the Community Services (Complaints, Appeals and Monitoring) Act 1993. Also established were the Community Services Appeals Tribunal, the Community Services Review Council and the Community Visitors Scheme.

The Commission is currently undergoing a management review by the Premier's Department to examine future resource requirements.

Funding of \$3.1 million has been provided for the operation of the four bodies.

Expenditure Trends and Recent Developments

A significant factor that will impact on the Commission's and Tribunal's operation is the new Community Services (Complaints, Appeals and Monitoring) Regulation 1996. The main features of the regulation include -

- defining the functions of Community Visitors to make the service more effective;
- defining an "applicable service provider";

- creating a more accessible tribunal for consumers and expanding the jurisdiction to cover non-government service providers; and
- making service providers more accountable for their decisions.

Capital Payments

The Commission's capital allocation of \$18,000 allows for the purchase of minor plant and equipment.

DEPARTMENT OF JUVENILE JUSTICE

The Department of Juvenile Justice has the responsibility for effectively implementing court orders and providing appropriate services for juvenile offenders in detention and in the community.

Expenditure Trends and Recent Developments

During 1995-96 the Department's structure was reviewed by the Service Performance and Operations Division of the Premier's Department. The resultant report recommended the reduction of resources in the Department's Central Support Office to allow the organisation to operate within budget and enhance the management and operations of field services.

The current restructure of the Department, involving the net loss of 32 central support office staff, will enable diversion of funds to client services which are to be administered in five newly established regional clusters.

Additional costs have occurred through the continuing increase in the average weekly number of juveniles in custody from 428 in 1993-94, to 466 in 1994-95, to 480 in 1995-96.

Expenditure of \$235,000 will be incurred in 1995-96 towards improving statewide psychological and psychiatric services for juvenile offenders in response to the report of the National Inquiry into the Human Rights of People with Mental Illness.

Strategic Directions

In accord with Government policy to break the juvenile crime cycle and reduce recidivism, the Department will be working with and funding community agencies to enhance statewide support services for juvenile offenders after release from detention.

In the metropolitan area special post-release support services will be provided to reduce the over-representation of Indo-Chinese, Pacific Islander and Arabic speaking young people in custody.

An Aboriginal Mentor Scheme will be introduced statewide involving local Aboriginal people, to support young Aboriginal offenders and reduce their massive over-representation in custody.

1996-97 Budget

Current Payments

The increase in funding from \$61.2 million in 1995-96 to \$67 million in 1996-97 is primarily due to increased funding for maintenance backlog, additional juveniles in custody and redundancy payments. A sum of \$6.7 million has been allocated in 1996-97 for the continued implementation of major new initiatives in relation to crime prevention and community alternatives to court processing.

An amount of \$1.2 million is to be provided to the Department in 1996-97 for juvenile offender psychological and psychiatric services throughout New South Wales and to establish a specialist program for young violent offenders.

Following the restructure of the Department, \$1.5 million has been allocated in 1996-97 to fund expected redundancies. Due to the poor state of some custodial facilities, an additional \$1.5 million per annum has been allocated to the Department from 1996-97 for maintenance and repairs. This allocation has been made in conjunction with a significant upgrade of some of the Department's Juvenile Justice Centres.

Capital Payments

The Department's 1996-97 capital program provides for the construction of new juvenile justice centres, upgrade and expansion of existing juvenile justice centres, asset replacement program, fitouts and minor computer upgrading.

The Department has developed a capital works strategic plan to address the standards of accommodation for juveniles who are held in detention and to provide sufficient capacity to accommodate the future projected numbers of such juveniles. A further aim of the strategic plan is to enable juveniles to be located as close to their families as practicable.

To this end, a new juvenile justice centre will be constructed to accommodate juvenile offenders from the northern areas of the State, and another centre will be constructed at Dubbo to cater for young people in custody from the western areas.

The Government will allocate funding in 1996-97 to enable the commencement of a number of the components of the capital strategic plan. Some of the funding for this capital strategy is to be generated from the sale of surplus land.

The major components of the 1996-97 capital program of \$11.5 million are -

- construction of new juvenile justice centres at Dubbo (estimated total cost \$7.9 million; \$1.5 million in 1996-97) and in the northern area (estimated total cost \$15.8 million; \$1.1 million in 1996-97);
- upgrade of juvenile justice centres at St Marys (estimated total cost \$3.3 million; \$1.3 million in 1996-97), Gosford (estimated total cost \$15.2 million; \$3.3 million in 1996-97) and metropolitan Sydney (estimated total cost \$18.6 million; \$1.9 million in 1996-97);

- office modifications related to the provision of new statewide specialist psychological and psychiatric services for young offenders (\$0.8 million); and
- minor miscellaneous works comprising fitouts, computer upgrading and an asset replacement program (\$1.5 million).

HOME CARE SERVICE

The Home Care Service's objective is to provide high quality, cost effective household support services to people with disabilities, frail or at risk aged people and their carers. These services assist people in remaining in their own homes, where appropriate, rather than having to move into other forms of residential care.

Expenditure Trends and Recent Developments

The Home Care Service is mainly funded through the Home and Community Care (HACC) program.

There have been significant increases in demand in recent years resulting from the ageing of the population generally and the movement into the community of people with disabilities who had previously been placed in residential institutions.

Home Care has therefore had to carefully target its services. This has resulted in more of its services being directed towards people with complex care needs.

Strategic Directions

The Service is responding to the significant reviews and reforms currently in progress in regard to efficiency, effectiveness and targeting of HACC services. Ways of co-ordinating health and community services to specific customer groups is also being investigated.

1996-97 Budget

Current Payments

Home Care will receive a basic allocation of \$107.4 million from the HACC program in 1996-97. This funding is provided through the Ageing and Disability Department. In addition to this base amount, Home Care will receive additional HACC funding for specific local projects which are being undertaken in conjunction with area offices of the Department of Community Services and the Department of Housing. In total, the Home Care Service expects to spend \$128 million in 1996-97.

The Service also manages the Hostel and Care program that provides assistance in project management and financing for housing and care options for older people. These payments are expected to amount to \$4.5 million in 1996-97.

Capital Payments

Home Care's \$2 million capital program provides for the purchase of computer equipment, miscellaneous plant and equipment as well as minor alterations to accommodation at various locations across New South Wales.

4.3.6 MINISTER FOR CORRECTIVE SERVICES AND MINISTER FOR EMERGENCY SERVICES

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Department of Corrective Services			
Current Payments	320.6	316.8	(-) 1.2
Capital Payments	49.9	40.9	(-) 18.0
New South Wales Fire Brigades			
Current Payments	216.3	230.4	6.5
Capital Payments	17.5	24.1	37.7
Department of Bush Fire Services			
Current Payments	26.9	27.1	0.7
Capital Payments	38.3	41.1	7.3
State Emergency Service			
Current Payments	9.4	9.6	2.2
Capital Payments	1.5	2.0	33.3
Total, Minister for Corrective Services and Minister for Emergency Services	680.4	692.0	1.7

The significant variations in estimated payments for 1996-97 in this portfolio compared with forecast payments in 1995-96 are in the agencies responsible for fire prevention services. This reflects the Government's commitment to ensuring that the Department of Bush Fire Services and the New South Wales Fire Brigades are adequately equipped. The capital payments for the State Emergency Service also show a significant increase in percentage terms.

The decrease in capital payments by the Department of Corrective Services largely reflects lower expenditure in 1996-97 on the Metropolitan Remand and Reception Centre project which is due for completion in July 1997.

DEPARTMENT OF CORRECTIVE SERVICES

The Department of Corrective Services is responsible for carrying out both custodial and non-custodial orders of the criminal courts and adult inmates. The Department is responsible for the management of offenders who have been sentenced to imprisonment, are on remand or are on appeal, or have been required to adhere to an order involving supervision by the Probation and Parole Service.

Expenditure Trends and Recent Developments

The daily average inmate population, excluding periodic detainees, over the period between June 1990 and June 1995 increased from 5,002 to 6,279. During 1995-96 the full time inmate population has increased marginally from the June 1995 level. During 1995-96 metropolitan fine defaulters were transferred from full time custody to Malabar periodic detention centre, thus lowering the security level of their incarceration. Cabinet has approved in principle reforms to the legislation governing fine defaulters and various alternatives to imprisonment.

During 1995-96 the Law Reform Commission is undertaking a review of judicial sentencing options and alternatives, with its final report due for release in July 1996. Depending on the outcome of this report the number of short sentenced inmates in custody is expected to reduce in future years. It is not currently anticipated that the number of inmates in full time custody will vary significantly in 1996-97 from that experienced in recent years, given lead times involved in the legislative and judicial processes.

In 1995-96 a number of significant strategies have been implemented to improve the cost efficiencies including destaffing armed security towers and replacement of personnel with electronic security equipment. Custodial staff released have been redeployed to other activities.

Strategic Directions

In April 1996 Cabinet gave approval to a substantial reform package to improve correctional services in New South Wales to -

- improve the overall management of inmates by reducing transfers of inmates, locating inmates near their families wherever possible, and establishing a major therapeutic complex at Long Bay Correctional Complex;
- achieve a better match between the location of correctional centres and the place of residence of inmate families;
- take full advantage of the opening of the Metropolitan Remand and Reception Centre currently being built; and

- focus upon the rehabilitative value of specialised care programs to counter-balance the negative aspects of imprisonment and to reduce recidivism.

The Department's capital strategy is consistent with Cabinet's recent approval and the Department's Capital Works Strategic Plan, 1993-2003. This plan provides for a number of institutions to be closed and others redeveloped to make them more suitable from an operational point of view and more cost effective.

1996-97 Budget

Current Payments

In line with the Government's Corrections Policy and the reform package approved in April, a number of initiatives are scheduled for implementation over the next five years.

These initiatives are -

- **Therapeutic Centres**

As a consequence of the Waller Committee Report on suicide and self harm in custody, therapeutic centres are being constructed at Mulawa, Cessnock and Bathurst. These facilities will become operational during 1996-97 and 1997-98 (at an annual cost of \$0.68 million) and will provide a therapeutic regime for inmates who exhibit behaviour of a potentially suicidal or self harming nature.

- **Additional Periodic Detention Centres**

Capital funding has been provided to both upgrade existing and build new periodic detention centres in the metropolitan area and country locations. During 1996-97 an upgraded Tomago PDC will be opened to accommodate both male and female detainees. A new periodic detention centre catering for both male and female detainees at Broken Hill is also scheduled for opening in 1996-97. In the following year facilities at Bathurst will be opened along with an upgraded centre at Emu Plains.

Periodic detention provides an alternative sentencing option to full time custody with particular significance for female and Aboriginal offenders. To date, periodic detention for women (both Aboriginal and non-Aboriginal) has only been a sentencing option in the Sydney metropolitan area.

Funding has also been provided to open a metropolitan mid week periodic detention program during 1996-97 to accommodate the anticipated increase in detainees.

- **Home Detention Scheme**

A home detention scheme is to be progressively implemented during 1996-97 to 1998-99 to provide a sentencing alternative to divert suitable minimum security offenders from full time custody while providing control and restriction of liberty similar to imprisonment. The scheme, already on trial since 1992 in New South Wales, should provide a more cost effective alternative than full time custody. It is intended that home detention will be used as an alternative to a sentence of up to 18 months full time imprisonment, but only where the nature of the offence and the background of the offender are such that the risk to the safety of the community is minimal.

- **Sex Offenders Program**

Extensive planning has been undertaken to implement a sex offender program to manage this category of inmates from their reception into correctional centres through their sentence to temporary leave, release and post release.

The program also includes specialist and detailed assessment in conjunction with the Probation and Parole Service prior to an offender's sentence by the judiciary.

Capital Payments

The 1996-97 capital program totals \$40.9 million. The main projects are as follows -

- **Metropolitan Remand and Reception Centre**

The Metropolitan Remand and Reception Centre, to accommodate 900 unsentenced and new reception inmates, will provide the opportunity to significantly reduce costs by establishing a more efficient inmate to staff ratio without compromising appropriate levels of security and inmate programs.

The estimated total cost of the Centre is \$81 million. In 1995-96 significant progress has been made with construction advancing ahead of program. The allocation for 1996-97 of \$20 million will advance the project closer to completion which is scheduled for July 1997.

- **Computer Replacement**

An amount of \$1.2 million has been allocated in 1996-97 for replacement of the Department's computer system to streamline the handling of inmate reception and private property, management of visits to inmates and to effect improvements in rostering of custodial staff.

- **Tomago Periodic Detention Centre**

An existing facility at Tomago is currently being redeveloped as a combined male/female Periodic Detention Centre (estimated total cost \$1.5 million). The project is due for completion at the end of 1996.

- **Emu Plains Women's Periodic Detention Centre**

This project involves the construction of a purpose built 70 bed periodic detention centre for women at Emu Plains. The project is due for completion in February 1998 at an estimated total cost of \$1.76 million.

- **Goulburn - New Kitchen and Reception Facility**

This project covers the replacement and upgrade of essential infrastructure at the Goulburn Correctional Centre, including a new external kitchen to service the complex which is currently under construction. The current inadequate reception facility is to be relocated.

The two developments will improve the operation of the centre and also complement the proposed staged major redevelopment planned for 1997-98. The new kitchen and reception facility, at a total estimated cost of \$3.1 million, is scheduled for completion in October 1996.

- **Mulawa Therapeutic Centre**

This facility will provide health care for female inmates with special needs in relation to security, management and care. It will be jointly staffed by Corrective Services and Corrections Health Service personnel and will ensure medical care for inmates who are considered psychiatrically and emotionally unstable.

The total estimated cost of the project is \$1.85 million with the costs being shared between the Department of Corrective Services (\$1 million) and the Health Department (\$850,000) and is due for completion in September 1996.

- **Bathurst and Cessnock Therapeutic Centres**

These two facilities were commenced as a result of the Waller Committee Report recommendations and will provide health care for inmates considered psychiatrically and emotionally unstable with a higher standard of care, supervision, counselling and assessment than that provided in the mainstream correctional centres.

The total estimated cost for each Therapeutic Centre is \$1.6 million, with the Cessnock Centre due for completion in April 1997 and the Bathurst Centre in July 1997.

- **Broken Hill Periodic Detention Centre**

This project will provide a new 30 bed facility for male and female detainees in Broken Hill and enable the Periodic Detention Program to be offered more widely, particularly to the Aboriginal community, allowing diversion of people from full time imprisonment.

The project also involves the provision of accommodation for up to 5 full-time female inmates who are currently required to be housed in the male correctional centre.

The total estimated cost is \$1.1 million, and the Centre is scheduled for completion in January 1997.

- **Bathurst Periodic Detention Centre**

This project will provide a new 40 bed facility offering periodic detention to a large number of persons in the region. It will complement the current correctional centre which is unable to offer a program such as periodic detention.

The Centre is scheduled for completion in August 1997 at an estimated total cost of \$1.6 million.

- **Emu Plains Re-development Stage 2**

This development will provide four new accommodation pods for up to 70 minimum security female inmates within the existing security fence at Emu Plains Correctional Centre. The facilities will cater for mothers and babies, persons of non-English speaking background, Aboriginal and special needs inmates.

The existing infrastructure will be replaced or developed to provide administration, clinic, programs, recreation and industries areas, with the existing visits building re-used, and existing industries, such as the dairy to continue operation. The total estimated cost is \$5.7 million (\$1.5 million in 1996-97) with completion scheduled for July 1998.

- **Probation Information Management System (PIMS)**

The NSW Probation and Parole Service business objectives will be enhanced by new generation application systems, built on the Department's approved Computerised Offender Management System (COMS) and will be supported by professional support systems within the Department.

Networks and upgraded computing equipment will be supplied and installed at all probation office sites. The total estimated cost of this project is \$3.05 million with \$1.5 million to be spent in 1996-97.

NEW SOUTH WALES FIRE BRIGADES

The NSW Fire Brigades works with the community to prevent fire and to respond to fires, hazardous material incidents, rescue and other emergency incidents, in order to protect and preserve life, property and the environment. It is responsible for providing fire protection to developed centres throughout the State, covering over 90 per cent of the population. In times of difficulty, such as bush fire crisis, it also supports the Department of Bush Fire Services in non-urban areas.

Expenditure Trends and Recent Developments

Under the Fire Brigades Act 1989, the recurrent expenditures of the agency are financed by contributions from local government (12.3 per cent) and insurance companies (73.7 per cent), with a net cost to the State of 14 per cent. These contributions are net of other funding, such as user charges, which is available to the agency.

The level of expenditure over the past six years has increased mainly due to the significant increases in awards, superannuation and worker's compensation, as well as depreciation following the revaluation of assets during 1994-95. The agency has also progressively upgraded the level of protection to firefighters in accordance with occupational health and safety issues. These have required the introduction of new and improved protective clothing, boots and helmets, and the provision of specialised breathing apparatus and protective suits when combating incidents involving hazardous materials and other hazardous substances.

There was also an 18.2 per cent growth in incident levels attended by the Brigades between 1991-92 and 1994-95. This has placed heavy demands on existing resources and generated higher operational costs for attending incidents. Increased costs have been experienced through higher levels of overtime, greater demand for skills training, more (and improved) equipment, increased requirements for consumable firefighting materials and an increase in repairs and maintenance to fire stations and fire appliances which are required to be operational 24 hours a day.

Other cost increases have arisen following the State Consent Award in August 1994 which provided fire officers with a salary increase of 8 per cent retrospective to 1 August 1993, a 2.5 per cent increase from 1 April 1994 and a further 2.5 per cent increase from 1 April 1995.

The Capital Program has also steadily increased in real terms over the past seven years and will continue to increase as incident levels increase and growth areas are serviced.

Since the Fire Brigades became a Budget Sector agency on 1 January 1990, its capital program has been primarily funded from internal sources. In 1993-94 a special allocation of \$12.7 million was made from the Consolidated Fund to enable planned equipment and facilities to be acquired more quickly, and in 1995-96 \$2.3 million was provided from Consolidated Fund to assist with urgently needed replacement equipment, vehicles and property.

Strategic Directions

The overall objective of the NSW Fire Brigades is to improve emergency response capability and response time so that loss of life and property is minimised. This is to be achieved through improvements in the Communications Network including the FireCad automated dispatch system, radio links and "000" responses, construction of new fire stations in growth areas and upgrading existing ones, and purchase of replacement and additional firefighting vehicles to replace the ageing fleet.

For 1996-97 there is particular concern with urban and developing areas where population changes have resulted in a change in service needs. A strategic program is being developed to ensure an adequate and equitable level of fire service is provided in existing and major growth areas of the State. The level of grants to be provided to Volunteer Rescue Associations is to be increased to \$500,000.

1996-97 Budget

Current Payments

Total current payments in 1996-97 are estimated at \$230.4 million.

In 1996-97 the agency plans to expand its repairs and maintenance programs for both the firefighting fleet and also for fire stations. It will also continue with the subsequent stages of the replacement programs for breathing apparatus, Hazmat equipment and communications equipment. Allowance has been made for increased operating costs associated with the opening of new fire stations to meet the expanding demands of growth areas and also funding for 10 additional training positions to meet the demands for skills training and skills maintenance.

Capital Payments

The NSW Fire Brigades' 1996-97 capital program of \$24.1 million (a 37.7 per cent increase on forecast expenditure for 1995-96) makes provision for the following projects -

- communications network development (\$6.0 million);
- redeployment of fire fighting resources and facilities to achieve more equitable distribution in the Greater Sydney Area (\$1.8 million in 1996-97 to complete two projects at St Andrews and Marayong);
- commencement of a new fire station at Tweed Heads (\$550,000);
- commencement of a new fire station at Kariiong (\$250,000);
- commencement of a new fire station for the Rouse Hill area (\$750,000);
- continuation of the program of acquiring additional and replacement pumpers (\$4.4 million);

- continuation of a program to replace special appliances such as breathing apparatus, Hazmat (Hazardous Materials Responses) and salvage vehicles (\$3.1 million);
- purchase of aerial fire fighting appliances (\$2.9 million);
- expansion and upgrading of existing training facilities and acquisition of new sites (\$600,000);
- major computer upgrade and extension of the network including replacement of existing hardware and software (\$711,000);
- miscellaneous property works (\$2.7 million); and
- minor firefighting and other equipment (\$300,000).

In 1996-97 the contribution from Consolidated Fund will be \$8.2 million. These increases in capital funding will be of particular benefit to both city and rural areas of New South Wales as well as addressing the need for additional facilities required in growth areas.

DEPARTMENT OF BUSH FIRE SERVICES

The Department is responsible for the promotion of effective rural fire fighting services within the State, including the co-ordination of bush fire fighting and prevention activities.

Under the Bush Fire Act, total expenditures of the Department are financed by contributions from Consolidated Fund (14 per cent), local government (12.3 per cent) and insurance companies (73.7 per cent).

Expenditure Trends and Recent Developments

The Department has received significant funding increases over the past five financial years. The total payments for 1996-97 are estimated at \$68.2 million compared to \$25.2 million in 1992-93.

1996-97 Budget

The level of funding provided for 1996-97 allows the Department to continue to implement the Government's commitment to provide additional tankers to the bush fire movement.

Included in the allocation is an amount of \$7.1 million for the supply of additional tankers to local government councils. It is anticipated that 110 new tankers will be placed into various local government areas during the year. The allocation of these tankers will be in accordance with Standards of Fire Cover.

The level of other equipment to be supplied to local government will remain consistent with that of the previous year.

An amount of \$8.5 million will be allocated for the provision of second hand vehicles.

During the financial year the Department will enter phase two of a three year program to develop a radio communications network which links in to the Government Radio Network. An amount of \$3.6 million has been included in the Budget, in addition to the normal expenditure on radios.

Reimbursement to councils for maintenance and operating costs associated with bush fire fighting is estimated to be \$14.7 million for the year. In addition, an amount of \$20.5 million will be expended on providing general bush fire fighting equipment to local government.

Administrative savings mean that the level of expenditure on the administration of the Department will not increase over the 1995-96 level. The Department has over the years maintained a policy whereby resources are, where possible, directed to the provision of equipment for fighting bush fires as distinct from other expenditure areas.

The Government is considering its response to the findings of the Coroner's report into the January 1994 bushfire emergency.

STATE EMERGENCY SERVICE

The State Emergency Service is a volunteer based organisation dedicated to providing immediate assistance to the community in times of natural or man-made incidents or emergencies. Its main responsibility is as the lead agency for floods and storms.

Expenditure Trends and Recent Developments

During 1995-96, volunteer members of the Service attended numerous floods, windstorms, road rescues and searches, as well as providing major assistance in bushfires.

The majority of the Service's 1995-96 recurrent allocation (\$9.4 million) was used to provide support directly to volunteers through the provision of equipment, insurance and training as well as repair and maintenance of equipment.

1996-97 Budget

Current Payments

The funding provided in 1996-97 (\$9.6 million) to the State Emergency Service will ensure a continued high level of support to the volunteers with the further provision of equipment, insurance, training and equipment repairs.

Capital Payments

The State Emergency Service's capital program makes provision for land and building costs and the purchase of rescue equipment.

The Service's 1996-97 capital program of \$2.0 million includes \$1.4 million for communications and rescue equipment throughout the State, the construction of a new headquarters for the Lachlan Division at Parkes (\$0.4 million) and the purchase of the North West Division Headquarters at Moree (\$0.2 million).

The high level of capital funding provided to the Service in 1995-96 and 1996-97 will enable volunteers to provide a superior response to emergencies and disasters throughout the State.

4.3.7 MINISTER FOR EDUCATION AND TRAINING

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation	
	\$m	\$m		%
Department of Training and Education Co-ordination				
Current Payments	151.5	139.6	(-)	7.9
Capital Payments	8.8	3.2	(-)	63.2
Department of School Education				
Current Payments	3,600.4	3,772.4		4.8
Capital Payments	176.0	151.3	(-)	14.0
New South Wales Technical and Further Education Commission				
Current Payments	935.0	949.9		1.6
Capital Payments	123.7	143.6		16.1
Office of the Board of Studies				
Current Payments	56.5	56.6		0.3
Capital Payments	0.4	0.4		...
Total, Minister for Education and Training	5,052.2	5,217.0		3.3

DEPARTMENT OF TRAINING AND EDUCATION CO-ORDINATION

The Department of Training and Education Co-ordination (DTEC) leads and co-ordinates New South Wales educational and training policy, planning, resource allocation and consultation. It also has a key role in ensuring a high level of cross-sectoral co-ordination and stakeholder involvement in these areas. This co-ordination will assist individuals, the community and industry to achieve high quality and equitable outcomes from education and training.

The Department is also the New South Wales nominated State Training Agency for the purposes of the Australian National Training Authority Act.

Expenditure Trends and Recent Developments

The Department of Training and Education Co-ordination was formed in April 1995. The main objective was to create one authority responsible for vocational education and training policy in New South Wales. This will eliminate the duplication of functions between DTEC and the NSW TAFE Commission, streamline the policy, planning and resource allocation processes and move appropriate functions closer to the point of delivery. The resulting savings are to be directed toward funding an additional 5,000 TAFE places by the end of 1997.

Current payments in 1995-96 of an estimated \$151.5 are less than the budgeted \$180.1 million primarily due to the reclassification of a \$18.1 million payment to the Commonwealth for the State's share of higher education superannuation costs. On the advice of the Australian Bureau of Statistics, this payment was reclassified against current receipts.

Other variations are due to lower than expected receipts from the Commonwealth for employment programs administered on their behalf.

Strategic Directions

The strategic policy functions of DTEC and TAFE, including the Office of the Board of Vocational Education and Training (BVET), are being amalgamated. This key area will be responsible for providing advice to the Minister on vocational education and training, higher education, access and equity in education and training and, together with the Department of School Education, strategic advice on schooling in New South Wales.

The strategic information, research, planning and resourcing functions of DTEC and TAFE will be streamlined and located in one area, while leaving in TAFE the functional capabilities for operational planning, management information and decision making which allow TAFE NSW to plan and operate effectively on a statewide basis.

The Department will be responsible for the preparation of the State Training Profile, evaluating resource requirements in relation to identified needs, advising on the allocation of State and Commonwealth funds and providing co-ordinated input to national plans such as the Australian National Training Authority (ANTA) National Strategy. It will review outputs and performance of the NSW education and training system while streamlining monitoring and reporting procedures in the access and equity area so that a more efficient approach is developed for measuring effort and outcomes.

DTEC will also co-ordinate industry and other key stakeholder input into vocational education and training (VET) planning processes covered by ANTA and related legislation at a peak level. It will facilitate the communication and promotion of VET reform. This will include being the prime disseminator of information about VET for industry.

The consolidation of the DTEC regional and local offices into 11 DTEC centres aligned with TAFE Institute boundaries will create a streamlined regional structure with the capacity for the strategic VET planning, resource allocation and consultation role now required of DTEC at the regional level.

The redefined role of the DTEC centres will be reflected in an expansion of the VET core functions in all offices. These functions will include development of the regional training profile, resource allocation, program management of State and Commonwealth funded training programs and administration of apprenticeship and trainee systems.

1996-97 Budget

Current Payments

In 1996-97, the Department has been allocated an additional \$19.3 million of ANTA "Growth Funds" from the 1996 and 1997 calendar year allocations to New South Wales. These funds will primarily be used to expand the existing market for training in New South Wales by being offered on a competitive basis to both public and private providers of VET.

Further projects administered on behalf of the Commonwealth include -

- \$0.6 million to deliver the Landcare and Environment Action program (LEAP) which provides training places for the long term unemployed and is targeted toward youth;
- \$3.1 million for New Work Opportunities (NWO) which provides training places for the long term unemployed in projects involving State Government departments and instrumentalities; and
- \$14.8 million for the Pre-Vocational Places Program to assist long-term unemployed people and those disadvantaged in the labour market.

An amount of \$8.252 million has been allocated to the Board of Adult and Community Education in 1996-97 for distribution to more than 100 community owned and managed organisations. The Board will co-ordinate programs, provide policy and services, as well as prepare strategic plans, across the ACE sector.

Other major initiatives to be undertaken during 1996-97 include -

- overall planning of recurrent funding directions for vocational education and training resources to address areas identified in the State Training Profile as requiring priority;
- implementation of the National Strategy for Women in Vocational Education and Training and providing executive support to the Vocational Education, Employment and Training Women's Taskforce and Australian National Training Authority funded national projects;

- co-ordination of a project designed to increase effectiveness, accessibility and fairness of skills recognition arrangements for overseas trained tradespeople. This project will enhance co-ordination between NSW and Commonwealth provision of trade recognition services;
- development and implementation of a new comprehensive VET resource allocation model incorporating capital, curriculum and recurrent allocations;
- ensuring appropriate and timely provision of industry training to meet the needs of the year 2000 Olympics; and
- renegotiation of the joint State and Commonwealth funding of programs designed to assist Aboriginal and Torres Strait Islander peoples gain training and employment opportunities.

Capital Payments

The Capital Program provides for the fitout of offices, implementation of the Information Technology Program and the replacement and upgrade of items of plant and equipment.

The Information Technology Program has two broad strategies -

- infrastructure development, which incorporates the linking of local area networks to host computers across a wide area network; and
- development of the Integrated Vocational Training System, which will integrate all areas of the Department's work in order to improve customer service and reduce administration overheads.

DEPARTMENT OF SCHOOL EDUCATION

The activities of the Department of School Education largely relate to the provision of primary and secondary education in government schools. Educational services are currently provided by the Department to roundly 763,000 students in over 2,200 schools. Assistance to non-government schools is also provided through the Department.

Expenditure Trends and Recent Developments

As a consequence of the Government's education initiatives, total recurrent payments by the Department of School Education have continued to increase and in 1996-97 will total some \$3,772.4 million, an increase of \$172 million or 4.8 per cent on 1995-96 levels.

The estimates incorporate a 4 per cent salary increase for teachers, as a first step in the Government's offer of a 7.1 per cent pay rise without productivity trade-offs. The need to access funding for increased teachers' salaries is dependent upon the outcome of negotiations with the Teachers Federation and any decisions reached in the Industrial Relations Commission.

In August 1995 the Minister for Education and Training announced a restructuring of the Department of School Education. The restructure will be fully implemented by December 1996.

Major features of the restructure are -

- replacement of the three-tier administrative structure (clusters, regions, State Office) with a two-tier structure involving districts and a State Office;
- the decentralisation of school and classroom teacher support to 40 district offices strategically located throughout the state; and
- the establishment of an integrated State Office, with the core functions located at Bridge Street, City and satellite offices at Ryde, Blacktown, Newcastle, Wollongong and Bathurst.

The new structure is based on considerations of quality, standards, support for schools and effective delivery of the Government's school education services. It eliminates administrative duplication and waste and produces a leaner and simpler bureaucracy which significantly improves the quality and range of services available locally to schools and teachers.

Implementation of the changes is well underway with the orderly transition of functions on track to be completed by December 1996. Savings from the restructure will amount to \$6 million in 1996-97 and \$17 million in 1997-98 and thereafter.

The Department's program budget structure comprises four separate program areas viz -

- ***Core Education Services***, reflecting the general funding requirements of government schools. Total current payments on core programs will be some \$2,769.7 million in 1996-97, an increase of \$110 million on 1995-96;
- ***Equity Services***, providing a supplement to core services to address identified needs for a range of education services including programs targeting Aboriginal students, students from non-English speaking backgrounds and students disadvantaged by socio-economic factors. Government schools receive varying amounts of equity funding depending on the needs identified in each school. Total current payments on equity programs will be some \$475.1 million in 1996-97, an increase of \$10.1 million on 1995-96;
- ***Strategic Plan Programs***, representing areas of emphasis in the Department's strategic plan, including programs targeting literacy, anti-violence, computer technology, student assessment and community languages. These programs will change in focus as the strategic plan is updated to reflect new and emerging priorities. Total current payments on strategic plan programs will be \$194.7 million in 1996-97, an increase of \$38.4 million on 1995-96; and

- ***Non Government School Services***, reflecting financial support to non government schools. Total current payments on these programs will be \$332.9 million in 1996-97, an increase of \$13.9 million on 1995-96.

- **Core Education Services**

The number of Government primary school students has increased from 440,807 in 1995 to an estimated 443,600 in 1996. Increased emphasis is being given in the early years of schooling to programs targeted to improve literacy skills in primary students.

While the number of government secondary school students remains stable, there was a decline in senior secondary students (Years 11 and 12) from 1990 through to the end of 1995. The number of senior secondary students is now increasing and this is reflected in the core resourcing requirements and the decrease in pupil/teacher ratios. The Department of School Education continues to provide government secondary school students with a full range of courses in their senior years of schooling. The Department aims to develop in students the knowledge, skills and attitudes which are relevant to, and are recognised within, a wide range of employment, training and further education settings.

- **Equity Education Services**

The number of students receiving special education support continues to increase. Since 1993-94, the number of students with disabilities being integrated into regular schools has increased by 14.7 per cent. In 1996-97 it is anticipated that more than 5,000 students in integrated settings will receive special education support. This is possible because of an increase in the knowledge and awareness about disabilities and improvements in school programs to cater for all students.

Current funding for Aboriginal Education and Rural Education programs has increased significantly in recent years in recognition of the special needs of students. Over \$54 million will be spent on Rural programs in 1996-97 with a further \$17.5 million available for Aboriginal programs.

- **Non Government School Services**

Funding is mainly in the form of student per capita grants and secondary text book allowances together with the interest subsidy scheme for capital projects. Schools must be registered in terms of the NSW Education Reform Act 1990 to be eligible for government assistance.

- **Strategic Directions**

The Department of School Education's strategies are detailed in the document *Agenda 1996 - NSW Public Schools: Learning Communities of Quality*.

The Agenda for 1996 is firmly based on a foundation of values and standards and a commitment to equity, and is directed to -

- teaching traditional values;
- in safe and happy schools;
- aiming for excellence;
- in high technology classrooms; and
- providing a fair go for all.

Significant trends in strategic plan programs that underpin *Agenda 1996* are -

- *Basic Skills Testing* - participation in the Basic Skills Testing program (in Years 3 and 5), for which the Department of School Education has management responsibility, has continued to grow. Some 116,550 government school students and 8,542 non government school students were tested in 1996. New South Wales also conducted this program for 21,020 students in South Australia;
- *Joint Secondary School/TAFE Programs* - students are able to complete their studies through a flexible range of study patterns which suit their needs. The traditional barriers between TAFE and secondary schooling have been further broken down to create innovative and flexible pathways to employment or further education and training;
- *Anti-Violence Programs* - the Government is committed to the identification of issues associated with violent incidents in schools so that they can be redressed immediately. An anti-violence program, involving the appointment of an additional 102 staff, commenced in 1994;
- *Selective High Schools* - the number of selective high schools is 19, an increase of 12 since 1988. There are also 4 agricultural high schools. About 5 per cent of Year 6 students are accepted into selective high schools and these students continue to achieve excellent results. Primary school programs for gifted and talented students are being expanded in 1996-97;
- *Technology Programs* - the provision of enhanced technology in schools during 1996-97 includes the continued installation of satellite dishes and modems in all rural schools. Library software for the Schools Administration system (OASIS) has been introduced in approximately 980 schools with student populations of less than 300, while other major enhancements to OASIS include the upgrade of software for all modules and the supply of new file servers; and

- *Languages Other Than English Programs* - in the area of languages studies, programs are being targeted at increasing the number of students who study a language for between 500 and 1,000 hours during their school career. This enhanced focus on languages in a number of high schools will play a key role in providing greater opportunities for students to study their home languages.

The Government is providing additional funding to support Asian language programs and for the training of primary teachers to extend languages provision. Initiatives in Asian languages are consistent with the direction of the National Asian Language Strategy.

The Department's capital strategy is focussed on the need to provide additional educational facilities in new and developing areas of the State and to ensure the provision of essential facilities in existing schools.

Capital works projects are provided in schools on the basis of identified needs consistent with the statutory responsibilities of the Minister for Education and Training. The planning of facilities is undertaken within a framework of formal school facilities standards and cost budget procedures and has regard to economic appraisal and asset management guidelines.

The Department of School Education builds "core" schools to cater for the State's long term student population and provides demountable classrooms for short term peak periods. The Department also has a continuing program of updating or replacing existing facilities and responding to infrastructure requirements associated with new educational initiatives. The cost of sites for new schools, furniture and equipment and major computer acquisitions is also met from the capital allocation.

1996-97 Budget

Current Payments

- **Computers and Technology in Schools**

The Government is committed to the provision of computer resources, training and support to enhance education in New South Wales schools, and to ensure that students benefit from the exciting possibilities presented by improved technology and global access to information.

Key aspects of the strategy are -

- connection of all schools to the Internet;
- the training and development of teachers in the use of computers within the key learning areas;
- providing additional personal computers to schools and additional technology support to teachers, students and schools; and
- developing curriculum support materials to enhance teaching and learning in all key learning areas.

A total of almost \$167 million will be provided to implement the strategy during the period 1996-97 to 1998-99. A sum of \$29.6 million will be provided in 1996-97 for the program.

The overall program will provide for the following -

- training of 15,000 teachers in the use of technology in the classroom;
- 40 technology advisers to district offices;
- development of curriculum materials to support teachers in integrating technology into their teaching practices;

- provision of release time for computer coordinator support to high schools and central schools as well as additional Advanced Skills Teacher (AST) allowances and additional release time for primary school teachers;
- an additional 124 EFT positions in 1997-98 to increase the level of computer coordinator support in high schools, leading to the provision of a full-time coordinator in each high school and central school in 1998-99;
- connection of all government schools to the Internet by the end of 1996; and
- distribution of a significant number of additional computers to schools, which is estimated to result in a computer/student ratio of 1:8 by 1997-98.

- **School Based Funding and Grants to Schools**

Grants to schools under global funding arrangements will total some \$235 million in 1996-97. Global funding to schools commenced in 1988-89 and is being refined in line with the Government's "Fairer Schools Funding" policy.

This policy will provide for a sharing of resources between schools based on objective, equity-related criteria. The implementation of any changes will involve wide consultation with school principals, parents and community groups.

- **Additional Teachers**

In the second step of a four year program to fulfil the Government's commitment to increase teacher numbers, an additional 125.5 teaching positions will be funded in 1996-97. This means that from 1995-96 the Government has funded an additional 464 teaching positions.

Over the period 1995-96 to 1998-99 an additional 1,405 teaching positions will be funded by the Government, comprising -

- *Literacy Teachers (Reading Recovery)* - 400 literacy teachers to provide release for teachers to train in reading recovery and to implement the program. An additional 100 teaching positions are being funded in 1996-97, giving a total of 200 additional positions from 1995-96;
- *Community Languages* - 16 community languages are taught in 129 primary schools across the State. The community languages are Arabic, Chinese, German, Greek, Indonesian, Italian, Japanese, Khmer, Macedonian, Portuguese, Punjabi, Samoan, Spanish, Tongan, Turkish and Vietnamese;

The Government considers community languages a priority area and has committed an additional 96 positions to the community language program over a four year period. The allocation for 1996-97 provides for an additional 18 teaching positions bringing to 60 the number of positions provided for community languages;

- *Higher School Certificate* - 20 positions have been established to enable the commencement of HSC instruction at the beginning of Term 4 for Year 11 pupils and 7 positions have been created for HSC coaching;

Nineteen teaching positions have been allocated to provide a telephone advice service for HSC students by the Board of Studies. The advice line provides equal access to advice for all HSC students and in 1996 will operate during the mid-semester break and HSC examination period;

- *Technology Teachers* - The equivalent of an extra 833 teaching positions are being created over the period 1995-96 to 1998-99 to support the introduction of technology in the classroom;
- *Support Teachers for Small Schools* - Country schools are receiving the benefit of a number of Government initiatives. The equivalent of an extra 30 teaching positions is being phased in over four years to be used for teacher professional development, curriculum development, educational enhancement plans, special school projects and administrative relief. A total of 7.5 positions is to be provided in 1996-97 which will give a total of 15 positions which positions have been provided to support small schools under this initiative.

- **Drug and Alcohol Education Program**

The Government is committed to quality drug education for all young people in schools, including those with special needs. It recognises that young people experience great risk of harm from the use of alcohol, tobacco, analgesics and cannabis. As a result, it is important for primary prevention programs to be available to all students in New South Wales to assist students to understand the risk of drug use.

The Government is providing \$1 million in 1996-97 as part of a total program of \$5 million for an enhanced drug and alcohol strategy involving teacher training, quality resources, curriculum support and policy advice. Assistance will be provided to special groups such as Aboriginal students and communities, and students at increased risk of harmful drug use.

Capital Payments

The 1996-97 capital allocation of \$151.3 million will permit the commencement of 35 new projects including new or replacement public schools at Claremont Meadows, Buxton and Blue Haven, a new high school at Camden Haven, a new Kindergarten-Year 12 school at Evans Head and Stage 1 of a new senior high school, in conjunction with the Catholic Education Office, at Nrimba, near Quakers Hill. Funding is also provided for the stage 2 completion of Nimbin Central School. Major upgrades at twelve schools will also be undertaken.

Work will continue on over 55 projects initiated in previous years including Bankstown Senior College, James Ruse Agricultural high school, Salamander public/high school and public schools at Castle Hill, Fairfield, Narellan Gardens and Pottsville and high schools at Toronto, Glenmore Park, North West Nowra and Tumby Umbi. An amount of \$12 million will be spent on a wide range of minor capital works projects across the State. A further \$2 million will be spent on the provision of air conditioning and \$2 million for shading and/or covered outdoor learning areas.

Roundly \$38.8 million will be spent during the year on other programs including new furniture for schools (\$7 million), site acquisitions (\$15 million), health and safety improvements (\$7 million), facilities for integration of students with disabilities (\$2.5 million), joint funded projects (\$1.4 million) and other various small value items (\$5.9 million).

NEW SOUTH WALES TECHNICAL AND FURTHER EDUCATION COMMISSION

The NSW TAFE Commission is the largest supplier of workforce training in Australia offering over 1,400 courses to over 400,000 students across New South Wales. TAFE New South Wales aims to meet the needs of students, industry and the community through a range of quality programs and services which are supported by relevant curriculum, comprehensive teacher skills, modern facilities and skilled management.

Expenditure Trends and Recent Developments

Over the past few years, recurrent expenditure by the New South Wales TAFE Commission has increased steadily. Total current payments, estimated at \$949.9 million for 1996-97, are 1.6 per cent higher than the forecast expenditure for 1995-96.

The estimates incorporate a 4 per cent salary increase for teachers, offset by savings arising from the streamlining of policy, planning and resource allocation processes and corporate services efficiency savings.

Significant developments during 1995-96 included the following -

- **Enrolment Trends**

The number of enrolments in New South Wales has remained stable with 415,868 enrolments in 1995 compared with 416,029 in 1994. More than 250,000 enrolments were in major award courses, making up sixty per cent of total enrolments. Between 1994 and 1995, enrolments in Associate Diploma and Diploma courses increased by 2.9 per cent.

Enrolments in trade courses for apprentices continued to grow, an indication of increased confidence in economic recovery. Trade enrolments grew from 42,966 in 1994 to 44,870 in 1995, an increase of 4.4 per cent.

Young people made up a large percentage of the Commission's enrolments, with over one quarter of enrolled students (102,304) being aged 19 years or under. Enrolment growth was highest, however, in the 30 years and over age group, as more people undertook retraining or courses to update their skills.

- **Access and Equity in Education and Training**

During 1996, TAFE New South Wales continued to implement a number of strategies to promote access and equity, including -

- the Working for Women Action Plan that encourages young women to consider non-traditional areas of employment and training such as automotive, building, electrical and electronics;
- developing a new strategic plan for Aboriginal vocational education and training in New South Wales - between 1991 and 1995, the number of Aboriginal students in TAFE NSW more than doubled (from 5,655 to 11,915);
- reviewing application and admission systems for students with a disability so that they can identify themselves and support services can be more quickly directed to those who need them;
- addressing the needs of rural New South Wales - the non-metropolitan Institutes provide a network of support which reaches even the most isolated teaching centres. Mobile teaching units are also used to extend the Commission's reach and give students access to the latest equipment; and
- providing literacy and numeracy courses at most campuses and English language courses at all metropolitan and some country campuses in New South Wales. TAFE NSW also provides workplace language, literacy and numeracy tuition, either as stand alone programs or integrated into vocational courses.

Over 95,000 people of non-English speaking background are enrolled in TAFE NSW courses and approximately 2,000 are enrolled in English for Specific Purposes (ESP) courses. A range of courses are provided, specifically designed to develop English language skills, prepare for further study, prepare for employment, qualify for a new career or to use overseas qualifications.

- **Flexible Delivery**

TAFE NSW programs are developed and delivered in a range of different ways, to meet the training needs of key industries, enterprises, community organisations and individuals. The demand for choice, the focus on the customer and an appreciation of differing learning styles have led a shift towards flexibility in the delivery of courses. A major factor in flexible delivery systems is the use of the most advanced communications and information technology available. This also enables the Commission to extend its services in a cost-effective way and increase the choices available to people who previously had limited access to vocational education and training.

- **Developing Pathways for Students**

TAFE NSW has led the way in initiating partnerships for planning and delivering education and training services and developing pathways for students. In 1995, alliances with industry, universities, schools, the adult and community education sector, other VET providers and government departments were further strengthened. These alliances included the development of joint facilities and precincts, credit transfer and advanced standing arrangements, dual accreditation of vocational courses in schools and cross-border initiatives. NSW TAFE's tertiary preparation and matriculation courses provided a stepping stone for many adults to move into higher education.

- **Initiatives for Small Business**

The Commission has a major role to play in the provision of training to meet the needs of small business enterprises, a priority area in terms of the economic development of the State. In 1995 some 2,300 small business students enrolled in small business courses over more than 60 campuses.

To address the needs of small business, TAFE NSW has developed a new certificate course in small business. The course contains management modules and electives, specific small enterprise units and modules based on small business competency standards. These can be taken as stand-alone short courses. A course on the use of information technology for managers of small businesses has been developed in conjunction with industry.

Strategic Directions

- **Economic Development**

As the largest supplier of workforce training in Australia, the NSW TAFE Commission contributes to economic development in NSW through the creation of a better skilled, trained and educated workforce. In 1996-97, TAFE NSW will continue to improve links with industry and community groups to ensure that the planning and delivery of vocational education and training programs is co-ordinated and responsive to statewide and local needs. The Commission will also continue to make a significant economic contribution through the development of high quality curriculum products, in response to the education and training needs of industry and the community in a competency based training and assessment format.

- **Fiscal Responsibility and Increased Efficiency**

In response to resource constraints and public sector efficiency reforms in New South Wales, all parts of TAFE NSW are involved in strategies to increase efficiency in the use of human, physical and financial resources. These include improving management systems and processes, resource sharing and joint planning with other organisations and income generation through increased commercial activity and tendering for targeted funds. Quality improvement strategies will be harnessed to produce efficiencies, enabling staff to initiate and develop more effective solutions to new challenges and customer demands.

- **Social Justice**

Education and training is a key to improved employment outcomes and quality of life for all students. TAFE NSW has a key role in meeting the needs of individuals and groups targeted by state and national equity policies and strategies. The NSW TAFE Commission will continue to place a high priority on meeting the education and training needs of Aboriginal and Torres Strait Islander peoples, people with disabilities, people of non-English speaking background, rural and isolated people and people who are unemployed. TAFE NSW is also the major provider of vocational education for inmates of institutions administered by the Department of Corrective Services. These programs increase the employment prospects of prisoners on release.

- **Strategic Capital Development Plan**

The Capital Works Program reflects the need to maintain a responsive and cost effective Statewide system of vocational education and training. The capital projects support those program areas which enhance productivity and upgrade the skills of the State's workforce. The program has a strategic focus and is tailored to meet the training needs of the State's labour force. Projects address areas of high unmet demand and priority development areas.

The Commission's Strategic Capital Development Plan aims at addressing emerging industry training needs as well as issues relating to access and equity through the provision of student support services, preparatory and literacy programs. It should also be noted that the NSW TAFE Commission has a significant investment in its stock of buildings which need to be maintained and upgraded, especially as new technology emerges.

The Strategic Capital Development Plan has three broad thrusts -

- provision for industries in which employment opportunities are projected to increase and are likely to impact on demand for training;
- facilities for identified industry training needs; and
- additional student places in geographic locations experiencing substantial population growth.

The Commission's capital works strategy is based on the underlying principle of providing flexible and cost effective facilities which will be adaptable to meet future training needs as they arise. Facilities are being designed for multi-purpose use, flexible delivery, and self-directed learning.

- **Industry Growth and Demand**

The major focus of the program of major works projects is to meet expressed industry need at the State or regional level. Many of the capital projects include additional facilities for information technology to meet the high level of unmet demand for computer training throughout New South Wales.

New facilities for Fine Arts and Ceramics are being provided at Campbelltown and Coffs Harbour. In New South Wales there has been significant growth in employment in Graphic Arts, together with a substantial change in the nature of the industry and a considerable decentralisation of industrial production. New facilities at Campbelltown will provide for computer aided Graphic Design and allow for the introduction of TAFE HSC Design courses.

The Retail Industry is projected to continue to be a major employer. The retail centre planned for Wagga Wagga is a strategically located regional facility to expand provision particularly for pre-employment and entry level training. Business Services accommodation will be provided at Kingscliff to meet the needs of industry within the region.

Employment growth in Community Services has been a marked trend for more than a decade. Facilities for Child Studies will be provided in Coffs Harbour, Kingscliff and Campbelltown to meet high unmet demand for Child Studies places on the North Coast and South Western Sydney.

Relocation of automotive training to the Bathurst (Mt. Panorama) campus will provide modern training facilities to meet the needs of industry within the region, while the development of an integrated light and heavy automotive mechanics facility at Shellharbour will allow this campus to become a major Transport centre servicing the Illawarra region. The refurbishment of the former automotive area at the Wollongong campus will allow for the expansion of Building and Construction facilities to meet the growing industry demand in the Illawarra region.

- **Population Growth and Demand**

Population growth is a major determining factor for capital development. The main growth centres continue to be in Western and South Western Sydney, as well as the Central Coast, South Coast and the Far North Coast. There has been a continued emphasis on capital development in these areas, and Institutes are repositioning their provision of courses to better meet local community and industry skills needs.

Major works at Coffs Harbour, Kingscliff, Shellharbour, Campbelltown and Wetherill Park will substantially expand the capacity of growth areas to provide for industry training and address the lack of basic skills of prospective employees, which currently reduces their capacity to compete successfully in the job market.

- **Student Support**

Expanded library services and improved student amenities will be provided at Hornsby, Wetherill Park, Wagga Wagga and Campbelltown and child care centres will be provided at Kingscliff, Orange and Mount Druitt.

1996-97 Budget

Current Payments

- **Enhanced Staff Development and Training**

During 1996-97 a number of innovative staff development strategies will be implemented throughout the Commission. Training to support the introduction of new educational technologies and flexible delivery will be available for teaching staff and the Commission will investigate the feasibility of introducing a new teacher development strategy that would include the provision of assistance in areas such as awareness raising, career planning and capability training.

A number of training programs for TAFE NSW managers will also be implemented including the Graduate Certificate in Leadership for Quality Education and Services, which was developed in conjunction with the University of New England.

- **Workplace Delivery of Education and Training**

One of the challenges in 1996-97 is to identify and work with those customers and program areas where successful learning would be enhanced by varying the delivery modes. As training is moving into workplaces in partnership with enterprise trainers, a major priority will be the expansion of work based and workplace learning.

Both curriculum development and delivery will be strengthened by establishing closer links with workplaces to provide practical workplace learning opportunities for students, to meet the needs of enterprises for training of staff at their workplace or at TAFE NSW facilities, and to meet the needs of employees for whom access and successful participation is influenced by distance.

- **The Competitive Training Environment**

TAFE NSW will be operating in a more competitive environment due to state and national priorities relating to increased user choice, competitive tendering for funding of vocational education and training and the globalisation of the education and training market. The emerging training market is characterised by an increase in the number and type of providers competing for the same pool of public and private funds.

While maintaining a core focus on providing services to individuals, enterprises and the community, TAFE NSW will implement strategies to respond to the realities of the competitive environment. This will require enhancing quality, creativity and team work as key elements of the organisational culture, especially in the area of small business training needs. It will also require active pursuit of new customers and the identification of new market opportunities within New South Wales, nationally and internationally.

- **Technological Developments in Education and Training**

The Commission recognises the critical importance of using a variety of educational technologies including multimedia and Internet publishing, on line and broadband services, computer based graphic design and videoconferencing.

Using such technologies the Commission will continue to support its geographically dispersed student base and expand the scope of delivery methods. These developments will in the main be implemented through the Open Training and Education Network and the Educational Network Australia.

Capital Payments

Over the past five years, capital expenditure by the NSW TAFE Commission has averaged \$127 million per annum, fluctuating between \$116 million and \$137 million. The fluctuations have been due primarily to variations in patterns of expenditure against Commonwealth calendar year grants and the level of State funds allocated according to overall capital program priorities.

In 1996-97 the projected capital program of \$143.6 million is a 16.1 per cent increase on the 1995-96 forecast expenditure of \$123.7 million.

A number of major building works are being completed in 1995-96. These include projects at the Blue Mountains, Glendale, Kurri Kurri, Lidcombe, Newcastle, Ourimbah, Port Macquarie, Scone, Strathfield, Werrington, Wollongbar and Wollongong.

Construction also commenced on a number of new building works. The more significant projects included refurbishing and upgrading works at Gosford, Gymea, Newcastle and Randwick Colleges, new buildings at Macquarie Fields, Newcastle and Nowra Colleges, the second stage of the joint educational precinct at Ourimbah, and a new Vehicle Technology centre at the Ultimo campus of the Sydney Institute.

A new joint development with Optus for a Telecommunications Skills Centre at Lidcombe College was also commenced in 1995-96.

Other major 1995-96 projects for which contracts should be let shortly include works at Ourimbah, Granville, Hornsby and Loftus.

Upgrades of management information systems continued during 1995-96 involving expenditure of \$10.6 million.

The capital allocation of \$143.6 million for the TAFE Commission in 1996-97 will permit the completion of major works at a number of colleges including Gosford, Lidcombe, Macquarie Fields, Newcastle, Nowra and Sydney. Construction will also continue on the refurbishment of the old Museum of Applied Arts and Sciences building at Ultimo for the Sydney Institute, new facilities for Carpentry and Joinery and Hairdressing on the Central Coast, refurbishments at Granville and Gymea Colleges and the former HMAS Nirimba at Quakers Hill, further stages of Hornsby and Loftus Colleges and the joint educational precinct at Ourimbah.

Work will commence on eleven new major projects in 1996-97. These include new developments at Bathurst, Campbelltown, Coffs Harbour, Hornsby, Kingscliff, Mount Druitt, Orange, Shellharbour, Wagga Wagga and Wetherill Park. TAFE facilities will also be incorporated in a new development with the Department of School Education at Salamander Bay.

Improvements to TAFE's computer systems will continue during 1996-97 at a cost of some \$5.4 million with upgrades to hardware and communications equipment. Work will also continue on providing the new college campus management system.

OFFICE OF THE BOARD OF STUDIES

The Office of the Board of Studies was created as a separate administrative unit in April 1995. The Office encompasses the Board of Studies, the Music Examinations Advisory Board and the Aboriginal Education Consultative Group.

Expenditure Trends and Recent Developments

In 1995-96 the Office introduced a new service for students, the Higher School Certificate (HSC) Advice Line. The advice line operated for a total of 37 days and received 23,849 calls from students attending 623 schools and colleges. The service supported 14 subjects at a cost of \$1.187 million (recurrent) and \$165,000 (capital). The advice line operations will be expanded to fulfil the Government's commitment to direct \$1.6 million per annum to this initiative.

A range of other successful initiatives were met from the Office's existing resources, including the increased involvement of country teachers in the HSC marking operation and the enhancement of examination security by way of photographic identification of candidates.

Strategic Directions

In 1996-97 the Office will continue to undertake the development and maintenance of high quality courses suited to the needs of the full range of students in primary and secondary education. It will ensure that the Board's assessment and credentialling mechanisms provide comprehensive information and accurate measures of student achievement.

The Office will promote the maintenance of high standards in schooling in the non-government sector through rigorous application of its registration and accreditation processes and procedures.

1996-97 Budget

Current Payments

Total current payments for 1996-97 are estimated at \$56.6 million. While the major focus will be to consolidate the implementation and ensuing benefits of new services introduced in 1995-96, a number of high priority issues will be addressed 1996-97. These include -

- implementation of the Eltis Committee Report recommendations which require the Board to progressively rewrite all of its syllabuses and support documents;
- responding to the HSC Green Paper and ensuing White Paper; and
- strengthening the management and evaluation processes surrounding the setting of School Certificate and HSC examination papers.

Capital Payments

An amount of \$270,000 will be provided in 1996-97 for the ongoing program to replace examination furniture. In addition, the Music Examinations Advisory Board will internally fund expenditure of \$100,000 to upgrade computer software.

4.3.8 MINISTER FOR THE ENVIRONMENT

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Environment Protection Authority			
Current Payments	68.6	80.9	17.9
Capital Payments	8.1	10.2	25.9
National Parks and Wildlife Service			
Current Payments	117.9	142.6	20.9
Capital Payments	31.2	40.0	28.2
Royal Botanic Gardens and Domain Trust			
Current Payments	16.6	17.2	3.6
Capital Payments	1.2	2.7	125.0
Centennial Park and Moore Park Trust			
Current Payments	5.4	7.1	31.5
Capital Payments	2.6	2.8	7.7
Bicentennial Park Trust			
Current Payments	1.5	1.5	...
Capital Payments	0.6	0.5	(-) 16.7
Total, Minister for the Environment	253.7	305.5	20.4

The increase in 1996-97 compared with the previous year reflects the Government's commitment to the Environment portfolio. Specifically, the Environment Protection Authority will spend \$13 million on the waste management program while the increase in the National Parks and Wildlife Service has resulted from additional expenditure for pest species and fire management, and operating costs associated with the establishment of 26 new national parks. The Centennial Park and Moore Park Trust will address maintenance and security issues within Trust lands.

Capital expenditure by the National Parks and Wildlife Service in 1996-97 reflects the establishment of the Western Sydney and Rouse Hill regional parks, the preservation of endangered flora and fauna resulting from the Threatened Species legislation, and increased maintenance costs, particularly for heritage assets. Capital expenditure by the Royal Botanic Gardens and Domain Trust in 1996-97 reflects the completion of extensions to the National Herbarium building.

ENVIRONMENT PROTECTION AUTHORITY

The Environment Protection Authority's objectives are to protect, maintain and restore the quality of the environment, having regard to the need to maintain ecologically sustainable development, to reduce the risks to human health and to prevent degradation of the environment.

Expenditure Trends and Recent Developments

The Environment Protection Authority commenced operation in March 1992, with current and capital payments increasing by 33 per cent in real terms since 1992-93 to \$91.1 million in 1996-97. This increase reflects the Government's commitment to the environment as well as increased awareness by the community of environmental issues and the Authority's responsibilities.

There is an increasing trend in kerbside recycling in New South Wales with an estimated collection in Sydney of 61 kilograms per person in 1996-97. In addition, a significant improvement in performance against the Government's Waste Reduction disposal target is forecast. It is estimated that there will be a 25 per cent reduction in the disposal target in 1996-97 compared to the base year of 1990.

A significant development during the last twelve months was the commencement of the Waste Management Fund to which the Government will contribute \$35.8 million over the three years to 1997-98. The Environment Protection Authority will spend \$13 million on waste management initiatives during 1996-97.

Other significant developments include the release of public discussion papers on Air Quality Management and the Smog Action Plan and the Government's in principle proposals for a new legislative and administrative framework for the remediation and management of contaminated land in New South Wales.

In 1995, the Government supported the Environment Protection Authority's strategies for increasing pollution related charges payable to the Consolidated Fund. The prime objective is to implement the polluter pays principle. The revenue increases also reflect the use of economic deterrents for pollution reduction and prevention.

Strategic Directions

The Environment Protection Authority has developed strategies involving innovative and targeted monitoring, regulation and enforcement, the use of economic mechanisms, education programs and the planning process.

These strategies will assist the Environment Protection Authority in addressing -

- increased pressure on the environment as a result of urban population and development;
- the cumulative detrimental impacts of small and medium sized industry in contrast to the improving environmental performance of large industry;
- a continuing move to large scale, intensive agriculture and an increase in forest activities as land available for forestry diminishes; and
- the environmental impact of individual activities which combine, interact and accumulate over time.

1996-97 Budget

Current Payments

An amount of \$80.9 million will be available in 1996-97 for current payments of the Authority.

Major allocations include -

- \$13 million for the Waste Management Fund; and
- contributions of \$5.1 million to the Zoological Parks Board for non commercial recurrent purposes including research and education programs.

Capital Payments

During 1996-97 the Environment Protection Authority will continue to improve facilities for computer supported scientific, technical and administrative facilities.

Capital funding is also provided for the initiation, on-going upgrade and installation of projects that will increase and improve the Authority's ability to undertake monitoring of all environment indicators, with specific emphasis on air and water quality monitoring, chemical contamination, waste management, economic instruments, laboratory processing and land contamination.

Capital payments in 1996-97 allow for the completion of the laboratory accommodation project at Lidcombe, the continuation of the upgrade of the air quality monitoring network and the purchase of minor plant and equipment.

A capital grant of \$2.3 million is provided to the Zoological Parks Board.

NATIONAL PARKS AND WILDLIFE SERVICE

The overall objectives of the National Parks and Wildlife Service are to conserve, protect and manage the State's natural and cultural heritage and to provide opportunities for members of the public to enjoy, appreciate and support national parks, regional parks and conservation of the State's heritage.

Expenditure Trends and Recent Developments

Over recent years, the Service's recurrent allocation has been increased to enable an improved performance in the areas of pest species and fire management, the maintenance of infrastructure within parks and for the conservation of the State's biodiversity.

During 1995-96, the Government declared 26 new parks in fulfilment of its pre-election commitment to declare 24 new parks within its first twelve months of office.

Over the past year, other commitments such as assistance towards the on-going maintenance of Parramatta Park and preliminary work associated with the establishment of Stage 1 of the Western Sydney and Rouse Hill Regional Parks were undertaken.

In addition, an inventory of bushland in the Cumberland Plains region was commenced.

Strategic Directions

Priorities for the Service concentrate on achievement of the Government's commitment to the environment. Primarily those relate to such initiatives as the creation of new national parks, the establishment of regional parks in Sydney's west, new endangered species legislation, improved park and reserve management initiatives, continued improvement in fire management strategies and pest species control.

These initiatives are being funded through a combination of increases in the level of Consolidated Fund support and the Environmental Trusts as well as internal realignment of existing resources to ensure that the outcomes expected by the community are achieved.

1996-97 Budget

Current Payments

In continuing the Government's commitment to the environment, an amount of \$10.6 million has been provided as part of a \$50 million initiative over a four year period for the creation and management of new national parks. In addition, funding of \$1.4 million has been provided for on-going management costs of other additions to the park estate during 1995-96.

The Government has provided an additional \$6.8 million so that the Service is better placed to address pest species and fire management issues and maintenance of park infrastructure such as visitor facilities.

An amount of \$950,000 has been provided to enable the Service to upgrade its computers and to improve communications and strategic information flows.

During the year, the Government introduced a new Threatened Species Conservation Act which puts in place a variety of mechanisms to conserve the State's threatened plant and animal species. The Government has provided an amount of \$4 million to meet the Service's obligations under the Act.

The Service is responsible for the management of over 40,000 assets of historical significance in New South Wales. An amount of \$2 million has been provided to commence a program of maintenance of these assets.

Capital Payments

The Service's capital program enhances the community's appreciation of the environmental significance of areas, and minimises environmental degradation. In particular, the program encompasses acquisition of land, construction or major reconstruction of facilities and minor works.

Historically, the Service's strategy has been to give priority to the restoration of infrastructure assets. The main criteria used are health and safety issues, mitigation of environmental damage and use of parks by the public. A portion of the budget is allocated to the acquisition of land with outstanding environmental significance, with the balance being directed towards replacement of the Service's motor vehicles, plant and equipment and information technology requirements.

The provision of additional resources by the Government has enabled funding to be directed to key priority areas such as upgrading of fire trails, fire fighting and pest species control.

The allocation of \$40 million includes \$4.3 million for necessary infrastructure associated with the establishment of new national parks in line with the Government's pre-election commitment to the environment.

The allocation also includes an amount of \$2.5 million for establishment works for the Western Sydney and Rouse Hill Regional Parks.

The program provides \$19.4 million for the continuation of major works including -

- ongoing roadworks in Kosciusko National Park (\$4.7 million);
- the establishment of the Jervis Bay National Park (\$3.5 million);
- land acquisitions (\$3 million);
- fire management and pest species management initiatives (\$1.6 million);

- establishment of the South East Forests National Park stage 1 (\$600,000);
- initial works for the establishment of other national parks (\$1.2 million);
and
- improvements to Lake Macquarie foreshore at Green Point (\$500,000).

ROYAL BOTANIC GARDENS AND DOMAIN TRUST

The Royal Botanic Gardens and Domain Trust maintains the Sydney Gardens and Government House Grounds, the National Herbarium of New South Wales, the Domain and the Mount Tomah and Mount Annan Botanic Gardens. It also provides research, advice, education and extension services in botanical and horticultural areas.

Strategic Directions

The major priorities to be addressed by the Trust during the coming year include -

- maintenance of buildings, roads and plant and equipment prioritised on the basis of Occupational Health and Safety and public safety needs to enable better management of risk;
- review of current and potential revenue generating areas to develop strategies to increase returns to the Trust; and
- development of funding options for urgent major capital works to improve efficiency and replace the aging infrastructure of the Sydney Gardens.

1996-97 Budget

Highlights of the 1996-97 Budget include -

- completion of the Oriental Garden funded from a donation of \$125,000;
- funding of \$1.9 million to complete Stage 2 of extensions to the National Herbarium building providing space for storage of preserved collections and research; and
- funding of \$485,000 to resurface the shadehouse floor at Mount Annan Garden and return this area to full and safe operation.

CENTENNIAL PARK AND MOORE PARK TRUST

The Centennial Park and Moore Park Trust is responsible for the management of a highly used area of open space in Sydney, namely Centennial Park, Moore Park, Queens Park and the E.S. Marks Athletic Field.

The principle challenge facing the Trust in the coming year is the planning and successful integration of the Sydney Showground facilities into the Trust's operations. While the majority of the site will come under the Fox Studio lease, the Royal Hall of Industries, Hordern Pavilion and the stables will form part of the management responsibilities of the Trust.

Strategies will increasingly focus on the development of opportunities to increase and diversify the Trust's revenue base, reducing costs through contracting out and the provision of high quality facilities.

1996-97 Budget

Total current payments by the Trust are expected to amount to \$7.1 million, with emphasis on security and maintenance issues within Trust lands. An amount of \$2.8 million has been allocated for capital projects which include upgrading irrigation systems and cleaning of ponds in Centennial Park, a new depot for Moore Park Golf Course and preplanning for Sydney Showground.

BICENTENNIAL PARK TRUST

The Bicentennial Park Trust is responsible for the maintenance and management of a significant area of open space adjacent to Sydney's Olympic Park. Expenditure over the past 5 years has been influenced by increasing numbers of visitors and asset deterioration from landfill settlement.

Expected growth in tourism and proximity to the Olympic site will affect the needs of Bicentennial Park. The Trust is committed to improving visitor services, increasing efficiency and identifying new revenue opportunities.

The Trust aims to improve standards in environmental education to provide high quality services to students and other park visitors. Opportunities for private sector involvement will be examined.

1996-97 Budget

Total current payments by the Trust are expected to amount to \$1.5 million. The Trust has received increased maintenance funding of \$150,000 to address asset deterioration resulting from landfill settlement and maintenance works associated with an increasingly high profile site.

The Trust has allocated \$505,000 in 1996-97 for plant replacement, signage, communication networking, and environmental management works.

4.3.9 MINISTER FOR FAIR TRADING AND MINISTER FOR WOMEN

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Department of Fair Trading			
Current Payments .....	...	80.3	n.a.
Capital Payments .....	...	0.7	n.a.
HomeFund Commissioner's Office			
Current Payments	2.7	0.9	(-) 66.7
Capital Payments .....	...	...	...
Department for Women			
Current Payments	6.2	4.5	(-) 27.4
Capital Payments	0.1	0.1	...
Total, Minister for Fair Trading and Minister for Women .....	...	86.5	...

Current payments for this portfolio are expected to total \$85.7 million in 1996-97.

Reduced funding to the HomeFund Commissioner's Office reflects the anticipated completion of the investigation of complaints by 31 October 1996, while decreased payments by the Department for Women allows for the transfer of the Women's Court Assistance Program to the Legal Aid Commission.

DEPARTMENT OF FAIR TRADING

Expenditure Trends and Recent Developments

The Department of Fair Trading was established last year through the amalgamation of the activities of the former Department of Consumer Affairs with those of the Office of Real Estate Services, the Registry of Co-operatives, the Motor Vehicle Repair Industry Council and the Building Services Corporation. The merger of the consumer and business services previously provided by these agencies will result in the creation of an organisation better equipped to meet today's fair trading challenges and provide a comprehensive and integrated service to the people of New South Wales.

Total payments by the Department are estimated at \$81 million for 1996-97, an increase of 3.8 per cent on comparative expenditures in 1995-96.

Strategic Directions

The strategic intent of the Department of Fair Trading is for New South Wales to be recognised for value and fairness in the marketplace. This will be achieved by -

- delivering services to foster fairness and ethical trading in the marketplace;
- developing conditions which create equity and balance in the relationship between traders and consumers; and
- being a leader within Australasia in developing and implementing policy which creates an active, competitive marketplace.

1996-97 Budget

Current Payments

Key initiatives in 1996-97 include -

- the new Pawnbrokers and Second-hand Dealers Bill to ensure the rights of those seeking loans are protected, assist police in restricting the trade in stolen property and facilitate the return of stolen property to its rightful owners;
- the expected commencement of the new Strata Titles Act in January 1997. Changes under this legislation relate mainly to disputes processes, increases in the insurance and building upkeep responsibilities of the body corporate, improved meeting provisions, more flexible and appropriate by-laws and increased penalties for non-compliance;
- \$514,000 for financial counselling which, coupled with approximately \$486,000 from the Financial Counselling Trust Fund, will provide a total of \$1,000,000 for services this year;

- establishment of a state wide Aboriginal consumer rights and responsibilities information program to educate Aborigines of their consumer rights, and traders of the cultural differences of their Aboriginal customers; and
- the establishment of Fair Trading Centres in metropolitan and country areas to provide regional communities with access to the full range of Departmental services.

Capital Payments

The Department's capital works program of \$729,000 provides for the replacement of minor computer and other equipment.

HOMEFUND COMMISSIONER'S OFFICE

The HomeFund Commissioner's Office was established in May 1993 to assess the merits of complaints made against the Fund, whether the complainants were entitled to any legal remedy and to determine the value of any compensation applicable.

By April 1996 the Office had received 8,325 complaints. The costs associated with any determinations made by the Commissioner concerning those complaints are met from surplus funds in the housing portfolio and do not impact on the Consolidated Fund.

1996-97 Budget

It is anticipated that the investigation of complaints by the Office will be completed by 31 October 1996 and the work of the HomeFund Commissioner will be finalised shortly thereafter. A budget of \$869,000 has been allocated to the Office for administrative purposes.

DEPARTMENT FOR WOMEN

The Department for Women was established in April 1995. It provides policy advice to the Government on issues of concern to women as well as providing leadership and direction in shaping whole of Government policy, programs and services for women. The Department also performs a community education function and \$320,000 has been provided for a Women's Information and Referral Service.

1996-97 Budget

Current Payments

The Department is working with the Premier's Council for Women, established in October 1995, to create a whole of Government framework to link key portfolios which impact on women. The emphasis is on a coordinated approach across private, public and community sectors to generate the best outcomes for women in New South Wales.

The Department has estimated total payments of \$4.6 million in 1996-97. Funding of \$1 million for the Women's Grant Program will continue. The NSW Women's Court Assistance Program, which began in 1995-96, will now be administered by the Legal Aid Commission.

Capital Payments

The Department for Women's capital program allocation of \$80,000 provides for the upgrade and replacement of computer equipment to fulfil the Department's office automation program.

4.3.10 MINISTER FOR GAMING AND RACING

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Department of Gaming and Racing			
Current Payments	23.6	34.6	46.6
Capital Payments	29.1	12.1	(-) 58.4
Casino Control Authority			
Current Payments	4.1	3.5	(-) 14.6
Capital Payments	0.2	0.1	(-) 50.0
Total, Minister for Gaming and Racing	56.8	50.3	(-) 11.4

The change in total current payments in 1996-97 compared to 1995-96 is mainly due to -

- increased expenditure in 1996-97 from the Department of Gaming and Racing's Community Benefit Fund which is funded from a levy on casino revenues; and
- expenditure in 1995-96 being incurred by the Casino Control Authority on legal advice for Supreme Court action initiated by Darling Casino Limited.

DEPARTMENT OF GAMING AND RACING

The responsibilities of the Department of Gaming and Racing involve the proper conduct and balanced development of the liquor, gaming, racing and charity industries.

Expenditure Trends and Recent Developments

The Casino Community Benefit Levy, derived from casino revenues, will provide an estimated \$11.8 million for the Casino Community Benefit Fund. The Fund is administered by eleven Trustees drawn from charitable organisations and relevant Government agencies. The funds will be used for research into gambling and the social and economic impact on individuals, families and the general community, and for various community projects, including activities directed at problem gambling.

Strategic Directions

The on-going strategic focus of the Department is to promote the integrity and viability of the liquor, charity, racing and gaming industries. The Department's role is to ensure compliance with legislation, educate and monitor the viability of those industries.

1996-97 Budget

Current Payments

The estimated total current payments for the Department in 1996-97 are \$34.6 million. The Community Benefits Levy, derived from casino revenues, will provide an estimated \$11.8 million for the Casino Community Benefit Fund.

Capital Payments

In 1996-97, capital grants and advances to be paid from the Racecourse Development Fund to support and develop racing facilities throughout the State will amount to \$11.876 million. Payments from the Fund include -

- provision of finance towards permanent improvements or the provision of totalisator facilities on any racecourse, or for permanent improvements to a training track and its ancillary facilities, providing they are under the management of a racing club; and
- assistance to allow horse or greyhound trainers to transfer training activities to premises at or in the vicinity of a track.

CASINO CONTROL AUTHORITY

The Casino Control Authority was established in September 1992 with the objective of maintaining and administering systems for the licensing, supervision and control of a casino.

The purpose of the Authority is to ensure that the management and operation of the casino remains free from criminal influence or exploitation, that gaming is conducted honestly and to contain and control the potential of the casino to cause harm to the public, individuals and families. The authority's role also includes the promotion of tourism and the encouragement of employment and economic development generally in the State.

1996-97 Budget

The licence for the Sydney Casino was awarded in December 1994. The temporary casino opened in September 1995. Current payments of \$3.5 million will be incurred by the Authority to meet operational needs.

The capital allocation of \$90,000 will enable the Authority to complete the establishment of a system to licence casino special employees as required by the Casino Control Act.

4.3.11 MINISTER FOR HEALTH AND MINISTER FOR ABORIGINAL AFFAIRS

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Department of Health			
Current Payments	5,080.6	5,138.9	1.1
Capital Payments	488.6	476.6	(-) 2.4
Health Care Complaints Commission			
Current Payments	3.7	4.3	17.4
Capital Payments .....	...	...	...
Department of Aboriginal Affairs			
Current Payments	3.3	3.1	(-) 5.4
Capital Payments	41.8	41.5	(-) 0.6
Total, Minister for Health and Minister for Aboriginal Affairs	5,618.0	5,664.4	0.8

Total current payments by the Department of Health in 1996-97 will be 2.6 per cent higher than the 1995-96 Budget estimate. During 1995-96, the Department used its own cash reserves and higher than expected revenues to boost its spending 1.2 per cent above the Budget estimate of \$5,007.8 million.

The Department will receive \$127 million more from Consolidated Fund in 1996-97 than it was allocated in the 1995-96 Budget. The Budget year's current payments represent an increase of \$332.8 million, or 6.9 per cent, over the last two years. Consolidated Fund support over the same period is up by \$470 million or 12 per cent.

Total current payments for the Health Care Complaints Commission will increase by 17.4 per cent due to increased funding to employ patient support officers and additional staff to handle complaints.

The decrease in current payments for the Department of Aboriginal Affairs of 5.4 per cent is due to certain Commonwealth grants being passed directly to agencies rather than through the Department. The small decrease in capital payments reflects land tax collections in 1995-96 which were higher than expected.

DEPARTMENT OF HEALTH

The three principal goals of the NSW Health system are -

- ensuring better health for people;
- enabling equity of access to comprehensive health services; and
- improving the quality of service.

These goals reflect the Government's intention to improve the health status of the community. In particular, there will be a new emphasis on improved health for specific population groups, including Aboriginal people and people with mental health problems.

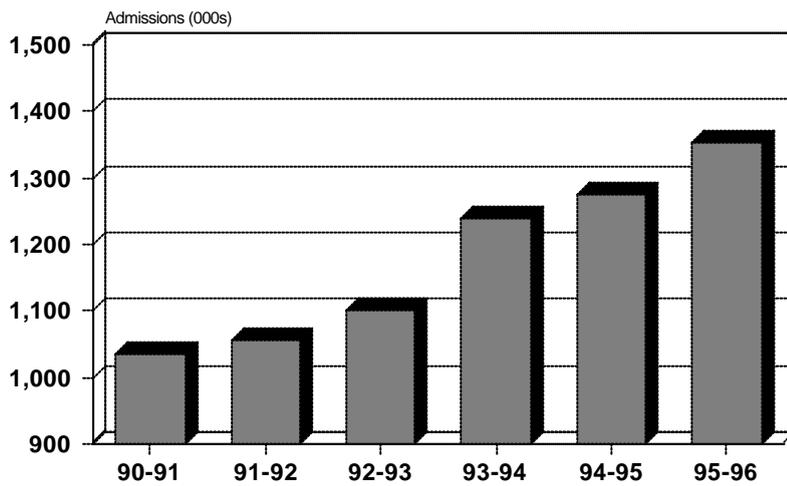
The Government's *Economic Statement for Health* was released in October 1995. It articulates an economic framework to guide system-wide structural change to progress the objectives of access, equity and health outcomes. The economic framework will ensure -

- resources are distributed appropriately across the community and across different types of services; and
- resources are used efficiently and effectively.

Expenditure Trends and Recent Developments

The NSW health system continues to experience increasing levels of activity. There has been a 32 per cent increase in hospital admissions from 970,000 a year in 1988-89 to 1.28 million in 1994-95. Day-only admissions continue to increase and now represent 37 per cent of all admissions compared to 25 per cent in 1988-89.

Figure 4.28
**Public Hospital Admissions
1990-91 to 1995-96**



The average length of hospital stay has declined from 8.9 days in 1988-89 to 5.6 days in 1995-96, an annual reduction of 6.8 per cent. The cost per admission has also reduced over this period at a rate of 3.6 per cent per annum, reaching \$3,809 per admission in 1994-95.

Health will be facing significant changes in the demand for services and patterns of service provision over the next decade. The ageing of the population will continue with 20 per cent of the population forecast to be 65 years and over by 2011 compared to around 12 per cent at present. In addition, population will continue to move to western and south western Sydney and to the Central, North and South Coasts.

Community expectations of health care, along with advances in expensive technology, are creating the potential for almost limitless demands on health care resources. At the same time, there has been a substantial decline in the levels of private health insurance with half a million fewer people now covered by hospital insurance in New South Wales than in 1990.

The continuation of these factors is placing greater demands on public sector health services and necessitates a strategic response by the health system to ensure the optimal use and allocation of resources.

Strategic Directions

The Government released *Caring for Health - The NSW Government's Vision for Health* in August 1995. The vision statement provides a comprehensive outline of objectives and policy priorities the NSW health system is now pursuing. Renewed emphasis is placed on meeting the care needs of vulnerable and disadvantaged groups in the community.

The vision statement was followed in October 1995 by the Government's *Economic Statement for Health* which sets out a range of reforms which will be phased in over the next three years. Savings generated by the reforms will be redirected to Health priorities. The main measures in the statement are -

- A new Resource Distribution Formula for funding Area Health Services in which funding will follow patients wherever they are treated;
- A new funding system for patients treated outside their local area. Areas will be able to enter into service agreements with other health services to reflect movements in patients between areas. This measure will provide opportunities for competition between areas;

- Casemix budgeting will be introduced as a management tool within Areas to ensure that health facilities are efficient and the quality of service is improved. NSW hospitals will be expected to achieve efficient benchmarked levels of services by 1998-99;
- The extension of financial incentives for areas to target key health outcomes such as waiting times and strategies related to heart disease, cancer, mental health and injury;
- An innovative policy for capital funding will be introduced to ensure Areas have greater responsibility for their own capital programs; and
- Improved networking across areas for services such as pathology, radiology and laundry.

The reforms contained in the *Economic Statement for Health* will enable the Department of Health to focus on policy development, evaluation and promoting best practice across the health system while Area Health Services will concentrate on service planning and operation to meet the health needs of their local community.

Capital Strategy

A fundamental principle of Health's infrastructure strategy and capital program is that capital investment achieves services restructuring and hence an improvement in the system's capacity to meet increased demand, while maintaining equity and quality of services. The infrastructure strategy will continue to evolve, reflecting the trend towards implementation of linked strategic service and asset plans, rather than individual projects. Major investments will continue in information technology, mental health and rural health.

1996-97 Budget

Current Payments

- **Mental Health**

A high priority is being given to improving the range and standards of mental health services. Additional funding of \$10 million is being allocated in 1996-97 with a further \$7 million projected for 1997-98. These funds will be targeted primarily towards improving equity of access to services and ensuring services meet the needs of especially disadvantaged groups in the community.

A revised strategic plan for mental health services will be released in July. It will set directions for enhancing the quality of care and outcomes for people seriously affected by mental health problems and disorders. This plan will also support development of prevention programs and enhancement of care for children and young people and for other groups with special needs such as Aboriginal and Torres Strait Islander peoples.

- **Aboriginal Health**

As part of the NSW Health's ongoing commitment to improve the health status of Aboriginal and Torres Strait Islander peoples, the Department has strengthened the consolidation of the Partnership Agreement that was established with the NSW Aboriginal Health Resources Co-operative (NSW AHRC). As the NSW AHRC is the peak body for Aboriginal community controlled health organisations, this collaboration is designed to ensure greater community involvement in the development and delivery of health services.

Expenditure on Aboriginal health services is estimated to be \$14.6 million in 1996-97 and includes additional funding of \$1 million to target the following areas: development of a NSW Aboriginal Health policy; environmental health projects; development of an Aboriginal Health Information System; and development of an Aboriginal Employment Strategy within the health system.

- **Waiting Times for Elective Surgery**

In April 1995 the Government undertook to halve elective surgery waiting lists within the first twelve months of office. Emphasis was to be placed on reducing the number of people waiting more than six months. The Waiting List Reduction Program achieved this aim by 31 December 1995, when surgical lists had declined by 56.2 per cent and total medical and surgical lists had declined by 50 per cent from March levels. There were also very significant reductions in the number of people waiting more than six months.

With the achievement of this goal, it has now become possible to direct efforts to reduce inappropriate waiting times. During 1996-97 the Waiting List Reduction Program will continue, with health service areas working towards benchmark performance levels with respect to -

- a reduction of waiting times for elective medical and surgical patients;
- a reduction of waiting times in emergency departments;
- a reduction in the cancellation of admissions;
- improvements in efficiency of operating theatre utilisation;
- increases in the use of surgery on the day of admission; and
- increases in accreditation levels of public hospitals.

- **Rural Health**

Funding for rural New South Wales will receive increased funding in excess of \$15 million through implementation of the new Resource Distribution Formula to allocate the Health budget.

A new administrative structure for rural health services was announced in March 1996 to facilitate the distribution of resources, to improve health planning and to enhance the integration and networking of health services.

The new rural health strategy will focus on upgrading rural health facilities; improving community participation in health service planning and delivery; better access to health services through innovative service delivery including Telemedicine, Hospital in the Home, Multi-Purpose Services and the establishment of rural interpreter services; and enhancing recruitment of health workers to rural New South Wales.

- **Ageing and Disability**

The Government recognises that the ageing of the population has major implications for the health and community care systems. The Rehabilitation and Extended Care Program has been increased to \$609 million. Funding of \$4 million over three years has been allocated to improve services including Labor's Action Plan on Dementia. The Action Plan will improve the quality of life for people with dementia and their carers and requires area health services to improve responsiveness to the needs of this group.

- **Child Health**

Improving the health of children is integral to improving the health of people of New South Wales. The Department is developing a State Health Policy for Children consistent with the National Child Health Policy which will focus on prevention.

An additional \$300,000 per annum has been made available to expand services for the physical and/or emotional abuse and neglect of children in areas of high need.

- **Women's Health**

The Department will work to improve the health status and quality of life of women in New South Wales, particularly those groups who find it difficult to access the health system. These include Aboriginal and older women and those women who live in rural and isolated communities.

Consultation mechanisms will be developed to ensure that women and local communities participate in the planning and delivery of health services. Particular emphasis will be placed on ensuring that women have access to relevant information, support and counselling services.

The Department will continue to expand screening and assessment programs for the early detection of breast and cervical cancers. Major recruitment initiatives are under way to ensure that access to screening and assessment services is available to women who would otherwise be difficult to reach.

- **Youth Health**

An holistic view of health and well-being is particularly important in dealing with the health needs of people aged 12 to 24. Greater priority will be given to health promotion and health literacy so that young people are empowered to make healthy lifestyle choices.

Current proposals aim to consolidate and build upon initiatives in youth health, such as those undertaken under the innovative health services for homeless youth program, by establishing a Youth Health Network within the health system; reducing gaps in health status; and encouraging the development of social and physical environments which promote good health.

- **Multicultural Health**

A new three year plan for increasing the accessibility and appropriateness of health services has now been adopted by the Department and significant efforts have been made to improve access to mental health and torture and trauma services.

The Department is focusing on the health information needs of ethnic communities through the establishment of a State-wide Multicultural Health Literacy Service, the expansion of health interpreter services, especially in rural areas, and increasing the participation of people from non-English speaking background in decision making bodies such as Area Health Boards. In addition, the Department will be developing a refugee health policy.

- **Capital-driven enhancements**

Funding of around \$25 million is being provided for recurrent expenditures associated with new capital developments. This funding will be allocated primarily to the Wentworth area health service for the Nepean Hospital and for the contract to provide services from Hawkesbury District Hospital and to the South Western area health service for the Liverpool Hospital redevelopment.

- **Other Initiatives**

Funding is being provided on an annual basis in the 1996-97 Budget for a number of specific initiatives including -

- \$10 million for mental health;
- \$2 million for the Victor Chang Research Centre;
- \$2 million for 12 trial telemedicine projects;
- \$1 million to reduce waiting times for support items under the program of appliances for disabled people;
- \$3 million to increase the supply of Factor VIII blood plasma for the treatment of Haemophilia; and
- \$3 million to enhance the provision of state-wide dialysis services.

Capital Payments

The Capital Program allocation of \$477 million for 1996-97 provides for the continuation of major upgrading and redevelopment works at Prince of Wales Ambulatory Care Clinic (\$44 million), Royal Women's Hospital (\$13.8 million), Nepean Hospital (\$11 million), Liverpool Hospital (\$16.1 million) and the Illawarra Redevelopment Strategy (\$32 million). In addition, provisions have been made for the commencement of the following major new works -

Project	1996-97 Allocation \$m
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Lower North Coast Strategy - this project will incorporate the redevelopment of a clinical services block at Manning Base Hospital, the relocation of community health services and accommodation upgrade (estimated total cost - \$25.6 million). 1.0

Broken Hill Redevelopment - to improve the efficiency of resource use and to allow for more appropriate management of many health conditions. The redevelopment provides an opportunity to co-locate community health services, the Remote Rural Training Unit and the Public Health Unit. 1.0

Project	1996-97 Allocation \$m
Blue Mountains Upgrade - to upgrade the Emergency Department and operating theatre complex and to develop an ambulatory care centre (estimated total cost - \$4.1 million).	0.5
Calvary Hospital Refurbishment - provision of new aged and rehabilitation services. Local funds of \$3.5 million have been identified as a contribution to the project (estimated total cost - \$15.0 million).	2.0
Coffs Harbour Hospital - this project involves a total redevelopment of the hospital.	2.3
Central Sydney Resource Transition Program - rationalisation and redevelopment of infrastructure in the Central Sydney Area to improve services and their integration across the Area.	9.5
Information Technology Strategy, Stage II - development of a health information network including provision of patient information at the point of patient care.	25.0

An amount of \$30.1 million has also been allocated for existing and new works under the Mental Health Plan. Funding for the Health Technology Program totals \$11.3 million.

Projects in planning throughout 1996-97 will include Tweed Heads Stage 2, Macarthur Sector Strategy, Nepean Hospital Stage 2 and the Westmead Institute of Health.

HEALTH CARE COMPLAINTS COMMISSION

The Health Care Complaints Commission is a statutory body reporting directly to Parliament. The Commission has powers to investigate complaints against all health practitioners, hospitals, institutions and health programs.

Total estimated payments for the Commission amount to \$4.3 million. Additional funding to be provided in 1996-97 includes: \$516,000 to employ patient support officers to enhance accessibility to the complaints resolution process and to resolve complaints locally; \$158,000 to employ additional staff to handle the Commission's complaints workload and \$200,000 to assist the Commission to meet court orders to pay legal expenses.

DEPARTMENT OF ABORIGINAL AFFAIRS

The Department of Aboriginal Affairs provides policy advice to the Minister and advisory services to the Government. It supports the initiatives and activities of NSW public sector agencies and indigenous organisations aimed at improving policies and programs which address the needs and aspirations of Aboriginal and Torres Strait Islander people. The Department's structure is currently being reviewed and this will lead to a revised Corporate and Business Plan.

Capital Payments

The major component of the capital program of the Department is the payment to the Land Council. This is based on 7.5 per cent of the previous year's land tax collections, a statutory requirement of the NSW Land Rights Act 1983 which commenced in 1984 and concludes in 1998. For 1996-97 the funding estimate for the NSW Aboriginal Land Council is \$37 million.

Since the first payments were made in 1984, over \$400 million has been provided to the Land Council, half of which has been invested in a statutory fund, the remainder being used for land councils' administration, maintenance of existing assets and purchase of land and related capital equipment.

The funding for the Aboriginal Infrastructure Program is continuing with an allocation in 1996-97 of \$4.5 million. The program will assist in the construction of new dwellings, house repairs and maintenance, water supply, sewerage and road works.

4.3.12 MINISTER FOR LAND AND WATER CONSERVATION

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Department of Land and Water Conservation			
Current Payments	329.4	404.2	22.7
Capital Payments	161.0	159.3	(-) 1.1
Total, Minister for Land and Water Conservation	490.4	563.5	14.9

The major factors in the increase in 1996-97 Current Payments compared with the previous year are the payment of an additional \$54 million for the Forestry Industry Reform Package and an additional \$8 million for the Murray and other irrigation areas Land and Water Management Plans.

Capital payments for the Department of Land and Water Conservation in 1996-97 are focused on works currently in progress; including \$5.7 million for land information systems, \$3.4 million for flood security investigations and upgrade and \$2.1 million for State Recreation Areas infrastructure improvements. An increase of \$6 million has been provided for establishment of hardwood plantations and \$700,000 included for reconstruction of the jetty at Ulladulla.

DEPARTMENT OF LAND AND WATER CONSERVATION

Expenditure Trends and Recent Developments

Recent major developments include -

- \$120 million being provided over 5 years from 1995-96 for the Forestry Industry Structural Adjustment Package, funded dollar for dollar with the Commonwealth;

- implementation of approved Land and Water Management Plans commencing at Berriquin, Wakool, Cadell and Denimein (negotiations will commence for acceptance of plans being developed for Coleambally, Murrumbidgee and Jemalong with some implementation in 1996-97);
- the Department, the Local Government and Shires Association and local councils having carried out a pilot benchmarking project which has identified potential savings of about 25 per cent on operation costs for sewerage collection and transport;
- the Department has been coordinating the Government's West 2000 initiative (an integrated adjustment and recovery program for the Western Division);

- increased funding towards improving community facilities through State Recreation Areas improvements and reconstruction of the jetty at Ulladulla; and
- special funding for a series of initiatives relating to bushfire management and rehabilitation of Crown land, including ongoing funding of \$750,000 for Public Land Management.

Strategic Directions

The Department of Land and Water Conservation manages the State's land, vegetation, water and coastal resources to achieve the mix of social, economic and environmental outcomes most acceptable to the community. It promotes and facilitates Integrated Natural Resource Management to achieve clean, healthy and productive catchments for the twenty-first century. The Department's four key result areas and associated key performance statements are -

- **Healthy and Productive Ecosystems:** Within the next five years, there is a significant, proven and continuing improvement in the health of the ecosystems of New South Wales, and in the productivity of our natural resources;
- **Security of Access to Resources:** Move towards clarifying the rights resource users have to access to natural resources, for their present and future needs;
- **Community Awareness and Responsibility for Natural Resources:** The community and all stakeholders are aware of and take responsibility for their use and sustainable management of natural resources; and
- **Information and Knowledge Base:** Any stakeholder who needs natural resources related information to make a management decision can easily access quality information from a convenient location.

The Department is responding to Government policy directions, emerging priorities and changes to service delivery mechanisms in a number of ways -

- integrated resource management is being promoted through institutional reforms, inter-agency forums and developing integrated legislative, policy and planning frameworks;
- micro-economic reforms including pricing reform, deregulation, structural adjustment and commercialisation and corporatisation;
- reforms to natural resource management are being made through such mechanisms as environmental allocations for river flows, Total Catchment Management arrangements, catchment planning and the establishment of Government advisory mechanisms; and
- Government accountability and cost effectiveness are being improved through strategies including contractual budgeting, adopting funder/provider models and program review mechanisms.

Resource allocation processes within the Department have been designed to respond to the above strategic directions.

1996-97 Budget

Current Payments

Some \$404 million will be available in 1996-97 for recurrent costs of the Department.

Major allocations include -

- an additional \$0.8 million for Rivercare, raising the total budget to some \$4.0 million. This will allow up to a further 75 community based improvement projects to be funded;
- \$66 million for the Forestry Industry Structural Adjustment Package (a total of \$120 million over the period 1995-96 to 1999-2000) towards schemes for Workers Assistance, Business Exit Assistance and Industry Development, funded dollar for dollar with the Commonwealth.;
- \$22.5 million for Irrigation Areas and Districts works including implementation of the Land and Water Management Plans;
- \$5 million ongoing funding for the Total Catchment Management Program;
- \$13.2 million for the State's subsidy to Irrigation Areas and Districts;
- \$2 million for rehabilitating Artesian Bores;
- \$3.8 million for Valley Strategic Planning;
- \$17.1 million as the State's contribution towards the Murray Darling Basin Commission operating costs;
- \$3 million for the SEPP No. 46 program for 1996-97, to ensure the effective implementation of native vegetation management in New South Wales;

- \$4 million for the Willandra Lakes socio-economic package to address impact of World Heritage listing, including dollar for dollar Commonwealth funding; and
- \$0.8 million for the West 2000 integrated adjustment and recovery program for the Western Division.

Capital Payments

Major capital projects for 1996-97 include -

- the additional \$4 million per annum State funds being provided over the four years to 1998-99 for floodworks to address the current backlog;
- the additional \$3 million per annum Commonwealth funding to be available for floodworks from 1996-97;
- \$14.1 million to further accelerate the establishment of hardwood plantations from 3,000 ha in 1995-96 to 5,000 ha in 1996-97;
- \$1.3 million for flood security investigations for Chaffey, Copeton, Keepit and Burrendong Dams;
- \$2.1 million on progression of Burrinjuck Dam flood security upgrade;
- \$0.6 million on automation of major regulatory weirs;
- \$55 million State funds towards a total \$67 million program in 1996-97 for the Country Towns Water Supply and Sewerage Scheme. On average, 80 country town water supply and sewerage schemes will be under construction during the year;
- \$0.7 million has been provided for the reconstruction of the fishermen's jetty at Ulladulla;
- \$2.4 million for the continued development of the Crown Land Information Data Base;
- \$3.3 million on the Digitisation of Land Information; and
- \$2.1 million for infrastructure projects on State Recreation Areas.

4.3.13 MINISTER FOR LOCAL GOVERNMENT

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Department of Local Government			
Current Payments	72.9	74.7	2.5
Capital Payments .....	...	2.5	...
Total, Minister for Local Government	72.9	77.2	5.9

DEPARTMENT OF LOCAL GOVERNMENT

The Department of Local Government's principal functions are the development and oversight of the legislative and policy framework within which local councils operate, the investigation of issues affecting local government performance and operations, the improvement of local council accountability to their residents and ratepayers for their performance and the establishment of best practice guidelines.

Expenditure Trends and Recent Developments

The Department's payments for 1996-97 will increase by \$4.3 million to \$77.2 million, a variation of 5.9 per cent. The principal element is the Pensioner Rate Rebate Scheme (\$64 million).

The 1993 Local Government Act has been largely implemented in most councils. The legislative framework is under regular review to meet emerging needs and the systemic changes required by various microeconomic reforms, the application of competition principles, performance based regulation, and the development of more efficient processes at the local government level. The Department has a significant role in relation to complaints about local councils, including pecuniary interest complaints about councillors and staff.

Strategic Directions

In 1996-97, the implementation of National Competition Policy in local government will commence. As a result of the Commonwealth/State agreement, councils will begin the process of ensuring that significant business activities are conducted in an environment of competitive neutrality.

Continued development of benchmarking in local government will be supported through the participation in Commonwealth/State arrangements and benchmarking projects with individual councils in New South Wales. The projects will include approval processes, engineering processes and investigation of local government costing arrangements which form the basis of comparative data for benchmarking.

Improved benchmarking techniques will allow for better performance comparisons of councils against best practice. This forms an important part of the microeconomic reform process and complements work performed on State level on the reduction of regulatory impediments, faster decision making and microeconomic reform. Improved benchmarking will build on the performance measures which already exist in New South Wales.

1996-97 Budget

Current Payments

The introduction of performance based building codes, developed by the Australian Building Codes Board, will signal an important reform to building regulation. New provisions were publicly exhibited in late 1995, and following public comment are expected to be finalised in late 1996. Adoption in 1997 will require extensive preparation by councils and the Department will have an active guiding role. Performance based codes are a significant step in removing impediments to innovative construction methods.

The Australian Building Codes Board will continue to support the Fire Code Reform Centre. The Centre is undertaking defined research in order to increase the flexibility of Building Codes in relation to the construction requirements for major buildings. The potential savings on major developments are significant.

An expanded local council reporting scheme was introduced in the 1993 Local Government Act, with the focus being on councils reporting to the community. As a result of experience in the reporting provisions of the Local Government Act, a number of changes will be made to improve the reporting standards of councils.

In accordance with the Government's commitment, work will continue on the development of the Companion Animals legislation and the potential to expand the role of Regional Organisations of Councils to encourage and develop regional arrangements between councils.

Several other aspects of the Local Government Act will be reviewed to ensure that the legislation remains up to date and in keeping with contemporary expectations of local government.

Capital Payments

Total Capital Payments for 1996-97 will be \$2.5 million. This is the first instalment to implement a Government commitment to spend \$15 million on urban stormwater run-off in the Blue Mountains area.

This amount will be contributed to equally by the Roads and Traffic Authority (RTA) in this area.

4.3.14 MINISTER FOR MINERAL RESOURCES AND MINISTER FOR FISHERIES

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Department of Mineral Resources			
Current Payments	31.8	31.1	(-) 2.2
Capital Payments	11.6	7.8	(-) 32.8
Coal Compensation Board			
Current Payments	3.2	4.1	28.1
Capital Payments	50.0	50.0	...
New South Wales Fisheries			
Current Payments	25.1	24.8	(-) 1.2
Capital Payments	1.3	1.2	(-) 7.7
Total, Minister for Mineral Resources and Minister for Fisheries	123.0	119.0	(-) 3.3

DEPARTMENT OF MINERAL RESOURCES

Expenditure Trends and Recent Developments

The major recent developments for the Department of Mineral Resources include

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- the Discovery 2000 project which has enhanced the assessment of the State's mineral resources and provision of information on mineral resource potential. Implementation commenced in 1994-95 with expenditure to date of approximately \$17.5 million on advanced geological and geophysical investigations. The total funding for this project is \$35 million. The results of the first two years of the project has led to a significant increase in exploration interest in New South Wales. As part of Discovery 2000, work continues on the Broken Hill Exploration Initiative which involves advanced geophysical surveys, detailed mapping and analysis of various data, aimed at ensuring the future of Broken Hill as a major mining region;

- continued involvement in facilitating the development of new mining projects. Specifically, rapid progress was made towards the development of seven coal and five metalliferous mining projects which are now under construction;

- continued monitoring of mine safety using an index called the Lost Time Injury Frequency Rate (LTIFR), which is a measure of accidents per million hours worked in mines. In coal mines, the LTIFR for the year 1995-96 was 65, a significant improvement over previous years. The New South Wales industry is recognised as a world leader in managing health and safety. There have been a number of delegations from China, India, Pakistan and Japan to study the operation of regulation in New South Wales;
- continued use of environmental management plans. These plans allow for all the Government's environmental reporting requirements to be contained in a single document. This makes the environmental management plans an effective tool which can be used for setting the highest standards of environmental management appropriate to each mine;
- a recent restructure of the Department which has resulted in a functionally based organisation with a flatter structure which will be better able to meet the needs of clients. The Department now has three core business divisions based on the key performance areas identified in the corporate plan: Resource Assessment, Resource Allocation and Resource Management; and
- continued community liaison, with a working group being set up to examine and recommend processes to achieve direct interaction with the community with a view to providing information and seeking feedback on proposed and current development projects. The aim of the group is to also ensure appropriate and adequate networking with other government agencies at both the federal and state levels.

Strategic Directions

In line with the Department of Mineral Resources' overall objective of ensuring that the people of New South Wales benefit from the responsible assessment, development and management of their mineral resources, the Department's core objectives are -

- to assess the State's mineral and energy resources and geology and distribute information to encourage exploration and development and provide a basis for land use and infrastructure planning;
- to facilitate the responsible planning and development of the States mineral resources and promote opportunities for new mineral development;
- to continually improve the standard of environmental management and rehabilitation of the State's exploration and mining operations; and
- to formulate, evaluate and promote policies and a regulatory environment which enable the growth of the State's minerals industry in a socially, economically and environmentally responsible manner.

To achieve these objectives the Department is utilising a number of initiatives -

- the "Discovery 2000" initiative is an integral part of a strategy to achieve a competitive edge in the increasing globalisation of investment in exploration and subsequent development of the mining industry. The Department will focus on making the world mining houses more aware of the State's prospectivity, the vast amount of data available and the new advanced and user-friendly information products that are becoming available;
- the creation of a new Industry Development Branch responsible for coordinating and facilitating project development and promoting investment in exploration, mining and minerals processing will give added emphasis to industry development;
- the Department is to supplement its conventional inspectorial role with a more educative and facilitating role to continue improvements in the safety performance of mines; and
- the establishment of a new Environment Unit with a range of environmental expertise. This unit will address the environmental problems of the mining industry and make a strong contribution to industry-wide adoption of best environmental practices.

1996-97 Budget

Current Payments

The components of the Department's \$31.1 million payments for 1996-97 are -

- \$13 million to encourage, facilitate and support the maintenance and continued improvement of good environmental practices in the State's mining industry and improve the safety and health of mine employees and to minimise the impact of mining on public safety and health;
- \$9.8 million to continue improvements to the Department's essential role in mapping, identifying, assessing and providing information on the development potential of the State's mineral resources;

- \$7.5 million to allocate and maintain exploration and mining rights through titles that enable the responsible development and management of mineral resources; and
- \$0.8 million for the promotion of mineral resources investment opportunities through bringing together mineral explorers, developers, processors and end users to achieve optimal value from the State's resources and promote responsible mining as a vital and valuable component of the State's economy.

Capital Payments

The capital payments of \$7.8 million for 1996-97 provide for the following projects -

- \$4.5 million for the Discovery 2000 project which will continue mapping and collating geological and geophysical information over large areas of the State. A major focus in 1996-97 will be on the computerisation of existing hard copy geological data collected over the past ten years to assist exploration companies access to this information;
- \$2.4 million for the Information Technologies Facilities Project. This project will review, enhance and re-engineer the Department's information systems and technology in order to meet its business needs and improve on its service levels to the industry, community and government; and
- \$0.3 million to finalise rehabilitation of the Baryulgil Asbestos Mine site.

COAL COMPENSATION BOARD

The Coal Compensation Board is responsible for receiving, determining and paying compensation for claims resulting from the acquisition of coal rights under the Coal Acquisition Act 1981.

Prior to the closing of the Coal Compensation Scheme to new claims in July 1994, an additional 10,000 claims were received. By 30 June 1996, compensation payments will have totalled \$374.4 million.

The Board's priority is to ensure an efficient completion of the Scheme by 30 June 1997. Strategies to accelerate the processing of claims are continually being monitored and reviewed.

1996-97 Budget

Current Payments

The Board is continuing the strategies to complete the payment of all compensation claims by 30 June 1997. Recurrent funding for 1996-97 of \$3.7 million has been provided for the Board to continue its processing of coal compensation claims. This includes \$600,000 allocated for redundancy payments related to the closure of the Board by 30 June 1997.

Capital Payments

An allocation of \$50 million for 1996-97 has been provided for compensation payments. The outstanding liability at June 1997 (when the Board closes) is estimated to be \$10 million which will be paid out by the Department of Mineral Resources.

NEW SOUTH WALES FISHERIES

New South Wales Fisheries undertakes research, management, and compliance programs in order to conserve the State's fisheries resources and their habitat, to promote sustainable harvests, to allocate the resource fairly between users, and to facilitate the further development of viable aquaculture industries.

Expenditure Trends and Recent Developments

Key initiatives over the past year included -

- a review of agency operations, and an agency restructure, to ensure it is closely focused on core activities;
- a review of fisheries management directions, and the progressive introduction of restricted access for all commercial fisheries;
- the introduction of a share management fishery for abalone;
- a review of consultative arrangements with industry groups; and
- a review of the management of the trout fishery and the commencement of a review of the fishery for native freshwater fish.

Strategic Directions

Recreational and commercial fishing effort has increased significantly over recent years. As a result, expenditure is being refocussed on stock assessments, the development of management plans and alternative ways of achieving compliance with management rules.

Specific actions proposed include -

- improvements in the quality of our commercial and recreational fisheries databases;
- the progressive implementation of management plans that are consistent with the principles of ecologically sustainable development for all fisheries resources;

- the development of recovery plans for threatened species; and
- increasing emphasis on education as a means of achieving compliance with management rules.

Research initiatives have created opportunities to promote the further development of sustainable aquaculture in New South Wales.

1996-97 Budget

Current Payments

An amount of \$24.8 million (a 1.2 per cent decrease on projected 1995-96 current payments) has been provided to the agency in 1996-97. Key recurrent initiatives to be implemented in 1996-97 include -

- an increase in the number of fisheries resources with management plans, consistent with ecologically sustainable development, in place;
- improved commercial fisheries databases and improved stock assessments of commercial fishery resources;
- completion of the process of implementing share managed fisheries for abalone and rock lobster, and restricting access to all other fisheries;
- reviews of the native freshwater finfish fishery, the spearfish fishery, and the recreational charterboat fishery; and
- the introduction of threatened species provisions in the Fisheries Management Act 1994.

Capital Payments

An amount of \$1.2 million (a 7.7 per cent decrease on projected 1995-96 capital payments) has been provided to the agency in 1996-97. Key capital initiatives to be implemented in 1996-97 include -

- completion of the database enhancement commenced in 1995-96; and
- the construction of effluent ponds at major research stations to comply with EPA requirements.

4.3.15 MINISTER FOR THE OLYMPICS AND MINISTER FOR ROADS

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Olympic Co-ordination Authority			
Current Payments	33.3	39.0	17.1
Capital Payments	77.6	444.0	472.2
Roads and Traffic Authority			
Current Payments	1,048.7	1,066.9	1.7
Capital Payments	785.1	849.6	8.2
Total, Minister for the Olympics and Minister for Roads	1,944.7	2,399.5	23.4

The large increase in capital payments for the Olympic Co-ordination Authority is predominantly due to the gearing up of construction works for the Sydney Olympic and Paralympic Games.

Roads and Traffic Authority capital payments are expected to increase in 1996-97 by over \$60 million reflecting the Government's ongoing commitment to the development of the State road network.

OLYMPIC CO-ORDINATION AUTHORITY

The Olympic Co-ordination Authority is responsible for implementing strategies for the planning, redevelopment and management of the 760 hectare Homebush Bay area. It is responsible for the delivery of new sporting and recreational facilities and venues at Homebush Bay, Penrith Lakes, Holsworthy and Horsley Park to be used during the Olympic and Paralympic Games. The facilities are to be designed predominantly with their longer term, post 2000 use in mind. The Olympic Co-ordination Authority is also responsible for the relocation of the Royal Agricultural Society to Homebush Bay.

The Authority also has responsibility for the co-ordination and reporting of the New South Wales Government's involvement in the preparations for the Olympic and Paralympic Games and for maintaining close liaison with the Sydney Organising Committee for the Olympic Games (SOCOG) and the Sydney Paralympic Organising Committee (SPOC).

In promoting, co-ordinating and managing the development of the Homebush Bay area, the Authority's functions include the provision and management of buildings, transport and other infrastructure to service the area.

Included within the Olympic Co-ordination Authority's allocation are amounts provided to the Darling Harbour Authority as a Social Program Policy payment for maintenance of assets and minor capital works.

Expenditure Trends and Recent Developments

The Olympic Co-ordination Authority was established on 30 June 1995 following the amalgamation of five agencies which previously shared the responsibilities for providing Olympic facilities. The budgets of the five agencies have been consolidated.

Over the last twelve months, many important strategic decisions have been made. Of note is the finalisation of the Homebush Bay Masterplan, the selection of the preferred proponent for the Olympic Stadium and the decision to provide a three platform railway station on a rail loop close to the Stadium and the Royal Agricultural Society site.

Evaluation is under way of preliminary proposals that have been received from the private sector for financing and construction of the Athletes Village.

The Government has also recently renegotiated the Australian Olympic Committee's entitlement to 90 per cent of any SOCOG surplus. Instead, guaranteed payments of \$5 million (1992 Australian dollars) and \$70 million (1992 Australian dollars) will be made respectively to the Australian Olympic Committee and the Australian Olympic Foundation at the conclusion of the Sydney Games. These amounts will be deducted from television rights payable to SOCOG by the International Olympic Committee.

A detailed review of issues relating to the Sydney 2000 Olympics and Paralympics is at Section 4.4.

Strategic Directions

The Olympic Co-ordination Authority is required to build facilities which meet both the needs of the Sydney Organising Committee for the Olympic Games for staging the Games and importantly for also providing long term sporting, social and cultural benefits for the people of New South Wales. In developing these facilities, the Authority incorporates the special needs required for the staging of the Paralympic Games in 2000. The Authority will seek to maximise opportunities for the private sector to design, construct, finance and operate the major sporting facilities.

Homebush Bay's long term future is as a mix of uses - sporting and recreational, exhibition and entertainment, residential and commercial, as well as being the site for the Royal Easter Show and the primary zone for the staging of the 2000 Olympic Games and for all Paralympic Games events. As a result a number of strategies have developed which cover the variety of uses for the site -

- the Homebush Bay Masterplan has been developed which divides the site into major project areas including an urban core, the Newington residential district with adjoining town centre and open space which provides ecologically distinct areas, nature corridors, habitat and active recreational opportunities;

- the remediation and landscaping of contaminated sites primarily for open space, carparking or outdoor sporting activity before, during and after the year 2000. An ongoing testing and monitoring program has been established to ensure that remediated sites do not pose any risk to the public or the environment;
- an environmental management strategy for the protection of the natural environment at Homebush Bay;
- a transport strategy to service Homebush Bay which ensures that the area is serviced by a flexible multi-modal system that will cater for peak, median and low demands and maximise the potential for utilisation of public transport systems;
- a water cycle strategy to address the issues of stormwater and waste water recycling, and minimisation of potable water consumption; and
- interactive processes at all stages to involve developers, environment and other community groups.

1996-97 Budget

Current Payments

Current payments in 1996-97 include \$20.876 million for -

- supporting the delivery of community based sporting and recreation facilities suitable for the staging of the 2000 Olympic and Paralympic Games as well as the operating costs of the Penrith Lakes complex;
- supporting the urban development, infrastructure and remediation works at Homebush Bay and other Olympic and Paralympic venues;
- co-ordination and monitoring of the New South Wales Government's involvement in the Sydney Olympic and Paralympic projects; and
- maintenance of completed facilities as necessary for their long term continued viability.

The Sydney Paralympic Organising Committee will be provided with \$2.4 million as a grant toward operating expenses.

An amount of \$15.8 million is included for the Darling Harbour Authority for the operation and maintenance of convention, exhibition and recreational facilities at Darling Harbour.

Capital Payments

Estimated capital payments of \$444 million in 1996-97 include \$442.1 million for Olympic and Paralympic projects and a capital grant of \$1.9 million to the Darling Harbour Authority to provide for the maintenance of existing infrastructure and for minor works.

The significant level of funding provides for costs associated with preparations for the Olympic and Paralympic Games and represents the acceleration of the redevelopment program at Homebush Bay to enable the relocation of the Royal Agricultural Society in time for the staging of the 1998 Royal Easter Show.

The capital budget was subjected to a detailed review in light of the revised Masterplan for Homebush Bay and Government decisions on the rail loop line to service public transport needs of the major facilities.

Expenditure in the current and next financial years has been fully provided for in framing the Budget and Forward Estimates to accord with Government policy that the costs associated with the Olympics should be funded within the Budget so that future taxpayers will not have to meet any debt.

Tenders for the Olympic Stadium have been assessed and provision has been made in the Olympic budget for anticipated Government contributions to this project. Detailed negotiations have commenced with the preferred proponent for the Olympic Stadium.

The proposal provides for a \$605.7 million Olympic Stadium to seat 110,000 in Olympic mode and 80,000 for long term use after the Games. The Stadium proposal provides for a Government contribution of \$151.6 million.

These figures are in line with the Stadium costs announced in January 1996 by the Premier and the Minister for the Olympics, namely the -

- Government contribution of \$151.6 million has been escalated from the \$135 million announced cost to convert it to 1996-97 values; and
- \$605.7 million total project cost represents announced amounts - \$463 million for the Stadium and \$78.4 million for Stadium surrounds escalated to 1996-97 values.

No allowance has been made at this stage for any additional Government contribution for the Olympic Villages, apart from the cost of acquiring and remediating Commonwealth land at Newington required for the Olympic Village. Previous planning was on the basis of no Government contribution and it will not be possible to assess whether this will be achievable until after detailed proposals are submitted by the private sector. In any case it is not likely that even if some level of Government financial support is required that it will be needed prior to 1998-99.

Major projects to be progressed during 1996-97 include -

- expenditure of \$6.8 million on the rowing course at Penrith Lakes;
- the railway link and station (at an estimated total cost of \$90.1 million) which will link Homebush Bay with the Sydney rail network including improvements proposed by the State Rail Authority to rail infrastructure in the Flemington Junction area at a cost of \$19.3 million;
- an amount of \$169.6 million for the re-location of the Royal Agricultural Society to Homebush Bay for the 1998 Royal Easter Show;

- the acquisition and remediation of the Olympic Village site at a cost of \$11 million in 1996-97, including the remediation of nearby Wilson Park and Auburn Tip;
- the continuation of infrastructure and services projects including provision for gas, water, sewerage, etc at a cost of \$41.3 million in 1996-97;
- scoping and/or commencement of various Olympic and Paralympic facilities and venues including velodrome, tennis, hockey, equestrian, shooting, training facilities, siteworks and landscaping at an estimated cost of \$27.8 million in 1996-97; and
- \$81.6 million for other transport infrastructure including roads, bridges, parking, pedestrian and ferry wharfage projects.

The total cost to Government of the Olympic capital program (i.e. excluding investment by the private sector) to 2000-01 is estimated at \$1,914 million compared to original bid budget costs of \$1,544 million (escalated to 1996-97 values). It is estimated that these costs will be funded or recouped in part by grants from the Commonwealth of \$175 million, contributions from SOCOG of \$283.5 million, from interest received from investments of \$32.2 million and from any SOCOG profits arising from the staging of the Games.

The increase in total estimated completion costs to Government of some \$370 million over the bid budget has become apparent as a result of detailed appraisal by OCA of the scope and requirements to provide quality long term facilities as an ongoing post Olympic legacy to the people of New South Wales. The current OCA budget review has demonstrated that it is no longer feasible to maintain a construction budget within the benchmark set by the original budget without compromising Olympic and long term objectives.

It is important to recognise that changes in needs and assumptions have been required and a more realistic assessment has now been made. The original budget was based on concepts and assumptions prevailing in 1992 which over the past three and a half years have proven to have underestimated the physical and functional constraints of developing the Homebush Bay site as well as the scope of work of a number of the Olympic facilities.

ROADS AND TRAFFIC AUTHORITY

The Roads and Traffic Authority (RTA) of New South Wales manages the State's road and traffic systems. The Authority focuses on three main areas of business: road network infrastructure; road safety and traffic management; and driver and vehicle policy and regulation.

Expenditure Trends and Recent Developments

The projected total roads program expenditure for 1995-96 is \$1,961 million, an increase of \$63 million over 1994-95.

Current payments projected for 1995-96 total \$1,049 million and include \$124 million to meet debt servicing costs, \$148 million for motor registry customer services, \$536 million on road maintenance works, \$177 million for road safety and traffic management and \$57 million for driver and vehicle management and regulation.

Projected payments on the capital program of the RTA for 1995-96 total \$785 million. This projected capital expenditure (in addition to the RTA's operating costs of maintaining roads and providing services to the community) result in a total Capital and Maintenance program for 1995-96 of \$1,605 million, an increase of \$69 million over 1994-95.

Strategic Directions

The RTA will continue to contribute substantively to the economic and social well being of New South Wales in 1996-97 through its traditional core business areas of maintenance and development of the road network infrastructure, road safety and traffic management and driver and vehicle policy and regulation. The RTA's products and services contribute significantly to State and regional development.

The RTA is also undertaking a major organisational improvement program to ensure that it becomes more efficient, commercially focused and customer driven.

Key objectives of the RTA are to -

- provide road and traffic infrastructure according to Government priorities. This includes a continuing commitment to meeting the needs of pedestrians and bicyclists, and to improving the efficiency of road related public transport;
- develop and strengthen partnerships with other transport agencies, Government departments, Local Government and the community with a view to integrating transport plans and planning processes;
- reduce road deaths and serious road accidents in New South Wales;
- provide products and services to the community in the most cost effective way;

- minimise any adverse impacts on the natural and built environment from RTA's activities;
- maximise compliance by drivers and vehicles with safety, environmental and loading standards whilst streamlining regulatory requirements; and
- seek to moderate the overall growth in motor vehicle travel.

The availability of a road transportation network in sound condition has a major influence on the state of the economy in New South Wales and Australia. The priority for infrastructure maintenance over the next 5 years is to ensure that the road asset is properly maintained at minimum whole of life cost, with improvements in productivity and application of technology consistent with world best practice.

1996-97 Budget

Current

Estimated total current payments for 1996-97 are \$1,067 million, a 1.7 per cent increase over projected expenditure for 1995-96.

To ensure road conditions continue to be maintained at least to current levels, the RTA has increased maintenance funding and will reinvest savings from productivity and efficiency improvement initiatives into the Maintenance Program. The 1996-97 program provides \$541 million for road maintenance and aims to ensure that the cost of service delivery remains competitive. Further, funding of \$45 million will continue to be directed towards the asset maintenance of traffic facilities in 1996-97.

As economic growth continues, road travel will increase, adding to the challenge for road safety programs to further reduce the road toll.

Measures to achieve this improvement in road safety include an extension to the successful \$3 million initiative to increase the level of Police enforcement, \$4.8 million for provision of road safety education for children through schools, \$7.5 million for an integrated program to counter excessive speeding, \$2.1 million for further development of the capacity of Local Government to deliver road safety programs at community level and \$0.7 million for encouragement for consumers to purchase safer vehicles.

Improvements for pedestrians and cyclists are being emphasised. School children will benefit from additional 40 km/h school zones, school crossing supervisors and other crossing treatments. Further facilities to assist the elderly and pedestrians with special needs will be installed. Improvements for cyclists are also being emphasised with \$7 million to be spent on cycleway creation to improve mobility and safety for bicycle riders.

In order to improve the reliability of travel times as well as average speeds, emphasis will be placed on managing traffic where incidents occur. Expenditure of \$20.4 million will be incurred in 1996-97.

The RTA continues to have extensive involvement in the development of many national driver and vehicle regulation initiatives, including projects such as implementation of uniform licence classes'; driving time limits for heavy vehicle drivers and exchange of demerit points between States and Territories. Legislation has been passed to adopt nationally uniform heavy vehicle regulation charges from 1 July 1996.

The roadworthiness of vehicles is being monitored more cost-effectively. The RTA is managing a national program to evaluate maintenance management assurance as an alternative to annual heavy vehicle inspections, potentially giving savings to truck operators.

Quality service has become a feature of RTA activities related to Motor Registry Customer operations. Expenditure of \$150 million will result in significant enhancements in registries such as the introduction of the Q Matic system, aimed at speedier management of customer queues, and operating in 64 high volume registries, the progressive introduction of an over the counter direct photo licence system and the establishment of Customer Service Centres for telephone enquires.

Capital Payments

The 1996-97 estimate of total capital payments is \$850 million, a 8.2 per cent increase over projected expenditure in 1995-96.

The RTA recognises the importance of integrating the State's road network with the planning of land use and with other transport modes. The RTA will continue to work closely with other key agencies to integrate land-use and transport planning, to contain the growth in demand for road travel and to make alternative transport, especially public transport, more attractive and viable.

The RTA has identified a Network Development Program designed to meet the Government's major road commitments, complete works in progress and deliver projects with relevance to the Olympics. Funding of \$8 million will be provided for the grade separation of Homebush Bay Drive and Australia Avenue at Homebush Bay.

Road needs in Western and South Western Sydney will be met by several major road upgrades, as part of the Government's commitment to invest \$145 million per annum in roads in that area. Key capital projects include: the widening of the RTA's section of the M4 west from Church Street, Parramatta, to Mulgoa Road, Penrith; completion of the east facing ramps at Mamre Road; the widening of the M5 Georges River Bridge; and grade separation of the Hume Highway/Roberts Road bottle-neck. Upgrading will also commence or continue on Abbot Road, Old Windsor Road, Camden Valley Way, Cowpasture Road, Elizabeth Drive, Heathcote Road, the Northern Road, Castlereagh Road and Davies Road.

Other significant initiatives in the Sydney area will include continuation of the Victoria Road interchange at Top Ryde and upgrading of the City West Link.

The \$60 million three year program of works committed to road improvements through the Blue Mountains is now in its second year and work is continuing on projects at Warrimoo, Linden Bends and Hawkesbury Road ramp.

Major projects to commence in the Hunter region include development works on the West Charlestown By-pass, Newcastle/Port Stephens Road and Avoca Drive.

A major new initiative commencing in 1996-97 is the New South Wales and Commonwealth Governments' commitment to spend in the vicinity of \$220 million (of which New South Wales will contribute \$160 million) each year over the next ten years on the Pacific Highway. This comprises an ongoing commitment by the State Government to maintain a \$100 million per annum level of funding for major projects, maintenance improvements and minor traffic works plus a Commonwealth Government commitment to match, on a dollar for dollar basis, additional major works with an average expenditure program of \$120 million per annum over ten years.

A key feature of this agreement was the commitment from the Commonwealth Government that it would continue to identify untied road grants to New South Wales in the Commonwealth Budget, and that New South Wales would spend all the untied road grants on roads. Major works-in-progress on the Highway include the Taree By-pass, Raymond Terrace By-pass, Raleigh Deviation and Chinderah By-pass. Major new works commencing in 1996-97 will be announced when the State Government and the new Commonwealth Government have agreed on the joint program.

Other significant allocations on the North Coast include the Summerland Way and improvements to the Tweed Coast Road.

In the Illawarra, work on two major road interchanges will be continued on the F6 at Gwynneville and the Princes Highway at Oak Flats.

A major noise abatement program is proposed with \$15 million allocated in 1996-97. This program includes noise mitigation works on the Mt Ousley Road, the F6 at Dapto and at the Ghost Creek Interchange to Northcliffe Drive.

Works-in-progress on the Princes Highway will continue to an early completion of the deviation at Myrtle Gully north of Ulladulla and the provision of additional overtaking lanes south of Gerringong. The Gobba Bridge at Wagga Wagga will also be opened to traffic. The Newcastle to Dubbo route will continue to be upgraded, recognising its importance for freight.

In the far west of the State, the sealing of important routes will include the Kidman Way and the East West Route from Bourke to Narrabri. In the mid-west it will include the continuation of significant local works on the Mid-Western Highway east of Cowra and the Trunkey to Abercrombie Caves Road. Road safety of narrow bridges will also be improved on the Mid-Western Highway and the Orange to Parkes route.

Under the National Highway system, major works including the F3 extension from Minmi to the New England Highway and construction of the Ourimbah missing link will continue in 1996-97. New development works on the New England Highway will include the Belford Forest Deviation, the continuation of improvements to the Liverpool Range and a number of major intersection improvements along the route. Planning work will continue for the Western Sydney Orbital route pending funding approval by the Federal Government. On the Federal Highway, work will continue on the \$130 million four lane freeway to replace the dangerous Lake George section.

A Public Transport Infrastructure Improvement Program (\$35 million in 1996-97) has been established to improve priority for buses and make transfers easier at railway interchanges and commercial centres. Bus priority measures consist of more bus lanes, transit lanes, special 'B' signals and bus bays. Examples of these measures are upgrading bus priority on routes to the Liverpool, Blacktown and Parramatta business districts and a bus-rail interchange on Epping Road. Facilities, including car parking, are being provided at key interchanges such as Seven Hills and Woy Woy. At Westmead Hospital, a package of signals, roundabouts and turning bays will be constructed to improve traffic conditions in the area and additional parking will be provided at Wentworthville station.

The Public Transport Infrastructure Improvement Program involves \$170 million over four years and is to be funded by the '3x3' fuel levy. The Program also covers the replacement and upgrading of railway level crossings and the maintenance of road bridges over rail lines. Railway level crossings are to be replaced with overbridges at Leumeah, Quakers Hill and Riverstone. Completion of the overbridge at Narellan Road, Campbelltown is programmed for 1996-97.

Capital traffic management improvements are also being targeted to strategic routes. These include intersection improvements and the upgrading and fine-tuning of the co-ordinated traffic signal system and a \$30 million road safety program that will address a reduction in the number of accident blackspots sites throughout the State.

4.3.16 MINISTER FOR POLICE

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Ministry for Police			
Current Payments	3.6	3.3	(-) 8.3
Capital Payments .....	...	...	...
New South Wales Police Service			
Current Payments	902.7	933.1	3.4
Capital Payments	40.7	45.8	12.5
New South Wales Crime Commission			
Current Payments	5.1	6.9	35.3
Capital Payments	0.4	0.4	...
Total, Minister for Police	952.5	989.5	3.9

MINISTRY FOR POLICE

The Ministry provides the Minister for Police with independent advice on policy and resource allocation across the Police portfolio and supports the Minister in the performance of ministerial functions including the Government's legislative programs for the portfolio.

The Ministry also provides administrative support, policy advice and research services to the Police Board in its role of advising on senior appointments, career development, training and the integrity of the Police Service.

Expenditure Trends and Recent Developments

The Ministry was created early in the 1992-93 financial year. It expanded late in 1992-93 to support the Emergency Services portfolio, and in 1994-95 became host agency to the Minister's Office. In 1995-96, following the change of Government, the Police and Emergency Services portfolio was split.

Apart from these changes, actual allocations and expenditures on the Ministry's activities and programs have remained relatively constant.

Strategic Directions

The Government's policies on the criminal justice system and associated legislative changes require the Ministry to liaise extensively with the Police Service and the NSW Crime Commission as well as the Attorney-General's Department, the Cabinet Office, Premier's Department and Treasury.

The Ministry will be expected to play a key role in driving change and achieving lasting reform in the Police Service. The Ministry provides an important source of policy ideas for the Police Service and the Government, and contributes policy papers to the Royal Commission.

Issues of resource allocation will continue to be a focus of attention across the portfolio. These include capital works, industrial issues, continuing increases in police strength and the cost of corporate services.

1996-97 Budget

The Ministry was created in unique circumstances in 1992. Since then both the pace and expectations of change have continued to grow. During 1996-97, the Minister, Police Board and Ministry (as well as the Police Service) will need to respond to and anticipate the need for much greater change, driven by the findings of the Royal Commission into the Police Service.

NEW SOUTH WALES POLICE SERVICE

The Police Service is responsible for working with the community to establish a safer environment by reducing violence, crime and fear.

Expenditure Trends and Recent Developments

Increases in expenditure levels in recent years are mainly due to increases in police numbers and the cost of enterprise agreements for police officers. The enterprise agreements provided a salary increase of 9 per cent from 1 July 1994 and 6 per cent from 1 July 1995 for non-commissioned officers and, for commissioned officers, 9 per cent from 1 July 1994 and 4 per cent from 1 July 1995. The authorised strength of the Service is a record 13,107 and this will be progressively increased to 13,407 during the Government's current term.

Capital expenditure is being and will be directed to locations where there is the greatest need for new or improved facilities, and to equipment and systems which will enhance the effectiveness of the Service. A major concern of the Government has been the upgrading of officer safety.

In 1995-96 all first-response vehicles were equipped with bullet-resistant vests. From 1996-97, modern self loading pistols will progressively replace the current Service revolver, and the radio systems will be upgraded to improve coverage and reliability and increase officer safety.

Strategic Directions

In the delivery of policing services, there will be increasing emphasis on fighting crime. In particular, local crime and social disorder issues are to be targeted and better feedback and support to victims of crimes will be provided.

The Child Protection Enforcement Agency will provide a concerted attack against all forms of serious and organised child abuse.

Proactive crime prevention will be complemented by improved responsiveness to crime as it occurs. This will be achieved not only through increased total police numbers, but through a shift in emphasis from administrative processes to operational policing.

These improvements in the delivery of policing services will be underpinned by changes to ensure the integrity and increase accountability to the Government and people of New South Wales, in response to the findings of the Royal Commission into the NSW Police Service.

A vision of achieving the **Safest Streets in Australia** by the end of the decade continues to be appropriate to the needs and expectations of the community and Government.

1996-97 Budget

Current Payments

The 1996-97 current budget includes provision for -

- a 3 per cent increase in respect of salaries for both police and non-police personnel amounting to approximately \$27 million;
- an additional 100 officers as part of the Government's commitment to provide an extra 650 Police;
- savings of \$3.9 million to be achieved through more efficient corporate services; and
- full operation of the Child Protection Enforcement Agency at a cost of \$3.4 million including \$2.4 million for employee related costs for 53 staff.

Capital Payments

Capital funding is provided to refurbish and upgrade Police buildings, to provide improved plant and equipment and to maintain and operate the Police Service's mainframe computer and data network.

The Service's 1996-97 capital program of \$45.8 million provides for the following major projects and initiatives -

- progressive replacement of the obsolescent standard issue service revolver with modern self-loading pistols at an estimated total cost of \$11.2 million;
- construction of major Police Stations at Auburn, Raymond Terrace, Ashfield and Kogarah;
- implementation of a major Cell Improvement Program aimed at increased safety for persons in Police custody at a total cost of \$16.3 million and with \$4 million allocated for 1996-97;
- equipping and fitting out premises for the Child Protection Enforcement Agency at an estimated total cost of \$1.2 million;

- improvement in Police facilities at Wallsend, The Rocks, Maroubra, Waverley, Newtown, Blacktown, Liverpool, Penrith, Dubbo and Woy Woy;
- providing the Special Technical Investigation Branch with state-of-the-art surveillance, counter-terrorist and computer equipment at a cost of \$1 million;
- continuation of the substantial upgrade of Police facilities at Marrickville, Thornton, Narellan, Green Valley, Quakers Hill, Coffs Harbour, Eaglevale and Randwick Police Stations; and
- completion of the installation of remote terminals at Fingerprint Crime Scene Units around the State.

In addition, the Service's now obsolete statewide computer network will be modernised and upgraded. This in turn will facilitate -

- implementation of Stage 2 of an integrated system for policing (COPS); and
- further development of the records management system.

These initiatives will improve the operational effectiveness and efficiency of the Service, provide secure, accurate and comprehensive records, facilitate planning and control, and assist with the implementation of the recommendations of the Royal Commission.

Minor works of \$17 million will include \$4 million for the purchase of critical radio and telephone equipment with particular attention paid to the improvement of officer safety and improvement of radio coverage -

- the purchase of operational plant and equipment;
- minor improvements to existing Police accommodation;
- site acquisitions; and
- the planning of future improvements in accommodation.

In view of difficulties in gaining development approval, the proposed new Police Station at Wagga Wagga has been removed from the capital program. The priority for this project will be re-assessed in the light of funds available in future Budget allocations to the Service.

NEW SOUTH WALES CRIME COMMISSION

The objective of the New South Wales Crime Commission is to combat illegal drug trafficking.

Expenditure Trends and Recent Developments

Through a program of measures, the Commission has been able to reduce its operating costs over the last five years whilst increasing the level of productivity. This enabled the Commission to purchase its premises in 1993-94.

Strategic Directions

The Commission is constantly reviewing its procedures and practices to ensure it is providing the most efficient and effective means to achieve its objectives. Specific attention is paid to changes in technology and the impact this has on the operations of the Commission.

1996-97 Budget

Current Payments

An amount of \$6.9 million is available to the Commission in 1996-97.

The ongoing activities of the Commission include -

- the targeting of high level drug traffickers and persons involved in organised crime;
- the obtaining of evidence for prosecution of those persons and/or the civil forfeiture of their assets;
- the furnishing of reports relating to illegal drug trafficking and organised crime; and
- the dissemination of investigatory, technological and analytical expertise.

Capital Payments

An amount of \$0.4 million provides for the purchase of minor plant and equipment items.

4.3.17 MINISTER FOR PUBLIC WORKS AND SERVICES AND MINISTER FOR PORTS

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Office of the Minister for Public Works and Services			
Current Payments	37.3	40.5	8.6
Capital Payments	13.5	12.4	(-) 8.1
Office of Marine Safety and Ports Strategy			
Current Payments	9.0	5.9	(-) 4.4
Capital Payments	0.4	0.6	50.0
Waterways Authority			
Current Payments .....	...	25.2	...
Capital Payments .....	...	4.9	...
Total, Minister for Public Works and Services and Minister for Ports ^(a)			
	60.2	89.5	...

(a) A comparison of the total payments for the Minister for Public Works and Services is not available because Waterway Authority was a non Budget Sector agency in 1995-96.

OFFICE OF THE MINISTER FOR PUBLIC WORKS AND SERVICES

Recurrent funds provided to the Office of the Minister for Public Works and Services enable the purchase of a range of services from the Department of Public Works and Services including -

- Government wide information technology and telecommunications policy and services;
- advice on key resource issues such as Total Asset Management;
- risk management services for the substantial portion of the State's capital works projects; and

- the development of a whole of Government approach to the procurement of goods and services with significant cost benefits.

The Office's capital program provides for the development of a number of specialist projects covering key Government buildings, facilities and heritage works.

Expenditure Trends and Recent Developments

Funding of \$11 million (\$1.5 million in 1996-97, \$4.4 million in 1997-98 and \$3.2 million in 1998-99) is being provided for the purchase of yellowblock sandstone. This will ensure a supply of suitable yellowblock sandstone which is compatible to that used in heritage buildings in the Sydney area. The extraction of the sandstone is subject to obtaining appropriate planning approvals.

Strategic Directions

The Office of the Minister for Public Works and Services has an advisory role to Government and agencies on -

- the management of existing assets to meet service wide requirements through non-build solutions;
- the application of information technology and communications which reduce the cost of service delivery and provide effective services to the community; and
- the development of strategies to implement a State wide public sector information system.

In addition, the Office will further -

- develop risk management and ensure value for money and public accountability when purchasing services from the private sector;
- develop industry reform strategies in the building and construction industry; and
- maximise benefits through whole of Government purchasing power and contractual arrangements.

1996-97 Budget

Current Payments

Funds totaling \$10.03 million have been allocated to Project Risk Management and Total Asset Management activities in 1996-97 to enable the continuation and further development of strategies in managing the procurement and ongoing maintenance of infrastructure.

The development of Information Technology and Telecommunications policy and services has been allocated \$2.6 million.

The Budget also provides \$4.4 million for ongoing Construction Industry Development and \$3.8 million for the provision of Government wide contracts for goods and services which pass on savings to agencies through the bulk purchasing power of the Government.

An amount of \$1.3 million has been provided for the maintenance of Parliament House and Government House.

Capital Payments

The program of stonework and heritage maintenance (\$4 million) has been provided with an additional \$1.5 million for the purchase of sandstone. Restoration work will be carried out on Sydney TAFE, the Australian Museum and Government House.

Funding of \$1.3 million has been provided for the continuation of restoration work on the historic Coffs Harbour Jetty. \$3.1 million has been provided for the Government Radio Network to ensure that it can meet emergency service requirements.

OFFICE OF MARINE SAFETY AND PORT STRATEGY

The Office of Marine Safety and Port Strategy administers the marine affairs of the State under the powers provided to the Minister for Ports under the Ports Corporatisation and Waterways Management Act 1995.

Expenditure Trends and Recent Developments

Through the enactment of the Ports Corporatisation and Waterways Management Act, the former Maritime Services Board was dissolved on 30 June 1995 and replaced by six new entities that commenced operations on 1 July 1995. The corporatisation of the Maritime Services Board will have no net impact on the budget in 1996-97. The Office of Marine Safety and Port Strategy is one of the six new entities.

During 1995-96, the Office managed the funding paid to the Waterways Authority for harbour cleaning. A budget subsidy of \$1.9 million was provided for harbour cleaning in Sydney Harbour, the Myall Lakes and Lake Macquarie.

From 1996-97, the Office will operate as a Budget Sector agency and total payments in 1996-97 will be \$6.5 million.

Strategic Directions

The objectives of the Office of Marine Safety and Port Strategy are to -

- achieve a high level of marine and environmental safety in New South Wales ports and waterways;
- set the overall strategic direction and goals for port development and port performance in New South Wales;
- manage the strategic port assets of New South Wales, in a responsible and commercial manner, to ensure that they are used in a manner so as to contribute to the State economy;
- manage the operations and development of the minor ports of New South Wales to maximise their contribution to the economic development of their regions;

- exercise the role of consent authority under the Environmental Protection Agency Act, and provide planning advice in proposed developments within Sydney Harbour and other wetlands (land below the mean high water mark) within the Marine Ministerial Holding Corporation (MMHC); and
- efficiently and effectively manage the MMHC with regard to the residual responsibilities of the Maritime Services Board.

1996-97 Budget

Current Payments

Total current funding in 1996-97 will be \$5.9 million. This includes funding for a subsidy to the Newcastle Ports Corporation for lease administration at Kooragang Island (\$0.08 million).

Capital Payments

Total capital funding in 1996-97 will be \$0.6 million. This includes funding for the acquisition of motor vehicles (\$0.2 million) and for plant and equipment (\$0.4 million).

WATERWAYS AUTHORITY

The Waterways Authority is responsible for all waterways management functions under the marine legislation relating to commercial vessels and recreational boats. The Authority also manages land vested in the Marine Ministerial Holding Corporation.

The Authority will receive \$1.9 million in 1996-97 for Sydney Harbour cleaning and the maintenance of sewage pump-services in Sydney Harbour, Myall Lakes and Lake Macquarie. The benefits are enjoyed by the tourist industry, harbour side councils, the boating community, waterfront property holders and the general public who use the beaches and foreshores.

Expenditure Trends and Recent Developments

The Waterways Authority was one of the six new entities which replaced the former Maritime Services Board on 1 July 1995.

From 1996-97, the Authority will operate as a Budget Sector agency and total payments in 1996-97 will be \$30 million.

The Authority completed the development of its major operational computer system, WALROS in 1995-96. In addition, Interactive Voice Response was introduced as a service for customers to pay their licence, registration and mooring licence renewals and receive general information on a 24 hour per day, 7 days per week basis. A vessel identification process and Hull Identification Number (HIN) System to enable vessel financial encumbrances to be incorporated on the Register of Encumbered Vehicles (REVs) was also implemented.

Operating expenditure for 1995-96 is estimated to be \$25.7 million. Expenditure on the maintenance of navigation aids, wharves, WALROS - the recreational boating and commercial vessels system, and the provision of other miscellaneous services is estimated to be \$3.5 million.

Strategic Directions

The Authority's corporate plan promotes a commercial approach to service delivery management. It is directed towards specific external challenges such as -

- balancing the needs and requirements of all waterways users and ensuring safe navigation;
- protecting the marine environment from the impact of recreational and commercial vessels;
- preparing for staging Olympic and other special events on Sydney Harbour and other waterways; and
- the development of management plans for the State's waterways.

1996-97 Budget

Current Payments

Total Current Payments for 1996-97 will be \$25.2 million. This includes amounts for navigation aids (\$2.3 million), compliance enforcement (\$7.2 million), education (\$7.2 million), wetland (land below the mean high water mark) leases and assessment (\$2.7 million) and geographic information and drafting (\$1.2 million).

Capital Payments

The Authority has historically given priority to the renewal of assets such as vehicles and vessels for regulatory compliance and operational requirements. This priority is maintained in the Authority's current capital strategy.

Capital expenditure to upgrade the property assets register, plant assets register and cash register systems are also part of the strategy. Telecommunications will be improved through the provision of LAN/ISDN access. This investment will reduce operational costs and improve the communications infrastructure throughout the Authority's locations.

Total Capital Payments for 1996-97 will be \$4.9 million. This included amounts for the purchase of motor vehicles and boats (\$1.9 million), and the purchase of new plant and equipment (\$2.5 million).

4.3.18 MINISTER FOR SPORT AND RECREATION

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Department for Sport and Recreation			
Current Payments	46.6	53.3	14.4
Capital Payments	14.9	10.4	(-) 30.2
Total, Minister for Sport and Recreation	61.5	63.7	3.6

The increase in current payments for 1996-97 is primarily due to the 1996 Motor Cycle Grand Prix being held in October 1996 rather than being held in March as usual.

The decrease in the capital program is mainly due to a reduction in capital grants paid under the Sport and Recreation Fund and the completion of major works in 1995-96 including the fitout of the NSW Institute of Sport.

DEPARTMENT OF SPORT AND RECREATION

Expenditure Trends and Recent Developments

During 1995-96 the Department focussed on sports management and leadership development programs in order to provide a more integrated approach for improving community participation. This approach will continue in 1996-97 with assistance provided to sporting bodies.

Consolidation of the Department's administrative functions has resulted in the restructuring of a number of divisions, for example, amalgamation of the Regional and Operations Division has assisted in presenting a comprehensive range of programs designed to increase active participation in the community.

Following the establishment of the Women in Sport Unit in 1995-96, improvement of sport administration and provision of sporting scholarships to women will continue.

Action is proceeding to contract out Eastern Creek Raceway with finalisation anticipated early in the 1996-97 financial year.

Strategic Directions

The corporate objectives of the Department are to work towards -

- a State in which the community is able to be fulfilled through participation in sport and recreation; and

- success by NSW athletes at the national and international sporting level in targeted sports.

Increasingly, in the lead up to the Sydney 2000 Olympic Games, the Department will focus on managing Olympic venue facilities and the provision of support for test events together with the provision of regional and local facilities for training and competitive sporting events.

1996-97 Budget

Current Payments

A total of \$53.3 million will be made available to the Department to encourage the community's participation in sport and recreation and the achievement of excellence in sporting performance.

Major features of the Department's allocation include -

- provision of \$3 million for the operating costs of the NSW Institute of Sport;
- provision of \$3.8 million for the 1996 Australian Motorcycle Grand Prix required under contractual arrangements;
- provision of \$400,000 for various initiatives including increased funding to the recently established two new sports high schools, the establishment of a pilot creche scheme, a pilot volunteer training scheme for the elderly and an increase for the "kids in all sports" program; and
- provision of \$2.3 million for the operation of the International Athletic and Aquatic Centres.

Capital Payments

In 1995-96 the Department either completed or continued various minor works projects, including upgrading accommodation and the provision of improved facilities for its clients at its Sport and Recreation Centres and Academies of Sport. Work was started on the new mess hall/kitchen at the Lake Ainsworth Sport and Recreation Centre.

The Capital Program for 1996-97 amounts to \$10.4 million, comprising capital works of \$6.1 million and capital grants and advances of \$4.3 million.

The capital works program of \$6.1 million includes -

- \$2.4 million for the replacement of the mess hall/kitchen facility at the NSW Academy of Sport at Narrabeen;
- \$1.5 million to complete the mess hall/kitchen at Lake Ainsworth Sport and Recreation Centre, Lennox Head; and
- \$300,000 to complete the wide area computer link network for regional offices, sport and recreation centres, academies of sport and the head office.

The capital grants and advances program of \$4.3 million includes \$3.3 million in grants from the Sport and Recreation Fund and \$1 million in capital advances to various sporting bodies.

Capital grants from the Sport and Recreation Fund of \$3.3 million in 1996-97 will be made to support and develop sport and recreation facilities throughout the State. Under the Capital Assistance Program (part of the Sport and Recreation Fund), annual grants are provided on a dollar for dollar basis, up to 50 per cent of the total cost of the project, to assist in the development of sporting and recreational facilities which have a broad community orientation.

4.3.19 MINISTER FOR TRANSPORT AND MINISTER FOR TOURISM

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Department of Transport			
Current Payments	1,202.7	1,126.8	(-) 6.3
Capital Payments	398.7	401.6	0.7
Tourism New South Wales			
Current Payments	38.0	38.6	1.6
Capital Payments	0.2	0.7	250.0
Total, Minister for Transport and Minister for Tourism	1,639.6	1,567.7	(-) 4.4

DEPARTMENT OF TRANSPORT

Payments by the Department of Transport cover both departmental activities and payments to transport operators, community groups and certain individuals.

The allocation for the activities of the Department of Transport provides for the development and implementation of transport policy, including the regulation of private transport services and the administration of subsidy payments for transport services. The Department, in co-operation with other State agencies, the Commonwealth and local councils, establishes the strategic framework for the development of medium and long term transport plans. In addition, it facilitates and manages regional transport projects such as the Pymont Ultimo Light Rail Project.

Payments to transport operators, community groups and certain individuals fall into two broad categories, namely -

- the provision of funding for rail services and payments to the State Transit Authority and private transport operators for services which they could not support at the current fare and/or service levels. These payments and other funding for community groups and certain individuals are targeted at improving community mobility on public transport; and
- assistance to help implement the rail services reform program. These reforms are aimed at achieving best practice railway services, as measured by accepted international benchmarks.

Expenditure Trends and Recent Developments

The most significant areas are the School Student Transport Scheme, rail services and the State Transit Authority.

School Student Transport

The School Student Transport Scheme was originally designed to provide assistance to students in rural and remote areas. It now covers over 67 per cent of all New South Wales students notwithstanding changes introduced during 1995-96 to extend the distance based criteria for eligibility to free travel.

The total cost of this Scheme has risen substantially from \$264.1 million in 1990-91 to an estimated \$343.9 million in 1995-96. Apart from fare increases, the increased cost of the scheme is driven by total student population growth and the decision of many parents to send children to schools outside their local area.

Table 4.1: School Student Transport Scheme Costs

		1990-91	1991-92	1992-93	1993-94	1994-95	1995-96 (est)
Total student population (a)	(000)	1,030.6	1,037.3	1,050.2	1,052.2	1,052.3	1,052.3
Total SSTS beneficiaries	(000)	643.1	659.2	693.8	736.2	728.0	708.3
Total cost (b)	\$m	264.1	286.8	305.0	314.8	324.1	343.9
Cost per beneficiary	\$	410.6	435.1	439.6	427.7	445.2	485.5

- (a) Figures from the Department of School Education's annual census.
 (b) Includes SSTS payments to State Transit and State Rail.

Rail Services

There has been a steady reduction in the State Rail Authority's operating costs and Government contributions as a result of continuous productivity improvements since 1989

Productivity improvements have resulted in reduced staff requirements, with staff numbers reduced by 4,281, or 17.5 per cent, between June 1992 and June 1995. Despite staff reductions there has also been a significant improvement in train services and reliability. In 1995-96 there has been a 3.8 million increase in the number of passenger trips and an increase in the volume of freight traffic.

Cumulative savings in the Authority's operating costs amounting to \$398 million in real terms have been achieved over the 4 years since 1991-92 through a strategy of working towards world best practice for the delivery of rail transport services. These operating savings have resulted in a cumulative real reduction of \$311.1 million in Government contributions towards the costs of operating rail services over the same period.

It is expected that the restructure of rail services into 4 distinct business units as from 1 July 1996 will result in additional operating savings as this area is further exposed to increased competition.

The commencement of the New Southern Railway in 1994-95, together with other current commitments in the southern and western regions of the CityRail network to cater for increased passenger demands, will continue the need to maintain capital grants for rail works at relatively high levels over the next few years.

Comparative output measures related to the provision of rail services over recent years are included in Budget Paper No. 3.

State Transit Authority

State Government contributions to the State Transit Authority have decreased over recent years as a result of the substantial progress towards commercialisation and self funding of the Authority. This has been achieved largely through work place reforms, the implementation of improved financial and operating systems and enhanced services.

The methodology for funding the State Transit Authority's services and concessions changed markedly from 1992-93, this new methodology reflecting a need for the Authority to comply with the Passenger Transport Act 1990 in a similar manner to the private bus industry. The Authority is now expected to provide, without reimbursement, the minimum service levels required of private operators and be reimbursed for concessions on a similar basis as these operators.

The average subsidy to State Transit per trip, including concessions, declined by some 19.3 per cent over the 3 year period to 1995-96.

Strategic Directions

The Department of Transport, through its Planning and Projects Division, continues to focus on improvements in the integration of transport services. The provision of efficient and safe customer oriented services targeted at serving the needs of both the growing population in New South Wales and the growing tourism industry is essential to encourage greater usage of public transport.

As foreshadowed in the 1995-96 Budget, structural changes are proposed which will separate the State Rail Authority into four separate entities from 1 July 1996. This will enable each organisation to better focus on its core business and hence better focus on its clients.

The new *State Rail Authority* will own all the passenger rolling stock, stations and the train servicing depots to maintain its rolling stock. This will enable the new SRA to concentrate on its passengers and focus on increasing its patronage and therefore revenue.

The *Freight Rail Corporation* will own the locomotives and wagons, freight yards and the servicing depots to maintain its rolling stock. This will enable Freight Rail to focus more closely on its freight clients to better meet their needs and hence increase its freight business. Freight Rail will operate on the basis of full competitive neutrality with private sector rail freight operators.

The *Rail Access Corporation* will own all the mainline infrastructure. Its function is to permit other operators onto the rail system, allow competition between operators and increase the competitive edge of rail transport over other modes of transport.

The *Railway Services Authority* will provide capital and maintenance engineering expertise, under contract, to the other three organisations and in future to other public and private sector agencies. The Authority's contracts with the other organisations will be progressively opened up to full market competition - 25 per cent in the first year, increasing annually to 100 per cent in the fourth year. The Authority will operate on the basis of competitive neutrality with the private sector.

These structural changes are in line with the principles adopted by all States under the National Competition Policy.

It is not the Government's intention under the new structure to pay direct current funding to either the Railway Services Authority or the Rail Access Corporation. Recurrent funding will continue to be directed to the SRA and Freight Rail for otherwise non-commercial rail services. Selected funding, on a fully transparent basis, will go to the Rail Access Corporation for network maintenance and approved growth initiatives.

The State Transit Authority will also continue to implement strategies to maintain and build its market competitiveness and improve existing service levels over the coming years.

1996-97 Budget

Budget initiatives taken in the public transport area in 1996-97 focus largely on reforms to rail services.

Current Payments

Current payments to be made to transport operators and certain other groups during 1996-97 are shown in Table 4.2.

Table 4.2: Payments for Public and Private Transport Services

Agency	Forecast	Estimate
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	1995-96	1996-97	Variation
	\$m	\$m	%
Rail Services -			
Services and concessions	421.0	299.3	(-) 28.9
Contribution towards periodic maintenance works	207.3	253.2	22.1
Staff redundancy payments	70.0	70.0	...
STA -			
Services and concessions	138.1	137.4	(-) 0.5
Private operators, community groups and certain individuals	330.8	328.8	(-) 0.6
Contracted passenger services	12.1	12.2	0.8
Total	1,179.3	1,100.9	(-) 6.6

The 1996-97 Budget continues to reflect operating savings to be achieved by public transport authorities from rail reform initiatives and, to a lesser degree, savings expected to be achieved in payments to private transport operators as a result of recently approved reforms to the School Student Transport Scheme.

- **Rail Services**

The proposed reforms to rail services are consistent with the objectives of the National Competition Policy and should ensure that the State's substantial investment in rail infrastructure is managed in accordance with sound commercial practice. It is also expected that the new management structure will considerably progress the Government's goal of achieving more responsive and efficient rail services.

It should be noted that the Budget grants for rail services included in Budget Paper No. 3 (and shown in this document) will be reallocated across the newly formed business units following the restructure of the State Rail Authority on 1 July 1996.

The following recurrent initiatives are to be implemented in 1996-97 from within the total level of total Budget support provided for rail services -

- \$900,000 for additional station staff training to ensure the delivery of quality customer services;
- \$1.6 million for additional Off Peak services, including a reduction in 20 minute services to 15 minute services on some major lines;

- \$1.8 million for new services on the “Y-Link” to provide cross regional transport services in Western Sydney; and
- \$1.2 million to improve station security, particularly for night travellers.

State Transit Authority

State Transit operates bus and ferry services in the Sydney and Newcastle metropolitan areas. In 1996-97, State Transit will again meet its commercial service contract requirements.

State Transit will continue to implement improvements to maintain and build market competitiveness, while retaining and improving existing service levels. To achieve these goals, State Transit will progress various strategies to increase revenue and reduce costs.

The Government funding methodology for State Transit reflects the goals of the Passenger Transport Act, 1990 in providing funding on a similar basis to private bus and ferry operators. In 1996-97, State Transit will continue to be funded on the same basis, with any surplus generated representing a true commercial profit.

State Transit continues to provide fare discounts for multi-trip tickets in excess of normal commercial discount levels. It is also reimbursed for the requirement to provide fare concessions and non-commercial service levels which are not required of private operators. This funding is now being made under terms more aligned to normal commercial conditions.

The average Government subsidy to State Transit per passenger trip has consistently declined since 1993-94. The reduction in the average government subsidy per passenger since 1993-94 of 20.4 per cent is reflective of the ongoing workplace reform, efficiency improvements and patronage increases evident in State Transit.

- **Public and Private Transport Services**

Following the recently announced revised reforms to the School Student Transport Scheme, a total sum of \$277.3 million has been provided for payments to private transport operators and certain individuals in 1996-97. This sum, which excludes payments made to public transport authorities, compares to expenditure of \$283.0 million in 1995-96.

The initially approved reforms to this Scheme, which were foreshadowed in the 1995-96 Budget, were revised by the Government following representations from the community, education groups and other interested parties. The revised reforms are expected to achieve annual savings of broadly \$35 million.

Excluding the School Student Transport Scheme, private transport operators and community groups will receive payments in 1996-97 amounting to \$51.5 million (\$47.8 million in 1995-96). These payments include funding for concessions, such as half fare concessions for pensioners, transport subsidies under the Community Transport Program and the Home and Community Care Scheme and subsidies for half-fare taxi transport for people unable to use public transport because of severe and permanent disability.

Expenditure growth in these areas has been driven by factors such as the ageing population and the more widespread use of the Senior's Card. Additionally, the Government last year provided an additional \$2.7 million per annum for the Taxi Transport Subsidy Scheme to broaden the then existing overly restrictive eligibility criteria.

Estimated payments for contracted passenger services amount to \$12.2 million in 1996-97. These payments are for the Nightride service provided by State Transit and private bus operators to replace late night trains, rural coaches which provide connections to and from Countrylink rail services and connecting buses and coaches services to and from rail services on three CityRail routes where the needs of commuters are best served by bus or coach services.

Passenger contracts are administered by the Department of Transport under a competitive tendering process to ensure both the cost efficiency of these services and the maintenance of service levels and quality.

Capital Payments

Capital payments comprise both a transport infrastructure program, administered by the Department of Transport, and capital grants for rail services.

- **Department of Transport - Agency Program**

The Department aims to encourage greater patronage of public transport through improvements to infrastructure facilities. Its infrastructure program covers projects such as bus/rail/ferry interchanges, bus shelters, commuter parking at rail stations and ferry wharves, transport studies and other specially targeted measures to improve transport facilities and services. These projects are funded from the proceeds of the Parking Space Levy.

Estimated payments of \$19.5 million in 1996-97 include funding for the commencement of six new works, including new wharves at Cabarita and Looking Glass Bay to enable the expansion of the Parramatta River ferry service, the upgrade of wharves at Abbotsford and Balmain and the construction of a new bus/rail interchange at Rockdale railway station.

In addition, the Roads and Traffic Authority's capital and maintenance program provides for expenditure of \$18.9 million from the proceeds of the Road Improvement (Special Funding) Act 1989 (3x3 Fuel Levy) as part of that Authority's Public Transport Infrastructure Improvement Program. New works to proceed under this program in 1996-97 include a new bus/ferry interchange at Manly and a number of new road bridges over rail lines.

- **Department of Transport - Capital Grants for Rail Services**

Capital grants are provided to rail services for the renewal and development of infrastructure to aid in the strategic repositioning of services currently provided by CityRail and Countrylink. Because the fares charged by these businesses are significantly below the level needed to generate profits for reinvestment, grants by the State make up the bulk of the capital funding.

In 1996-97 capital grants will fund projects within the following categories -

	\$m
Asset renewal	145.5

Operational requirements	61.4
Growth	151.5
Regulatory compliance	23.7
	<hr/>
	382.1
	<hr/>

Capital grants from the State will be supplemented with internal funding and minor borrowings totalling \$31.8 million, making a total amount of \$413.9 million available for non-commercial rail works in 1996-97.

Asset renewal expenditure is for the ongoing replacement and enhancement of infrastructure and rolling stock for non-commercial rail businesses, while funding for *operational requirements* is targeted to improve efficiency and customer services. Projects in this latter category include ticketing and station passenger information systems, train communications and information technology systems.

Growth in demand continues for rail services with investment required now to ensure the infrastructure improvements are in place to satisfy these demands. The Government is meeting this challenge by identifying and initiating priority projects to serve the continuing development of Sydney.

Construction of the New Southern Railway is underway. This line will be integrated with the CityRail network to provide rapid access from the city centre to the airport and will also provide a linkage with the East Hills line. A total of \$130 million will be spent on this project in 1996-97.

As part of the commencement of the amplification of the East Hills line, construction will commence on a grade separated rail junction between Turrella and Tempe this year. The East Hills line amplification work also includes funding for an interchange station at North Arncliffe that will permit passengers to change between the East Hills, Illawarra and New Southern rail lines.

Construction will commence on improvements to the rail junction at Flemington to enable integration of the Homebush Bay rail link with the existing network, with estimated expenditure of \$5 million in 1996-97. Major upgrade works will also proceed at a number of stations during 1996-97 and \$3 million is being provided to commence implementation of further passenger security initiatives at stations. A detailed feasibility study into the proposed Parramatta-Chatswood rail link will also proceed in 1996-97.

Regulatory compliance projects to satisfy environmental and other legislative requirements include the replacement of air conditioning gas in trains with environmentally friendly refrigerants and fire and safety related works in the city underground network. Such projects will involve expenditure of almost \$24 million in 1996-97.

All capital projects for rail services will be the subject of further review following the restructure of the State Rail Authority.

TOURISM NEW SOUTH WALES

Tourism New South Wales is responsible for the marketing of New South Wales as a holiday destination in both the Australian and international markets of Europe, United States, Asia, Japan and New Zealand.

It also provides strategic direction and leadership to the New South Wales tourism industry to ensure a wide range of tourism product and holiday experiences are available in the marketplace.

Expenditure Trends and Recent Developments

Tourism New South Wales payments have risen over recent years from \$21.1 million in 1992-93 to \$38.0 million in 1995-96. This increase largely reflects new promotional marketing initiatives such as the "Seven Wonders of New South Wales" domestic tourism campaign and the "Sydney All day long, all night long" international tourism campaign.

In 1995-96 Tourism New South Wales transferred its Travel Centres to Countrylink as part of a strategy to increase the distribution of "New South Wales Holidays" boosting the number of retail outlets from 5 to 39. In addition, a major tourism wholesaling campaign was implemented to work with 4000 travel agents across Australia to sell "New South Wales Holidays".

In 1995-96 Tourism New South Wales received a capital allocation of \$895,000 to reposition the tourism product information database. It is expected that \$210,000 will be spent in 1995-96 with the remainder of \$685,000 expended in 1996-97.

Strategic Directions

The key corporate strategies of the organisation are to -

- actively influence the decision to travel to and within New South Wales;
- increase industry efficiency and economic benefits to the State through coordinating Government and industry participation in tourism, driven by the Tourism Masterplan and Government tourism policy;
- achieve community support for tourism initiatives;
- maximise Olympic related opportunities for tourism; and
- provide high quality policy advice and information to Government and industry on key tourism issues.

1996-97 Budget

Current Payments

Total current payments for Tourism New South Wales are estimated at \$38.6 million in 1996-97.

Major allocations include -

- \$7.8 million for the implementation of an integrated Australian marketing campaign through the evolution of the domestic “Seven Wonders of New South Wales” advertising campaign;
- \$1.4 million to achieve growth in the distribution of New South Wales tourism product through the wholesaling program which will allow the greater distribution of New South Wales tourism product through the network of Australian travel agents;

- \$9.1 million to develop and implement an integrated international marketing campaign. The highly successful “Sydney, All day long, all night long” campaign will be continued in Asia and extended to new growth markets. In addition the organisation will continue its participation in the “Partnership Australia” initiative with the Australian Tourist Commission, to further the effectiveness of its marketing expenditure in key international markets;
- \$2.1 million for specific regional marketing and development initiatives as part of the commitment to develop and support a strong regional tourism structure through the Regional Tourism Strategy;
- \$1.5 million to develop and implement a communication program to increase support for tourism through actions such as publicity launches, newsletters, the visiting journalist program and tourism awards;
- \$0.7 million to ensure tourism product and infrastructure supply meets demand through the implementation of the New South Wales Tourism Masterplan;
- \$0.2 million to implement an Olympics Strategy to benefit tourism and maximise Olympics related opportunities for tourism in the State through the Tourism Olympic Forum which includes representatives from the accommodation, transport, restaurant, retail and convention sectors; and
- \$0.9 million to continue the highly successful “Meet and Greet Service” at the Sydney International Airport and the free roving “City Host” service in the Sydney CBD to provide visitors with a welcome and information service. This program provides training and employment for the long term unemployed.

Capital Payments

Tourism New South Wales has one project which is the repositioning of the Newtracs destinational data base to improve the electronic distribution of New South Wales tourism products. Expenditure in 1995-96 is \$210,000 with the balance of \$685,000 in 1996-97.

4.3.20 TREASURER, MINISTER FOR ENERGY AND MINISTER FOR STATE AND REGIONAL DEVELOPMENT

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Treasury			
Current Payments	72.4	72.3	(-) 0.1
Capital Payments	8.9	3.8	(-) 57.3
Crown Transactions			
Current Payments	2,777.6	2,994.9	7.8
Capital Payments	46.6	10.9	(-) 76.6
Department of Energy			
Current Payments	29.6	9.0	(-) 69.6
Capital Payments	3.6	0.1	(-) 97.2
Sustainable Energy Development Authority			
Current Payments	0.6	17.2	2,766.6
Capital Payments .....	...	...	...
Department of State and Regional Development			
Current Payments	74.8	63.4	(-) 15.2
Capital Payments	5.8	20.2	248.2
Total, Treasurer, Minister for Energy and Minister for State and Regional Development	3,019.9	3,191.8	5.7

The significant variations in current and capital payments are mainly due to -

- the restructure of the Department of Energy resulting in the transfer of activities including the Drought Electricity Account Payment Scheme to the Department of Community Services and the Electrical Safety Branch to the Department of Fair Trading;
- the integration of corporate services functions in Governor Macquarie Tower and major one off-capital projects in 1995-96 by Treasury;
- State and Regional Development funding in 1996-97 for rehabilitation works at Moore Park Showground; and
- the creation of a new agency, the Sustainable Energy Development Authority.

TREASURY

Treasury consists of the Office of Financial Management (OFM) and the Office of State Revenue (OSR). The broad role of OFM is to serve the Treasurer and the Government by advising on and accounting for the overall management of the States finances, while OSR administers and collects taxes and implements legislation relating to State taxes.

Expenditure Trends and Recent Developments

Office of Financial Management

During 1995-96 major core activities undertaken by OFM included the production of the Public Accounts and the Public Sector Consolidated Financial Statements in respect of the financial year ending 30 June 1995. State Budgets for both 1995-96 and 1996-97 were issued reflecting the decision to move to an earlier (May) budget. In respect of the Commercial Sector, Statements of Financial Performance were negotiated for all Government Trading Enterprises and State Owned Corporations.

Strategic projects progressed during 1995-96 included continuing work on the development of consolidated financial legislation to give effect to the Government's financial reforms with draft legislation to be ready for Parliament's consideration in early 1996-97.

Considerable progress was made with the development of best practice financial management guidelines to assist agencies to move to a best practice position. A key component of the Government's fiscal reform agenda, the General Government Debt Elimination Act, was proclaimed in February 1996. Proposals for the reform of public sector superannuation administration were approved by the Government and legislation presented.

Reform of the electricity industry proceeded based on national competition policy principles. This included the restructuring of the distribution and generation sectors, the establishment of a Sustainable Energy Fund and the commencement of the implementation of state and subsequently national markets.

An enterprise agreement was negotiated for OFM and the reform of the corporate services function began with the aim to integrate all corporate services for agencies located in Governor Macquarie Tower.

Office of State Revenue

OSR is continuing to work with four other jurisdictions (Victoria, South Australia, Tasmania and the Australian Capital Territory) in rewriting the Stamp Duties legislation and developing a uniform Tax Administration Act. These measures are being undertaken to more adequately reflect the modern style and structure of legislation and achieve better uniformity across the States.

A new Unclaimed Money Act came into effect on 1 April 1996. The new Act transfers administrative responsibilities from the Treasurer to the Chief Commissioner and enhances OSR's investigatory powers to assist in identifying those firms that are not complying with their obligations under the Act. A new Unclaimed Money System is also being developed, which will help safeguard the savings and financial interests of the people of New South Wales and facilitate the identification and collection of untapped revenue which will be used to finance services.

The Tax Equivalents Regime, designed to ensure that Government Trading Enterprises and State Owned Corporations are operated on a more commercial footing, was further extended during the 1995-96 financial year. OSR now collects taxes from 27 enterprises under the regime.

A three year office automation project involving the replacement or upgrade of personal computer equipment, software and network infrastructure will be completed in the 1996-97 financial year. This will be followed by an ongoing replacement/upgrade program to ensure that OSR staff have access to the latest computer equipment.

A project is under way to upgrade and modernise the pay-roll tax assessing system, which is the oldest taxation computer system in use in OSR.

Strategic Directions

Office of Financial Management

For the 1996-97 the key issues to be addressed can be categorised according to each of OFM's four corporate objectives -

- **Financial Management**

Emphasis will continue to be given to consolidating the State's financial position, especially by establishing a prudent and responsible target for the level of Government debt and a time path of required Budget results to achieve that target. Work will be undertaken to achieve commercially appropriate rates of return from Government Trading Enterprises.

Review of the State's tax system will continue on a revenue neutral basis to ensure a sounder system. The reform of Commonwealth-State financial relations will be pursued to gain greater fiscal flexibility and maximum contributions to New South Wales.

- **Resource Allocation**

Strategies will include improving the linkage between performance and resource allocation in the Budget process. This will involve the ongoing development of a more strategic approach to the allocation of capital funds and the implementation of contractual budgeting, including a Statement of Financial Performance for each Budget Sector agency.

OFM will also advise on the development of competition policy within New South Wales and analyse and advise on the impact of pricing policies and approaches that achieve improved resource allocation.

- **Accountability**

OFM will continue to develop and implement a best practice financial management and accountability framework for all public sector agencies. The review and consolidation of existing financial management legislation into a single Act will be completed and will form the framework for the issue of best practice guidelines. Reforms to the governance structure for superannuation administration will be implemented.

A comprehensive agency performance measurement and appraisal system will be established. The presentation and integration of the financial policy framework governing the operation of commercial sector agencies will be improved.

- **Management and Communication**

Within the framework of the OFM Enterprise Agreement, an integrated approach to management and employee relations will be adopted. This will better link corporate planning, performance agreements, remuneration and staff development and training within OFM. The result will be a best practice management system which aligns the interests of management and staff. Other strategies include an emphasis on improved technical and management development of staff and implementation of best practice information systems within OFM.

Office of State Revenue

A Systems Application Architecture Plan has been developed to provide a strategy for OSR's business processes and information systems over the next three to five years. This will ensure that OSR is able to respond to future business needs and opportunities and to align its information systems with these business requirements.

Following a review of OSR's telephone inquiry services, a number of measures are proposed to improve the service for clients. It is proposed to undertake a recruitment program to ensure that the centralised inquiry unit is staffed to an appropriate level with fully qualified staff, supported by upgraded technology.

It is hoped that initiatives proposed by the joint co-operative effort of all states and territories will result in proposals for Government's consideration late in the 1996-97 financial year for a review of the pay-roll tax legislation. If this proceeds, further modification of the pay-roll tax and revenue receipting systems will be required.

1996-97 Budget

The current allocation for Treasury for 1996-97 is \$72.3 million, a decrease of 0.1 per cent.

Office of Financial Management

The 1996-97 allocation for OFM includes the provision of \$1.6 million for the Electricity Reform Taskforce. The small net decrease in payments is due to corporate services savings. The reform of corporate service provision through the integration of all agencies in the Governor Macquarie Tower will continue.

The capital program comprises further work on computer projects already commenced and plant and equipment replacement. The allocation of \$3.8 million for 1996-97 includes \$700,000 for OFM to rationalise financial data management.

Office of State Revenue

The proposed rewrite of the Stamp Duties Act will require major changes to OSR's Stamp Duties system, while the Tax Administration Act will impact on all three tax systems and require significant changes to systems. Projects are underway to undertake the necessary changes.

The capital program comprises further work on computer projects already commenced and plant and equipment replacement. The projects contribute directly to the achievement of OSR's corporate objectives which include optimising tax revenue, achieving a simple, equitable and efficient tax system and providing high standards of service.

CROWN TRANSACTIONS

Expenditure Trends and Recent Developments

"Crown Transactions" reflect service-wide transactions for which individual agencies are not directly accountable. The major components relate to provisions for superannuation contributions, the employer's cash contribution to superannuation liability, long service leave payments, interest payments on Government debt to Treasury Corporation and the Commonwealth, and the payment of interest on bank balances held by Non Budget Sector agencies.

Crown Transaction's expenditure trends and recent developments reflect the emphasis on reducing the State's debt and superannuation liabilities. For detailed commentary on debt and superannuation liability management refer to Chapter 7.

Other payments relate to refunds and remissions of Crown revenue, payments for rate concessions on exempt properties within the Sydney and Hunter Water Districts, contribution to the Treasury Managed Insurance Fund, debt/investment management costs, property management costs of the Crown property portfolio managed by the Department of Public Works and Services, and State Bank post sale management costs.

Strategic Directions

1996-97 Budget

Current Payments

Estimated payments in 1996-97 are some \$2,995 million, with the major components being -

- \$1,408 million for interest payments on existing debt held with Treasury Corporation, the Commonwealth and other organisations. This is a 6.3 per cent decline on 1995-96 and reflects a reduction in debt levels and the decline in interest rates in recent years;
- \$1,043 million towards the employer's cash contribution to superannuation liability;
- \$25 million for refunds and remissions of Crown revenue;
- \$8 million contribution to the Treasury Managed Fund;
- \$123 million for payments of long service leave entitlements of public service employees; and
- \$10 million provided for redundancy payments.

Capital Payments

The Crown Transactions Capital Program provides for improvements and refurbishments to the Crown property portfolio and capital grants for natural disaster relief.

In 1995-96, a major component of the capital program allocation of \$46.7 million to Crown Transactions was the CBD Asset Strategy which covered the central agencies' move to Governor Macquarie Tower and the fitout/refurbishment of three Government-owned buildings - the State Office Block and the Education and Chief Secretary's Buildings. Forecast expenditure in 1995-96 is \$35.5 million. The 1996-97 allocation of \$1.6 million reflects the substantial completion of this program.

The 1996-97 capital program includes \$5.8 for expenditure in respect of the Crown's rental property portfolio. Such expenditure relates to removal of asbestos, upgrading of air conditioning plants and general refurbishments.

- **Equity Restructure Payments**

Equity restructure payments are being made as a consequence of the capital restructure of some commercial agencies and the return of surplus capital in the case of others. The bulk of the amount in 1995-96 reflects the establishment of commercial levels of debt for the newly corporatised entities as part of the electricity reform process. Under Government Finance Statistics principles, equity restructure payments are treated as advances repaid to the Budget (and hence an offset to capital outlays) rather than receipts.

Category	1995-96		1996-97	
	Budget	Revised	Budget	Increase
	\$000	\$000	\$000	%
Electricity Industry	1,100,000	1,500,000	...	(-) 100.0
Other	245,000	306,000	140,000	(-) 54.2
Total Equity Restructure Payments	1,345,000	1,806,000	140,000	(-) 92.2

Natural Disaster Relief

Natural Disaster Relief provided by the Government is funded in part through Crown Transactions for certain Budget and Non Budget Sector agencies as well as within the normal works programs of State agencies such as the Roads and Traffic Authority and the State Rail Authority.

Under Commonwealth/State Natural Disaster Relief Arrangements, New South Wales is required to fund the full cost of disaster relief up to a "base amount" which was \$50.2 million in 1995-96. It is not expected that this amount will be exceeded in 1995-96 or 1996-97.

However, relief for personal hardship and distress attracts a dollar for dollar Commonwealth contribution regardless of whether State expenditure reaches the base amount.

The Commonwealth does not recognise drought relief expenditure under the NARD. Notwithstanding this, the New South Wales Government has decided that relief measures (such as stock and fodder transport subsidies) should continue to be made available due to difficulties currently facing the rural sector. These drought assistance measures will be made available through an allocation to the Minister for Agriculture.

In 1995-96 the State's overall NDRA expenditure is expected to be \$25 million. The Commonwealth is expected to contribute \$1.4 million, being half of the State's estimated personal hardship and distress expenditure.

Forecast Crown Transaction expenditure in 1995-96 for commitments for natural disaster relief to Non Budget Sector agencies is \$3.5 million. In 1996-97 \$3.5 million has also been provided for these commitments.

Forecast 1995-96 expenditure for the relief of personal hardship and distress is \$2.8 million. The estimate for 1996-97 is \$3.33 million.

DEPARTMENT OF ENERGY

Expenditure Trends and Recent Developments

The Department of Energy was reviewed in 1995-96. This has led to an organisational restructure with the core role of the Department focussed on policy development and advice and high level regulation. Certain functions have been transferred to other agencies. This includes the transfer of the Drought Electricity Account Payment Scheme to the Department of Community Services and the transfer of the Electrical Safety Branch to the Department of Fair Trading. These transfers are reflected in the reduced 1996-97 allocation for the Department of Energy.

The Department of Energy has provided considerable support and advice to the Electricity Reform Task Force which has been established for the development and implementation of the electricity reform strategy. The State wholesale electricity market effectively commenced on 1 May 1996 and the national wholesale market is due to start later in 1996. The Department of Energy also represents New South Wales on the Gas Reform Taskforce which is responsible for the development of a national framework for access to natural gas transmission and distribution system. Third party access to gas distribution systems is expected to commence in July 1996 with the national gas market intended to be fully competitive by July 1999.

During 1995-96 the Department provided assistance of \$3.5 million through the Drought Electrical Accounts Payment Scheme and the Remote Area Assistance Scheme. The Department also contributed \$2 million to meet the New South Wales share of the National Grid Management Council and provided \$2.7 million to industry, research organisations and universities for research and development.

Strategic Directions

The Department of Energy is focussed on strategic policy development, providing the Minister and Government with integrated policy advice and oversight to ensure the most efficient and effective implementation of the Government's energy policy initiatives. The key issues facing the energy portfolio currently are micro-economic and regulatory reform of the energy industries, and environmental and resource planning.

Of particular importance will be advice and briefing relating to the integrated energy market. This will require the integration of gas and electricity markets. Issues include entry barriers between markets, competitive neutrality and equity issues. The Department also provides advice to the State and Federal Government on environmental issues relating to the energy sector. Current focus is the review and implementation of the National Greenhouse Response Strategy. There is also an emerging role for the Department in supporting the Minister in developing and monitoring the environmental performance objectives of electricity retailers in the competitive market.

1996-97 Budget

Current Payments

Estimated total payments for 1996-97 are \$9 million. In addition to the core functions of the Department of policy development and high level regulation, this includes -

- \$1.6 million for energy research and development funding to be provided to industry, research organisations and universities for the development of new energy technologies and systems likely to benefit New South Wales; and
- \$0.6 million to meet the New South Wales share of the cost of developing the National Grid Management Council.

Capital Payments

The Department is undertaking minor capital works of \$0.1 million to upgrade its Information Technology resources.

SUSTAINABLE ENERGY DEVELOPMENT AUTHORITY

Expenditure Trends and Recent Developments

Legislation establishing Sustainable Energy Development Authority (SEDA) was proclaimed on 9 February 1996. SEDA's expenditure during 1995-96 has been directed towards establishing the Authority. This includes expenditure on programs aimed at achieving the commercialisation of sustainable energy activities.

Strategic Directions

The purpose of SEDA is to bring about a reduction in the levels of greenhouse gas emissions and other adverse by-products of the production and use of energy in New South Wales, through facilitating the development, commercialisation, promotion and use of sustainable energy technologies.

Sustainable energy technologies are products, processes, practices and designs which improve energy efficiency and facilitate the production and use of energy in ways that minimise the levels of greenhouse gas emissions.

1996-97 Budget

Current Payments

Estimated payments for 1996-97 total \$17.2 million. The main component of this is a \$10 million payment to Pacific Solar Pty Ltd to support the development and commercialisation of thin film photovoltaic cells. During the year SEDA will also implement a wide range of programs, including -

- technology commercialisation programs to assist the commercialisation of sustainable energy technologies through direct investment of funds in technology development projects;
- market transformation programs to assist sustainable energy technologies to increase their market share through providing financial assistance to purchasers of products utilising these technologies;
- industry assistance programs to provide direct financial and other assistance to sustainable energy industries; and
- information, education and training programs to support the provision of information, education and training programs in the development and use of sustainable energy technologies.

DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT

Expenditure Trends and Recent Developments

The Department of State and Regional Development was formally established on 15 December 1995 following the amalgamation of the former Departments of State Development and Business and Regional Development.

Amalgamation savings were set at \$4 million for 1995-96, \$7 million for 1996-97 and \$9 million for 1997-98.

The Department has been successful in attracting major investment projects to New South Wales, including American Express Asia Regional Operating Centre, Foxtel head office and main operations centre, State Street Bank and Trust Company regional headquarters and AT & T Global Information Solutions Asia Pacific Customer Support Centre.

Strategic Directions

State and Regional Development aims to maintain and improve the position of New South Wales as the most attractive and popular business environment in the South-East Asian region, creating employment opportunities for a well trained workforce.

This is achieved by -

- securing and sustaining investment for metropolitan and regional New South Wales;
- expanding the participation and success of New South Wales in the international economy;
- delivering enterprise improvement programs which enhance international competitiveness;
- coordinating, stimulating and developing technological, scientific, educational and service infrastructures to support business development;
- devising alternatives to improve the business climate in New South Wales including regulatory reform, taxation review, encouraging innovation and reviewing Government purchasing policy; and
- co-ordinating and expediting the input of relevant government agencies on designated major investment projects, providing a whole of government approach, to ensure effective progress for these strategic and complex projects.

1996-97 Budget

Current Payments

The Department's estimated total expenditure for 1996-97 of \$63.4 million represents a decrease of 15.2 per cent over the forecast for the 1995-96 financial year. The decrease is attributable to amalgamation savings and variation in timing of financial assistance which is provided to companies as an incentive to establish businesses in both metropolitan and regional New South Wales.

The Department bases its operations around 10 industry sectors, 6 international markets, 13 State regions and enterprise improvement programs. Considerable progress has been made towards the completion of industry development strategies for each industry in the 10 sectors. The strategies will identify impediments to the growth and development of industry sectors, and formulate policies and actions to improve competitiveness. In this way, the industrial development strategies will directly inform the investment, internationalisation and enterprise improvement functions of the Department.

Regional summits will be held in 1996 as part of the Year of Regional Development. A policy paper setting out the Government's direction and intentions in regional development is being compiled at present, and will provide the basis for discussion at the summits.

An infrastructure audit is being undertaken to assist the Government in its decision making on infrastructure investment, from a strategic, economic development and whole of Government perspective. An extensive process of consultation and involvement with industry and government on the State's infrastructure needs and priorities has been undertaken. Preliminary output from the audit is being refined at present.

Major components of the 1996-97 budget include the following allocations -

- Regional Headquarters (RHQs) Tax Concessions - \$3.6 million. The purpose of the RHQ Tax Incentives is to act as an incentive to attract RHQs to New South Wales. RHQs are a priority area building upon New South Wales role as a telecommunication and transport hub in the Asia Pacific and Sydney's role as a regional finance centre;
- Assistance to Industry - \$13.1 million. The allocation promotes, encourages and stimulates the establishment and development of industry and is tailored to the particular commercial needs of the business receiving assistance;

- Regional Development Assistance - \$9.1 million. This allocation is the Department's primary regional business incentive program that assists regional enterprises throughout New South Wales to foster economic and business opportunities. A variety of assistance is offered to offset up-front costs by businesses establishing or expanding in regional New South Wales. The assistance includes establishment grants, location feasibility analysis, business planning and technical consultancy studies, plant and equipment/key personnel removal costs, skills training and contribution to payroll tax, land tax and stamp duties; and
- AusIndustry - \$6.6 million. 1996-97 will be the second year of this program which is jointly funded by the State and Commonwealth. The program aims to provide information, advice, referral services and funding for companies to become internationally competitive.

Capital Payments

The Department's estimated capital program for 1996-97 is \$20.2 million which is 248.3 per cent increase over the 1995-96 forecast of \$5.8 million. The major component of this increase is a capital grant of \$20 million towards rehabilitation works at Moore Park Showground.

Excluding the Moore Park Showground grant, the Department's capital program has declined from \$5.8 million in 1995-96 to \$200,000 in 1996-97.

4.3.21 MINISTER FOR URBAN AFFAIRS AND PLANNING AND MINISTER FOR HOUSING

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Department of Urban Affairs and Planning			
Current Payments	111.1	123.6	11.3
Capital Payments	446.6	429.8	(-) 3.8
Payments to other Government Bodies under the Control of the Minister			
Current Payments	77.8	84.8	9.0
Capital Payments	86.3	15.6	(-) 81.9
Total, Minister for Urban Affairs and Planning and Minister for Housing	721.8	653.8	(-) 9.4

The increase in current payments in 1996-97 for the Department of Urban Affairs and Planning is primarily due to an increase in housing initiatives, an increase in financial assistance to community projects and the establishment of the Office of Community Housing.

The variation in capital payments for the Department of Urban Affairs and Planning reflects revised Commonwealth/State Housing funding levels and the reclassification of capital payments to current payments including the expenses associated with the Office of Housing Policy and the Office of Community Housing.

The increase in current payments to other Government bodies under the control of the Minister reflects the increase in pensioners eligible to receive rate rebates from Sydney Water and the Hunter Water Corporation and the move to usage pricing.

The decrease in capital payments to other Government bodies under the control of the Minister (Citywest Development and Honeysuckle Development Corporations) reflects the winding down of projects under the Building Better Cities program. This is expected to be completed in 1996-97.

DEPARTMENT OF URBAN AFFAIRS AND PLANNING

The Department is primarily involved in planning and planning related issues. It promotes proper management, development and conservation of resources and heritage items in the planning of land use within the State. In addition, it funds and implements projects that impact on urban development. The major expenditure area for the program is the administration of payments for public and community housing.

Expenditure Trends and Recent Developments

Recent developments include -

- the transfer on 1 July 1995 of the Resource and Conservation Assessment Council from the Cabinet Office. It is responsible for the implementation of the Government's forestry and conservation policies and associated reforms;
- the publication of the Housing Policy Green Paper on the future direction of Housing for public consultation; and
- the establishment of the Sydney West Airport Development Corporation to co-ordinate development in the Sydney West Airport growth area.

Strategic Directions

The Department undertakes programs to fulfil its role in developing plans and policies for environmental management, developing and monitoring housing policy and promoting initiatives in urban development.

Major features of the Department's strategic direction are -

- promotion of a whole of government approach to housing and urban planning policy to ensure that the Greater Metropolitan region is planned in accordance with broader government objectives for managing urban growth and for improving service planning and co-ordination;
- delivery of a quality planning and environmental impact assessment framework to help achieve ecologically sustainable development in accordance with the State Government's economic development and environmental mandates;
- continued development of guidelines and planning policy statements which are consistent with the Government's coastal policy;
- the provision of high level advice on forestry issues including extensive consultation with environmental and industry groups;

- the study, promotion and conservation of the State's built and natural heritage and the establishment of a new Heritage Office; and
- the encouragement of a more diversified housing assistance system, improving access to housing assistance for disadvantaged groups and influencing housing affordability and choice in the private market.

1996-97 Budget

Current Payments

Current payments include -

- \$36.6 million planned for the promotion, implementation and co-ordination of Government policies in the program areas of metropolitan planning (\$18.9 million), State and regional planning (\$13.7 million) and heritage assessment and resources (\$4 million);
- \$5 million for the finalisation of the interim forestry assessment program and the commencement of the comprehensive regional assessment process, under the direction of the Resource and Conservation Assessment Council;
- \$2.1 million for planning and associated strategic studies as part of the Better Cities II program;
- \$7.2 million for the provision of funding to community projects under the Area Assistance Schemes;
- \$7.5 million for the administration of the Office of Housing Policy and the Office of Community Housing;
- \$700,000 for the operating and strategic planning expenses following the establishment of the Sydney West Airport Development Corporation and the Sydney South Development Corporation; and
- expenditure to support heritage projects from the interest generated from a \$30 million heritage fund established to enhance the protection of the State's heritage assets. Those funds are to be raised from a \$5 million allocation from the sale of the State Office Block and \$25 million over 3 years from the disposal of land held by Landcom.

Housing Assistance Program

The Housing Assistance program uses resources provided principally under the Commonwealth/State Housing Agreement to provide housing assistance to low income households unable to access or maintain adequate and appropriate housing. The programs are delivered by the Office of Housing Policy, the Office of Community Housing, the Department of Housing and the Home Purchase Assistance Authority.

In 1996-97, \$490.1 million (current and capital) will be allocated under the Commonwealth/State Housing Agreement, with the State Government contributing \$142.4 million and the Commonwealth contributing \$347.7 million. In addition, \$41.9 million will be made available from the Department of Housing's internal funds, mainly resulting from sales of housing stock. An amount of \$42.6 million will also be provided through borrowings under the Social Housing Subsidy Program.

Specific State funding of \$5.3 million will be provided for the Mental Health Supported Housing program (\$3 million) and other housing initiatives.

In addition to ongoing programs for new dwellings, financial assistance, crisis accommodation, supported housing initiatives and housing stock improvements, the 1996-97 program reflects the Government's strategies of diversifying housing assistance programs, supporting broader government strategies, particularly urban consolidation.

This is reflected in -

- the housing assistance program which will provide approximately 16,400 lettings to tenants in the social housing system, financial assistance for 39,000 lettings to private renters and homeowners, and 2,415 crisis accommodation places;
- a new supply of 2,732 dwellings which were under the capital program and a further 1,800 dwellings which will be achieved through private sector investment in social housing;
- continued emphasis on urban consolidation. In 1996-97, 42 per cent of the Department of Housing's supply of new dwellings will be through redevelopment (the proportion rises to over 55 per cent in the metropolitan region);
- community housing programs which will expend \$102 million and yield 1,377 new units of accommodation, while additional resources of \$24 million will be invested in Aboriginal housing programs, providing 122 new dwellings, mainly through community based providers; and
- substantial increase in the level of funding for improvements to the housing stock, with \$62 million for capital upgrading (including \$9 million for fire safety works) and \$25 million to support the systematic expansion of the neighbourhood improvement strategy for large estates.

Capital Payments

The Department's program consists primarily of funding for the acquisition of coastal land, designated as such by the Coastal Lands Protection Scheme, which is part of the overall framework for the planning and development of the State's unique coastal areas.

This year, \$1.5 million will be available for various land acquisitions identified under the Scheme. This will enable the Department to fulfil its role in encouraging proper management, development and conservation of coastal land within the State.

Minor works funding of \$100,000 is provided for the purchase of plant and equipment.

PAYMENTS TO OTHER GOVERNMENT BODIES UNDER THE CONTROL OF THE MINISTER

City West Development Corporation and Honeysuckle Development Corporation

The Department of Urban Affairs and Planning administers payments made as part of the Better Cities program. In 1996-97 the Department will administer capital grants totalling \$15.6 million, comprising allocations of \$8.6 million to the City West Development Corporation for the Ultimo-Pyrmont and the Eveleigh Area strategies and \$7 million to the Honeysuckle Development Corporation for the Honeysuckle (Newcastle) and Environs Area Strategy.

Payments for Water and Sewerage Assistance

Current payments of \$84.8 million in 1996-97 comprise -

- \$57 million for water and sewerage rate rebates for pensioners provided by Sydney Water and the Hunter Water Corporation;
- \$14.5 million for transitional water rebates associated with the move to usage pricing;
- contributions to environmental trusts by Sydney Water of \$13 million; and
- \$332,000 for the Blue Mountains septic pumpout service.

4.4 SYDNEY 2000 OLYMPIC AND PARALYMPIC GAMES

On 23 September 1993 the International Olympic Committee awarded the City of Sydney the right to host the Olympic Games in the Year 2000. The Olympic Games will be held between 15 September and 1 October 2000. They will be closely followed by the Paralympics.

As part of the process of mounting Sydney's bid for the Olympic Games, estimates were prepared of the costs of staging the Olympics and strategies developed for financing these costs. The estimates were used to develop two budgets, one for the planning, organising and holding of the Olympic Games and one for constructing new permanent venues required to augment existing sports facilities.

In order to secure the Olympics for Sydney, the NSW Government was required to give an unqualified guarantee that the State would underwrite the Olympics budgets. The Government has a responsibility, therefore, to maintain close oversight of the planning for the Olympics and implementation of those plans to ensure that essential Olympic facilities are provided on time and within reasonable costs and that the Sydney 2000 Olympic Games are a success.

SYDNEY ORGANISING COMMITTEE FOR THE OLYMPIC GAMES

The Sydney Organising Committee for the Olympic Games (SOCOG), established in late 1993, is responsible for organising and staging the Olympic Games in a financially sound and responsible manner. Key functions include organising accommodation and transport for athletes, officials and the media, organising the sports program, the cultural program and the opening and closing ceremonies, establishing a marketing program, and providing appropriate security and health arrangements, a host broadcaster and other media facilities and services. SOCOG will raise revenue from television rights, sponsorship, licensing and ticketing. It is to pay for the fit-out of venues for Olympic events and staffing the events.

Costs incurred by SOCOG will be financed by revenues generated from staging the Games. As SOCOG's costs will be offset by its receipts, it is treated as a Non Budget Sector agency.

Under the Sydney Organising Committee for the Olympic Games Act 1993, 100 per cent of any surplus arising from the Games was to be distributed between the International Olympic Committee (10 per cent) and the Australian Olympic Committee (90 per cent, i.e. 10 per cent to the AOC itself and 80 per cent to be held in trust to pay income earned from the Trust to the national federations for sports on the Olympic Program).

The Board of SOCOG could also not approve nor amend any budget without the approval of the President of the AOC. The Government has negotiated a financial settlement with the AOC to remove the financial power retained by it over SOCOG budgeting and financial management issues.

Under the revised agreement, the veto power of the AOC over the operations of SOCOG will be removed as will the AOC entitlement to 90 per cent of any operating surplus generated by SOCOG. In return, guaranteed payments of \$5 million (1992 Australian dollars) and \$70 million (1992 Australian dollars) will be made respectively to the AOC and the Australian Olympic Foundation to support Australian athletes for future international competition.

These new arrangements will allow taxpayers of this State to derive 90 per cent of any surplus from SOCOG's staging of the Olympic Games, with the remaining 10 per cent being distributed to the International Olympic Committee to go towards helping sport in the Oceania region and in Australia.

The payments to the AOC have been made possible by the higher than expected United States' television rights and are to be deducted by the IOC from payments to be made to SOCOG for the television rights. There are no up front payments. The payments will be paid at the conclusion of the Olympic Games in 2000.

SYDNEY PARALYMPIC ORGANISING COMMITTEE

The Paralympics, the Games held for elite athletes with disabilities, will be held after the 2000 Olympic Games at Sydney Olympic Park, Homebush Bay. The Sydney Paralympic Organising Committee (SPOC) has been established as a public company limited by guarantee to organise the staging of the 2000 Paralympics.

The Host Agreement with the International Paralympic Committee was signed in Sydney on 30 August 1995. SPOC is administered by a Board of Directors which is responsible to the Members of the Company including the Premier, the Minister for the Olympics and the Treasurer.

The New South Wales and Commonwealth Governments have agreed to underwrite the Paralympics budgeted shortfall of \$50 million on a dollar for dollar basis. SOCOG is contributing \$15 million.

OLYMPIC CO-ORDINATION AUTHORITY

The Olympic Co-ordination Authority (OCA) is responsible for implementing strategies for the planning, redevelopment and management of the 760 hectare Homebush Bay area.

It is responsible for the delivery of new sporting and recreational facilities and venues at Homebush Bay, Penrith Lakes, Holsworthy and Horsley Park which will be used during the staging of the Olympic and Paralympic Games. It is also responsible for the relocation of the Royal Easter Show to new facilities at Homebush Bay.

It is further responsible for the co-ordination and reporting of the various NSW Government agencies involved in the preparations for the Olympic and Paralympic Games, and for maintaining close liaison with SOCOG and SPOC.

The Authority is required to build facilities which meet both the needs of SOCOG and SPOC for staging the Games and, importantly, for also providing long term sporting, social and cultural benefits for the people of New South Wales.

Progress to Date

Prior to mounting the bid for the Olympics, work had commenced on the Aquatic Centre and the Athletics Centre and construction was well advanced by the time Sydney was awarded the right to host the Olympics.

On taking office in March 1995, the Government appointed a Minister to take singular responsibility for the Olympics and replaced the former structure under which four Ministers and five separate government agencies (in addition to SOCOG and SPOC) shared the State's core Olympic responsibilities. The following significant events have also occurred since the establishment of OCA in mid 1995 -

- a final Masterplan has been released for the redevelopment of Homebush Bay, firming-up planning for the location of the major sports venues;
- a decision has been taken to provide a three platform railway station on a rail loop that will enable up to 30 trains an hour to service the Olympic and Showground sites;
- a definite timetable has been set for the relocation of the Royal Agricultural Society to Homebush Bay which will enable the Royal Easter Show to be held in 1998 at the new location for the first time;
- project management and design teams have been set up to commence work on the new Sydney Showground at Homebush Bay;
- completion of Stage I of the Penrith Lakes International Regatta Course;
- finalisation of arrangements for the acquisition of the site for the Athletes Village from the Commonwealth Government;
- major remediation and soil decontamination works are now nearing completion;
- approval of new works necessary for the remediation of the Athletes Village site and the nearby Wilson Park and Auburn Tip;
- nomination of AS2000 as the preferred proponent to build a \$605.7 million Olympic Stadium;

- proposals have been received and are being evaluated from the private sector for financing and construction of the Athletes Village; and
- a detailed study of the proposed equestrian site at Eastern Creek has determined that the site is unsuitable for the Olympic event and a more appropriate site has been approved at Horsley Park.

Environmental Initiatives

The Authority has a strong commitment to Ecologically Sustainable Development (ESD). Environmental issues are at the forefront of criteria under which the various facility proposals are assessed by the Authority and infrastructure design and development is progressed. Major environmental initiatives include -

- incorporation of environmentally friendly principles into the design and construction of the Aquatic Centre;
- the use of solar power with solar collectors is to be used in the design and development of facilities wherever feasible;
- adoption of design techniques which maximise the use of natural lighting and maintain building temperatures at comfortable levels;
- selection of a preferred Stadium proponent which has proposed sophisticated energy and water conservation techniques in the design of the Stadium;
- consortia expressing interest in the Villages project must demonstrate a capacity to present innovative ESD initiatives;
- incorporation of wetland regeneration, natural habitats and flora and fauna protection schemes into remediation works;
- there are significant conservation and ecological areas near the Village site at Newington which will be protected through buffer zones under an ecological plan of management. These include the natural woodland and wetland communities on the site and saltmarshes and grasslands;
- the protection of mature trees and proposals for major green area landscaping across all Olympic and Showground sites;
- adoption of water cycle infrastructure strategies for effective water conservation, recycling, storage and distribution;
- adoption of effective and efficient recycling programs which maximise the use of recycled materials; and
- adoption of leading edge remediation techniques for contaminated land at Homebush Bay.

Impact on the State Budget

The capital budget for which the Olympic Co-ordination Authority is responsible is funded through the State Budget. The capital budget was reviewed in light of the revised Masterplan for Homebush Bay, Government decisions on the early relocation of the Royal Agricultural Society and the rail loop line to service public transport needs of the major facilities.

Expenditure in the current and next financial years has been fully provided for in framing the Budget and Forward Estimates to accord with Government policy that the costs associated with the Olympics should be funded within the Budget so that a debt is not left to be met by future taxpayers.

A summary of the provisions made in the 1996-97 Budget and the Forward Estimates for Olympic projects is provided in the following table. Further detail of the 1996-97 allocation is provided in Budget Paper No. 4 "State Capital Program 1996-97".

PROJECT	START	FINISH	ETC	EXP TO 30-6-96 \$000	1996-97 \$000	1997-98 \$000	1998-99 \$000
Homebush Bay rail line and station to service the Olympic site	1992	1999	90,105	695	56,720	29,715	2,975
Other infrastructure works and services at Homebush Bay	1992	2001	569,329	93,067	157,461	177,492	89,351
Olympic rowing and canoe course	1989	1998	36,007	28,346	6,842	819	...
Olympic Stadium - development costs	1994	1997	3,960	3,361	599	...	...
Government contribution to Olympic Stadium construction and associated infrastructure	1996	2002	151,555	...	8,016	32,248	53,760
Olympic Village - development costs	1994	1997	8,843	3,883	4,035	925	...
Olympic Village site - acquisition and remediation including Wilson Reserve and Auburn Tip	1996	2000	93,067	...	11,046	53,965	24,957
Other Olympic and Paralympic facilities and	1994	2001	360,831	4,503	27,826	100,721	170,374

venues including
velodrome, tennis, hockey,
equestrian, shooting,
training facilities, siteworks
and landscaping

Relocation of the Royal Agricultural Society to Homebush Bay for the staging of the 1998 Royal Easter Show	1992	2000	383,951	19,724	169,559	188,277	4,410
TOTAL				153,579	442,104	584,162	345,827

The total cost to Government of the Olympic capital program to 2000-01 is estimated at \$1,914 million compared to original bid budget costs of \$1,544 million (escalated to 1996-97 values). It is estimated that these costs will be funded or recouped in part by grants from the Commonwealth of \$175 million, contributions from SOCOG of \$283.5 million, from interest received from investments of \$32.2 million and from any SOCOG profits arising from the staging of the Games.

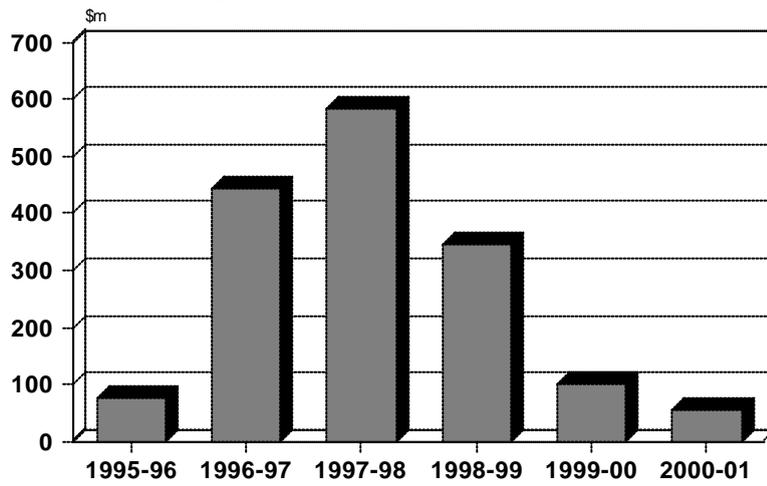
The increase in total estimated completion costs to Government of some \$370 million over the original bid budget has become apparent as a result of two factors - detailed review by the Authority of the scope and requirements to provide quality long term facilities and the addition of projects since the original bid was made.

Developments which needed to be incorporated within the revised Budget include the transfer into the Budget of the Penrith Lakes project, allowing for remediation and evaluation work for the village, allowing for the rail loop project and the undergrounding of power lines.

The Authority's review has demonstrated that it is no longer feasible to maintain a construction budget within the benchmark set by the original budget without compromising Olympic and long term objectives.

Projected cashflows in relation to the OCA capital budget to 2000-01 are shown in the following graph.

Figure 4.29
Olympic Co-ordination Authority
Capital Cashflows to 2001



4.5 BUDGET CURRENT EXPENDITURE FORWARD ESTIMATES

INTRODUCTION

A system for estimating forward expenditures is essential for aiding governments in the control of their future budget positions, for measuring their success in achieving stated targets and for giving a broad indication of any changes in resource allocations arising either from deliberate policy decisions or as a result of demand-driven factors.

There is no one budget aggregate measure which is unequivocally the best at meeting each of these needs. The three aggregates presented in the table below (for the Budget Sector in total) and, in the following tables (for individual agencies), give alternative views of the recent and future trends in Budget current expenditures.

Table 4.3: Budget Current Expenditure Aggregates, 1995-96 to 1998-99

Aggregate		1995-96	1996-97	1997-98	1998-99
Consolidated Fund					
Recurrent Allocations	\$m	19,912	20,460	20,808	21,251
Growth: nominal	%	n.a.	2.8	1.7	2.1
real	%	n.a.	0.8	(-) 1.4	(-) 0.3
As a proportion of GSP	%	11.9	11.6	11.1	10.7
Total Current Payments	\$m	19,771	20,547	20,936	21,633
Growth: nominal	%	n.a.	3.9	1.9	3.3
real	%	n.a.	1.9	(-) 1.2	0.9
As a proportion of GSP	%	11.8	11.7	11.2	10.9
Net Cost of Services	\$m	21,078	21,453	21,604	22,144
Growth: nominal	%	n.a.	1.8	0.7	2.5
real	%	n.a.	(-) 0.2	(-) 2.3	0.1
As a proportion of GSP	%	12.6	12.2	11.5	11.2

EXPLANATION

In interpreting the usefulness of these aggregates, it is important to understand the relationships between them, including the differing coverage of transactions that they encompass. Both Consolidated Fund recurrent allocations and net cost of services are aggregates controlled directly or indirectly through the Budget process, with the former representing the level of cash support appropriated by Parliament and the latter the level of operating expenses incurred by the agency. In contrast, total current payments is not formally controlled in aggregate and represents the total level of cash payments made for operating purposes, funded from all sources, including the revenues and cash resources of agencies.

Detail of these concepts are set out below. Reference should also be made to the Introduction to Budget Paper No. 3, which contains a detailed explanation of the various terms.

Consolidated Fund Allocations

Consolidated Fund allocations represent the aggregate over which the Government (as opposed to individual Ministers and agencies) has the greatest degree of control, as it is these amounts which form the basis of the formal budgetary process and are presented to Parliament in the annual Appropriation Bills.

Once the Appropriation Bills are passed by Parliament, the Government is authorised to draw those amounts from the Consolidated Fund to support the services provided by Budget Sector agencies (and to pay for certain services provided by Non Budget Sector agencies). As such, the forward estimates of Consolidated Fund appropriations provide a strong indication of the extent to which the Government has restrained, or intends to restrain, the use of taxpayers' funds.

However the Consolidated Fund does not cover all transactions which contribute to the overall Budget result and hence it does not provide a comprehensive picture of the Budget result, on either an historic or forward estimates basis. Furthermore it recognises transactions only when they result in a cash payment or receipt, even though an action may have been taken which imposes a liability to make a future payment (e.g. superannuation commitments).

Total Current Payments

The main advantage of total payments data as a forward estimates aggregate is that they provide a comprehensive view of the total value of services (measured on a cash basis) to be made available in the year by the Budget Sector and its agencies, not only the level of Consolidated Fund support.

Information on a total payments basis is provided by agencies for incorporation in the Budget Papers. To the extent that sources of cash other than the Consolidated Fund are used to fund their services, there is an inherent degree of uncertainty in forward estimates, as an agency may not necessarily attain the level of user charges revenue, grants from industry bodies, etc. that it has assumed in making its estimates.

Net Cost of Services

The net cost of services represents the full amount committed from the public purse (as opposed to charges on users or donations, etc.) for the services provided in a year by an individual program, agency or the total Budget Sector.

As an accrual accounting concept, this aggregate records costs whether or not they result in a cash payment in the year, and whether or not any cash payment is made out of the resources of the agency or made from a central allocation (e.g. the "Crown Transactions" allocation for the cash payments in respect of superannuation). The Treasurer sets the net cost of services for each Budget Sector agency as an upper limit on commitments, with any increase above this limit subject to the Treasurer's approval. In order to provide adequate flexibility between years, agencies are able to transfer forward or backward up to 2 per cent of net cost of services between years (or such higher amount as may be agreed).

FORWARD ESTIMATES BY AGENCY

Forward estimates of Consolidated Fund Allocations, Total Payments and Net Cost of Services are shown by portfolio and agency in Table 4.5.

It is important to note that these estimates are in "inflation escalated" terms rather than constant prices, i.e. they take into account the current forecasts of wage and price inflation over the period. Estimates by agency which will appear in the 1997-98 and 1998-99 Budgets will differ from those shown in the table due to revised forecasts of wages and prices. In relation to the estimates of Consolidated Fund allocations in particular, it should be appreciated that these differences will not represent a change in the level of support to be provided to agencies, but simply a variation in the forecast of inflation.

Furthermore, the level of total payments are based on agencies' estimates of the amounts they will have available from sources other than the Consolidated Fund (e.g. user charges and grants from industry). To the extent to which these revenues ultimately exceed or fall short of current forecasts, total payments can be expected to vary.

RECONCILIATION BETWEEN THE BUDGET AND THE FORWARD ESTIMATES

Changes over time in the forward estimates of outlays for a particular year may occur for a number of reasons.

Firstly, the forward estimates are based on a continuation of the Government's current policies and programs. These will change over time as new programs are introduced or existing programs are enlarged or reduced. Such changes may or may not impact on the financial aggregates at the agency, portfolio or Budget Sector level as the changes may be offset through a reordering of priorities.

Secondly, existing policies may result in real expenditure growth or contraction where the policies are in terms of demand variables. To the extent that demographic forecasts for a particular year change, there will be a corresponding refinement in the forecast payments for such services.

Thirdly, changes over time in the forecasts of parameters such as wages growth and interest rates will result in changes in forecast expenditures between the time of the forward estimates being produced for a year and the Budget for that year.

As part of the discipline of maintaining its undertaking to restraining expenditure growth, the Government has committed itself to publishing, for each year's Budget, details of how those Budget Estimates differ from the previously released forward estimates for that year.

Table 4.4 shows a reconciliation between the total current outlays proposed in this Budget and the forward estimate for 1996-97 published in last year's Budget Papers.

Table 4.4: Reconciliation of 1996-97 Forward Estimates to 1996-97 Budget

	\$m
FORWARD ESTIMATE OF TOTAL 1996-97 CURRENT OUTLAYS AS SHOWN IN 1995-96 BUDGET	18,581
Adjustments to Reflect Changes In Coverage and/or Accounting Arrangements	
Electricity rate rebates for pensioners now a budget payment	37
Department of Fair Trading - activities brought on budget	41

Reclassification of Concord Hospital superannuation payments	(-) 8
Reclassification of State's share of higher education superannuation	(-) 19
Reclassification of expenditures between capital and current	
. Department of Transport	(-) 42
. Department of Urban Affairs and Planning	14
. Roads and Traffic Authority	69
ADJUSTED FORWARD ESTIMATE FOR 1996-97	18,673

SUBSEQUENT VARIATIONS**Parameter Changes**

Escalation adjustment	9
Superannuation	56
Debt servicing costs	67
CPI adjustment -	
. Commonwealth funded health programs	52
. Commonwealth funded HACC and disability programs	10
Revised Commonwealth funding -	
. Rural Assistance Authority	27
. State's matching contribution	8
. Employment schemes	(-) 48
Impact of increased enrolments on government schools expenditure and payments to non-government schools	17
Allocation of 1996 and 1997 ANTA "Growth Funds"	20
Increased payments for water and sewerage rate rebates	21
Provision for redundancy payments	20

Table 4.4: Reconciliation of 1996-97 Forward Estimates to 1996-97 Budget (cont)

	\$m
Parameter Changes (cont)	
Forestry Industry Restructure package - deferral and matching of funding by Commonwealth	56
Land and Water Conservation - various	11
Expenditure transferred from 1995-96	15
Victims Compensation Fund	15
National Rail Corporation - compensation payment	17
Health - shortfall in user charges and other revenue	19
Crown - refunds and remission of Crown revenue	15
Additional payments funded from agency revenue and use of cash balances etc; and other minor variations -	
• Health	30
• National Parks and Wildlife Service	9
• Other agencies	31
Post-Budget Policy Decisions	
Establishment of new agencies -	
• Waterways Authority	14
• Sustainable Energy Development Authority	17
Operating subsidy - Far West Energy	5
Impact of teacher (Schools and TAFE) 4 per cent salary offer	30
Other initiatives (refer Section 1.3)	33
Reversal of savings	
• School Student Transport Scheme	74
• Department of Agriculture	8
Other	(-) 10
Treasurer's Advance - incorporation in above adjustments	(-) 75
TOTAL CURRENT OUTLAYS - 1996-97 ESTIMATE	19,246

4.6 BUDGET CONCESSIONS

This section is included in the Budget Papers to identify revenue foregone by the Budget Sector in providing assistance to people or entities with special needs through *concessional charges* or *tax concessions*.

A concessional charge is made by government when a generally available service is provided to a particular customer at less than the standard charge, or free.

Examples of concessions that fall *within* the scope of this definition include those offered on vehicle registrations, entry to National Parks and to some Museums and selected exhibitions at the Art Gallery of New South Wales.

Major beneficiaries of such concessions include Commonwealth Pensioner Concession Card holders, low income householders and families with children.

Direct subsidies to people or entities for the provision of special services or facilities for people with special needs are *excluded* because they are services that are not generally available to the public. Examples include special transport for people with disabilities, provision of free spectacles and the School Dental Scheme.

Concessions that are funded entirely by the Commonwealth Government or by local government and concessions that are provided by agencies and authorities to their employees are also *excluded* by this definition.

Tax concessions are defined as reductions or exemptions for special classes of people or entities from generally levied taxes on certain activities or assets.

Exemption from Financial Institutions Duty for social security payments credited directly to a bank account is *included* under this definition because other individuals or entities pay this tax and this activity is part of the State's tax base. However, land tax on land with a value of less than \$160,000 is *excluded* because these assets are not part of the tax base.

In addition a number of concessions are made by Government Trading Enterprises (GTEs). The cost of such concessions may be reimbursed to the GTE directly from the Budget, may impact on the Budget indirectly through lower profits or dividends or may be offset in the GTE through cross-subsidies from other customers. Such concessions are included in section 4.7.

Table 4.6: Budget Concessions

Portfolio	Description of Concession	Actual 1995-96 \$000	Estimated 1996-97 \$000
CONCESSIONAL CHARGES			
Arts	Free entry to the Australian Museum and the Powerhouse Museum for pensioners and senior citizens	190	190
Education and Training	Exemption from the TAFE NSW administration charge for needy students	17,658	18,188
Environment	Free entry to national parks for pensioners	250	250
	Pensioner and Seniors Card holder discount entry fee to the Mount Tomah Gardens, Mount Annan Gardens and the Sydney Tropical Centre at the Royal Botanic Gardens	24	24
Health	Ambulance service primarily for pensioners	40,142	41,386
	Outpatient pharmaceutical scheme for pensioners	2,012	2,006
Transport	Reimbursements to private bus and ferry operators for providing half-fare travel to pensioners, retired senior citizens and the unemployed	25,188	27,320
TAXATION CONCESSIONS^(a)			
Roads	Concessions to pensioners for -		
	• Drivers licences	29,902	18,200
	• Motor vehicle registrations	17,327	18,100
	• Motor vehicle tax	65,051	68,900
Treasurer	Contracts and Conveyances Duty		
	• Purchases by Housing Department tenants	n.a.	n.a.
	• First Home Purchase concession	n.a.	n.a.
	• Non commercial activities of charities	n.a.	n.a.

Table 4.6: Budget Concessions (cont)

Portfolio	Description of Concession	Actual 1995-96 \$000	Estimated 1996-97 \$000
Treasurer (cont)	<ul style="list-style-type: none"> • Exemption relief for corporate reconstructions not involving significant changes in the beneficial ownership of the property 	n.a.	n.a.
	Financial Institutions Duty		
	<ul style="list-style-type: none"> • Directly credited Social Security and Veterans Affairs' pensions • Charitable, education and religious bodies • Public and non-profit hospitals 	n.a. n.a. n.a.	n.a. n.a. n.a.
	Loan Securities		
	<ul style="list-style-type: none"> • Refinancing of loans of the same amount for land used in primary production • Regional headquarters 	n.a. n.a.	n.a. n.a.
	Payroll Tax		
	<ul style="list-style-type: none"> • Public benevolent institutions, charitable and religious bodies • Non-commercial local government employees • Non-profit hospitals and bodies • Public hospitals and area health services 	n.a. n.a. n.a. n.a.	n.a. n.a. n.a. n.a.
	Land Tax		
	<ul style="list-style-type: none"> • Charitable, educational and religious bodies • Racing clubs • Hospitals and area health services 	n.a. n.a. n.a.	n.a. n.a. n.a.
	Debits Tax		
	<ul style="list-style-type: none"> • Hospitals - public and private • Schools, colleges and universities (if there is no purpose of profit) • Non-business activities of government 	n.a. n.a. n.a.	n.a. n.a. n.a.

Table 4.6: Budget Concessions (cont)

Portfolio	Description of Concession	Actual 1995-96 \$000	Estimated 1996-97 \$000
	departments	n.a.	n.a.

- (a) The list and cost of tax concessions is not exhaustive. Treasury is currently conducting a comprehensive review to identify and cost tax expenditures in New South Wales.

4.7 PAYMENTS TO GOVERNMENT TRADING ENTERPRISES UNDER THE SOCIAL PROGRAM POLICY

IMPLEMENTATION OF THE SOCIAL PROGRAM POLICY

"Social Programs" are non-commercial activities of GTEs which have social objectives. Such programs are generally known as "Community Service Obligations" ("CSOs"); but, under the Social Program Policy, CSOs are specifically Social Programs delivered by GTEs when directed by the Government, with explicit contracts in place and funded from the Budget.

In the past, Social Programs have been undertaken by GTEs without clear direction or specification of social objectives and, in some cases, with internal funding through cross-subsidies. This has impaired economic performance. In addition, it is not known to what extent the needs of genuinely disadvantaged groups in the community are being met.

The objectives of the Social Program Policy are to -

- provide a framework for the effective separation of commercial and non-commercial activities of GTEs so that management may be given clear and non-conflicting objectives, thus enabling it to be held accountable for both commercial performance and the delivery of Social Programs;
- subject social expenditures by GTEs to the Budget process, thereby making them transparent and enhancing Parliamentary accountability; and
- provide a framework to improve the effectiveness of Social Program Policy expenditures through the application of appropriate review and evaluation processes.

In Stage I of implementation of the Policy in 1994-95, GTEs identified non-commercial activities and proposed relevant Social Programs. These proposals were assessed and approved Social Programs were funded on a

transitional basis for 1995-96, either through the Budget for those previously Budget funded, or internally where there has been no previous Budget funding. The Social Programs identified in this process and the status of their funding are shown in Table 4.7. The estimates in the Table for 1996-97 are preliminary. The Social Programs have not yet been evaluated; nor have they been subjected to full resource costing. This will occur in Stage II of the Policy's implementation during late 1995-96 and early 1996-97.

In Stage II, portfolio Ministers and their agents will evaluate the Social Programs identified in 1994-95 in consultation with stakeholders. Results of the evaluations will be considered by the Social Justice Committee of Cabinet. It is expected that most Social Programs will be Budget funded from 1997-98 and other non-commercial activities of GTEs will have been divested or discontinued by 1998-99.

Table 4.7: Payments to Government Trading Enterprises

Portfolio Minister	Providing Agency	Primary Social Objective/ Social Program	Budget Funding		Internal Funding
			Forecast 95-96 ^(a) \$000	Estimated 96-97 ^(a) \$000	Forecast 95-96 ^(b) \$000
Transport	State Transit Authority	Access to Services			
		1. Pensioner concessions	...	...	...
		2. Ticketing concessions	...	...	...
		3. Service subsidies	...	...	...
		Access to Education			
	4. Student concessions	...	...	...
		Total	138,126	137,424	...
	State Rail Authority ^(c)	Access to Services			
		1. Pensioner concessions	...	...	...
		2. Ticketing concessions	...	...	...
3. Service subsidies - passenger/freight		...	...	...
Access to Education					
4. Student concessions	...	...	...
	Total	421,052	299,252	...	
Attorney General	Registry of Births, Deaths and Marriages	Social Functioning			
		1. Registration function	2,766	2,766	...
		2. Provision of adoption information ^(d)	...	...	345
	Total	2,766	2,766	345	
Olympics and Roads	Darling Harbour Authority	Social Functioning			
		Provision of public facilities	17,665	17,665	...
	Total	17,665	17,665	...	

Table 4.7: Payments to Government Trading Enterprises (cont)

Portfolio Minister	Providing Agency	Primary Social Objective/ Social Program	Budget Funding		Internal Funding
			Forecast 95-96 ^(a) \$000	Estimated 96-97 ^(a) \$000	Forecast 95-96 ^(b) \$000
Urban Affairs and Planning	Sydney Water Corporation	Access to Services			
		1. Pensioner water and sewerage rebates	43,070	49,472	...
		2. IPART rebate transitional measures	14,300	14,500	...
		3. Water rate rebates - exempt properties	9,040	10,527	...
		Environment Protection			
		4. Sewer backlog	4,000	... (e)	...
	5. Blue Mountains septic pumpout	...	332	400	
	6. Trade waste income	13,000	13,000	...	
	Total	83,410	87,831	400	
	Hunter Water Corporation	Access to Services			
1. Pensioner rebates		7,570	7,525	...	
2. Exempt properties		680	685	...	
Total	8,250	8,210	...		
Energy	Energy Australia	Access to Services			
		1. Pensioner rate rebates	...	20,472	...
		2. Life support rebates	...	415	...
		3. Administrative costs	...	152	...
Total	...	21,039^(f)	...		

Table 4.7: Payments to Government Trading Enterprises (cont)

Portfolio Minister	Providing Agency	Primary Social Objective/ Social Program	Budget Funding		Internal Funding
			Forecast 95-96 ^(a) \$000	Estimated 96-97 ^(a) \$000	Forecast 95-96 ^(b) \$000
	Integral Energy	Access to Services			
		1. Pensioner rate rebates	...	10,821	...
		2. Life support rebates	...	164	...
		3. Administrative costs	...	43	...
		Total	...	11,028 ^(f)	...
	North Power	Access to Services			
		1. Pensioner rate rebates	...	5,743	...
		2. Life support rebates	...	93	...
		3. Administrative costs	...	102	...
		Total	...	5,938 ^(f)	...
	Advance Energy	Access to Services			
		1. Pensioner rate rebates	...	1,656	...
		2. Life support rebates	...	22	...
		3. Administrative costs	...	19	...
		Total	...	1,697 ^(f)	...
	Energy South	Access to Services			
		1. Pensioner rate rebates	...	2,478	...
		2. Life support rebates	...	45	...
		3. Administrative costs	...	22	...
		Total	...	2,545 ^(f)	...

Table 4.7: Payments to Government Trading Enterprises (cont)

Portfolio Minister	Providing Agency	Primary Social Objective/ Social Program	Budget Funding		Internal Funding
			Forecast 95-96 ^(a) \$000	Estimated 96-97 ^(a) \$000	Forecast 95-96 ^(b) \$000
	Far West Energy	Access to Services			
		1. Pensioner rate rebates	...	164	...
		2. Life support rebates	...	1	...
		3. Administrative costs	...	5	...
		Total	...	2,545 ^(f)	...
	Far West Energy	Adjustment	...	5,300	...
		Grand Total	...	2,545 ^(f)	33,300 ^(g)
Land and Water Conservation	State Forests	Environment Protection			
		1. Research and provision of information	...	...	...
		2. Management of non- commercial forests	...	...	...
		3. Hardwood plantations	8,500	14,100	...
		Safety			
		4. Protection from/ response to fires	...	...	...

Table 4.7: Payments to Government Trading Enterprises (cont)

Portfolio Minister	Providing Agency	Primary Social Objective/ Social Program	Budget Funding		Internal Funding
			Forecast 95-96 ^(a) \$000	Estimated 96-97 ^(a) \$000	Forecast 95-96 ^(b) \$000
Land and Water Conservation (cont)	State Forests	Social Functioning			
		5. Access to, and through, forests	...	...	...
		6. Provision and maintenance of recreational facilities	...	...	...
		Total	23,057	28,657	...

(a) At this stage of implementation of the Social Program Policy, full resource costing and proper assessment of Social Programs has not occurred. As it has not been possible in many cases to provide funding details for individual Social Programs, total Social Program funding is shown. It is planned that in future, funding for specific Social Programs will be reported based on full costings.

(b) No internal funding of these Social Programs is envisaged in 1996-97.

(c) The SRA's Social Program submission process is delayed. These figures do not include payments for operating losses, redundancies, capital grants and maintenance (\$664 million in 1995-96 and \$705 million in 1996-97).

(d) Not funded in 1996-97. Function taken over by the Department of Community Services.

(e) No funding assuming Independent Pricing and Regulatory Tribunal approval of all pricing.

(f) Includes Budget funding provided for Social Programs to distributors from 1 March 1996. The new corporatised electricity distribution structure commenced in March 1996.

(g) Total internal Social Program funding for the former four metropolitan electricity distributors.

Chapter 5:

FINANCIAL ARRANGEMENTS WITH THE COMMONWEALTH

5.1 Introduction

5.2 Recent Developments

5.3 The Tasks Ahead

5.1 INTRODUCTION

In recent years Commonwealth-State financial arrangements have been increasingly influenced by issues relating to the nature of the Australian federation itself. This has been reflected in the debate regarding the distribution of tax powers and functions among the different levels of Government.

Some quarters have argued for centralisation on various grounds, including alleged efficiency savings and the need to maintain national standards of service delivery. However, arguments favouring the substantive devolution of taxing powers and spending decisions have also been based on the benefits of efficiency improvements, reduced duplication of administrative overheads and increased governmental accountability. In a broader context, arguments for devolution are driven by the need for checks and balances. On this basis a federal structure is expected to reflect a rational separation rather than a concentration of power.

The issues are well illustrated in Commonwealth-State¹ financial relations in Australia, which have changed little over the past decade and are characterised by the following -

- a high degree of **vertical fiscal imbalance (VFI)**, referring to the mismatch between tax powers and expenditure responsibilities of the Commonwealth and State Governments. The Commonwealth collects significantly more tax revenue than it requires for its own purposes. Consequently, it transfers funds to the States in the form of General Purpose Payments (GPPs)² and Specific Purpose Payments (SPPs)³; and

1 All references to "States" in this chapter should be interpreted as referring to States and Territories.

2 GPPs are unconditional grants originally intended to compensate the States for losses on tariff revenue prior to 1942 and the Commonwealth's takeover of income taxing powers after 1942. GPPs consist of financial assistance grants (FAGs) and special revenue assistance. For a number of years FAGs were determined annually. At present they are governed by a rolling 3-year real terms per capita guarantee subject to certain conditions relating to the implementation of national competition policy, as agreed by the Council of Australian Governments in April 1995.

3 SPPs are grants contingent on the States' compliance with certain conditions - for example, the purposes for which the funds may be used; specific monitoring and review arrangements; annual increases in funding; and/or maintenance of expenditure requirements. SPPs generally have a duration of one to five years depending on

- an extensive system of **horizontal fiscal equalisation (HFE)** which governs the interstate distribution of Financial Assistance Grants (FAGs), and which is overseen by the Commonwealth Grants Commission (CGC). This results in the transfer of roughly \$2 billion annually from donor States (New South Wales, Victoria and the ACT) to other States.

Annual decision-making has traditionally been made through established mechanisms which include all Heads of Government. These are the Financial Premiers' Conference/Loan Council, which determines the distribution of general revenue grants and Loan Council Allocations for the coming year; and the Council of Australian Governments (COAG), which deals with all other aspects of government policy.

Much of the current debate concerning Commonwealth-State financial relations and the latitude for reform is rooted in the issues of HFE and VFI. There remains much room for improvement, particularly to enhance governmental accountability and service delivery and to enable States to adopt more efficient tax policy regimes.

Interstate disagreements over HFE have been less apparent than in the early 1990s, as attention has shifted to VFI issues. In respect to horizontal relations the most significant development in recent years has been the increasing incidence of interstate tax competition. This has taken the form of either firm-specific tax concessions or the announcement by some jurisdictions of intentions to slash or abolish selected taxes in a bid to attract private business. To end such bidding wars and allow States to compete on the basis of business fundamentals will require VFI to be addressed or, as a minimum, voluntary agreement to be reached on defining the grounds for competition.

The issue of VFI remains intractable. At present, States account for only 19 per cent of total general government tax revenue, yet remain responsible for about 41 per cent of own-purpose outlays⁴.

the terms of the individual SPP agreements, which are separately negotiated between the Commonwealth and States.

4 Own purpose outlays include payments to public trading enterprises.

The vertical imbalance has worsened in the last two years. The ratio of the percentage share of own-source tax revenue to the percentage share of own-purpose outlays for the Commonwealth has increased from 1.39 in 1993-94 to 1.43 in 1995-96, while the same ratio for States has declined from 0.52 to 0.46⁵. These numbers indicate that there continues to be a very high degree of centralisation of revenue powers.

The Commonwealth continues to hold the broadest taxing powers including income and sales taxes and customs and excise duties. While originally States could levy all but customs and excise duties, a series of decisions by the High Court of Australia expanding the definition of “excise” have effectively barred States from imposing sales taxes except for a few franchise fees, which are continually under threat. In the absence of a High Court decision reinterpreting the definition “excise”, there remain a number of options for reform. These include a redistribution of the existing Commonwealth tax take - which would effectively result in an expansion of State tax powers without increasing the overall tax burden - and alternative forms of tax-sharing.

The VFI problem is also evident in payment arrangements relating to microeconomic reform. While the April 1995 national competition policy agreement between the Commonwealth and States indicates that there is much common ground, conditions imposed on States' access to competition-related payments in the nine years to 2005-2006 have effectively converted into tied grants a portion of general purpose payments to be made in those years. The present 3-year rolling guarantee on real per capita growth in FAGs which was agreed by COAG in April 1995 remains subject to the Commonwealth's determination that there is no “deterioration in macroeconomic circumstances” - a stipulation which leaves too wide a berth for the exercise of Commonwealth discretion.

⁵ Ideally the ratio should be at or close to 1.00 for each level of government in order for revenue powers to be broadly commensurate with expenditure responsibilities.

On the expenditure side, the ongoing COAG review of roles and responsibilities offers the prospect of a redistribution of functions such that they become more in line with the distribution of tax powers. A redistribution of expenditure responsibilities could potentially reduce tied grants. Work is progressing in the areas of public housing, health and community services. States are also pressing for changes in the areas of education, employment and training.

Following a continuous real decline in general purpose payments during the five years to 1992-93, New South Wales has had a real annual increase⁶ each year since 1993-94. Assuming that the recommendations of the 1996 Update Report of the Commonwealth Grants Commission will be accepted by Premiers' Conference in June 1996, New South Wales will post a real increase in general purpose payments of about 2.6 per cent in 1996-97. However, this still represents a rapid deceleration since 1993-94. The real growth of about 7.0 per cent in 1993-94 was merely a partial catch-up on a cumulative loss of \$1.1 billion in real terms over the preceding six years. Also, growth in real terms has not kept pace with expenditure demands and with growth in the economy more generally.

Specific purpose payments⁷ expressed as a share to total Commonwealth payments to all States remained high at around 41 per cent in 1995-96, up from 34 per cent a decade before. Corresponding percentages for New South Wales were 44 per cent and 38 per cent respectively. In 1996-97 these ratios are expected to change only marginally to 40/60 for all States and 43/57 for New South Wales, suggesting that the degree of budget flexibility of States remains restricted.

6 Net of the impact of the untying of Identified Road Grants beginning 1993-94. For FAGs alone the growth rates are shown in Table 5.1, which appears at the end of this chapter.

7 For States' own purposes only. Excludes the following payments for which the State acts as an agent for payments to third parties: Higher Education; Non Government Schools (including cost escalation); Research at Universities; Financial Assistance to Local Government; and Local Government Identified Roads. Moreover, for comparability across years, funding shares are adjusted to account for the following: classification of Building Better Cities funding as a specific purpose capital payment; and the exclusion of TAFE payments in years prior to 1994-95 to account for their reclassification to a Commonwealth own-purpose payment from that year. However, TAFE payments continue to be recorded as a NSW budget receipt.

The high share of SPPs reduces the incentive for States to manage their budgets and deliver services efficiently. Any benefits from the broadbanding of SPPs, which was originally intended to increase State budget flexibility, could easily be eroded by an accompanying increase in SPP conditionality. States previously sought a reduction in the share of tied funding subject to the absorption of SPP funds into the general revenue pool. However, this has not occurred.

On the whole there has been little change in Commonwealth-State financial relations in the past year. Commonwealth payments to New South Wales and measures of vertical fiscal imbalance and the impact of fiscal equalisation over the past five years are given in Table 5.1, which appears at the end of this chapter.

The remainder of this chapter describes developments during the past year and canvasses issues in intergovernmental financial relations which are likely to remain of concern in the immediate future.

5.2 RECENT DEVELOPMENTS

Long Term Trends in Commonwealth Payments to States

Recent developments in Commonwealth payments to New South Wales should be viewed within the larger context of long term trends in payments to all States.

A comparison of Commonwealth payments with other Commonwealth and State fiscal aggregates reveals the following trends -

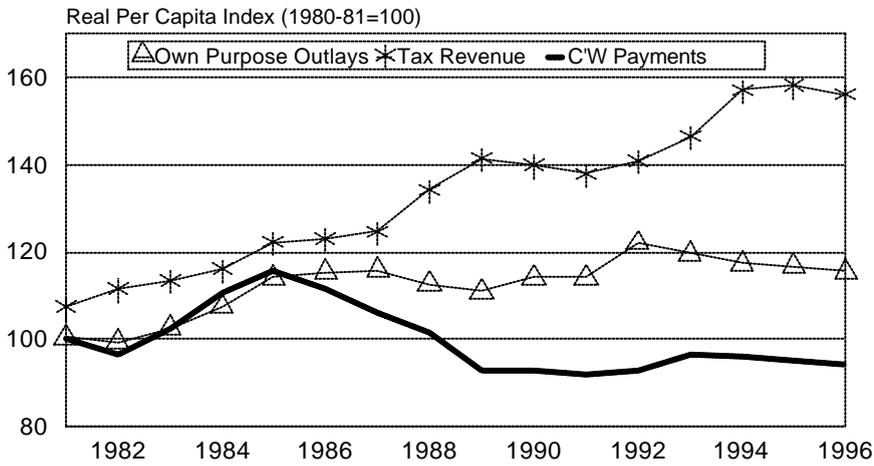
- Over the past 15 years Commonwealth own-purpose outlays grew in real per capita terms at a higher average annual rate (2.0 per cent) than either Commonwealth tax revenues (1.6 per cent) or Commonwealth payments to States (-0.3 per cent). Figure 5.1 shows that payments to States declined drastically in real per capita terms particularly during the late 1980s (-4.2 per cent annually) and has so far failed to regain pre-1987 levels;
- In contrast, States undertook fiscal consolidation and expenditure restraint, resulting in substantial improvement in States' fiscal position after 1991-92. This was reflected in average annual growth in real per capita State tax revenue (1.7 per cent during 1989-90 to 1995-96) substantially exceeding that of State own purpose expenditure (0.6 per cent during the same period) at the same time that Commonwealth payments to States increased at a rate of only 0.3 percent annually (Figure 5.2); and
- The decline in Commonwealth payments during the late 1980s was borne by general revenue grants. Increasing Commonwealth inroads into the delivery of State services was reflected in the progressively increasing share of SPPs to total Commonwealth payments to States during this period, from 34 per cent in 1985-86 to 40 per cent in 1996-97 (Figure 5.3). Although the share of SPPs has declined slightly from 42 per cent in 1992-93, the percentage remains relatively high.

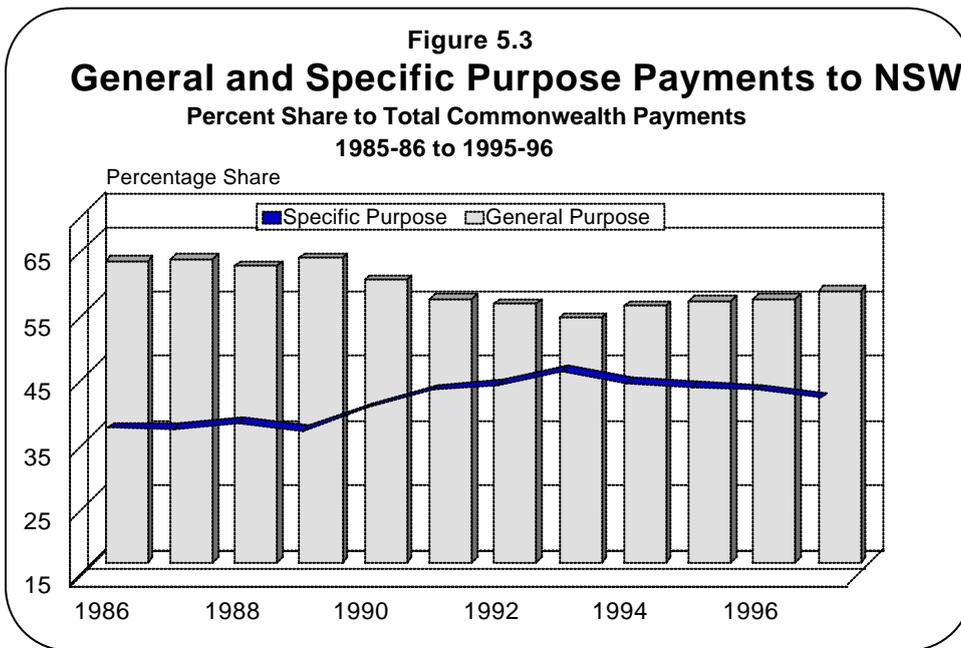
Given the marked difference in fiscal discipline exercised by the Commonwealth and States in recent years, it would not be appropriate for the Commonwealth to shift its deficit problem to States as part of the current round of fiscal tightening.

There would appear to be room for further budget tightening on the Commonwealth's own purpose expenditures. Since Commonwealth payments to States were already drastically pared down in previous budget cycles, further curtailment in the quantity and quality of State services cannot be sustained unless it is accompanied by a redistribution of expenditure functions.

Figure 5.1
Commonwealth Aggregates: Real Per Capita Growth
Tax Revenue, Own Purpose Outlays and Payments to States
1980-81 to 1995-96

Figure 5.2
All States: Real Per Capita Growth
Tax Revenue, Own Purpose Outlays and Commonwealth Payments
1980-81 to 1995-96





Developments in Specific Purpose Payments

Possible future changes to SPPs were foreshadowed by two reviews held in 1995-96.

The first was an inquiry by the Commonwealth Joint Committee of Public Accounts, whose final report⁸ was released in November 1995. Among other things, the report recommended that -

- future SPP agreements should contain an explicit statement defining roles and responsibilities of each party, measurable outcomes and program output indicators, data collection requirements and graduated sanctions for non-compliance;
- input controls (eg maintenance of effort clauses, matched funding and fund capping requirements) be phased out and replaced with performance agreements, and that performance evaluation be undertaken at least every three to five years; and
- the Commonwealth investigate the possibility of broadbanding existing SPPs and applying best practice to SPP administrative arrangements.

The Commonwealth also commissioned a Task Force on Payments to Statutory Authorities and SPPs to States in late 1995. This review was intended to examine cash management arrangements of Commonwealth statutory authorities and SPPs to States. While the report of the Task Force has not been made public, it is understood to have recommended changes in cash management arrangements which would yield savings to the Commonwealth ranging from \$100m to \$400m.

⁸ Report No. 342, *The Administration of Specific Purpose Payments: A Focus on Outcomes*, Joint Committee of Public Accounts, November 1995.

Should the changed arrangements apply to SPPs to States, this would result in the Commonwealth clawing back interest earnings on SPP cash balances. Given that SPP cash flows are already largely synchronised with States' needs, the proposed arrangements carry the risk of disrupting service delivery at the State level. The recommended changes to SPP payment arrangements follow major changes to SPP indexation arrangements announced in the Commonwealth 1995-96 Budget, which are expected to yield smaller funding increases for most SPPs than under previous arrangements.

1996 Update Report by the Commonwealth Grants Commission

The Commonwealth Grants Commission (CGC) is required to report on relativities for the distribution of general revenue funds among the States based on the principle of fiscal equalisation - i.e., the distribution of funds "should enable each State to provide, without having to impose taxes and charges at levels appreciably different from the levels imposed by the other States, government services at a standard not appreciably different from the standards provided by the other States".

The Commission updates general revenue grant relativities on the basis of new data each year and conducts a full review of its methodology every five or six years. The last methodology review was completed in March 1993. In February 1996 the CGC completed its 1996 Update Report, which recommended a \$7 million increase in New South Wales' share of general revenue funds in 1996-97. The relatively small net impact for New South Wales reflects offsetting positive and negative adjustments in the CGC's assessments.

Gains came primarily from the use of updated data; revised treatment of funding for repatriation general hospitals; and reduced revenue capacity on land revenue and vehicle registration fees and taxes during the review period. On the other hand, losses arose mainly from an expanded mining revenue base and increased revenue capacity for payroll, gambling and insurance taxation.

A major finding of the report pertains to significant changes in the composition of the standard budget of States due to increased reliance on States' own-source revenues and an increase in superannuation funded on a concurrent basis. These trends could exert increasing influence on general revenue grant relativities in future years. Should the CGC recommendations be adopted for 1996-97, New South Wales is expected to post a real increase in general purpose payments of about 2.6 per cent in 1996-97.

Loan Council Developments

Under Loan Council guidelines approved in 1993, each jurisdiction nominates its Loan Council Allocation (LCA) each year. The LCA consists of the projected surplus/deficit for the total State plus certain memorandum items⁹.

The 1996-97 LCA bid of New South Wales amounts to minus \$785m, as against the 1995-96 estimate of minus \$440m. Since a State's LCA is intended to provide an indication of that State's call on financial markets in the coming year, the negative LCA bid indicates that New South Wales expects to contribute to (rather than make demands on) national savings in 1996-97. Further details of the NSW bid are given in Budget Paper No. 6.

As agreed last year, LCAs will be subject to a tolerance limit of 2 per cent of non-financial public sector revenue, down from 3 per cent in 1995-96. This margin is designed to accommodate, among other things, changes to the LCAs arising from policy and parameter changes. Progress against budget time LCAs will be monitored in quarterly reports through the year.

In March 1994 Loan Council endorsed guidelines for the treatment of infrastructure projects with private sector involvement. The guidelines required an analysis of risk-sharing between the public and private sector in order to avoid project arrangements designed specifically to avoid Loan Council coverage.

A Loan Council Working Group has conducted a review of the guidelines and has recommended the options of either maintaining the present treatment, with further consideration to be given to discounting of asset values (a net liabilities approach); or including the full government contingent liability in the LCA (a gross liabilities approach). The options are still under discussion.

Tax Treatment of State Trading Enterprises

⁹ These items are transactions having the characteristics of public borrowing but which do not strictly constitute formal borrowing. For instance, positive adjustments such as operating leases and a government's risk-weighted contingent exposure to private sector infrastructure projects; and negative adjustments such as the overfunding of employers' costs under public sector superannuation schemes.

At the 1994 Financial Premiers' Conference the Commonwealth and States agreed to a Statement of Policy Intent (SOPI) which committed the States to implement within three years uniform tax equivalent regimes applying to wholly-owned State trading enterprises (STEs), including those presently subject to Commonwealth taxation. In return the Commonwealth agreed to amend legislation to exempt those entities from income and wholesale sales taxes (WST).

Under the SOPI neither the States nor the Commonwealth would be financially advantaged or disadvantaged by the new arrangements. A Commonwealth State Tax Equivalent Regime (TER) Standing Committee was created to oversee implementation of the SOPI.

A Draft Compensation Policy for STEs was prepared by the Commonwealth last year. The policy broadly provides for the Commonwealth to compensate States for entities jointly owned by the Commonwealth and one or more States becoming subject to Commonwealth taxes; and for the States to compensate the Commonwealth for entities becoming exempt from Commonwealth taxes as a result of the implementation of the SOPI and which were taxable on 25 March 1995. Guidelines are also provided for the treatment of new entities created on or after 25 March 1994.

In line with SOPI commitments, legislative changes were introduced in the Commonwealth Parliament in March 1995 as part of the *Taxation Laws Amendment Bill No. 2 1995*. The legislation was passed in December 1995 and will apply retrospectively from 1 July 1994. Excluded State and Territory Bodies are to be prescribed in regulations to the legislation.

Entities which were taxed federally (and for which a public commitment was made to privatise the entity) at the time of the 1994 Premiers' Conference may be prescribed for continued federal income tax coverage until 30 June 1997, and may be prescribed for continued WST coverage. The TER Standing Committee is reviewing the States' lists of entities meeting the requirements of the new exemption provisions. To date, all States have prepared their prescribed lists. However, gazettal of the lists has been postponed due to elections in recent months in a number of jurisdictions.

Future work of the TER Committee will include establishing standards to assess the uniformity and effectiveness of TERs, and a review of each State's TER for consistency with Commonwealth legislation. A number of papers are being developed to deal with standards which, if approved, will eventually be recommended to be incorporated in States' TERs.

Tax Compensation for Privatisation

With respect to privatised agencies which were previously tax exempt, a Commonwealth-State working group was convened to develop guidelines for WST compensation associated with full or partial privatisation of STEs.

Work is also proceeding on the principles for income tax compensation for full privatisation. A formula under consideration is based on the present value of the projected net increase in tax cash flows of the Commonwealth. This approach creates problems associated with predicting future flows and determining appropriate discount rates. Significant differences between the Commonwealth and States remain, as the Commonwealth argues for a narrower basis for compensation than the States.

Discussions are also ongoing between the Commonwealth and States regarding the generic tax treatment of privatised STEs which were previously exempt from Commonwealth taxes. In this connection the Commonwealth announced last year its intention to introduce relevant changes to the *Income Tax Assessment Act 1936*. The changes are intended to introduce consistency in the treatment of such entities in lieu of the previous case-by-case treatment. A major issue is the setting of the opening value of fixed assets for depreciation purposes. While it has been agreed that the use of market value is appropriate, an acceptable formula is being determined in bilateral discussions between the Commonwealth and individual States.

Review of Commonwealth-State Roles and Responsibilities

Where the degree of VFI is excessive, the potential for overlap and duplication increases substantially because the borders of expenditure responsibility constantly change depending on the nature of financial transfers from the Commonwealth to the States. This is particularly true where the constraints on own-source tax revenue of States are fairly fixed, their expenditure responsibilities are broad and continually under upward pressure, and their general revenue grants are subject to a significant degree of uncertainty.

In the past, VFI has enabled the Commonwealth to enforce policy decisions or implement programs in areas more efficiently handled by States. This has resulted in significant overlap and duplication between the Commonwealth and States, an associated increase in SPPs, the imposition of more restrictive conditions on the use of Commonwealth funds, and fragmentation and inefficiency in service delivery.

Notwithstanding a number of attempts to address the issue, little progress has been made. However, in cognisance of the problem a 1993 Financial Premiers' Conference agreement led to a review of roles and responsibilities under the aegis of the COAG.¹⁰

This review has been guided by principles agreed by COAG in February 1994. It was agreed at that time that while SPP arrangements would vary across programs, in areas of shared responsibility the Commonwealth's interest would most often be in the area of broad, jointly agreed strategic goals. This would involve program planning and a concern for achievement of program performance and outcomes for clients. The States would retain interest in these matters but would have primary responsibility for program implementation and management.

The review of roles and responsibilities has resulted so far in some decisions being taken regarding health and community services and public housing.

¹⁰ The most significant effort to comprehensively address the issue was a major review of SPPs completed by a Commonwealth-State Working Group on Tied Grants and submitted to Special Premiers' Conference in November 1991. The review suggested several reform options and recommended principles and guidelines for agreements covering "shared responsibility" programs. States also canvassed reform options in 1994 as part of the COAG review of roles and responsibilities.

In health and community services, the COAG agreed in principle in April 1995 to reorganise the boundaries of existing programs into three streams (general care, acute care and coordinated care) and to reform planning and monitoring arrangements on the basis of care outcomes rather than program inputs. However, progress has been generally slow. Concerns remain with respect to corresponding changes in funding arrangements. More recently, press reports have foreshadowed a transfer to the States of much greater responsibility for major health, housing, nursing home and child care programs. These reforms are expected to be discussed at the next COAG meeting in 1996.

In public housing the Commonwealth and States have been negotiating a new interim Commonwealth-State Housing Agreement (CSHA). The interim CSHA has yet to be finalised, and is intended to serve as a transition to new long term arrangements which would entail a major shift in responsibilities. The proposed long-term arrangements for public housing would make the Commonwealth solely responsible for the provision of housing subsidies. The States and the private sector would have responsibility for the delivery of housing services and tenancy and property management, which would be operated on a purely commercial basis.

At a Leaders' Forum held 12 April 1996, State Premiers and Chief Ministers agreed to support the general direction of reforms in health and community services, subject to the restructuring of key programs and reforms in associated tied grants. Agreements at the Leaders' Forum (discussed in more detail in the next section) carry the potential for genuine long-term changes in the distribution of Commonwealth and State roles and responsibilities.

National Commission of Audit

In March 1996 the Commonwealth announced the terms of reference for a National Commission of Audit (NCA) to recommend ways to improve the Government's fiscal position over the medium to long term. The NCA is expected to report to the Federal Treasurer and the Minister for Finance by 19 June 1996.

Although the announcement relates to the Commonwealth's own fiscal position, some areas of the terms of reference could impact on Commonwealth-State financial arrangements. Among other things, the NCA is instructed to look into the effectiveness and efficiency of current service delivery arrangements between States and the Commonwealth, and identify areas of overlap, duplication and cost-shifting.

The NCA will examine the relationship between service funder and service provider roles, the scope for contestability in service provision, and the options for restraining the growth in total outlays and improving the quality of public expenditure. These could include efficiency savings through the use of performance benchmarks and cost implications of demographic changes.

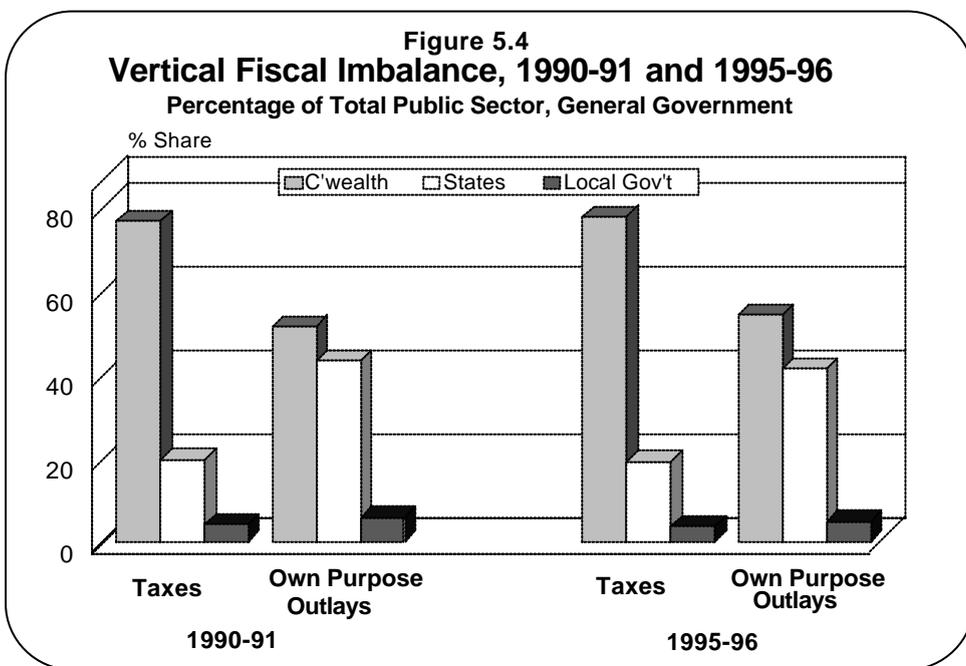
States will be making a joint submission to the NCA. The submission will address the following key areas -

- The opportunity for long-term reform of Commonwealth-State roles and responsibilities and financial relations;
- Proposal/s to reduce VFI and for the States to receive revenue more in line with their expenditure responsibilities; and
- As a matter of urgency, duplication in service delivery to be removed particularly in health and community services, employment and training, education and housing.

5.3 THE TASKS AHEAD

Vertical Fiscal Imbalance

The degree of imbalance between Commonwealth and State Governments remains excessive compared to other federations, and has changed little in the last five years (Figure 5.4).



VFI produces a number of negative consequences.

It undermines governmental accountability for taxing and spending decisions. Ideally, to the extent possible governments responsible for providing services should also be responsible for raising the revenue to finance those services. The inconsistency between revenue-raising and spending powers greatly hampers States' ability to respond to community needs in a timely and effective manner.

Because VFI allows the Commonwealth to impose fund matching requirements, it produces a bias towards over-expenditure and distorts States' spending priorities. Moreover, it serves as a disincentive for States to exercise discipline through the credit-rating process, as the high level of States' financial dependence on the Commonwealth gives rating agencies the impression that the Commonwealth bears the risk of States' financial obligations.

VFI results in costly duplication and overlap of services and/or associated administrative systems.

For instance, a recent consultancy study by ACIL Economics¹¹ found that while estimates of direct overlap in administrative costs may be low relative to total program expenditure, indirect overlap and duplication tends to be more pervasive but less visible and less easily quantifiable. Based on case studies in transport, housing, education and an assessment of overall government approval risk¹², the ACIL study concluded (among other things) that SPPs and the development approvals process constitute the main areas where indirect overlap and duplication occur.

A by-product of VFI is that it forces States to rely on narrow, inefficient and regressive taxes to finance their services.

11 ACIL Economics, *Costs of Overlap and Duplication Between Different Levels of Government*, September 1995.

12 This refers to the risk of "shifting of the goalposts" - ie, the possibility of government approval being withheld or withdrawn, or the terms of approval modified unilaterally, to the detriment of the project.

A substantial proportion of State taxes fall on business inputs. A recent study by Access Economics on Federal-State financial relations¹³ found that the most distortionary State taxes are stamp duties¹⁴, land tax, motor vehicle registration charges and business franchises, in that order. These four items account for roughly 40 per cent of State taxes, fees and fines. The same study estimated that Australian incomes would be 1.1 per cent higher if tax bases available to States were freed up, and that if such reform had been implemented in 1970 and the extra income saved, net foreign debt would have been about a third of current levels.

Finally, VFI serves as a gross disincentive to the pursuit of microeconomic reform, since States must bear the brunt of the costs of implementation but cannot directly access the increase in revenue resulting from these reforms.

The VFI problem may be addressed by a redistribution of either taxation powers or expenditure responsibilities.

Tax Powers

With respect to the distribution of tax powers, there is the possibility of a High Court decision which might re-interpret the definition of "excise" more narrowly. However, the degree of VFI could also worsen in future depending on the outcome of challenges to State franchise fees filed in the High Court.

A previous High Court decision (*Capital Duplicators Pty Ltd versus the ACT*) in December 1993 upheld the validity of liquor and tobacco licensing legislation but raised doubts about petroleum product license fees. Should these fees be ruled invalid, New South Wales would lose an estimated \$530 million (\$1.4 billion for all States).

A case filed by *Arafura Transport Pty Ltd* in January 1994 challenging the validity of NSW petroleum franchise fees has not progressed. However, more recently, another case (*Terril Pty Limited and James Forrest*) has been filed in the High Court seeking the invalidation of NSW tobacco franchise fees on constitutional grounds.

¹³ *An Access Economics Study on the Distribution of Federal/State Financial Powers* (Draft), September 1995.

¹⁴ Excluding stamp duties on motor vehicle third party and insurance contracts.

As the tobacco under question was alleged to have been exported from Australia and then subsequently imported back into the country, this case differs from previous cases in that it invokes the part of Section 90 relating to the Commonwealth's exclusive power to impose customs duty. It remains uncertain how far this case can progress given the 1993 Capital Duplicators decision.

Previous efforts have been made to canvass reform options entailing a redistribution of tax powers.¹⁵ In a working party report to Special Premiers' Conference in late 1991, Commonwealth-State officers examined the options of -

- adjustments to existing State taxes;
- the introduction of new State taxes; and
- a reallocation of part of Commonwealth taxes to States.

All three options included corresponding reductions to Commonwealth payments to States. Against a number of criteria (reliability and efficiency of the tax base, no impairment of macroeconomic management, revenue neutrality on a national basis, correspondence of the tax base with expenditure responsibility, accommodation of locational diversity, acceptance of the principle of fiscal equalisation) tax-sharing options performed most favourably. At the time these proposals were put forward, they were caught up in political developments at the time and were rejected by the Commonwealth.

Consistent with the direction of reforms canvassed in recent years, Premiers and Chief Ministers agreed at the Leaders' Forum in April 1996 that they remain committed to a federal structure in which there is a guaranteed revenue base for States which matches their expenditure responsibilities.

Expenditure Responsibilities

¹⁵ The most important of these was a report of the Working Party on Tax Powers to the 20-21 November 1991 Special Premiers' Conference, entitled *Taxation and the Fiscal Imbalance Between Levels of Australian Government: Responsibility, Accountability and Efficiency*. In like vein, the more recent Access Economics study on Federal-State financial powers (September 1995) attempted to quantify the impacts of the transfer of all or part of selected Commonwealth tax powers to States.

In the absence of a redistribution of taxing powers or revenue-sharing with the Commonwealth, work should continue on a clear delineation of Commonwealth and State roles, which would be the basis for any redistribution of expenditure responsibilities.

The increasing debate over the form and structure of the Australian federation in the lead-up to the centenary of federation offers the opportunity to undertake fundamental reforms. Ideally the distribution of functions should be based on a number of key principles. These are -

- *Australian Nation principle* - all Australian Governments should recognise the social, political and economic imperatives of nationhood while accepting the need to maintain diversity where national interests are not involved;
- *subsidiarity* - functions should be devolved to the maximum extent consistent with the national interest;
- *structural efficiency* - increased competitiveness and flexibility of the Australian economy requires structural reform in the public sector to complement private sector reforms; and
- *accountability* - the structure of intergovernmental relations should promote democratic accountability and transparency of the government to the electorate.

Based on these principles, decisions need to be taken on whether governmental functions are best served by shared Commonwealth-State responsibility or by one level of government taking sole responsibility. Once this is clearly defined, the appropriate financial arrangements (ie, whether Commonwealth payments should be an SPP or a contract/fee-for-service arrangement) and corresponding reforms in the system of tied grants can follow.

New South Wales has consistently argued for a reduction in the share of tied payments subject to their absorption into the general revenue pool, a wind-down of matching requirements on the remaining tied grants, and interstate distributional issues being addressed.

After 1992-93 there was indeed a reduction in the share of tied grants to total payments to States. However, this was not part of a broader agenda to reform the system of Commonwealth payments, and was not accompanied by a corresponding increase in general purpose payments. New South Wales strongly supports a move to untied funding as an integral part of a review of roles and responsibilities between levels of Government.

With respect to those tied grants which are retained for areas of shared responsibility, New South Wales supports the reforms proposed in the Joint PAC report on the administration of specific purpose payments. However, care should be taken that any generic approach to SPPs does not entail an increase in SPP conditionality and allows for diversity in service provision.

It is also necessary that the Commonwealth agree not to impose unfunded mandates on State Governments. In the past the Commonwealth has issued legislation or committed itself to international agreements which imposed financial obligations on States. Indiscriminate recourse to the Commonwealth treaties power without adequate consultation with States would result in unanticipated costs to States, and could wreak havoc with States' fiscal management.

At the Leaders' Forum held on 12 April 1996, State Premiers and Chief Ministers agreed on a number of areas of reform in Commonwealth-State roles and responsibilities. During the coming year the States' priority will be to progress this reform agenda with the Commonwealth. State Leaders agreed to seek reforms in Commonwealth-State roles and responsibilities and associated SPP arrangements in a number of specific functional areas.

In *health and community services*, States seek the Commonwealth's agreement to fund all health SPPs as one payment or to absorb them into FAGs. The latter would generate some administrative savings for the Commonwealth and give the States sole responsibility for health and community services other than Commonwealth transfers/subsidies such as Medical Benefits Supplement (MBS) and Pharmaceutical Benefits payments (PBS). Regulatory duplication could be removed by making only one level of Government responsible for the registration of service providers of pathology services, neo-natal intensive care, private hospitals and (in some States) nursing homes.

Alternatively, State Leaders may consider the option of pooling Commonwealth program funds for health and community services provided that one level of Government becomes solely responsible for the coordination and delivery of services, and it is demonstrated that this will reduce cost-shifting and improve efficiency. However, before agreeing to adopt this model States seek a major restructuring of the MBS and PBS programs - including a shift in emphasis from quantity to quality general practices, targeting high-growth areas in the MBS Schedule and allowing the substitution of services.

In *employment and training*, States seek improvements in the linkage between employment and training programs, particularly technical and further education (TAFE). There remains a great deal of duplication and operational restrictions imposed on States, and it is States' view that the Australian National Training Authority (ANTA) does not currently meet its objectives.

In *education*, States will push for the immediate transfer from the Commonwealth to States of responsibility and funding for government school education programs which are currently funded through SPPs. There are many opportunities for tradeoffs in functional responsibilities in the education, training and employment area. For instance, while the States could take over sole responsibility for school education and TAFE, the Commonwealth could become solely responsible for the funding and oversight of universities.

With respect to the *environment* States seek improved consultation on World Heritage area listings; the removal of exemptions of Commonwealth places and activities from State environmental and land use laws; and accreditation of State environmental practices and procedures under the Intergovernmental Agreement on the Environment.

Interstate Competition for Private Business

Given the benefits to be derived from economic growth, it is not surprising that Governments feel compelled to actively compete for footloose industry. While many forms of interstate competition need not require additional outlays (for instance, conducive regulatory regimes; provision of information and facilitation services), most of the recent inducements offered to private businesses have entailed the loss of tax revenue or the provision of additional expenditure by State governments.

Recent examples of interstate competition include Queensland's halving of share duty last year and the announcement to phase down land tax over a ten-year period; and various incentives to encourage specific firms or special events to locate in certain jurisdictions.

While horizontal competition between States can encourage greater efficiency, there is also a high risk that it could yield a zero-sum or negative-sum result Australia-wide because public resources absorbed by incentives have opportunity costs, and it is by no means certain that purported benefits would be sustainable.

Based on experience in other countries, incentives have been successful and their benefits more sustainable when these incentives were addressed to pricing, regulatory or incentive regimes at a general level rather than in the form of specific incentives to particular firms. For example, criteria which appear to have successfully generated productive investment include a preference for local over imported capability, activities with substantial positive externalities, and the use of instruments or implementing mechanisms which are firm - or interest-group neutral.

New South Wales remains of the view that a fiscally responsible State cannot compete effectively and innovatively with other jurisdictions unless the VFI problem is addressed. As long as States' revenue bases remain narrow, inefficient and inelastic, State Governments will have little or no room to manoeuvre on tax policy. Merely reducing or removing exemptions on existing State taxes would hardly be sufficient to resolve the vertical imbalance.

For this reason New South Wales considers it necessary to end the practice of bidding wars, possibly through interstate agreement to phase out selective and discriminatory subsidy policies. The preferred approach is for States to compete for mobile investment within Australia on the basis of business fundamentals - i.e., in terms of costs and market conditions generally available to prospective firms in different jurisdictions.

States could also explore voluntary agreements defining the grounds for competition in certain areas - for instance, agreements to harmonise selected tax rates or bases; or the adoption of consistent pricing or regulatory regimes across State borders.

Horizontal Fiscal Equalisation

Despite the expected real increase in general revenue grants to New South Wales in 1996-97, the State's FAG per capita remains 32 per cent less than the average of the four smallest States. New South Wales and Victoria will receive an estimated average of \$713 per head compared with \$1,044 for the other jurisdictions.

Based on the 1996-97 distribution of general revenue grants recommended by the CGC, New South Wales, Victoria and the ACT will continue to be net donors. The level of transfers from these States to the other States can be measured on two different bases.

The first is measured by reference to the difference between actual FAG payments and an equal per capita distribution of funding (CGC equalisation). On this basis New South Wales will be transferring \$855 million to the smaller States in 1996-97. The combined transfer from New South Wales, Victoria and the ACT is about \$1.5 billion.

Since FAGs were originally intended as compensation by the Commonwealth to States for their loss of income taxing powers, a second method of measuring the equalisation transfer is by reference to the difference between FAGs paid to each State and the level of Commonwealth personal income tax raised in that State. On this measure the transfer from the three donor States is of the order of \$2.2 billion in 1996-97, over half of which is expected to come from New South Wales.

During the five years to 1996-97, on the basis of the second measure about \$11.0 billion has been redistributed away from donor States (of which \$8.2 billion was redistributed through CGC fiscal equalisation). Of this amount, based on the second measure New South Wales contributed \$6.2 billion (\$4.5 billion through CGC fiscal equalisation).

Although the CGC equalisation component has declined from \$1.1 billion in 1992-93 to \$855 million in 1996-97, in per capita terms the transfer from New South Wales clearly remains substantial. In fact there has been an increase in the cross-subsidy by New South Wales from \$186 per head in 1994-95 to over \$200 per head in 1996-97. Over the long run such sizeable cross-subsidies are not sustainable.

In relation to interstate competition, some jurisdictions which have historically been recipients of HFE transfers are in a position to offer incentives to private business which they may not otherwise have been able to do in the absence of HFE. In this respect, the current HFE process remains an obstruction to the design of efficient State tax regimes.

New South Wales continues to seek fundamental changes to HFE, and remains committed to reforms which would put the larger States (New South Wales, Victoria, the ACT, Queensland and Western Australia) on equal ground while preserving full equalisation for the three smallest jurisdictions.

**Table 5.1: Intergovernmental Financial Relations, Selected Indicators
1991-92 to 1996-97**

Item	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97 Est
COMMONWEALTH PAYMENTS TO NEW SOUTH WALES						
Million \$, Nominal						
General Purpose (Total)	3,690.0	3,744.3	4,099.4	4,389.4	4,580.7	4,756.0
General Purpose (net of untied Identified Road grants) /1	3,690.0	3,744.3	4,047.6	4,285.8	4,471.0	4,604.9
Specific Purpose /2	3,181.3	3,877.8	3,407.5	3,351.1	3,539.7	3,566.0
Gross Payments /2	6,871.3	7,622.0	7,507.0	7,740.5	8,120.4	8,322.1
Net Payments	5,960.8	6,451.5	7,116.4	7,066.0	7,733.1	7,966.1
Percent Annual Change, Real (1995-96) Terms /2						
General Purpose (Total)	(-) 2.2	(-) 0.9	8.2	4.5	2.8	2.6
General Purpose (net of untied Identified Road grants) /1	(-) 2.3	(-) 0.9	7.0	3.2	2.8	2.7
Of which: FAGs	(-) 2.3	(-) 0.9	3.5	4.8	2.6	2.6
Specific Purpose	1.8	7.7	0.5	1.2	1.1	(-) 2.3
Gross Payments	(-) 0.5	3.0	4.6	3.0	2.0	0.4
Net Payments	(-) 0.4	9.3	(-) 0.9	(-) 5.0	6.4	1.0
Real Per Capita (1995-96 dollars) /2						
General Purpose (Total)	661	651	699	723	735	747
General Purpose (net of untied Identified Road grants) /1	661	650	690	706	717	728
Of which: FAGs	646	636	653	678	688	698
Specific Purpose	546	584	583	584	584	565
Gross Payments	1,208	1,235	1,282	1,308	1,320	1,311
Net Payments	1,189	1,290	1,269	1,194	1,257	1,255
VERTICAL RELATIONS						
Ratio of % share of own-source tax revenue to % share of own-purpose expenditure /3						
Commonwealth	1.49	1.44	1.39	1.38	1.43	n.a.
States	0.45	0.48	0.52	0.50	0.46	n.a.
Local Government	0.73	0.75	0.81	0.80	0.75	n.a.
HORIZONTAL RELATIONS						
Total Redistributed among States						
Amount (\$million) /4	2,252	2,316	2,075	2,164	2,246	2,233
Of which:						

CGC Equalisation	1,839	1,987	1,656	1,542	1,566	1,499
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**Table 5.1: Intergovernmental Financial Relations, Selected Indicators
1991-92 to 1996-97 (cont)**

Item	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97 Est
Redistribution away from NSW						
Total (\$million) /4	1,379	1,390	1,198	1,135	1,208	1,259
Of which:						
CGC Equalisation	1,024	1,110	887	781	827	855
Per capita transfers from NSW to other States						
Total (\$)	232	232	199	186	196	202
Of which:						
CGC Equalisation	172	185	147	128	134	137

n.a. - not available.

SOURCES OF DATA:

1. Commonwealth Budget Paper No. 3, *Commonwealth Financial Relations with Other Levels of Government*, for 1991-92 to 1994-95.
2. 1996 National Fiscal Outlook projections for Commonwealth payments in 1995-96 and 1996-97.
3. NSW Treasury for inflation forecasts and estimates of HFE redistribution.
4. ABS Catalogue 5501.1, *Government Financial Estimates 1995-96* for VFI ratios.

NOTES TO TABLE 5.1:

1. The table shows both General Purpose Payments with and without the impact of the untying of Identified Road grants. General purpose payments net of Identified Road grants would place the numbers on a more comparable basis over the six-year period.
2. Specific and general purpose payments are adjusted for letterbox, extraordinary or reclassified items (listed below, this footnote). In the calculation of real growth rates, nominal amounts are deflated using the Gross Non Farm Product deflator. Real per capita dollars and real annual growth rates reflect the following adjustments to nominal amounts published in Commonwealth Budget Papers -
 - ◆ Only payments for State's own purposes are included. The following recurrent/capital payments are excluded: Higher Education; Non Government Schools including cost escalation; Research at Universities; Financial Assistance to Local Government; and Local Government Identified Roads;
 - ◆ Reclassification of Building Better Cities funding as a specific purpose payment rather than a general purpose capital payment; and
 - ◆ For comparability across years, dollar amounts and growth rates are adjusted to account for the following changes during the period.
 - (a) the one-off payment in 1992-93 for GIO tax compensation; and
 - (b) reclassification of TAFE payments as a Commonwealth own-purpose payment beginning in 1994-95.
3. Own purpose expenditures include payments to public trading enterprises.
4. Total redistribution is the sum of amounts redistributed due to (i) Commonwealth Grants Commission equalisation and (ii) tax equalisation. Tax equalisation is the difference between an equal per capita distribution and the level of payments if they were distributed in proportion to personal income tax collections in each State. Grants Commission equalisation consists of revenue equalisation (ie, taking into account the underlying revenue raising capacity of each State) and expenditure equalisation (ie, taking into account differential demand and supply factors which affect expenditure levels).

Chapter 6:

FINANCIAL MANAGEMENT REFORMS

6.1 Introduction

6.2 Fiscal Reforms

**6.3 Financial Management Initiatives and
Reporting**

**6.4 Enhancing Public Sector Efficiency and
Effectiveness**

6.1 INTRODUCTION

This Chapter provides a summary of recent and proposed NSW Budget Sector financial management reforms.¹

The Budget Sector consists of agencies mainly funded from the public purse (the Consolidated Fund) rather than user charges. These agencies tend to be monopolistic suppliers of services. The key Budget Sector agencies include Health, School Education, Technical and Further Education Commission, Roads and Traffic Authority, Police, Corrective Services and the central agencies (Treasury, Premier's Department, Public Employment Office and the Cabinet Office).

Recent and proposed Budget Sector financial reforms are described in the following sections under three broad categories -

- fiscal reforms;
- financial management initiatives and reporting; and
- enhancing public sector efficiency and effectiveness.

¹ A more detailed account of these reforms can be found in the Treasurer's June 1995 Financial Statement. Reference should also be made to the *New South Wales Financial Management Framework* statement released on 2 May 1996. A description of earlier structural reforms can be found in Chapter 8 of the 1994-95 Budget Paper No. 2. Reforms in the Non Budget Sector are described in *Performance of Government Businesses* - an annual NSW Government publication.

6.2 FISCAL REFORMS

The Government's fiscal reform strategy encompasses the following objectives -

- a sustainable, robust financial structure for the State, with zero net debt in the general government sector;
- an efficient and effective social and economic infrastructure; and
- a climate conducive to the growth and development of an internationally competitive, outward looking business sector.

Key reforms relating to achievement of these objectives are outlined below.

DEBT MANAGEMENT

General Government Debt Elimination Act

The General Government Debt Elimination Act, which was proclaimed in February 1996, enshrines the Government's commitment to financial responsibility in legislation. The Act specifies short, medium and long term fiscal targets, establishes fiscal principles, formalises the coverage, presentation and content of the annual Budget and specifies within year reporting requirements.

Fiscal Targets

The Government's short term fiscal target is to achieve a sustainable budget surplus (defined in accordance with Government Finance Statistics principles) for the general government sector by 1998-99.

The medium term target is to reduce, by 30 June 2005, the level of general government debt to a sustainable level (i.e. a level at which the budget can absorb the full impact of an economic cycle without the need for significant corrective action on the revenue or expenditure side) having regard to a number of specified structural and environmental factors.

The long term fiscal target is to eliminate net debt for the general government sector by 30 June 2020.

Fiscal Principles

The Act specifies seven fiscal principles -

- Adherence to fiscal targets;
- Maintaining or increasing general government sector net worth;
- Funding employer superannuation liabilities - accruing employer superannuation liabilities of both the general government and public trading enterprise sectors should be fully funded. Funding of already accrued unfunded liabilities for both sectors is to be phased in;

- Asset maintenance - long lived physical assets of general government sector agencies should be properly maintained in accordance with maintenance plans that are being developed by each agency;
- Constrained growth in net cost of services (total accrual expenses less agencies' own source revenues) and outlays - these are to be kept at or below the growth in inflation and population (but within a 3-5 year time frame for capital outlays to allow for the impact of large projects);
- Prudent risk management - net debt should be managed according to sound risk management principles and agencies are to develop risk management plans covering significant financial and other risks; and
- The level of tax should be restrained to the maximum possible extent and policies should be pursued that are consistent with a reasonable degree of predicability about the level and stability of tax rates for future years.

Budget Coverage, Presentation and Content

The budget is to be presented on a basis that covers the general government sector as defined by the Australian Bureau of Statistics. The Budget will be presented on both a government finance statistics basis and on an accruals basis that accords with generally accepted accounting principles and Australian accounting standards. This initiative will be implemented for the 1998-99 Budget.

As a general rule, the budget papers for the 1996-97 financial year, and each later year, are to be tabled before the end of the previous financial year.

Within-year Reporting Requirements

A statement setting out the budget result on a government finance statistics basis will be released monthly. Each February a statement will be released which contains the latest economic projections and budget projections for the current financial year (as at the end of the previous December) and an explanation of any significant variations from those contained in the Budget Papers. Consolidated financial statements will be presented on an accruals basis for the first 6 months and for each financial year.

6.3 FINANCIAL MANAGEMENT INITIATIVES AND REPORTING

In order to support achievement of the Government's fiscal objectives, a number of changes are being made to the public sector financial management framework and associated reporting and accountability arrangements as outlined below.

CONTRACTUAL BUDGETING

Contractual budgeting involves the development of explicit linkages between resource allocation, the outputs (i.e. goods or services) provided by Budget Sector agencies and the Government's intended policy outcomes. The approach is being introduced incrementally within the NSW Budget Sector in order to complement and strengthen the results focus implicit in program budgeting. Implementation of contractual budgeting currently involves -

- development and publication of outcome and output measures in the Budget Papers;
- introduction of Statements of Financial Performance for Budget Sector agencies.

Outcome and output measures were published for the first time in last year's Budget Paper No. 3, for the majority of Budget Sector agencies involved in service provision or regulatory activities. Quantitative outcomes and output data will continue to be published for the Budget year and the three years preceding it. Over time this information will be added to and refined reflecting the results of exercises such as the Commonwealth/State Review of Service Provision (see Section 6.4) and the introduction of Statements of Financial Performance.

Statements of Financial Performance will be used to more closely link outputs and outcomes to resources provided through the Budget. Similar statements have been applied for a number of years to Government Trading Enterprises, where they are used to specify the financial performance expected of GTEs. These agreements were entered into between the Treasurer, the relevant portfolio minister and the respective chief executive officer.

As applied to the Budget Sector, the Statements will cover an agency's mission, objectives and key strategies; funding and financial parameters; outcome and output measures; reporting and monitoring requirements; and performance measures.

During 1995-96, in accordance with the Treasurer's June 1995 Financial Statement, Statements of Financial Performance were developed for 6 pilot agencies - the Departments of Corrective Services, School Education and Mineral Resources, the Roads and Traffic Authority, the Police Service and Tourism New South Wales.

The next steps in implementing contractual budgeting across the NSW Budget Sector will involve -

- extending the coverage of Statements of Financial Performance during 1996-97 to cover remaining service delivery and regulatory agencies; and
- linking the development of Statements of Financial Performance to the Budget process.

CAPITAL MANAGEMENT

The Government is committed to continuing to improve the total asset management framework, key elements of which are Capital Investment Strategic Plans; Asset Maintenance Plans, Economic Appraisals and Value Management studies.

The intention is to identify those Budget Sector agencies that have entrenched the various elements of the framework within their management processes and are now moving towards an outcomes based approach to resource allocation. Under this approach an agency would allocate resources on the basis of the most cost effective means of delivering its services in order to achieve the Government's policy outcome objectives.

Evidence that an agency is adopting this approach would be provided by the quality of its capital investment strategic plan and the development of internal performance monitoring systems based on well defined and relevant output and outcome measures.

Arrangements are currently being considered which will provide agencies that have adopted an outcomes based approach to service delivery with greater certainty in terms of ongoing capital funding. In addition agencies within this category will be granted greater flexibility over internal resource allocation and be subject to less intensive and more strategic reporting and monitoring requirements.

FUNDAMENTAL REVIEW OF FINANCIAL AND ANNUAL REPORTING LEGISLATION

The Treasury is currently undertaking a fundamental review of the State's financial and annual reporting legislation which was enacted some 10 years ago. The existing legislation, in many respects, does not reflect the significant financial management and accountability reforms that have taken place in recent times.

The aim of the review is to develop a new piece of legislation that embodies the modern principles and practices in public policy, public finance, financial management and accountability. The main areas that will be subject to a comprehensive review are financial administration, Parliamentary appropriation and control, financial planning, financial and annual reporting and internal and external auditing.

The new omnibus legislation will replace the existing Public Finance and Audit Act, Annual Reports (Statutory Bodies) Act, Annual Reports (Departments) Act and Public Authorities (Financial Arrangements) Act.

In place of the present somewhat prescriptive and detailed approach, the new Act will be written in terms of broad principles to be followed. This will be supported by Regulations and Statements of Best Practice issued by the Treasurer.

A working party has been established with representatives from central and line agencies and the Audit Office. A consultative document, in the form of a Treasury Green Paper, is planned to be released in May 1996 to all public sector agencies, members of Parliament and other interested parties for comment for a period of two months.

A reference panel will be established with representatives from a range of key agencies, the Public Accounts Committee and the Public Bodies Review Committee to assist in the examination of the major issues raised in submissions and in finalising the legislative proposals. The intention is to introduce the new legislation into Parliament during the 1996 Spring Session.

6.4 ENHANCING PUBLIC SECTOR EFFICIENCY AND EFFECTIVENESS

Some of the specific initiatives which are being implemented to achieve further improvements in public sector efficiency and effectiveness include -

SERVICE COMPETITION POLICY

Service competition policy aims to harness competitive forces to drive performance improvement. In the June 1995 Financial Statement, the Treasurer announced that the Government was committed to pursuing the policy in order to deliver to taxpayers the benefits of better value for money and to consumers the benefit of better quality services. This reflects previous experience that significant savings can be achieved through the appropriate introduction of competition in selected areas.

At the individual agency level, service competition policy involves -

- Identifying contestable activities which could be let to contract. These commonly include maintenance activities, transport services, cleaning, catering, information technology services and various office and professional services;
- Deciding whether to proceed to tender. This is a matter for judgement in each case based on the estimated costs and benefits of this course;
- Facilitating an in-house bid in some cases and ensuring competitive neutrality. The process must be fair to both, internal and external bidders;
- Awarding the work to the bidder offering the best overall value both in terms of cost and quality; and
- Managing the contract and retaining ultimate accountability. Effective supervision and monitoring of contracts is essential to ensure sound performance and to stay in touch with the activity.

Arrangements are being developed to share savings between agencies and the Budget, with the focus being on shifting resources from low to high priority areas.

REVIEW OF COMMONWEALTH/STATE SERVICE PROVISION

The July 1993 Premiers' Conference established a Steering Committee to review Commonwealth, State and Local Government service provision. The Steering Committee, which is chaired by the Industry Commission, produces an annual report on the effectiveness and efficiency of service providers. The first annual report was published in December 1995 and focussed on the priority areas of health, education, vocational education and training, police, courts, corrective services, public housing and community services.

The Steering Committee noted further work is required to develop consistent measures of effectiveness and efficiency for service providers to assist with the measurement of broad performance and the development of benchmarking measures of best practice.

As part of the review the Steering Committee is assessing the merits of more sophisticated techniques to measure efficiency, such as Data Envelopment Analysis (DEA). A DEA Working Group (convened by NSW Treasury) has been established to explore the opportunities for applying the technique to the service provision areas under review.

DEA is a linear programming based technique, that operates to identify best performers in terms of input use and output production. Other service providers are allocated a single efficiency score based on their performance relative to these best performers.

Unlike most productivity measurement techniques, DEA can handle a multiplicity of outputs and inputs (a feature of government service providers) and does not require the measurement or estimation of market prices for inputs and outputs to measure the technical efficiency of service providers. Technical efficiency reflects the ability of a service provider to produce maximum outputs for a given set of inputs.

Technical efficiency can be analysed to determine if the main source of inefficiency is the scale of operations or the managerial capabilities of the service provider. Further, DEA can incorporate environmental variables that influence the technical efficiency of a service provider but are beyond its control, for example the education and wealth of clients.

As part of this review, NSW Treasury is using DEA to assess the performance of several service providers. It has completed studies on the technical efficiency of NSW police patrols, corrective services and motor registries. Studies have commenced to determine the technical efficiency of NSW local courts, TAFE colleges and non-teaching hospitals. NSW Treasury is also examining further opportunities to apply the technique to other service providers.

The Steering Committee will issue an information paper on the use DEA later this year.

COUNCIL ON THE COST OF GOVERNMENT

The Council on the Cost of Government is an independent government agency which advises the Premier on ways of improving public sector efficiency and effectiveness. The Council is made up of seven members, four of whom are drawn from the private sector.

The Premier approved a work plan for the Council in September 1995 which includes the following priorities -

- analysis of areas which have been the source of escalations in the costs of Government operations and development of recommendations on ways of reducing these costs where appropriate;

- the identification of potential savings, including savings in the overheads of government agencies and savings generated through the application of service competition policy, to help fund the Government's priority programs;
- a strategic review of programs;
- review of past recommendations of the Auditor-General and the Public Accounts Committee and advice on strategies to implement outstanding recommendations where appropriate; and
- strategies for enhancing management information systems within the public sector.

Chapter 7:

DEBT AND SUPERANNUATION LIABILITIES MANAGEMENT

7.1 Introduction

7.2 State Debt

7.3 Superannuation

7.1 INTRODUCTION

The key elements of the Government's debt and liability management strategies were incorporated in the General Government Debt Elimination Act (proclaimed in February 1996) which gives legislative backing for -

- the stabilisation of general government net debt by ensuring a sustainable general government budget surplus within the next three years and thereafter to eliminate by the year 2020 general government net debt;
- full funding of current employer superannuation liabilities and the provision of regular contributions toward past service unfunded liabilities so as to extinguish unfunded superannuation liabilities of the closed schemes by 2044-45; and
- efficient management of the Budget Sector's debt portfolios and superannuation leading to lower debt servicing and superannuation costs.

This chapter provides summary information on debt and superannuation liabilities relating to the New South Wales public sector.

The State's level of borrowings, debt servicing costs and unfunded superannuation liabilities are important measures of the financial position of the public sector. Trends in debt levels and debt servicing costs also provide an indicator of the State's financial performance.

Chapter 3 of Budget Paper No. 6 provides further information on the financial assets and liabilities of the State public sector based upon national uniform reporting standards and Australian Bureau of Statistics definitions.

7.2 STATE DEBT

Table 7.1: Outstanding Capital Value* at 30 June

	1992	1993	1994	1995	1996 (est)
	\$m	\$m	\$m	\$m	\$m
Budget Sector Debt					
Indebtedness under Financial Agreement	4,618	3,529	3,175	2,539	2,189
Other indebtedness to Commonwealth	2,055	2,018	1,986	1,947	1,908
Other	9,910	12,056	12,926	13,548	12,681
Total Budget Sector Debt	16,583	17,603	18,087	18,034	16,778
Financial Assets	3,640	3,719	3,191	3,089	3,553
Net Budget Sector Debt	12,943	13,884	14,896	14,945	13,225
Non Budget Sector Debt	15,487	13,961	15,145	16,052	14,566
Financial Assets	9,047	8,979	10,601	11,449	7,950
Net Non Budget Sector Debt	6,440	4,982	4,544	4,603	6,616
Gross State Debt	32,070	31,564	33,232	34,086	31,344
Total Financial Assets	12,687	12,698	13,792	14,538	11,503
Net State Debt	19,383	18,866	19,440	19,548	19,841

* Capital Value represents face value less any unamortised discount.

** All figures have been revised to reflect expanded ABS GFS coverage represented by inclusion of Building and Construction Industry Long Service Payments Corporation.

*** The 1995 figures have been revised using the audited figures contained in the 1994/95 State Public Sector Consolidated Financial Statements after any adjustment necessary to ensure compliance with ABS reporting standards.

The large reduction in estimated Budget Sector net debt between 1995 and 1996 of \$1.720 billion is mainly due to equity restructure receipts, totalling \$1.8 billion comprising \$1.5 billion from the electricity distribution industry and \$0.3 billion from various other Non Budget Sector organisations, including NSW Treasury Corporation (TCorp), Darling Harbour Authority and the Ports Corporations. Approximately \$1.3 billion of these proceeds is expected to be utilised to retire debt in 1995-96.

Non Budget Sector gross debt and financial asset reductions are mainly a result of TCorp's withdrawal from non-core proprietary trading activities following a recent review of the Corporation's role. The reduction in TCorp's gross debt of approximately \$3.2 billion has been partly offset by an increase in debt by electricity and other corporatised bodies to conform with the new debt/equity structures determined by the Government.

State Net Debt as a percentage of Gross State Product (GSP) is expected to decline from 14.3 per cent to 11.8 per cent over the five years to 30 June 1996, as shown in Figure 7.1.

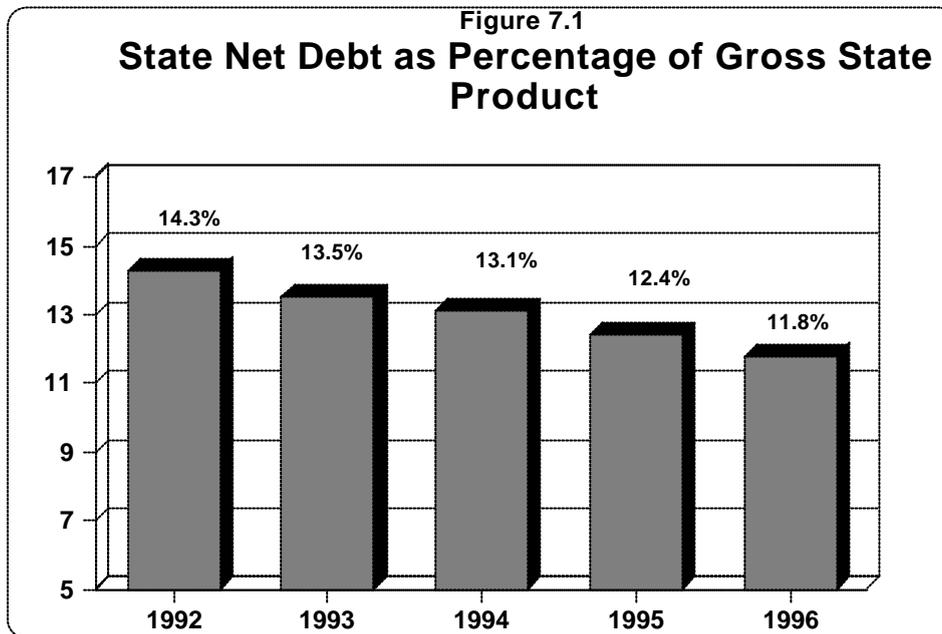
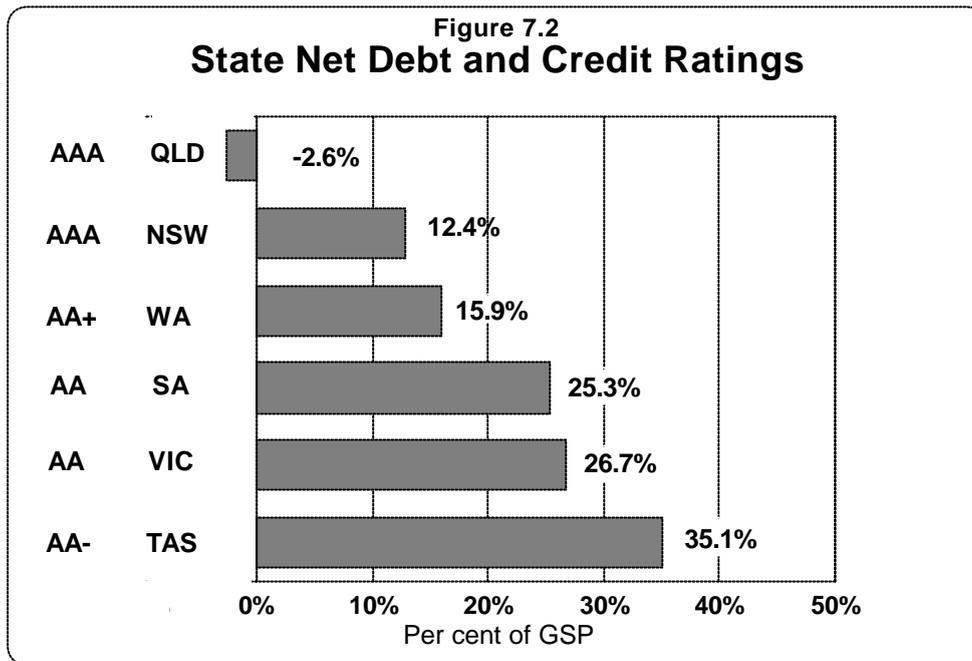


Figure 7.2 compares the State Net Debt to GSP ratios of the Australian States as well as showing the Standard and Poor's credit ratings as at 30 June 1995. New South Wales has the second lowest debt burden among the States and accordingly a AAA credit rating



Queensland's negative net debt position as at 30 June 1995 is partly due to its borrowing program for Brisbane's public bus transport, being the responsibility of the Local Government Sector and not the State. A further reason is because Queensland's employer cash reserves for superannuation are included in their financial assets unlike New South Wales where they are excluded.

If New South Wales net debt was calculated on the same basis as Queensland, net debt would be reported as \$15.092 billion representing 9.6 per cent of GSP.

The State's debt and superannuation liability reduction strategies, the strong budgetary position and the broad based economy and the resultant broad taxing capacity of the Government are some of the major contributing factors to New South Wales's AAA credit rating status.

DEBT MATURITY PROFILE

State debt comprises borrowings from three sources -

- borrowings from the Commonwealth under the Financial Agreement 1995 and Commonwealth repayable specific purpose advances covering a variety of projects of which housing is predominant;
- TCorp; and
- own name borrowings by statutory authorities.

The majority of State debt is actively managed through TCorp with maturities being concentrated in the Corporation's highly liquid benchmark bonds, ranging in maturity from 1 to 12 years.

**Table 7.2: State Debt Maturity Profile
(Face Value)***

Maturity	Treasury Corporation	Commonwealth Debt	Total
	\$m	\$m	\$m
1996-97	2,760	458	3,218
1997-98	4,458	431	4,889
1998-99	666	49	715
1999-00	4,531	621	5,152
2000-01	581	598	1,179
2001-02	3,361	120	3,481
2002-03	275	43	318
2003-04	2,606	104	2,710
2004-05	806	44	850
2005-06	2,409	134	2,543
2006-07	38	45	83
2007-08	3	46	49
2008-09	1	48	49
2009-10	26	49	75
2010-11	416	50	466
2011-12	...	51	51
2012-13	62	52	114
2013-14	0	54	54
2014-15	0	55	55
2015-16	0	49	49
2016-17	12	48	60
2017-18	0	49	49
2018-19	0	50	50
2019-20	643	50	693
2020-42	...	788	788
Government Option and Interminable	...	11	11
	23,654	4,097	27,751

* The face value is the amount to be repaid, ie the principal plus the interest component from issue until maturity.

** Excludes statutory authorities' own name borrowings, as no profiles are readily available.

BUDGET SECTOR DEBT MANAGEMENT

Public authorities borrow within limits approved by the Treasurer under provisions set out in the Public Authorities (Financial Arrangements) Act 1987. The New South Wales borrowing program for the year is in accordance with the annual limits agreed by the Australian Loan Council. All borrowings are centralised through TCorp which enables substantial economies of scale to be achieved, resulting in lower borrowing costs.

TCorp is contracted by Treasury to actively manage the Budget Sector debt portfolio in order to minimise the cost of debt within risk parameters acceptable to the Government. In undertaking debt management assignments, TCorp's fundamental approach is to identify and manage around risk neutral positions. Risk neutrality is normally defined as the matching of the borrowing terms with the term of the asset or project being financed by the borrowing.

The Government has established interest rate risk limits for managing Budget Sector debt. Practice over the last six years has been that the bulk of New South Wales debt is managed within a risk band of plus or minus half a year of the benchmark average debt maturity term of 3½ years. The limits preclude any new foreign currency exposure. Derivatives (mainly futures, swaps and options) are used mainly to vary the duration of the Budget Sector portfolio as an effective way of active debt management.

The debt portfolio structure as at 31 March 1996 has shorter terms to maturity than the benchmark portfolio as shown below.

Table 7.3: Budget Sector Debt Portfolio Structure

	0-4 years	5-7 years	8-15 years
	%	%	%
Actual	59	21	20
Benchmark	56	25	19

Management of the debt portfolio is measured on the basis of the generalised cost of funds which includes interest payments and the capital value of the debt, as against benchmark. For the nine month period ended 31 March 1996 the portfolio debt cost was 6.70 per cent as compared to the 6.75 per cent benchmark cost of funds, the favourable basis points variation being equivalent to notional cost savings of \$6.10 million. The low variation from the benchmark reflects the high level of uncertainty about the future direction of interest rates which has led to the adoption of a conservative risk position, close to the neutral benchmark.

Historical debt management performance is detailed below -

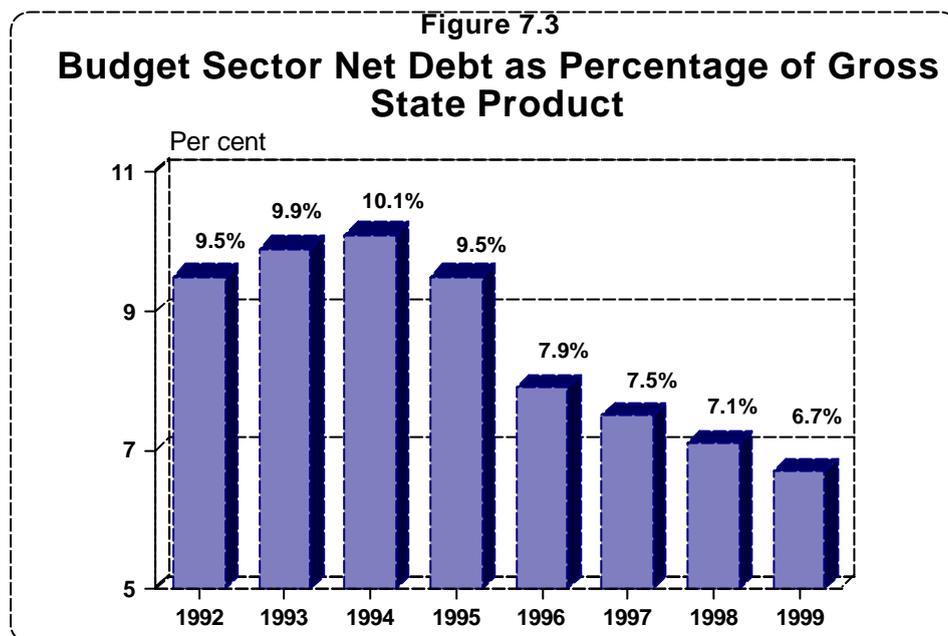
Table 7.4: Budget Sector Debt Management Performance

Year	Basis Points Variation From Neutral	Debt Saving/(Cost)
		\$m
1990-91	2.06	329
1991-92	0.41	67

1992-93	0.60	105
1993-94	(0.96)	(157)
1994-95	0.54	91

BUDGET SECTOR NET DEBT POSITION

The following graph highlights the recent history of the State's Budget Sector net debt levels over the four year period ended 30 June 1995 and forecast position for the four year period ending 30 June 1999.



BUDGET SECTOR INTEREST COSTS

Interest costs of the State are influenced by both average interest rates and variations in the level of debt.

Table 7.5: Trends in Interest Costs

		1991-92	1992-93	1993-94	1994-95	1995-96 (est)	1996-97 (est)
Debt Costs -							
Commonwealth Loans	\$m	738.7	647.1	507.0	462.7	349.0	307.0
Other Loans	\$m	1,131.5	1,224.1	1,218.5	1,240.6	1,153.0	1,121.0
		1,870.2	1,871.2	1,725.5	1,703.3	1,502.0	1,428.0

Debt Costs as percent of -

Budget Sector Receipts	%	11.2	10.6	9.0	8.5	7.0	6.4
Gross State Product	%	1.38	1.34	1.17	1.08	0.90	0.81

Estimated reductions in interest costs are mainly due to the retirement of debt utilising electricity industry equity restructure payments.

TCORP REVIEW

A review of TCorp's role was commissioned by the Treasurer during the financial year. The key issue addressed was the role and function of TCorp including whether the existing functions are consistent with the core role.

As a result of this review the following new guidelines have been established for TCorp involving -

- focus on TCorp's central role of issuing debt and managing State debt and financial assets;
- elimination of risks that do not relate to TCorp's core role; and
- support for the Government's credit rating by lowering overall financial risk exposure.

TCorp will in future focus on serving its 81 public sector clients.

7.3 SUPERANNUATION

KEY STRATEGIES

A fundamental component of the Government's fiscal reforms is the effective management of the State's public sector superannuation liabilities. This involves the reduction and eventual elimination of the State's unfunded superannuation liabilities. To achieve this goal, the following strategies are being gradually implemented -

- to fully fund accruing superannuation liabilities in respect of current service of public sector employees; and
- to make regular contributions towards past service unfunded liabilities.

These strategies are consistent with the principles set out in the General Government Debt Elimination Act. As required by Fiscal principle No. 3 of this Act, the Government aims to -

- phase in full funding of accrued past service employer superannuation liabilities of both the general government and public trading enterprise sectors to eventually eliminate all unfunded liabilities. According to current projections, this will be achieved by 2044-45; and
- phase in full funding of accruing current service employer superannuation liabilities of both the general government and public trading enterprise sectors. With respect to Budget Sector agencies this will be achieved by 2019-20, according to current projections. Non Budget Sector agencies and commercial activities of Budget Sector agencies, on the other hand, are already required to fully fund their current service superannuation costs.

Progress towards the implementation of the above funding policies commenced in 1992, with the establishment of the First State Super (FSS) scheme and the closure of the State Authorities Superannuation Scheme (SASS) and the State Authorities Non-contributory Superannuation (SANCS) scheme, otherwise known as the Basic Benefit scheme.

CURRENT DEVELOPMENTS

Superannuation Administration Review

A comprehensive review of the structural and legislative arrangements for the administration of superannuation in the New South Wales public sector was initiated by the Government in May 1995. The main purpose of the review was to clarify the roles and responsibilities of the State Authorities Superannuation Board (SASB) and the State Superannuation Investment and Management Corporation (SSIMC), which is the funds manager and scheme administrator.

The Government has endorsed the recommendations made by the Working Party which conducted the Review. The major recommendations are -

- The funds management and scheme administration activities of the SSIMC will be separated and carried out by two new agencies;
- The role of the trustee will be separated from the service delivery functions carried out by the funds manager and scheme administrator;
- A new trustee board will be established for the State's two accumulation schemes which are the FSS and the Public Sector Executives Superannuation Scheme (PSESS); and
- The SASB will continue as trustee for the closed defined benefit schemes (the Pooled Fund).

The restructure of public sector superannuation in New South Wales is expected to provide the following benefits -

- the separation of funds management and scheme administration activities will provide the trustee boards and the Government with the capacity to apply a more focused, accountable and cost effective approach to service provision;
- the creation of separate trustee boards for the Pooled Fund and for the accumulation schemes will allow them to eventually become fully compliant with the Commonwealth's Superannuation Industry Supervision Act. It will also allow the different strategies and exposures associated with these schemes to be recognised and fully addressed; and
- despite the increased flexibility of operations to be provided under the revised arrangements, the Government will continue to have the last resort authority to ensure that the financial exposure of the Pooled Fund and the State is properly managed.

Local Government and Electricity Authorities Super Schemes

Consideration is being given to the appropriateness and feasibility of establishing separate superannuation schemes for Local Government and electricity authorities employees. A working party is considering a number of technical issues that need to be resolved before a final policy decision can be made.

Review of University Employee Superannuation Costs and Liabilities

Some employees of universities and former Colleges of Advanced Education in New South Wales have remained members of State public sector superannuation schemes, rather than transfer to the Superannuation Scheme for Australian Universities (SSAU).

Under the current cost sharing arrangements between the Commonwealth and New South Wales, the State meets about half of the annual benefit payments associated with these employees.

In light of the financial reforms adopted by New South Wales, a review is needed to clarify the allocation of liabilities between the Commonwealth and the State, so that an appropriate funding policy can be developed. New South Wales has requested the Commonwealth to undertake such a review with the participation of the other jurisdictions. It is expected that the review will commence in 1996-97.

Allocation of Contributors' Reserve in the State Superannuation Scheme

The Actuarial Investigation of the Pooled Fund, as at 30 June 1994, indicated that there is approximately \$1,000 million held in the Contributors' Reserve in the Pooled Fund. Of this amount, it is estimated that around \$600 million belongs to employers and about \$400 million belongs to employees.

This amount was first identified in the 1992 Triennial Actuarial Review. The bulk of the \$1,000 million arose in 1989-90 during the disaggregation of the one consolidated Reserve Account for all employers into separate Reserve Accounts for individual employers.

The Government proposes to amend the Superannuation Act 1916 to enable the allocation of these amounts to individual employers and employees. The allocation to individual employers is expected to be a straight forward process. The allocation to employee beneficiaries, however, will depend on decisions of the trustee board with regard to an effective and equitable methodology for allocation.

Pacific Power and State Rail Authority (SRA) Unfunded Liabilities

In line with the Government's Competition Reform Policy, Pacific Power was restructured on 1 March 1996 and a restructure of the SRA will take effect on 1 July 1996.

The restructure of Pacific Power resulted in the creation of two new corporatised power generation companies. A majority of Pacific Power employees were transferred to the new generation companies, with the balance remaining at Pacific Power.

The unfunded liabilities (about \$330 million) associated with the transferred staff has been assumed by the Consolidated Fund, to enable the new commercial entities to start on a fully funded basis with respect to their superannuation liability.

In the case of the SRA, the restructure will result in the creation of four new entities including two new State Owned Corporations. Consistent with the approach taken in relation to Pacific Power, the SRA employees will be transferred to the new corporations on a fully funded basis. This will result in the Consolidated Fund assuming about \$1,100 million of unfunded liabilities associated with the transferred staff.

These restructures have increased Budget Sector unfunded liabilities by a total of around \$1,430 million (as reflected in Figure 7.4). As a result, the funding plan to extinguish Budget Sector unfunded superannuation liabilities will be increased by about \$85 million in 1996-97. For subsequent years this amount will be increased by the CPI until 2010, after which time payments will be held constant until the liability is extinguished in 2044-45.

NEW SOUTH WALES PUBLIC SECTOR SUPERANNUATION SCHEMES

Over the last decade, there has been a general move in the public sector throughout Australia away from expensive and inflexible defined benefit superannuation schemes towards less costly, more flexible accumulation schemes. Consequently, defined benefit schemes have been closed to new entrants in most Australian jurisdictions.

In New South Wales, the closed defined benefit schemes are the State Superannuation Scheme (SSS), the SASS scheme, the SANCS scheme and the Police Superannuation Scheme (PSS). These schemes are components of the Pooled (Superannuation) Fund.

The Commonwealth Government's Superannuation Guarantee (Administration) Act 1992 prescribes the minimum level of superannuation support that must be provided by employers for all employees. The FSS is a fully funded accumulation scheme that was introduced in 1992 to meet these requirements.

LIABILITIES OF NEW SOUTH WALES PUBLIC SECTOR SCHEMES

In the past, successive Governments have adopted a policy of largely funding public sector superannuation liabilities on an emerging payment basis. That is, the cost of the benefits was met when the benefits were paid. Additionally, some improvements were made to benefits without accompanying increases in employer or employee contributions.

Consequently, New South Wales, like the Commonwealth and most other States, has accumulated substantial unfunded liabilities. A significant portion of unfunded liabilities relates to the Budget Sector, which has increased from \$7.7 billion in 1988-89 to \$13.4 billion (including about \$330 million assumed from Pacific Power) in 1995-96.

However, as a result of the Government's move towards full funding of employee entitlements, combined with an expected improvement in fund investment earnings, the latest actuarial estimates indicate that the level of unfunded liabilities (in real terms) will decline marginally over the long term.

This is illustrated by Figure 7.4, which shows that by June 2006 unfunded liabilities for the Budget Sector is forecast to be about \$10.9 billion expressed in 30 June 1996 dollars. This represents a real decrease of \$2.5 billion from the level as at 30 June 1996. This result is conditional on the actuarial assumptions underlying the forecast being borne out in practice.

The increase in Budget Sector unfunded liabilities shown on Figure 7.4 for the years 1995-96 and 1996-97, is mainly due to the fact that in 1995-96 the Consolidated Fund assumed \$330 million of Pacific Power's unfunded liabilities and in 1996-97, it will assume \$1,100 million of the SRA's unfunded liabilities. The rationale for this is explained in the earlier part of this chapter.

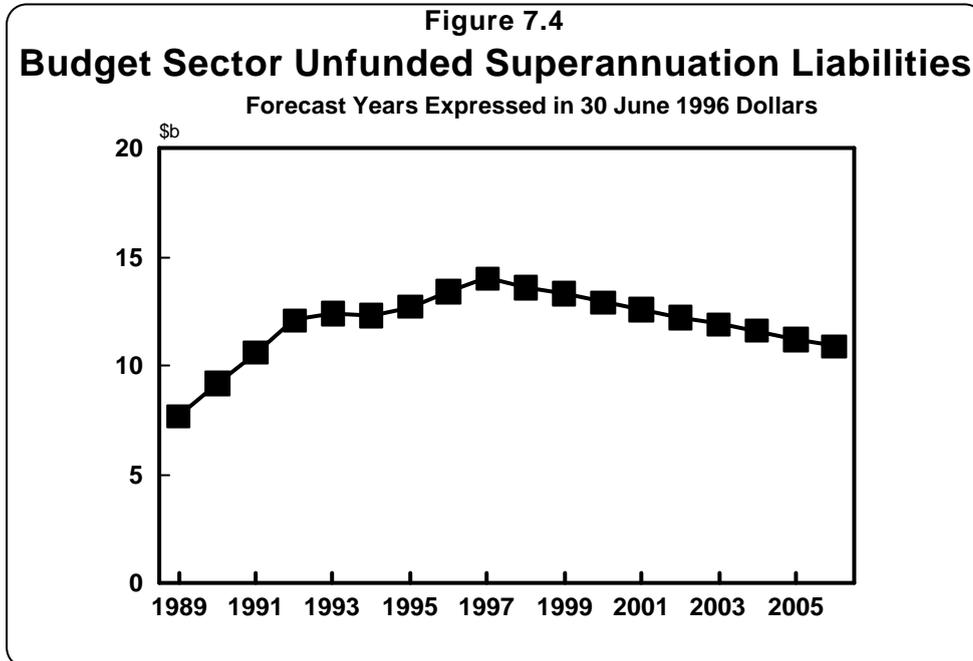


Table 7.6 shows a 5 year history of the estimated employer unfunded liabilities net of employer reserves. The figures for 1995-96 reflect the Pacific Power unfunded liabilities being transferred from the Non Budget Sector to the Budget Sector (ie assumed by the Consolidated Fund). Between 1994-95 and 1995-96 the increase in net unfunded liabilities of the total NSW public sector is estimated to be 1.7 percent. However, as a proportion of Gross State Product (GSP), unfunded liabilities have been declining for both the Budget Sector and the Non Budget Sector.

Table 7.6: Net Unfunded Liabilities of NSW Public Sector Superannuation Schemes as at 30 June

		1992	1993	1994	1995	1996 (a)
Budget Sector -						
4 closed schemes	\$m	11,319	11,662	11,476	11,837	12,654
other (b)	\$m	767	769	774	850	716
Total Budget Sector	\$m	12,086	12,422	12,250	12,687	13,370
Non Budget Sector	\$m	2,458	2,359	2,188	2,004	1,566
Total State Public Sector	\$m	14,544	14,790	14,438	14,691	14,936
Proportion of Gross State Product -						
Unfunded liabilities (Total)	%	10.7	10.6	9.8	9.3	8.9
Unfunded liabilities (Budget)	%	8.9	8.9	8.3	8.1	8.0
Unfunded liabilities (Non Budget)	%	1.8	1.7	1.5	1.2	0.9

(a) Unfunded liability figures are based on NSW Government Actuary's 1996 estimate.

(b) Includes JPS, PCSF and State's share of NSW university employees' unfunded liabilities.

In total terms, net unfunded liabilities as a percentage of GSP has declined from 10.7 per cent in 1992 to 8.9 per cent in 1996. As a result of the Government's current policy regarding the management of superannuation liabilities, this trend should continue over the long term provided there are no significant adverse movements in fund earnings, wage rates or CPI.

Table 7.7 shows the average cost to employers of the major schemes based on 1995-96 actuarial estimates.

Table 7.7: Employer Cost of Major Public Sector Superannuation Schemes

Scheme	Employer Cost as a Percentage of Salary
First State Superannuation Scheme	6.0 to 9.0 ~
State Authorities Superannuation Scheme	8.5 *
State Superannuation Scheme	9.2 *
Police Superannuation Scheme	20.0 *

~ Currently 6.0 per cent increasing to 9.0 per cent by the year 2002.

* Does not include 3 per cent entitlement under Basic Benefit Scheme.

SUPERANNUATION FUNDING

Budget Sector

Table 7.8 provides a breakdown of payments made by the Consolidated Fund into public sector superannuation schemes for the period 1992-93 to 1996-97. The total payment in 1996-97 is projected to be \$1,304.5 million. This represents a projected increase of \$227.4 million compared to 1995-96 and is largely explained by two factors.

Firstly, it reflects an increase in the amount of contribution that needs to be made over and above benefit payments, in line with the long term funding plan to gradually extinguish past service unfunded liabilities by 2044-45. Secondly, it reflects the funding increase that is required (about \$65 million) to ensure that the additional \$1.1 billion of unfunded superannuation liabilities assumed by the Crown on 1 July 1996 (relating to the restructure of the SRA) will also be extinguished by 2044-45.

Table 7.8: Payments by the State into Public Sector Superannuation Schemes

	Actual	Actual	Actual	Estimated	
	1992-93	1993-94	1994-95	Actual	Estimate
	\$m	\$m	\$m	\$m	\$m
First State Superannuation Scheme	96.5	117.2	150.7	174.9	221.9
The Pooled Fund ^(a)	715.3	848.0	846.8	865.0	1,042.6
Other ^(b)	31.4	32.8	34.5	37.2	40.0
TOTAL	843.2	998.0	1,032.0	1,077.1	1,304.5

(a) Includes SSF, SASS, PSS and SANCS schemes.

(b) Includes JPS, PCSF and the State's share of NSW university employees' unfunded liabilities.

A key element of the Government's strategy to reduce unfunded superannuation liabilities over the medium term is to make cash contributions into the four closed superannuation schemes higher than emerging benefit payments.

Based on the latest actuarial advice, the Government's cash payments into the closed schemes will need to be greater than benefits payments by about \$3.4 billion (in 30 June 1996 dollars) over the 10 year period 1996-97 to 2005-06. The effect of this funding strategy is to set future cash payments at a level which, after adjustment for inflation and allowing for the existing level of reserves, will effectively extinguish Budget Sector unfunded liabilities relating to the closed schemes by the year 2044-45.

Non Budget Sector

Consistent with the Government's overall liability management strategy, Non Budget Sector agencies and commercial activities of Budget Sector agencies are required to fully fund their current service costs which represent the employers' obligation in respect of employees' service during the year. This is achieved by making employer superannuation contributions at rates equal to the full funding multiples which are actuarially determined every three years.

An additional requirement placed on commercial authorities is to develop a plan to fully fund their superannuation liabilities arising from employees' past service, over a period not exceeding 30 years and taking into account the age profile of fund members. Most authorities have complied with this requirement resulting in a reduction in their unfunded liabilities over time, as shown at Table 7.6.

Chapter 8:
**INTERSTATE PUBLIC SECTOR
COMPARISONS**

8.1 Overview

8.2 Outlays

8.3 Revenue

8.4 Deficits, Debt and Debt Costs

8.5 Employment

8.6 Credit Ratings

8.1 OVERVIEW

The emphasis of this chapter is on measuring the relative cost of government in terms of the resources claimed and used by State¹ governments to finance their spending programs. This should not be confused with the broader question of the overall economic impact of government, which would take into account the effects of government on incentives and other aspects of economic behaviour, and its impact on the efficiency of the economy by affecting resource allocation.

**Table 8.1: Overview of General Government Outcomes
Per cent of Gross State Product (GSP) 1995-96**

	Outlays	Revenue	Taxes	Deficit	Net Debt ¹	General Government Sector Employment
	% GSP	% GSP	% GSP	% GSP	% GSP	per 1,000 population
NSW	15.1	15.6	6.8	(-) 0.5	12.7	46.5
Vic	13.6	13.4	6.3	0.3	26.7	43.4
Qld	15.6	16.3	5.2	(-) 0.7	(-) 2.6	54.6
WA	11.9	14.1	5.1	(-) 2.2	15.9	55.9
SA	15.3	17.8	5.7	(-) 2.5	25.3	54.2
Tas	21.6	22.0	6.6	(-) 0.4	35.1	59.6
ACT	12.4	11.9	5.6	0.4	1.3	55.3
NT	31.0	31.4	5.1	(-) 0.4	29.2	89.9
All States (excl NSW)	14.4	15.2	5.7	(-) 0.7	17.0	49.6
All States	14.7	15.3	6.1	(-) 0.6	15.5	51.2

¹ Comparison based on total public sector net debt as at June 1994.

Sources: ABS Government Financial Estimates 5501.0, ABS Public Sector Financial Assets and Liabilities 5513.0, ABS Australian Demographic Statistics 3101.0, ABS Employed Wage and Salary Earners, Australia 6248.0, NSW Treasury GSP Estimates.

Table 8.1 shows that the level of outlays and revenue as a proportion of the State economy are similar in most States, with only Tasmania and the Northern Territory differing greatly from other States. While there are few differences in the level of the major aggregates, the accumulation of any imbalances between outlays and revenues over time has resulted in widely differing levels of net debt from a low of minus 2.6 per cent of Gross State Product (GSP) in the case of Queensland to a high of 35.1 per cent in the case of Tasmania.

¹ Unless otherwise stated references to "States" in this chapter should be interpreted as referring to States and Territories.

Gross State Product, defined as the value of all goods and services produced within the boundaries of a State, is used throughout this chapter to assist in interstate comparisons of specific items such as outlays and deficits. Although population is also used, GSP provides a better indication of the ability of the State to support its fiscal position.

In most cases this chapter compares figures relating to the general government sector as opposed to the total non-financial public sector. A definition of government which excludes both the public trading enterprises (PTEs) and the public financial enterprises provides the most relevant guide to non-commercial activity of the government. However, for net debt, total public sector aggregates are used as the allocation of debt between the general government and PTE sectors is within the policy control of governments. Use of general government sector debt may provide a false impression of the true financial position of the Governments.

Certain "one-off" extraordinary activities impact on the aggregates used. For example, sales of government business assets reduce the deficit, capital outlays and total outlays of a jurisdiction but may not be representative of the underlying trends in government activity. While the aggregates presented in the tables are not adjusted for these transactions, they are discussed in the text.

Much of the data presented in this section is based on Budget estimates for 1995-96. Given this, actual Budget outcomes may well be significantly different to the data presented.

8.2 OUTLAYS

Interstate comparisons of general government outlays can be made by expressing dollar values as a proportion of GSP. Table 8.2 disaggregates this data into current outlays (i.e. ongoing expenditures) and capital outlays (i.e. items such as the construction of public buildings and infrastructure). It should be noted that asset sales are classified by the ABS as negative capital outlays.

Table 8.2: General Government Outlays in 1995-96 (% of GSP)

	Current Outlays	Capital Outlays	Total Outlays
NSW	13.1	2.0	15.1
Vic	12.3	1.3	13.6
Qld	12.8	2.8	15.6
WA	12.0	(-) 0.1	11.9
SA	16.9	(-) 1.6	15.3
Tas	20.7	0.9	21.6
ACT	11.2	1.2	12.4
NT	28.0	3.0	31.0
All States (excl NSW)	13.3	1.1	14.4
All States	13.2	1.4	14.7

Notes: General government outlays include payments made to or on behalf of other governments and public trading enterprises and Local Government.

Sources: ABS Government Financial Estimates 5501.0, NSW Treasury GSP Estimates.

In 1995-96, general government sector current outlays in New South Wales as a percentage of GSP are estimated to be slightly lower than the all States average. However, due to significantly higher levels of capital expenditure, total outlays in New South Wales will be above average.

The level of total outlays is strongly influenced by the impact of asset sales. For New South Wales, Queensland, South Australia, Tasmania and the Northern Territory total outlays as a percentage of GSP were above the all State average. This was attributable to either the impact of asset sales, their higher cost of service provision, and lower levels of efficiency or policy decisions involving a higher standard of service relative to other States. The impact of relative levels of State debt and consequent debt servicing costs also needs to be considered when comparing these figures (see Section 8.4). For example, for 1995-96 it is estimated that Victoria's interest payments will comprise 15.3 per cent of current outlays compared to 7.9 per cent in Queensland.

Table 8.3: Outlays Growth of General Government Sector 1995-96

	Current Outlays	Total Outlays
	%	%
NSW	3.6	5.9
Vic	4.7	7.3
Qld	11.0	16.2
WA	4.8	(-) 6.5
SA	(-) 4.6	(-) 15.8
Tas	4.2	6.2
ACT	4.4	1.7
NT	5.5	3.9
All States (excl NSW)	4.8	3.9
All States	4.4	4.6

Sources: ABS Government Financial Estimates 5501.0, NSW Treasury GSP Estimates.

In 1995-96, total outlays by all State governments are estimated to rise by 4.6 per cent while current outlays are expected to rise by 4.4 per cent. Growth in capital outlays is affected by the expected high levels of asset sales in 1995-96 compared with 1994-95. Only New South Wales, South Australia and Tasmania will have less than average growth in current outlays.

Queensland is expected to record the highest increases in both total and current outlays in 1995-96. This is partly due to a catch up since the level of outlays in past years was significantly less than average.

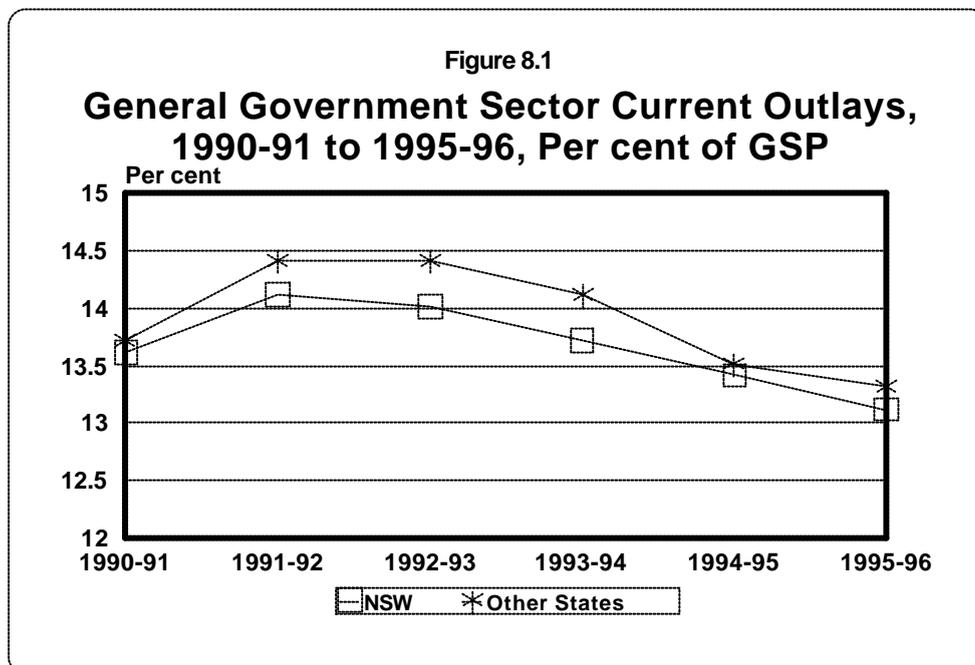
Total outlays in Western Australia are expected to fall in 1995-96 mainly reflecting the impact of asset sales, including Bankwest and the government motor fleet.

The decline in current outlays of 4.6 per cent in South Australia for 1995-96 is consistent with the need for fiscal consolidation in that State following the collapse of the State Bank of South Australia. The fall in total outlays of 15.8 per cent is mainly due to the impact on capital outlays of the sale of the State Bank of South Australia and the State Government Insurance Corporation as well as other asset sales totalling approximately \$950 million. The fall also reflects an abnormal repayment of capital from the Electricity Trust of South Australia of \$55 million.

Trends in Outlays

In analysing the underlying fiscal position of the various States, it is considered appropriate to focus on current outlays rather than capital outlays. Asset sales constitute a negative outlay in the capital accounts offsetting expenditure. In recent years asset sales have resulted in sharp year-on-year changes in annual growth rates of total outlays. Year-on-year changes in growth rates for total outlays tend to mask the trends in fiscal management.

A comparison of the movements in general government current outlays as a percentage of GSP for the period 1990-91 to 1995-96 for New South Wales and the other States is provided in Figure 8.1. It shows that the level of outlays relative to the size of the economy has fallen significantly in recent years both in New South Wales and on average in the other States. However this fall is mainly a reflection of GSP growth following the recession.



Sources: ABS Government Financial Estimates 5501.0, ABS Government Financial Statistics 5512.0, NSW Treasury GSP Estimates.

Although the trend in current outlays as a percentage of GSP has been generally downward, the situation has differed in a number of States. For example, current outlays in the Northern Territory were consistently above 27 per cent of GSP for the period while in Tasmania current outlays were stable at around 20 per cent of GSP. In the case of South Australia, current outlays increased from 16 to 19 per cent of GSP in the period up to 1994-95 reflecting the impact of Targeted Voluntary Separation package payments during the period 1992-93 to 1994-95, before falling to 16.9 per cent in 1995-96.

Table 8.4: Real Growth of General Government Sector Outlays from 1990-91 to 1995-96 (Average Annual Real Growth Rates)

	Current Outlays	Total Outlays
	%	%
NSW	2.1	2.2
Vic	1.9	3.2
Qld	5.6	5.8
WA	1.9	(-) 1.6
SA	4.2	(-) 2.1
Tas	1.9	0.9
ACT	0.5	0.3
NT	2.1	1.1
All States (excl NSW)	3.0	2.2
All States	2.7	2.2

Sources: ABS Government Financial Estimates 5501.0, ABS Government Financial Statistics 5512.0, ABS National Accounts 5206.0, NSW Treasury Estimates.

Table 8.4 shows that, although falling as a percentage of GSP, combined States current outlays increased by 2.7 per cent in real terms, with all States recording an increase.

It is noticeable that even though current outlays in the Northern Territory were large relative to the size of its economy (above 27 per cent of GSP), the average annual real growth rates of both current and total outlays were the lower than the all States average. This reflected a greater degree of fiscal consolidation during this period. Tasmania was in a very similar position, ranking second in terms of size of the government relative to the size of the economy, but also having annual average real growth rates below the average of all States for the past five years.

South Australia, by contrast, had both sizeable general government sector current outlays (around 17 per cent of GSP) and the second highest average annual real growth. Real growth in total outlays was the among the highest of the States for the period 1989-90 to 1994-95 but has decreased sharply resulting in a negative growth rate for the period 1990-91 to 1995-96. This reflects the impact on the State's capital outlays of asset sales in 1995-96 as discussed earlier.

Queensland had the highest average annual real growth in total outlays and current outlays, while the percentage share of both total and current outlays of GSP remained stable throughout the five-year period. This reflects the State's rapidly growing population and economy.

Service Levels

The Commonwealth Grants Commission calculates standardised expenditure, which is defined as the amount each State would need to spend in order to provide a national average standard of service. This assessment takes into account differences between States including demographic characteristics, dispersion of population and economies of scale in the provision of public services and is confined to the recurrent operations of government.

According to the Commission's latest estimates, shown in Table 8.5, the actual expenditure of New South Wales was 0.3 percent lower in 1994-95 than the amount necessary to provide a national average standard of service and 0.4 percent lower than the average of the other States.

Table 8.5: Relative Expenditure Levels Index, 1990-91 and 1994-95

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	All States excl NSW
1994-95	99.7	108.1	87.5	92.8	107.7	102.4	113.8	111.3	100.1
1990-91	96.1	113.7	83.4	98.6	106.0	104.4	122.4	103.7	102.0

Source: Derived from Commonwealth Grants Commission, *Report on General Revenue Grant Relativities, 1996 Update*.

In 1994-95, expenditure levels were higher than average in Victoria, South Australia, Tasmania and the two Territories. Assuming an equal level of efficiency in each State, these figures suggest higher than average standards of services in these States. Grants Commission data also shows that relative expenditure levels have increased since 1990-91 in New South Wales, Queensland, South Australia and Northern Territory.

8.3 REVENUE

The main sources of State revenue are taxes raised within the jurisdiction, grants received from the Commonwealth, dividends and tax equivalent payments from public trading enterprises (PTEs) and royalty incomes.

Level of Revenue and Tax Receipts

The level of revenue for each State, as a percentage of GSP, in 1995-96 is shown in Table 8.6.

Table 8.6: Revenue of General Government Sector, 1995-96 (% of GSP)

	Total Revenue	Tax Revenue	Grants Revenue
NSW	15.6	6.8	6.5
Vic	13.4	6.3	6.2
Qld	16.3	5.2	7.9
WA	14.1	5.1	7.3
SA	17.8	5.7	9.2
Tas	22.0	6.6	11.8
ACT	11.9	5.6	5.5
NT	31.4	5.1	23.6
All States (excl NSW)	15.2	5.7	7.6
All States	15.3	6.1	7.2

Sources: ABS Government Financial Estimates 5501.0, NSW Treasury GSP Estimates.

Total Revenue

Total general government sector revenue for all States in 1995-96 represented \$4,061 per capita or about 15.3 per cent of Gross Domestic Product. Victoria, Western Australia and the Australian Capital Territory had below average revenue shares.

Between 1990-91 and 1995-96, growth in revenue was the strongest in Queensland (42.3 per cent) reflecting the rapid growth in the size of this economy over the period.

Taxation Revenue

New South Wales, Victoria and Tasmania have higher than average tax revenue as a percentage of GSP which indicates a greater revenue raising effort independent of Commonwealth grants compared with the other States.

As seen in Table 8.7, the proportion of total revenue raised from taxation for New South Wales, Victoria and the Australian Capital Territory is higher than the all State average in 1995-96. This proportion has remained fairly stable for New South Wales at above 40 per cent for the last five years while in the case of Victoria it has increased from 42.9 per cent to 47.1 per cent reflecting the fiscal consolidation task in that State. The proportion of revenue collected via taxation in the Australian Capital Territory has been on an upward trend since 1991-92 when it accounted for 32.2 per cent of revenue compared with 47.4 per cent in 1995-96. The Australian Capital Territory now has the highest proportion of total revenue raised from taxation.

Table 8.7: General Government Tax Revenue, Other Own Source Revenue and Commonwealth Grants, 1995-96
(% of Total Revenue)

	Tax Revenue	Other Own Source Revenue	Total Own Source Revenue	Grants Revenue
NSW	43.3	15.0	58.4	41.6
Vic	47.1	6.6	53.7	46.3
Qld	31.8	19.6	51.4	48.6
WA	36.5	11.6	48.0	52.0
SA	32.2	15.9	48.1	51.9
Tas	29.9	16.6	46.5	53.5
ACT	47.4	6.6	54.0	46.0
NT	16.3	8.6	24.9	75.1
All States (excl NSW)	37.8	12.2	50.0	50.0
All States	39.8	13.2	52.9	47.1

Note: Other includes interest received from PTEs and other enterprises along with other revenue.

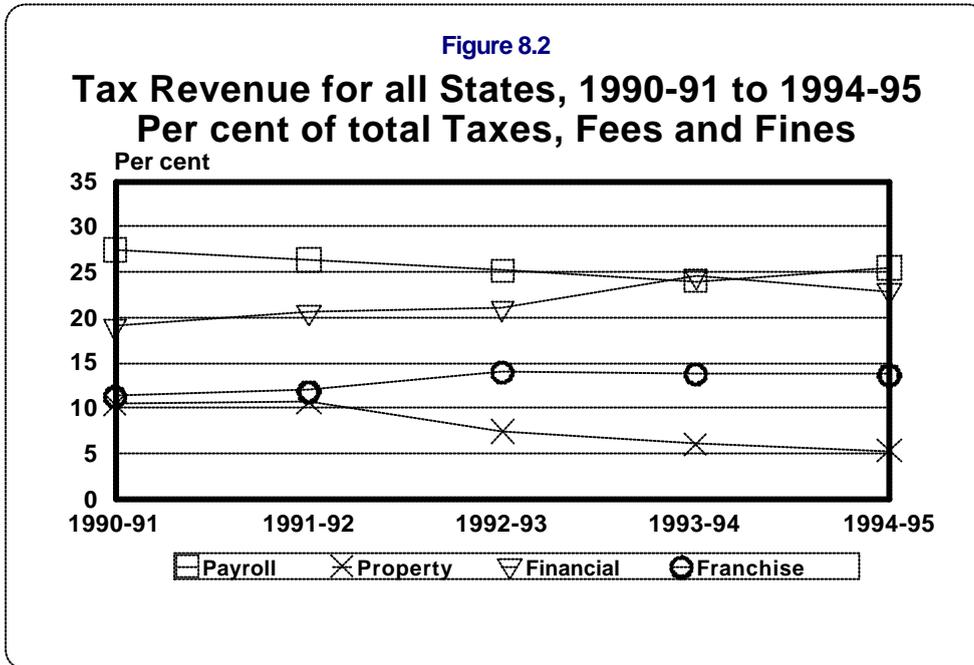
Sources: ABS Government Financial Estimates 5501.0.

Grants from the Commonwealth

Northern Territory, South Australia, Tasmania and Western Australia were more dependent on Commonwealth grants as a source of revenue in 1995-96 than on own-source revenue. Northern Territory remains the most heavily dependent, with over 70 per cent of its total revenue coming from Commonwealth grants for the last five years. While New South Wales grants as a proportion of total revenue have remained stable (above 40 per cent), most other States have shown a slightly downward trend.

Composition and Trends in Tax Receipts

There has been some significant trends in the composition of taxation revenue in all the States during the five-year period from 1990 to 1995, as shown in Figure 8.2.



Source: ABS Tax Revenue, Australia 5506.0.

After experiencing a trough in 1990-91 with the collapse of the property and share booms, taxes on financial and capital transactions¹ for all States except the ACT trended steadily upward in terms of their proportion of total tax revenue, so that by 1993-94, they had become the largest contributor to State tax revenue. However, revenue from these taxes fell in 1994-1995 reflecting the impact of higher interest rates on asset markets.

The proportion of State revenue from pay-roll tax declined steadily between 1990-91 and 1993-94 reflecting increased tax-free thresholds, relatively high employment growth in the small business sector and the increasing reliance by States on other revenue sources. The increase in the proportion of revenue collected from payroll tax in 1994-95 reflected the strong employment growth in that year.

¹ Taxes on financial and capital transactions is defined by the ABS to include stamp duties on land transfers, marketable securities and other properties, as well as financial institutional duties and debits tax.

Franchise fee revenue from tobacco, liquor and petroleum gas increased as a proportion of total tax revenue for the States from 11.2 per cent in 1990-91 to 13.6 per cent in 1994-95. A major contributor to this growth was Queensland where franchise fees increased from 8.8 per cent of tax revenue in 1990-91 to 13.2 per cent in 1994-95. Franchise fees have been a more important revenue source for Northern Territory and Tasmania relative to the other States for the whole period. In 1994-95 franchise fees represented 30 per cent of tax revenue in the Northern Territory and 21.9 per cent of tax revenue in Tasmania.

New South Wales and Victoria increased the franchise fee rate for tobacco from 75 per cent to 100 per cent in 1995 to compensate for the revenue loss forced upon the States by Queensland's move to unilaterally halve the rate of stamp duty on share transactions. Queensland, which imposes a tobacco franchise fee at a rate of 75 per cent, is the only State with a rate less than 100 per cent.

Severity of Taxes

Table 8.8 presents Grants Commission data comparing actual tax revenue with the revenue a State could raise if it applied the average national tax rate. Although New South Wales applies higher than average tax rates, the severity of taxation has been on a slight downward trend during the five-year period from 1990-91 to 1994-95.

Table 8.8: Severity of Tax Rates Index, 1990-91 and 1994-95

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	All States excl NSW
1994-95	103.9	110.6	81.1	93.1	96.2	105.2	101.1	100.2	97.7
1990-91	104.5	102.2	82.8	103.0	98.9	110.7	97.5	100.8	97.2

Source: Derived from Commonwealth Grants Commission, *Report on General Revenue Grant Relativities, 1995 Update*.

A detailed comparison of tax rates and charges can be found in the publication: *Interstate Comparison of Taxes 1995-96*, available from the Treasury.

8.4 DEFICITS, DEBT AND DEBT COSTS

Deficits, debt and debt costs are important measures of the financial position of government. They can also provide pertinent intergovernmental comparisons when measured in relation to the size of State economies, population and State revenue. Since the allocation of debt between the general government and PTE sectors is within the policy control of governments, discussion on debt is focussed on total public sector aggregates.

Deficits

The deficit of a government is equal to its outlays less revenue and grants received net of increases in provisions. The deficit provides a measure of the extent to which a government is adding to its total liabilities and consequently increasing or decreasing its demand on total savings.

Table 8.9 shows the general government sector deficits as a percentage of GSP for 1994-95 and 1995-96.

Table 8.9: General Government Sector Deficits (% of GSP), 1994-95 and 1995-96

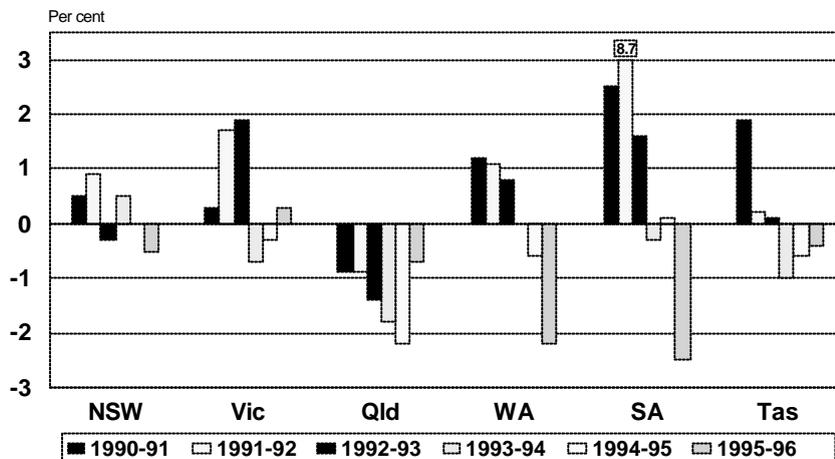
	Current Deficit		Capital Deficit		Total Deficit	
	1994-95	1995-96	1994-95	1995-96	1994-95	1995-96
NSW	(-) 1.1	(-) 1.9	1.1	1.4	0.0	(-) 0.5
Vic	(-) 0.7	(-) 0.5	0.4	0.8	(-) 0.3	0.3
Qld	(-) 3.5	(-) 2.8	1.2	2.1	(-) 2.2	(-) 0.7
WA	(-) 1.4	(-) 1.3	0.8	(-) 1.0	(-) 0.6	(-) 2.2
SA	0.6	(-) 0.3	(-) 0.5	(-) 2.2	0.1	(-) 2.5
Tas	(-) 0.4	(-) 0.5	(-) 0.2	0.1	(-) 0.6	(-) 0.4
ACT	(-) 0.9	(-) 0.4	1.2	0.9	0.3	0.4
NT	(-) 2.3	(-) 1.7	1.9	1.3	(-) 0.5	(-) 0.4
All States (excl NSW)	(-) 1.4	(-) 1.2	0.6	0.5	(-) 0.8	(-) 0.7
All States	(-) 1.3	(-) 1.4	0.8	0.8	(-) 0.5	(-) 0.6

Sources: ABS Government Financial Estimates 5501.0, ABS Government Financial Statistics 5512.0, NSW Treasury GSP Estimates.

The major points from Table 8.9 include -

- nearly all States record a current account surplus combined with a capital account deficit; and
- in 1994-95 and 1995-96, current account surpluses more than offset the deficits on capital transactions.

Figure 8.3
General Government Sector Deficit,
1990-91 to 1995-96, Per cent of GSP



Sources: ABS Government Financial Estimates 5501.0, ABS Government Financial Statistics 5512.0, NSW Treasury GSP Estimates.

Trends in Deficits

Most States have implemented medium-term deficit reduction strategies which, in principle, will result in a convergence of their fiscal positions. The common threads contained in these strategies has been reducing the level of public sector employment (which has caused one-off increases in outlays because of redundancy payments), measures to improve the efficiency of public trading enterprises and obtaining appropriate levels of dividends to the general government sector, reductions in capital expenditure and asset sales.

In terms of performance over the past five years, Figure 8.3 indicates that the fiscal position of the five largest States has varied considerably over this time but with a steady trend towards a surplus position.

As Figure 8.3 reveals, the changes in general government deficits for New South Wales were generally less volatile than those experienced by the other States over this period indicating a more stable fiscal position. As deficits are closely related to debt, the following section on net debt will also address movements in deficit positions in recent years.

Net Debt

Table 8.10 provides information on the level of total public sector net debt for each State government.

Table 8.10: Total Public Sector Net Debt, June 1995

	\$m	% GSP	\$ per capita
NSW ¹	19,665	12.7	3,203
Vic	31,858	26.7	7,070
Qld	(-) 1,944	(-) 2.6	(-) 568
WA	7,605	15.9	4,361
SA	8,536	25.3	5,778
Tas	3,359	35.1	7,098
ACT	119	1.3	388
NT	1,409	29.2	8,102
All States (excl NSW)	50,944	17.0	3,849
All States	70,609	15.5	4,248

Sources: ABS Public Sector Financial Assets and Liabilities 5513.0, ABS Australian Demographic Statistics 3101.0, NSW Treasury GSP Estimates.

1 As the net debt figures for all States were sourced from published ABS data, the net debt for New South Wales differs slightly to that presented in Chapter 7.

Net debt, as a proportion of GSP in New South Wales has fallen significantly since 1990-91 assisted by a total public sector surplus in 1994-95.

For Victoria, significant total public sector deficits including a deficit of 2.3 per cent of GSP in 1989-90, led to net debt increasing to around 31 per cent of GSP in 1992. Since then, the upward trend has been arrested, partly through the use of business asset sales to retire debt, with net debt falling to 26.7 per cent of GSP as at June 1995. This downward trend is likely to continue due to an expected total public sector surplus in 1995-96.

Queensland has a strong net debt position which improved further over the period 1990 to 1995 from 8.1 per cent of GSP in 1990 to minus 2.6 per cent in 1995. This improvement resulted from sustained high total public sector surpluses, assisted by the sale of the Gladstone Power station in 1994. The situation also partly reflects Queensland's policy of offsetting its debt with the financial assets of its superannuation schemes which, unlike other States, are operated within its general government sector. The net debt position of Queensland also benefits from the significant level of debt held by its Local Government sector which far exceeds that of other States. Placing New South Wales on a comparable basis with Queensland would reduce the State's net debt to GSP ratio from 12.7 to around 7.5 per cent.

Increasing total public sector deficits in the late 1980s and early 1990s resulted in a deterioration in Western Australia's net debt position. However, this situation has now been reversed in recent years with net debt falling from 19.9 per cent of GSP in 1992 to 15.9 per cent in 1995 reflecting total public sector surpluses in the years 1993-94 and 1994-95.

South Australia's net debt increased significantly over the period 1990 to 1992 from 15.9 per cent of GSP to 28.5 per cent, largely as a result of the support package for the troubled State Bank. By 1995, net debt had fallen to 25.3 per cent of GSP following a number of major asset sales.

Tasmania has the largest net debt to GSP ratio of all the States which reached almost 40 per cent in 1991 partly as a result of borrowing for hydro-electric development as well as a decrease in real Commonwealth grants in the late 1980s. In response, a five year plan of remedial action was put in place which aimed to reduce the Consolidated Fund net financing requirement to around \$40 million and contain debt costs by 1994-95. This has been achieved through asset sales, including the sale of the Government Insurance Office and restraint in expenditure. Although falling, net debt was still well above other States at 35.1 per cent of GSP in 1995.

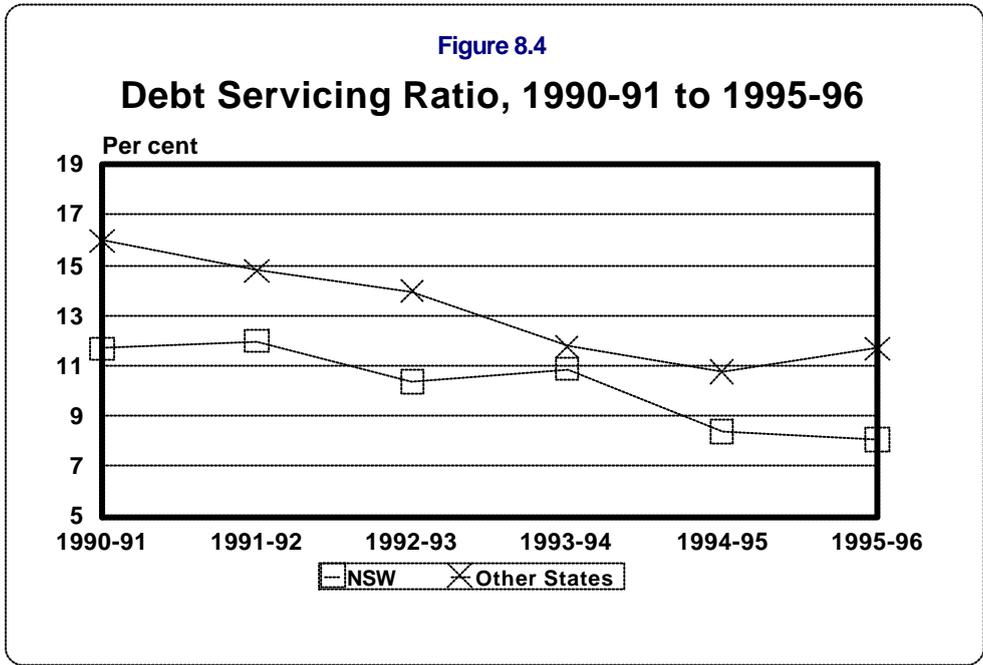
The Australian Capital Territory's low net debt position reflects the fact that at the time of self-government in 1989, the Territory was established with no debt. Since that time, the Territory has had small surpluses or deficits so that its net debt position was only 1.3 per cent of GSP in 1995.

The Northern Territory has the highest net debt per capita, but unlike the other States does not possess substantial revenue-producing assets which can be used to reduce that debt. Consequently changes in the Territory's net debt position is closely linked to the level of Commonwealth grants.

Debt Costs

Debt costs are an indication of the recurrent burden created by past borrowings and the limitation they impose on budgetary flexibility.

Figure 8.4 shows movements in the ratio of net interest paid to total revenue (the debt servicing ratio) for New South Wales and the other States. It is important to note that for the purpose of these calculations revenue coverage includes all revenue received, including own-source revenue and grants but excluding interest received. For example, the Northern Territory which receives over 70 per cent of its revenue in the form of grants relies very much on the Commonwealth to maintain a tenable debt servicing ratio.



Definition: Debt Servicing Ratio is defined as total public sector net interest payments (interest paid less interest received) divided by total public sector total revenue (excluding interest received).

Source: ABS Government Financial Estimates 5501.0.

The New South Wales debt servicing ratio has been below the average of the other States for the last five years. It has also decreased significantly over this time from 11.6 per cent to 8.0 per cent. The average debt servicing ratio of the other States also fell, partly reflecting the fall in ratio in Victoria from 22.9 per cent in 1990-91 to 16.5 per cent in 1994-95 (although it increased to 18.7 per cent in 1995-96). The overall decrease in the combined debt servicing ratio for the States reflect both the impact of smaller deficits and reductions in interest rates. Nevertheless, with the exception of Queensland and the Australian Capital Territory, debt servicing costs represent a significant outlay for the States.

8.5 EMPLOYMENT

Total State public sector employment (excluding employment in public sector financial enterprises) has fallen significantly since 1990. Nationally, the number of State government employees was 1,108,500 in February 1990 and has fallen to 1,014,500 in February 1995 - a reduction of 8.5 per cent. All States except Queensland and the Australian Capital Territory recorded falls in total public sector employment. The reduction mainly reflected changes in employment in the PTE sector, resulting from productivity improvements. Over the period, general government sector employment fell by 2.5 per cent to 893,500 while PTE employment fell by 36.9 per cent to 120,900.

Queensland's general government sector employment increased notably (by 10 per cent) over the period although this was partly offset by a fall in PTE employment. Employment in the Australian Capital Territory increased by 3.2 per cent from its 1990 level, with a 5.7 per cent increase in employment in the general government sector partly offset by a decrease in the PTE sector of 11.5 per cent.

Table 8.11 compares employment between the States based on employees per 1,000 of population.

**Table 8.11: State Public Sector Employment, February 1995
(per 1,000 of Population)**

	General Government Sector	PTE Sector	Total State Public Sector
NSW	46.5	7.3	53.8
Vic	43.4	6.9	50.4
Qld	54.6	3.4	58.0
WA	55.9	11.4	67.2
SA	54.2	6.6	60.8
Tas	59.6	5.3	64.9
ACT	55.3	7.6	62.8
NT	89.9	0.0	89.9
All States (excl NSW)	51.2	6.4	57.7
All States	49.6	6.7	56.4

Note: Excludes financial sector employment.

Sources: Demographic Statistics 3101.0, ABS Employed Wage and Salary Earners, Australia 6248.0.

Expressing the level of State public sector employees per 1,000 of population further emphasises the reduction since 1990 as it shows that a significantly smaller proportion of the population is now providing State government services. Overall, State sector employment fell from 67.2 employees per 1,000 of population in February 1990 to 56.4 in February 1995 with employment in the general government sector falling from 53.8 to 49.6. On this basis, all States, apart from the Australian Capital Territory, recorded significant reductions in the PTE sector partly due to productivity gains.

There were also significant declines in employment in the general government sector for a number of States in terms of number of public sector employees per 1,000 of population over the period. Victoria's general government employment level fell by 16.3 per cent, South Australia by 13.7 per cent, Tasmania by 11.4 per cent and the Australian Capital Territory by 7.8 per cent.

These results contrast with the relatively small contraction in general government employment per 1,000 of population of 4.8 per cent in Western Australia and 4.0 per cent in New South Wales over the same period. Queensland's general government sector employment increased notably compared to the other States but, on a per 1,000 of population basis, general government sector employment decreased by 2.3 per cent.

8.6 CREDIT RATINGS

Prior to June 1990, the domestic debt of all mainland States was rated equally at triple A. The movement towards a differential ratings structure commenced with a decision by Moody's Investors Service and Standard & Poor's Ratings Group in June 1990 to lower the credit ratings assigned to the debt of Victoria. Under the current arrangements, both of the major agencies conduct an annual review of all State credit ratings following the publication of State Budget Papers.

The States have consequently become increasingly attuned to the need to maintain the highest possible credit rating as a means of minimising borrowing costs, ensuring continued access to international capital markets and as a method of demonstrating their financial management.

Current Credit Ratings of the States

Table 8.12 outlines the current rating profiles of the States. The most recent change has been an upgrade by Moody's Investors Service for Victoria for long term debt from Aa3 to Aa2. Standard & Poor's Ratings Group changed the credit outlook for both Victoria and South Australia from negative to stable in November 1993 and June 1994 respectively.

Table 8.12: State Domestic Credit Ratings

	Moody's Investors Service		Standard & Poor's Ratings Group	
	Short-term	Long-term	Short-term	Long-term
NSW	P-1	Aaa	A-1+	AAA
Vic	P-1	Aa2	A-1+	AA
Qld	P-1	Aaa	A-1+	AAA
WA	P-1	Aa1	A-1+	AA+
SA	P-1	Aa2	A-1+	AA
Tas	P-1	Aa2	A-1+	AA-

New South Wales and Queensland are the highest rated on both indexes, and therefore reap the benefit of lower interest costs.

It has been estimated that the impact of a downgrading of New South Wales' credit rating to the next level would add around \$30 million each year to the State's interest cost after five years. This places constraints on Government fiscal policy and reinforces the need for the Government's debt reduction strategy.

Appendices:

- A. Guide to the Budget Papers, the Budget Process and Financial Documents**
- B. 1995-96 Budget - Summary of Variations**
- C. Public Sector Employment**
- D. Classification of Agencies**
- E. Financial Information by Policy Area and Sector**
- F. Financial Information by Minister and Agency**

APPENDIX A: GUIDE TO THE BUDGET PAPERS, THE BUDGET PROCESS AND FINANCIAL DOCUMENTS

INTRODUCTION

This appendix provides a broad outline of the structure of State finances in order to place the Budget in its proper context. A brief summary of each of the Budget Papers and how they relate to each other is also provided.

More detailed information on the State's accounting and financial procedures is contained in the Treasury publication, "Managing State Finance: The New South Wales Experience".

BUDGET AND NON BUDGET SECTORS

Budget Sector agencies are those predominantly funded from the Consolidated Fund, rather than user charges. In contrast, Non Budget Sector agencies are funded from user charges, but may receive funding from the Budget for "social programs" (i.e. non-commercial activities).

Budget Sector

Budget Sector agencies -

- include all departments and certain statutory bodies (e.g. Ethnic Affairs Commission);
- fund their operating costs mainly from the Consolidated Fund;
- are subject to Ministerial direction, the Public Finance and Audit Act 1983 and audit by the Auditor General; and
- are subject to the Annual Reports (Departments) Act with accrual accounting and budgeting.

Non Budget Sector

Non Budget Sector agencies -

- are self funded, being Government Trading Enterprises (e.g. Electricity Distribution Authorities), State Owned Corporations (e.g. Hunter Water Corporation) and regulatory bodies funded by industry fees (e.g. WorkCover);
- fund their operating costs mainly from user charges and their capital works from borrowings and internal funds;

- are subject to Ministerial direction, the Public Finance and Audit Act 1983 and audit by the Auditor-General (other than State Owned Corporations which are not subject to the Public Finance and Audit Act); and
- are subject to the Annual Reports (Statutory Bodies) Act with commercial accounts (accrual basis) prepared.

Budget Coverage

The Budget incorporates the full current and capital payments of all Budget Sector agencies. On the receipts side, Government receipts obtained by compulsion (i.e. taxes, fines and regulatory fees) are included, unless they are paid to industry regulatory bodies (such as WorkCover) or industry professional bodies such as the Health Proposals Registration Board. The Budget also includes all own source receipts of Budget Sector agencies (user charges, donations, industry contributions, etc). Such revenues are retained by the agency rather than paid into the Consolidated Fund and are not subject to Parliamentary appropriation and control.

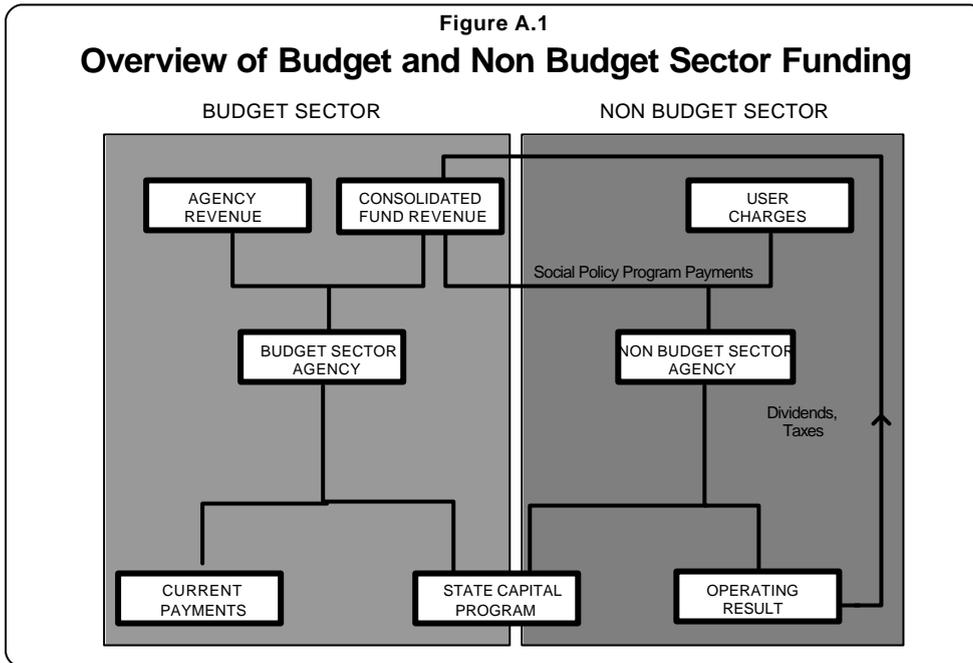
The financial transactions of Non Budget Sector agencies do not generally appear in the Budget. However, there are two exceptions -

- explicit payments for "social programs", which are non commercial requirements imposed on Government Trading Enterprises and State Owned Corporations by the Government - these are shown as a budget payment within the relevant policy agency of the GTE Minister (e.g. Department of Transport in relation to payments to the SRA) or, where there is no relevant policy agency, as a separate payment under the Minister's control (Further details of Social Programs can be found in Chapter 4); and
- dividends, tax equivalent payments and guarantee fees payable by the Non Budget Sector are shown as receipts in the Consolidated Fund.

The Consolidated Fund is the main banking account of the Budget Sector and is the account which -

- receives virtually all taxes, fines and regulatory fees, as well as Commonwealth payments to the State;
- receives all receipts payable to the Crown from Crown property transactions and dividends and other contributions from Government Trading Enterprises; and
- channels all Parliamentary appropriations for recurrent and capital payments of the Budget Sector.

However, as stated above, the Consolidated Fund does not cover own source receipts of Budget Sector agencies or the expenditures funded from these receipts which are instead reflected through agencies' own bank accounts.



The Budget Papers also provide information on the State Capital Program which is the sum of the Budget Sector and Non Budget Sector Capital Programs, adjusting for funding transfers between the two sectors.

Comparability with Government Finance Statistics

The Australian Bureau of Statistics adopts a similar classification structure to the Budget and Non Budget Sectors, namely the General Government and Public Trading Enterprises Sectors.

The General Government Sector is broadly similar to the Budget Sector but also includes a number of self funded agencies whose receipts are in the form of regulatory charges. Examples of these agencies include the Motor Accidents Authority and the WorkCover Authority. These agencies are not funded from the Budget but their funding sources nevertheless have the characteristic of a tax in that they are levied by legislative fiat rather than on the basis of voluntary transactions.

The Public Trading Enterprises Sector is broadly similar to the Non Budget Sector but excludes those agencies referred to above that are funded by off Budget regulatory fees.

A list of New South Wales public sector agencies (classified according to sector) appears as Appendix D.

THE BUDGET PROCESS

The major milestones for the annual Budget process as follows -

September	Update forward Budget estimates (i.e. 3 year rolling budget allocation) and release to Ministers. Treasury seeks capital program proposals and projections for recurrent and capital receipts.
November	Ministers respond to forward estimates and propose program enhancements. Capital programs are also submitted.
December-February	Meetings of Budget Committee to set Budget strategy, set targets for Budget Sector capital program and finalise Budget allocations.
March	Treasurer issues Budget allocation letters.
April	Meeting of Budget Committee to review final Budget position.
May	Presentation of Budget.

The Budget Committee of Cabinet has responsibility for developing Budget strategy, overseeing the budget preparation process and monitoring the budget position within the year. The Committee is also responsible for the preparation of the annual State Capital Program and the monitoring of the program within the financial year.

THE BUDGET PAPERS

The Budget Papers consist of six volumes as follows -

Budget Speech (Budget Paper No. 1)

Sets out the Government's financial program for the year and budgetary strategy.

Particular emphasis is placed on the environment in which the Budget has been framed, the broad strategy adopted and significant new expenditure and revenue measures.

Budget Information (Budget Paper No. 2)

This Budget Paper presents detailed information both on the Budget itself and on State finances more generally. Specific topics covered are -

- **Budget Strategy and Position**

Summary of Budget aggregates, outline of financial strategy and details of expenditure and revenue measures contained in the Budget. The Budget provides information both for the Budget year and the two forward years.

- **The Economy**

Summary of trends in the Australian and New South Wales economies and prospects for the Budget and forward years, together with an outline of the sensitivity of the Budget to the economic parameters.

- **Budget Receipts**

Detailed information on Budget measures, Budget year receipts by category, together with summary information for the two forward years.

- **Budget Recurrent and Capital Payments**

Description of current and capital payments both by policy area and by Minister/agency, covering recent trends, key issues and major measures and initiatives included in the Budget.

- **Financial Arrangements with the Commonwealth**

Outline of recent developments in intergovernmental financial relations and details of the payments from the Commonwealth and Loan Council allocations.

- **Financial Management Reforms**

Overview of reforms with particular relevance to the Budget Sector. Specific areas covered are fiscal reforms, financial management initiatives and reporting, and enhancing public sector efficiency.

- **Debt and Liability Management**

Summary information on debt and other financial liabilities (particularly superannuation) and the framework adopted for their management.

- **Interstate Public Sector Comparisons**

Interstate comparisons of four key variables - outlays, revenue, debt and employment. Also discussion on recent financial strategies of each State and States' credit ratings.

Budget Estimates (Budget Paper No. 3)

The Budget estimates contain the detailed revenue and expenditure information for the Budget Sector on a program, agency and portfolio basis.

Information is provided on both a comprehensive (i.e. accrual) accounting basis with information on the level of support from the Consolidated Fund and from other sources.

The total receipts and payments (cash) information reconciles with the Budget aggregates contained in Budget Paper No. 2, while the Consolidated Fund recurrent and capital appropriations reconcile with the Appropriation Bills (Budget Paper No. 5).

The Budget Paper also includes details of outputs (goods and services) for the majority of service delivery and regulatory programs. Outcome measures have also been published for a select number of programs, with the intention being to publish more in future budgets as measures are developed and refined.

State Capital Program (Budget Paper No. 4)

Works-in-progress and new capital works are listed individually for major projects undertaken by both Budget and Non Budget Sector agencies, with a total capital program figure for each agency also shown.

The listing is arranged under the Ministers and agencies responsible for each project. Details of estimated total cost, expenditure in previous years, estimated expenditure in the Budget year and locations are given.

Smaller works are not separately shown; however totals are included.

The more important capital works in the Budget Sector may be referred to in the Budget Speech and/or in Chapter 4 of Budget Paper No. 2.

Appropriation Bills (Budget Paper No. 5)

This Budget Paper contains three Bills - a Special Offices Bill to provide funding for the Ombudsman's Office, State Electoral Office, Independent Commission Against Corruption, and the Office of the Director of Public Prosecutions; a Bill to provide funding for the Parliament; and a general Appropriation Bill covering the remaining Budget Sector agencies.

The Appropriation Bills seek legislative authority for expenditure from the Consolidated Fund.

The Appropriation Bills include requests for parliamentary approval for -

- payments from the Consolidated Fund for the Budget year; and
- various rules proposed to permit flexibility in program payments.

A reconciliation is provided between the Consolidated Fund appropriation and the aggregates shown in Budget Paper No. 2.

Government Finance Statistics and Loan Council Reporting (Budget Paper No. 6)

This Budget Paper contains details of outlays, revenues and financing transactions for the entire New South Wales financial public sector (excluding financial enterprises).

Information is presented for the general government and public trading enterprises sectors rather than the Budget and Non Budget Sectors. As such, the presentation differs from the Budget Sector presented in Budget Paper No. 2.

In addition, details of the State's Loan Council Allocation are also provided.

Other Budget Information

In addition to the formal Budget Papers, there are two additional sets of papers provided -

- Budget Summary, which sets out in simple diagrammatic form the key elements of the Budget; and
- Social Justice Budget Statement, which identifies the principle social justice initiatives that are currently being implemented or are proposed for implementation during 1996-97.

KEY BUDGET AGGREGATES

The Budget refers to a number of key measures including total payments, net cost of services, outlays and Consolidated Fund payments.

Budget estimates for programs of individual agencies are prepared on an accrual basis, with a reconciliation shown to the cash position.

In addition, information is provided on the dissection of cash funding between Consolidated Fund and other sources.

The term outlays refers to net payments after deducting from total payments, receipts from user charges, asset sales and any advances repaid to the agencies.

These concepts are discussed in more detail in the Introduction to Budget Paper No. 3.

FINANCIAL REPORTING AND ACCOUNTING IN THE BUDGET SECTOR

A number of financial statements are issued during the course of the year and at year end to report on progress against budget estimates and to account to Parliament.

Monthly Financial Statement

The Financial Statement is released monthly to provide cumulative summaries of the outlays, revenue and grants received by, and the financing transactions of, the Budget Sector for that part of the financial year completed. There is also a statement of the balances of cash and securities held by the Treasurer. These figures are shown against the estimates made for the year.

The statement is required to comply with Government Finance Statistics principles set down by the Australian Bureau of Statistics.

The statement issued in February of each year provides a provisional projection of the likely outcome for the Budget for the full financial year based on the revenue and expenditure trends in the first half of the year.

Quarterly Gazette

The quarterly gazette includes -

- a quarterly summary of the outlays, revenue and grants received by, and the financing transactions of, the Budget Sector, and a statement of the balances of trust money held by the Budget Sector, as at 30 September, 31 December and 31 March in each financial year; and
- quarterly balances as at the same dates, summarised and distributed into cash and securities.

The Public Accounts

The Public Accounts comprise a Consolidated Statement of Financial Position, Operating Statement and Cash Flow Statement for the Budget Sector.

The Public Accounts also include -

- the financial statements for the "Consolidated Fund Reporting Entity" (covering service-wide transactions of both core and commercial nature);
- the budget result for the past year determined in accordance with the Government Finance Statistics principles; and
- a number of supplementary tables covering such matters as a Summary Statement of the Consolidated Fund, trust funds and loan liabilities owing to the Commonwealth.

In addition, the Public Accounts also include supplementary unaudited information on financial assets and liabilities relating to the General Government Sector, the Public Trading Enterprises Sector and the two sectors combined.

Consolidated Financial Statements for the New South Wales Public Sector

The Consolidated Statements are released each year around December and present comprehensive (i.e. accrual) information on the Budget, Non Budget and Total State Sectors. An Operating Statement, a Statement of Financial Position (i.e. balance sheet) and a Cash Flow Statement are produced.

In addition, an abbreviated set of consolidated financial statements on the Budget Sector are published for the six month period to 31 December in about March of the following year.

The Auditor-General's Reports

The Public Finance and Audit Act 1983 requires the Auditor-General to audit the Public Accounts and provide an audit opinion to the Treasurer.

Each year, the Auditor-General also submits to Parliament a comprehensive Report comprising three Volumes.

Volume I covers the State's Consolidated Financial Statements and those statutory bodies with a non 30 June balance date.

Volume II of the Report covers the reviews of the financial operations of Budget Sector agencies.

Volume III of the report provides comments and reports on the Treasurer's Public Accounts and the State's statutory bodies.

The Auditor-General may include in his report suggestions to improve the financial management of departments and statutory bodies.

Annual Reports - Departments and Statutory Bodies

Both departments and statutory bodies are required by legislation to prepare annual reports. The reports are to include the audited financial statements prepared in accordance with the Public Finance and Audit Act 1983 and a narrative report as specified in the Annual Reports Acts and Regulations.

Statutory bodies have to provide a detailed budget for the financial year and an outline budget for the following year. Other information required in annual reports includes statements of the organisation's charter, aims and objectives, a summary review of its operations, and a description of its activities including performance indicators. The annual reports must be submitted to the appropriate Minister, and simultaneously to the Treasurer, no later than four months after the end of the financial year.

NSW Parliamentary Public Accounts Committee Reports

The Public Accounts Committee comprises five members of the Legislative Assembly. It is appointed to examine the Public Accounts, the accounts of authorities and the Auditor-General's Reports and to report to the Legislative Assembly on any matter connected with those accounts or reports either on its own initiative or as a result of a reference from the Legislative Assembly, a Minister or the Auditor-General. A report by the Committee is printed and published once it has been transmitted to the Clerk of the Legislative Assembly. Thus publication is not dependent on Parliament being in session.

The Committee has a wide charter to report on financial management and related matters. As mentioned above it can act on its own initiative. The recommendations of the Committee generally are directed at improving the efficiency and effectiveness with which Government policy is implemented.

Appendix B: 1995-96 Budget - Summary of Variations

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
CURRENT OUTLAYS				
Interest Payments				
Crown Transactions	1,481.8	1,525.7	43.9	Interest rate variation on rollover of loans.
Roads and Traffic Authority	110.3	118.0	7.7	Revised debt portfolio.
Other	...	2.4	2.4	
Total, Interest Payments	1,592.1	1,646.1	54.0	
Superannuation				
Crown Transactions	1,067.7	1,051.9	(-) 15.8	Payments on First State Superannuation lower than anticipated.
Other	10.7	5.0	(-) 5.7	
Total, Superannuation	1,078.4	1,056.9	(-) 21.5	
Subsidies to Non Budget Sector Agencies - Redundancies				
Office of the Minister for Public Works and Services	7.0	1.0	(-) 6.0	Less than expected take up of voluntary redundancy by staff.

Appendix B: 1995-96 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Subsidies to Non Budget Sector Agencies - Redundancies (cont)				
Other	70.0	70.0	...	
Total, Subsidies to Non Budget Sector Agencies - Redundancies	77.0	71.0	(-) 6.0	
Subsidies to Non Budget Sector Agencies - Other				
	950.0	950.6	0.6	
Departmental Payments - Redundancies				
Crown Transactions	50.0	...	(-) 50.0	Lower than anticipated level of redundancies (\$38.3m) and payments reflected under agency payments (\$11.7m).
Roads and Traffic Authority	20.0	5.0	(-) 15.0	Delay in redundancy program.
Department of Agriculture	...	8.8	8.8	Budget reflected under Crown Transactions.
Other	5.2	8.2	3.0	
Total, Departmental Payments - Redundancies	75.2	22.0	(-) 53.2	

Appendix B: 1995-96 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Departmental Payments - Other				
Premier's Department	59.6	67.9	8.3	Increased costs of the Police Royal Commission and the Public Employment Office (now separate agency).
Department of Transport	329.2	352.3	23.1	Mainly reduced savings in School Student Transport Scheme and compensation payment to the National Rail Corporation for assumption of non commercial freight activities.
Department of Health	5,002.7	5,075.6	72.9	Additional Commonwealth funding (\$16m), savings carried forward from prior years used for general purposes (\$23m), unbudgeted insurance premium (\$11m), cross-border charges (\$9m), waiting list incentive payments (\$6m), additional support for rural hospitals (\$4m), general increase in expenditure (\$14m).
Crown Transactions	161.9	184.9	23.0	Ex gratia payments relating to tobacco tax (\$20m and offset by additional revenue), and revised debt management fees (\$3m).
Environment Protection Authority	70.6	63.6	(-) 7.0	Reduced Waste Management Fund expenditure following delays in passing legislation.
Attorney General's Department	301.6	321.9	20.2	Mainly due to higher than expected Victims' Compensation payments (\$15.6m) and for core activities of the Crown Solicitor's Office (\$5.5m).
Department of Land and Water Conservation	302.2	286.6	(-) 15.7	Mainly Forest Industry Restructure program delays.
Department of Gaming and Racing	29.6	23.6	(-) 6.0	Community Benefit Fund expenditure deferred to 1996-97 (\$3.8m), delays in staff recruitment (\$1m) and other under-expenditure (\$1.2m).

Appendix B: 1995-96 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Departmental Payments - Other (cont)				
Department of School Education	3,564.0	3,600.4	15.3	Mainly increased cost of school cleaning (\$7.6m) and anticipated cost of teachers' salary offer (\$24.2m) partially offset by savings related to employment of a higher proportion of permanent teachers and from the teachers' strike days.
New South Wales Technical and Further Education Commission	928.8	935.0	6.2	Mainly anticipated cost of teachers' salary offer (\$4.7m) and on passing of ANTA "Growth Funds" (\$2.3m).
Department of Training and Education Co-ordination	180.0	150.5	(-) 29.5	Reduced Commonwealth support for employment programs including New Work Opportunities (\$16.9m), partially offset by additional expenditure on employment programs and vocational guidance services (\$4.5m) and higher than expected administration costs of the restructured agency (\$2.1m). Reclassification of State's share of higher education superannuation to "Commonwealth Grants" (\$19.2m).
Ageing and Disability Department	608.8	578.3	(-) 30.5	Mainly due to delays in processing applications for grants for upgrading facilities for disabled people (\$21.4m) and in establishment of supported accommodation places for disabled people (\$8.7m).
Roads and Traffic Authority	887.7	925.7	38.0	Mainly reclassification of maintenance expenditure from the Capital program.
Other	3,473.2	3,460.2	(-) 13.0	
Total, Departmental Payments Other	- 15,899.9	16,004.2	104.3	

Appendix B: 1995-96 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Treasurer's Advance	75.0	20.0	(-) 55.0	Expenditure from Treasurer's Advance is shown in agency payments. The \$20 million shown as unspent covers the remainder of the 1995-96 year.
less User Charges				
Department of Health	634.6	643.8	9.2	Additional patient fees (\$3.5m) and motor vehicle third party insurance payments (\$5.7m).
Department of Land and Water Conservation	55.1	50.0	(-) 5.1	Mainly the delay in receipt of proceeds from increases in rural water charges.
Department of Training and Education Co-ordination	0.9	22.6	21.7	Reclassification of Commonwealth administrated grants for employment programs from other agency receipts (\$42.8m). Reduced Commonwealth support for these employment programs, including New Work Opportunities (\$21.1m).
Other	480.6	475.8	(-) 4.8	
Total, User Charges	1,171.2	1,192.2	21.0	
TOTAL, CURRENT OUTLAYS	18,576.4	18,578.6	2.2	
CURRENT RECEIPTS				
Taxes, Fees and Fines				
Stamp Duty -				

Appendix B: 1995-96 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Contracts and Conveyances	1,000.0	1,105.0	105.0	Stabilisation of interest rates contributed to greater buyer optimism resulting in a higher number of transactions.
Insurance	275.0	260.0	(-) 15.0	Lower premium growth due to lower cost of reinsurance and fewer claims.
Loan Securities	119.0	126.0	7.0	Higher levels of property market activity resulted in higher levels of secured lending.
Taxes, Fees and Fines (cont)				
Share Transfers	170.0	183.0	13.0	Higher than expected turnover and prices.
Financial Institutions Duty	505.0	498.0	(-) 7.0	Greater than anticipated tax driven rationalisations of financial flows.
Other	438.0	439.4	1.4	
Land Tax	570.0	580.0	10.0	Unanticipated variations in cashflows between years.
Weight Tax	630.8	661.5	30.7	Delayed reduction of revenue due to deferral of implementation of uniform national charges on heavy motor vehicles.
Casino Licence Duty	48.4	57.6	9.2	Higher than anticipated turnover during opening months of operation.
Approved Amusement Device Licences	76.0	69.0	(-) 7.0	Falling popularity of machines.
Tobacco Licence Fees	852.0	872.0	20.0	Consequence of introduction of higher fees (offset by equal ex gratia payments).
Roads and Traffic Authority - permits	7.8	22.4	14.6	Delayed reduction in revenue from permit licence fees due to deferral to 1 July 1996 of National Road Transport Commission arrangements.

Appendix B: 1995-96 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Roads and Traffic Authority - motor traffic fines	30.2	24.4	(-) 5.8	On passing to councils and courts of fines collected on their behalf not allowed for in original Budget estimates.
NSW Police Service - motor traffic fines	116.9	124.6	7.7	Additional red light and speed camera units placed in operation and additional road surveillance by Police.
Payroll Tax	2,931.4	2,881.9	(-) 49.5	Lower growth in wages combined with over estimate of impact of additional pay week in the year.
Taxes, Fees and Fines (cont)				
Other	2,974.3	2,975.6	1.3	
Total, Taxes, Fees and Fines	10,744.8	10,880.4	135.7	
Income from Government Trading Enterprises				
Electricity Generation Sector - Dividend	417.0	411.5	(-) 5.5	The restructure of the electricity industry has resulted in profitability being redistributed from the generation to the transmission and distribution sectors.
Electricity Generation Sector - Tax Equivalent	94.0	115.0	21.0	The restructure of the electricity industry has resulted in profitability being redistributed from the generation to the transmission and distribution sectors.
Sydney Water Corporation - Dividend	53.0	63.5	10.5	Mainly due to changes to the financial distribution arrangements including a higher profit base.
Sydney Electricity - Dividend	23.7	...	(-) 23.7	Now part of EnergyAustralia.

Appendix B: 1995-96 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Sydney Electricity - Tax Equivalent	35.5	...	(-) 35.5	Now part of EnergyAustralia.
Orion Energy - Dividend	2.3	...	(-) 2.3	Now part of EnergyAustralia.
Orion Energy - Tax Equivalent	4.2	...	(-) 4.2	Now part of EnergyAustralia.
EnergyAustralia - Dividend	...	25.9	25.9	Incorporates Sydney Electricity and Orion Energy.
EnergyAustralia - Tax Equivalent	...	38.4	38.4	Incorporates Sydney Electricity and Orion Energy.
Income from Government Trading Enterprises (cont)				
Prospect Electricity - Dividend	23.4	...	(-) 23.4	Now part of Integral Energy.
Prospect Electricity - Tax Equivalent	29.0	...	(-) 29.0	Now part of Integral Energy.
Illawarra Electricity - Dividend	3.6	...	(-) 3.6	Now part of Integral Energy.
Illawarra Electricity - Tax Equivalent	4.5	...	(-) 4.5	Now part of Integral Energy.
Integral Energy - Dividend	...	25.5	25.5	Incorporates Prospect Electricity and Illawarra Electricity.
Integral Energy - Tax Equivalent	...	31.4	31.4	Incorporates Prospect Electricity and Illawarra Electricity.
Contribution from Crown Commercial Activities	173.0	31.0	(-) 142.0	Mainly delayed sale of Crown assets.
Other	573.0	578.7	5.7	

Appendix B: 1995-96 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Total, Income from Government Trading Enterprises	1,436.2	1,320.9	(-) 115.3	
Commonwealth Grants				
Medical Specialty Centres	1.0	6.9	5.9	Transfer from the Hospital Funding Grant for nationally funded centres (\$6m).
Hospital Funding Grant	1,503.9	1,515.7	11.8	Mainly due to additional funding for the Medicare bonus pool (\$11m), emergency departments (\$5m), funding for AIDS (\$4m) less the transfer to medical speciality centres (\$6m).
Commonwealth Grants (cont)				
Rural Adjustment Assistance	59.1	65.0	5.9	Increased Commonwealth assistance for drought.
Olympic 2000	75.0	82.0	7.0	Increased receipts for infrastructure works at the Royal Agricultural Society Showground - Moore Park.
Department of Training and Education Co-ordination	9.7	6.4	(-) 3.3	Reclassification of Entry Level Training revenue from "Other Current Receipts" (\$14.8m) more than offset by reclassification of State's share of higher education superannuation payment (\$19.2m) as an offset to "Commonwealth Grants".
Interstate Roads	6.9	12.6	5.7	Deferral of introduction of uniform National Road Transport Commission registration of heavy vehicles to 1 July 1996.
Other	5,745.6	5,750.3	4.7	
Total, Commonwealth Grants	7,401.2	7,438.9	37.7	

Appendix B: 1995-96 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Other Current Receipts				
Crown Receipts -				
Treasury	7.0	11.5	4.5	Office of State Revenue unclaimed monies
Sale of Crown Land	43.9	50.2	6.3	Additional revenue from Landcom in relation to land sales.
Agency Receipts -				
Department of Health	157.7	166.8	9.1	Commonwealth assistance for HIV/AIDS litigation (\$7.6m) and increase in other departmental revenue (\$1.5m).
Other Current Receipts (cont)				
Environment Protection Authority	57.6	27.0	(-) 30.6	Reduction in drawdown from Environmental Trusts to match reduced expenditure in 1995-96 on the Forestry Industry Restructure and the creation of new National Parks.
Department of Training and Education Co-ordination	78.1	24.6	(-) 53.5	Reclassification of Commonwealth administrated grants for employment programs to "User Charges" (\$42.8m). Reclassification of Commonwealth revenue for Entry Level Training to "Commonwealth Grants" (\$14.8m). Increased Commonwealth support for vocational programs (\$4.1m).
Other	583.7	582.9	(-) 0.8	
Total, Other Current Receipts	928.0	863.0	(-) 65.0	

Appendix B: 1995-96 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
TOTAL, CURRENT RECEIPTS	20,510.1	20,503.2	(-) 6.9	
CURRENT FINANCIAL RESULT	1,933.7	1,924.6	(-) 9.1	
CAPITAL OUTLAYS				
Gross Fixed Capital Payments				
Olympic Co-ordination Authority	92.0	56.2	(-) 35.8	Major savings due to delays in finalising transfer of Newington site (\$8m), deferral of rail works (\$8m), rescheduling of Royal Agricultural Society works (\$5m) and deferral of electrical infrastructure works (\$4m).
Attorney General's Department	18.0	69.0	51.0	Revised treatment of John Maddison Tower lease as a financing transaction.
Gross Fixed Capital Payments (cont)				
Ageing and Disability Department	26.1	0.1	(-) 26.0	Reclassification of payments for the purchase of group homes as capital grants.
Roads and Traffic Authority	873.1	763.9	(-) 109.2	Mainly Commonwealth National Highways Program project approvals down on preliminary indications (\$58m), reclassification of maintenance expenditure as current (\$28m), \$20m used to retire debt and reclassification to capital grants (\$11m).
National Parks and Wildlife Service	36.4	31.2	(-) 5.1	Delays in establishing Western Sydney Regional Park and new national parks.
Other	1,081.1	1,076.1	(-) 5.0	
Total, Gross Fixed Capital Payments	2,126.7	1,996.5	(-) 130.1	

Appendix B: 1995-96 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Movements in Inventories	0.3	0.4	0.1	
Capital Grants				
Department of Gaming and Racing	22.2	27.7	5.5	Grant for Harold Park development.
Roads and Traffic Authority	...	11.1	11.1	Reclassification of capital expenditure as a capital grant.
Payments to CityWest and Honeysuckle Development Corporations	88.9	82.3	(-) 6.6	Reduced Commonwealth funding available.
Department of Transport	370.7	386.8	16.1	Mainly expenditure reclassified from current major periodic maintenance.
Ageing and Disability Department	...	15.6	15.6	Reclassification of payments for the purchase of group homes as capital grants to the Non Budget Sector.
Capital Grants (cont)				
Department of Health	5.0	12.6	7.6	Reclassification of certain third schedule hospital expenditures as a capital grant.
Other	737.2	747.6	10.4	
Total, Capital Grants	1,224.0	1,283.7	59.7	
Advances Made to the Non Budget Sector	47.4	41.8	(-) 5.6	
TOTAL, CAPITAL PAYMENTS	3,398.3	3,322.4	(-) 75.9	

Appendix B: 1995-96 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Less Advances repaid to the Budget Sector				
State Bank sale - litigation recoveries	25.0	...	(-) 25.0	The expected successful litigation by the State Bank against the Australian Tax Office for the recovery of sales tax paid by the Bank was subsequently lost when appealed to the Full Bench of the Supreme Court by the ATO.
Electricity industry - capital restructure payment	1,100.0	1,500.0	400.0	Earlier availability of the 1996-97 equity restructure payment.
Other equity restructure payments	245.0	306.0	61.0	Mainly attributable to the unbudgeted capital restructure of the three port corporations and repatriation of NSW Treasury Corporation's accumulated capital in excess of that required to deliver core functions.
Other	90.6	89.9	(-) 0.7	
Total, Advances repaid	1,460.6	1,895.9	435.2	
Less Asset Sales				
Department of School Education	30.0	24.5	(-) 5.5	Settlements delayed until 1996-97.
Roads and Traffic Authority	41.1	25.4	(-) 15.7	Asset sale program reassessed due to depressed market conditions.
Other	102.4	114.4	12.0	
Total, Asset Sales	173.5	164.3	(-) 9.2	
TOTAL, CAPITAL OUTLAYS	1,764.2	1,262.2	(-) 502.0	

Appendix B: 1995-96 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
CAPITAL RECEIPTS				
Commonwealth Grants				
Crown	56.6	49.6	(-) 7.0	Revised Commonwealth funding for the Building Better Cities program.
Department of Land and Water Conservation	16.3	11.3	(-) 5.0	Reclassification of Commonwealth payments from capital to current.
Roads and Traffic Authority	366.4	302.3	(-) 64.1	Commonwealth National Roads Program project approvals significantly down on preliminary funding indications.

Commonwealth Grants (cont)

Other	481.0	486.0	5.0
Total, Commonwealth Grants	920.3	849.2	(-) 71.0
Other Capital Receipts	17.5	12.5	(-) 5.0
TOTAL, CAPITAL RECEIPTS	937.8	861.8	(-) 76.0
CAPITAL FINANCIAL RESULT	826.4	400.4	(-) 426.0

Appendix B: 1995-96 Budget - Summary of Variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
TOTAL FINANCIAL RESULT	1,107.4	1,524.2	416.9	

Appendix C: Public Sector Employment

Sector	June 1991		June 1992		June 1993		June 1994		June 1995		March 1996	
	'000	% change	'000	% change	'000	% change	'000	% change	'000	% change	'000	% change
General Government												
- Budget	228.4	1.3	221.7	(-) 2.9	224.8	1.4	222.9	(-) 0.8	228.2	2.4	227.6	(-) 0.3
- Non Budget	18.7	(-) 8.3	17.4	(-) 7.0	16.4	(-) 5.7	9.7	(-) 40.9	9.8	1.0	9.6	(-) 2.0
Public Trading Enterprises	55.2	(-) 7.4	51.8	(-) 6.2	48.0	(-) 7.3	44.1	(-) 8.1	41.6	(-) 5.7	40.0	(-) 3.8
Public Financial Enterprises	9.2	(-) 1.1	9.0	(-) 2.2	5.2	(-) 42.2	4.9	(-) 5.8	...	(-) 100.0	...	...
Total Public Sector	311.5	(-) 1.0	299.9	(-) 3.7	294.4	(-) 1.8	281.6	(-) 4.3	279.6	(-) 0.7	277.2	(-) 0.9
Total NSW Labour Force	2,827.3	0.8	2,873.4	1.6	2,867.2	(-) 0.2	2,916.6	1.7	2,988.0	2.4	3,052.9	2.2

Source: NSW Public Sector Employment Statistics; Labour Force: Australian Bureau of Statistics Catalogue No. 6203.0.

Appendix C

Appendix D: Classification of Agencies

Agency/Activity	ABS Category		Budget Category	
	General Government	Public Trading Enterprise	Budget Sector	Non Budget Sector
Aboriginal Affairs, Department of	*		*	
Aboriginal Land Council, New South Wales	*			*
Adult Migrant English Services	*			*
Ageing and Disability Department	*		*	
Agricultural Scientific Collections Trust	*			*
Agriculture, Department of	*		*	
Air Transport Council	*			*
Albury-Wodonga (NSW) Corporation (a)	*			*
Anzac Memorial Building, Trustees of	*			*
Architects of New South Wales, Board of	*			*
Archives Authority of New South Wales	*		*	
- Government Records Repository	*			*
Art Gallery of New South Wales	*		*	
Arts, Ministry for the	*		*	
Attorney General's Department	*		*	
Audit Office of NSW, The	*			*
Australian Museum	*		*	
Banana Industry Committee	*			*
Barristers Admission Board	*			*
Bicentennial Park Trust	*		*	
Board of Studies, Office of	*		*	
Broken Hill Water Board		*		*
Building and Construction Industry Long Service Leave Payments Corporation	*			*
Bush Fire Services, Department of	*		*	
Cabinet Office	*		*	
Cancer Council of New South Wales	*			*
Casino Control Authority	*		*	
Centennial and Moore Park Trust	*		*	
Chipping Norton Lake Authority	*			*
City West Development Corporation	*			*
City West Housing Pty Ltd		*		*
Coal and Oil Shale Mine Workers Superannuation Tribunal	*			*
Coal Compensation Board	*		*	
Coal Mining Industry Long Service Leave Trust Fund	*			*
Coal Miners Superannuation Fund (b)	*			*
Coastal Council of New South Wales	*			*
Cobar Water Board		*		*
Commercial Fishing Advisory Council	*			*
Community Services Commission	*		*	
Community Services, Department of	*		*	
Corrective Services, Department of	*		*	
Crime Commission, New South Wales	*		*	
Crown Transactions	*		*	

Appendix D: Classification of Agencies (cont)

Agency/Activity	ABS Category		Budget Category	
	General Government	Public Trading Enterprise	Budget Sector	Non Budget Sector
Dairy Corporation, NSW	*			*
Dairy Industry Conference, NSW	*			*
Darling Harbour Authority	*			*
Dental Board	*			*
Dumaresq-Barwon Border Rivers Commission	*			*
Eastern Creek Raceway		*		*
Electricity Distribution Corporations -				
Advance Energy		*		*
Energy South		*		*
EnergyAustralia		*		*
Far West Energy		*		*
Integral Energy		*		*
NorthPower		*		*
Energy, Department of	*		*	
- Gas Council of New South Wales	*			*
Environment Protection Authority	*		*	
Environmental Trusts	*			*
Ethnic Affairs Commission	*		*	
Fair Trading, Department of (c)	*		*	
- Registry of Encumbered Vehicles	*			*
Film and Television Office, New South Wales	*		*	
Financial Counselling Trust Fund	*			*
Financial Institutions Commission, New South Wales	*			*
Fire Brigades, New South Wales	*		*	
First State Power		*		*
Fisheries, New South Wales	*		*	
Fish River Water Supply Authority		*		*
Freight Rail Corporation		*		*
Gaming and Racing, Department of	*		*	
Government Actuary	*			*
Greyhound Racing Control Board	*			*
Harness Racing Authority of New South Wales	*			*
Health Care Complaints Commission	*		*	
Health, Department of (including Area Health Services, Public Hospitals, Ambulance Services)	*		*	
Health Professionals Registration Board	*			*
Heritage Conservation Fund	*			*
Historic Houses Trust of NSW	*		*	
Home Care Service of New South Wales	*		*	
HomeFund Commissioner's Office	*		*	
Home Purchase Assistance Authority	*			*
Honeysuckle Development Corporation	*			*
Housing, Department of		*		*

Appendix D: Classification of Agencies (cont)

Agency/Activity	ABS Category		Budget Category	
	General Government	Public Trading Enterprise	Budget Sector	Non Budget Sector
Hunter Water Corporation		*		*
Hunter Catchment Management Trust	*			*
Independent Commission Against Corruption	*		*	
Independent Pricing and Regulatory Tribunal	*		*	
Industrial Relations, Department of	*		*	
Insurance Ministerial Corporation	*			*
Insurers Contribution Fund	*			*
Insurers Guarantee Fund	*			*
Internal Audit Bureau	*			*
Jenolan Caves Reserve Trust		*		*
Judicial Commission of New South Wales	*		*	
Juvenile Justice, Department of	*		*	
Lake Illawarra Authority	*			*
Land and Water Conservation, Department of	*		*	
- Land Titles Office	*			*
- Soil Business	*			*
- Surveyors Board	*			*
- Valuer General's Office	*			*
- Coleambally Region Irrigation Areas and Districts		*		*
- Murrumbidgee Region Irrigation Areas and Districts		*		*
Landcom		*		*
Law Reporting, Council of	*			*
Legal Aid Commission of New South Wales	*		*	
Legislature, The	*		*	
Local Government, Department of	*		*	
Lord Howe Island Board	*			*
Lotteries, New South Wales		*		*
Luna Park Reserve Trust	*			*
Macquarie Generation		*		*
Marketing Boards -				
Central Coast Citrus	*			*
Dried Fruits	*			*
NSW Grains	*			*
Rice	*			*
Tobacco Leaf	*			*
Wine Grapes	*			*
Kiwifruit	*			*
MIA Citrus Fruit	*			*
Processing Tomato	*			*
Marine Ministerial Holding Corporation	*			*
Marine Safety and Port Strategy, Office of	*		*	
Meat Industry Authority NSW	*			*
Medical Board	*			*
Mineral Resources, Department of	*		*	
Mines Rescue Board	*			*

Appendix D: Classification of Agencies (cont)

Agency/Activity	ABS Category		Budget Category	
	General Government	Public Trading Enterprise	Budget Sector	Non Budget Sector
Mines Subsidence Board	*			*
Ministerial Development Corporation	*			*
Motor Accidents Authority	*			*
Museum of Applied Arts and Sciences	*		*	
National Parks and Wildlife Service	*		*	
Newcastle International Sports Centre Trust		*		*
Newcastle Port Corporation		*		*
Newcastle Showground and Exhibition Centre Trust		*		*
Olympic Co-ordination Authority	*		*	
Ombudsman's Office	*		*	
Pacific Power		*		*
Parliamentary Counsel's Office	*		*	
Parramatta Stadium Trust		*		*
Police, Ministry for	*		*	
Police Service, New South Wales	*		*	
Port Kembla Port Corporation		*		*
Powercoal Pty Ltd		*		*
Premier's Department	*		*	
Premiums Adjustment Fund	*			*
Protective Commissioner	*			*
Public Employment Office	*		*	
Public Trustee	*			*
Public Trustee Common Fund	*			*
Public Prosecutions, Office of the Director of	*		*	
Public Works and Services, Office of the Minister for	*		*	
Public Works and Services, Department of	*			*
Rail Access Corporation		*		*
Railway Services Authority		*		*
Registry of Births, Deaths and Marriages	*			*
Roads and Traffic Authority	*		*	
Royal Botanic Gardens and Domain Trust	*		*	
Rural Assistance Authority	*		*	
School Education, Department of	*		*	
Solicitors Admission Board	*			*
Somersby Park Pty Ltd	*			*
South-West Tablelands Water Supply Authority		*		*
Sport and Recreation, Department of	*		*	
State and Regional Development, Department of	*		*	
State Electoral Office (includes Election Funding Authority of NSW)	*		*	
- Statutory and Industrial Ballots and Local Government Elections	*			*
State Emergency Service	*		*	
State Forests of New South Wales	*			*

Appendix D: Classification of Agencies (cont)

Agency/Activity	ABS Category		Budget Category	
	General Government	Public Trading Enterprise	Budget Sector	Non Budget Sector
State Library of New South Wales	*		*	
State Rail Authority		*		*
State Sports Centre Trust	*			*
State Transit Authority		*		*
Superannuation Administration Authority	*			*
Superannuation Funds Management Corporation (d)				*
Sustainable Energy Development Authority	*		*	
Sydney Cove Redevelopment Authority	*			*
Sydney Cricket and Sports Ground Trust		*		*
Sydney Market Authority		*		*
Sydney Opera House Trust		*		*
Sydney Organising Committee for the Olympic Games	*			*
Sydney Ports Corporation		*		*
Sydney Region Development Fund	*			*
Sydney Water Corporation		*		*
TAFE Commission, New South Wales	*		*	
Teacher Housing Authority of NSW		*		*
Tick Control, Board of	*			*
Totalisator Agency Board of NSW		*		*
Tourism New South Wales	*		*	
Tow Truck Industry Council of New South Wales	*			*
TransGrid		*		*
Training and Education Co-ordination, Department of	*		*	
Transport, Department of	*		*	
Treasury	*		*	
Treasury Corporation of New South Wales (d)	*			*
Upper Parramatta River Catchment Trust	*			*
Urban Affairs and Planning, Department of	*		*	
Veterinary Surgeons Board NSW	*			*
Vocational Education and Training Accreditation Board	*			*
Waste Recycling and Processing Service		*		*
Waterways Authority	*		*	
Wild Dog Destruction Board	*			*
Wollongong Sportsground Trust		*		*
Women, Department for	*		*	
WorkCover Authority (includes Sporting Injuries Committee)	*			*
Worker's Compensation (Dust Diseases) Board	*			*
Workmen's Compensation (Broken Hill) Act Joint Committee	*			*
Zoological Parks Board		*		*

- (a) Classified as a Commonwealth General Government authority by the Australian Bureau of Statistics.
- (b) Classified as Public Financial Enterprise by the Australian Bureau of Statistics.
- (c) Includes the former Building Services Corporation, Motor Vehicle Repair Industry Council and Office of Real Estate Services (including Rental Bond Board).
- (d) Budget Paper No. 6 treats this organisation as a Public Financial Enterprise.

Appendix E: Financial Information by Policy Area and Sector

TOTAL PAYMENTS

		Current Payments		Capital Program	
		1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
		\$000	\$000	\$000	\$000
1.	LAW, ORDER AND PUBLIC SAFETY				
1.1	Police				
61.1.1	Property Theft	202,205	209,033	8,890	10,181
7.1.1	Resolution of Complaints about Police	2,414	2,995	195	75
60.1.1	Policy Advice, Co-ordination and Support	3,623	3,299	40	30
61.1.1	Property Theft	202,205	209,033	8,890	10,181
61.1.2	Street Safety	158,606	163,986	6,958	8,218
61.1.3	Personal Safety	118,235	122,246	5,174	6,112
61.1.4	Road Safety	204,098	210,969	10,133	10,470
61.1.5	Alcohol and Drug Related Crime	93,611	96,783	4,116	4,695
61.1.6	Safety in Custody	125,898	130,112	5,467	6,170
62.1.1	Combating Crime	5,061	6,934	441	387
70.1.3	Other Service-wide Activities	20,769	22,253	...	...
	Police	934,520	968,610	41,414	46,338
1.2	Law Courts and Legal Services				
21.1.1	Justice Policy and Planning	6,144	6,546	21	143
21.1.2	Legal Services	7,803	6,096	78	111
21.1.4	Information and Management Services	20,303	15,384	2,297	1,094
21.2.1	Supreme Court	31,036	35,245	1,160	2,029
21.2.3	Land and Environment Court	5,532	5,021	550	2,966
21.2.4	District Court	40,555	42,757	23,334	787
21.2.5	Compensation Court	27,646	27,838	35,537	...
21.2.6	Local Courts	91,420	95,252	5,416	10,022
22.1.1	Judicial Commission of New South Wales	2,483	2,345	180	50
23.1.1	Legal Aid and Other Legal Services for Eligible Persons in Disputes Arising from Family Relationships	23,758	24,175	1,039	643

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
1. LAW, ORDER AND PUBLIC SAFETY (cont)				
1.2 Law Courts and Legal Services (cont)				
23.1.2 Legal Aid and Other Legal Services for Eligible Persons in Criminal Law Matters	34,973	36,419	1,678	1,050
23.1.3 Legal Aid and Other Legal Services for Eligible Persons in General Law Matters	17,750	18,131	832	519
23.1.4 Community Legal Centre Funding	4,819	5,910	...	...
23.1.5 Alternative Dispute Resolution Funding	442	433	...	...
24.1.1 Crown Representation in Criminal Prosecutions	36,537	39,598	404	1,703
70.1.3 Other Service-wide Activities	4,546	4,870	...	...
Law Courts and Legal Services	355,747	366,020	72,526	21,117
1.3 Corrective Services				
29.1.1 Juvenile Justice	61,188	66,985	2,009	11,517
31.1.1 Containment and Care of Inmates	239,099	234,830	47,129	37,858
31.2.1 Assessment, Classification and Development of Inmates	52,160	51,141	1,881	1,578
31.3.1 Alternatives to Custody	29,381	30,828	846	1,495
70.1.3 Other Service-wide Activities	2,131	2,284	...	...
Corrective Services	383,959	386,068	51,865	52,448
1.3 Fire Protection Services				
32.1.1 Operation and Maintenance of Brigades and Special Services	201,644	214,658	17,498	23,524
32.1.2 Brigade Training and Development	7,978	8,487	...	...
32.1.3 Investigations, Research and Advisory Services	5,317	5,620	...	600
33.1.1 Funding and Administration of Rural Firefighting Services	25,198	24,611	38,313	41,119

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
1. LAW, ORDER AND PUBLIC SAFETY (cont)				
1.3 Fire Protection Services (cont)				
33.2.1 Training of Volunteer Bush Fire Fighters	730	744	...	...
33.2.2 Public Education and Information Services	773	785	...	...
70.1.3 Other Service-wide Activities	3,135	3,359	...	...
Fire Protection Services	244,775	258,264	55,811	65,243
1.4 Other - Law Order and Public Safety				
32.1.4 Planning and Co-ordination of Rescue Services and Emergency Management	1,349	1,620	...	...
34.1.1 Provision of Emergency Services	7,441	7,591	1,520	1,975
Other - Law Order and Public Safety	8,790	9,211	1,520	1,975
Total, Law, Order and Public Safety	1,927,791	1,988,173	223,136	187,121
2. EDUCATION				
2.1 Primary and Secondary Education				
36.1.2 Kindergarten to Year 6 Core Education in Government Schools	1,279,939	1,333,199	98,427	71,447
36.1.3 Years 7 to 10 Core Education in Government Schools	950,484	986,695	46,876	50,308
36.1.4 Years 11 and 12 Core Education in Government Schools	420,192	440,004	20,725	22,245
36.2.1 Special Education Programs	261,454	267,137	2,422	2,500
36.2.2 Rural Education Program	46,143	47,558	...	...
36.2.3 Programs for Socio-Economically Disadvantaged Students	41,827	43,414	...	...
36.2.4 Aboriginal Education Programs	17,098	17,485	...	...
36.2.5 Programs for Students of Non-English Speaking Background	63,988	65,794	...	...

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

		Current Payments		Capital Program	
		1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
		\$000	\$000	\$000	\$000
2.	EDUCATION				
2.1	Primary and Secondary Education (cont)				
36.2.6	Other Equity Programs	5,961	6,211	...	...
36.3.1	Strategic Plan Programs in Government Schools	156,271	194,652	6,300	4,100
36.4.1	Non-Government Schools Assistance	317,257	331,076	...	...
38.1.1	Office of the Board of Studies	56,502	56,622	435	370
70.1.3	Other Service-wide Activities	58,701	62,894	...	...
	Primary and Secondary Education	3,675,817	3,852,741	175,185	150,970
2.2	Tertiary and Vocational Education				
19.1.4	Agricultural Education, Animal Welfare and Rural Support	8,043	8,597	1,050	1,339
37.1.1	Courses in Engineering and Industrial Technology	347,375	353,204	44,427	51,578
37.1.2	Courses in Applied Sciences	184,396	187,472	23,362	27,123
37.1.3	Courses in Fine and Applied Arts	91,788	93,205	12,025	13,962
37.1.4	Courses in Commercial and General Studies	311,437	316,058	43,911	50,977
70.1.3	Other Service-wide Activities	7,210	7,725	...	...
	Tertiary and Vocational Education	950,249	966,261	124,775	144,979
2.3	Pre-School Education				
26.1.2	Children's Services	72,669	75,493	6,374	8,984
26.1.3	Community Resources	...	...	...	...
36.1.1	Pre-School Education in Government Schools	9,447	9,843	...	...
	Pre-School Education	82,116	85,336	6,374	8,984

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

		Current Payments		Capital Program	
		1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
		\$000	\$000	\$000	\$000
2.	EDUCATION (cont)				
2.4	Transportation of Students				
36.2.1	Special Education Programs	21,812	20,983	...	...
36.4.1	Non-Government Schools Assistance	1,808	1,867	...	...
67.2.2	Purchase of Passenger and Freight Transport Services	373,801	373,327	...	...
	Transportation of Students	397,421	396,177	...	...
2.5	Other Education (Including General Administration)				
35.1.1	Training and Education Policy	20,383	16,366	6,623	581
	Other Education (Including General Administration)	20,383	16,366	6,623	581
	Total, Education	5,125,986	5,316,881	312,957	305,514
3.	HEALTH				
3.1	Area Health Services and Other Health Services				
50.2.3	Outpatient Services	305,119	310,117	...	...
50.3.2	Overnight Acute Inpatient Services	2,757,117	2,767,903	427,004	393,653
50.3.3	Same Day Acute Inpatient Services	259,269	262,049	554	...
50.4.1	Mental Health Services	237,505	251,302	19,245	30,081
50.5.1	Rehabilitation and Extended Care Services	508,748	517,463	6,242	643
	Area Health Services and Other Health Services	4,067,758	4,108,834	453,045	424,377

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

		Current Payments		Capital Program	
		1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
		\$000	\$000	\$000	\$000
3.	HEALTH (cont)				
3.2	Community and Other Support Services				
50.2.1	Primary and Community Based Services	432	85	7,669	22,269
50.3.1	Emergency Services	325,523	328,704	14,653	20,575
50.3.2	Overnight Acute Inpatient Services	6,795	7,019	...	...
	Community and Other Support Services	332,750	335,808	22,322	42,844
3.3	Public Health (Including Inspection Services)				
50.1.1	Population Health Services	41,939	43,155	4,369	3,860
50.2.1	Primary and Community Based Services	299,517	303,727	1,150	...
50.2.2	Aboriginal Health Services	13,263	14,631	2,476	1,806
51.1.1	Health Care Complaints	3,683	4,325	...	...
	Public Health (Including Inspection Services)	358,402	365,838	7,995	5,666
3.4	Other Health (Including General Administration)				
50.6.1	Teaching and Research	125,801	125,813	5,250	3,750
70.1.3	Other Service-wide Activities	656	703	...	...
	Other Health (Including General Administration)	126,457	126,516	5,250	3,750
	Total, Health	4,885,367	4,936,996	488,612	476,637

Appendix E: Financial Information by Policy Area and Sector (cont)**TOTAL PAYMENTS**

		Current Payments		Capital Program	
		1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
		\$000	\$000	\$000	\$000
4.	SOCIAL AND COMMUNITY SERVICES				
4.1	Social and Community Support Services				
18.1.1	Community Support Services	5,267	6,529	796	200
18.1.2	Interpreting and Translation Services	4,331	3,892	...	...
21.1.3	Human Rights Services	86,860	78,946	612	201
26.1.1	Child and Family Support	252,442	250,840	5,135	10,908
26.1.2	Children's Services	14,787	15,358	963	2,477
26.1.3	Community Resources	49,503	90,822	886	1,678
26.2.1	Disability Services	32,859	27,916	4,307	2,204
27.1.1	Ageing and Disability	578,319	610,916	15,767	10,333
28.1.1	Community Services Commission	2,981	3,070	18	18
30.1.1	Home Care Service	18,347	17,299	2,300	2,000
47.1.1	Policy Development and Projects Affecting the Status of Women	6,228	4,519	80	80
48.1.1	Policy and Development	960	11,012	...	...
50.2.1	Primary and Community Based Services	8,000	8,000	...	...
50.4.1	Mental Health Services	101,776	107,700	...	...
50.5.1	Rehabilitation and Extended Care Services	89,781	91,317	...	...
52.1.1	Policy and Advisory Services on Aboriginal Affairs	3,255	3,080	41,608	41,500
70.1.3	Other Service-wide Activities	3,951	4,233	...	...
74.1.1	State and Regional Planning	6,152	7,200	...	...
	Social and Community Support Services	1,265,799	1,342,649	72,472	71,599
4.2	Social Security				
53.2.2	Water Resource Management	284	288	...	...
54.2.1	Rate Rebates for Pensioners	63,040	64,041	...	...
67.2.2	Purchase of Passenger and Freight Transport Services	228,209	235,035	...	...
71.1.1	Energy Management and Utilisation	6,496	...	...	...
76.1.1	Water and Sewerage Assistance	64,801	71,497	...	...
	Social Security	362,830	370,861	...	...
	Total, Social and Community Services	1,628,629	1,713,510	72,472	71,599

Appendix E: Financial Information by Policy Area and Sector (cont)**TOTAL PAYMENTS**

		Current Payments		Capital Program	
		1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
		\$000	\$000	\$000	\$000
5.	HOUSING, WATER AND SEWERAGE, AND THE ENVIRONMENT				
5.1	Housing and Homesite Development				
36.2.2	Rural Education Program	6,700	6,500	1,200	700
44.1.1	Fair Trading Strategy	...	...	...	9
44.1.2	Marketplace Performance	...	3,819	...	14
44.1.3	Fair Trading Standards and Registers	...	6,162	...	23
44.1.4	Consumer and Trader Services	...	3,291	...	46
44.1.5	Tribunals	...	158	...	8
74.1.2	Metropolitan Planning	20,700	21,686	917	35
74.1.4	Office of Housing Policy and Office of Community Housing	4,350	7,286	...	...
74.1.5	Housing Assistance	55,920	59,701	443,560	428,191
75.1.1	City West Development Corporation	...	...	64,301	8,575
75.1.2	Honeysuckle Development Corporation	...	...	18,000	7,000
Housing and Homesite Development		87,670	108,603	527,978	444,601
5.2	Water and Sewerage				
53.2.1	Country Town Water, Sewerage and Drainage	11,886	11,708	75,368	67,343
58.1.1	Infrastructure Development of Homebush Bay and Related Sites	88	909	512	26,932
70.1.3	Other Service-wide Activities	9,720	11,212	...	...
76.1.1	Water and Sewerage Assistance	...	332	4,000	...
Water and Sewerage		21,694	24,161	79,880	94,275

Appendix E: Financial Information by Policy Area and Sector (cont)**TOTAL PAYMENTS**

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
5. HOUSING, WATER AND SEWERAGE, AND THE ENVIRONMENT (cont)				
5.3 Protection of the Environment				
39.1.1 Transport and Public Infrastructure	11,156	9,543	1,451	448
39.1.2 Industrial and Extractive Activities	9,914	9,542	928	294
39.1.4 Household and Commercial Activities	8,417	18,845	140	136
39.1.5 Cross-Sectoral Strategies	16,449	18,572	1,304	2,885
39.1.6 Managing Regional Cumulative Impacts	13,034	14,060	1,815	3,773
53.1.1 Integrated Natural Resources Information	...	...	...	...
53.1.2 Integrated and Strategic Natural Resources Policy	2,034	2,021	322	290
53.3.1 Catchment Management and Community Services	62,827	61,642	3,724	3,152
53.3.2 Coastal and Riverine Management	25,365	30,522	33,263	40,104
53.4.2 State Lands Services	27,306	26,202	5,846	7,050
58.1.1 Infrastructure Development of Homebush Bay and Related Sites	3,487	1,652	17,732	48,918
70.1.3 Other Service-wide Activities	1,407	1,507	...	...
74.1.1 State and Regional Planning	13,567	13,719	1,951	1,545
74.1.3 Heritage, Assessment and Resources	9,615	13,290	156	20
76.1.1 Water and Sewerage Assistance	13,000	13,000	...	...
Protection of the Environment	217,578	234,117	68,632	108,615
5.9 Other Housing and Community Amenities				
46.1.1 Investigation of Complaints from HomeFund Borrowers	2,738	869	...	...
Other Housing and Community Amenities	2,738	869	...	...
Total, Housing, Water and Sewerage, and the Environment	329,680	367,750	676,490	647,491

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

		Current Payments		Capital Program	
		1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
		\$000	\$000	\$000	\$000
6.	RECREATION AND CULTURE				
6.1	Recreation Facilities and Services				
5.2.1	Projects and Management Services	3,058	2,945	...	...
40.1.1	Conservation Policy, Assessment and Planning	24,987	28,534	7,008	8,041
40.1.2	Protection of Conservation Assets	40,145	49,802	16,883	20,514
40.1.3	Promotion of Conservation	51,828	63,388	7,358	8,941
40.1.4	Regional Park Management	890	893	...	2,500
42.1.1	Centennial Park and Moore Park Trust	5,369	7,066	2,644	2,806
43.1.1	Bicentennial Park Trust	1,453	1,518	586	505
48.2.1	Liquor and Machine Gaming Compliance	3,433	3,342	472	21
48.2.2	Technology Services	1,533	1,757	126	4
48.2.3	Liquor and Machine Gaming Revenue	999	902	68	3
48.3.1	Public Charity Fundraising Standards	1,701	1,540	114	5
48.4.1	Casino Surveillance Division	4,848	5,024	280	227
48.5.1	Development, Control and Regulation of the Racing Industry	2,610	3,412	27,949	11,876
49.1.1	Casino Control	4,118	3,501	165	90
53.4.2	State Lands Services	4,768	6,015	6,500	6,900
58.1.1	Infrastructure Development of Homebush Bay and Related Sites	3,782	5,573	21,530	169,559
58.1.2	Delivery of Olympic and Paralympic Facilities and Venues	3,357	3,698	11,855	58,364
58.1.3	Co-ordination of Olympic and Paralympic Activities	4,800	6,771	19,525	...
66.1.1	Participation in Sport and Recreation	29,402	30,934	9,847	8,886
66.1.2	Excellence in Sport	17,219	22,349	5,030	1,550
70.1.3	Other Service-wide Activities	1,875	2,009	...	...
	Recreation Facilities and Services	212,175	250,973	137,940	300,792

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

		Current Payments		Capital Program	
		1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
		\$000	\$000	\$000	\$000
6.	RECREATION AND CULTURE (cont)				
6.2	Cultural Facilities and Support of the Arts				
10.1.1	Policy Formulation and Review, Cultural Grants Program and Other Arts Assistance	33,899	34,629	19,094	25,045
11.1.1	State Library	41,360	42,008	6,091	7,094
12.1.1	Australian Museum	19,329	20,048	992	1,700
13.1.1	Museum of Applied Arts and Sciences	26,636	27,264	2,815	1,062
14.1.1	Historic Houses Trust	9,524	9,604	846	620
15.1.1	Art Gallery of New South Wales	19,397	18,342	3,365	3,230
17.1.1	New South Wales Film and Television Office	10,399	6,135	30	124
39.1.7	Government Contributions	4,930	5,085	2,340	2,340
41.1.1	Research	2,289	2,358	450	1,933
41.1.2	Management of Resources	12,129	12,500	679	690
41.1.3	Interpretation, Education and Visitor Services	2,223	2,292	50	60
58.2.1	Subsidy to the Darling Harbour Authority	15,760	15,760	1,905	1,905
63.1.1	Risk Management and Policy Development	...	...	6,112	4,498
74.1.3	Heritage, Assessment and Resources	844	677	...	...
	Cultural Facilities and Support of the Arts	198,719	196,702	44,769	50,301
	Total, Recreation and Culture	410,894	447,675	182,709	351,093

7. AGRICULTURE, FORESTRY AND FISHING

7.1 Agriculture

19.1.1	Food and Fibre Products	76,924	76,600	5,165	4,963
19.1.2	Quality Assurance	49,587	48,789	2,180	3,697
19.1.3	Resource Management	51,306	34,662	571	421
19.1.4	Agricultural Education, Animal Welfare and Rural Support	10,079	8,165	785	696
19.1.5	Quarantine and Export Services	3,557	...	...	...
20.1.1	Assistance to Farmers	83,729	62,391	9,320	11,100
39.1.3	Primary Production	4,677	5,205	140	280

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

		Current Payments		Capital Program	
		1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
		\$000	\$000	\$000	\$000
7.	AGRICULTURE, FORESTRY AND FISHING (cont)				
7.1	Agriculture (cont)				
53.1.1	Integrated Natural Resources Information	...	...	...	...
53.2.2	Water Resource Management	81,343	82,268	3,723	4,551
53.2.3	Major Water Infrastructure	26,305	29,578	16,221	9,954
53.3.1	Catchment Management and Community Services	12,895	26,316	...	...
53.3.3	Soil and Vegetation Services	11,747	13,585	1,235	890
53.4.2	State Lands Services	200	200	...	...
70.1.3	Other Service-wide Activities	7,547	8,087	...	...
	Agriculture	419,896	395,846	39,340	36,552
7.2	Forestry				
53.1.3	Forestry Policy	27,857	81,612	8,822	14,390
	Forestry	27,857	81,612	8,822	14,390
7.3	Fishing				
57.1.1	Fisheries Conservation and Management	25,111	24,827	1,275	1,164
	Fishing	25,111	24,827	1,275	1,164
	Total, Agriculture, Forestry and Fishing	472,864	502,285	49,437	52,106

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
8. MINING, ENERGY AND CONSTRUCTION				
8.1 Mining and Energy				
55.1.1 Resource Assessment	10,048	9,815	9,247	5,437
55.1.2 Resource Allocation	6,880	7,452	370	797
55.1.3 Resource Management	13,908	13,040	1,762	1,460
55.1.4 Resource Policy and Promotion	955	836	217	67
56.1.1 Compensation for Repurchase of Property Rights	3,220	4,057	50,040	50,030
70.1.3 Other Service-wide Activities	453	485	...	...
71.1.1 Energy Management and Utilisation	23,107	9,002	3,580	60
72.1.1 Reduce Adverse Environmental Impacts of Energy Use	585	17,219	...	...
Mining and Energy	59,156	61,906	65,216	57,851
8.3 Construction				
44.1.1 Fair Trading Strategy	...	...	...	4
44.1.2 Marketplace Performance	...	6,465	...	7
44.1.3 Fair Trading Standards and Registers	...	2,150	...	11
44.1.4 Consumer and Trader Services	...	6,013	...	24
44.1.5 Tribunals	...	...	...	4
63.1.1 Risk Management and Policy Development	6,515	6,551	...	...
Construction	6,515	21,179	...	50
Total, Mining, Energy and Construction	65,671	83,085	65,216	57,901

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

		Current Payments		Capital Program	
		1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
		\$000	\$000	\$000	\$000
9.	TRANSPORT AND COMMUNICATION				
9.1	Road Systems				
58.1.1	Infrastructure Development of Homebush Bay and Related Sites	1,443	2,757	4,111	81,611
59.1.1	Network Development	42,535	43,801	639,415	706,334
59.1.2	Maintenance	525,339	527,555	23,981	32,657
59.2.1	Driver and Vehicle Policy and Regulation	195,125	195,909	16,332	6,208
59.3.1	Road Safety and Traffic Management	167,733	174,831	105,338	104,363
	Road Systems	932,175	944,853	789,177	931,173
9.2	Rail Transport				
58.1.1	Infrastructure Development of Homebush Bay and Related Sites	582	1,916	441	56,720
67.1.1	Development, Co-ordination and Planning of Transport Services	1,140	...	...	...
67.2.1	Assistance in Implementing Rail Services Reform	277,413	323,248	386,754	382,140
67.2.2	Purchase of Passenger and Freight Transport Services	242,358	111,773	...	...
	Rail Transport	521,493	436,937	387,195	438,860
9.3	Road and Water Transport				
53.3.2	Coastal and Riverine Management	1,800	1,800	...	...
64.1.1	Port Management	8,984	5,907	433	615
65.1.1	Marine Safety and Environment	...	19,898	...	4,067
65.1.2	Property and Wetlands Management	...	5,316	...	830
67.2.2	Purchase of Passenger and Freight Transport Services	48,387	48,782	...	...
	Road and Water Transport	59,171	81,703	433	5,512

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

		Current Payments		Capital Program	
		1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
		\$000	\$000	\$000	\$000
9.	TRANSPORT AND COMMUNICATION (cont)				
9.4	Other Transport and Communication				
67.1.1	Development, Co-ordination and Planning of Transport Services	31,369	34,625	11,965	19,445
	Other Transport and Communication	31,369	34,625	11,965	19,445
	Total, Transport and Communication	1,544,208	1,498,118	1,188,770	1,394,990
10.	OTHER ECONOMIC SERVICES				
10.1	Labour and Employment				
21.2.2	Industrial Court	5,808	6,135	50	128
25.1.1	Private Sector Industrial Relations	11,735	11,929	200	543
25.1.2	Conciliation and Arbitration	8,767	8,966	...	80
35.1.2	Training and Education Services	131,109	123,201	2,136	2,642
	Labour and Employment	157,419	150,231	2,386	3,393
10.2	State Development				
73.1.1	Development of the New South Wales Economy	74,770	63,400	5,884	20,234
	State Development	74,770	63,400	5,884	20,234

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

		Current Payments		Capital Program	
		1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
		\$000	\$000	\$000	\$000
10.	OTHER ECONOMIC SERVICES (cont)				
10.3	Tourism				
68.1.1	Strategic Planning	1,961	1,831	...	...
68.1.2	Marketing	36,080	36,726	210	685
	Tourism	38,041	38,557	210	685
10.4	Consumer Affairs				
44.1.1	Fair Trading Strategy	...	6,069	...	51
44.1.2	Marketplace Performance	...	3,057	...	84
44.1.3	Fair Trading Standards and Registers	...	8,864	...	133
44.1.4	Consumer and Trader Services	...	26,474	...	267
44.1.5	Tribunals	...	7,813	...	44
45.1.1	Information	9,484	...	160	...
45.1.2	Compliance	17,516	...	156	...
45.1.3	Registration	6,341	...	782	...
45.2.1	Development, Oversight and Assistance to Co-operatives	2,731	...	30	...
	Consumer Affairs	36,072	52,277	1,128	579
10.5	Other - Other Economic Services				
9.1.1	Pricing Regulation	2,956	3,844	...	...
48.2.1	Liquor and Machine Gaming Compliance	3,400	3,411	...	...
48.2.3	Liquor and Machine Gaming Revenue	997	901	68	4
53.1.1	Integrated Natural Resources Information	1,996	1,939	322	290
53.4.1	Spatial Land Information	27,516	25,537	5,627	4,350
70.1.3	Other Service-wide Activities	1,893	1,866	...	...
	Other - Other Economic Services	38,758	37,498	6,017	4,644
	Total, Other Economic Services	345,060	341,963	15,625	29,535

Appendix E: Financial Information by Policy Area and Sector (cont)**TOTAL PAYMENTS**

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
11. GENERAL PUBLIC SERVICES				
11.1 Legislative Services				
1.1.1 Parliamentary Representation - Legislative Council	8,156	8,476	88	16
1.1.2 Operation of the Legislative Council	2,096	1,977	15	...
1.1.3 Parliamentary Representation - Legislative Assembly	25,575	26,739	823	970
1.1.4 Operation of the Legislative Assembly	2,453	2,617	8	...
1.1.5 Executive Government	4,082	4,268	...	...
1.1.6 Parliamentary Committees	2,878	3,322	36	...
1.2.1 Parliamentary Library	2,101	2,113	17	388
1.2.2 Hansard	1,849	1,814	23	...
1.2.3 Building Services	3,169	3,038	94	792
1.2.4 Catering Services	1,909	1,852	64	...
1.2.5 Special Services	3,484	3,821	1,080	1,085
2.1.1 Services for the Premier and Cabinet	8,336	9,205	10	10
3.1.1 Drafting and Publishing of Government Legislation	3,701	4,111	58	120
5.1.1 Services for the Governor's Office	2,814	1,142	...	10
5.1.2 Protocol and Hospitality Services	2,367	2,408	...	...
5.1.3 Services for the Leaders of the Opposition	1,507	1,247	...	...
5.1.6 Office of State Administration	26,900	26,900	...	...
8.1.1 Management and Administration of Parliamentary Elections	7,349	5,916	...	...
8.1.2 Funding of Parliamentary Election Campaigns	5,747	2,152	...	...
21.1.2 Legal Services	5,319	4,000	...	...
54.1.1 Development, Oversight of and Assistance to Local Government	9,855	10,667	...	2,500
63.1.1 Risk Management and Policy Development	1,274	1,274	...	...
Legislative Services	132,921	129,059	2,316	5,891

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

		Current Payments		Capital Program	
		1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
		\$000	\$000	\$000	\$000
11.	GENERAL PUBLIC SERVICES (cont)				
11.2	Financial and Fiscal Services				
48.2.3	Liquor and Machine Gaming Revenue	7	...	...	...
53.4.2	State Lands Services	3,300	3,000	...	...
69.1.1	Budgetary Strategy, Allocation, Monitoring, Reporting and Systems	5,606	6,240	493	361
69.1.2	Accounting and Finance Administration, Policy and Standards, Funding, Liability and Asset Management, Bank	5,863	6,461	4,571	311
69.1.4	Government Trading Enterprises Financial Monitoring and Shareholder Advice	3,971	4,165	282	264
69.2.1	Stamp Duties Collection	17,714	18,418	1,329	1,819
69.2.2	Pay-roll Tax Collection	6,144	6,694	1,072	224
69.2.3	Land Tax Collection	20,852	21,732	696	466
69.2.4	Business Franchise Licences	1,889	1,861	103	51
69.2.5	Tax Equivalents Collection	495	1,141	29	13
70.1.3	Other Service-wide Activities	9,185	19,085	36,750	...
70.3.1	Crown Property Management	...	102,489	...	7,446
	Financial and Fiscal Services	75,026	191,286	45,325	10,955
11.3	Debt Transactions				
59.1.1	Network Development	117,999	124,791	...	...
70.1.1	Debt Servicing Costs	1,502,135	1,427,820	...	...
70.1.3	Other Service-wide Activities	23,539	20,000	...	...
	Debt Transactions	1,643,673	1,572,611	...	...
11.4	Superannuation and Long Service Leave				
70.1.3	Other Service-wide Activities	1,060,610	1,267,282	...	...
	Superannuation and Long Service Leave	1,060,610	1,267,282	...	...

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

		Current Payments		Capital Program	
		1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
		\$000	\$000	\$000	\$000
11.	GENERAL PUBLIC SERVICES (cont)				
11.5	Natural Disaster Relief				
26.1.1	Child and Family Support	937	315	...	...
33.1.1	Funding and Administration of Rural Firefighting Services	225	915	...	...
34.1.1	Provision of Emergency Services	2,000	2,000	...	...
70.2.1	Natural Disasters Relief	...	...	3,503	3,505
	Natural Disaster Relief	3,162	3,230	3,503	3,505
11.6	Other - General Public Services				
4.1.1	Council on the Cost of Government	1,833	2,015	...	...
4.1.2	Equal Opportunity in Public Employment	2,073	2,080	...	...
4.1.3	Public Employment	8,649	8,072	32	32
5.1.4	Improvement of Public Sector Performance	3,550	3,268	...	...
5.1.5	Implementation of Government's Commercialisation Policies	2,673	2,876	...	...
5.1.6	Office of State Administration	12,994	14,418	260	658
6.1.1	Investigation, Community Education and Prevention of Corruption	12,745	12,611	220	240
7.1.2	Resolution of Local Government, Public Authority and Prison Complaints and Review of Freedom of Information	2,135	2,192	106	37
16.1.1	Archives Authority of New South Wales	4,410	4,623	57	118
19.1.4	Agricultural Education, Animal Welfare and Rural Support	...	...	...	...
48.1.1	Policy and Development	3,110	3,302	120	5
63.1.1	Risk Management and Policy Development	29,483	32,709	7,435	7,897
69.1.3	Economic Advice, Taxation Policy and Advice on Intergovernmental Financial Relations	9,898	5,602	331	271

Appendix E: Financial Information by Policy Area and Sector (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
11. GENERAL PUBLIC SERVICES (cont)				
11.6 Other - General Public Services (cont)				
70.1.2 Refunds and Remissions of Crown Revenue	46,606	26,767	...	...
70.1.3 Other Service-wide Activities	11,557	18,000	6,364	...
Other - General Public Services	151,716	138,535	14,925	9,258
Total, General Public Services	3,067,108	3,302,003	66,069	29,609
TOTAL BEFORE ADJUSTMENTS	19,803,258	20,498,439	3,341,493	3,603,596
PLUS:				
Treasurer's Advance	20,000	100,000	...	...
LESS:				
Intra Sector transactions eliminated for GFS purposes				
- Payroll Tax	...	...	19,500	19,500
- Other	13,258	6,459	...	...
Crown receipts offset for GFS purposes				
- Superannuation	12,148	12,281	...	...
- Other	27,078	32,172	...	...
TOTAL, RECURRENT PAYMENTS	19,770,774	20,547,527	...	...
BUDGET SECTOR CAPITAL PROGRAM	...	...	3,321,993	3,584,096
PLUS:				
Increase in Inventories	...	...	417	(-) 924
TOTAL, CAPITAL PAYMENTS	...	...	3,322,410	3,583,172

Appendix F: Financial Information by Minister, Agency and Program**TOTAL PAYMENTS**

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
THE LEGISLATURE				
THE LEGISLATURE				
Parliamentary Representation - Legislative Council	8,156	8,476	88	16
Operation of the Legislative Council	2,096	1,977	15	...
Parliamentary Representation - Legislative Assembly	25,575	26,739	823	970
Operation of the Legislative Assembly	2,453	2,617	8	...
Executive Government	4,082	4,268	...	...
Parliamentary Committees	2,878	3,322	36	...
Parliamentary Library	2,101	2,113	17	388
Hansard	1,849	1,814	23	...
Building Services	3,169	3,038	94	792
Catering Services	1,909	1,852	64	...
Special Services	3,484	3,821	1,080	1,085
Total, THE LEGISLATURE	57,752	60,037	2,248	3,251
Total, THE LEGISLATURE	57,752	60,037	2,248	3,251
PREMIER, MINISTER FOR THE ARTS AND MINISTER FOR ETHNIC AFFAIRS				
CABINET OFFICE				
Services for the Premier and Cabinet	8,336	9,205	10	10
Total, CABINET OFFICE	8,336	9,205	10	10
PARLIAMENTARY COUNSEL'S OFFICE				
Drafting and Publishing of Government Legislation	3,701	4,111	58	120
Total, PARLIAMENTARY COUNSEL'S OFFICE	3,701	4,111	58	120

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
PREMIER, MINISTER FOR THE ARTS AND MINISTER FOR ETHNIC AFFAIRS (cont)				
PUBLIC EMPLOYMENT OFFICE				
Council on the Cost of Government	1,833	2,015	...	...
Equal Opportunity in Public Employment	2,073	2,080	...	...
Public Employment	8,649	8,072	32	32
Total, PUBLIC EMPLOYMENT OFFICE	12,555	12,167	32	32
PREMIER'S DEPARTMENT				
Services for the Governor's Office	2,814	1,142	...	10
Protocol and Hospitality Services	2,367	2,408	...	...
Services for the Leaders of the Opposition	1,507	1,247	...	...
Improvement of Public Sector Performance	3,550	3,268	...	...
Implementation of Government's Commercialisation Policies	2,673	2,876	...	...
Office of State Administration	39,894	41,318	260	658
Projects and Management Services	3,058	2,945	...	...
Total, PREMIER'S DEPARTMENT	55,863	55,204	260	668
INDEPENDENT COMMISSION AGAINST CORRUPTION				
Investigation, Community Education and Prevention of Corruption	12,745	12,611	220	240
Total, INDEPENDENT COMMISSION AGAINST CORRUPTION	12,745	12,611	220	240
OMBUDSMAN'S OFFICE				
Resolution of Complaints about Police	2,414	2,995	195	75
Resolution of Local Government, Public Authority and Prison Complaints and Review of Freedom of Information Complaints	2,135	2,192	106	37
Total, OMBUDSMAN'S OFFICE	4,549	5,187	301	112

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
PREMIER, MINISTER FOR THE ARTS AND MINISTER FOR ETHNIC AFFAIRS (cont)				
STATE ELECTORAL OFFICE				
Management and Administration of Parliamentary Elections	7,349	5,916	...	...
Funding of Parliamentary Election Campaigns	5,747	2,152	...	...
Total, STATE ELECTORAL OFFICE	13,096	8,068	...	...
INDEPENDENT PRICING AND REGULATORY TRIBUNAL				
Pricing Regulation	2,956	3,844	...	...
Total, INDEPENDENT PRICING AND REGULATORY TRIBUNAL	2,956	3,844	...	...
MINISTRY FOR THE ARTS				
Policy Formulation and Review, Cultural Grants Program and Other Arts Assistance	33,899	34,629	19,094	25,045
Total, MINISTRY FOR THE ARTS	33,899	34,629	19,094	25,045
STATE LIBRARY				
State Library	41,360	42,008	6,091	7,094
Total, STATE LIBRARY	41,360	42,008	6,091	7,094
AUSTRALIAN MUSEUM				
Australian Museum	19,329	20,048	992	1,700
Total, AUSTRALIAN MUSEUM	19,329	20,048	992	1,700

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
PREMIER, MINISTER FOR THE ARTS AND MINISTER FOR ETHNIC AFFAIRS (cont)				
MUSEUM OF APPLIED ARTS AND SCIENCES				
Museum of Applied Arts and Sciences	26,636	27,264	2,815	1,062
Total, MUSEUM OF APPLIED ARTS AND SCIENCES	26,636	27,264	2,815	1,062
HISTORIC HOUSES TRUST				
Historic Houses Trust	9,524	9,604	846	620
Total, HISTORIC HOUSES TRUST	9,524	9,604	846	620
ART GALLERY OF NEW SOUTH WALES				
Art Gallery of New South Wales	19,397	18,342	3,365	3,230
Total, ART GALLERY OF NEW SOUTH WALES	19,397	18,342	3,365	3,230
ARCHIVES AUTHORITY OF NEW SOUTH WALES				
Archives Authority of New South Wales	4,410	4,623	57	118
Total, ARCHIVES AUTHORITY OF NEW SOUTH WALES	4,410	4,623	57	118
NEW SOUTH WALES FILM AND TELEVISION OFFICE				
New South Wales Film and Television Office	10,399	6,135	30	124
Total, NEW SOUTH WALES FILM AND TELEVISION OFFICE	10,399	6,135	30	124

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
PREMIER, MINISTER FOR THE ARTS AND MINISTER FOR ETHNIC AFFAIRS (cont)				
ETHNIC AFFAIRS COMMISSION				
Community Support Services	5,267	6,529	796	200
Interpreting and Translation Services	4,331	3,892	...	...
Total, ETHNIC AFFAIRS COMMISSION	9,598	10,421	796	200
Total, PREMIER, MINISTER FOR THE ARTS AND MINISTER FOR ETHNIC AFFAIRS				
	288,353	283,471	34,967	40,375
MINISTER FOR AGRICULTURE				
DEPARTMENT OF AGRICULTURE				
Food and Fibre Products	76,924	76,600	5,165	4,963
Quality Assurance	49,587	48,789	2,180	3,697
Resource Management	51,306	34,662	571	421
Agricultural Education, Animal Welfare and Rural Support	18,122	16,762	1,835	2,035
Quarantine and Export Services	3,557	...	...	...
Total, DEPARTMENT OF AGRICULTURE	199,496	176,813	9,751	11,116
RURAL ASSISTANCE AUTHORITY				
Assistance to Farmers	83,729	62,391	9,320	11,100
Total, RURAL ASSISTANCE AUTHORITY	83,729	62,391	9,320	11,100
Total, MINISTER FOR AGRICULTURE	283,225	239,204	19,071	22,216

Appendix F: Financial Information by Minister, Agency and Program (cont)**TOTAL PAYMENTS**

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
ATTORNEY GENERAL AND MINISTER FOR INDUSTRIAL RELATIONS				
ATTORNEY GENERAL'S DEPARTMENT				
Justice Policy and Planning	6,144	6,546	21	143
Legal Services	13,122	10,096	78	111
Human Rights Services	86,860	78,946	612	201
Information and Management Services	20,303	15,384	2,297	1,094
Supreme Court	31,036	35,245	1,160	2,029
Industrial Court	5,808	6,135	50	128
Land and Environment Court	5,532	5,021	550	2,966
District Court	40,555	42,757	23,334	787
Compensation Court	27,646	27,838	35,537	...
Local Courts	91,420	95,252	5,416	10,022
Total, ATTORNEY GENERAL'S DEPARTMENT	328,426	323,220	69,055	17,481
JUDICIAL COMMISSION				
Judicial Commission of New South Wales	2,483	2,345	180	50
Total, JUDICIAL COMMISSION	2,483	2,345	180	50
LEGAL AID COMMISSION				
Legal Aid and Other Legal Services for Eligible Persons in Disputes Arising from Family Relationships	23,758	24,175	1,039	643
Legal Aid and Other Legal Services for Eligible Persons in Criminal Law Matters	34,973	36,419	1,678	1,050
Legal Aid and Other Legal Services for Eligible Persons in General Law Matters	17,750	18,131	832	519
Community Legal Centre Funding	4,819	5,910	...	...
Alternative Dispute Resolution Funding	442	433	...	...
Total, LEGAL AID COMMISSION	81,742	85,068	3,549	2,212

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
ATTORNEY GENERAL AND MINISTER FOR INDUSTRIAL RELATIONS (cont)				
OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS				
Crown Representation in Criminal Prosecutions	36,537	39,598	404	1,703
Total, OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS	36,537	39,598	404	1,703
DEPARTMENT OF INDUSTRIAL RELATIONS				
Private Sector Industrial Relations	11,735	11,929	200	543
Conciliation and Arbitration	8,767	8,966	...	80
Total, DEPARTMENT OF INDUSTRIAL RELATIONS	20,502	20,895	200	623
Total, ATTORNEY GENERAL AND MINISTER FOR INDUSTRIAL RELATIONS	469,690	471,126	73,388	22,069
MINISTER FOR COMMUNITY SERVICES, MINISTER FOR AGED SERVICES AND MINISTER FOR DISABILITY SERVICES				
DEPARTMENT OF COMMUNITY SERVICES				
Child and Family Support	253,379	251,155	5,135	10,908
Children's Services	87,456	90,851	7,337	11,461
Community Resources	49,503	90,822	886	1,678
Disability Services	32,859	27,916	4,307	2,204
Total, DEPARTMENT OF COMMUNITY SERVICES	423,197	460,744	17,665	26,251

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR COMMUNITY SERVICES, MINISTER FOR AGED SERVICES AND MINISTER FOR DISABILITY SERVICES (cont)				
AGEING AND DISABILITY DEPARTMENT				
Ageing and Disability	578,319	610,916	15,767	10,333
Total, AGEING AND DISABILITY DEPARTMENT	578,319	610,916	15,767	10,333
COMMUNITY SERVICES COMMISSION				
Community Services Commission	2,981	3,070	18	18
Total, COMMUNITY SERVICES COMMISSION	2,981	3,070	18	18
DEPARTMENT OF JUVENILE JUSTICE				
Juvenile Justice	61,188	66,985	2,009	11,517
Total, DEPARTMENT OF JUVENILE JUSTICE	61,188	66,985	2,009	11,517
HOME CARE SERVICE				
Home Care Service	18,347	17,299	2,300	2,000
Total, HOME CARE SERVICE	18,347	17,299	2,300	2,000
Total, MINISTER FOR COMMUNITY SERVICES, MINISTER FOR AGED SERVICES AND MINISTER FOR DISABILITY SERVICES	1,084,032	1,159,014	37,759	50,119

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR CORRECTIVE SERVICES AND MINISTER FOR EMERGENCY SERVICES				
DEPARTMENT OF CORRECTIVE SERVICES				
Containment and Care of Inmates	239,099	234,830	47,129	37,858
Assessment, Classification and Development of Inmates	52,160	51,141	1,881	1,578
Alternatives to Custody	29,381	30,828	846	1,495
Total, DEPARTMENT OF CORRECTIVE SERVICES	320,640	316,799	49,856	40,931
NEW SOUTH WALES FIRE BRIGADES				
Operation and Maintenance of Brigades and Special Services	201,644	214,658	17,498	23,524
Brigade Training and Development	7,978	8,487	...	...
Investigations, Research and Advisory Services	5,317	5,620	...	600
Planning and Co-ordination of Rescue Services and Emergency Management	1,349	1,620	...	...
Total, NEW SOUTH WALES FIRE BRIGADES	216,288	230,385	17,498	24,124
DEPARTMENT OF BUSH FIRE SERVICES				
Funding and Administration of Rural Firefighting Services	25,423	25,526	38,313	41,119
Training of Volunteer Bush Fire Fighters	730	744	...	...
Public Education and Information Services	773	785	...	...
Total, DEPARTMENT OF BUSH FIRE SERVICES	26,926	27,055	38,313	41,119

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR CORRECTIVE SERVICES AND MINISTER FOR EMERGENCY SERVICES (cont)				
STATE EMERGENCY SERVICE				
Provision of Emergency Services	9,441	9,591	1,520	1,975
Total, STATE EMERGENCY SERVICE	9,441	9,591	1,520	1,975
Total, MINISTER FOR CORRECTIVE SERVICES AND MINISTER FOR EMERGENCY SERVICES				
	573,295	583,830	107,187	108,149
MINISTER FOR EDUCATION AND TRAINING				
DEPARTMENT OF TRAINING AND EDUCATION CO-ORDINATION				
Training and Education Policy	20,383	16,366	6,623	581
Training and Education Services	131,109	123,201	2,136	2,642
Total, DEPARTMENT OF TRAINING AND EDUCATION CO-ORDINATION	151,492	139,567	8,759	3,223
DEPARTMENT OF SCHOOL EDUCATION				
Pre-School Education in Government Schools	9,447	9,843	...	...
Kindergarten to Year 6 Core Education in Government Schools	1,279,939	1,333,199	98,427	71,447
Years 7 to 10 Core Education in Government Schools	950,484	986,695	46,876	50,308
Years 11 and 12 Core Education in Government Schools	420,192	440,004	20,725	22,245
Special Education Programs	283,266	288,120	2,422	2,500
Rural Education Program	52,843	54,058	1,200	700
Programs for Socio-Economically Disadvantaged Students	41,827	43,414	...	...
Aboriginal Education Programs	17,098	17,485	...	...

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR EDUCATION AND TRAINING (cont)				
DEPARTMENT OF SCHOOL EDUCATION (cont)				
Programs for Students of Non-English Speaking Background	63,988	65,794	...	...
Other Equity Programs	5,961	6,211	...	...
Strategic Plan Programs in Government Schools	156,271	194,652	6,300	4,100
Non-Government Schools Assistance	319,065	332,943	...	...
Total, DEPARTMENT OF SCHOOL EDUCATION	3,600,381	3,772,418	175,950	151,300
NEW SOUTH WALES TECHNICAL AND FURTHER EDUCATION COMMISSION				
Courses in Engineering and Industrial Technology	347,375	353,204	44,427	51,578
Courses in Applied Sciences	184,396	187,472	23,362	27,123
Courses in Fine and Applied Arts	91,788	93,205	12,025	13,962
Courses in Commercial and General Studies	311,437	316,058	43,911	50,977
Total, NEW SOUTH WALES TECHNICAL AND FURTHER EDUCATION COMMISSION	934,996	949,939	123,725	143,640
OFFICE OF THE BOARD OF STUDIES				
Office of the Board of Studies	56,502	56,622	435	370
Total, OFFICE OF THE BOARD OF STUDIES	56,502	56,622	435	370
Total, MINISTER FOR EDUCATION AND TRAINING	4,743,371	4,918,546	308,869	298,533

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR THE ENVIRONMENT				
ENVIRONMENT PROTECTION AUTHORITY				
Transport and Public Infrastructure	11,156	9,543	1,451	448
Industrial and Extractive Activities	9,914	9,542	928	294
Primary Production	4,677	5,205	140	280
Household and Commercial Activities	8,417	18,845	140	136
Cross-Sectoral Strategies	16,449	18,572	1,304	2,885
Managing Regional Cumulative Impacts	13,034	14,060	1,815	3,773
Government Contributions	4,930	5,085	2,340	2,340
Total, ENVIRONMENT PROTECTION AUTHORITY	68,577	80,852	8,118	10,156
NATIONAL PARKS AND WILDLIFE SERVICE				
Conservation Policy, Assessment and Planning	24,987	28,534	7,008	8,041
Protection of Conservation Assets	40,145	49,802	16,883	20,514
Promotion of Conservation	51,828	63,388	7,358	8,941
Regional Park Management	890	893	...	2,500
Total, NATIONAL PARKS AND WILDLIFE SERVICE	117,850	142,617	31,249	39,996
ROYAL BOTANIC GARDENS AND DOMAIN TRUST				
Research	2,289	2,358	450	1,933
Management of Resources	12,129	12,500	679	690
Interpretation, Education and Visitor Services	2,223	2,292	50	60
Total, ROYAL BOTANIC GARDENS AND DOMAIN TRUST	16,641	17,150	1,179	2,683
CENTENNIAL PARK AND MOORE PARK TRUST				
Centennial Park and Moore Park Trust	5,369	7,066	2,644	2,806
Total, CENTENNIAL PARK AND MOORE PARK TRUST	5,369	7,066	2,644	2,806

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR THE ENVIRONMENT (cont)				
BICENTENNIAL PARK TRUST				
Bicentennial Park Trust	1,453	1,518	586	505
Total, BICENTENNIAL PARK TRUST	1,453	1,518	586	505
Total, MINISTER FOR THE ENVIRONMENT	209,890	249,203	43,776	56,146
MINISTER FOR FAIR TRADING AND MINISTER FOR WOMEN				
DEPARTMENT OF FAIR TRADING				
Fair Trading Strategy	...	6,069	...	64
Marketplace Performance	...	13,341	...	105
Fair Trading Standards and Registers	...	17,176	...	167
Consumer and Trader Services	...	35,778	...	337
Tribunals	...	7,971	...	56
Total, DEPARTMENT OF FAIR TRADING	...	80,335	...	729
DEPARTMENT OF CONSUMER AFFAIRS				
Information	9,484	...	160	...
Compliance	17,516	...	156	...
Registration	6,341	...	782	...
Development, Oversight and Assistance to Co-operatives	2,731	...	30	...
Total, DEPARTMENT OF CONSUMER AFFAIRS	36,072	...	1,128	...

Appendix F: Financial Information by Minister, Agency and Program (cont)**TOTAL PAYMENTS**

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR FAIR TRADING AND MINISTER FOR WOMEN (cont)				
HOMEFUND COMMISSIONER'S OFFICE				
Investigation of Complaints from HomeFund Borrowers	2,738	869	...	...
Total, HOMEFUND COMMISSIONER'S OFFICE	2,738	869	...	...
DEPARTMENT FOR WOMEN				
Policy Development and Projects Affecting the Status of Women	6,228	4,519	80	80
Total, DEPARTMENT FOR WOMEN	6,228	4,519	80	80
Total, MINISTER FOR FAIR TRADING AND MINISTER FOR WOMEN	45,038	85,723	1,208	809
MINISTER FOR GAMING AND RACING				
DEPARTMENT OF GAMING AND RACING				
Policy and Development	4,070	14,314	120	5
Liquor and Machine Gaming Compliance	6,833	6,753	472	21
Technology Services	1,533	1,757	126	4
Liquor and Machine Gaming Revenue	2,003	1,803	136	7
Public Charity Fundraising Standards	1,701	1,540	114	5
Casino Surveillance Division	4,848	5,024	280	227
Development, Control and Regulation of the Racing Industry	2,610	3,412	27,949	11,876
Total, DEPARTMENT OF GAMING AND RACING	23,598	34,603	29,197	12,145

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR GAMING AND RACING (cont)				
CASINO CONTROL AUTHORITY				
Casino Control	4,118	3,501	165	90
Total, CASINO CONTROL AUTHORITY	4,118	3,501	165	90
Total, MINISTER FOR GAMING AND RACING	27,716	38,104	29,362	12,235
MINISTER FOR HEALTH AND MINISTER FOR ABORIGINAL AFFAIRS				
DEPARTMENT OF HEALTH				
Population Health Services	41,939	43,155	4,369	3,860
Primary and Community Based Services	307,949	311,812	8,819	22,269
Aboriginal Health Services	13,263	14,631	2,476	1,806
Outpatient Services	305,119	310,117	...	...
Emergency Services	325,523	328,704	14,653	20,575
Overnight Acute Inpatient Services	2,763,912	2,774,922	427,004	393,653
Same Day Acute Inpatient Services	259,269	262,049	554	...
Mental Health Services	339,281	359,002	19,245	30,081
Rehabilitation and Extended Care Services	598,529	608,780	6,242	643
Teaching and Research	125,801	125,813	5,250	3,750
Total, DEPARTMENT OF HEALTH	5,080,585	5,138,985	488,612	476,637
HEALTH CARE COMPLAINTS COMMISSION				
Health Care Complaints	3,683	4,325	...	...
Total, HEALTH CARE COMPLAINTS COMMISSION	3,683	4,325	...	...

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR HEALTH AND MINISTER FOR ABORIGINAL AFFAIRS (cont)				
DEPARTMENT OF ABORIGINAL AFFAIRS				
Policy and Advisory Services on Aboriginal Affairs	3,255	3,080	41,608	41,500
Total, DEPARTMENT OF ABORIGINAL AFFAIRS	3,255	3,080	41,608	41,500
Total, MINISTER FOR HEALTH AND MINISTER FOR ABORIGINAL AFFAIRS	5,087,523	5,146,390	530,220	518,137
MINISTER FOR LAND AND WATER CONSERVATION				
DEPARTMENT OF LAND AND WATER CONSERVATION				
Integrated Natural Resources Information	1,996	1,939	322	290
Integrated and Strategic Natural Resources Policy	2,034	2,021	322	290
Forestry Policy	27,857	81,612	8,822	14,390
Country Town Water, Sewerage and Drainage	11,886	11,708	75,368	67,343
Water Resource Management	81,627	82,556	3,723	4,551
Major Water Infrastructure	26,305	29,578	16,221	9,954
Catchment Management and Community Services	75,722	87,958	3,724	3,152
Coastal and Riverine Management	27,165	32,322	33,263	40,104
Soil and Vegetation Services	11,747	13,585	1,235	890
Spatial Land Information	27,516	25,537	5,627	4,350
State Lands Services	35,574	35,417	12,346	13,950
Total, DEPARTMENT OF LAND AND WATER CONSERVATION	329,429	404,233	160,973	159,264
Total, MINISTER FOR LAND AND WATER CONSERVATION	329,429	404,233	160,973	159,264

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR LOCAL GOVERNMENT				
DEPARTMENT OF LOCAL GOVERNMENT				
Development, Oversight of and Assistance to Local Government	9,855	10,667	...	2,500
Rate Rebates for Pensioners	63,040	64,041	...	...
Total, DEPARTMENT OF LOCAL GOVERNMENT	72,895	74,708	...	2,500
Total, MINISTER FOR LOCAL GOVERNMENT	72,895	74,708	...	2,500
MINISTER FOR MINERAL RESOURCES AND MINISTER FOR FISHERIES				
DEPARTMENT OF MINERAL RESOURCES				
Resource Assessment	10,048	9,815	9,247	5,437
Resource Allocation	6,880	7,452	370	797
Resource Management	13,908	13,040	1,762	1,460
Resource Policy and Promotion	955	836	217	67
Total, DEPARTMENT OF MINERAL RESOURCES	31,791	31,143	11,596	7,761
COAL COMPENSATION BOARD				
Compensation for Repurchase of Property Rights	3,220	4,057	50,040	50,030
Total, COAL COMPENSATION BOARD	3,220	4,057	50,040	50,030

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR MINERAL RESOURCES AND MINISTER FOR FISHERIES (cont)				
NEW SOUTH WALES FISHERIES				
Fisheries Conservation and Management	25,111	24,827	1,275	1,164
Total, NEW SOUTH WALES FISHERIES	25,111	24,827	1,275	1,164
Total, MINISTER FOR MINERAL RESOURCES AND MINISTER FOR FISHERIES				
	60,122	60,027	62,911	58,955
MINISTER FOR THE OLYMPICS AND MINISTER FOR ROADS				
OLYMPIC CO-ORDINATION AUTHORITY				
Infrastructure Development of Homebush Bay and Related Sites	9,382	12,807	44,326	383,740
Delivery of Olympic and Paralympic Facilities and Venues	3,357	3,698	11,855	58,364
Co-ordination of Olympic and Paralympic Activities	4,800	6,771	19,525	...
Subsidy to the Darling Harbour Authority	15,760	15,760	1,905	1,905
Total, OLYMPIC CO-ORDINATION AUTHORITY	33,299	39,036	77,611	444,009

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR THE OLYMPICS AND MINISTER FOR ROADS (cont)				
ROADS AND TRAFFIC AUTHORITY				
Network Development	160,534	168,592	639,415	706,334
Maintenance	525,339	527,555	23,981	32,657
Driver and Vehicle Policy and Regulation	195,125	195,909	16,332	6,208
Road Safety and Traffic Management	167,733	174,831	105,338	104,363
Total, ROADS AND TRAFFIC AUTHORITY	1,048,731	1,066,887	785,066	849,562
Total, MINISTER FOR THE OLYMPICS AND MINISTER FOR ROADS	1,082,030	1,105,923	862,677	1,293,571
MINISTER FOR POLICE				
MINISTRY FOR POLICE				
Policy Advice, Co-ordination and Support	3,623	3,299	40	30
Total, MINISTRY FOR POLICE	3,623	3,299	40	30
NSW POLICE SERVICE				
Property Theft	202,205	209,033	8,890	10,181
Street Safety	158,606	163,986	6,958	8,218
Personal Safety	118,235	122,246	5,174	6,112
Road Safety	204,098	210,969	10,133	10,470
Alcohol and Drug Related Crime	93,611	96,783	4,116	4,695
Safety in Custody	125,898	130,112	5,467	6,170
Total, NSW POLICE SERVICE	902,653	933,129	40,738	45,846

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR POLICE (cont)				
NEW SOUTH WALES CRIME COMMISSION				
Combating Crime	5,061	6,934	441	387
Total, NEW SOUTH WALES CRIME COMMISSION	5,061	6,934	441	387
Total, MINISTER FOR POLICE				
	911,337	943,362	41,219	46,263
MINISTER FOR PUBLIC WORKS AND SERVICES AND MINISTER FOR PORTS				
OFFICE OF THE MINISTER FOR PUBLIC WORKS AND SERVICES				
Risk Management and Policy Development	37,272	40,534	13,547	12,395
Total, OFFICE OF THE MINISTER FOR PUBLIC WORKS AND SERVICES	37,272	40,534	13,547	12,395
OFFICE OF MARINE SAFETY AND PORT STRATEGY				
Port Management	8,984	5,907	433	615
Total, OFFICE OF MARINE SAFETY AND PORT STRATEGY	8,984	5,907	433	615

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR PUBLIC WORKS AND SERVICES AND MINISTER FOR PORTS (cont)				
WATERWAYS AUTHORITY				
Marine Safety and Environment	...	19,898	...	4,067
Property and Wetlands Management	...	5,316	...	830
Total, WATERWAYS AUTHORITY	...	25,214	...	4,897
Total, MINISTER FOR PUBLIC WORKS AND SERVICES AND MINISTER FOR PORTS	46,256	71,655	13,980	17,907
MINISTER FOR SPORT AND RECREATION				
DEPARTMENT OF SPORT AND RECREATION				
Participation in Sport and Recreation	29,402	30,934	9,847	8,886
Excellence in Sport	17,219	22,349	5,030	1,550
Total, DEPARTMENT OF SPORT AND RECREATION	46,621	53,283	14,877	10,436
Total, MINISTER FOR SPORT AND RECREATION	46,621	53,283	14,877	10,436

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR TRANSPORT AND MINISTER FOR TOURISM				
DEPARTMENT OF TRANSPORT				
Development, Co-ordination and Planning of Transport Services	32,509	34,625	11,965	19,445
Assistance in Implementing Rail Services Reform	277,413	323,248	386,754	382,140
Purchase of Passenger and Freight Transport Services	892,755	768,917	...	...
Total, DEPARTMENT OF TRANSPORT	1,202,677	1,126,790	398,719	401,585
TOURISM NEW SOUTH WALES				
Strategic Planning	1,961	1,831	...	...
Marketing	36,080	36,726	210	685
Total, TOURISM NEW SOUTH WALES	38,041	38,557	210	685
Total, MINISTER FOR TRANSPORT AND MINISTER FOR TOURISM	1,240,718	1,165,347	398,929	402,270
TREASURER, MINISTER FOR ENERGY AND MINISTER FOR STATE AND REGIONAL DEVELOPMENT				
TREASURY				
Budgetary Strategy, Allocation, Monitoring, Reporting and Systems	5,606	6,240	493	361
Accounting and Finance Administration, Policy and Standards, Funding, Liability and Asset Management, Banking and Financial Reporting	5,863	6,461	4,571	311
Economic Advice, Taxation Policy and Advice on Intergovernmental Financial Relations	9,898	5,602	331	271
Government Trading Enterprises Financial Monitoring and Shareholder Advice	3,971	4,165	282	264

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
TREASURER, MINISTER FOR ENERGY AND MINISTER FOR STATE AND REGIONAL DEVELOPMENT (cont)				
TREASURY (cont)				
Stamp Duties Collection	17,714	18,418	1,329	1,819
Pay-roll Tax Collection	6,144	6,694	1,072	224
Land Tax Collection	20,852	21,732	696	466
Business Franchise Licences	1,889	1,861	103	51
Tax Equivalents Collection	495	1,141	29	13
Total, TREASURY	72,432	72,314	8,906	3,780
CROWN TRANSACTIONS				
Debt Servicing Costs	1,502,135	1,427,820	...	...
Refunds and Remissions of Crown Revenue	46,606	26,767	...	...
Other Service-wide Activities	1,228,885	1,457,854	43,114	...
Natural Disasters Relief	...	...	3,503	3,505
Crown Property Management	...	102,489	...	7,446
Total, CROWN TRANSACTIONS	2,777,626	3,014,930	46,617	10,951
DEPARTMENT OF ENERGY				
Energy Management and Utilisation	29,603	9,002	3,580	60
Total, DEPARTMENT OF ENERGY	29,603	9,002	3,580	60
SUSTAINABLE ENERGY DEVELOPMENT AUTHORITY				
Reduce Adverse Environmental Impacts of Energy Use	585	17,219	...	...
Total, SUSTAINABLE ENERGY DEVELOPMENT AUTHORITY	585	17,219	...	...

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
TREASURER, MINISTER FOR ENERGY AND MINISTER FOR STATE AND REGIONAL DEVELOPMENT (cont)				
DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT				
Development of the New South Wales Economy	74,770	63,400	5,884	20,234
Total, DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT	74,770	63,400	5,884	20,234
Total, TREASURER, MINISTER FOR ENERGY AND MINISTER FOR STATE AND REGIONAL DEVELOPMENT	2,955,016	3,176,865	64,987	35,025
MINISTER FOR URBAN AFFAIRS AND PLANNING AND MINISTER FOR HOUSING				
DEPARTMENT OF URBAN AFFAIRS AND PLANNING				
State and Regional Planning	19,719	20,919	1,951	1,545
Metropolitan Planning	20,700	21,686	917	35
Heritage, Assessment and Resources	10,459	13,967	156	20
Office of Housing Policy and Office of Community Housing	4,350	7,286	...	...
Housing Assistance	55,920	59,701	443,560	428,191
Total, DEPARTMENT OF URBAN AFFAIRS AND PLANNING	111,148	123,559	446,584	429,791

Appendix F: Financial Information by Minister, Agency and Program (cont)

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1995-96 Revised	1996-97 Budget	1995-96 Revised	1996-97 Budget
	\$000	\$000	\$000	\$000
MINISTER FOR URBAN AFFAIRS AND PLANNING AND MINISTER FOR HOUSING (cont)				
PAYMENTS TO OTHER GOVERNMENT BODIES UNDER THE CONTROL OF THE MINISTER				
City West Development Corporation	...	...	64,301	8,575
Honeysuckle Development Corporation	...	...	18,000	7,000
Total, PAYMENTS TO OTHER GOVERNMENT BODIES UNDER THE CONTROL OF THE MINISTER	...	...	82,301	15,575
PAYMENTS FOR WATER AND SEWERAGE ASSISTANCE				
Water and Sewerage Assistance	77,801	84,829	4,000	...
Total, PAYMENTS FOR WATER AND SEWERAGE ASSISTANCE	77,801	84,829	4,000	...
Total, MINISTER FOR URBAN AFFAIRS AND PLANNING AND MINISTER FOR HOUSING	188,949	208,388	532,885	445,366
TOTAL FOR ALL MINISTERS	19,803,258	20,498,439	3,341,493	3,603,596

1996-97 BUDGET HIGHLIGHTS

Budget Sector Financial Management (see Chapter 1 for details)

- Underlying Budget surplus of \$5 million - \$145 million surplus if equity restructure payments from Non Budget Sector agencies included (see Table 1.5, p 1-12).
- First Budget since 1988-89 to achieve an underlying surplus.
- Projected underlying Budget surpluses of \$155 million in 1997-98 and \$167 million in 1998-99 meet the Government's fiscal targets set in June 1995.
- No new taxes or tax increases.
- Abolition of tax on loan refinancing.
- Budget Sector net debt as a percentage of GSP to decline from a high of 10.1% in 1994 to 6.7% in 1999.
- Unfunded superannuation liabilities for the Budget Sector to decline by about \$2.8 billion in real terms by June 2006.

Economic Conditions in 1996-97 (see Chapter 2 for details)

- State GSP expected to grow by around 3%.
- NSW employment expected to rise by 1.3%.
- CPI expected to drop below 3.5%.

Social and Community Services

- \$3.5 million for special initiatives to protect children from abuse and neglect.
- \$4 million in 1996-97 for the cost of 45 additional child protection field staff and 51 new district officers in the Department of Community Services.
- \$3.2 million to increase allowances to foster carers.
- \$2 million for families in crisis.
- \$5.5 million to improve services to children with a disability, including \$2 million for respite centres and therapy

(vi)

equipment.

1996-97 BUDGET HIGHLIGHTS (cont)

Social and Community Services (cont)

- \$240 million for the Home and Community Care program to assist frail aged and people with disabilities.

Education

- An additional 126 teaching positions in schools. This brings to 464 the total additional teaching positions added by the Government.
- Begin 35 new school education capital projects, including building 5 new schools and major upgrades to 12 schools.
- Additional funding for an enhanced schools' technology program.
- Begin 40 major new capital developments at TAFE facilities across the State.

Health

- Mental health to be boosted by \$10 million, ensuring services meet the needs of especially disadvantaged people.
- \$15 million extra for rural health services.
- An additional \$1 million, making a record recurrent allocation of \$14.6 million in 1996-97 to improve Aboriginal health, including environmental health projects.
- Start a major restructure of the Central Sydney Area Health Service, redevelop Manning Base Hospital, Broken Hill Hospital and Coffs Harbour Hospital, upgrade Blue Mountains Hospital and refurbish Calvary Hospital.

Police, Crime Prevention and Public Safety

- An additional 100 police officers as part of the Government's commitment to provide an extra 650 police.
- \$11.2 million to replace existing police weapons with self-loading pistols over the next five years.
- Completion of the new Metropolitan Remand and Reception

1996-97 BUDGET HIGHLIGHTS (cont)

Centre at Silverwater by July 1997.

Police, Crime Prevention and Public Safety (cont)

- An additional \$14.1 million for the NSW Fire Brigades to assist in fire containment and prevention activities.
- \$7.1 million for the Bush Fire Services to acquire an additional 110 tankers for various local government areas.
- Reducing backlogs in courts through the appointment of acting judges and other reforms.

Housing, Water and Sewerage and the Environment

- \$31 million over the next two years (\$13 million in 1996-97) to improve waste management.
- \$30 million over the next three years (\$5 million in 1996-97) to maintain and conserve heritage assets.
- \$22.5 million to promote sustainable agriculture and arrest environmental degradation in irrigation areas.
- \$4 million for the Willandra Lakes package of socio-economic measures to address impact of World Heritage listing on land use.

Mining, Energy and Construction

- \$17 million in 1996-97 for the Sustainable Energy Development Authority to reduce the levels of greenhouse gas emissions through the development, promotion and use of sustainable energy technology. Annual funding anticipated to grow to \$28 million in 1998-99.

Recreation and Culture

- \$442 million in 1996-97 on Olympic and Paralympic facilities.
- \$3 million for the NSW Institute of Sport for its first full year of operation.
- \$1.1 million for increased support for cultural, literary, musical, dramatic and artistic activities.

1996-97 BUDGET HIGHLIGHTS (cont)

- Continuation of the \$50 million 4 year program for new national parks. Establishment of Western Sydney and Rouse Hill Regional Parks at a total cost of \$14 million.

Agriculture, Forestry and Fishing

- \$66 million in 1996-97 for the Forestry Industry Structural Adjustment Package (a total of \$120 million over the 5 years to 1999-2000), funded dollar for dollar with the Commonwealth.
- \$47 million total package over three years for additional eucalypt hardwood plantations; \$14.1 million in 1996-97.
- \$17.1 million for the State's share of the Murray Darling Basin Agreement.
- \$2.5 million for nine Agriculture Centres of Excellence and upgrades of key research facilities.
- \$2 million for additional extension and technical specialists.
- \$3.5 million for other agricultural initiatives, including new research and monitoring services.

Transport

- \$145 million a year for roads in the West and South West of Sydney.
- Around \$220 million a year over 10 years for the Pacific Highway, comprising -
 - \$100 million for State funded projects;
 - \$120 million funded jointly by the State and the Commonwealth Governments on a dollar for dollar basis.
- \$7.6 million for -
 - Additional off-peak rail services;
 - New cross regional services on the Harris Park/Merrylands "Y-link" rail connection for Western Sydney;
 - Improved station security, particularly for night

(x)

1996-97 BUDGET HIGHLIGHTS (cont)

travellers.

Table 4.5: Forward Estimates by Minister and Agency

All figures are expressed in \$m in terms of dollars of the year

	1995-96 Revised			1996-97 Estimate			1997-98 Estimate			1998-99 Estimate		
	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund
THE LEGISLATURE												
THE LEGISLATURE	57.8	69.2	57.3	60.0	72.2	59.3	61.5	74.0	61.2	63.3	76.1	63.0
TOTAL FOR MINISTER	57.8	69.2	57.3	60.0	72.2	59.3	61.5	74.0	61.2	63.3	76.1	63.0
PREMIER, MINISTER FOR THE ARTS AND MINISTER FOR ETHNIC AFFAIRS												
CABINET OFFICE	8.3	10.9	8.5	9.2	10.2	9.5	9.5	10.5	9.8	9.7	10.8	10.1
PARLIAMENTARY COUNSEL'S OFFICE	3.7	4.3	3.6	4.1	4.7	3.8	4.2	4.7	3.9	4.3	4.9	4.0
PUBLIC EMPLOYMENT OFFICE	12.6	12.8	11.3	12.2	13.3	11.9	9.7	10.8	9.4	9.9	11.1	9.7
PREMIER'S DEPARTMENT	55.9	58.3	58.3	55.2	57.1	55.1	27.3	29.1	27.0	27.8	29.6	27.6
INDEPENDENT COMMISSION AGAINST CORRUPTION	12.7	14.9	13.0	12.6	14.9	13.1	13.0	15.1	13.4	13.3	15.3	13.8
OMBUDSMAN'S OFFICE	4.5	5.2	4.6	5.2	6.2	5.3	5.3	6.3	5.5	5.4	6.5	5.6
STATE ELECTORAL OFFICE	13.1	13.3	13.0	8.1	8.6	8.0	7.2	7.8	7.3	35.2	35.8	35.3
INDEPENDENT PRICING AND REGULATORY TRIBUNAL	3.0	3.1	2.9	3.8	4.1	4.0	3.9	4.2	4.1	4.0	4.3	4.2
MINISTRY FOR THE ARTS	33.9	49.5	47.9	34.6	55.9	54.0	35.6	56.2	54.3	36.5	48.5	46.6
STATE LIBRARY	41.4	39.4	36.1	42.0	40.7	36.8	42.8	41.3	37.4	43.5	42.0	38.0
AUSTRALIAN MUSEUM	19.3	16.1	14.4	20.0	17.1	14.6	20.7	17.5	15.1	21.4	18.1	15.5
MUSEUM OF APPLIED ARTS AND SCIENCES	26.6	34.8	23.3	27.3	34.8	24.1	28.2	34.5	24.8	29.1	35.3	25.5
HISTORIC HOUSES TRUST	9.5	8.0	7.3	9.6	8.9	7.6	10.0	9.1	7.8	10.2	9.3	8.0
ART GALLERY OF NEW SOUTH WALES	19.4	10.5	11.0	18.3	12.7	12.6	19.6	13.0	12.6	20.9	13.4	13.0
ARCHIVES AUTHORITY OF NEW SOUTH WALES	4.4	4.8	4.2	4.6	5.0	4.4	4.7	5.0	4.5	4.8	5.2	4.6
NEW SOUTH WALES FILM AND TELEVISION OFFICE	10.4	8.2	9.8	6.1	4.9	4.8	6.2	4.9	4.8	6.2	4.9	4.8
ETHNIC AFFAIRS COMMISSION	9.6	9.5	9.1	10.4	9.0	8.2	10.0	9.1	8.4	10.3	9.3	8.6
TOTAL FOR MINISTER	288.4	303.6	278.4	283.5	307.8	277.6	257.7	279.1	250.0	292.6	304.2	274.7

Table 4.5: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1995-96 Revised			1996-97 Estimate			1997-98 Estimate			1998-99 Estimate		
	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund
MINISTER FOR AGRICULTURE												
DEPARTMENT OF AGRICULTURE	199.5	179.9	155.7	176.8	160.6	134.1	180.2	163.9	137.4	179.9	163.0	136.0
RURAL ASSISTANCE AUTHORITY	83.7	83.5	83.5	62.4	62.0	61.5	27.1	26.8	26.5	23.5	23.1	22.8
TOTAL FOR MINISTER	283.2	263.4	239.1	239.2	222.6	195.6	207.3	190.7	163.8	203.4	186.1	158.9
ATTORNEY GENERAL AND MINISTER FOR INDUSTRIAL RELATIONS												
ATTORNEY GENERAL'S DEPARTMENT	328.4	284.1	247.9	323.2	276.1	233.8	301.6	254.8	212.6	305.7	257.3	214.2
JUDICIAL COMMISSION	2.5	2.8	2.2	2.3	2.8	2.2	2.4	2.9	2.3	2.5	3.0	2.4
LEGAL AID COMMISSION	81.7	66.6	67.7	85.1	71.5	69.2	85.8	71.6	70.2	87.3	72.7	71.3
OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS	36.5	45.5	38.1	39.6	48.7	41.1	40.1	49.3	41.6	41.2	50.9	42.8
DEPARTMENT OF INDUSTRIAL RELATIONS	20.5	22.7	19.6	20.9	23.1	20.5	20.7	23.0	20.6	21.3	23.7	21.2
TOTAL FOR MINISTER	469.7	421.7	375.4	471.1	422.2	366.9	450.5	401.6	347.3	458.0	407.5	352.0
MINISTER FOR COMMUNITY SERVICES, MINISTER FOR AGED SERVICES AND MINISTER FOR DISABILITY SERVICES												
DEPARTMENT OF COMMUNITY SERVICES	423.2	467.0	405.0	460.7	512.5	466.4	483.2	537.6	492.1	496.7	543.1	496.5
AGEING AND DISABILITY DEPARTMENT	578.3	596.4	588.9	610.9	620.0	618.6	632.3	633.4	632.4	648.2	649.3	648.4
COMMUNITY SERVICES COMMISSION	3.0	3.4	3.1	3.1	3.6	3.2	3.1	3.6	3.2	3.2	3.7	3.3
DEPARTMENT OF JUVENILE JUSTICE	61.2	70.3	65.3	67.0	75.5	68.7	67.2	76.0	69.0	71.4	80.3	73.3
HOME CARE SERVICE	18.3	4.5	0.0	17.3	0.0	0.0	20.4	3.7	3.7	25.2	7.6	7.6
TOTAL FOR MINISTER	1,084.0	1,141.6	1,062.3	1,159.0	1,211.5	1,156.9	1,206.1	1,254.3	1,200.4	1,244.7	1,284.1	1,229.0

Table 4.5: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1995-96 Revised			1996-97 Estimate			1997-98 Estimate			1998-99 Estimate		
	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund
MINISTER FOR CORRECTIVE SERVICES AND MINISTER FOR EMERGENCY SERVICES												
DEPARTMENT OF CORRECTIVE SERVICES	320.6	348.7	307.1	316.8	344.0	306.0	325.3	352.2	310.5	334.6	362.0	319.5
NEW SOUTH WALES FIRE BRIGADES	216.3	225.7	232.5	230.4	244.2	244.2	237.2	252.3	252.3	242.8	258.0	258.0
DEPARTMENT OF BUSH FIRE SERVICES	26.9	5.9	9.2	27.1	13.6	8.4	28.6	9.8	7.5	23.9	6.3	6.1
STATE EMERGENCY SERVICE	9.4	9.6	7.5	9.6	10.2	7.7	9.8	10.6	7.9	10.0	10.8	8.1
TOTAL FOR MINISTER	573.3	590.0	556.3	583.8	612.0	566.3	600.9	624.9	578.1	611.2	637.1	591.7
MINISTER FOR EDUCATION AND TRAINING												
DEPARTMENT OF TRAINING AND EDUCATION CO-ORDINATION	151.5	148.9	142.3	139.6	162.8	153.1	127.3	160.4	150.9	128.9	162.1	152.2
DEPARTMENT OF SCHOOL EDUCATION	3,600.4	4,321.2	3,734.9	3,772.4	4,522.5	3,915.0	3,944.8	4,714.9	4,094.0	4,117.6	4,909.2	4,281.1
NEW SOUTH WALES TECHNICAL AND FURTHER EDUCATION COMMISSION	935.0	998.0	823.3	949.9	1,022.8	840.0	980.1	1,051.9	867.0	1,004.0	1,075.8	887.8
OFFICE OF THE BOARD OF STUDIES	56.5	56.0	52.5	56.6	58.3	54.1	57.5	59.3	55.7	59.1	61.0	57.3
TOTAL FOR MINISTER	4,743.4	5,524.1	4,752.9	4,918.5	5,766.3	4,962.3	5,109.7	5,986.4	5,167.6	5,309.7	6,208.2	5,378.4

Table 4.5: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1995-96 Revised			1996-97 Estimate			1997-98 Estimate			1998-99 Estimate		
	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund
MINISTER FOR THE ENVIRONMENT												
ENVIRONMENT PROTECTION AUTHORITY	68.6	78.6	70.2	80.9	93.3	81.9	84.3	98.7	88.8	82.0	97.3	86.9
NATIONAL PARKS AND WILDLIFE SERVICE	117.8	108.2	84.8	142.6	134.8	108.9	151.2	145.8	116.8	150.1	144.1	114.8
ROYAL BOTANIC GARDENS AND DOMAIN TRUST	16.6	17.8	13.5	17.1	18.5	13.8	17.7	19.0	14.2	18.2	19.4	14.6
CENTENNIAL PARK AND MOORE PARK TRUST	5.4	3.6	3.6	7.1	5.6	3.7	6.4	5.5	3.8	7.6	4.6	3.8
BICENTENNIAL PARK TRUST	1.5	1.5	1.1	1.5	1.7	1.3	1.5	1.7	1.3	1.5	1.7	1.2
TOTAL FOR MINISTER	209.9	209.6	173.2	249.2	253.9	209.5	261.2	270.6	224.9	259.4	267.1	221.4
MINISTER FOR FAIR TRADING AND MINISTER FOR WOMEN												
DEPARTMENT OF FAIR TRADING	0.0	0.0	0.0	80.3	28.0	34.8	73.4	26.4	34.8	79.7	25.9	35.2
DEPARTMENT OF CONSUMER AFFAIRS	36.1	38.4	35.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
HOMEFUND COMMISSIONER'S OFFICE	2.7	2.9	2.8	0.9	0.8	0.8	0.0	0.0	0.0	0.0	0.0	0.0
DEPARTMENT FOR WOMEN	6.2	6.5	6.8	4.5	4.9	4.6	4.6	5.0	4.7	4.7	5.1	4.8
TOTAL FOR MINISTER	45.0	47.8	44.9	85.7	33.7	40.3	78.0	31.4	39.5	84.4	31.0	40.1
MINISTER FOR GAMING AND RACING												
DEPARTMENT OF GAMING AND RACING	23.6	37.0	24.4	34.6	38.5	29.3	32.5	35.5	32.1	35.4	38.1	34.6
CASINO CONTROL AUTHORITY	4.1	4.0	3.0	3.5	3.4	3.0	2.8	2.7	2.2	2.7	2.6	2.2
TOTAL FOR MINISTER	27.7	41.0	27.4	38.1	41.9	32.3	35.2	38.1	34.3	38.1	40.7	36.8

Table 4.5: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1995-96 Revised			1996-97 Estimate			1997-98 Estimate			1998-99 Estimate		
	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund
MINISTER FOR HEALTH AND MINISTER FOR ABORIGINAL AFFAIRS												
DEPARTMENT OF HEALTH	5,080.6	4,825.4	4,282.1	5,139.0	4,918.7	4,380.1	5,252.3	5,031.9	4,469.1	5,403.7	5,179.0	4,598.2
HEALTH CARE COMPLAINTS COMMISSION	3.7	4.0	3.4	4.3	4.7	4.4	4.4	4.8	4.4	4.5	4.9	4.6
DEPARTMENT OF ABORIGINAL AFFAIRS	3.3	43.9	43.7	3.1	44.2	44.0	2.7	46.2	46.0	2.8	13.8	13.6
TOTAL FOR MINISTER	5,087.5	4,873.3	4,329.3	5,146.4	4,967.6	4,428.5	5,259.4	5,083.0	4,519.6	5,411.0	5,197.7	4,616.4
MINISTER FOR LAND AND WATER CONSERVATION												
DEPARTMENT OF LAND AND WATER CONSERVATION	329.4	427.7	396.7	404.2	497.6	449.9	335.5	441.3	393.5	314.4	396.4	346.3
TOTAL FOR MINISTER	329.4	427.7	396.7	404.2	497.6	449.9	335.5	441.3	393.5	314.4	396.4	346.3
MINISTER FOR LOCAL GOVERNMENT												
DEPARTMENT OF LOCAL GOVERNMENT	72.9	73.9	73.1	74.7	78.5	77.2	75.0	78.8	77.5	75.0	78.8	77.4
TOTAL FOR MINISTER	72.9	73.9	73.1	74.7	78.5	77.2	75.0	78.8	77.5	75.0	78.8	77.4

Table 4.5: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1995-96 Revised			1996-97 Estimate			1997-98 Estimate			1998-99 Estimate		
	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund
MINISTER FOR MINERAL RESOURCES AND MINISTER FOR FISHERIES												
DEPARTMENT OF MINERAL RESOURCES	31.8	35.3	30.8	31.1	33.6	29.1	32.4	44.7	40.0	33.4	35.9	30.9
COAL COMPENSATION BOARD	3.2	53.5	52.9	4.1	54.4	53.6	0.0	0.0	0.0	0.0	0.0	0.0
NEW SOUTH WALES FISHERIES	25.1	23.1	21.0	24.8	23.6	21.4	25.2	24.2	21.9	25.9	24.8	22.6
TOTAL FOR MINISTER	60.1	111.9	104.6	60.0	111.7	104.2	57.6	68.9	62.0	59.3	60.7	53.5
MINISTER FOR THE OLYMPICS AND MINISTER FOR ROADS												
OLYMPIC CO-ORDINATION AUTHORITY	33.3	27.4	72.3	39.0	32.2	34.4	42.7	37.2	37.8	45.8	48.8	41.4
ROADS AND TRAFFIC AUTHORITY	1,048.7	936.1	919.1	1,066.9	969.0	948.5	1,064.7	949.0	933.6	1,113.4	993.0	981.7
TOTAL FOR MINISTER	1,082.0	963.5	991.4	1,105.9	1,001.2	982.9	1,107.4	986.1	971.4	1,159.2	1,041.8	1,023.1
MINISTER FOR POLICE												
MINISTRY FOR POLICE	3.6	3.9	3.7	3.3	3.6	3.5	3.4	3.7	3.6	3.5	3.8	3.7
NSW POLICE SERVICE	902.7	1,106.1	935.3	933.1	1,144.6	964.5	965.4	1,187.9	998.7	995.6	1,226.9	1,031.1
NEW SOUTH WALES CRIME COMMISSION	5.1	5.8	4.7	6.9	7.7	6.8	7.0	7.6	6.8	7.2	7.8	7.0
TOTAL FOR MINISTER	911.3	1,115.7	943.7	943.4	1,155.9	974.7	975.8	1,199.3	1,009.1	1,006.3	1,238.6	1,041.9

Table 4.5: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1995-96 Revised			1996-97 Estimate			1997-98 Estimate			1998-99 Estimate		
	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund
MINISTER FOR PUBLIC WORKS AND SERVICES AND MINISTER FOR PORTS												
OFFICE OF THE MINISTER FOR PUBLIC WORKS AND SERVICES	37.3	50.3	48.7	40.5	52.9	52.9	31.5	44.5	44.6	31.5	41.9	41.9
OFFICE OF MARINE SAFETY AND PORT STRATEGY	9.0	7.1	7.4	5.9	5.0	4.4	5.4	5.2	4.0	5.6	5.4	4.1
WATERWAYS AUTHORITY	0.0	0.0	0.0	25.2	0.7	1.9	25.8	0.2	1.9	26.9	0.2	1.9
TOTAL FOR MINISTER	46.3	57.5	56.1	71.7	58.6	59.1	62.7	50.0	50.4	64.0	47.5	47.8
MINISTER FOR SPORT AND RECREATION												
DEPARTMENT OF SPORT AND RECREATION	46.6	41.1	36.4	53.3	44.0	39.0	49.7	40.0	34.9	50.7	40.6	35.5
TOTAL FOR MINISTER	46.6	41.1	36.4	53.3	44.0	39.0	49.7	40.0	34.9	50.7	40.6	35.5
MINISTER FOR TRANSPORT AND MINISTER FOR TOURISM												
DEPARTMENT OF TRANSPORT	1,202.7	1,589.6	1,567.8	1,126.8	1,510.3	1,508.3	982.6	1,397.3	1,395.2	1,006.6	1,300.9	1,298.8
TOURISM NEW SOUTH WALES	38.0	32.6	31.3	38.6	33.3	32.2	39.3	33.6	32.9	40.6	34.6	33.7
TOTAL FOR MINISTER	1,240.7	1,622.1	1,599.2	1,165.3	1,543.6	1,540.6	1,021.9	1,430.9	1,428.1	1,047.1	1,335.5	1,332.5

Table 4.5: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1995-96 Revised			1996-97 Estimate			1997-98 Estimate			1998-99 Estimate		
	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund
TREASURER, MINISTER FOR ENERGY AND MINISTER FOR STATE AND REGIONAL DEVELOPMENT												
TREASURY	72.4	78.1	68.5	72.3	79.3	70.6	72.8	79.5	70.8	74.6	81.4	72.5
CROWN TRANSACTIONS	2,777.6	3,375.3	2,937.0	3,014.9	3,255.7	3,025.2	3,208.4	3,228.6	3,204.1	3,261.2	3,336.4	3,246.3
DEPARTMENT OF ENERGY	29.6	35.1	10.8	9.0	7.8	6.0	7.1	7.0	5.2	6.8	6.6	5.2
SUSTAINABLE ENERGY DEVELOPMENT AUTHORITY	0.6	0.6	0.6	17.2	7.1	7.0	20.6	11.9	11.9	28.5	19.7	19.7
DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT	74.8	68.8	67.4	63.4	89.1	79.8	56.8	68.9	66.4	51.3	53.6	50.9
TOTAL FOR MINISTER	2,955.0	3,557.9	3,084.3	3,176.9	3,438.9	3,188.6	3,365.7	3,395.9	3,358.3	3,422.3	3,497.7	3,394.6
MINISTER FOR URBAN AFFAIRS AND PLANNING AND MINISTER FOR HOUSING												
DEPARTMENT OF URBAN AFFAIRS AND PLANNING	111.1	549.2	545.4	123.6	555.8	548.0	119.7	550.4	543.9	119.9	548.0	542.1
PAYMENTS TO OTHER GOVERNMENT BODIES UNDER THE CONTROL OF THE MINISTER	...	82.3	82.3	...	15.6	15.6	...	1.9	1.9	...	...	...
PAYMENTS FOR WATER AND SEWERAGE ASSISTANCE	77.8	81.8	81.8	84.8	84.8	84.8	90.3	90.3	90.3	93.8	93.8	93.8
TOTAL FOR MINISTER	188.9	713.3	709.5	208.4	656.2	648.4	210.0	642.6	636.1	213.7	641.8	635.9
TOTAL FOR BUDGET BEFORE ADJUSTMENTS	19,803.3	22,169.8	19,891.5	20,498.4	22,498.0	20,360.0	20,789.1	22,567.9	20,608.2	21,388.0	23,019.3	20,950.7

Table 4.5: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1995-96 Revised			1996-97 Estimate			1997-98 Estimate			1998-99 Estimate		
	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund	Total Payments	Net Cost of Services	Con Fund
PLUS:												
TREASURER'S ADVANCE	20.0	20.0	20.0	100.0	100.0	100.0	200.0	200.0	200.0	300.0	300.0	300.0
LESS:												
INTRA BUDGET SECTOR TRANSACTIONS	13.3	...	...	6.5	...	...	8.7	...	...	9.4	...	...
CROWN REVENUE OFFSETS TO PAYMENTS												
- SUPERANNUATION	12.1	...	...	12.3	...	...	12.3	...	...	12.4	...	...
- OTHER	27.1	...	...	32.2	...	...	32.4	...	...	32.9	...	...
EXPENSES ACCEPTED BY CROWN INCLUDED IN CROWN AND DEPARTMENTAL AGENCIES	...	1,112.2	...	...	1,145.2	...	...	1,164.4	...	...	1,175.4	...
TOTAL FOR BUDGET	19,770.8	21,077.6	19,911.5	20,547.4	21,452.8	20,460.0	20,935.7	21,603.5	20,808.2	21,633.3	22,143.9	21,250.7