

NEW SOUTH WALES



**BUDGET INFORMATION
1994-95**

Budget Paper No. 2

TABLE OF CONTENTS

	Page
1994-95 BUDGET HIGHLIGHTS	(v)
 CHAPTER 1: BUDGET STRATEGY AND POSITION	
1.1 Budget Strategy	1 - 3
1.2 Budget Position	1 - 10
1.3 1994-95 Budget Measures	1 - 27
 CHAPTER 2: THE ECONOMY	
2.1 Overview	2 - 3
2.2 The Australian Economy	2 - 5
2.3 The New South Wales Economy	2 - 14
2.4 The Economy and the Budget	2 - 22
 CHAPTER 3: SOCIAL INDICATORS	
	3 - 3
 CHAPTER 4: BUDGET RECEIPTS	
4.1 Budget Receipts	4 - 3
4.2 Forward Estimates of Budget Receipts	4 - 22
 CHAPTER 5: BUDGET CURRENT PAYMENTS	
5.1 Trends in Current Payments	5 - 3
5.2 Current Payments by Policy Area	5 - 4
5.3 Current Payments by Minister and Agency	
5.3.1 Legislature	5 - 19
5.3.2 Premier and Minister for Economic Development	5 - 20
5.3.3 Minister for Agriculture and Fisheries and Minister for Mines	5 - 24
5.3.4 Attorney General and Minister for Justice	5 - 31
5.3.5 Chief Secretary and Minister for Administrative Services	5 - 40
5.3.6 Minister for Community Services, Minister for Aboriginal Affairs and Minister for the Ageing	5 - 42
5.3.7 Minister for Consumer Affairs	5 - 49

TABLE OF CONTENTS

	Page
CHAPTER 5: BUDGET CURRENT PAYMENTS (cont)	
5.3.8 Minister for Education, Training and Youth Affairs and Minister for Tourism	5 - 52
5.3.9 Minister for Energy and Minister for Local Government and Co-operatives	5 - 69
5.3.10 Minister for the Environment	5 - 72
5.3.11 Minister for Health	5 - 76
5.3.12 Minister for Industrial Relations and Employment and Minister for the Status of Women	5 - 83
5.3.13 Minister for Land and Water Conservation	5 - 86
5.3.14 Minister for Multicultural and Ethnic Affairs	5 - 90
5.3.15 Minister for Planning and Minister for Housing ..	5 - 91
5.3.16 Minister for Police and Emergency Services	5 - 94
5.3.17 Minister for Public Works and Minister for Ports	5 - 99
5.3.18 Minister for Small Business and Minister for Regional Development	5 - 102
5.3.19 Minister for Sport, Recreation and Racing	5 - 104
5.3.20 Minister for Transport and Minister for Roads ..	5 - 107
5.3.21 Treasurer and Minister for the Arts	5 - 114
5.4 Current Expenditure Forward Estimates	5 - 123
5.5 Budget Funded Concessions	5 - 140
 CHAPTER 6: BUDGET CAPITAL PAYMENTS	
6.1 Introduction	6 - 3
6.2 Trends in Capital Payments	6 - 4
6.3 Capital Payments by Policy Area	6 - 6
6.4 Capital Payments by Minister and Agency	
6.4.1 Legislature	6 - 22
6.4.2 Premier and Minister for Economic Development	6 - 23
6.4.3 Minister for Agriculture and Fisheries and Minister for Mines	6 - 25
6.4.4 Attorney General and Minister for Justice	6 - 31
6.4.5 Chief Secretary and Minister for Administrative Services	6 - 36
6.4.6 Minister for Community Services, Minister for Aboriginal Affairs and Minister for the Ageing	6 - 38
6.4.7 Minister for Consumer Affairs	6 - 40

TABLE OF CONTENTS

	Page
CHAPTER 6: BUDGET CAPITAL PAYMENTS (cont)	
6.4.8 Minister for Education, Training and Youth Affairs and Minister for Tourism	6 - 41
6.4.9 Minister for Energy and Minister for Local Government and Co-operatives	6 - 46
6.4.10 Minister for the Environment	6 - 48
6.4.11 Minister for Health	6 - 52
6.4.12 Minister for Industrial Relations and Employment and Minister for the Status of Women	6 - 55
6.4.13 Minister for Land and Water Conservation	6 - 57
6.4.14 Minister for Multicultural and Ethnic Affairs	6 - 61
6.4.15 Minister for Planning and Minister for Housing ..	6 - 62
6.4.16 Minister for Police and Emergency Services	6 - 66
6.4.17 Minister for Public Works and Minister for Ports	6 - 71
6.4.18 Minister for Small Business and Minister for Regional Development	6 - 74
6.4.19 Minister for Sport, Recreation and Racing	6 - 75
6.4.20 Minister for Transport and Minister for Roads ...	6 - 77
6.4.21 Treasurer and Minister for the Arts	6 - 85
 CHAPTER 7: FINANCIAL ARRANGEMENTS WITH THE COMMONWEALTH	
7.1 Introduction	7 - 3
7.2 Recent Developments in Intergovernmental Financial Relations	7 - 4
7.3 Funding Allocations for 1994-95	7 - 18
 CHAPTER 8: FINANCIAL MANAGEMENT REFORMS	
8.1 Introduction	8 - 3
8.2 Responsible Financial Strategy	8 - 4
8.3 Improved Financial Systems and Reporting	8 - 6
8.4 Devolution of Authority	8 - 12
8.5 Better Value for Money	8 - 16

TABLE OF CONTENTS

	Page
CHAPTER 9: DEBT AND LIABILITY MANAGEMENT	
9.1 Introduction	9 - 3
9.2 Debt and Debt Management	9 - 6
9.2 Superannuation Liability Management	9 - 11
 CHAPTER 10: INTERSTATE PUBLIC SECTOR COMPARISONS	
10.1 Introduction	10 - 3
10.2 Outlays, Revenue, Debt and Employment in 1993-94	10 - 5
10.3 Recent Trends in Outlays, Revenue, Debt and Employment	10 - 16
10.4 Credit Ratings	10 - 27
 APPENDICES	
A. Guide to the Budget Papers, the Budget Process and Financial Documents	A - 3
B. 1993-94 Budget Result - Summary of Variations	A - 13
C. Public Sector Employment	A - 24
D. Classification of Agencies	A - 30
E. Financial Information by Policy Area and Sector	A - 36
F. Financial Information by Minister and Agency	A - 54

1994-95 BUDGET HIGHLIGHTS

Overall Budget Aggregates

- 1993-94 Budget Sector deficit of \$430 million, less than half that predicted - *see p1 - 12 and Table 1.2.*
- Deficit to continue to decline, dropping to \$353 million in 1994-95 and \$144 million by 1996-97 - *see p1 - 10 and Table 1.1.*
- Key target of deficit less than \$600m achieved in 1993-94, two years ahead of schedule - *see p1 - 10.*
- Budget Sector net debt to decline as a percentage of GSP, from 11.4% at June 1992 to 9.2% by June 1997 - *see Tables 1.5 and 9.2.*

Budget Sector Financial Management

- All Ministers to be required to review the cost of their agencies' corporate services, to target savings of 10% - *see p1 - 7.*
- Unfunded superannuation liabilities to continue to be addressed - *see p9 - 12.*

Economic Conditions in 1994-95 (see Chapter 2 for details)

- NSW economic output (GSP) to grow by 4.2%.
- NSW employment to rise by 2.5%.
- Inflation to increase to 2.5%.
- By June 1995 interest rates to increase to 6.5% for 90-day bills, but to remain at 9.0% for 10-year bonds.

Main Tax Measures (see Chapter 4 for details)

- No new taxes.
- Payroll tax threshold to be increased in two stages to \$600,000.
- Land tax concession to be introduced for low cost rental accommodation.
- Land tax treatment of non-residential strata units to be changed.
- Licence fees to be abolished on low strength alcohol.

1994-95 BUDGET HIGHLIGHTS (cont)

Law, Order and Public Safety

- Extra 500 police (200 in 1994-95) to fight crime - *see p5 - 96.*
- \$2.5m for temporary additional judges and magistrates in 1994-95 - *see pp5 - 36 and 5 - 37.*
- \$2.9m to implement Waller Report recommendations into suicide and self harm in prisons - *see p5 - 38.*

Education

- Extra 1,466 teachers to reduce class sizes, and increase school counsellors and special education services - *see p5 - 58.*
- School Education capital program of almost \$200m in 1994-95, including 45 new works at total cost of almost \$96m - *see pp6 - 42 and 1 - 33.*
- Extra \$3m for TAFE in 1994-95 (\$5m in full year) for additional student places and for asset maintenance - *see pp5 - 65 and 1 - 29.*
- Additional \$2.5m for Adult and Community Education - *see p5 - 84.*

Health

- \$169m over 4 years for initiatives in mental health following the Burdekin Report - *see p5 - 80.*
- \$8.3m for women's health initiatives in cancer screening - *see p5 - 81.*
- \$17m for initiatives to reduce hospital waiting lists - *see p5 - 79.*
- Record capital program of \$460m - *see p6 - 53.*

Social and Community Services

- Department of Community Services budget boosted by \$42m to reflect program needs - *see p5 - 43.*
- \$15m over 4 years for housing initiatives following Burdekin Report - *see p6 - 64.*
- \$8.5m for HACC growth funding - *see p5 - 44.*
- \$1.1m for Women's Services Grants Program - *see p5 - 85.*
- \$3m for Multicultural Development Program - *see pp5 - 90 and 6 - 61.*

1994-95 BUDGET HIGHLIGHTS (cont)

Water, Sewerage and the Environment

- Additional \$5m pa (to \$85m pa) for Country Towns Water Supply and Sewerage Scheme - *see p6 - 72.*
- \$38m over 4 years to address sewerage backlog in outer urban areas - *see p6 - 64.*

Recreation and Culture

- National Parks budget boosted by \$28m in 1994-95; \$38m on ongoing basis - *see pp5 - 74 and 6 - 50.*
- \$2.5m sport and recreation grants for developing areas - *see p6 - 76.*
- Cultural Grants Program boosted by \$1.2m in 1994-95; \$1.2m on ongoing basis - *see pp5 - 117 and 5 - 118.*
- \$16.3m for major maintenance and upgrade works at the Sydney Opera House.

Agriculture, Forestry and Fishing

- \$10m for exceptional circumstances assistance for drought affected farmers - *see p5 - 25.*
- \$10m for continuation of drought transport subsidy program - *see p5 - 27.*
- \$2.3m to acquire sites affected by chemical contamination from former cattle tick dip sites - *see p6 - 26.*

Mining

- \$40m (\$10m in 1994-95) for "Discovery 2000", a major upgrading of geological data to enhance mining sector development - *see p6 - 28.*

Transport

- Additional \$104m State support for roads (incl \$80m for "blackspots" and other road safety improvements) - *see p6 - 83.*
- New Southern Line - \$474m for track and associated works - *see p6 - 81.*
- CityWest light rail extension feasibility study \$2m - *see p6 - 79.*
- Assessment of Parramatta-Hornsby rail line \$2m - *see p6 - 81.*

1994-95 BUDGET HIGHLIGHTS (cont)

Other Economic Services

- Additional \$5.0m pa for Tourism marketing - see p5 - 67.**
- Extension of "First Chance" Employment and Training initiatives - \$7m in 1994-95 - see p5 - 84.**

Chapter 1:
**BUDGET STRATEGY AND
POSITION**

- 1.1 Budget Strategy**
- 1.2 Budget Position**
- 1.3 1994-95 Budget Measures**

1.1 BUDGET STRATEGY

MEDIUM TERM FINANCIAL STRATEGY

The 1994-95 Budget was framed within the Government's medium term financial strategy which has as its objectives -

- elimination of the Budget deficit and containment of debt and other liabilities;
- provision of client responsive, quality public services; and
- reduction of the call of the State on the community's resources by achieving better value for money.

The 1988-89 Budget was the first to outline a medium term financial strategy. Governments in New South Wales had, until that time, no well defined financial strategy which extended beyond the Budget year.

The strategy announced at that time involved -

- containing debt;
- improving Government efficiency;
- renewal of infrastructure; and
- transforming New South Wales from a high tax to a low tax State.

Although the means by which these strategies have been pursued have varied over the years, the broad approach remains.

The Government's focus on the Budget deficit and the containment of debt and liabilities has allowed it to -

- control debt costs as a proportion of Budget outlays and move towards full funding of superannuation liabilities;
- weather the economic recession while maintaining the State's strong financial structure and AAA credit rating; and
- maintain the financial flexibility to address high priority social needs and respond to adverse developments.

The existence of a well defined financial strategy and the ability to demonstrate adherence to that strategy over time have been key factors in the State's credit rating being maintained at a AAA level. The ability to achieve this in the adverse economic circumstances recently experienced avoided the loss of consumer and business confidence that was so apparent in other States and the direct financial consequences of increased debt costs which accompanies a down-grading in credit rating.

The upturn in the economy has resulted in strong growth in State revenues. Consistent with its medium term financial strategy this has afforded the Government the opportunity to selectively address certain priority social and economic needs.

1993-94 BUDGET STRATEGY

Last year's Budget strategy was set in the context of a deterioration in the Budget outlook. Perceived pressures on the Budget at that time included lower projected tax receipts, a fall in contributions by Government Trading Enterprises and increased Community Services Obligation payments to the State Rail Authority.

In the light of this position, the need existed for continued restraint on both current and capital outlays. Through measures focussed on Budget outlays it was possible to target reductions in the Budget deficit over the three year period of the Forward Estimates without resorting to general tax increases.

The Budget deficit targeted for 1993-94 was \$890 million, an improvement of \$107 million on the preceding year. Forward Estimates aimed at achieving a sustainable deficit of broadly \$600 million by the 1995-96 financial year at which level the Budget Sector net debt would be stabilised in real terms.

In the event economic growth in 1993-94 was much stronger than had been anticipated and, primarily because of increases in Budget receipts, a reduced deficit of \$430 million was achieved.

1994-95 BUDGET STRATEGY

The 1994-95 Budget strategy is aimed at building on the opportunity presented by the improving economy and laying the foundation to strengthen further the State's financial position.

The strategy, which will maintain the focus on the key objectives of debt containment, provision of quality public services and value for money, will enable a reduction in the Budget deficit in 1994-95 to \$353 million. Further reductions are targeted in 1995-96 and 1996-97 laying the basis for achieving a sustainable balanced Budget within the next four-year term of the Government.

Thereafter, a key objective will be to ensure that the Budget does not revert to a deficit. Only through an ongoing commitment to fiscal restraint by the Government can the essential services needed by the community be delivered without imposing an unacceptably high taxation burden.

Projected increases in Budget receipts has allowed the Government to move more quickly than anticipated towards a balanced Budget while at the same time allocating additional funds to priority areas. In planning for the future, a number of initiatives are being implemented to reinforce the philosophy of the community paying for the services it consumes and not leaving a legacy for future generations of unsustainable levels of State debt and unfunded liabilities.

These initiatives are aimed at establishing mechanisms to respond in a fiscally responsible way to changing social needs. By seeking to achieve social policy goals through effective resource reallocation, the burden of increasing net debt can be avoided and the tax burden reduced.

The elements of the 1994-95 Budget strategy are -

1. Phase-in a sustainable balanced Budget

New South Wales has enjoyed a consistent surplus on the current position of the Budget but has long had a deficit on the capital position and an overall Budget deficit. The deficit position has been exacerbated by the economic recession.

The Budget deficit peaked in 1991-92 at \$1,253 million and has since been wound down to \$430 million in 1993-94. The intention is to continue to reduce the deficit with a commitment to achieving a sustainable balanced Budget as early as possible within the next term of the Government.

This strategy is directed at further improving the overall financial structure of the State. Budget Sector net debt has been reduced from 11.9 per cent of Gross State Product at June 1988 to 10.6 per cent by June 1994. This declining trend will be accelerated by the achievement of a sustainable balanced budget.

2. Re-prioritisation of Budget Sector resources to achieve desired social and economic policy outcomes

Budget Sector current outlays have been subject to ongoing restraint over the last six years. Since the 1989-90 Budget a forward estimates system has been in place. This system sets the level of Consolidated Fund support for agencies for a rolling three year period.

Forward estimates, while allowing effective control to be exercised over the level of Budget support for each agency, also provide agencies with a greater degree of certainty and flexibility in planning their programs.

• **Removal of productivity saving requirement**

Since 1988-89, agencies have been set productivity savings targets, ranging between 1.5 per cent and 2.5 per cent per annum with allocations reduced accordingly. A number of priority areas including health, teaching and policing were exempted from reductions in funding but undertook productivity improvements to internally fund initiatives.

It is estimated that productivity savings requirements to date have achieved cumulative savings of \$450 million per annum.

In recognition of the substantial savings achieved, further across-the-board reductions in agencies' allocations could impact on service delivery under some programs.

The requirement to meet further productivity savings targets set through reductions in allocations has been removed in 1994-95.

This does not remove the need for agencies to make ongoing efficiency savings. In future agencies will be expected to utilise the substantial flexibility in resource allocation to address emerging needs by the reallocation of resources.

- Selectively apply additional resources to priority social and economic goals

The opportunity of the improved revenue position has been used to selectively apply additional resources in the following priority areas -

- economic development
- education, employment and training
- social and health programs
- law and order
- the environment.

Details of these measures are provided in Section 1.3 and in Budget Paper No. 1.

- **Renewal of Public Infrastructure**

In response to the Budget situation prevailing at the beginning of 1993-94, a policy of restraining Budget Sector capital payments was seen as necessary to control the Budget deficit.

This decision was taken following significant increases in capital payments during the period 1988-89 to 1992-93. This had allowed substantial progress on upgrading State roads, improving the quality of health infrastructure and improvements in a wide range of other areas.

With the increase in Budget receipts the Government has decided to apply part of the additional income to fund capital works which will provide long term benefit to the State. This strategy complements a responsible approach to reduction of the deficit by allowing major worthwhile projects to proceed at a time when they can be afforded.

The 1994-95 Budget Sector Capital Program provides for major increases in the health area as the Eastern Suburbs Strategy and Concord Re-development Strategy are implemented. In the transport area the New Southern Line Project will commence during 1994-95, providing improved public transport access to the airport and laying a transport foundation for the re-development of the southern suburbs around Mascot.

In 1993-94 the Commonwealth Government untied part of the grants made to the States for roads, allowing States to apply the funds to their own priorities. Reflecting the major improvement and investment that has occurred in roads these untied funds were allocated to other areas, principally public transport. With the improved revenue situation in 1994-95 it has been possible for the Government to allocate an additional \$103.7 million to the roads program, equivalent to the value of untied grants to be received in the year.

For further details of the Budget Sector Capital Program, reference should be made to Chapter 6.

3. No tax increases and targeted tax reduction in priority areas

With the improvement in Budget receipts it has been possible to provide increased funding in priority areas while reducing the Budget deficit and providing taxation reductions in selected areas.

There are no new taxes or increases in existing taxes, other than indexation of certain tax rates in line with inflation. In addition, there are select, targeted tax reductions.

The most significant taxation initiative is the increase in the threshold for the payment of payroll tax. This is aimed at providing additional incentive to the development of business in this State and the creation of new employment opportunities. Other tax initiatives are in the areas of land tax, licence fees and stamp duties.

Details of tax revenues and tax initiatives are set out in Chapter 4.

4. Improve Efficiency in Service Provision

Every effort needs to be made to achieve better value for money through improved efficiency and effectiveness in service provision. Individual agencies have substantial flexibility in managing resources and can retain savings to fund initiatives.

There are a number of notable across agency initiatives being undertaken to supplement the work of individual agencies in achieving better value for money.

- **Review of corporate support areas**

A review of corporate support functions across Budget Sector agencies has demonstrated the potential for achieving economies in corporate overheads. Expenditure on corporate support functions in the Budget Sector overall has been estimated as being in excess of \$700 million.

Each Ministerial portfolio will be undertaking a fundamental review of corporate/technical support with a view to developing strategies to target savings to be achieved over a two to three year period.

Agencies will be able to submit proposals for retaining the savings for priority initiatives.

- **Contracting**

In March 1994 the Government issued its Contracting and Market Testing policy. Under this policy all Budget Sector agencies are required to develop contracting and market testing action plans. There is an annual survey of the contracting undertaken by agencies which provides a very useful measure of the rate of diffusion across agencies and functions of contracting activity. The 1993 survey showed that contracts exist for 58 different services with a total value of \$520 million and that the savings achieved were \$103 million (19.7 per cent). The 1994 survey will be completed in September.

Agencies are able to retain 100 per cent of the savings achieved from contracting and to redirect resources to high priority areas. In addition to gains in efficiency, the benefits of contracting for agencies include clearer focus on community needs and enhanced organisational flexibility.

- **Benchmarking**

New South Wales is participating in the Commonwealth-State Review of Service Provision, initiated at the 1993 Premiers' Conference. The review is targeting the priority areas of health, education, vocational training, police, courts, corrective services and community services. The aim is to develop consistent output and outcome measures to assess efficiency and effectiveness performance and to develop benchmarking measures of best practice. New South Wales is also undertaking a pilot study of productivity levels in schools, police patrols and hospitals at the level of individual service provision units.

New South Wales has developed over the last two years, measures of output and outcomes for most areas of Budget Sector service provision. Through the development of measures of output (the goods and services produced) and outcomes (the impact of outputs on the community) of agencies' programs, a more informed assessment can be made of the best allocation of scarce resources to further social policies.

Details of current outlays by policy sector and agency are set out in Chapter 5.

5. Continuing reform of Government Trading Enterprises and the achievement of a commercially appropriate contribution to the Budget

Prior to 1988 a financial framework did not exist to provide incentives to Government Trading Enterprises (GTEs) to improve their commercial performance. Nor was there in place a system to monitor the commercial performance of these multi-million dollar businesses.

In 1988-89, the Government introduced a policy framework for improving the performance of GTEs. From this beginning has evolved an extensive on-going program of reform of GTEs, resulting in increased productivity, lower debt, greater customer responsiveness and lower, more cost reflective prices.

Within the framework established by the Government, GTEs are subject to similar commercial disciplines to those experienced by major private businesses. They are required to pay to the Consolidated Fund the equivalent of taxes paid by private businesses and a dividend on the capital invested by the State to support these business activities.

In 1987-88, GTEs contributed only \$129 million to the Budget. Their contribution has increased substantially in recent years and is projected to be \$958 million in 1994-95, although this represents a slight decline over 1993-94 due to special payments received in that year from a number of GTEs.

The increased contributions by GTEs are mainly attributable to the commercial disciplines under which they now operate. The increases have avoided the need to increase taxes in other areas and have been achieved at the same time as real reductions in prices paid by consumers.

Consumers' interests are protected through the Government Pricing Tribunal which sets maximum price increases for monopolistic services. Since its establishment by the Government, the Tribunal has made decisions leading to real reductions in the prices for water and electricity and a substantial reduction in the level of cross-subsidy between household users and the industrial and commercial sector.

6. Phased implementation of full funding of superannuation liabilities

In response to growing unfunded superannuation liabilities and additional funding requirements imposed through the Commonwealth Government's Superannuation Guarantee Charge legislation, the Government closed the previous State Authorities Superannuation Scheme in December 1992. A new scheme, First State Super, was established as an accumulation scheme with full funding of the entitlement of members.

In 1993-94 the Government implemented new funding arrangements to address past unfunded liabilities in the Budget Sector. During the year it became possible to direct a further \$72 million towards the reduction of unfunded liabilities.

As at 30 June 1994, unfunded superannuation liabilities were estimated at \$12,259 million for the Budget Sector compared to \$12,431 million at 30 June 1993.

In the absence of the 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.

1.2 BUDGET POSITION

BUDGET AGGREGATES

1994-95 Budget Projections

The 1994-95 Budget projects a deficit of \$353 million, down \$77 million on last year's result and by roundly \$1 billion in real terms on the 1991-92 result.

The \$353 million deficit for 1994-95 consists of a surplus of \$2,260 million on the current side and a deficit of \$2,613 million on the capital side.

The reduction in the Budget deficit for 1994-95 is also reflected in the forward estimates years, with the deficit declining to \$266 million in 1995-96 and to \$144 million in 1996-97. The Government has now endorsed the target of achieving a sustainable balanced Budget in its next term of office.

Further details are shown in Table 1.1, with an analysis of the major components appearing later in this Section.

In comparison to the forecasts in last year's Budget, the current projections indicate an improvement of broadly \$400 million in each year. This is shown in Figure 1.1.

Looked at another way, the current forecasts enable an earlier achievement (by at least two years) in the Government's commitment to deficit reduction (and to a balanced Budget).

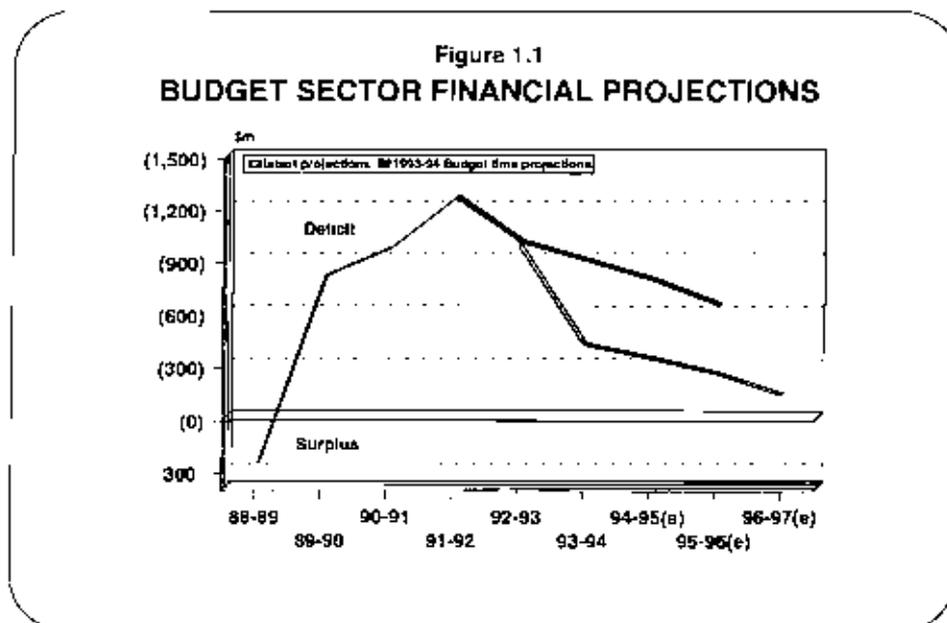


Table 1.1: Summary of Major Budget Aggregates

	1993-94		1994-95		1995-96		1996-97	
	\$m	\$m	% change	\$m	% change	\$m	% change	
CURRENT								
Current Outlays								
Interest Payments	1,726	1,641	(-) 4.9	1,695	(-) 2.2	1,551	(-) 3.4	
Superannuation	986	985	(-) 0.1	1,070	8.6	1,130	5.6	
Subsidies to Non Budget								
Sector Agencies -								
Redundancies	154	113	(-) 26.6	70	(-) 38.1	70	...	
Other	812	812	...	760	(-) 6.4	753	(-) 0.9	
Departmental Payments -								
Redundancies	69	46	(-) 33.3	6	(-) 87.0	7	16.7	
Other	13,356	14,106	5.6	14,363	1.8	14,771	2.8	
Treasurer's Advance	...	200	100.0	250	25.0	350	40.0	
Total, Current Payments	17,103	17,903	4.7	18,124	1.2	18,633	2.8	
less User Charges	1,333	1,331	(-) 0.2	1,294	(-) 2.8	1,336	3.2	
Total, Current Outlays	15,769	16,572	5.1	16,830	1.6	17,297	2.8	
Current Receipts								
Taxes, Fees and Fines	9,726	10,255	5.4	10,762	4.9	11,243	4.5	
Income from Non Budget								
Sector Agencies								
Commonwealth Grants	1,064	940	(-) 11.7	844	(-) 10.2	882	4.5	
Other	6,461	6,885	6.6	7,083	2.6	7,202	2.0	
Other	771	753	(-) 2.3	776	3.1	794	2.3	
Total, Current Receipts	18,022	18,832	4.5	19,445	3.3	20,121	3.6	
Current Financial Result	2,253	2,260		2,614		2,824		
CAPITAL								
Capital Outlays								
Gross Fixed Capital Payments	2,663	2,743	3.0	2,668	2.7	2,774	4.0	
Capital Grants	1,451	1,416	(-) 2.4	1,345	(-) 5.0	1,202	(-) 10.6	
Advances made	18	36	100.0	38	5.6	18	(-) 52.6	
Total, Capital Payments	4,131	4,195	1.5	4,051	(-) 3.4	3,994	(-) 1.4	
less Advances repaid to the								
Budget Sector	249	74	(-) 70.3	151	104.1	72	(-) 52.3	
less Asset Sales	195	535	409.5	88	(-) 83.6	77	(-) 12.5	
Total, Capital Outlays	3,778	3,586	(-) 5.1	3,813	6.3	3,846	0.9	
Capital Receipts								
Commonwealth Grants	1,085	963	(-) 11.2	923	(-) 4.2	867	(-) 6.1	
Other	10	10	...	10	...	10	...	
Total, Capital Receipts	1,094	973	(-) 11.1	933	(-) 4.2	877	(-) 6.0	
Capital Financial Result	2,683	2,613		2,880		2,969		
TOTAL FINANCIAL RESULT	430	353		266		144		

1993-94 Result

The financial result for 1993-94 was a deficit of \$430 million, a \$460 million improvement on the estimate as at Budget time last year. As indicated below, this improvement was more than fully explained by increases in tax revenues, driven by the economic upturn and the levels of activity in the property and share markets.

The main components of the improvement were -

- **current outlays \$119 million below Budget**

reclassification of Housing grants to capital outlays	down \$36 million
reclassification of Olympics 2000 funding to an intra Budget Sector transaction	down \$60 million
payments from Treasurer's Advance now reflected in Departmental payments	down \$100 million
Health area - see Appendix B for further details *	down \$105 million
additional payments for workers' compensation, superannuation, long service leave and provision for prior years public liability claims	up \$172 million
- **current receipts \$559 million above Budget**

stamp duty on contracts and conveyances	up \$245 million
stamp duty on share transfers	up \$70 million
other stamp duties	up \$52 million
land tax	up \$42 million
poker machine tax	up \$38 million
hospitals' own-source of revenue and miscellaneous items not included in Budget estimates	up \$71 million
- **capital outlays \$217 million above Budget**

additional land purchases for City West and Honeysuckle developments	up \$54 million
impact of payments reclassified from current	up \$85 million
increase in RTA road maintenance, natural disaster restoration and other urgent road projects	up \$86 million

The main aggregates relating to 1993-94 are shown in Table 1.2, while a more detailed explanation of the factors leading to the variations from Budget is given in Appendix B to this Budget Paper.

* Represents variations in Redundancy payments (+ \$15.6m) and Other payments (- \$158.9m) less variations in User Charges (- \$37.9m). The savings in Other payments is explained by a reallocation to the capital program for plant and equipment purchases (\$43.6m) and other projects to improve hospitals (\$39m), savings in salaries to fund redundancies (\$15.6m), and underexpenditure on additional Commonwealth funds received late in year which have now been included in 1994-95 estimates (\$60m).

Table 1.2: 1993-94 Budget Result

	Budget (a)	Actual (b)	Variation	
	\$m	\$m	\$m	
CURRENT				
Current Outlays				
Interest Payments	1,748	1,726	(-)	22
Superannuation	960	986		26
Subsidies to Non Budget Sector Agencies -				
Redundancies	137	154		17
Other	853	812	(-)	41
Departmental Payments -				
Redundancies	46	69		23
Other	13,329	13,336		7
Treasurer's Advance	100	...	(-)	100
Total, Current Payments	17,174	17,083	(-)	91
less user charges	1,305	1,333		28
Total, Current Outlays	15,869	15,750	(-)	119
Current Receipts				
Taxes, Fees and Fines	9,234	9,726		492
Income from Non Budget Sector Agencies	1,115	1,064	(-)	51
Commonwealth Grants	6,483	6,461	(-)	22
Other	612	752		140
Total, Current Receipts	17,443	18,003		560
Current Financial Result	(-) 1,575	(-) 2,253	(-)	578
CAPITAL				
Capital Outlays				
Gross Fixed Capital Payments	2,481	2,663		182
Capital Grants	1,429	1,451		22
Advances made	28	18	(-)	10
Total, Capital Payments	3,938	4,132		194
less Advances repaid to the Budget Sector	268	249	(-)	19
less Asset Sales	109	105	(-)	4
Total, Capital Outlays	3,561	3,778		217
Capital Receipts				
Commonwealth Grants	1,085	1,086		...
Other	11	10	(-)	1
Total, Capital Receipts	1,096	1,094	(-)	2
Capital Financial Result	2,465	2,683		218
TOTAL FINANCIAL RESULT	890	430	(-)	460

- (a) Figures shown as 1993-94 Budget estimates may differ from those published in the 1993-94 Budget Papers due to (i) the revised treatment of some items according to GFS principles and (ii) adjustments to the Budget estimates for receipts and payments following changes to the estimates of Commonwealth grants. These changes do not affect the Budget estimate of the Total Financial Result.
- (b) 1993-94 actuals in this Table (and in Appendix B) differ slightly from data elsewhere in the Budget Papers as the latter have been adjusted to include comparable 1993-94 data for the Compensation Court of NSW which was brought into the Budget Sector from 1994-95.

Trends in Budget Results

Prior to 1991-92, the Budget was presented solely on a Consolidated Fund basis which was not supported by statistical standards on presentation 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 history of the Budget on a GFS basis, it has been necessary to reconstruct Budget data for prior years on the approach and level of coverage that currently applies. This of course gives aggregates and components quite different to those which were published in the Budget Papers for those years.

Trends in the Budget position over recent years and projected over the forward estimates period are shown in Table 1.3 (and in Figure 1.1).

Table 1.3: Budget Sector Financial Results, 1988-89 to 1996-97 (a)

Year	Current			Capital			Total Result
	Outlays	Receipts	Result	Outlays	Receipts	Result	
	\$m	\$m	\$m	\$m	\$m	\$m	
1988-89	12,156	13,606	1,450	2,041	851	(1,190)	260
1989-90	13,155	14,330	1,175	3,136	1,159	(1,977)	(802)
1990-91	14,096	15,044	949	3,123	1,213	(1,910)	(961)
1991-92	15,056	15,694	637	2,929	1,037	(1,892)	(1,255)
1992-93	15,252	16,535	1,283	3,517	1,237	(2,280)	(997)
1993-94	15,769	18,022	2,253	3,778	1,094	(2,683)	(430)
1994-95	16,572	18,832	2,260	3,566	973	(2,613)	(353)
1995-96	16,830	19,445	2,614	3,813	933	(2,880)	(266)
1996-97	17,297	20,121	2,824	3,846	877	(2,968)	(144)

(a) In order not to distort the underlying position, the proceeds from the sale of the GIO (\$1,690 million in 1992-93) have been excluded. Under GFS principles, these proceeds would be treated as a reduction in capital outlays.

Table 1.3 and Figure 1.1 show quite clearly a pattern of a deficit increasing substantially up to 1991-92 (most noticeably in 1989-90), with a turnaround since that year leading to the \$353 million deficit in this Budget and a projected deficit of \$144 million by 1996-97.

The history over many years in New South Wales (as in most other States) has been one of continuing Budget deficits of varying magnitude. The 1988-89 surplus was an aberration which reflected the large surge in the State's property based revenue with the peaking of the boom in commercial and residential property in that year. (Revenue from stamp duty on contracts and conveyancing increased from \$521 million in 1986-87 to \$1,021 million in 1987-88 and to \$1,496 million in 1988-89.)

While comparable data for the Budget Sector are not available prior to 1988-89 (because of the lack of available data on the wider range of transactions now included in the Budget and because of other accounting changes), 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.

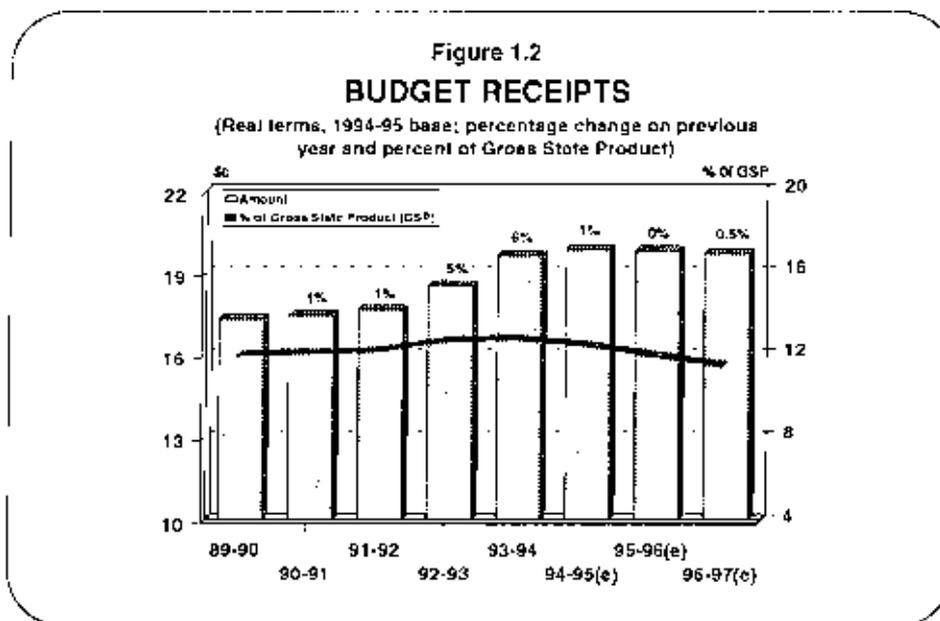
MAIN COMPONENTS OF BUDGET RESULTS

Receipts

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

Budget Sector receipts increased by 5.6 per cent per annum in real terms over the decade to 1987-88. Adjusting to exclude the impact of tax rate changes, the increase was 2.8 per cent per annum in real terms.

For the period 1988-89 to 1993-94, Budget receipts increased by only 2.7 per cent per annum in real terms, or an average 1.1 per cent per annum in real terms when the impact of tax rate changes is excluded.



Over the period 1988-89 to 1993-94, Budget receipts remained relatively constant at around 12 to 13 per cent of Gross State Product, after excluding the impact of tax rate changes.

For 1994-95, Budget Sector receipts are projected to increase by 3.6 per cent (or by 1.1 per cent in real terms).

Expressed as a percentage of Gross State Product, Budget Sector receipts are projected to continue to fall from 12.9 per cent in 1993-94 to 11.6 per cent in 1996-97.

The declining trend marks a distinct break with the 1980s and reflects the lack of real growth in Commonwealth Financial Assistance Grants (until recently), the collapse of property based revenues and the impact of the more subdued, lower inflation economic environment.

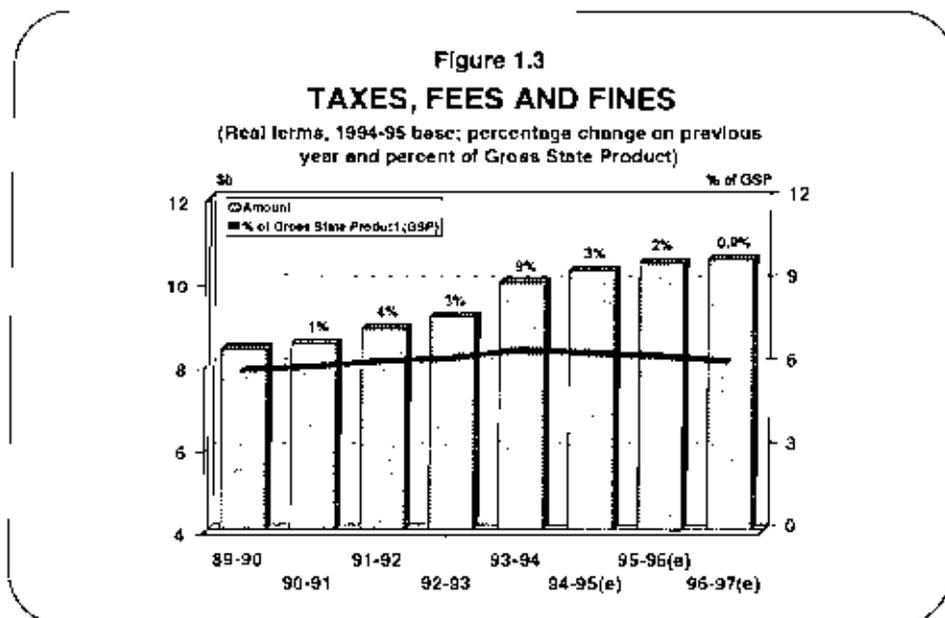
State receipts, with the exception of payroll tax, are in fact relatively inelastic with respect to the general level of economic activity, in contrast to the position with Commonwealth revenue, which moves in line with the level of economic activity.

The main features of the projected receipts position for 1994-95 are as follows -

- moderate increase in taxes, fees and fines

Overall, receipts from taxes, fees and fines are projected to increase by 5.4 per cent in 1994-95. The main contributors to this increase are -

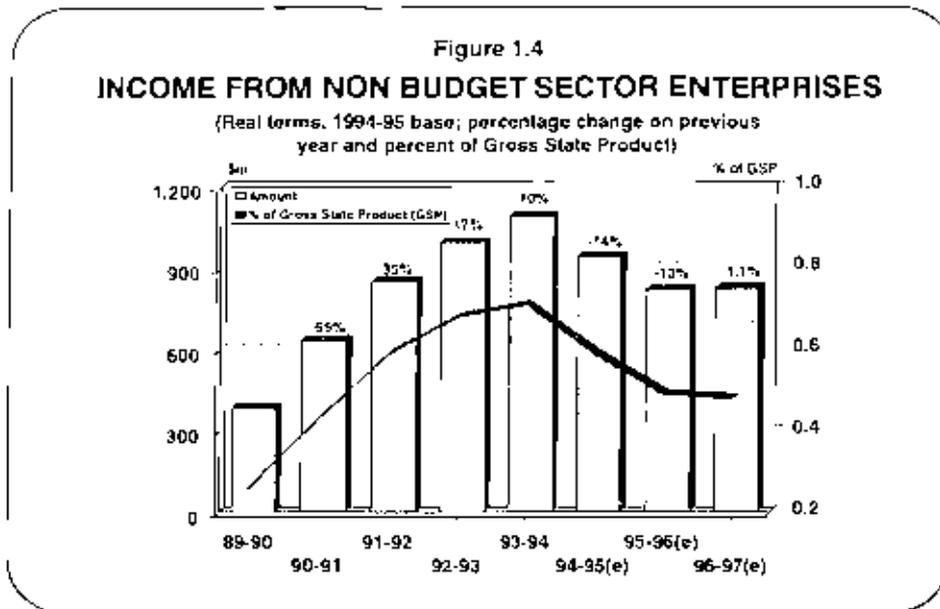
- a substantial increase in revenue from drivers' licence fees (reflecting the first renewal of the initial 5-year licences);
- anticipated strong growth in gambling and betting revenues (reflecting additional Sunday race meetings and the first full year of Oz Lotto);
- a modest increase in stamp duties, reflecting improved economic conditions; and
- growth in payroll tax revenues (reflecting employment and wages growth), after allowing for the cost of the increase in the tax threshold from 1 January 1995.



- a decrease in income from Non Budget Sector agencies in 1994-95, following significant increases in previous years

Income from Non Budget Sector agencies is projected to fall by 13.8 per cent in real terms in 1994-95 to \$940 million, following an eight fold increase from 1987-88 to 1993-94. That reflected the Government's commercialisation and corporatisation reforms, which have resulted in a commercial approach in the State's Government Trading Enterprises, with improved profit performance through reduced costs and higher productivity.

The decline in 1994-95 reflects the absence of any special payments in this year - these amounted to \$155 million in 1993-94.



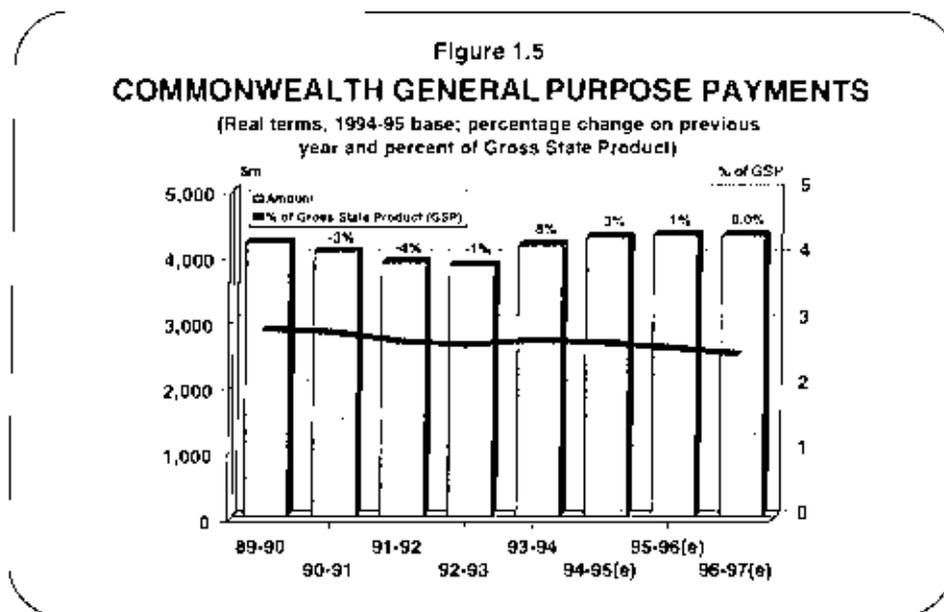
Beyond 1993-94, income from Non Budget Sector enterprises is projected to decline as a percentage of Gross State Product. After reaching a peak of 0.7 per cent in 1993-94, it is expected to decline to 0.5 per cent of Gross State Product by 1996-97. This decline reflects the impact of certain once up income items in 1993-94 and declining profits in the electricity area due to reduced electricity prices.

- increase in Commonwealth grants

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

General purpose payments, consisting of financial assistance grants, special revenue assistance and untied roads funding (and in years prior to 1994-95, general purpose capital payments) have declined sharply in real terms since 1987-88.

Over the period 1987-88 to 1992-93 these payments declined in real terms by about \$850 million or from 3.5 per cent of gross State product in 1987-88 to 2.7 per cent in 1992-93.



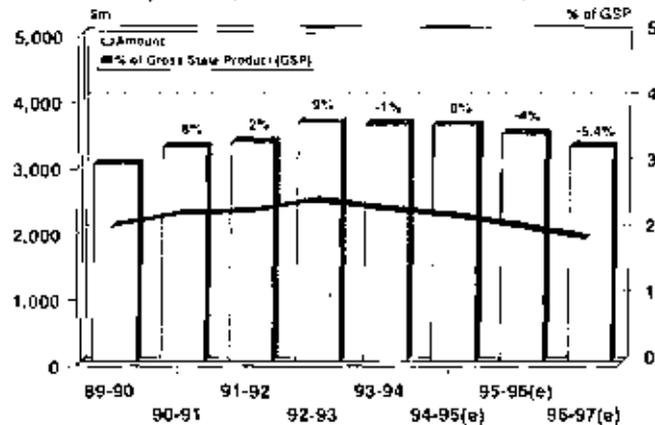
General purpose payments increased in real terms by 7.7 per cent in 1993-94 and are expected to increase by 3.0 per cent in 1994-95. The latter increase is due mainly to the implementation of the recommendations of the Commonwealth Grants Commission, which gave New South Wales an additional \$130.7 million in financial assistance grants. In addition, the Commonwealth increased the pool of general assistance grants in line with inflation and population growth. However, for 1994-95 the real per capita maintenance of financial assistance grants will be offset by the loss of \$80 million due to the abolition of general purpose capital payments.

Beyond 1994-95 general purpose payments will continue to decline as a proportion of Gross State Product, falling from 2.7 per cent in 1994-95 to 2.5 per cent in 1996-97. This reflects, among other things, the assumption that financial assistance grants will be only maintained in real per capita terms.

At the same time that general purpose payments declined, specific purpose payments (current and capital) increased from 39 per cent of total Commonwealth payments in 1987-88 to 47 per cent in 1992-93. In the two years to 1994-95 this percentage is expected to decline only slightly to 46 per cent while specific purpose payments have remained virtually at the same level in real terms.

Figure 1.5
COMMONWEALTH SPECIFIC PURPOSE PAYMENTS

(Real terms, 1994-95 base; percentage change on previous year and percent of Gross State Product)



The increase in tied grants during the period prior to 1992-93 did not compensate for the cut in untied grants because 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 is expected beyond 1994-95, this will hardly be sufficient to compensate for adverse trends in the Commonwealth funding mix during the decade prior to 1992-93.

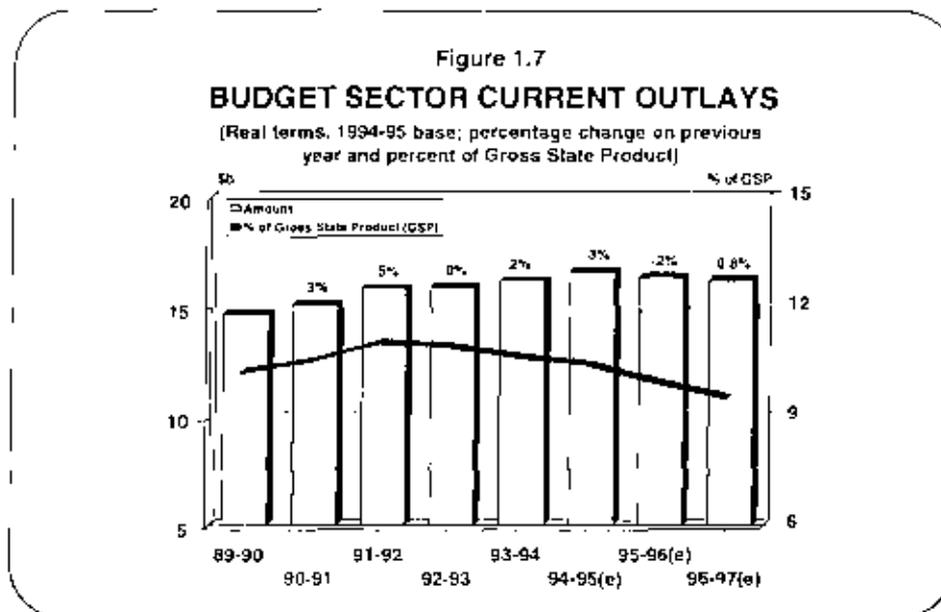
Current Outlays

Current outlays are projected to increase by 5.1 per cent in 1994-95, a real increase of 2.7 per cent.

Table 1.4: Summary of Current Outlays

		1993-94 Actual	1994-95 Estimate	1995-96 Estimate	1996-97 Estimate
Current outlays	\$m	15,769	16,572	16,830	17,297
Change over previous year	%	3.4	5.1	1.6	2.8
Real change over previous year	%	1.8	2.6	(-) 1.5	(-) 0.8
As a proportion of GSP	%	10.7	10.5	10.0	9.6

Over the three year period to 1996-97, current outlays are projected to increase by 0.2 per cent in real terms, but decline as a proportion of Gross State Product from 10.7 per cent in 1993-94 to 9.6 per cent in 1996-97.



The moderate real increase in current outlays in 1994-95 largely reflects the following -

- the appointment of an additional 1,466 teachers at a cost in 1994-95 of \$60 million - this adds 0.4 per cent to the 1994-95 outlays growth;
- increased outlays by the Department of Health, largely reflecting additional Commonwealth money (including amounts received late in 1993-94 and carried forward to this year) and a decline in patient fees and other hospital revenues. This adds 1.0 per cent to the 1994-95 outlays growth; and
- carry forward of under expenditure in 1993-94 which adds 0.6 per cent to current outlays growth.

But for these factors, current outlays in 1994-95 would increase by only 3.1 per cent, about 0.7 per cent above projected inflation.

Moderating growth in current outlays in 1994-95 are the following factors -

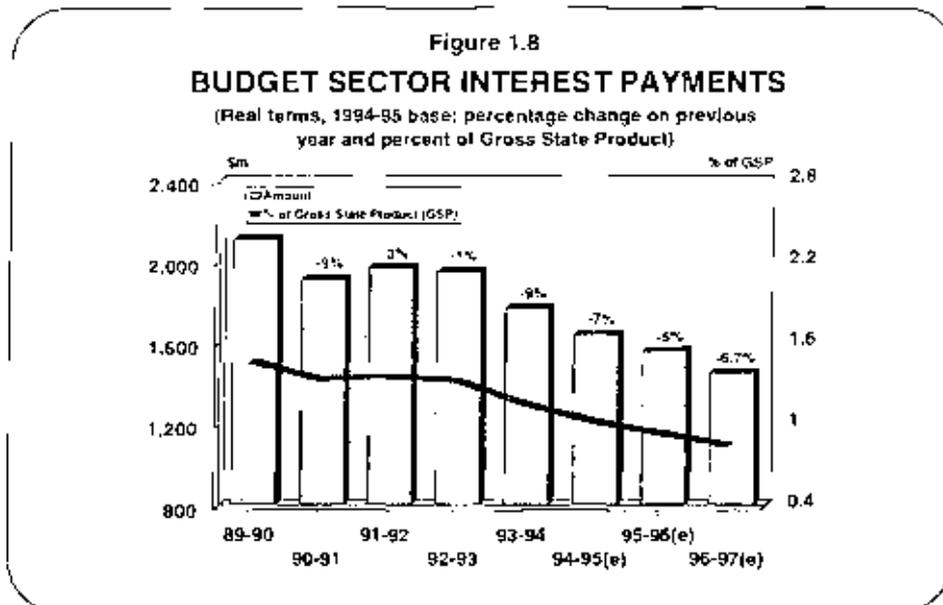
- continuing relatively low wage and price inflation; and
- decline in redundancy payments which peaked in 1991-92 and will decline further in 1994-95.

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 12.2 per cent in 1989-90 to 9.0 per cent in 1993-94 and are projected to fall further to 8.3 per cent in 1994-95 and remain relatively steady at that level thereafter.

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

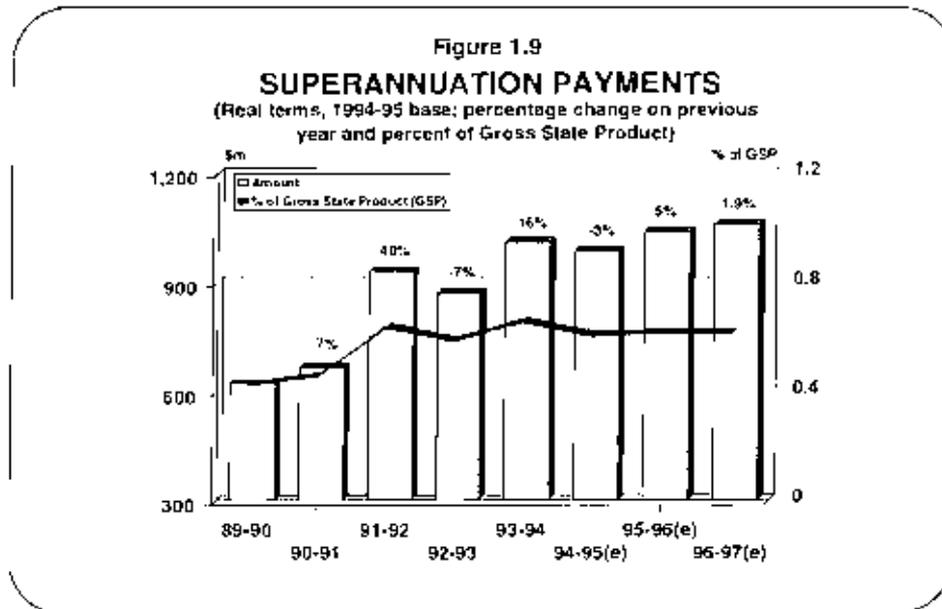


- **superannuation**

Superannuation payments are projected to marginally decrease by 0.1 per cent in 1994-95, a real decrease of 2.5 per cent. Over the period 1988-89 to 1994-95, superannuation payments have increased by an average 15.3 per cent per annum, a real increase of 11.7 per cent per annum.

The reform of the State's major superannuation schemes (as detailed in Section 9.2), will address the unfunded superannuation liability and, 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. This involves additional cash payments of about \$150 million per annum in the next few years and an increase in employers' reserve of about \$1 billion over the period to 2004-05.



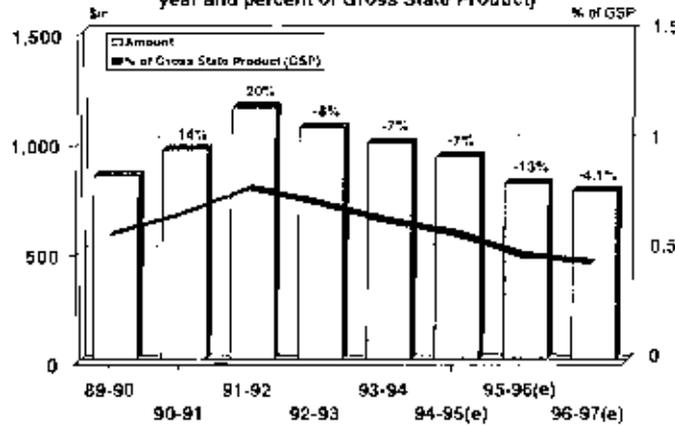
- **subsidies to Non Budget Sector agencies**

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

Over the period 1988-89 to 1994-95, Budget Sector payments to the transport authorities have declined 32.5 per cent in real terms. Furthermore, in the period 1994-95 to 1996-97, there is projected to be a further real decline of 11.0 per cent.

Figure 1.10
SUBSIDIES TO NON BUDGET SECTOR ENTERPRISES

(Real terms, 1994-95 base; percentage change on previous year and percent of Gross State Product)

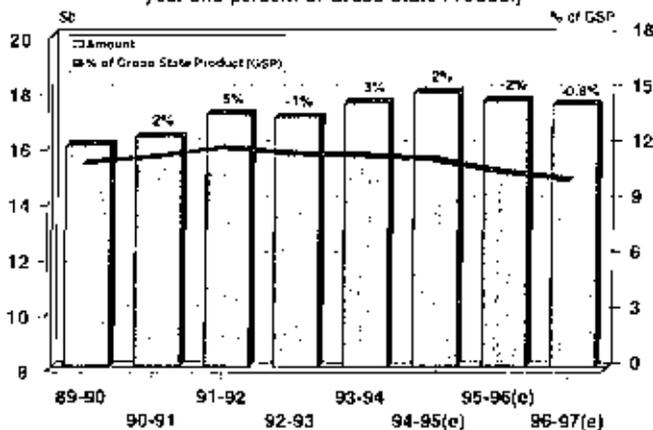


• **Departmental payments**

Departmental payments are projected to increase by 2.2 per cent in real terms in 1994-95. This increase is primarily due to the same reasons given for the increase in current outlays on page 20 of this Chapter.

Figure 1.11
BUDGET SECTOR DEPARTMENTAL PAYMENTS

(Real terms, 1994-95 base; percentage change on previous year and percent of Gross State Product)



Details of current payments by policy area and sector and by Minister and Agency are provided in Chapter 5 and in Appendices E and F respectively to this Budget Paper.

Capital Outlays

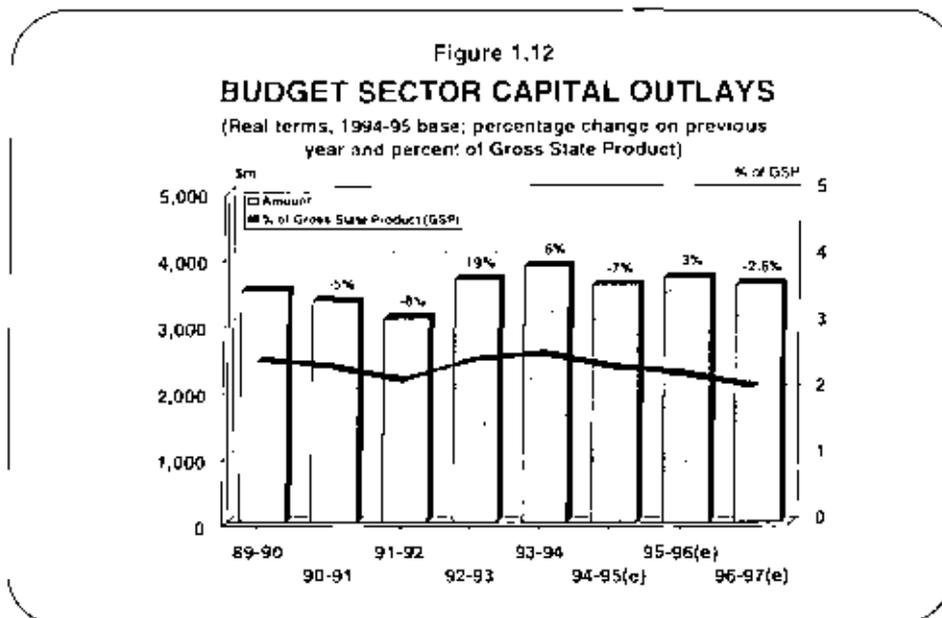
Budget Sector capital outlays are projected to decrease by 5.1 per cent in 1994-95, a real decline of 7.4 per cent. While this decrease is relatively substantial, it largely reflects the treatment of the up-front Casino licence fee, under GFS principles, as an asset sale (and hence an offset to outlays). Total capital payments are projected to increase slightly in nominal terms in 1994-95 but decline by 0.9 per cent in real terms.

Under the 1994-95 Budget Strategy, the Government has decided to apply some of the increased Budget receipts to fund capital works, especially in health, roads and rail services, which will provide long term benefit to the State.

Budget Sector capital payments will be 14.0 per cent or \$514 million higher in real terms in 1994-95 than in 1989-90.

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 and to the north coast, and the major infrastructure renewal program of the State Rail Authority.

Expressed as a percentage of Gross State Product, Budget Sector capital outlays will have decreased from 2.4 per cent in 1989-90 to a projected 2.3 per cent in 1994-95 and are projected to further decrease to 2.1 per cent in 1996-97.



While the capital program is determined on an annual basis, with forward commitments in each year only for the future expenditure associated with approved projects, the Government has committed itself to restraining the Budget Sector capital program for the forward years.

OVERVIEW OF BUDGET SECTOR FINANCIAL PERFORMANCE

In the 1988 Economic Statement and in subsequent Budgets, the Government set out a medium term financial strategy for the State. The strategy has evolved over time as the economic and financial conditions have changed.

Indicators of the Budget Sector financial performance are summarised in Table 1.5.

Table 1.5: Key Budget Sector Performance Indicators

Financial Indicator	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
Debt and Interest Burden									
Net debt: % of Budget receipts	86.1	84.0	85.1	92.1	81.8	81.5	81.6	81.0	79.1
% of GSP	10.3	10.1	10.5	11.4	10.5	10.6	10.2	9.8	9.2
Debt servicing costs: % of Budget receipts	12.1	12.2	11.0	11.2	10.5	9.0	8.3	7.9	7.4
% of GSP	1.5	1.5	1.3	1.4	1.3	1.2	1.0	0.9	0.9
Unfunded Superannuation Liability									
% of Budget receipts	50.9	65.3	62.0	72.2	70.3	64.1	n.a.	n.a.	n.a.
% of GSP	6.8	7.6	7.6	8.9	9.0	8.3	n.a.	n.a.	n.a.
Budget Result									
% of receipts	1.8	(-) 5.2	(-) 5.9	(-) 7.5	(-) 5.6	(-) 2.2	(+) 1.8	(-) 1.3	(-) 0.7
% of GSP	0.2	(-) 0.6	(-) 0.7	(-) 0.9	(-) 0.7	(-) 0.3	(-) 0.2	(-) 0.2	(-) 0.1
Tax Burden									
NSW Tax Sovereignty Index (base = 100)	101.7	101.1	102.5	101.4	101.4	n.a.	n.a.	n.a.	n.a.
Trends in Payments and Receipts									
Current outlays: real change (%)	n.a.	1.7	2.8	5.0	0.2	1.8	2.6	(-) 1.5	(-) 0.8
% of GSP	10.3	10.3	10.6	11.1	11.0	10.7	10.5	10.0	9.6
Capital outlays: real change (%)	n.a.	44.4	(-) 4.5	(-) 7.8	18.8	5.8	(-) 7.4	3.1	(-) 2.6
% of GSP	1.7	2.4	2.4	2.2	2.5	2.6	2.3	2.3	2.1
Total Outlays: real change (%)	n.a.	7.8	1.4	2.7	3.3	2.5	0.6	(-) 0.7	(-) 1.1
% of GSP	11.0	12.6	13.0	13.2	13.5	13.2	12.8	12.2	11.7
Receipts: real change (%)	n.a.	0.6	0.7	1.2	5.1	5.9	1.1	(+) 0.2	(-) 0.5
% of GSP	12.1	12.1	12.2	12.3	12.8	12.9	12.6	12.1	11.6
Employment									
Number (000)	224.5	224.8	227.8	221.1	224.5	222.5	n.a.	n.a.	n.a.
% change	...	0.1	1.3	(-) 2.9	1.5	(-) 0.9	n.a.	n.a.	n.a.
% of labour force	8.2	8.0	8.1	7.7	7.8	7.6	n.a.	n.a.	n.a.

1.3 1994-95 BUDGET MEASURES

BACKGROUND

A major focus of the 1994-95 Budget continues to be the containment of debt and other liabilities by reducing the Budget deficit.

At the same time, the improving economic and revenue position allows scope for addressing emerging community needs through a number of key initiatives, without compromising the State's budget strategy.

Budget initiatives in 1994-95 are set out in Table 1.6 below. In addition, a selection of some of the major new capital projects to commence in 1994-95 are detailed in this Section, together with revenue initiatives.

CURRENT OUTLAY INITIATIVES

Table 1.6 summarises Budget measures impacting on current outlays. More detailed coverage of each of the initiatives is provided in the relevant sections of Chapter 5.

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 problems within their existing levels of Budget (i.e. Consolidated Fund) support.

Table 1.6: Summary of Current Outlay Initiatives

Initiative (a)	Impact of Initiative	
	1994-95	Full Year (b)
	\$m	\$m
PREMIER AND MINISTER FOR ECONOMIC DEVELOPMENT		
Premier's Department		
Royal Commission into NSW Police Service *	20.5	20.5
Additional funding for assistance to industry *	14.9	24.9
Regional co-ordination and information project *	0.3	0.3
MINISTER FOR AGRICULTURE AND FISHERIES AND MINISTER FOR MINES		
Rural Assistance Authority		
Increased funding for Rural Adjustment Scheme *	3.6	3.6
Exceptional Circumstances Drought assistance *	10.0	10.0
Department of Agriculture		
Remedial work on contaminated cattle tick dip sites in northern NSW *	0.5	0.5

Table 1.6: Summary of Current Outlay Initiatives (cont)

Initiative (a)	Impact of Initiative	
	1994-95	Full Year (b)
	\$m	\$m
MINISTER FOR AGRICULTURE AND FISHERIES AND MINISTER FOR MINES (cont)		
Department of Agriculture (cont)		
Drought assistance measures -		
. rural community and family support *	1.1	1.1
. rural financial counsellors *	0.8	0.8
. continuation of drought transport subsidies *	10.0	10.0
NSW Fisheries		
Introduction of Property Rights Framework	0.7	1.9
Department of Mineral Resources		
Geological and Mining Museum subsidy *	0.5	0.5
ATTORNEY GENERAL AND MINISTER FOR JUSTICE		
Attorney General's Department		
Establishment of Legal Representation Office to provide legal representation before the Royal Commission into the NSW Police Service *	3.9	3.9
Establishment of a Juvenile Crime Prevention Unit *	0.8	1.1
Department of Courts Administration		
Appointment of 3 Acting District Court Judges to enable backlog of third party motor accident matters to be addressed *	0.9	0.9
Appointment of 3 Acting Supreme Court Judges to assist in the disposition of criminal and civil workload within reasonable timeframes *	1.1	1.1
Appointment of 3 Acting Magistrates to reduce waiting time in the listing of lengthy special fixtures, particularly committal matters *	0.6	0.6
Appointment of 1 additional permanent Magistrate to deal with murder and manslaughter committals *	0.2	0.2
Department of Corrective Services		
Expansion of induction procedures for new inmates and of screening procedures for those inmates considered to be at risk of self-harm following recommendations of the Waller Report into Suicide and Other Self-harm in Correctional Centres *	2.9	2.9
Initiatives responding to the Burdekin Report on Human Rights of People with Mental Illness *	0.7	0.7
Department of Juvenile Justice		
Initiatives responding to the Burdekin Report on Human Rights of People with Mental Illness *	1.1	1.1
Implementation of the White Paper on Juvenile Justice *	2.6	6.0
CHIEF SECRETARY AND MINISTER FOR ADMINISTRATIVE SERVICES		
Chief Secretary's Department		
Statewide Linked Poker Machine Project *	0.3	0.3

Table 1.6: Summary of Current Outlay Initiatives (cont)

Initiative (a)	Impact of initiative	
	1994-95	Full Year (b)
	\$m	\$m
MINISTER FOR COMMUNITY SERVICES AND MINISTER FOR ABORIGINAL AFFAIRS		
Department of Community Services		
Additional funding for essential services *	41.8	41.8
Additional funding for Family Support *	1.2	1.2
Area Assistance Scheme - funding for continuation of projects *	0.6	0.6
Year of the Family Projects *	1.0	1.0
Home and Community Care Program - growth funding *	8.5	8.5
Expansion of Domestic Violence Service *	0.5	0.5
Additional boarding house licensing inspectors *	0.1	0.3
Services for school leavers with disabilities *	3.6	3.6
Social Policy Directorate		
implementation of recommendations in the Mature Workers' Taskforce Report *	0.4	0.4
Community Services Commission		
Creation of a new organisation to provide an independent complaints, review and appeals mechanism *	1.0	1.5
Office of Aboriginal Affairs		
Regional community advisers *	0.6	0.6
MINISTER FOR CONSUMER AFFAIRS		
Department of Consumer Affairs		
Additional financial counselling services grants *	0.1	0.1
MINISTER FOR EDUCATION, TRAINING AND YOUTH AFFAIRS AND MINISTER FOR TOURISM		
Department of School Education		
Additional 1,466 teachers for Government schools *	50.0	70.6
Additional training for primary teachers in Asian languages and to further extend the Languages Other than English Program *	3.1	5.6
TAFE Commission		
Additional funding to be applied towards meeting increased enrolment demand and maintenance requirements *	3.0	5.0
Tourism New South Wales		
Increased funding for marketing of NSW as a tourist destination *	6.5	6.5
MINISTER FOR THE ENVIRONMENT		
National Parks and Wildlife Service		
Improvements to National Parks and restructure of the Service *	17.7	36.5
Creation of Jervis Bay and South East Forests National Parks *	0.9	1.2
Implications of January 1994 bushfires, principally Coronial Inquiry *	1.2	1.2
Urban Parks Agency		
Establishment of new Urban Parks *	1.5	2.9

Table 1.6: Summary of Current Outlay Initiatives (cont)

Initiative (a)	Impact of Initiative	
	1994-95	Full Year (b)
	\$m	\$m
MINISTER FOR HEALTH		
Health		
Operating cost of new capital facilities coming into service	40.3	40.3
Service improvements in Area/District Health Services	10.0	11.1
Targeting priority areas e.g. Health outcomes, child protection	10.0	10.0
Initiatives responding to the Burdekin Report on Human Rights of People with Mental Illness	7.0	34.0
MINISTER FOR INDUSTRIAL RELATIONS AND EMPLOYMENT AND MINISTER FOR THE STATUS OF WOMEN		
Department of Industrial Relations, Employment, Training and Further Education		
Continuation and enhancement of the First Chance Employment and Training Schemes *	7.0	7.0
Additional funding for Adult and Community Education *	2.5	2.5
Workforce Management Centre, incorporating the Outplacement and Retraining Assistance Scheme *	2.0	2.0
Vocational Education and Training Accreditation Board - interim support pending the Board moving to self funding *	0.5	0.5
Additional funding for the Mature Workers Program *	0.5	0.5
Funding to eliminate the backlog of industrial complaints *	0.6	0.6
Ministry for the Status of Women		
Women's Services Grants Program *	1.1	1.1
Women's Information and Referral Service - pilot study *	0.4	0.4
MINISTER FOR LAND AND WATER CONSERVATION		
Department of Conservation and Land Management		
Increased Total Catchment Management Scheme grants *	3.8	3.8
Creation of Native Titles Branch to deal with the impact of the Mabo decision *	0.7	1.2
Creation of a legal road network within the Western Division of the State *	0.5	0.5
Establishment of additional Eucalypt Hardwood Plantations *	5.0	5.0
Creation of the Office of Water to act as steward for the State's water resources *	0.5	0.6
Department of Water Resources		
Alligator weed eradication campaign in Murrumbidgee Irrigation Area *	0.7	0.7
Irrigation Areas and Districts - continuation of subsidy for refurbishment of assets *	12.7	12.7
MINISTER FOR MULTICULTURAL AND ETHNIC AFFAIRS		
Ethnic Affairs Commission		
Multicultural Development Program *	2.0	2.0

Table 1.6: Summary of Current Outlay Initiatives (cont)

Initiative (a)	Impact of Initiative	
	1994-95	Ful Year (b)
	\$m	\$m
MINISTER FOR PLANNING AND MINISTER FOR HOUSING		
Department of Planning		
Preparation of Environmental Impact Statements following changes to the Environmental Planning and Assessment Act *	1.7	1.7
Establishment of the Metropolitan Strategy Unit to develop and implement the metropolitan strategy for the Sydney Region *	0.4	0.4
Water Board		
Transitional water rate rebates - compensation for moving to user pays charging *	13.3	13.3
MINISTER FOR POLICE AND EMERGENCY SERVICES		
The Police Service of New South Wales		
Appointment of an additional 500 Police over next five years (200 in 1994-95) *	5.3	25.7
MINISTER FOR PUBLIC WORKS AND MINISTER FOR PORTS		
Office of the Minister for Public Works and Minister for Ports		
Sandbar dredging of various North Coast river entrances *	0.6	0.6
MINISTER FOR SMALL BUSINESS AND MINISTER FOR REGIONAL DEVELOPMENT		
Department of Business and Regional Development		
Enhanced assistance to industry *	10.0	10.0
MINISTER FOR SPORT, RECREATION AND RACING		
Department of Sport, Recreation and Racing		
Operation Costs for Stage 1 Sports Facilities at Olympic Park, Homebush Bay *	2.0	1.3
MINISTER FOR TRANSPORT AND MINISTER FOR ROADS		
Railway Heritage Grants *	2.0	2.0
TREASURER AND MINISTER FOR THE ARTS		
Ministry for the Arts		
Increase in Cultural Grants Program *	1.2	1.3
Historic Houses Trust		
Additional funding for operating costs of the Museum of Sydney on the site of First Government House *	1.4	1.4
Art Gallery of New South Wales		
Increased funding for operating costs *	1.3	1.3
Archives Authority		
Improved archives management practices *	0.1	0.2

(a) Initiatives marked with a * symbol are funded from additional Budget support.

(b) Maximum cost in any year.

CURRENT RECEIPT INITIATIVES

A number of tax changes are to be implemented in the 1994-95 and 1995-96 financial years. A summary of the main measures is provided in Table 1.7 below, with full details shown in Chapter 4.

Table 1.7: Summary of Main Tax Measures

Tax Measure	Revenue Cost	
	1994-95	Full Year
	\$m	\$m
Increase the payroll tax threshold in two stages - from \$500,000 to \$550,000 on 1 January 1995 from \$550,000 to \$600,000 on 1 January 1996	11.7 ..	28.0 26.0
Provide a land tax concession for low cost rental accommodation	8.5	10.0
Change the land tax treatment of non-residential strata units	5.1	6.0
Abolish liquor licence fees on low-strength alcohol	7.0	7.0
Increase the metropolitan racing clubs' share of totalizator commission in two stages - from 6% to 7.5% on 1 January 1995 from 7.5% to 9% on 1 January 1996	1.6 ...	3.3 3.3
Introduce a range of stamp duty measures including - Replacing the hiring duty threshold with an exemption Exempting intergenerational transfer of farm property from contracts and conveyancing duty	1.3 2.0	1.8 2.5
Exempt regional headquarters from financial taxes	..	1.0

CAPITAL OUTLAY INITIATIVES

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

Table 1.8 lists the more significant Budget Sector projects (or Budget funding towards Non Budget Sector projects) which are planned to commence in 1994-95. More detailed information appears in Chapter 6 of this Budget Paper and in Budget Paper No. 4 "State Capital Program".

Table 1.8: Significant New Capital Projects to Commence in 1994-95

Project	Estimated Completion Date	Estimated Total Cost	Allocation in 1994-95
		\$m	\$m
ATTORNEY GENERAL AND MINISTER FOR JUSTICE			
Department of Courts Administration			
Air conditioning replacement program	1999	4.6	0.8
MINISTER FOR AGRICULTURE AND FISHERIES AND MINISTER FOR MINES			
Department of Mineral Resources			
Discovery 2000: enhancing geological data on the State	1999	40.0	10.0
MINISTER FOR COMMUNITY SERVICES AND MINISTER FOR ABORIGINAL AFFAIRS			
Department of Community Services			
Children's services, national child care strategy	1999	11.0	1.0
MINISTER FOR EDUCATION, TRAINING, AND YOUTH AFFAIRS AND MINISTER FOR TOURISM			
Department of School Education			
Commencement of 45 new projects, including new or replacement schools	1997	95.7	14.0
TAFE Commission			
Construction of 14 new TAFE facilities and upgrading works at existing facilities	1997	72.8	28.9
Ministry of Education and Youth Affairs			
Refurbishment of Kirkbride Buildings (Rozelle Hospital site) to accommodate the Sydney College of the Arts	1996	6.0	1.0
MINISTER FOR THE ENVIRONMENT			
National Parks and Wildlife Service			
Establishment of Jervis Bay and South East Forests National Parks	1999	10.8	1.5
Land acquisition program	1999	20.0	1.9
Fire management program	1998	5.8	2.8
MINISTER FOR HEALTH			
Department of Health			
High technology medical imaging and diagnostic equipment	1999	60.0	2.0
Walgett Hospital redevelopment	1996	8.1	2.0
Tweed Heads redevelopment Stage 2	1997	4.9	0.9
Redevelopment of Ballina Hospital	1997	3.8	0.7
Illawarra Redevelopment Strategy, incorporating Illawarra and Shoalhaven Hospitals	1997	52.8	1.5
Wentworth Community Health Centres	1997	8.0	0.5

Table 1.8: Significant New Capital Projects to Commence in 1994-95 (cont)

Project	Estimated Completion Date	Estimated Total Cost	Allocation in 1994-95
		\$m	\$m
MINISTER FOR LAND AND WATER CONSERVATION			
Department of Water Resources			
Murray Darling infrastructure	1997	8.7	2.4
MINISTER FOR PLANNING AND MINISTER FOR HOUSING			
Homebush Bay Development Corporation			
Olympic facilities - pre-construction planning for the Olympic Stadium, Coliseum and Olympic villages	1995	11.6	11.6
Department of Housing			
Budget contribution toward the construction of 3,105 units of accommodation	1996	n.a.	310.8
MINISTER FOR POLICE AND MINISTER FOR EMERGENCY SERVICES			
The Police Service of New South Wales			
Computerised Operational Policing System - Stage 2	1998	12.3	2.1
MINISTER FOR PUBLIC WORKS AND MINISTER FOR PORTS			
Office of the Minister for Public Works and Minister for Ports			
Tweed River Sand Bypass	1998	18.2	3.2
Various projects to provide and upgrade country town water supply and sewerage services	Various	68.6	8.4
MINISTER FOR TRANSPORT AND MINISTER FOR ROADS			
Department of Transport			
Construction of bus/rail interchanges, commuter parking and ferry commuter facilities	Various	26.0	10.9
State Rail Authority			
Budget contribution towards-			
Parramatta to Hornsby Rail Link investigations and engineering studies	1995	2.0	2.0
New Southern Railway	2000	474.0	15.0
Central Interchange and Coach Terminals	1996	12.0	10.0
New station between Kingswood and Werrington stations for University of Western Sydney campus	1996	4.0	4.0
New Merford station, near East Maitland	1995	4.0	2.0
Roads and Traffic Authority			
Safer Roads Program including targeting accident blackspots	1995	80.0	80.0
Expansion of the road safety education program	1995	23.6	23.6

Table 1.8: Significant New Capital Projects to Commence in 1994-95 (cont)

Project	Estimated Completion Date	Estimated Total Cost	Allocation in 1994-95
		\$m	\$m
TREASURER AND MINISTER FOR THE ARTS			
Ministry for the Arts			
Construction of an interactive performing arts museum at the Sydney Opera House to be known as Theatreworks	1997	5.5	0.4

Chapter 2:
THE ECONOMY

2.1 Overview

2.2 The Australian Economy

2.3 The NSW Economy

2.4 The Economy and the Budget

2.1 OVERVIEW

1993-94 in Review

Strong economic growth emerged last year while inflation remained low, as the nation began to register gains from past and ongoing microeconomic reform, and as world economic growth and trade reform began to widen opportunities in overseas markets. The recovery was helped along by cuts in Commonwealth taxes, falling unemployment, record high levels of housing affordability, a strong wheat crop, and psychological boosts from the successful Olympics 2000 bid and the successful conclusion of world trade negotiations.

Growth in national output accelerated from 3¼ to 4¼ per cent, and New South Wales output recovered even more strongly from a subdued 1992-93 performance to exceed the national average in 1993-94. Contrary to widely expressed fears of a "jobless recovery" employment increased by 215,700 nationally and 70,600 in New South Wales, and national unemployment dipped back below the two digit level for the first time since 1991. Company profits showed a sustained upward trajectory. Inflation was below 2 per cent for a third consecutive year. Although the terms of trade weakened, export volumes increased and the Current Account balance was stable. Growth in overall business investment remained low but signs of recovery emerged over the second half of the year.

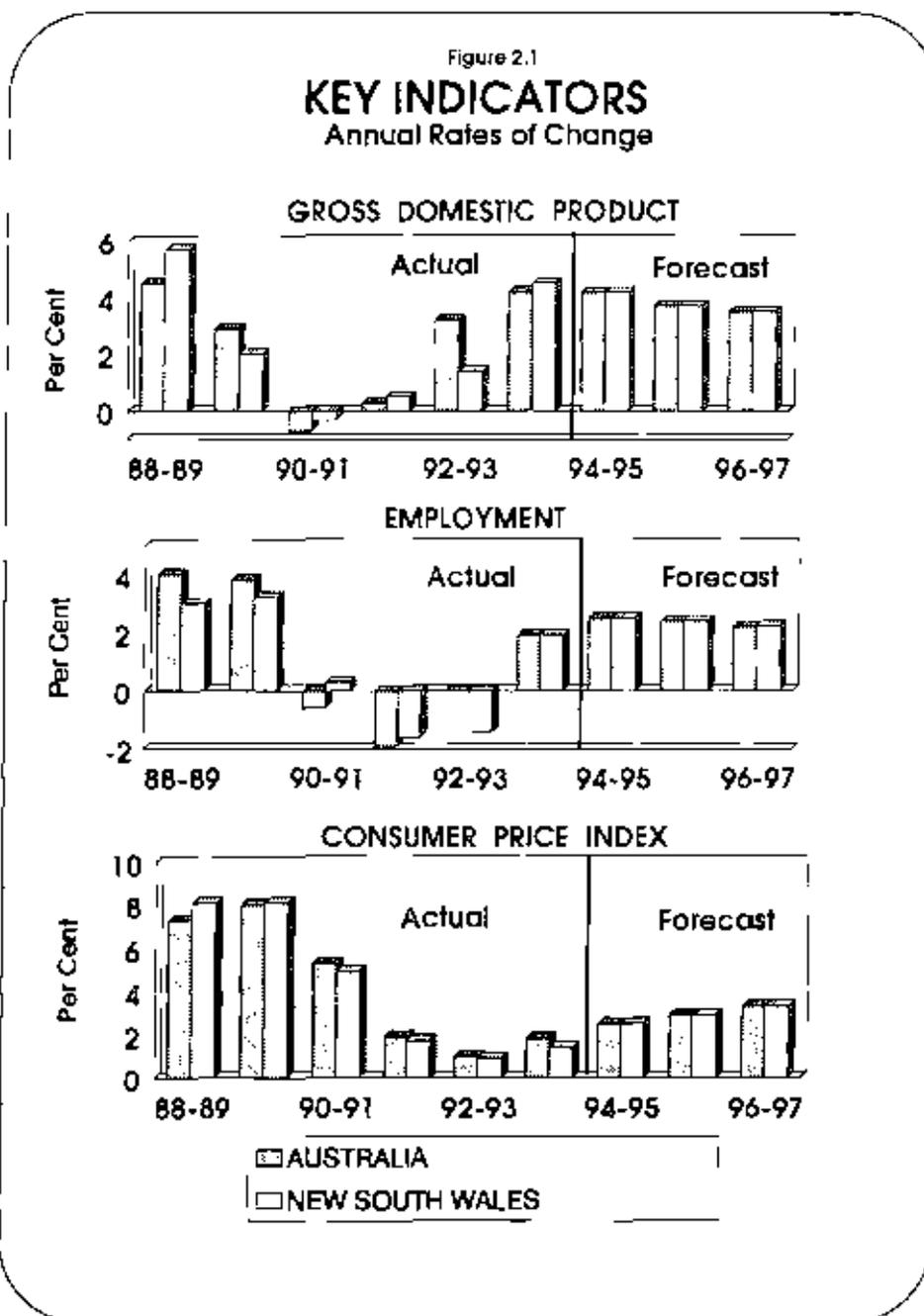
The first half of 1993-94 saw a strong recovery in asset markets with a further one percentage point fall in bond yields on top of the 1¼ per centage reduction of the previous year, a 33 per cent rise in share prices, higher dwelling prices and improvements in commercial property markets. There was a pause in the second half as markets factored in risks of higher inflation and tighter monetary policies, driving bond yields sharply higher.

1994-95 Outlook

The Australian and NSW economies should enjoy a second year of strong growth and moderate inflation in 1994-95. The world economy is expected to continue gaining momentum, firming up demand for Australian exports. The severe drought in New South Wales and Queensland, however, will cut cereal export volumes and rural incomes. Rising employment will maintain the strength of non-rural household income and consumer demand. With sustained growth in profits, sounder corporate balance sheets and significantly better market opportunities, the focus of investment is now shifting from dwelling construction to the business sector.

During the initial stages of recovery, firms had sufficient excess capacity to meet demand, or were able to achieve enough productivity improvement to delay the need for additional fixed capital. But as economic growth strengthens further, excess capacity will diminish and investment requirements will grow. Pressures on prices and wages also will rise, and to offset this it is likely that monetary policy will be tightened somewhat further over the next few years, though interest rates are not expected to reach the extreme levels of the previous cycle.

In summary, prospects for most parameters affecting the Budget remain favourable although there is a risk of slightly higher wage and price pressures on the expenditure side.



2.2 THE AUSTRALIAN ECONOMY

Table 2.1: Economic Performance and Outlook
(Annual average rates of change unless otherwise indicated)

	92-93	93-94	94-95 ^(e)	95-96 ^(f)	96-97 ^(f)
1. ECONOMIC OUTPUT (Income Based GDP)	3.2	4.2	4.2	3.7	3.5
Private Final Demand	3.0	3.4	5.2	3.4	3.0
Private Consumption	2.5	2.9	4.1	2.9	2.0
Private Dwelling Construction	13.3	9.6	5.0	-6.0	0.0
Business Sector Investment	1.8	2.7	12.5	14.0	12.0
Public Final Demand	0.0	0.4	2.8	3.0	3.0
Consumption	2.2	2.1	2.0	2.0	2.0
Fixed Capital Investment	-7.2	-5.3	6.0	6.6	6.7
Gross National Expenditure	2.9	2.9	4.8	3.5	3.0
Exports	5.7	8.9	7.5	9.7	10.4
Imports	6.9	7.0	10.1	8.8	8.4
2. CURRENT ACCOUNT (\$ B)	-15.3	-16.4	-18.5	-21.0	-19.5
Per cent of GDP	3.8	3.8	4.0	4.2	3.7
Net Foreign Debt (June, \$ B)	168.8	161.5	170.0	184.0	202.0
3. PRICES:					
National CPI Index	1.0	1.8	2.5	3.0	3.5
GDP Deflator	1.0	1.1	2.6	3.4	3.6
Non-Farm GDP Deflator	0.9	1.1	2.5	3.2	3.5
Terms of Trade	-3.3	-1.5	1.0	2.9	1.5
4. WAGES:					
Survey AWE	2.2	3.4	3.0	3.5	3.7
Nat'l Accts AWE	4.3	2.0	3.5	4.0	4.3
5. NATIONAL EMPLOYMENT	0.0	1.9	2.5	2.4	2.2
Unemployment Rate (Average)	11.0	10.5	9.7	8.9	8.5
6. FINANCIAL VARIABLES (June quarter levels)					
Interest Rates:					
90-day bills	5.2	5.1	6.5	8.0	8.5
10-Year Bonds	7.5	9.0	9.0	9.0	9.0
Mortgages	9.7	8.8	9.7	10.4	10.7
Exchange Rates: \$US/\$A Rate	69.0	73.0	76.0	76.0	75.0
TWI Index	50.4	53.4	56.1	57.7	54.8
7. NEW SOUTH WALES					
Output (Gross State Product) ^(a)	1.4	4.5 ^(a)	4.2	3.7	3.5
Employment	-1.4	1.9	2.5	2.4	2.2
Unemployment Rate (Average)	10.9	10.3	9.7	8.9	8.5
Inflation (Sydney CPI)	0.9	1.4	2.5	3.0	3.5

(e) = estimate; (f) = forecast

(a) Historical data are based on published GSP in current prices deflated by the national GDP deflator.

Source: NSW Treasury forecasts

International Influences

World economic growth rates are expected to nearly double over the next two calendar years from about 1¼ per cent in 1993 to 2¾ per cent in 1995, according to *Consensus Economics*¹. Since there will still be substantial slack in world industrial capacity, however, inflation is expected to decline in calendar 1994 and to pick up only marginally in 1995. United States economic growth may peak in 1994 but growth in Germany, Japan and the rest of the Asia-Pacific region should continue accelerating both this year and in 1995. Since the latter have a large weight in Australian exports, the average growth of our trading partners will be stronger and steadier than the world as a whole, rising from 3½ per cent in 1993-94 to 4 per cent in 1994-95 and 4½ per cent in 1995-96.

Prices for Australia's commodities at world (SDR) exchange rates weakened by 2.8 per cent in 1993-94 but are likely to rise by nearly 7 per cent as the world economy recovers in 1994-95 according to the Australian Bureau of Agricultural and Resource Economics (ABARE). While some commodities will gain (meat, wool, cotton and some minerals), others may slip back further (cereals, coal, metallic minerals, gold and diamonds).

National Economy

National economic growth is expected to remain steady at 4¼ per cent in 1994-95, easing to around 3½ per cent by 1996-97. While a sustainable medium term rate of growth might be as high as 4½ per cent (the *Working Nation* target) the required national savings and productivity performance would be very challenging.

The national economy gained momentum in 1993-94. Quarterly growth in the trend based GDP(A)² accelerated from 0.8 per cent in September to 1.1 per cent in December and 1.3 per cent in March and June 1994. Strong outlays on private dwelling construction and moderate growth in private consumption and business investment offset flat public final demand. On the income side, profits of private trading enterprises (up 5.1 per cent in current prices) and wages (up 4.4 per cent) made nearly equal contributions to aggregate in GDP growth. On the production side growth was strongest in Communications (up 9.9 per cent in constant prices) and Manufacturing (up 8.3 per cent) and weakest in Finance and Business Services (down 1.6 per cent), Public Administration, and Mining.

Forward looking indicators such as the Westpac Melbourne Institute index of consumer sentiment and the ACCI-Westpac survey of industrial trends suggest that consumption will remain strong and investment will accelerate during 1994-95. Private investment is expected to shift away from dwelling construction toward business fixed capital formation in 1994-95. The Commonwealth Budget forecasts another year of strong economic growth of 4½ per cent in 1994-95, and New South Wales Treasury's estimate is only fractionally lower.

¹ *Consensus Economics*, published by a London-based consultancy, surveys over 200 financial and industry economists in 50 countries each month, the majority of whom are from private sector organisations.

² GDP(A) is an average of income, expenditure and production based estimates of GDP. Trend estimates are weighted averages of several months or quarters, used by the ABS to smooth out irregularities in time series.

- **Private Consumption**

Private consumption increased by 2.8 per cent in 1993-94. Consumer spending power and confidence were buoyed (particularly in the first half of the year) by firmer labour market conditions, higher real wages and lower taxes. The Westpac Melbourne Institute Index of Consumer Sentiment surged by 29 per cent in 1993-94 to a new historical peak. Private consumption is expected to strengthen further in 1994-95 in line with the higher forecast rates of growth in employment and wages.

- **Dwelling Investment**

Private dwelling construction increased by 13.3 per cent in 1992-93 and by 9.6 per cent in 1993-94. By March the value of expenditure was equal to the previous peak set in 1989. Growth was assisted by falling mortgage interest rates, higher after-tax earnings and declining unemployment. The market was strong enough to drive up average house prices by 3.2 per cent nationally and 2.5 per cent in Sydney in the year to June 1994³. Most of the overhang in demand probably was satisfied by the end of 1993-94, however, and dwelling construction is likely to ease off during 1994-95 and decline the following year. Although some analysts expect a more severe downturn (the Indicative Planning Council has forecast a 13.5 per cent drop in private dwelling commencements in 1994-95), this may be too pessimistic given the strength of dwelling approvals which were still trending up at an annual rate of 15 per cent in June 1994.

- **Business Investment**

Business sector investment increased only 2.7 per cent in 1993-94 despite the strong pickup in aggregate demand and the continued improvements in profit margins and corporate balance sheets. Slack capacity accumulated during the recession and high productivity growth in the initial phase of the recovery may have allowed firms to raise output without straining their capital utilisation ratios. It also seems likely that that investment is under-reported in the National Accounts during business cycle upswings⁴. Also, more investment may have gone offshore in 1993-94 to exploit stronger market prospects and lower production costs in those economies (Australian investment abroad increased by 12 per cent in 1993-94, versus 7 per cent in the previous year).

Business investment should strengthen in 1994-95, although perhaps not by the 14.5 per cent projected by the Commonwealth Treasury. The Commonwealth's Construction Forecasting Committee expects that private non-dwelling construction will increase by 6.6 per cent in real terms in 1994-95. The March quarter ABS capital expenditure survey implies an increase in total business investment this year of around 7 per cent in current prices. New South Wales Treasury forecasts a 12.5 per cent increase, based on median projections by its private sector economic advisors.

³ This estimate, used by the ABS in building the consumer price index, is lower than the 6 to 10 per cent increases estimated by some private institutions and industry associations.

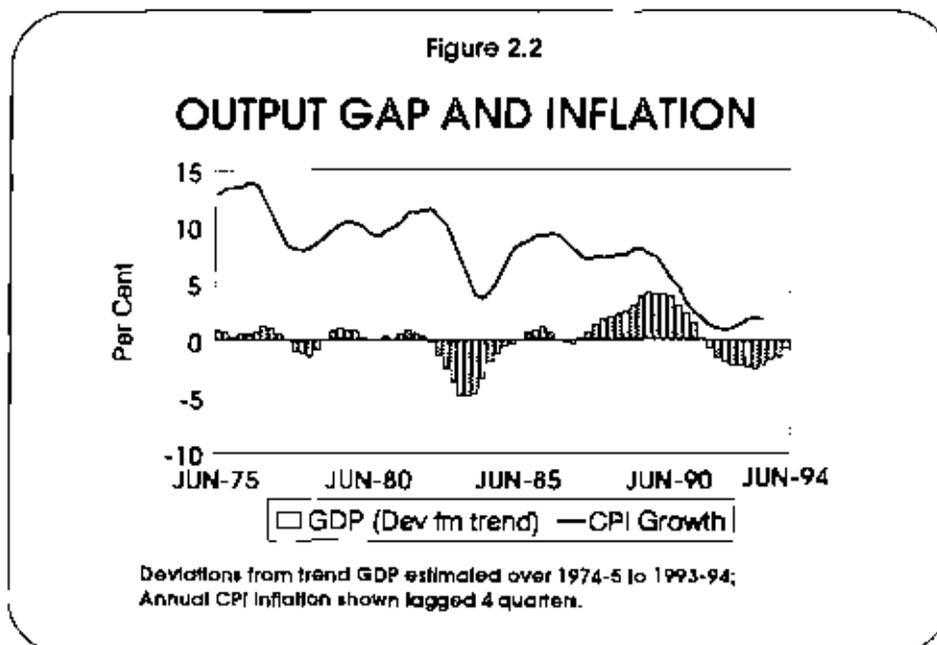
⁴ The Commonwealth Department of Foreign Affairs and Trade has cited the very rapid growth in capital goods supply (production plus imports) during 1993-94 as evidence that the ABS investment expenditure series is understating the actual upswing in activity.

- **Public Expenditure**

Public final demand is estimated to have been flat in 1993-94 with moderate growth in consumption being offset by falls in capital expenditure as the Commonwealth Government began unwinding its 1992-93 *One Nation* programs. Total government consumption was up 3.2 per cent in current prices (2.1 per cent real) with rises of 3.2 per cent by the Commonwealth and 3.1 per cent by State and Local government. Public sector fixed capital expenditure was down by 6.4 per cent in current prices (5.3 per cent in real terms), with declines of 13.3 per cent at the Commonwealth level and 3.9 per cent at the State and Local Government level. In 1994-95 public final demand is expected to rise by around 2¼ per cent supported with more Commonwealth Government spending on labour market programs and a cyclical lift in public sector enterprise investment. The 1994-95 Budgets brought down by other States and the Commonwealth imply a 4¼ per cent rise in outlays in current prices, with increases of 5 per cent in current expenditure and 2¼ per cent in capital works. The main uncertainty is the prospective volume of asset sales to the private sector (which appear as negative public sector investment in the National Accounts).

- **Net Exports**

The shares of both imports and exports in GDP have trended upward in recent years as tariff barriers are reduced and exposure to world competition rises. Exports of goods and services in constant prices increased by 8.9 per cent in 1993-94, up from previous year's performance of 5.7 per cent. Imports of goods and services increased by 7 per cent in real terms, the same as in 1992-93. The net contribution of trade to national output was half a percentage point of growth in GDP. With business investment (which tends to be import intensive) growing more rapidly, net exports are likely to make a negative contribution to growth in 1994-95.



- **Employment**

The labour market recorded a solid recovery in 1993-94. National employment growth increased from zero in 1992-93 to 1.9 per cent in 1993-94, and the unemployment rate improved from 11.1 per cent in June 1993 to 10.0 in June 1994. Employment is expected to grow at an even faster 2½ to 3 per cent in 1994-95.

Employment in 1994-95 may be boosted by the Commonwealth's *One Nation* initiatives targeting the long term unemployed - although its main effect will be to redistribute existing work rather than to create new jobs. The package includes increased job subsidies, authorising a below-award training wage, suspending the Training Guarantee Levy and giving more direct assistance for training, and changes to social security to reduce work disincentives for low income and part time workers. Offsetting these positive moves, the new Commonwealth Industrial Relations Act will tend to discourage new job creation by facilitating claims against unfair dismissal and, even after major amendment, is still likely to face constitutional challenge in the High Court.

- **Wages**

In the initial stages of the recovery, wages growth remained moderate. Survey based Average Weekly Earnings (AWE) rose 3.4 per cent in 1993-94 boosted by a 3 per cent lift in ordinary pay and an 8.5 per cent increase in overtime hours per worker. Growth in demand for some specialised skills (eg accountancy and building trades) and the comfortable rise in business profit margins (and public sector financial balances) began to strengthen the bargaining position of some workers. The year also saw rapid growth in workforce coverage by enterprise agreements. By June 1994 a total of 2,135 agreements covering 1,092,000 employees had been registered federally (an increase of about 45 per cent on the previous year) and 648 covering 63,700 employees under the NSW Act (a seven fold increase on June 1993).

Provided that economic growth does not accelerate further, total AWE growth should remain in the 3 per cent band during 1994-95. This will continue to be compensated by economy wide labour productivity growth which increased by 2.3 per cent in 1993-94 and is forecast to rise by 1¼ per cent in 1994-95. While higher capacity utilisation and lower unemployment will add to wage pressures over time, an acceptably moderate "safety net" increase in the National Wage Case might reduce the risks of wages escalation in the short run. Although the spread of decentralised bargaining adds to uncertainty over aggregate wages movements, the outcomes will better reflect economic conditions and performance at the level of the firm, and this in turn will enhance economy-wide performance in the longer run.

- **Inflation**

The national CPI inflation rate remained under 2 per cent for a third consecutive year in 1993-94, solidifying Australia's new status as a low inflation country among OECD and Asian partner nations. This stability was confirmed by broader inflation measures such as the Non-Farm GDP deflator (up 1.1 per cent in 1993-94). Even the very strong growth in dwelling construction produced only a moderate 1.2 per cent increase in that sector's price deflator. This good performance reflected the shift in inflationary expectations brought about by the recession and reinforced by high levels of excess capacity in the economy, increasing openness to international trade, the stronger exchange rate, and some further unwinding in mortgage interest rates.

The Consumer Price Index is expected to increase from 1.8 per cent nationally (and 1.4 per cent in New South Wales) in 1993-94 to 2½ per cent in 1994-95 and 3 per cent in 1995-96. The projections imply that inflation will stay within the Reserve Bank's "comfort band" of 2 - 3 per cent inflation this financial year, but reach the edge in the following year. The main wild cards for inflation are the exchange rate, mortgage interest rates (set to rise as monetary policy tightens) and world prices (particularly petroleum). In increasing short term interest rates recently, the Commonwealth Government and the Reserve Bank made clear that interest rates will be adjusted to keep inflation within the 2 - 3 per cent target band.

- **Interest Rates**

Bill rates were flat between the last RBA monetary easing in August 1993 and the first 75 basis points tightening in August 1994. The RBA is expected to lift short term rates as the recovery strengthens, to perhaps 6½ per cent by June 1995, and by perhaps a further 200 basis points through June 1997. While inflation was still very subdued at the end of 1993-94, monetary policy targets the longer run risks inherent in continued high economic growth and fairly loose fiscal policy settings. Intervention early in the cycle increases the probability the Bank will succeed in smoothing out and prolonging the economic recovery. While short rates are likely to continue rising over the next several years, they should not reach the 18 per cent peak of the previous monetary cycle.

The long bull run in the bond market came to an end with the US Federal Reserve's first tightening in interest rates in February. Over the next few months, world financial markets were agitated by fears of unsustainable world growth, demand for funds and inflationary pressures. Given Australia's poor past record on inflation management, the fallout in Australian bonds was particularly savage. This sell off was reversed in mid-August when the RBA made good on its commitment to preemptive action against inflation. Long bond rates should remain fairly stable to the end of 1994-95. In the medium term (to 1996-97) a levelling out in economic growth and stabilisation in inflationary expectations should lead to a flattening in the yield curve.

- **Balance of Payments**

The balance of payments deficit increased from \$15.3 billion in 1992-93 to \$16.4 billion in 1993-94, due mainly to weaker terms of trade. Merchandise exports increased by \$3,850 million or 6 per cent in 1993-94, with rises in gold, machinery and other manufactures offsetting falls in coal and other mineral fuels. Imports rose by \$4,974 million or 8 per cent, with the largest increases in capital goods, parts and industrial inputs. Net transfers weakened due to lower migration while net services improved due to higher inbound tourism.

The balance of payments deficit may widen to around \$18.5 billion in 1994-95 as faster domestic growth lifts imports and rising world interest rates push up the deficit on invisibles. A higher exchange rate may weaken the competitiveness of exports while encouraging imports. These factors will lift the current account deficit from around 3¼ per cent in 1993-94 to about 4 per cent in 1994-95. Since this would mainly reflect the desired boost in capital spending to restore adequate industrial capacity, a deterioration of this magnitude would be unlikely to disturb policy makers or financial markets.

Medium Term Outlook

The medium term outlook is for a gradual slowing in growth to perhaps 3 to 3-1/2 per cent by 1996-97. While the sustainability of the current growth phase is dependent on business investment coming through strongly enough to provide the needed extra capacity, the most likely scenario is for economic growth to remain high over the next year or two followed by a slowdown toward the end of the forecast period, but not a repeat of the last boom-bust cycle.

Risk Assessment

National output and employment appeared to be accelerating through the end of 1993-94. Given the excess capacity remaining in the economy and the continued high growth in productivity, economic growth in the order of 4 per cent might prove sustainable in 1994-95 and perhaps beyond. As usual, however, outcomes could differ significantly from expectations as the year progresses.

The 1993-94 Budget forecasts for instance were 1.4 percentage points too low for GDP and 1.6 points too high for the national CPI.

The typical difference between macro economic forecasts and actual outcomes as measured by their Mean Absolute Per Cent Error (MAPE) over the past six Budgets, was 1.3 percentage points for GDP, 1.3 for CPI, 0.6 for wages, 0.7 for employment, 2.0 for the bill rate and 1.6 for the bond rate. This indicates the range of uncertainty in the external environment that Budget planning must contend with.

Some of the potential sources of risk to this year's macroeconomic forecasts include -

On the negative side -

- Political instability in major trading partner countries might prevent them from implementing appropriate policies to manage the world recovery and deliver the benefits from last year's successful international trade agreements.
- Business investment may not maintain enough momentum to prevent early exhaustion of excess capacity, leading to pressure on supply, prices and the balance of payments.
- The failure to tighten fiscal policy in the 1994-95 Commonwealth Budget might be difficult to reverse in the 1995-96 election year. This could add to the risk of excess demand in the economy and would increase the burden on monetary policy.
- Disagreement over equitable sharing of the financial burdens and benefits could delay the potential economic gains from public sector microeconomic reform.

Table 2.2: Macro Economic Forecasting Performance and Confidence Indicators (Average annual change in national economic parameters)

	GDP	CPI	AWE	Emplt	Bills ⁽¹⁾	Bonds ⁽¹⁾
1993-94 Budget Performance						
Budget Forecast	2.8	3.4	3.0	1.0	5.0	7.0
Actual Outcome	4.2	1.8	3.4	1.9	5.1	9.0
Error	1.4	-1.6	0.4	0.9	0.1	2.0
1988-89 to 1993-94 Performance Summary						
Mean Absolute Per Cent Error (MAPE)	1.3	1.3	0.6	0.7	2.0	1.6
Systematic bias (Average error)	-0.1	-0.7	0.0	-0.3	-0.9	0.1
Variability (Sample Standard Deviation of errors)	1.5	1.3	0.8	0.9	2.5	1.8
1994-95 Budget Forecast						
	4.2	2.5	3.0	2.5	6.5	9.0

⁽¹⁾Rate in June quarter

On the positive side -

- There may have been a structural break in attitudes toward productivity and competitiveness that will permit faster non inflationary growth than allowed for in the forecasts;
- Due to strong anti inflationary policies here and rising costs elsewhere in Asia, Australia's attractiveness as a center for Asia Pacific regional business headquarters and production could improve further;

- While the forecasts assume New South Wales will equal national average growth in output and employment, it is possible that special factors such as the Olympic Games may give the State a positive edge over the next few years.

At this stage of the recovery, it is indicators of the extent to which productive capacity has been or could be lifted by microeconomic reform, investment and labour market policies, which would give the best clues as to the future course of the economy.

2.3 THE NEW SOUTH WALES ECONOMY

Overview

In terms of economic structure and performance, New South Wales compares very closely to Australia. Given its central position on the east coast it spans the climatic differences between Victoria and Queensland. It also extends inland to the more arid regions of Australia similar to those found in South Australia and Western Australia. It has the largest, most broadly diversified economy of all the States. In many ways New South Wales is representative of the national average.

At the beginning of 1993-94, perceptions for the NSW economy were still being influenced by the relatively flat performance during 1992-93. In fact New South Wales was already beginning to shrug off the inertia of the previous financial year. Thus in 1993-94 the overall performance of the NSW economy was somewhat stronger than had been expected. That was reflected in higher than budgeted State revenues in most areas.

Employment, which had begun to recover in the last months of 1992-93, grew rapidly in the first half of 1993-94. There was a two quarter lag, however, before that higher employment was fully reflected by growth in demand for goods and services. Following a sluggish September quarter, both State Final Demand in real terms and Gross State Product in nominal terms began to accelerate. In the March quarter, final demand rose by 3.4 per cent in seasonally adjusted constant dollars while nominal GSP rose by 3 per cent.

Because of the nature of the recovery, annual average growth rates for most of the economic variables do not fully reflect the extent of the recovery in the course of the year. For example, in June 1994 employment in New South Wales was 2.8 per cent higher than in June 1993. For 1993-94 as a whole, however, employment in the State was just 1.9 per cent higher than the preceding year.

State Accounts data for the June quarter were not available in time for the preparation of the Budget. For the four quarters to March, State Final Demand in constant dollars in New South Wales was 1.3 per cent higher than in the same period a year earlier. Current dollar Gross State Product for the State was 5.2 per cent higher on the same basis. Reflecting the NSW economy's slower start to the year, both those figures are a little lower than the national averages. For 1993-94 as a whole, based on partial indicators of employment and earnings, economic growth in New South Wales could exceed the national figures.

Half of the growth in GSP was due to a 7.1 per cent rise in the gross operating surplus for the four quarters to March. A 3.8 per cent increase in wages, salaries and supplements contributed the balance. That rise in labour income contributed to a 1.6 per cent increase in private consumption expenditure in constant dollars. Public consumption expenditure also made a positive contribution to final demand, rising 3.8 per cent. Capital formation declined by 1.8 per cent in the period.

The Australian Bureau of Statistics does not give a breakdown of transfers of capital goods between the public and private sector at the State level, although such transfers are included in the estimates of capital spending. The figures suggest, however, that for the four quarters to March, public sector investment declined by a little over 1 per cent while private investment was 2 per cent lower. A 3.5 per cent increase in dwelling investment was more than offset by a fall of almost double that magnitude in private business investment. Non-dwelling construction was the weakest area of business investment but there was also a further decline in spending on plant and equipment.

Table 2.3: Annual Growth of Selected Indicators
(percentage change on a year earlier, unless otherwise stated)

	Period	NSW	Australia
AGGREGATE DEMAND			
Retail Turnover	1993-94	3.0	4.8
Motor Vehicle Registrations	1993-94	6.3	6.0
Private Consumption Expenditure	Yr to March	1.6	2.8
Tourist Accommodation	Yr to March	7.9	9.5
Value of Building Approvals:			
Residential	1993-94	0.2	11.0
Non-Residential	1993-94	-9.2	14.1
Value of Engineering Commencements	Yr to March	12.5	10.5
Private Business Investment	Yr to March	-6.1	0.1
LABOUR MARKET			
Employed Persons	1993-94	1.9	1.9
Unemployment Rate (Annual Average)	1993-94	10.3	10.5
Industrial Disputes Days Lost	Yr to May	-44.6	-11.2
Job Vacancies	1993-94	47.9	47.2
Job Advertisements	1993-94	32.7	33.6
Average Weekly Overtime Hours	1993-94	7.7	8.5
PRICES AND WAGES			
Consumer Price Index	1993-94	1.4	1.8
Price Indexes of Building Materials			
Houses	1993-94	4.2	4.8
Other Buildings	1993-94	0.5	1.4
Average Weekly Earnings, All Employees	1993-94	1.3	2.9
FINANCE			
Bank Loans	1993-94	6.4	8.0
Housing Finance Commitments	1993-94	30.4	29.8
Commercial Finance Commitments	1993-94	9.8	9.3

Sources: ABS, RBA, ANZ Bank

Although business spending on new buildings, plant and equipment continued to decline in 1993-94, there was a surge in business confidence which resulted in a sharp rise in portfolio investment on the share market and a very substantial pick-up in property sales. Between the end of June 1993 and mid March 1994 the All Ordinaries Index rose by about 25 per cent, and the rise was accompanied by a similar healthy increase in the volume of transactions. Despite some consolidation in the fourth quarter of the financial year, stamp duty on share transactions was about 25 per cent higher than had been budgeted.

As the economy moved out of recession the improvement in the real estate market was initially limited to residences and shops. By mid-1993, however, the market for other commercial property had begun to firm. To some extent this development was driven by foreign investors who found the yields on NSW property attractive. However there was also strong demand from domestic investors who found that in a low interest rate environment the return on bank deposits and other financial assets was unattractive. The rise in demand allowed the major banks to dispose of unwanted property which they had acquired during the peak of the recession as borrowers defaulted.

As the overhang of property held by the banks diminished, there was also a more rapid than expected take-up of the vacancies in new offices in Sydney. The combination of those developments raised expectations that buildings prices had reached bottom, and as more buyers moved into the market those expectations became self fulfilling. The firming of prices and the rise in transactions resulted in revenues from contracting and conveyancing coming in at about 25 per cent above forecasts. Stamp duty on contracts and conveyancing accounts for about 10 per cent of all State revenue from taxes, fees and fines while stamp duty on share transfers is about one-quarter as much.

In 1994-95 real growth of NSW GDP is expected to slow marginally to 4.2 per cent from an estimated 4.5 per cent in 1993-94. However employment growth should accelerate to 2.5 per cent from 1.9 per cent last year. That implies some decline in productivity growth as the economy moves into a more mature phase of the business cycle. The unemployment rate is expected to decline to 9.7 per cent in the current financial year from an average of 10.3 per cent last year.

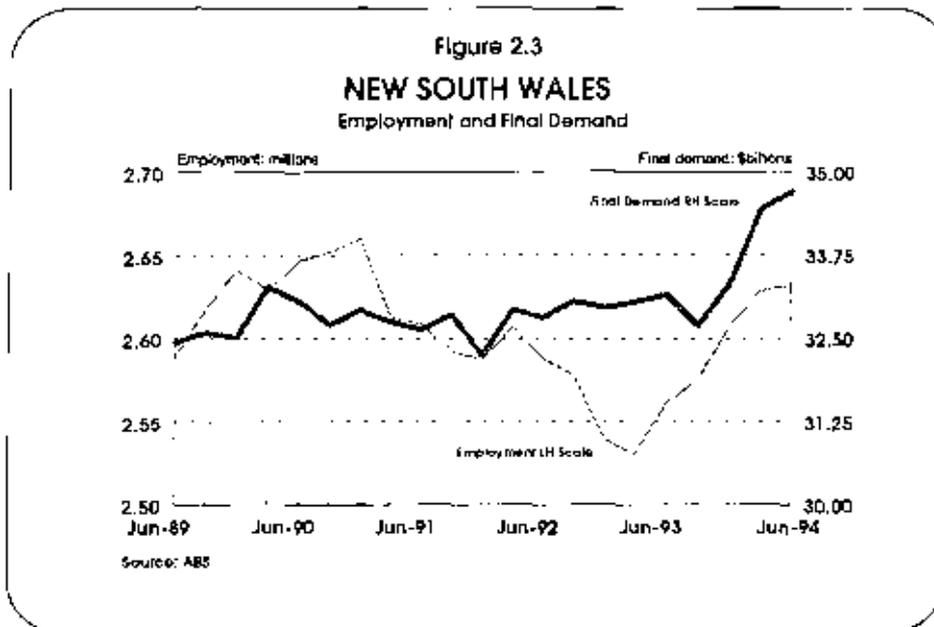
The forecasts for 1994-95 for New South Wales are broadly in line with national averages, reflecting the State's position as the largest, most broadly diversified economy.

The Labour Market

The rise in employment in 1993-94 was accompanied by some structural changes in the work force which impacted on payroll tax receipts. Female employment in New South Wales rose more than twice as much as male employment to reach a new high. Male employment was still about 65,000 below the peak level registered in 1989-90. The share of part time employment in the total job mix also increased. That latter change may reflect the faster growth in the number of jobs for women.

Another trend which has affected the NSW Budget in recent years seems to have been reversed in the last financial year. Broadly speaking, payroll tax is paid by medium to large firms with 20 or more employees while small businesses, those with fewer than 20 employees, are exempt. In 1989-90 more than 68 per cent of employees in New South Wales worked in medium to large firms. During the course of the recession, however, that proportion shrank to just 63.7 per cent in 1992-93. Payroll tax collections were affected not only by the fall in total employment but also by the decline in employment in the larger firms.

In 1993-94 that downward trend in employment in medium to large firms seems to have halted. In the first three quarters of last financial year the proportion of employees in these firms rose to 65.4 per cent. That increase in employment in larger firms, as well as the total increase in employment, saw the first significant increase in payroll tax collections in the State since 1991-92.



Although total employment rose by 48,400 in New South Wales in 1993-94, unemployment fell by just 11,800. Part of the difference can be explained by the growth in the population of working age. Another factor was that as a result of the stronger labour market, the average participation rate in 1993-94 rose to 61.5 per cent from 61.3 per cent in 1992-93. With the participation rate still well below the peak of 62.2 per cent reached in 1990-91, further upward movement can be expected to slow the fall in unemployment again in the current financial year.

In addition to the direct impact on the State's Budget through payroll tax collections, the labour market also has indirect effects on the Budget. When employment prospects are poor young people tend to stay on in school longer, putting pressure on resources and costs in the education system. High levels of unemployment also result in greater demands for training from the Technical and Further Education system and that too puts upward pressure on Budget expenditures. Furthermore, according to the Federal Government's discussion paper on employment, researchers have found links between unemployment and poor health which could put pressure on the hospital system.

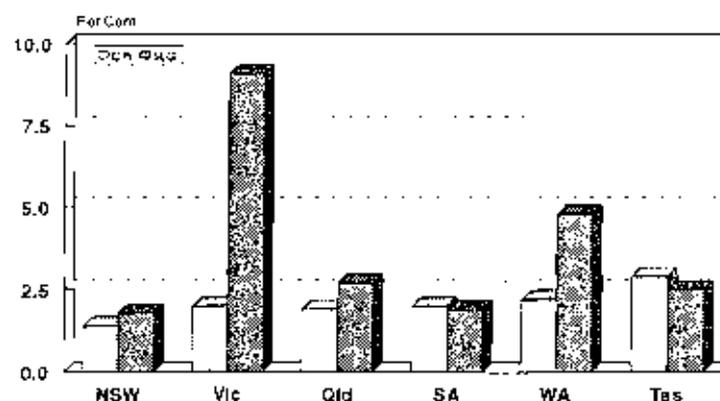
The responsibility for macroeconomic management, which determines movements in employment and unemployment, rests with the Commonwealth government. In any event, the States have little financial capacity to influence total employment, although State policies may have some impact on the type of jobs available. However since employment and unemployment have such a large impact on the State's budget, it is pleasing to note that forward indicators of labour market conditions - job vacancies, job advertising, and overtime worked - all point to further improvement in 1994-95. That implies further growth in payroll tax revenue in the current financial year, despite an increase in the tax free threshold, and some easing in the pressure on expenditure caused by high levels of unemployment.

Prices and Wages

For a fourth consecutive year, the increase in the Consumer Price Index in Sydney was lower than the national average. The rise in the Sydney CPI in 1993-94 was 1.4 per cent, compared to an average increase of 1.8 per cent in the eight State and Territory capitals. Declines in the price of clothing and housing and, in the case of Sydney, of household equipment and operation, were responsible for the low rate of inflation. Price increases were lower in Sydney than the national average for 5 of the 8 group indexes.

In most capital cities the index of State and Local Government (SLG) charges rose faster than the CPI. Sydney was no exception, but the 1.8 per cent rise in this State's SLG index was well below the national increase of 4.7 per cent. The national SLG index was pushed up by increases of 9.1 per cent in Melbourne, 4.8 per cent in Perth and 4.7 per cent in Canberra.

Figure 2.4
CPI AND SLG CHARGES BY STATE
Percentage Increase in 1993-94



Source: ABS

Prices of building materials are also rising more slowly in New South Wales than for Australia as a whole. The price index of house building materials rose by 4.2 per cent in New South Wales and 4.8 per cent nationally in 1993-94. Increases in the price index of other building materials in New South Wales and Australia were 0.5 per cent and 1.4 per cent respectively.

While the rise in the price of materials for other than house building is still very modest, recent reports suggest that contractors and subcontractors are raising their prices to restore margins squeezed during the recession. It was that reduction in profit margins that enabled the State's capital works program to come in under budget in 1992-93.

Despite very large increases in the volume of lending to buy houses, ABS data suggests that the price of houses in New South Wales is rising only moderately. In the first three quarters of 1993-94 the average price of new project homes in Sydney was just 2.1 per cent higher than in the same period of 1992-93. Some real estate analysts claim prices have risen much more than that, but their figures seem to be distorted by the composition of sales. A rise in the number of expensive houses sold pushes up the average price calculated by realtors. That is positive for State revenue but has little impact on first home buyers.

Growth of wages moderated in New South Wales in the financial year just ended. After rising 3.9 per cent in 1992-93, average weekly earnings (total earnings for all employees) rose just 1.3 per cent in 1993-94. Average earnings for males and females in the State both rose at the same rate of 1.3 per cent. The national experience was an acceleration in earnings growth to 2.9 per cent in the latest period from 2 per cent in 1992-93. Salaries and wages, of course, are the largest single component in the State's Budget and can have a major impact on the final Budget outcome.

Industry Sectors

Agriculture and Mining

The primary industry sector, agriculture, forestry, fishing and mining, constituted just 4.3 per cent of the NSW Gross State Product at factor cost in 1992-93 but accounted for more than 40 per cent of the State's international exports. In addition, the sector may have a disproportionate impact on the State's Budget as a result of natural disasters such as drought or bush fires. The latter was a problem in 1993-94 while the former seems likely to have an adverse impact on agricultural output in 1994-95. Early in the financial year most of the State had been declared drought affected.

Coal exports of about \$3,000 million a year are the State's biggest earner of foreign exchange. In 1994-95 exports and earnings of coal mines will be affected by a price reduction imposed by major Japanese buyers in response to the depressed state of the Japanese economy. That will have a marginal impact on payroll tax collections from the mining industry.

Construction

The construction industry generates about 7 per cent of gross product in New South Wales directly but also provides employment indirectly in the production of building materials as well as in transport, finance, property and legal services. Directly and indirectly a disproportionate share of the State's revenue from payroll tax and various stamp duties depends on the construction industry. The industry can also impact on the expenditure side of the Budget through the need for the State to assist with the provision of housing for low income earners.

After rising almost 9 per cent in 1992-93, dwelling commencements in New South Wales rose a further 3.5 per cent in the first three quarters of 1993-94. Both those figures are below the national averages which were pushed up by very high levels of commencements in Queensland and Western Australia. The Federal Government's Indicative Planning Council for the housing industry expects there will be a downturn in commencements in 1994-95. Because of the more moderate upswing in New South Wales the decline in this State is not expected to be as great as for Australia as a whole.

According to the Federal Construction Forecasting Committee the overhang of surplus office and hotel accommodation in New South Wales resulted in a further fall in non-dwelling building activity in 1993-94. The Committee thinks that decline was offset by a further rise in engineering construction. Overall the Committee thinks that non-residential construction has bottomed and is likely to rise a little in 1994-95, with engineering work contributing most of the increase.

Employment in the construction industry rose by 5.1 per cent in 1993-94 to create almost 9,000 new jobs.

Finance, Property and Business Services

This sector employs almost as many people in New South Wales as the manufacturing industry and makes a far greater contribution to State Budget revenue. However a three year period of rationalisation saw employment in the sector fall more than 5 per cent from a peak of 340,000 in 1989-90 to just over 322,000 in 1992-93. That restructuring has now largely ended and employment rose by 2.3 per cent in 1993-94. Together with the communications industry, which is closely linked to the financial sector, this area created almost 15,000 new jobs in the last financial year.

Travel and Tourism

The ABS does not publish data on employment in travel and tourism as such. The numbers are included in the Recreation and Personal Services sector which provides more than 8 per cent of all jobs in New South Wales, up from just over 6 per cent in the early 1980s. After declining in the previous year, employment in the sector was flat in 1993-94.

Measured by room occupancy and revenue from accommodation, NSW tourism went into a severe slump in 1990-91. Room occupancy began to rise slowly the following year but hotel revenue was held down by discounting in the heavily over supplied Sydney market. The situation has now improved. In the first three quarters of 1993-94 revenue from accommodation rose by 9.4 per cent, well up on the 2.6 per cent improvement in 1992-93. The average room occupancy rate was 56.5 per cent in the March quarter of 1994. That was a big improvement on the rate of 52.5 per cent a year earlier but not high enough to justify investment in new hotels.

2.4 THE ECONOMY AND THE BUDGET

Both budget revenues and outlays are affected by the condition of the economy. Therefore, forecasts of the main budget aggregates for the year 1994-95, as detailed in Table 1.1 are contingent on forecasts of both the national and state economies. There is always a degree of uncertainty about how the economy will behave in the future, due to unexpected shocks. External shocks include such factors as world economic growth and commodity and foreign exchange market volatility. Domestic shocks can occur because of factors such as government policy changes, industrial conflict, and weather patterns. This uncertainty feeds through to forecasts of the budget.

The revenue and expenditure sides of the budget are influenced by this 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 of which are very important sources of state revenue. Payroll tax will be affected by both employment levels and wage rates. Stamp duty income from contracts and conveyances and share transfers, as well as land tax, will all be significantly affected by changes in asset prices, as evidenced by experience in recent years. Other sources of tax revenue such as the amount spent on new cars, petrol, alcohol, tobacco and gambling will be affected by general economic conditions. General economic conditions will also influence the performance of government trading enterprises.

Within the current year, the expenditure side of the budget is relatively insensitive to changes in economic conditions. This is because most expenditure quantities are "locked in" 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. Changes in interest rates can also have some impact on the costs of servicing debt.

In Table 2.3, estimates are provided of alternative budget outcomes on the assumptions of "higher growth" or "lower growth" in the economy. The "higher growth" outcome is characterised relative to the base case as higher aggregate demand, employment growth, wages growth, inflation, interest rates, and property prices. The "lower growth" outcome has these main economic aggregates growing more slowly than in the base case. The "high growth" and the "low growth" scenarios are specified in Table 2.4

The results given in Table 2.3 illustrate the scope for changes in the economy to have a substantial impact on the budget outcome. Under the "higher growth" scenario, the budget deficit will be about \$240 million lower. On the other hand, the budget deficit will be about \$235 million higher in the case of the "lower growth" scenario. The forecast for the 1993-94 budget deficit was \$890 million, while the actual deficit was much lower at \$430 million. This was in substantial part because the growth rate of the economy in 1993-94 was much higher than had been expected.

Table 2.3: Alternative Budget Outcomes

	Budget Estimates	Higher Than Expected Economic Growth		Lower Than Expected Economic Growth	
	\$m	\$m	Change on Budget Estimate \$m	\$m	Change on Budget Estimate \$m
Current Financial Result	2,260	2,535	275	1,990	(-) 270
Outlays	16,572	16,769	197	16,369	(-) 203
Receipts	18,832	19,303	471	18,359	(-) 473
Tax	10,255	10,569	314	9,930	(-) 325
Non-tax	8,577	8,725	148	8,420	(-) 157
Capital Financial Result ¹	(-) 2,613	(-) 2,647	(-) 34	(-) 2,578	35
Outlays ¹	3,586	3,635	49	3,537	(-) 49
Receipts	973	988	15	959	(-) 14
Total Result ¹	(-) 353	(-) 112	241	(-) 588	(-) 235

Notes: 1: Results shown are net of extraordinary items.

Table 2.4: Economic Scenarios

	Base Scenario %	Higher Growth Scenario %	Lower Growth Scenario %
Aggregate Demand (GSP)	4.2	6.0	2.5
Employment	2.5	4.0	1.0
Wages (AWE)	2.3	3.8	1.3
Budget Sector Wages	4.5	5.5	1.5
Consumer Prices (Sydney)	2.5	4.0	1.0
10-Year Bond Rate	9.0	11.0	7.0
Population	0.8	1.8	0.0
Property prices (residential)	5.6	8.6	2.5

Chapter 3:
SOCIAL INDICATORS

3 SOCIAL INDICATORS

INTRODUCTION

Social indicators are statistical measures which can be used to monitor over time both the level and the change in community well-being. They are complementary to economic measures of growth and are essential for the determination of social policy.

Social policy aims to improve people's social well-being. It has many dimensions but is mainly concerned with correcting imbalances in health, housing, education and employment status within the community.

As the Budget funds many programs with social policy objectives, it is relevant to publish data on characteristics of the New South Wales population and social trends which help to shape these programs.

The selected social indicators presented have been compiled from various sources. They include data on population, education, income, housing, employment, health and disability.

In Australia, the responsibility for determining social policies and funding services is shared by three levels of government.

The New South Wales Government's aim is to ensure that the whole community benefits from effective services and that specific programs with social policy objectives reach those individuals and communities most in need, while containing State debt within manageable levels.

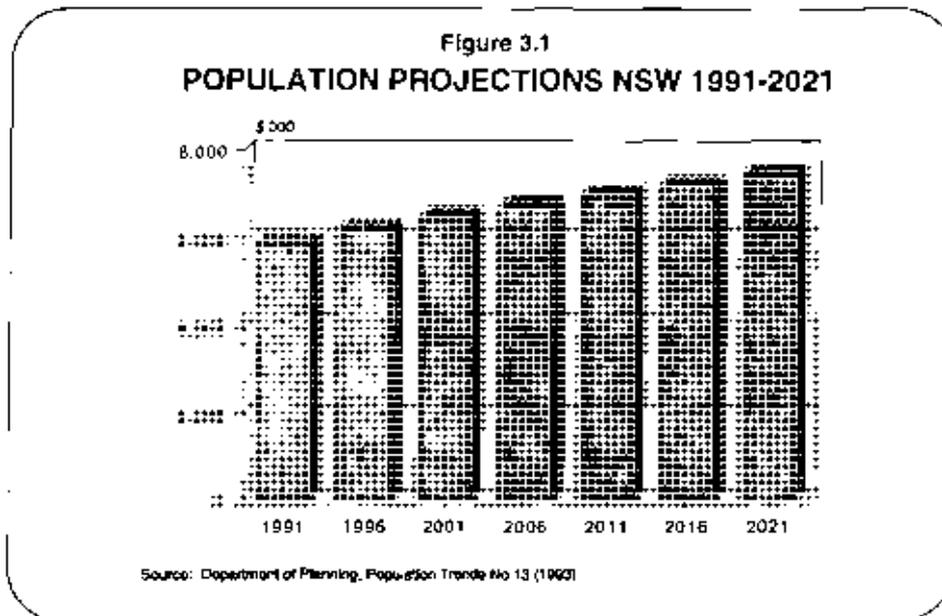
Statements by Ministers on the 1994-95 Budget (Community Benefits books) identify how this will be achieved.

DEMOGRAPHY

• NSW Population 1981 to 1992

Between 1981 and 1992 the population of New South Wales increased by over seven hundred thousand, from 5.2 million in 1981 to 6.0 million in 1992, representing 34 per cent of the Australian population. However, the rate of growth has declined in recent years, largely as a result of a continued fall in net migration and a decline in natural increase.

Between 1986 and 1991 Sydney grew at a rate of 1.13 per cent per annum. The highest annual growth rates outside the Sydney metropolitan area were recorded in the North Coast and South-Eastern Regions (3.22 per cent and 1.96 per cent respectively). The lowest rates of growth were recorded in the Riverina and New England Regions (0.47 per cent and 0.48 per cent respectively) while in the Far Western Region growth declined by 0.84 per cent.



- **Population Distribution**

In 1992 the coastal regions of Sydney, North Coast, Hunter and the Illawarra contained just over 84 per cent of the State's population, while Sydney alone accounted for 62 per cent.

Rural areas consolidated between the 1986 and 1991 Censuses. Only 34 areas outside Sydney showed losses of population during this period, compared to 59 and 52 respectively during the 1981 to 1986 and 1976 to 1981 periods. The largest losses were in Broken Hill, Narrabri and Bland Shire.

Over the past decade or more, inner local government areas in Sydney tend to have had static or declining populations, with middle ring suburbs growing, and outer suburbs growing fastest of all.

Given the high infrastructure costs of outer urban area development and the existing infrastructure capacity of some inner areas, urban consolidation initiatives such as dual occupancy and redevelopment are being promoted by the Government.

While the metropolitan area will continue to expand physically, new release areas will be developed to higher densities than before (up to 15 dwellings per hectare rather than 7 to 10) with a greater variety of housing forms and with greater attention to transport accessibility. High natural levels of population diversion to Newcastle and the Illawarra are expected to continue.

- **Overseas and Interstate Migration**

In 1992, 41 per cent of all migrants to Australia settled in New South Wales. This proportion has remained relatively stable since 1985-86. New South Wales attracts a greater share of Australia's Middle East and Asian-born migrants than

other States. The proportion of professional arrivals is higher in New South Wales than the Australian average.

During the period 1981 to 1991, New South Wales recorded a net loss of 183,000 people as a result of interstate migration. Almost two-thirds of the outflow was in the second half of that decade. The most common destination for people moving from New South Wales was Queensland, while most new arrivals were from Victoria and Queensland.

- **Population Projections**

Recent projections by the Department of Planning estimate that by the year 2021, the population of New South Wales will increase to 7,450,600 an increase of some 26 per cent on the 1991 population.

Over the same period the population of Sydney is projected to increase by 22 per cent to 4,476,700. Outside Sydney, the largest increase is estimated to be on the North Coast, where the population is projected to increase by 70 per cent to 714,200. This will be followed by the South Eastern Region (increasing by 45 per cent to 244,200), the Illawarra (39 per cent to 487,100) and the Hunter (29 per cent to 687,300). By contrast, the population of the Far Western Region is expected to increase by only 3 per cent to 29,200.

- **Ethnic Mix**

At the 1991 Census, almost one quarter (23 per cent) of the New South Wales population was born overseas. Since 1961, of the overseas-born population, the proportion born in English speaking countries has declined to less than 35 per cent, while the proportion of those born in non-English speaking countries has increased to just over 65 per cent. Among the overseas-born population, more than half were born in Europe (53.9 per cent), and nearly one quarter were born in Asia (22.7 per cent). The diversity within the overseas-born population reflects successive migration policies implemented by the Commonwealth Government.

Cultural diversity is not limited to the overseas-born population, but extends to subsequent generations. For example, in 1991 almost one quarter of all people in New South Wales who were Australian-born had at least one parent born overseas and 11 per cent had both parents born overseas.

- **Age Structure**

The median age of the New South Wales population increased from 28 years in 1971 to 33 years in 1993. It is expected that it will increase to the mid-30s by the end of this century.

The proportion of the population aged 65 or over is also increasing. During the period 1991 to 2021, the proportion of the total population over 65 is projected to increase from 12 per cent to over 17 per cent, while the number of young people aged 0-14 is projected to decline from over 21 per cent to approximately 18 per cent.

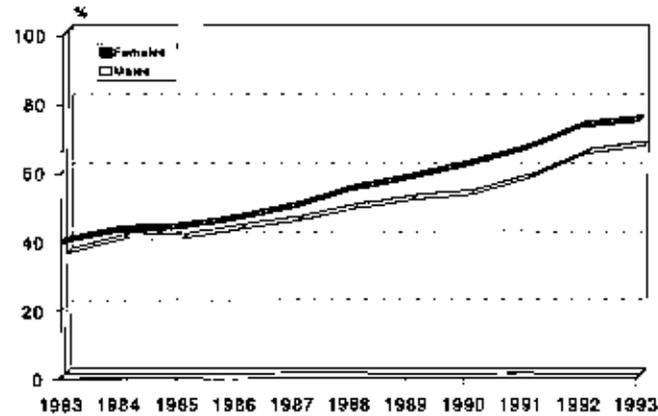
- **Dependent Age Ratios**

Dependent age ratios provide a broad indication of the potential dependency burden of children (0-14 years) and the aged (65 years and over) on those of working age (15-64 years). In 1961 the ratio of the "dependent" population to the "working age" population was 0.61. By 1993 the ratio had declined to 0.51 (approximately half the population) and it is projected that it will continue to decline until around 2011, but will rise to 0.59 by 2031. This is mainly due to the retirement of the post-war baby boomers and the relatively high post-war migration.

- **Families**

The number of families (couple, lone parent and other) in New South Wales increased from 1.4 million in 1982 to 1.6 million in 1992, when family households comprised 74 per cent of all households. Over the same period, the proportion of

Figure 3.2
**APPARENT STUDENT RETENTION RATES TO YEAR 12
 NSW 1983-1993**



Source: National School Statistics Collection

couple families (registered married and defacto married) has decreased slightly from 87 per cent to 86 per cent.

The "traditional" family of two registered married parents and 2 dependent children made up only 17 per cent of all families in 1992, again a slight decrease from 1982 (18 per cent). By contrast, lone parent families have increased as a proportion of all families. Lone parent families with dependent children represented 9 per cent of all families in 1992, compared with 7 per cent in 1982. Some 84 per cent of lone parents in 1992 were female.

The crude marriage rate (the number of marriages per 1,000 of the estimated mean population) has decreased over the past 20 years, from 8.7 in 1972 to 6.8 in 1992. Over the same period, the divorce rate rose from 1.5 to 2.3 per 1,000 of the population. The divorce rate peaked at 4.5 in 1976 when the Family Law Act 1975 came into effect, enabling many people who had been separated to divorce sooner than they would have been able to under the previous law.

Implications of Demographic Trends

Demographic change (changes in birth and death rates and patterns of household formation) affects demand for government services. Internal migration patterns influence the spatial distribution of demand for services.

The ageing of the population is one of the most significant social trends affecting New South Wales. Its impact will be felt across the whole community with implications for employment, income support, housing, taxation, migration policy, the nature and extent of health and education expenditures, family care and the provision of community support services.

Of these, the provision of appropriate housing and care has been identified as potentially the most dominant concern. Broader demographic and social changes (such as greater numbers of older people living alone, greater labour force participation of women and fewer households where an adult child is resident) will place pressures on current patterns of care, where family and volunteers provide the majority of care for the frail aged.

The overseas-born population is considerably older on average than the Australian-born population. For example, while the median age of the total New South Wales population was 32 at the time of the 1991 Census, the median age of the overseas-born population was 40. This has implications for planning the provision of services, such as health, education, and community care.

The changing composition of migrants by birthplace and skill level has implications for the provision of special migrant services, for education and for the labour market. In addition, changing patterns of interstate and overseas migration affect the demand for land, housing and facilities, particularly in Sydney. Changing patterns of family formation and break up have wide implications as household composition, structure and distribution affect levels of demand for housing and other goods and services.

The increasing number of lone parent families is likely to increase demand for support services.

Higher levels of family breakdown or tension resulting from a variety of social and economic changes (such as higher levels of unemployment, increased dependency of young people remaining in education and so on) may lead to increased demand for a range of crisis, mediation and legal services.

Demographic trends also impact differently on urban and rural areas in Sydney. There are important implications for the cost of urban infrastructure, the location of services and air and water quality.

In coastal areas, there are, and will continue to be, competing demands for agricultural and residential land. The provision of services and environmental protection will become increasingly difficult.

The provision of health, education and transport services in rural areas with static or declining populations will become increasingly inefficient.

EDUCATION

School retention rates have risen significantly since 1983. The number of Year 7 students remaining at school until Year 12 has almost doubled, reaching 70.6 per cent in 1993. Since 1983, the proportion of teenagers aged 15-19 involved in full-time education has increased from 69 per cent to 78 per cent.

Female retention rates have been consistently higher than those for males over the past 10 years (75 per cent compared to 66 per cent in 1993) and the gap between the two has widened over the decade.

Over the past decade (from February 1983 to February 1993) the proportion of people in the New South Wales labour force holding post-school qualifications has increased from 43 per cent to 66 per cent.

Implications of Education Trends

The rise in school retention rates is the combined result of specific government initiatives and declining full-time job opportunities for young people, with many choosing to remain at school rather than face unemployment. In addition, the increasing skill levels demanded by the labour market have resulted in a greater emphasis on educational attainment for young people seeking to enter the labour force.

The trends toward greater retention and participation will increase demand for education, particularly in vocational areas. However, this may moderate as the population ages and the proportion of young people in the population decreases.

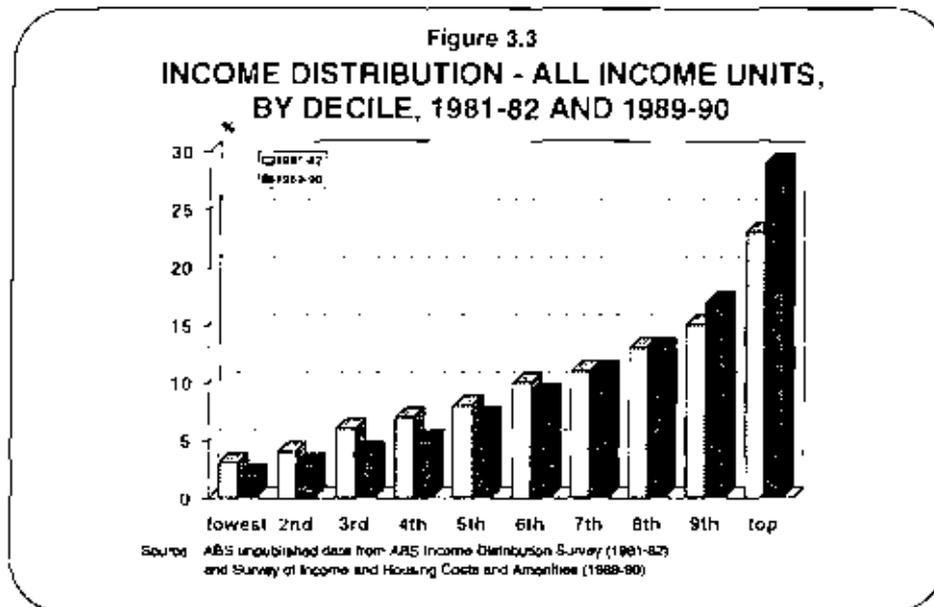
Given the changing nature of workforce entry requirements, there will be an increased need for young people to develop skills which provide a broad platform for future job mobility and for older people needing to retrain. Consequently, greater flexibility will be demanded of education, training and employment providers.

INCOME AND POVERTY

The issue of inequality in income distribution has received much attention by social researchers in recent years. An individual's standard of living and quality of life is largely dependent on his or her economic resources. While income is only one aspect of an individual or social unit's economic resource (others may be in the form of accumulated wealth or assets, or home production of goods or services), it is nevertheless a major indicator of economic and social well-being.

In New South Wales, income distribution trends have followed the national trend towards increasing inequality - fewer people possessing a greater share of all income and wealth.

Figure 3.3 shows that, between 1981-82 and 1989-90, New South Wales income units in the highest decile rank (the 10 per cent of income units with the highest incomes) increased their share of all income from 23 per cent to 29 per cent. In 1989-90 their share of all income was greater than the five lowest deciles combined. By contrast, the lowest decile saw a reduction in their share of total income from 3 per cent to 2 per cent. However, data in Figure 3.3 are based on gross income and do not take into account tax and welfare payments.



- **Poverty**

Recent poverty estimates prepared by the Australian Institute of Health and Welfare for the Office on Social Policy indicate that in 1990, after housing costs, some 250,474 income units in New South Wales were living in poverty. This represents some 13.4 per cent of all income units, and is slightly higher than the national estimate of 13.0 per cent.

The highest incidence of after-housing poverty was found among sole parent families (48.8 per cent), single people aged 15-24 (30.4 per cent) and government and private renters (32 per cent and 26 per cent respectively). By comparison, 15.4 per cent of two parent families, 6 per cent of home owners and 13.3 per cent of those purchasing their homes were estimated to be living in poverty.

- **Social Security Recipients**

At June 1993 there were some 1,140,605 New South Wales residents in receipt of Social Security pensions or unemployment allowances. This represents some 19 per cent of the total New South Wales population.

Of these, 531,995 (47 per cent) were age pensioners (including wives and carers), representing some 62 per cent of the estimated eligible New South Wales population (women aged 60 and over and men aged 65 and over), or 9 per cent of the total population. Those receiving unemployment benefits (302,461) represented some 8 per cent of the estimated eligible population (those aged 16-64). The proportion of those in receipt of Newstart Allowance (i.e. the long term unemployed), represented almost half (48 per cent) of all those in receipt of unemployment allowances.

Implications

Income support is primarily a Commonwealth responsibility. However, the States assist those on pensions by allowing concessions on a number of services, particularly in transport. Income is an important measure of an individual's or household's ability to purchase goods and services. Changes in the distribution of income and the proportion of the population reliant upon some income support may significantly influence demand for a range of government funded welfare services.

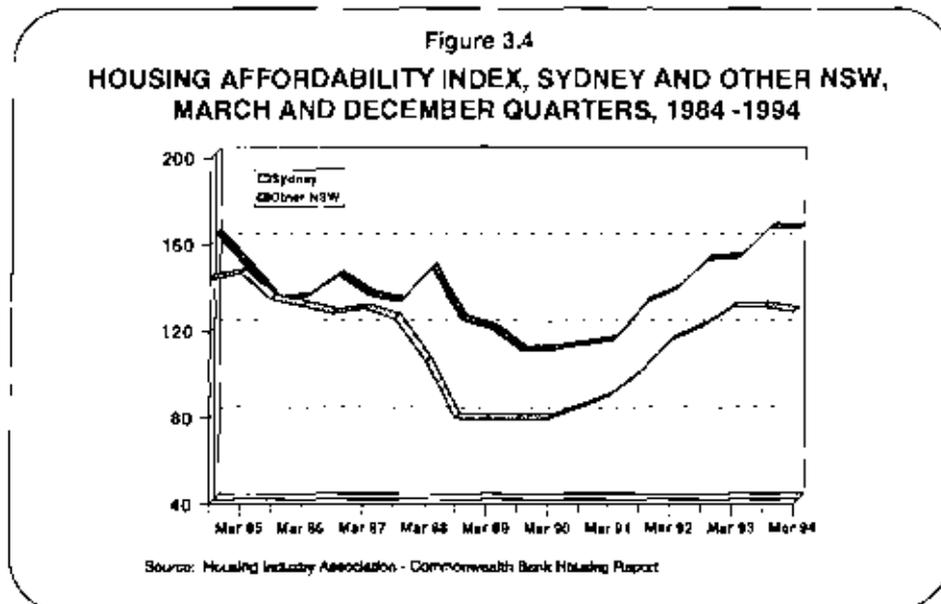
HOUSING

There have been significant changes in the way the people of New South Wales have been housed over the past 10 years. Notably, outright home ownership increased significantly between 1981 and 1991 - from 34 per cent to 42 per cent of all households. Conversely, as more homes were owned outright, the number of homes being purchased fell - from 31 per cent in 1981 to 25 per cent in 1991. Over the same period, the proportion of households renting privately remained almost constant (20 per cent), while there was significant investment in public housing, raising public housing's share of total housing from 5 per cent to 6 per cent.

The reasons for the increase in home ownership are largely demographic. As the population ages, ownership rates increase but the proportion of households in the home purchase age group (around 20-40 years) falls, in relative terms. It is also a function of changing household structures, such as increases in the proportion of households which are headed by a sole parent. Sole parent families have low average incomes and are less able to purchase their own homes.

At the same time as there have been changes in ownership patterns, there has been a growing recognition of a need for changes in the type of housing available. Average household size has declined and over half of all households are now made up of only one or two people. This indicates a need for smaller dwellings. Smaller dwellings are also a logical response to the increased capital cost of housing resulting from the impact that population increase is having on a finite land supply. In addition, encouraging the supply of smaller dwellings is consistent with Government initiatives in terms of urban consolidation and the benefits this provides to the community through better access to community services and through enhanced environmental quality.

In terms of affordability of housing, shifts in ownership patterns over the period 1981 to 1991 have had significant consequences. On average, home owners pay only 3.7 per cent of their income on housing. In contrast, private renters and home purchasers pay much more (22 per cent and 23 per cent respectively). Public tenants are generally on the lowest incomes and are protected from excessive housing costs by paying between 20 and 25 per cent of their income on rent. A big shift to home ownership means total housing expenditure has fallen. Securing the financial and other benefits of home ownership, however, depends on affordability of purchase. This has fluctuated significantly over the period. Housing affordability in Sydney is now at its highest level since 1986 and elsewhere it is at the level of 1984.



In absolute terms, Sydney is the most expensive city in which to buy, while more affordable, non-metropolitan New South Wales residential properties are still equivalent in value to the Australian average (based on metropolitan and non-metropolitan areas). The higher price of New South Wales residential property has resulted in a higher level of demand for Government housing assistance than in other States. The current distribution of Commonwealth funding for housing assistance does not take account of this.

Implications

Relative improvements in housing affordability since 1989 have helped ease the pressure on the private rental market. However, future access to home purchase is dependent on affordability. Falls in affordability would occur if interest rates were to increase without corresponding increases in incomes.

Reduced access to home purchase finance would raise demand for private rental housing. Over the past 12 months, private rents have remained stable, with vacancy rates were to pointing to some oversupply. However, this situation may not continue.

Demand for public housing is largely unaffected by home purchase affordability, as public tenants are on incomes that generally preclude the opportunity to purchase. Demographic and structural factors are much more important in defining the number of households who are in need of public housing.

EMPLOYMENT

Employment and unemployment trends are important social, as well as economic, indicators. Some of the more significant labour force trends which have emerged over the last decade include -

- decreasing full-time employment by men of all ages, but particularly men aged over 55 years;
- increasing duration of unemployment;
- a higher proportion of employment being part time;
- increased labour force participation by married women; and
- an increase in two income families to more than half of married couple families with dependent children.

Population sub-groups are affected by these trends in different ways. For example, much of the growth in employment over the past 12 months has been in part-time employment, which is predominantly female.

Higher rates of unemployment are common among people from non-English speaking backgrounds, Aboriginal and Torres Strait Islanders and people with disabilities. At the time of the 1991 Census, the unemployment rate for Aboriginal and Torres Strait Islanders was 35.6 per cent, compared with 11 per cent for the rest of the New South Wales population.

There are regional disparities in unemployment rates across New South Wales, with relatively higher rates of unemployment in the Western Metropolitan, the Hunter, Illawarra and North Coast regions than in the central and eastern parts of the metropolitan area.

Youth unemployment rates continue to be high, although when the number of young people aged 15-19 involved in education or training is taken into account, the picture is somewhat less serious. For example, the ratio of teenagers looking for full time work to the total teenage population was 6.9 per cent in July 1994, compared with the full-time unemployment rate of 27.1 per cent for the same month.

Implications

Changing patterns of employment and unemployment impact considerably on the social and economic well-being of individuals and their families. Access to employment, or conversely, entry into unemployment, not only alters standards of living in financial terms, but also patterns of involvement in activities such as education and family care. Employment and unemployment trends impact differently on population sub-groups, and have the potential to further entrench, or conversely alleviate, previously existing levels of advantage and disadvantage. In addition, there are associated changes in health status, social mobility and access to goods and services.

The long-term unemployed are unlikely to find any immediate relief from employment growth without targeted assistance, creating specific demands on labour market programs aimed at assisting re-entry into the workforce. There are significant social implications arising from a pool of long-term unemployed who remain, perhaps permanently, at the margins of the labour force.

Much future job growth will demand relatively high skill levels and rapid changes in the particular skills applied. This will require commitment of resources to vocational education and training, both for young people and older workers who will be required to adapt to changing conditions. Increasingly, young people and older workers will be required to participate in a mixture of employment, education and training.

Regional disparities in employment and unemployment require local responses to employment creation and training. This will require greater flexibility in the planning and development of local area initiatives by government agencies, in partnership with non-government service and employment providers.

The increase in the number of families where both parents, or the sole parent, are employed has created special needs relating to child care. The increasing participation of women in the workforce has required services to adapt to better meet the needs of families requiring work-related care, particularly for Before and After School Programs.

This raises issues in regard to the roles of Commonwealth, State and local governments who are all involved in child care and in regard to user payment and the targetting of assistance.

HEALTH

Life expectancy has risen considerably in New South Wales over the past two decades and the gap between life expectancy for males and females has narrowed. In 1972, life expectancy at birth for males was 68 years and for females 75 years. By 1992, life expectancy had increased to 74 years for males and to 80 years for females.

Accompanying the increase in life expectancy has been a change in leading causes of death. Over the century, improvements in sanitation, hygiene, diet and development of new medicinal drugs have meant that leading causes of death have gradually changed from infectious diseases to "lifestyle" diseases. Major causes of death in 1992 included circulatory disease (heart attack and stroke accounted for 45.6 per cent), degenerative disease (cancer accounted for 25.6 per cent), respiratory disease (8.1 per cent), and accidents, poisoning and violence (5.5 per cent).

The proportion of deaths from circulatory disease rose from 49.4 per cent in 1950 to 57.6 per cent in 1968, and subsequently fell to 45.6 per cent by 1992. This has been attributed to improved community awareness of lifestyle factors, together with the improved quality and accessibility of medical technology. By contrast, the proportion of deaths from cancer has continued to rise steadily since 1950, to almost double by 1992.

Persons aged 65 and over are a relatively small proportion of the population (11.9 per cent at the 1991 Census) but generate a large proportion of health care needs. For example, in New South Wales they use approximately 49 per cent of public hospital inpatient days. The Department of Health estimates that this group accounts for close to 50 per cent of its total expenditure.

- **Aboriginal Health**

Despite improvements in the overall health of the New South Wales population, Aboriginal and Torres Strait Islanders continue to suffer from higher adult and infant morbidity and mortality rates than the general population, as well as a higher prevalence and incidence of infectious diseases.

According to the 1991 census, 40 per cent of Aboriginal and Torres Strait Islanders in New South Wales were under 15 years of age compared to 22 per cent of the general population. Their age structure reflects the relatively high birth rates and the lower than average life expectancy.

According to a recent study of deaths in western New South Wales, life expectancy for Aboriginal and Torres Strait Islander peoples living in western New South Wales is significantly lower than that for the general population. The study estimated that life expectancy for Aboriginal women was 14 years less than for the total female population of New South Wales, while for Aboriginal men it was 19 years less than for the total male population. The study also estimated Aboriginal mortality to be three and a half times higher than that for the general population, with those most affected being young and middle aged adults. Circulatory diseases, including heart failure, were the major causes of death.

At the time of the 1989-90 National Health Survey, birth rates among Aboriginal and Torres Strait Islanders in New South Wales were higher than those for the general population and the infant mortality rate for those groups was estimated as between two and three times higher than for New South Wales as a whole.

Implications

While overall the health of New South Wales residents continues to improve and people are living longer, there are significant variations in health and access to health services among population sub-groups and according to socio-economic status. Such inequities are evidenced by the high mortality rates and lower life expectancies experienced among Aboriginal populations.

Changes in demography have significant implications for the provision of health services. For example, people born in non-English speaking countries tend to experience different rates for certain diseases and risk factors than those born in English speaking countries. In addition, the older average age of the overseas born population may result in disproportionate demand for specific health services relative to the Australian born population.

More generally, the major trends toward greater longevity and higher incidence of "lifestyle" diseases, accompanied by shorter hospital stays, will result in increased demand for the provision of an appropriate mix of institutional and community care services.

PEOPLE WITH DISABILITIES

The number of people living with a disability or handicap in New South Wales in 1993 was just over 1 million, or 17 per cent of the population. In addition, four out of five of those with a disability were further identified as having a handicap which affected their ability to perform many tasks associated with daily living.

The incidence of disability is strongly correlated with age. More than half of those identified as having a disability were aged 55 years and over, and a further 20 per cent were aged between 35 and 54 years. Just over one-quarter of all people aged 55-59 years had a disability compared with nearly two thirds of those aged 75 years and over. Nevertheless, disability affects people of all ages, and the diverse needs of those living with disabilities should not be assumed to be those also related to age.

People with disabilities often require access to a mix of specialised and general community services to meet their needs. In addition, people with disabilities and handicaps experience higher unemployment rates and lower participation rates than non-disabled people. According to the ABS 1993 Survey of Disability, Ageing and Carers, the unemployment rate for people with a disability and handicap was 21.6 per cent.

Implications

Planning and service provision need to focus on achieving outcomes that assist people with disabilities to achieve their maximum potential, independence, access to education and employment opportunities, and greater integration and participation in the community. This will require ongoing cooperation and coordination among service providers, to ensure that people with disabilities are able to access services available to the rest of the community, and if necessary receive specialised support.

Key concerns are access to information and community support services which meet the diverse range of needs resulting from disability, and which may be compounded by factors such as age and ethnicity. Major trends toward integration and participation of people with disabilities provide a range of challenges for government. Response to these challenges has led to the principles embodied in legislation such as the NSW Disability Services Act and the Federal Disability Discrimination Act, and in initiatives in service areas such as early intervention, education, family support and information, employment, housing, recreation and leisure.

Chapter 4:
BUDGET RECEIPTS

4.1 Budget Receipts

4.2 Forward Estimates of Budget Receipts

4.1 BUDGET RECEIPTS

OVERVIEW

Budget receipts for 1994-95 are projected to increase by 3.6 per cent to \$19,805 million, consisting of a 4.5 per cent increase in current receipts and an 11.1 per cent decline in capital receipts.

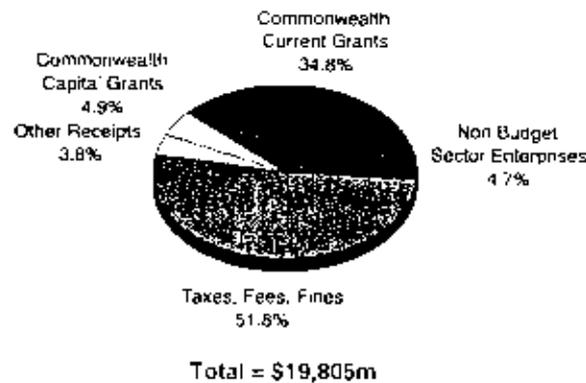
Table 4.1 is a summary of major Budget receipts aggregates from 1993-94 to 1996-97. Total receipts are expected to increase in nominal terms by an average 3.2 per cent over this period. More detail on forward estimates is provided in Section 4.2.

Tables 4.2 to 4.6 provide details of Budget Receipts for 1993-94 and 1994-95 and shows changes between last year's actual receipts and the 1994-95 Budget. The tables are supported by a later section commenting on the principal revenue items.

Table 4.1: Budget Receipts, 1994-95 to 1996-97

	1993-94	1994-95		1995-96		1996-97	
	\$m	\$m	% change	\$m	% change	\$m	% change
CURRENT RECEIPTS							
Taxes, Fees and Fines	9,726	10,255	5.4	10,762	4.9	11,243	4.5
Income from Non-Budget Sector Enterprises	1,064	940	(-) 11.7	844	(-) 10.2	882	4.5
Commonwealth Grants	6,461	6,885	6.6	7,063	2.6	7,202	2.0
Other	771	753	(-) 2.4	776	3.1	794	2.3
TOTAL, CURRENT RECEIPTS	18,022	18,832	4.5	19,445	3.3	20,121	3.5
CAPITAL RECEIPTS							
Commonwealth Grants	1,085	963	(-) 11.2	923	(-) 4.2	867	(-) 6.1
Other Capital Receipts	10	10	2.5	10	...	10	.
TOTAL, CAPITAL RECEIPTS	1,094	973	(-) 11.1	933	(-) 4.2	877	(-) 8.0
TOTAL, RECEIPTS	19,117	19,805	3.6	20,377	2.9	20,998	3.0

Figure 4.1
BUDGET RECEIPTS, 1994-95



TAX INITIATIVES

A number of tax changes are to be implemented in the 1994-95 and 1995-96 financial years. A summary of the main measures is provided in Table 4.2.

Table 4.2: Summary of Main Tax Measures

Tax Measure	Revenue Cost	
	1994-95	Full Year
	\$m	\$m
Increase the payroll tax threshold in two stages - from \$500,000 to \$550,000 on 1 January 1995 from \$550,000 to \$600,000 on 1 January 1996	11.7 ...	28.0 26.0
Provide a land tax concession for low-cost rental accommodation	8.5	10.0
Change the land tax treatment of non-residential strata units	5.1	6.0
Abolish liquor licence fees on low-strength alcohol	7.0	7.0
Increase the metropolitan racing clubs' share of totalizator commission in two stages - from 6% to 7.5% on 1 January 1995 from 7.5% to 9% on 1 January 1996	1.6 ...	3.3 3.3
Introduce a range of stamp duty measures including - Replacing the hiring duty threshold with an exemption Exempting intergenerational transfer of farm property from contracts and conveyancing duty	1.3 2.0	1.8 2.5
Exempt regional headquarters from financial taxes	...	1.0
Total	37.2	66.9

Details of the announced tax measures are as follows -

Payroll Tax

The payroll tax threshold will be increased from \$500,000 to \$550,000 on 1 January 1995. The effect of this measure will be to restore the real value of the threshold to its 1990 level, when the threshold was last increased. All taxpayers will benefit from this initiative. In addition, an estimated 570 employers will become exempt from payroll tax as a result of this change.

Further relief will be provided from 1 January 1996 when the threshold will be increased from \$550,000 to \$600,000. The number of additional employer groups freed from payroll tax as a result of this second measure is estimated to be in the order of 510.

Land Tax

• Low-Cost Rental Accommodation

The land tax exemption which currently exists for boarding-houses is to be extended to other forms of low-cost accommodation from the 1995 land tax year. The concession is to be confined to the inner city area of Sydney, where there is currently a relative shortage of low-cost accommodation, and will apply to those properties for which the weekly rentals are below specified limits. Landlords will be required to pass the benefit of the concession through to their tenants.

• Non-Residential Strata Units

From the 1995 land tax year, non-residential strata units will be taxed in the same manner as residential stratas. This measure will improve both equity and efficiency in regard to property investment and will benefit around 6,000 taxpayers.

Liquor Licence Fees

Liquor licence fees were last changed in May 1993 when the rate for full strength alcohol was increased from 10 per cent to 13 per cent and the rate for low alcohol beer was reduced from 10 per cent to 7 per cent. As a further incentive for consumers to switch from full to low strength alcohol, licence fees on all forms of low alcohol, including beer and wine, will be abolished from the 1995 licensing year. This initiative will reduce the price of a carton of low alcohol beer by between \$1 and \$1.50.

Racing Taxation

The Sydney metropolitan racing clubs have previously received a smaller share of the on-course totalizator deduction than provincial and country clubs. The Australian Jockey Club and the Sydney Turf Club have retained a 6 per cent share compared with the 9 per cent share received by other clubs. From 1 January 1995, the metropolitan clubs' share is to be increased to 7.5 per cent, with a further increase to 9 per cent from 1 January 1996.

Stamp Duty

- **Hiring Arrangement Duty**

Previously hiring arrangement duty was subject to a threshold whereby hire income receipts of less than \$6,000 per month were not subject to tax. However for hire income in excess of this amount, 1.5 per cent duty was payable on the full amount. From 14 September 1994, the threshold will be replaced by an exemption under which duty will be charged only on the amount by which receipts exceed \$6,000 per month. This measure will provide a benefit of up to \$1,080 per annum to hire businesses and will assist businesses with irregular hire income.

- **Intergenerational Transfers of Farm Property**

From 14 September 1994, intergenerational transfers of farm property will be exempt from contracts and conveyancing duty. Given the large numbers of younger family members who manage properties, the objective of this measure is to promote efficient ownership structures within the farming sector. This exemption will benefit around 350 taxpayers per year.

- **Other Stamp Duty Measures**

Minor stamp duty measures include -

- extending the exemption from contracts and conveyancing duty contained in Section 73AA of the *Stamp Duties Act 1920* to include the transfer of a principal place of residence partly used for business; and
- exempting Farm Household Support Scheme payments from financial institutions duty.

Financial Taxes - Exemptions for Regional Headquarters (RHQs)

Tax concessions are to be provided for defined RHQ activity through a waiver of all State financial duties (financial institutions duty, debits tax and loan security duty). This initiative is conditional upon similar Commonwealth action, for which legislation is expected to be passed during 1994-95. At this stage, the introduction of State concessions is scheduled for 1 July 1995.

The provision of tax exemptions for RHQs follows similar financial tax concessions for off-shore banking units which were introduced by New South Wales from 1991.

CURRENT RECEIPTS 1994-95

Estimated current receipts in 1994-95 are \$18,822 million, an increase of \$800 million or 4.4 per cent on 1993-94.

Taxes, Fees and Fines

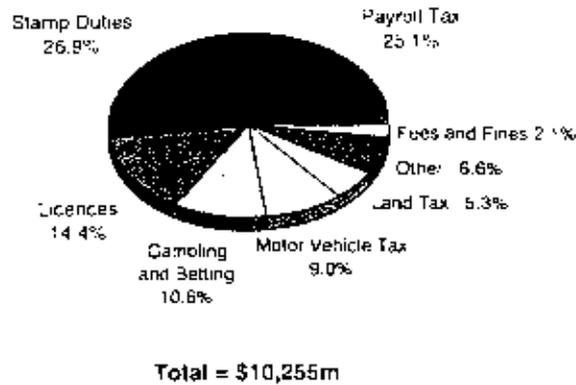
Table 4.3: Taxes, Fees and Fines

Category	1993-94		1994-95	
	Estimate	Actual	Estimate	Increase
	\$000	\$000	\$000	%
Stamp Duties				
Contracts and Conveyances	924,400	1,169,109	1,200,000	3.3
First Home Purchase Scheme	39,000	37,431	38,000	1.5
insurance	227,000	229,188	257,000	12.4
Loan Securities	103,500	120,972	136,000	12.4
Share Transfers	210,000	290,253	240,000	(-) 14.4
Motor Vehicle Registration Certificates	241,000	283,958	293,000	11.0
Financial Institutions Duty	457,000	465,670	496,000	6.5
Hiring Arrangements	52,000	48,904	53,000	8.4
Leases	23,500	26,196	29,000	10.7
Deeds Agreements	2,400	3,590	3,600	0.3
Adhesive Stamps	3,200	4,945	6,000	21.3
Other	3,600	3,034	3,080	1.5
	2,286,600	2,650,250	2,754,680	3.8
Payroll Tax	2,451,777	2,454,303	2,577,473	5.0
Land Tax	477,000	519,229	538,000	3.6
Debts Tax	296,000	306,135	320,000	4.5
Taxes on Motor Vehicle Ownership and Operation				
Weight Tax	590,000	599,572	624,000	4.1
Drivers Licence Fees etc.	66,000	69,652	124,000	78.0
Vehicle Registration and Transfer Fees	149,100	147,439	151,000	2.4
Other Motor Vehicle Taxes	20,000	20,667	24,400	18.1
	825,100	837,330	923,400	10.3
Health Insurance Levy	50,000	48,683	47,000	(-) 3.5
Fire Brigades Levy	136,760	130,677	147,515	13.0
Gambling and Betting				
Racing	312,003	312,678	335,303	7.2
Poker Machine Taxation	310,000	347,736	383,000	10.1
Keno Tax	5,400	6,886	10,200	48.1
Soccer Football Pools	2,060	3,830	2,400	(-) 37.3
Lotteries and Lotto	228,197	246,648	270,275	9.6
Footytab Commission	1,840	2,003	1,900	(-) 5.1
Amusement Devices	82,200	83,055	85,000	2.3
	941,700	1,003,036	1,088,078	8.5

Table 4.3: Taxes, Fees and Fines (cont)

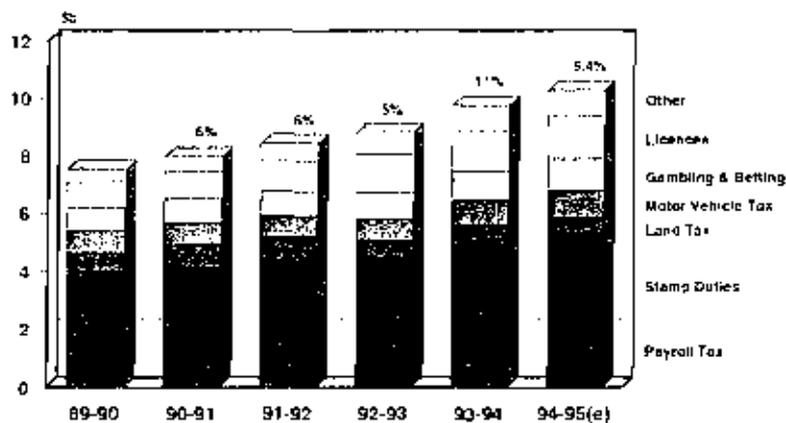
Category	1993-94		1994-95	
	Estimate	Actual	Estimate	Increase
	\$000	\$000	\$000	%
Licences				
Petroleum	493,000	495,838	525,000	5.9
Tobacco	638,000	633,093	675,000	6.6
Liquor	258,520	260,477	257,450	(-) 1.2
Pollution Control	17,000	17,100	17,000	(-) 0.6
Other	4,573	4,830	5,058	2.6
	<u>1,411,093</u>	<u>1,411,438</u>	<u>1,479,508</u>	<u>4.8</u>
Fees				
Motor Dealers	983	985	1,025	4.1
Firearms and Dangerous Weapons	1,400	1,990	290	(-) 85.4
Corporate Affairs	8,280	8,989	11,300	25.7
Environment Protection Authority	7,300	7,932	8,437	6.4
Weights and Measures	1,700	1,772	2,050	15.7
Other	7,549	9,412	8,414	(-) 10.6
	<u>27,212</u>	<u>31,080</u>	<u>31,516</u>	<u>1.4</u>
Fines	<u>194,605</u>	<u>177,116</u>	<u>184,898</u>	<u>4.4</u>
Other				
Racecourse Development Fund	10,377	10,906	11,000	0.9
Government Guarantee of Debt	15,099	13,059	12,650	(-) 3.1
Bush Fire Services Levy	10,664	28,059	34,750	23.8
Court Fees	44,010	39,415	40,380	2.5
Other	56,410	62,693	64,623	3.1
	<u>136,561</u>	<u>154,142</u>	<u>163,403</u>	<u>6</u>
TOTAL, TAXES, FEES AND FINES	<u>9,233,508</u>	<u>9,725,771</u>	<u>10,255,191</u>	<u>5.4</u>

Figure 4.2
STATE TAX RECEIPTS, 1994-95



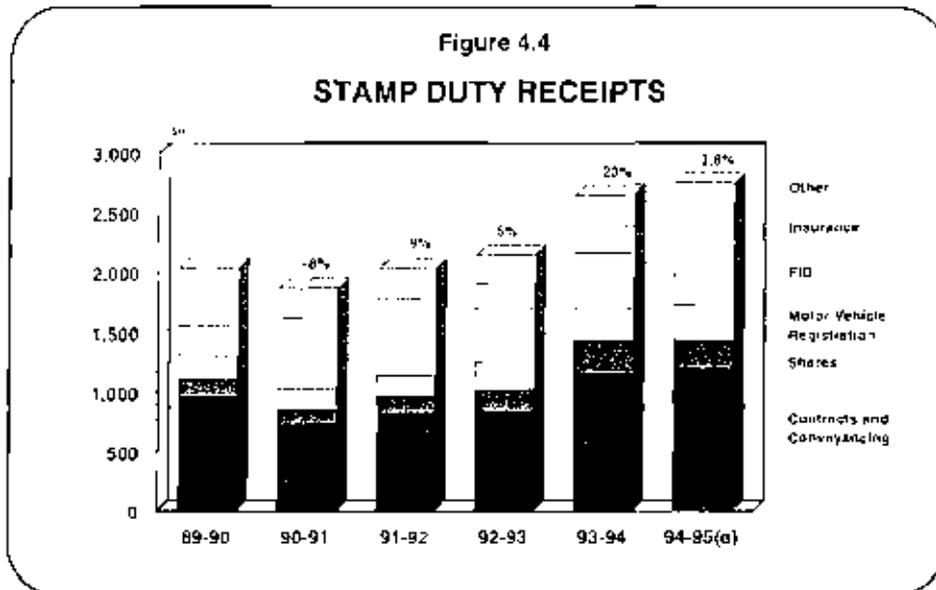
The two major sources of taxation are payroll tax and stamp duties, together contributing more than half of the State's tax collections. While payroll tax is a relatively stable tax, total stamp duty revenue varies significantly from year to year as its components are affected differently by the business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

Figure 4.3
TAXATION RECEIPTS
 (Percentage change on previous year)



Stamp Duties

Between 1988-89 and 1992-93, stamp duty receipts were significantly affected by the recession and the downturn in the property market. However receipts began to recover during 1993-94 in line with the upturn in the business and asset cycles.



- **Contracts and Conveyances**

During 1993-94, the turnover of residential properties increased significantly as economic conditions and housing affordability levels improved. Revenue also benefited from a moderate increase in the average price of dwellings sold with the shift in the distribution of sales towards higher valued properties. In 1994-95, the volume of residential sales is expected to increase further, although at a reduced rate of growth, as the economy continues to improve and interest rates remain at relatively low levels. Revenue will also benefit from the full-year effect of the increased proportion of sales relating to expensive properties.

Revenue from commercial activity also picked up substantially in 1993-94, largely as a result of several very large sales of prime property. The number of such sales is likely to be considerably less during 1994-95, with the result that revenue from commercial property turnover is expected to fall this financial year.

- **Insurance**

Revenue growth is expected to remain high in 1994-95 as a result of further premium increases, growth in asset values and increased volumes associated with improved economic activity. In addition, the cessation of premium rebates to NRMA policy holders is expected to add around \$4.5 million to the revenue base.

- **Loan Securities**

Revenue from residential property lending comprises just over half of receipts from this source and on a monthly basis is expected to remain at a similar level to that achieved at the end of 1993-94. Receipts associated with non-residential loans are predicted to grow moderately in line with credit growth.

- **Share Transfers**

The historically high collections received last year were primarily the result of the record level of turnover. Revenue is projected to fall in 1994-95 in line with a lower volume of transactions. However, the forecast remains high in historical terms as the share market will continue to benefit from improved economic activity and high corporate profitability.

- **Motor Vehicle Registrations**

The forecast growth is based on a moderate increase in motor vehicle sales and the expectation that on a year on year basis vehicle prices will increase at a faster rate than the general price level due to the significant pick up in vehicle prices during the course of 1993-94.

- **Financial Institutions Duty**

Based on the trend in recent years, receipts are forecast to increase at a rate slightly less than credit growth, which is expected to be moderate over the coming year.

Payroll Tax

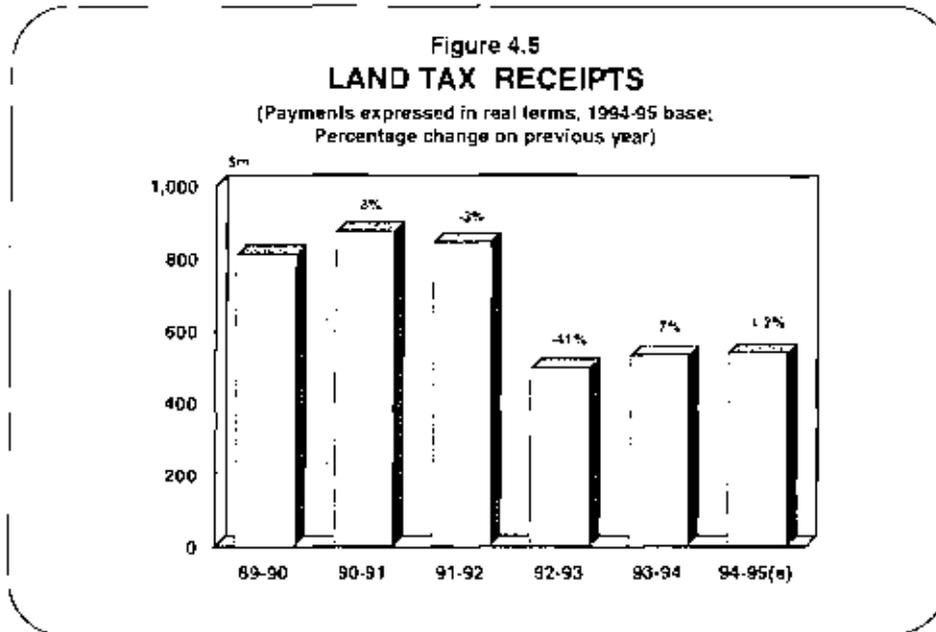
Revenue recovered significantly during 1993-94 following widespread labour shedding by large firms in the previous two years. Based on joint wage and employment growth, underlying revenue is expected to increase by around 5 per cent in 1994-95. The estimate includes the cost of the threshold increase from 1 January 1995.

Consistent with Government Finance Statistics principles, the estimate excludes payments made by Budget Sector agencies.

Land Tax

Following the third successive fall in annual revenue in 1993-94, collections are expected to increase moderately this year due to a small upturn in aggregate land values. In addition, a number of Government Trading Enterprises will become liable for land tax for the first time. The forecast includes the cost of the tax changes relating to low-cost accommodation and non-residential strata units.

Figure 4.5 illustrates that in real terms total land tax revenue in 1994-95 will continue to be low relative to that received in the early 1990s.



Debits Tax

Although revenue is positively related to economic activity, its growth potential is adversely affected by the fact that receipts are inelastic with respect to inflation. An additional negative factor impacting on revenue in 1994-95 is the likely ongoing rationalisation of bank accounts.

Taxes on Motor Vehicle Ownership and Operation

The major items in this category are *motor vehicle weight tax* and *vehicle registration fees*, the estimates for which reflect growth in the stock of motor vehicles and the indexation of tax rates. The stock of vehicles is expected to grow faster than the historical average due to the strength of economic activity.

The estimate for *drivers' and riders' licence fees* is based on the renewal of 5 year licences which were issued in 1989-90 and the indexation of fees.

Gambling and Betting

- **Racing**

The estimate reflects the continued improvement in totalizator sales, particularly off-course turnover, associated with the increased growth in household disposable income. Other factors incorporated in the forecast are the increase in the number of Sunday race meetings, expanded exacta betting arrangements and the increased share of totalizator commission retained by the metropolitan racing clubs from 1 January 1995.

- ♦ **Poker Machine Tax**

Revenue increased significantly during 1993-94 as a result of improved economic conditions, expanded betting options and strong marketing drives by clubs. Collections will continue to benefit from these factors during 1994-95, with a resulting growth rate above the historical trend.

- ♦ **Lotteries and Lotto**

The high forecast growth rate reflects the full year impact of the introduction of Oz Lotto in February 1994. Based on sales in 1993-94, revenue growth relating to most of the other products is expected to be relatively small.

Licences

- ♦ **Petroleum**

Revenue grew strongly in 1993-94, and was not significantly affected by the increase in Commonwealth excise duty announced in the 1993-94 Budget. In 1994-95, receipts will benefit from the further improvement in economic activity and the indexation of tax rates. No allowance has been made for the results of a current High Court challenge on petroleum licence fees.

- ♦ **Tobacco**

Positive factors impacting on revenue include population growth and price increases (including the increases in Commonwealth excise duty announced in 1993-94), partially offset by changing community attitudes regarding smoking and the moves to restrict smoking and cigarette advertising.

- ♦ **Liquor**

Revenue in each year is based on the value of sales in the preceding financial year. Underlying revenue is forecast to increase marginally in 1994-95, based on the pick up in household disposable income during 1993-94. The estimate also reflects the low alcohol concession to be introduced from the 1995 licensing year.

Fines

The main receipts under this heading relate to fines under the *Motor Traffic Act* (estimate \$171.7 million - an increase of 4.6 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.

From 1991-92 the fines raised by the Roads and Traffic Authority from mass overload of heavy vehicles fines (estimated \$3.6 million in 1994-95) are required to be paid into the Consolidated Fund. An equivalent amount is appropriated to the Roads Program as a contribution towards the costs of repairing damage done by overloaded trucks.

Income from Non Budget Sector Enterprises

Table 4.4: Income from Non Budget Sector Enterprises

Category	1993-94		1994-95	
	Estimate	Actual	Estimate	Increase
	\$000	\$000	\$000	%
Government Trading Enterprises				
Dividends and Community Contributions -				
Maritime Services Board	92,200	89,500	59,500	(-) 33.5
Pacific Power	298,000	288,963	323,000	8.0
Water Board	25,400	23,574	55,000	137.0
Sydney Cove Redevelopment Authority	5,300	5,300	3,420	(-) 35.5
Waste Recycling and Processing				
Services	7,000	7,055	1,600	(-) 77.3
Sydney Market Authority	1,500	1,500	2,100	40.0
Sydney Electricity	24,800	24,100	25,000	3.7
Forestry Commission	6,500	6,500	17,500	169.2
Land Titles Office	24,500	24,236	12,070	(-) 50.2
Treasury Corporation	31,620	30,000	12,600	(-) 58.0
Commercial Services Group	4,000	...	7,800	...
Metropolitan Electricity Distributors	126,900	126,900	61,345	(-) 51.7
Tax Equivalents -				
Pacific Power	260,600	266,546	222,000	(-) 16.7
Land Titles Office	8,700	8,436	8,800	4.4
Sydney Electricity	31,200	30,300	29,000	(-) 4.3
Treasury Corporation	39,780	40,925	9,000	(-) 78.0
Water Board	48,400	47,667	52,000	8.1
Waste Recycling and Processing				
Service	...	...	4,000	...
Public Works - Commercial Activities	1,100	1,356	5,200	283.5
	1,038,500	1,032,858	911,945	(-) 11.7
State Owned Corporations				
Dividends -				
Hunter Water Corporation	12,000	12,000	12,300	2.5
Tax Equivalents -				
State Bank	4,500	..	-	..
Hunter Water Corporation	700	620	700	12.9
	17,200	12,620	13,000	3.0
Contributions from Other Bodies				
Registry of Births, Deaths and				
Marriages	1,900	1,856	1,900	2.4
State Fleet Services	44,000	...	...	...
Ministerial Development Corporation	3,000	...	...	..
Public Servant Housing Authority	4,633	4,633	...	(-)100.0
FANMAC	700	366	500	35.6
State Rail Authority	5,000	11,775	12,197	3.6
	59,233	18,630	14,597	(-) 5.5
TOTAL, INCOME FROM NON BUDGET SECTOR ENTERPRISES	1,114,933	1,064,108	999,542	(-) 11.7

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.

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 - ie corporate income tax and sales tax.

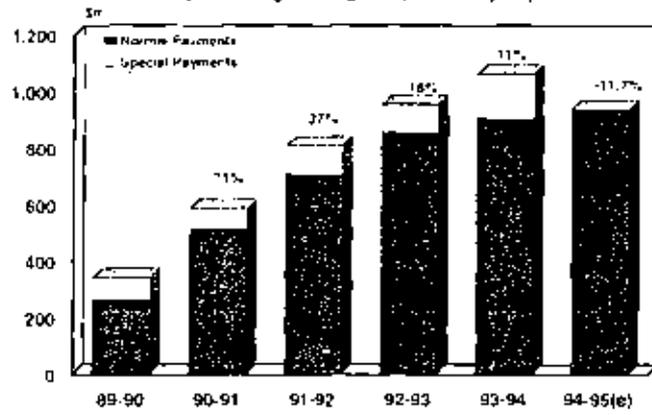
For most Government businesses already in the Government's dividend regime, the tax equivalent regime was introduced in full from commencement of the 1994-95 financial year. Estimates provided in Table 4.4 are based on preliminary profit projections provided by the Government businesses. As 1993-94 profits are finalised, the estimates may be subject to some changes.

The decrease in estimated revenue to be received in 1994-95 is primarily due to the absence of any anticipated special payments. In 1993-94, special payments were received from Prospect Electricity, the Maritime Services Board, the Land Titles Office and Treasury Corporation. These receipts totalled \$155 million (1.4 per cent of total receipts from commercial sector enterprises) in 1993-94. Without the special payments, therefore, 1993-94 receipts would have been \$909 million, compared to the \$940 million anticipated receipts in 1994-95.

The estimated financial distributions of \$546 million from Pacific Power account for over 58 per cent of the 1994-95 estimated total income from commercial sector enterprises. Pacific Power's estimated financial distributions for 1994-95 are 3.4 per cent lower than the actual dividend and tax receipts it made to the Government in 1993-94. This decrease is due to a significant decrease in Pacific Power's 1993-94 profits from electricity sales due to the Government Pricing Tribunal's decision to reduce electricity prices during 1993-94.

Total Revenues received from Government Trading Enterprises, State Owned Corporations and other bodies have increased significantly in the six years since 1988-89 as demonstrated in Figure 4.6 below. In that year, revenue from Government Businesses were \$344.3 million, or 2.2 per cent of total Budget receipts. In 1994-95, revenue is expected to total \$940 million, or 4.7 per cent of total Budget receipts.

Figure 4.6
INCOME FROM NON BUDGET SECTOR
ENTERPRISES
(Percentage change on previous year)



Commonwealth Grants

During the six years prior to 1993-94, general revenue grants to New South Wales had dropped from 3.5 per cent of Gross State Product to 2.6 per cent (equivalent to a reduction of about \$700 million in real terms) at the same time that specific purpose payments increased from about 40 per cent of total Commonwealth payments to 48 per cent. Beginning in 1993-94 the haemorrhage in general revenue grants appears to have been stemmed and the share of specific purpose payments has declined slightly, but this has hardly been sufficient to restore the mix of Commonwealth payments (general vs specific purpose) to that of a decade ago.

Table 4.5: Commonwealth Grants

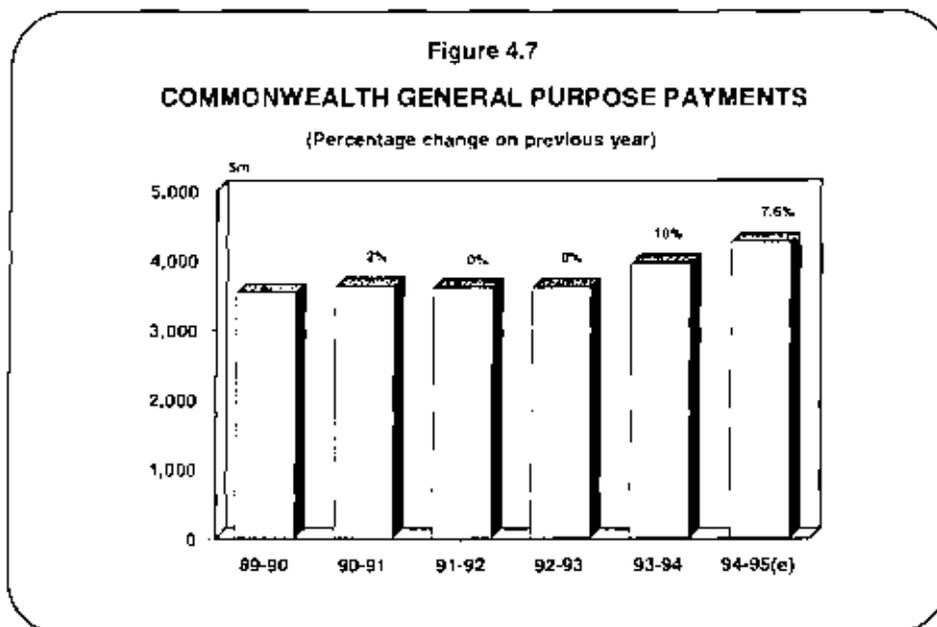
Category	1993-94		1994-95	
	Estimate (a)	Actual	Estimate	Increase
	\$000	\$000	\$000	%
General Revenue Grants				
Financial Assistance Grant	4,004,100	3,959,683	4,261,200	7.6
Commonwealth Specific Purpose Payments				
Companies Regulation	40,854	41,258	42,158	2.2
Loge Aid	38,228	38,646	36,911	(-) 4.5
Sydney Olympic 2000	50,000	50,000	50,000	..
Technical and Further Education	125,869	125,434	150,895	20.3
Schools	366,714	371,863	378,646	1.8
High Cost Drugs	20,311	20,311	34,021	67.5
Medical Speciality Centres	11,238	14,579	1,256	(-) 91.4
Other Health Care Access	8,614	8,055	5,291	(-) 34.3
Hospital Funding Grant	1,348,236	1,348,877	1,386,886	3.0
Drug Education Campaigns	7,504	7,504	6,662	(-) 11.0
Dental Program	6,272	6,272	21,872	248.7
Immunization - Hib	..	..	3,306	..
Magnetic Resonance Imaging	3,957	6,669	4,869	(-) 14.1
Breast Cancer	7,537	7,537	13,179	74.9
Funds to Combat AIDS	7,846	20,567	20,365	(-) 1.0
Health Education and Retraining Scheme	6,921	9,171	..	(-)100.0
Geriatric Assessment	12,007	12,069	13,418	11.2
Home and Community Care	125,369	126,602	135,341	6.9
Supported Accommodation Assistance	37,864	37,672	39,154	3.9
Assistance to Disabled	87,173	87,247	90,351	3.7
Pensioner Concessions	56,385	56,385	42,370	(-) 24.8
Rural Adjustment Scheme	23,500	17,797	45,077	153.3
Soil Conservation	6,067	6,449	11,056	71.4
Mortgage and Rent Relief	10,530	10,530	13,495	(-) 0.3
Debt Redemption Assistance	19,246	36,885	34,066	(-) 7.6
Natural Disaster Relief	..	673	2,000	198.5
Interstate Road Transport	9,100	9,100	7,600	(-) 16.5
Other	30,126	26,211	36,236	38.1
	2,479,268	2,501,358	2,623,632	4.9
TOTAL, COMMONWEALTH GRANTS	6,410,906	6,461,041	6,884,832	6.6

(a) Certain 1994-95 estimates differ from those shown in last year's Budget Papers to reflect increased grants from the Commonwealth and the transfer between categories to better accord with GFS treatment.

General Revenue Grants

Commonwealth General Revenue Grants to the States are now paid by way of Financial Assistance Grants. These include monies paid as special revenue assistance and identified roads funds. These are expected to increase by 7.6 per cent in 1994-95 in nominal terms, representing an increase of \$201 million or 4.9 per cent in real terms over 1993-94.

The increase is due largely to changes in the Commonwealth Grants Commission relativities based on the Commission's 1994 update report (details in Chapter 7), which favoured New South Wales. This year's General Revenue Assistance grants also include a 100 per cent increase in untied funding for arterial roads (to \$103.6 million).



Commonwealth Payments for Specific Current Purposes

Payments to the States by the Commonwealth are made under Section 96 of the Commonwealth Constitution. These payments generally relate to functions which the Commonwealth 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. Significant increases in 1994-95 allocations are provided for social welfare services, technical and further education and rural adjustment.

Other Current Receipts

Table 4.6: Other Current Receipts

Category	1993-94		1994-95	
	Estimate	Actual	Estimate	Increase
	\$000	\$000	\$000	%
Crown Receipts				
Sale of Crown land	71,479	50,005	37,242	(-) 25.5
Leases	21,432	25,701	22,555	(-) 12.2
Royalties	153,915	157,627	166,330	5.5
Unclaimed Racing Dividends	10,500	9,237	8,976	(-) 2.8
Fire Brigades Levy on Local Government	22,624	22,198	24,636	9.0
Statutory Authorities - Interest	12,317	12,317	12,317	
Department of Housing - Interest	84,187	84,144	82,533	(-) 1.9
Interest on Crown Funds	27,093	40,262	25,662	(-) 36.2
Other Interest	15,352	21,965	19,309	(-) 12.1
Other Crown Receipts	22,825	22,758	22,430	(-) 1.4
Agency Receipts				
Grants received	43,179	68,792	81,086	17.9
Donations and industry contributions	55,711	109,154	102,456	(-) 6.1
Interest on agency cash balances	23,023	25,015	26,062	4.2
Other departmental receipts	49,412	122,026	121,002	(-) 10.0
TOTAL, OTHER RECEIPTS	613,249	771,201	752,618	(-) 2.4

Sale of Crown land

Revenue is generated by the Property Services Group (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 Conservation and Land Management. The decrease in land sales revenue in 1994-95 is due to an expected reduction in the level of appropriations of Crown land by Government agencies and authorities.

Leases

The Department of Conservation and Land Management collects annual instalments relating to the purchase of undeveloped Crown Land and generates revenue from leases, licences and permissive occupancies on Crown land. Total receipts are again forecast to decline in 1994-95 as the recent trend in conversions of existing leases following changes to the *Crown Lands Act 1989*, is not anticipated to continue in 1994-95. Lease rentals will also decline on a comparative basis in 1994-95 due to the receipt in 1993-94 of a large payment in respect of a back dated rent reappraisal for a site in the CBD.

Royalties

The forecast increase in royalties is mainly attributable to an anticipated 5 per cent increase in coal sales. No increase is forecast for other royalty payments.

Interest on Crown Funds

The estimate for 1994-95 is projected to decline as a result of lower interest rates and lower average cash balances.

Agency Receipts

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

Crown Commercial Activity

The Crown has established commercial activities of which deal with property related matters and from which contributions of profit are paid into Consolidated Fund.

The Crown's portfolio of rental properties administered by Property Services Group. The 1994-95 contribution payable by this activity includes an amount of \$68 million to be received as an incentive payment from the State Superannuation Investment and Management Corporation following lease of the Governor Macquarie Tower by the Government.

Certain of these activities are treated as a user charge (an offset to payments) under Government Finance Statistics and are not reflected in Table 4.6.

CAPITAL RECEIPTS 1994-95

Estimated capital revenue is \$973.1 million - a decrease of \$121.2 million, or 11.1 per cent on 1993-94.

Table 4.7: Capital Receipts

Category	1993-94		1994-95	
	Estimate (a)	Actual	Estimate	Increase
	\$000	\$000	\$000	%
COMMONWEALTH GRANTS				
General Purpose Payments	79,800	79,756	...	(-) 100.0
Specific Purpose Payments				
Schools	83,081	80,427	69,300	(-) 13.8
Technical and Further Education	72,553	79,442	78,573	(-) 1.0
Public Housing	267,790	267,790	267,845	...
Pensioner Housing	18,678	18,678	18,960	1.5
Housing Assistance for Aborigines	25,745	25,745	20,597	(-) 20.0
Natural Disaster Relief	26,000	28,320	10,500	(-) 62.9
Australian Land Transport Development	399,700	399,700	328,577	(-) 17.7
Housing	25,514	25,514	41,738	63.6
Building Better Cities	72,840	60,000	107,790	79.6
Other	13,267	19,166	19,235	0.3
TOTAL COMMONWEALTH GRANTS FOR SPECIFIC CAPITAL	1,005,168	1,004,782	963,115	(-) 4.2
TOTAL COMMONWEALTH GRANTS	1,055,380	1,084,538	983,115	(-) 11.2
OTHER CAPITAL RECEIPTS	11,400	9,755	10,000	2.5
TOTAL CAPITAL RECEIPTS	1,066,780	1,094,279	973,115	(-) 11.1

(a) Certain 1994-95 estimates differ from those shown in last year's Budget Papers to reflect increased grants from the Commonwealth and the transfer between categories to better accord with GFS treatment.

Commonwealth General Purpose Capital Payments

The General Purpose Capital Payment was made up to 1993-94 (\$79.8 million) under the Financial Agreement of 1927. The Commonwealth at Loan Council each year set the level of payment.

The Commonwealth at the Loan Council decided to abolish this program from 1 July 1994. The Commonwealth in its 1994-95 Budget Paper points out that this program is a remnant of the time when the Commonwealth borrowed on behalf of the States and on-lent funds to them for capital purposes. The distribution of capital grants was based on a system of relativities established in the 1920s and accordingly the Commonwealth felt that this had no relationship to the States' current infrastructure or fiscal needs.

The Commonwealth in its 1994-95 Budget Paper has again included the "Building Better Cities Program" as part of general purpose capital payments. In view of the fact that these payments are tied to specific purposes, New South Wales classifies these payments as Specific Purpose Payments.

Commonwealth Capital Specific Purpose Payments

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.

Road grants under the Land Transport Development Program have decreased from \$400 million in 1993-94 to \$329 million in 1994-95. The Commonwealth Government has untied a substantial portion of specific road grants providing a commensurate amount by way of untied grants.

The Commonwealth will provide \$107.8 million for the Building Better Cities Program. The grants are allocated to specific capital projects under the Building Better Cities agreement signed in September 1992. 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.

The other major Specific Purpose Capital Payments are for Housing and Education.

4.2 FORWARD ESTIMATES OF BUDGET RECEIPTS

INTRODUCTION

Information in this section provides estimates of Budget receipts for the period 1994-95 to 1996-97 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 1994-95 to 1996-97, Budget receipts are projected to increase by 3.2 per cent per annum, a real increase of only 0.1 per cent per annum.

Table 4.8 provides details of receipts for the period 1994-95 to 1996-97. 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**

Following two years of relatively strong activity, the residential property market is expected to be more subdued during 1995-96 and 1996-97. The forecast downturn in commercial revenue in 1994-95 should be followed by moderate increases in the forward years as the oversupply of commercial property diminishes and investment in this area becomes more attractive.

- **Other Stamp Duties**

Receipts are projected to grow moderately over the period to 1996-97. The continuation of relatively strong economic activity will have a positive impact on revenue from financial institutions duty, insurance and loan security receipts. However revenue from share transfers is expected to fall from its 1994-95 level in line with a projected reduction in the volume of turnover. The Budget projections assume continuation of duty on share transfers. While the Government is committed to the abolition of this duty in recognition of the pressures from overseas financial markets, abolition is tied to corresponding actions to abolish the duty in London and to the agreement by States on harmonisation of any abolition initiative.

- **Payroll Tax**

Underlying revenue will benefit from improved growth in wages, while employment in each year is forecast to grow at a similar rate to that in 1994-95. In both 1995-96 and 1996-97, wages and employment are projected to increase jointly by 6 per cent. The revenue forecasts include the cost of the staged increase in the payroll tax threshold.

Table 4.8: Budget Receipts, 1994-95 to 1996-97

	1993-94	1994-95		1995-96		1996-97	
	\$m	\$m	% change	\$m	% change	\$m	% change
CURRENT RECEIPTS							
Taxes, Fees and Fines							
Stamp Duties -							
Contracts and Conveyances	1,169	1,200	2.7	1,275	6.3	1,340	5.1
Insurance	229	257	12.1	275	7.0	285	7.3
Share Transfers	280	240	(-) 14.4	220	(-) 8.3	220	...
Motor Vehicle Registrations	264	293	11.0	307	4.8	301	(-) 2.0
Financial Institutions Duty	466	496	6.5	521	5.0	547	5.0
Other	245	269	9.8	275	2.2	285	3.6
Payroll Tax	2,454	2,577	5.0	2,722	5.6	2,890	6.2
Land Tax	519	538	3.6	561	4.3	614	9.4
Taxes on Motor Vehicle							
Ownership and Operation	837	923	10.3	941	2.0	923	(-) 1.9
Gaming and Betting	1,033	1,088	5.3	1,176	8.1	1,242	5.6
Licences	1,411	1,480	4.9	1,562	5.5	1,627	4.2
Other	849	894	4.7	927	3.7	959	3.4
Total, Taxes, Fees and Fines	9,726	10,255	5.4	10,762	4.9	11,243	4.5
Income from Non Budget Sector Enterprises							
Government Trading Enterprises	1,033	912	(-) 11.7	828	(-) 9.2	863	4.2
State Owned Corporations	13	13	...	13	...	16	24.8
Other Bodies	19	15	(-) 21.7	2	(-) 83.6	2	...
Total, Income from Non Budget Sector Enterprises	1,064	940	(-) 11.7	844	(-) 10.2	882	4.5
Commonwealth Grants							
Financial Assistance Grant	3,960	4,261	7.6	4,428	3.9	4,585	3.6
Specific Purpose Payments	2,501	2,624	4.9	2,635	0.4	2,616	(-) 0.7
Total, Commonwealth Grants	6,461	6,885	6.6	7,063	2.6	7,202	2.0
Other	771	753	(-) 2.4	776	3.1	794	2.3
TOTAL, CURRENT RECEIPTS	18,022	18,832	4.5	19,445	3.3	20,121	3.5
CAPITAL RECEIPTS							
Commonwealth Grants							
General Purpose Grant	80	...	(-) 100.0	...	...	...	...
Specific Purpose Payments	1,035	963	(-) 4.5	923	(-) 4.2	867	(-) 6.1
Total, Commonwealth Grants	1,085	963	(-) 11.2	923	(-) 4.2	867	(-) 6.1
Other Capital Receipts	10	10	...	10	...	10	...
TOTAL, CAPITAL RECEIPTS	1,094	973	(-) 11.1	933	(-) 4.2	877	(-) 6.0
TOTAL, RECEIPTS	19,117	19,805	3.6	20,377	2.9	20,998	3.0

- **Land Tax**

Revenue will continue to be adversely affected by significantly lower commercial land values than were experienced during the previous property boom of the late 1980s. In comparison with the 1991-92 result, receipts are projected to be \$295 million less in real terms in 1996-97.

- **Taxes on Motor Vehicle Ownership and Operation**

Moderate growth is forecast for revenue from motor vehicle weight tax and vehicle registration fees consistent with the continuation of relatively strong economic activity. The forecasts for licence fees reflect the renewal periods for 5 year licences.

- **Business Franchise Licences**

Petroleum revenue will benefit from the continuation of strong economic growth and the annual indexation of tax rates.

As for 1994-95, the positive impact of population and price increases on tobacco receipts 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 licences.

- **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 introduction of the Sydney casino in 1995-96, though this revenue source is hypothecated to health expenditure for a five year period.

Other State Receipts

- **Income from Government Trading Enterprises, State Owned Corporations and Other Bodies**

In 1995-96, receipts from Government businesses are projected to be \$844.8 million, a decrease of 9.3 per cent on the anticipated receipts for 1994-95. In 1996-97 receipts are projected to be \$882 million, an increase of 4.4 per cent on the anticipated receipts for 1995-96.

The lower 1995-96 revenue forecast reflects lower 1994-95 profit forecasts from Pacific Power and Prospect Electricity which take account of the 8 per cent reduction in electricity prices that became effective from 1 July 1994.

In addition, the revenue projections of the Sydney Water Board have also been revised downwards following the Government Pricing Tribunal's water pricing determination whereby cross-subsidies were reduced significantly without a corresponding increase in domestic water rates. As a result, the projected receipts have been reduced by \$34 million in 1995-96 and a further \$16 million in 1996-97.

Commonwealth Funded Receipts

- **General Revenue Grants**

Financial Assistance Grants (inclusive of payments for untied road grants) are projected to increase in nominal terms by 3.6 per cent in 1995-96 and 3.3 per cent in 1996-97. This represents a maintenance in real per capita terms of the Financial Assistance Grant level in 1994-95, which was the policy adopted by the Commonwealth at the 1994 Premiers' Conference.

- **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. Usually one or more components of the individual payments are indexed to the general inflation rate. However, the Commonwealth Budget provides for a review of these indexing arrangements. New arrangements will be the subject of future negotiations between the Commonwealth and the States.

CAPITAL RECEIPTS

Commonwealth Grants

The Commonwealth Government provides payments to the States for specific capital purposes under Section 96 of the Constitution. The major payments are for public housing and roads.

A decline in specific purpose capital payments may be expected in future years, due in part to the phased untying of some road funds by 1994-95 and the winding down of major infrastructure expenditures under the Building Better Cities Program.

Forward estimates will also depend on the outcome of future reviews of indexation arrangements covered by specific purpose payment agreements.

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 general inflation.

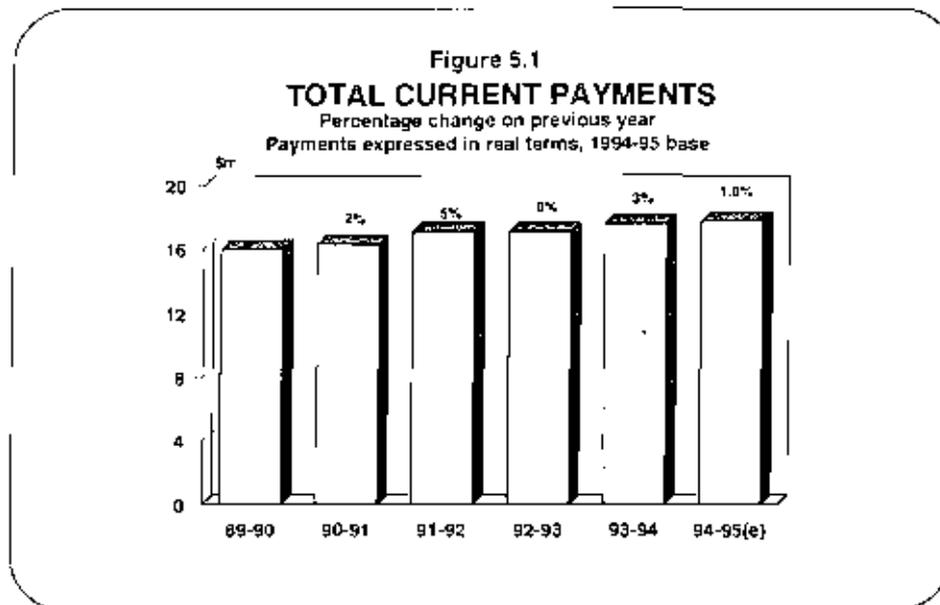
Chapter 5:

BUDGET CURRENT PAYMENTS

- 5.1 Trends in Current Payments**
- 5.2 Current Payments by Policy Area**
- 5.3 Current Payments by Minister and Agency**
- 5.4 Budget Current Expenditure Forward Estimates**
- 5.5 Budget Funded Concessions and Payments to Government Trading Enterprises**

5.1 TRENDS IN CURRENT PAYMENTS

Trends in total current payments from 1989-90 to 1994-95 are outlined in Figure 5.1. Total current payments will increase in real terms over this period by 11.0 per cent and are estimated to increase in 1994-95 by 1.0 per cent.



The relatively modest real growth in total current payments since 1989-90 has been underpinned by the Government's adoption of a medium term financial strategy, first enumerated in the 1988-89 Budget. An important element of this strategy is containment of Budget Sector current outlays, while achieving improved value for money. While there have been variations in emphasis and approach in relation to the strategy since 1988-89, the broad approach remains in place. The 1994-95 Budget restates the strategy in Chapter 1 of this Budget Paper.

A number of financial reforms, introduced to further the Government's medium term financial strategy, have played significant roles in constraining total current payments over the period. These include the establishment of the Ministerial Expenditure Review Committee in 1988, the application of productivity savings to agencies from 1988-89 up to 1993-94, the introduction of the Forward Estimates System in 1989-90 and the increasing emphasis placed upon user charges, cost recovery and contracting for the provision of core services. Details of these measures and other financial reforms are contained in Chapter 8 of this Budget Paper.

5.2 CURRENT PAYMENTS BY POLICY AREA

INTRODUCTION

The Policy Area Classification

Financial data can be presented on various bases.

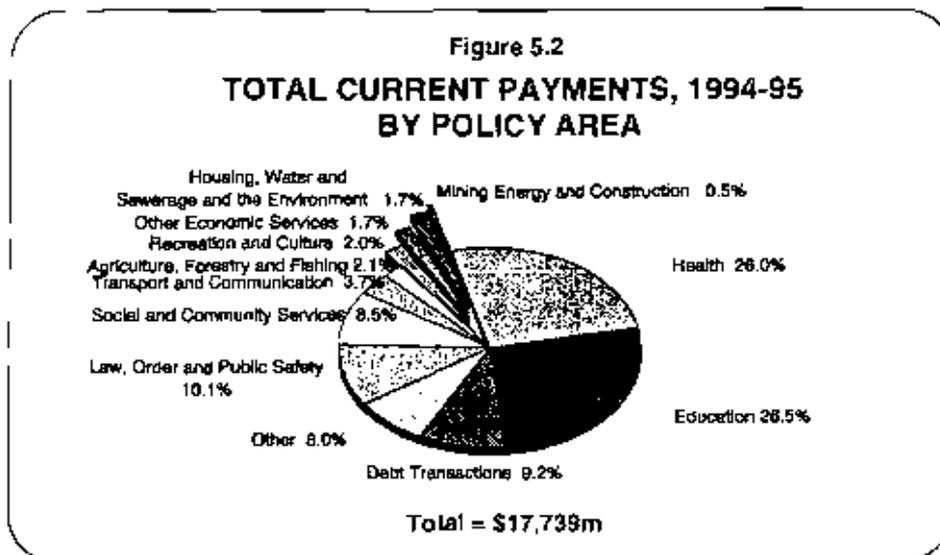
The structure of Government, with individual agencies under the control of a number of Ministers, implies an emphasis on data according to the Ministerial/agency hierarchy of the day. This presentation is necessary so that each Minister and agency clearly knows the financial resources (in particular the moneys appropriated by Parliament from the Consolidated Fund) 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 render long-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 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.

1994-95 Budget

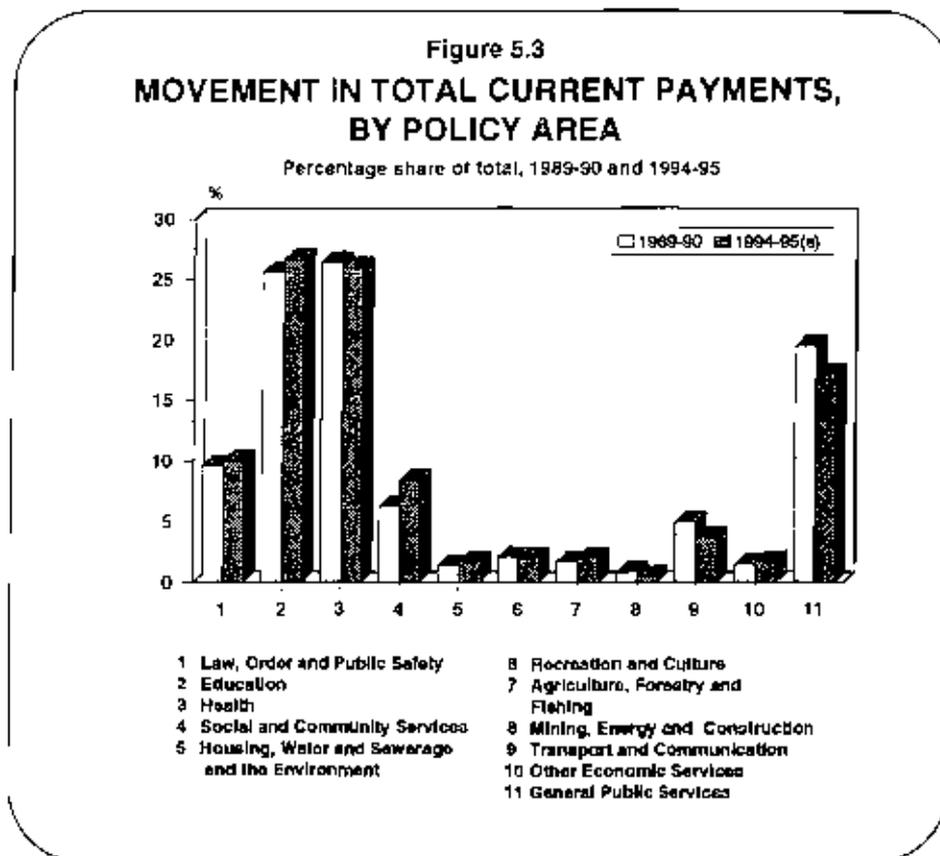
Estimated total payments for current services by policy area in 1994-95 are shown in Figure 5.2, together with the share of the total budget for the respective areas. (These figures are taken from the summary shown in Appendix E to this Budget Paper, which also provides information at the more detailed policy sector level.)



The most apparent characteristic 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, education and health, together with debt transactions and superannuation, account for 77.2 per cent of total current payments.

Changes in Policy Area Shares

Over the period since 1989-90, there have been some significant shifts in the share of various policy areas in total current payments, as shown in Figure 5.3.



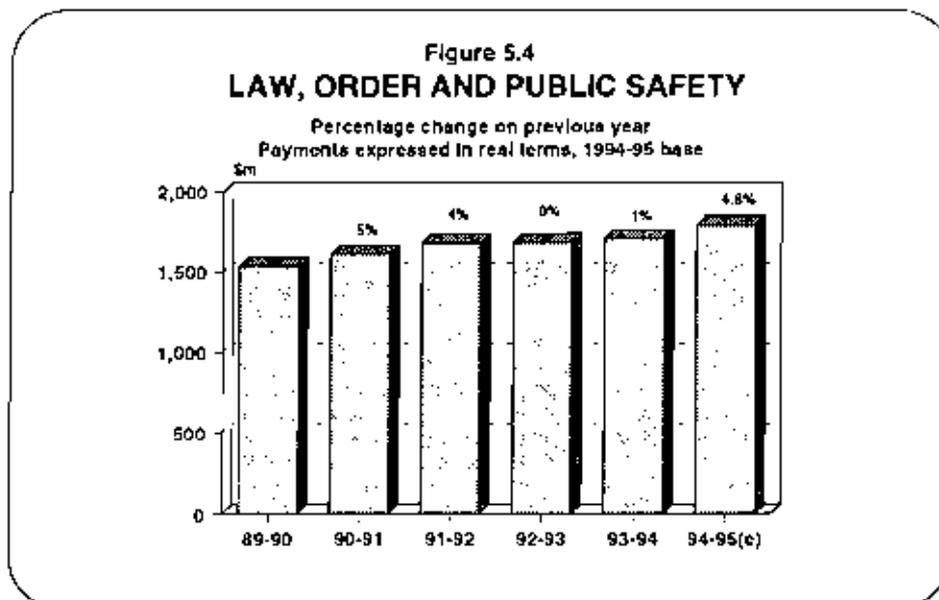
The most notable features of Figure 5.3 are -

- the increase in the share of the Social and Community Services policy area, reflecting growth in funding for joint Commonwealth/State schemes (such as the Home and Community Care Program and the Supported Accommodation Assistance Program) and, in 1994-95, the substantial funding increase for the Department of Community Services;

- the increase in the share of total payments attributable to the Education policy area, reflecting increased enrolments and retention rates, the increase in the per capita allowances to non State schools and, in 1994-95, provision for increased teacher numbers as recently announced by the Government;
- the increase in the Law, Order and Public Safety policy area, reflecting demographic and social change and policy emphasis, especially in 1994-95 with the recently announced appointment of additional police;
- the decrease in the Transport and Communication policy area, reflecting reduced subsidies to the State transport authorities; and
- the decrease in the General Public Services policy area, largely reflecting reductions in debt costs.

LAW, ORDER AND PUBLIC SAFETY

Funding provided for the Law, Order and Public Safety policy area is predominantly to meet the cost of maintaining the State's police service, courts administration and corrective services. The policy area also includes related expenditure for the Ministry for Police and Emergency Services, NSW Crime Commission, NSW Fire Brigades, Department of Bushfire Services, State Emergency Service, Department of Juvenile Justice, Attorney General's Department, Judicial Commission of NSW, Legal Aid Commission of NSW, Office of the Director of Public Prosecutions and the Independent Commission Against Corruption.



Total payments for Law, Order and Public Safety will increase by 16.5 per cent in real terms over the five year period to 1994-95, with a projected real increase in the current year of 4.8 per cent. This trend is reflective of demographic and social changes, the effect of the recent national economic recession on the need for a greater application of resources, a hardening of community attitudes towards law and order and an increased propensity for litigation.

The Government's recently announced initiatives in relation to law and order issues, including the appointment of additional police and expansion of the judiciary, impact significantly on the substantial real growth projected for 1994-95 for this policy area.

Police reforms, while focussing on enhanced management of existing resources, have included an increase in the number of police involved in community policing. Increased expenditure in this area has had substantial spillover impacts in the courts and corrective services areas.

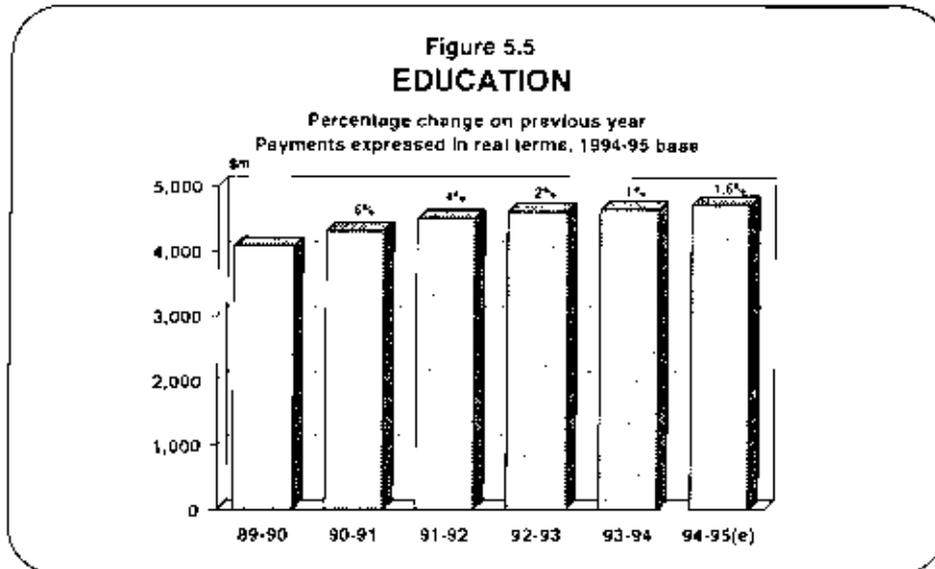
Significant cost increases, which have occurred in recent years in the Law Courts and Legal Services policy sector, were moderated in 1992-93 following reviews of the courts, court support and administrative areas. The reviews have resulted in reductions in cost structures and improved efficiency through significant organisational reform and reductions in case delays and backlogs.

Growth experienced in the Corrective Services policy sector has been due to increased rates of reception and longer effective sentencing practices. This growth has occurred despite the increasing emphasis on alternatives to full-time imprisonment.

EDUCATION

The Education policy area is divided into five sectors -

- Primary and Secondary Education, comprising the bulk of the activities of the Department of School Education and the Board of Studies and the provision of assistance to non-government schools;
- Tertiary and Vocational Education, consisting of the teaching programs of the New South Wales Technical and Further Education Commission (TAFE NSW) and the educational activities of the Department of Agriculture;
- Pre-school Education, relating to State administered pre-schools within government schools;
- Transportation of Students, encompassing payments for student conveyance to various government and non-government service providers funded primarily through the Department of Transport; and
- Other Education (including General Administration), which incorporates the activities of the Ministry of Education and Youth Affairs and the Board of Adult and Community Education.



Over the five years to 1994-95, total current payments for Education will increase by 15.3 per cent in real terms. Growth in the area of School Education, particularly since 1991, has reflected the impact of increasing student enrolments and retention rates.

Progressive increases in the rate of per capita grants to non-government schools from 20 per cent to 25 per cent of the cost of educating a State school student over the period 1989 to 1992 have also contributed to growth in the level of total payments by the Department of School Education, while allocations for 1994-95 include provision for the employment of an additional 1,466 teachers as recently announced by the Government.

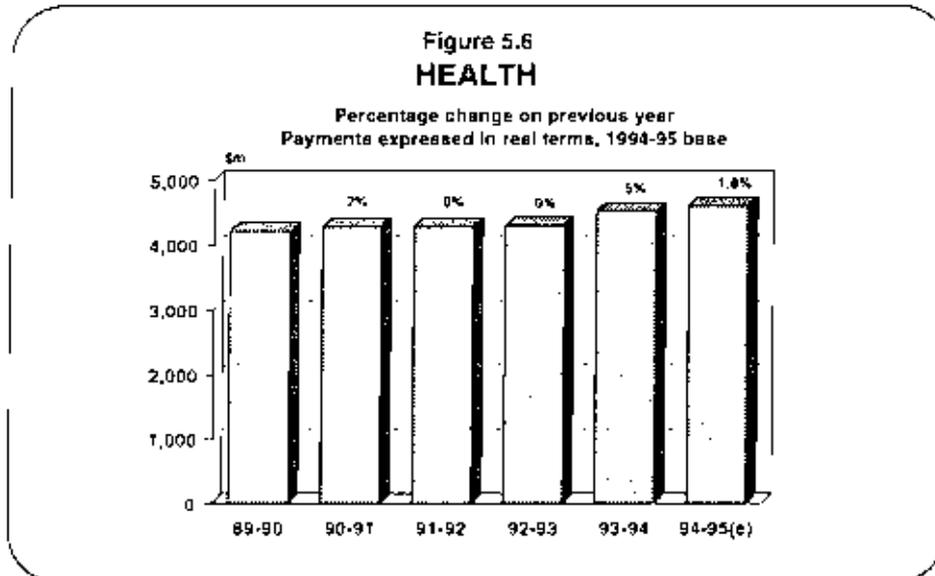
Payments by TAFE NSW have also grown strongly over the past five years. Since 1991 the Commonwealth has provided significant additional funding for growth in the vocational education and training sector through both increased general purpose recurrent grants and increased expenditure on labour market programs provided on a fee for service basis.

New funding arrangements commenced in 1993-94 under the Australian National Training Authority (ANTA) Agreement with the Commonwealth provide increased funding to the State over the period 1993 to 1996, on the basis that the State "maintains its effort" in the vocational education and training sector.

TAFE NSW has also strongly increased its commercial and fee for service activity for other clients over the past five years.

HEALTH

The Health policy area encompasses all payments and receipts for the health system, including health related activities funded through area/hospital special purpose funds and the Health Complaints Commission.

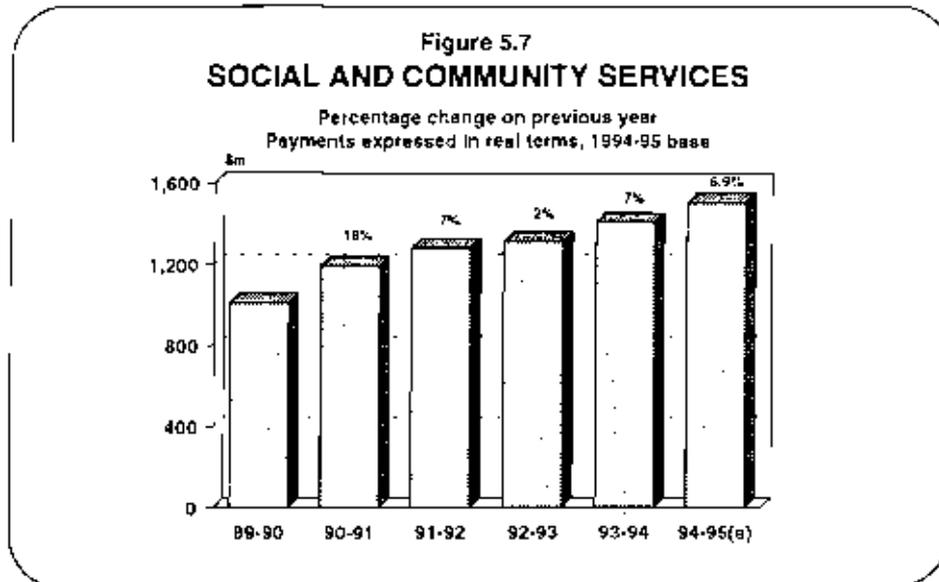


Spending on Health is expected to increase by 9.2 per cent in real terms over the five years to 1994-95. Substantial productivity and efficiency gains have been achieved and reinvested within the health system over this period to improve the delivery of services. The substantial growth in 1993-94 reflects the merger of 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 health system continues to experience a significant growth in demand, reflecting the combined effect of population growth, the ageing of the population and medical technology advances.

SOCIAL AND COMMUNITY SERVICES

The Social and Community Services policy area covers the operations of the Department of Community Services, the Social Policy Directorate, the Community Services Commission and expenditure on initiatives for members of society with special needs or requiring a particular focus and commitment (provided by the Office of Aboriginal Affairs, the Ethnic Affairs Commission and the Ministry for the Status and Advancement of Women). In addition, the policy area includes compensation to victims of crime and Budget-funded concessions to social security beneficiaries (for example, by the Department of Transport).



Over the five years to 1994-95, social and community service payments have increased by 48.6 per cent in real terms. Much of this real growth has been driven by Commonwealth Specific Purpose Payments, particularly in the area of Home and Community Care and Supported Accommodation Assistance programs. This has required substantial matching funding by the State, which has skewed priorities and reduced the capacity to address priority State needs.

The real estimated growth in 1994-95 payments is 6.9 per cent. For the Department of Community Services it reflects real growth in the Home and Community Care program and further transition expenditure on disability services. Growth in the level of funding provided for rate rebates and transport concessions to pensioners is another factor explaining real growth.

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.

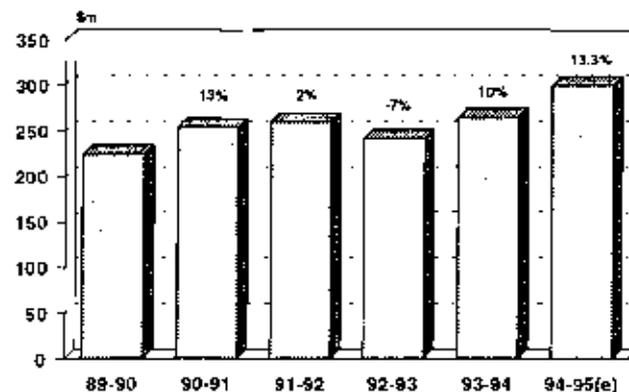
Funding under this policy area is administered by a number of agencies -

- Department of Housing and the Teacher Housing Authority for housing initiatives;
- Homebush Bay Development Corporation for the redevelopment of the Homebush Bay area;
- Public Works Department (funded through the Office of the Minister for Public Works and Minister for Ports) for the Government's Country Towns Water Supply and Sewerage program and the Coast and Rivers program;

- Environment Protection Authority for environmental protection initiatives;
- Department of Planning for programs which encourage responsible resource management in the planning of land use throughout the State;
- Home Purchase Assistance Authority for developing policies and managing programs to assist home purchase;
- HomeFund Commissioner's Office for investigating complaints in relation to the HomeFund program and determining the level of compensation if legal redress is applicable; and
- Department of Conservation and Land Management in relation to management of Crown land resources.

Figure 5.8
HOUSING, WATER AND SEWERAGE AND THE ENVIRONMENT

Percentage change on previous year
Payments expressed in real terms, 1994-95 base

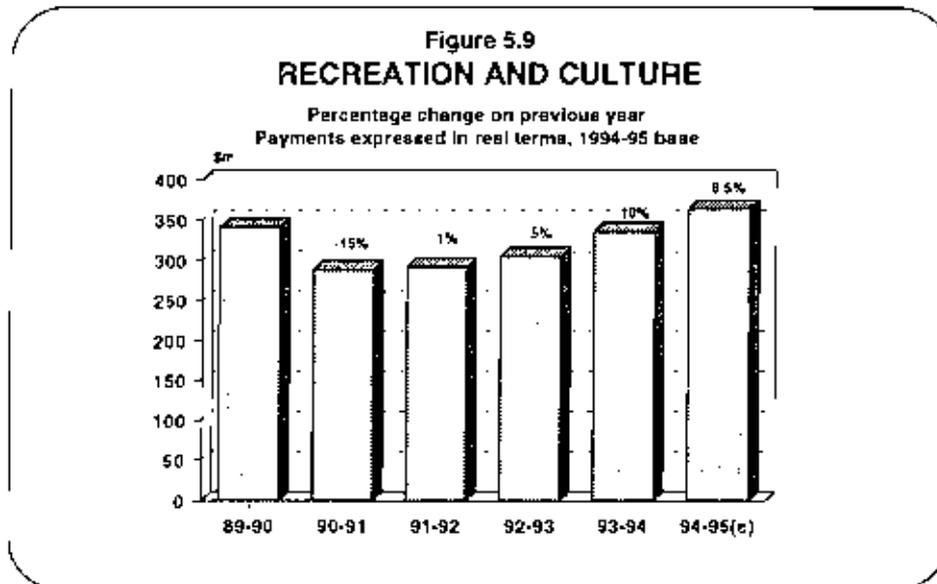


Growth of 33.3 per cent in real terms over the five years to 1994-5 reflects significant increases in funding for the environment area and a steady increase in funding for housing initiatives. In particular, funding for the Environment Protection Authority, established in March 1992, continues to expand in accordance with the Authority's role as the Government's primary agent in environment protection. The increase also reflects increased expenditure by the Department of Planning following passing of the Environmental Planning and Assessment (Amendment) Act, 1993.

The decrease 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 by the Department of Conservation and Land Management.

RECREATION AND CULTURE

Funding is provided under the Recreation and Culture policy area to meet the operating costs of recreation facilities and services, together with cultural facilities and support of the arts. The policy area encompasses funding for the Department of Sport, Recreation and Racing, Chief Secretary's Department, Casino Control Authority, National Parks and Wildlife Service, Royal Botanic Gardens and Domain Trust, Urban Parks Agency, Ministry for the Arts and the State's cultural and historical institutions.



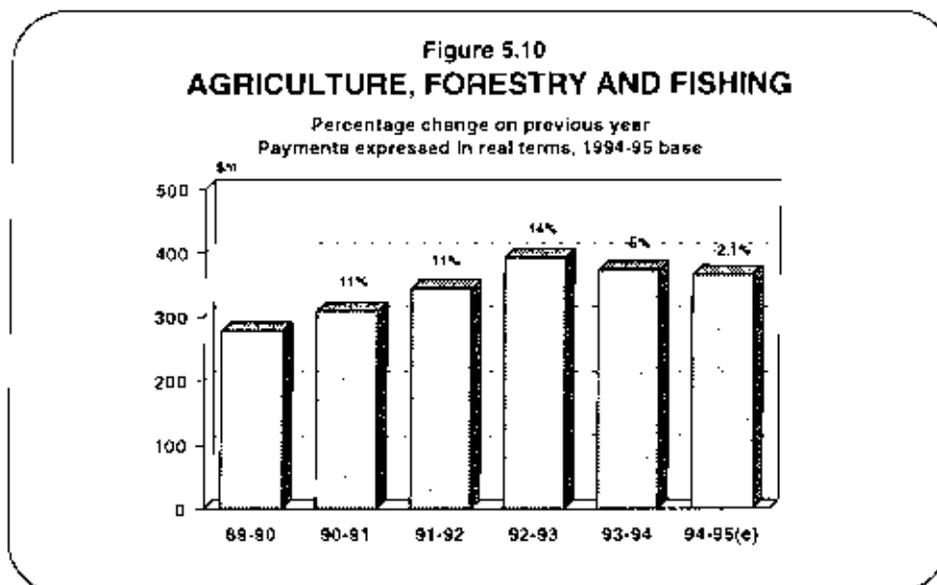
Payments in 1989-90 included a grant to the Darling Harbour Authority to enable the Authority to meet its debt servicing costs. Since 1990-91 there has been a steady increase in payments reflecting activities of the recently established Casino Control Authority and additional support for the Arts and the National Parks and Wildlife Service. Over the period 1990-91 to 1994-95, current payments will increase by 26.2 per cent in real terms.

In relation to the Arts portfolio, the Government's Cultural Grants Program has increased by 23.5 per cent in real terms over the last five years to \$11.9 million in 1994-95. This program supports a diversity of community based arts organisations. Grants to support New South Wales public libraries have increased by 10.5 per cent in real terms and increased support is being provided as script, project and production investment grants to the film and television industry. Increased funding has been provided in 1994-95 for regular ongoing maintenance of the Sydney Opera House and for the additional costs of operating the Museum of Sydney on the Site of First Government House, which is now nearing completion.

Further significant contributing factors to real growth in the Recreation and Culture policy area in 1994-95 include substantial additional funding for the National Parks and Wildlife Service for fire management, pest species management and neighbour relations and establishment and operating costs associated with development of new urban parks following expansion of the Urban Parks Agency.

AGRICULTURE, FORESTRY AND FISHING

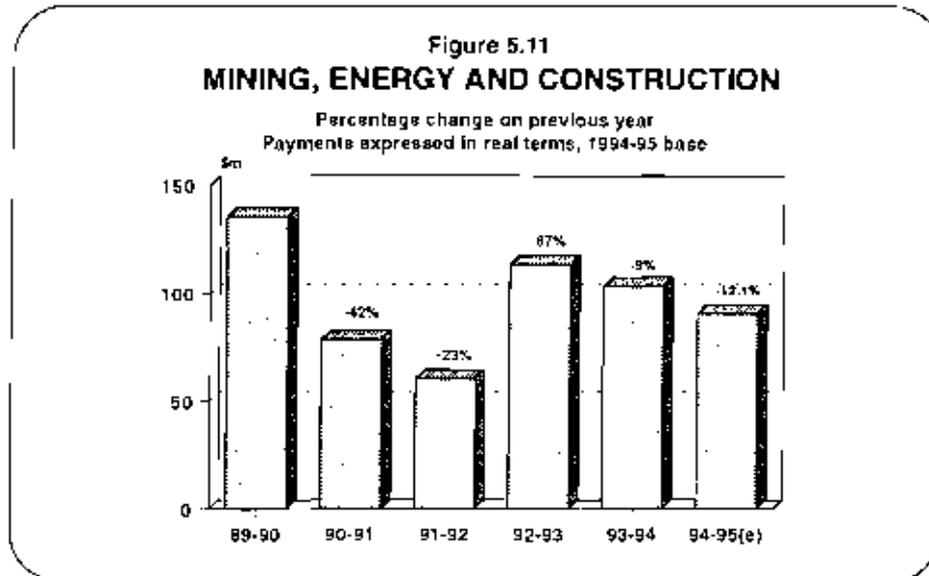
The Agriculture, Forestry and Fishing policy area consists of the Department of Agriculture, NSW Fisheries, Department of Conservation and Land Management, Department of Water Resources, Rural Assistance Authority and assistance to the Forestry Commission.



Over the five years to 1994-95 current payments in the Agriculture, Forestry and Fishing policy area will increase by 31.3 per cent in real terms. This significant increase reflects increased levels of assistance to primary producers under the Commonwealth/State Rural Adjustment Scheme (principally from 1991-92 onwards), the commencement of the Federal Water Resources Assistance Program (now included under the Commonwealth National Landcare Program) and increased industry contributions and user charges.

MINING, ENERGY AND CONSTRUCTION

The Mining, Energy and Construction policy area encompasses minerals policy, licensing activities, energy utilisation and management, compensation for owners of coal acquired by the State, development and co-ordination of public works, risk management of capital works projects and dealings with the building and construction industry.



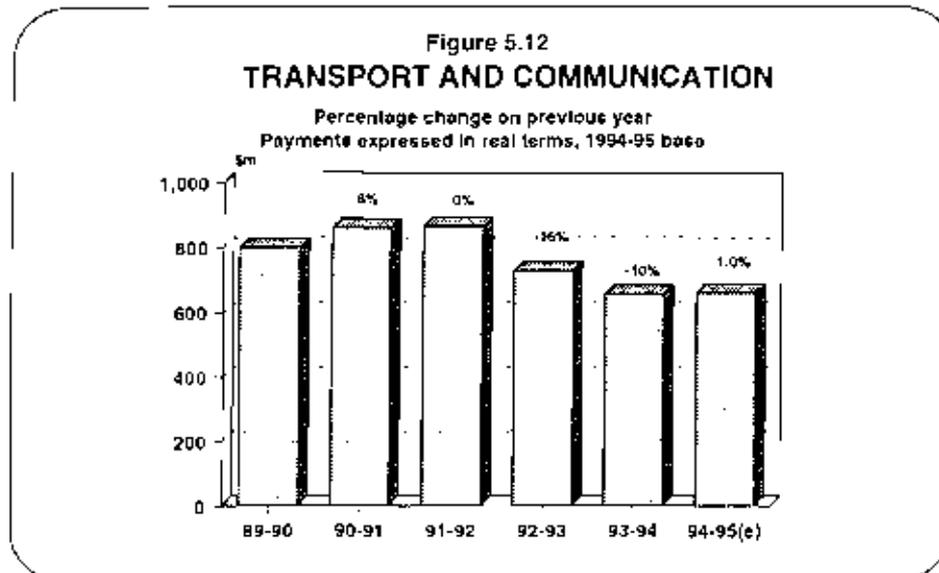
While over the five year period to 1994-95 current payments within this policy area will decline by 33 per cent in real terms, there are significant variations between years. The decline over the period largely reflects energy expenditure, namely payments made for the provision of special assistance grants to electricity county councils which have fallen from \$15 million in 1989-90 to an estimated level of \$1.5 million in 1994-95. As well, one-off payments of \$24 million for Sydney Electricity customer electricity rebates, higher expenditure on special energy projects and increases in community assistance schemes payments boosted expenditure in 1989-90.

The sharp decline in current payments in 1990-91 and 1991-92 is the result of ongoing efficiency improvements in service delivery of the Department of Mineral Resources and the Office of Energy. Since 1992-93 the Office of the Minister for Public Works has performed a number of services relating to Government dealings with the building and construction industry. These additional activities have been the major factor in the increase in current payments in 1992-93, while the fall from the level in that year is predominantly due to reductions in voluntary redundancy payments and increased operating efficiencies.

TRANSPORT AND COMMUNICATION

Funding is provided under the Transport and Communication policy area primarily for -

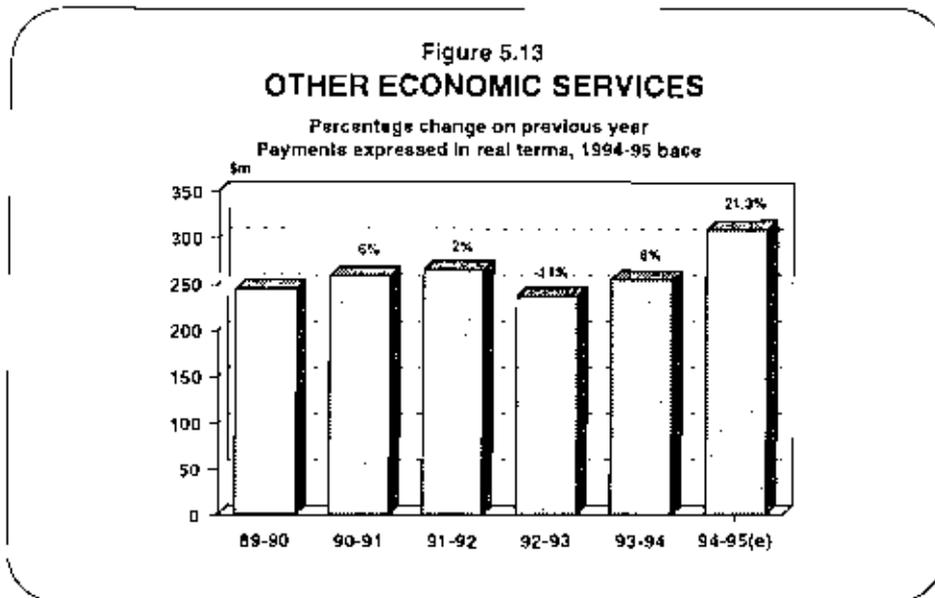
- the Roads and Traffic Authority's motor registry services;
- subsidies to the State Rail Authority, the State Transit Authority and to private transport operators and community groups;
- the operating costs of the Department of Transport; and
- the Office of Ports Policy and Marine Safety within the portfolio of the Minister for Public Works and Minister for Ports.



Over the five years to 1994-95, current payments in the Transport and Communication policy area will decrease by 17.5 per cent in real terms. This largely reflects the efforts of the Government to have the transport authorities become more commercially oriented and lessen their need for Government financial support. This has been achieved largely through reductions in the workforce arising from concentration on core business and winding down non-core activities, including the use of contracting.

OTHER ECONOMIC SERVICES

The Other Economic Services policy area includes activities of the Department of Industrial Relations, Employment, Training and Further Education, Office of Economic Development within Premier's Department, Department of Business and Regional Development, Tourism New South Wales, Department of Consumer Affairs, Department of Conservation and Land Management, Government Pricing Tribunal and the Department of Local Government and Co-operatives (co-operatives regulation).



Over the five years to 1994-95, total current payments for the Other Economic Services policy area will increase by 26.3 per cent in real terms, with the major proportion of this increase expected to occur in 1994-95. This largely reflects increased commitments to various vocational training and other employment schemes administered by the Department of Industrial Relations, Employment, Training and Further Education.

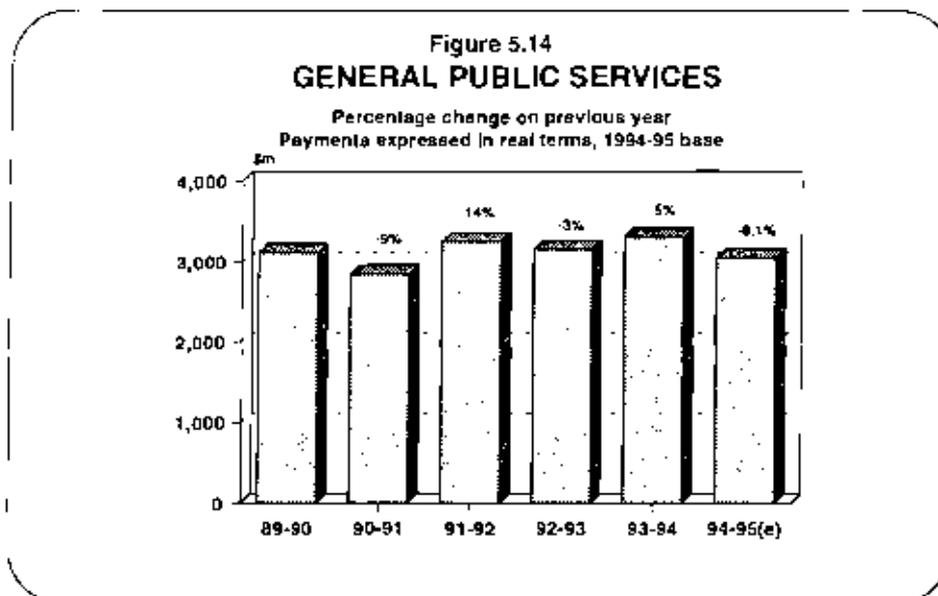
In 1994-95 an increased level of assistance is to be directed by the Department of Business and Regional Development towards schemes for small businesses and regional development, and by the Office of Economic Development towards schemes to stimulate new and existing industries within New South Wales. The overall growth in current payments in this policy area also reflects increased funding to Tourism New South Wales since 1992-93 to strengthen the focus on marketing the State as a tourist destination.

GENERAL PUBLIC SERVICES

The General Public Services policy area covers a number of activities provided by a range of agencies, including -

- legislative services;
- "Crown transactions" (for which the Treasury provides administrative support);
- operations of the Treasury, consisting of the Office of State Revenue and Office of Financial Management;
- the State Electoral Office;
- the Office of the Ombudsman;
- the Archives Authority of New South Wales;

- operations of the Cabinet Office, Premier's Department (excluding the Office of Economic Development) and the Parliamentary Counsel's Office;
- payments to the Office of the Chief Secretary and Minister for Administrative Services for on-passing to the Commercial Services Group for community and general government services;
- payments to the Property Services Group for the administration and co-ordination of community and general government services in relation to the management of the Government's property portfolio;
- local government functions of the Department of Local Government and Co operatives;
- payments to the Office of the Minister for Public Works and Minister for Ports to meet costs associated with the maintenance of certain Crown assets; and
- land management and administration activities of the Department of Conservation and Land Management.



Over the five years to 1994-95, payments for General Public Services will decrease by 2.1 per cent in real terms. The major components of this policy area are debt servicing costs and employer superannuation payments. Expenditure trends for these items reflect the Government's policy objectives of debt reduction and controlling the growth of unfunded superannuation liabilities. Annual debt servicing costs will decrease over the period by \$466 million (or 22.1 per cent) in real terms while the Government's employer cash contributions to its superannuation liability will increase by \$363 million (or 58.4 per cent) in real terms.

The 1993-94 year marked the first full year of implementation of the new superannuation funding policy. Under these arrangements, cash payments will be 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.

There is a projected decrease in current payments under the General Public Services policy area for the current year of \$267 million (or 8.1 per cent) in real terms.

5.3.1 THE LEGISLATURE

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
The Legislature	52.1	55.3	6.1
Total, The Legislature	52.1	55.3	6.1

THE LEGISLATURE

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

An allocation of \$55.3 million has been provided to the Legislature in 1994-95. The following key issues will be addressed in 1994-95 -

- provision of 4 additional staff in Information Technology Services to support the new Members' Computer Network and Core Computer Business Systems;
- implementation of recommendations arising from an efficiency review of the Accounts Section in 1993-94;
- a review of the operations of Parliamentary Security Services will be undertaken following transfer of Special Constable positions to the Legislature by the NSW Police Service; and
- procedural, administrative and maintenance procedures associated with the General Election scheduled for 25 March 1995.

5.3.2 PREMIER AND MINISTER FOR ECONOMIC DEVELOPMENT

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Cabinet Office	9.3	13.8	48.4
Parliamentary Counsel's Office	3.2	3.4	6.3
Premier's Department	51.0	87.9	72.4
Independent Commission Against Corruption ..	11.1	12.9	16.2
Ombudsman's Office	4.3	4.3	...
State Electoral Office	4.2	30.5	626.2
Government Pricing Tribunal	1.8	2.0	11.1
Total, Premier and Minister for Economic Development	84.9	154.8	82.3

The increase in the recurrent allocation for this portfolio is largely due to -

- a reallocation of 1993-94 savings for the Natural Resources Audit Council to 1994-95 (Cabinet Office);
- the establishment of a Regulatory Review Unit to co-ordinate a three year regulatory reform project (Cabinet Office);
- funding for the Royal Commission into the NSW Police Service and assistance provided for industry development (Premier's Department);
- underexpenditure by ICAC during 1993-94 due to a number of positions being unfilled for part of the year. These positions are expected to be filled in 1994-95; and
- the forthcoming general election funded through the State Electoral Office.

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 (COAG) process.

The allocation of \$13.8 million includes \$5 million for the second year of operation of the Natural Resources Audit Council (which was established to audit the State's publicly owned land and natural resources) and \$0.7 million for the establishment of the Regulatory Review Unit.

PARLIAMENTARY COUNSEL'S OFFICE

The Parliamentary Counsel's Office is responsible for developing, drafting and publishing legislation for presentation to Parliament and drafting of non-government legislation.

The Office has been provided with an allocation of \$3.4 million in 1994-95 to meet its objectives.

PREMIER'S DEPARTMENT

Throughout 1993-94, the Department has -

- continued to assist in the development and implementation of the Government's public sector reform agenda and in the implementation of the Government's policy of reforming Government Trading Enterprises;
- conducted pre and post implementation reviews of major information technology projects in the public sector;
- continued to refocus customer service within the public sector through a staff awareness program and the continued development of a framework for enterprise bargaining; and
- advised the Government and agencies on public employment policy, including policies for the management of people at work.

In 1994-95, Premier's Department will continue to develop customer service, quality and performance management within agencies. It will promote flexible working arrangements throughout the public sector and assist in the promotion of improved capital works planning and asset management.

The Department will support the State's inquiry into the NSW Police Service and pursue public sector reform through the implementation of the Contracting and Market Testing policy. An additional \$14.9 million has been provided towards industry development in New South Wales and \$335,000 for the Regional Co-ordination and Information project.

The Olympics Business Opportunities Program, within the Office of Economic Development, will be developed to maximise commercial opportunities for New South Wales business by providing an integrated business service and managing commercial information flowing from the activities of the Sydney 2000 Olympics.

As a result of the successful Olympic Bid, the State Government will contribute \$10 million in 1994-95 towards staging the Olympic Games.

The Premier's Department has been provided with an allocation of \$87.9 million in 1994-95 to meet its objectives.

INDEPENDENT COMMISSION AGAINST CORRUPTION

During 1993-94, the Commission completed its major investigation into the relationship between police and criminals. The reports included recommendations for significant changes to systems and procedures.

The Commission received requests from Parliament to investigate matters concerning the alleged Police protection of paedophiles. The investigation into certain matters concerning Randwick Council continues. The Commission concluded and published a major piece of research into public sector employees views and understanding of corruption. A diverse program of seminars, presentations and workshops was undertaken with a variety of public sector agencies as well as private sector participants.

In 1994-95 the Commission will be continuing its emphasis on co-operative corruption prevention projects. The school curriculum project is targeted for completion this financial year and an explanatory video document about the Commission is planned.

OFFICE OF THE OMBUDSMAN

The Office of the Ombudsman receives and investigates complaints from members of the public on matters of administration and conduct within the New South Wales public sector including the release of information under the auspices of the Freedom of Information Act. It monitors the use of telecommunication interception activities by eligible authorities.

Current payments by the Office are expected to amount to \$4.3 million in 1994-95.

STATE ELECTORAL OFFICE

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

The Authority is now also responsible for the management and administration of the Political Education Fund which was established during 1993-94.

Expenditure by the office is directly related to the occurrence of general elections, redistributions and, to a lesser extent, by-elections. An allocation of \$30.5 million has been provided for 1994-95.

GOVERNMENT PRICING TRIBUNAL

The NSW Government Pricing Tribunal was established for the purpose of determining maximum prices of government monopoly commercial services supplied by nominated NSW Government Trading Enterprises, and for reviewing pricing practices of these enterprises, as well as other monopoly services that are referred to the Tribunal.

The main activities of the Government Pricing Tribunal during 1993-94 were -

- completion of a major review of pricing policies for monopoly water supply, sewerage and drainage services supplied by the Water Board, the Hunter Water Corporation and Gosford and Wyong Councils;
- commencement of a major review of pricing policies for monopoly electricity services supplied by Pacific Power, Sydney Electricity and other electricity distributors throughout New South Wales; and
- determination of maximum prices for passenger transport fares charged by State Rail Authority CityRail services, for State Transit Authority buses and ferries and for the Valuer-General's charges to councils for preparation of valuation lists.

In 1994-95, following extensive public consultation, the release of an interim report on the major review of pricing policies for monopoly electricity services is planned. A major review of monopoly passenger transport services will be commenced and the Tribunal will undertake a review of water pricing policies of local water authorities.

5.3.3 MINISTER FOR AGRICULTURE AND FISHERIES AND MINISTER FOR MINES

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Rural Assistance Authority	61.7	52.9	(-) 14.2
Department of Agriculture	175.8	182.6	9.9
NSW Fisheries	19.8	21.8	9.7
Department of Mineral Resources	35.8	32.7	(-) 8.7
Coal Compensation Board	2.3	2.5	6.6
Total, Minister for Agriculture and Fisheries and Minister for Mines	295.5	292.5	(-) 1.0

Major movements between 1993-94 and 1994-95 relate to -

- substantial assistance made available in 1993-94 by the Rural Assistance Authority under the Commonwealth/State Rural Adjustment Scheme, principally to assist wool growers under "exceptional circumstances" provisions. The Commonwealth ceased the wool exceptional circumstances assistance effective on 30 June 1994;
- additional funding to Agriculture in 1994-95 for drought assistance measures;
- funding in 1994-95 to enable NSW Fisheries to introduce a property rights framework for the management of the State's fisheries; and
- additional support of \$4.7 million provided to the Geological and Mining Museum in 1993-94 to place the Museum on a more sound financial basis. Excluding this assistance, total payments of the Department of Mineral Resources in 1994-95 will increase by 3 per cent.

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 relates to carrying out of soil conservation works such as irrigation, water supplies and works; and

- the State's Natural Disaster Relief Scheme which relates to the provision of assistance to both primary producers and small businesses suffering from the effects of natural disasters.

Expenditure Trends and Recent Developments

Following a review by the Commonwealth, a new Rural Adjustment Scheme was introduced from 1 January 1993 that -

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

The Commonwealth Government contributes 90 per cent of funding for the new Rural Adjustment Scheme, with the State contributing 10 per cent. However, funding of assistance under the "exceptional circumstances" provisions is on a 50:50 basis between the Commonwealth and the State.

The assistance under the Commonwealth/State Rural Adjustment Scheme is generally in the form of interest subsidies on commercially obtained borrowings; grants for training or professional advice; or re-establishment support in the form of loans/grants to support farmers who have taken the decision to leave farming.

The "exceptional circumstances" provisions were invoked in February 1993 to provide special assistance to graingrowers, horticulturists and hay producers who suffered heavy losses from heavy rains in November/December 1992 (principally in the Riverina area). These provisions were also invoked in May 1993 to provide assistance to the State's wool growers affected by the downturn in commodity prices.

1994-95 Budget

The Authority will continue to maintain an efficient and effective delivery of rural assistance measures to the primary producers of New South Wales.

As a result of a request from the State, the "exceptional circumstances" provisions of the Rural Adjustment Scheme have been recently activated to assist primary producers suffering from the long term effects of the drought in New South Wales. Interest subsidies of 80 per cent on new and existing debt will be available to eligible primary producers.

Some \$48 million will be made available in 1994-95 from State and Commonwealth sources for assistance to primary producers, including funding for "drought exceptional circumstances".

In 1994-95, regional assistance under the provisions of the Rural Adjustment Scheme will also be introduced to assist in the implementation of integrated natural resource management and rural development programs. The focus is to be on improved results at the regional and local rural level from the collective range of Commonwealth, State and Local Government programs. Services and programs of prime focus will be concerned with agriculture, agri-business and natural resource management.

In view of the difficulties which some stone and pome fruit (apples, pears, etc) producers are having in obtaining hail damage insurance, a special assistance scheme has been introduced for affected growers to assist them to erect netting to reduce the damage caused by hail storms. The scheme provides for interest subsidies of 80 per cent of the cost of erecting netting up to a maximum subsidy of \$20,000. The scheme will run for two years from 1 July 1994, with the full cost of the additional assistance being met by the State Government.

DEPARTMENT OF AGRICULTURE

The Department's core key objectives are -

- facilitating the development of food and fibre products that meet the requirements of consumers in domestic and export markets and that are internationally competitive in price and quality;
- developing and promoting the use of agricultural practices that enhance the sustainability of the food and fibre industries;
- assuring consumer confidence in the quality of New South Wales food and fibre products; and
- increasing the business and risk management skills of primary producers so as to assist them in remaining viable and internationally competitive.

Expenditure Trends and Recent Developments

In recognition of the impact of rural sector performance on the economy of the State, the Department has been redirecting its resources into positive and dynamic initiatives aimed at improving the market performance of the State's agricultural products. In this way the Government will prepare the way for new markets for industry to follow.

As well, the Department has been restructured as a result of the 1991 Fundamental Review of Programs so as to focus on market driven functions.

During the past year the Department has -

- adopted an holistic whole farm approach to productivity input instead of focusing on individual aspects of farm improvements;
- provided a range of relief to areas and victims of drought. In particular, the Department administers the State drought transport subsidy scheme under which subsidies of 50 per cent of the cost of the movement of livestock, fodder and water are made available to primary producers in drought affected rural lands protection districts;

- increased involvement with the private sector through the Agsell unit so as to not only increase the export of primary products, but to increase investment in the value-added processing of agricultural products before export. The Agsell unit is a small team of specialists within the Department aimed at furthering the Government's policy of more effectively exploiting market development opportunities for agricultural products;
- continued and expanded Rural Counselling Services and the Rural Women's Network to help reduce the effects of the rural downturn on farm families; and
- involved the private sector in various activities of the Department to promote and enhance available resources by entering into agreements to commercialise intellectual property, ranging from plant types and animal vaccine to computer software and agricultural machinery.

1994-95 Budget

The Department's strategic focus in 1994-95 will continue to concentrate on -

- expansion of a strong marketing orientation;
- improved liaison with industry and producers; and
- continued commitment to sustainability of agriculture with the dual intention of positively changing community and producer attitudes.

As a result of the prolonged effects of the drought on the rural community, additional assistance will be provided through the Department of Agriculture in 1994-95 for -

- Drought transport subsidies - a total of \$10 million will be allocated in 1994-95 bringing the total allocation to this scheme to \$42 million since the commencement of the current drought (January 1991).
- Rural community and family support - local community based people will be provided at key locations to act as drought support counsellors. They will be able to provide information to drought affected families and emergency cash grants for basic household needs of families in desperate situations. Assistance will also be provided to existing toll free counselling services provided by the Sisters of Charity at St. Vincent's Hospital and Lifeline. The total of such assistance in 1994-95 will be \$1.1 million.
- Rural financial counsellors - an additional 3 counsellors will be provided in 1994-95 to bring the total number in the State to 29. These additional counsellors will be located at Brewarrina, Mudgee and Coffs Harbour. In addition, the Government has relieved country communities from meeting their contribution (25 per cent) of the cost of all such counselling services in 1994-95. The total additional funding for these services will be \$750,000 in 1994-95.

NSW FISHERIES

NSW Fisheries undertakes management, research and compliance programs which aim to conserve, develop and share the fisheries resources for the benefit of current and future generations.

Expenditure Trends and Recent Developments

Since the creation of NSW Fisheries on 1 July 1991, through the separation of the Fisheries Division from the Department of Agriculture, current payments have increased from approximately \$20.0 million in 1991-92 to \$21.8 million in 1993-94. This variation has occurred largely due to increases in industry funded grants.

Recent developments include -

- the introduction of the new Fisheries Management Act 1994. This Act will see the introduction of a system of property rights for commercial fishers. The system will involve defining the State's fisheries and allocating transferable shares to commercial fishers and is expected to greatly improve resource security;
- the undertaking of major environmental research projects, such as the study of the impact of Sydney's ocean sewage outfalls on fish communities;
- the announcement of Jervis Bay as an aquatic reserve;
- the adoption by the State's commercial fishing industry of technology which has recently been developed by NSW Fisheries, such as gear which has been designed to minimise unwanted and environmentally damaging by-catch (ie the fish and other species incidentally taken with the main catch) from trawling;
- the introduction of genetically improved Sydney rock oysters; and
- the publication of the first of a series of comprehensive statistics on New South Wales commercial fisheries and the commencement of surveys of all major recreational fisheries. These initiatives have significantly enhanced the Department's database and will allow improved management of the State's fisheries resources.

1994-95 Budget

The New South Wales Government will provide additional funding to NSW Fisheries in 1994-95 and future years to meet the costs associated with the introduction and maintenance of the new property rights framework for commercial fishers.

Additionally, NSW Fisheries will be pursuing strategies and initiatives aimed at -

- increasing participation by industry and community groups in the fisheries conservation and management processes;

- further educating the general community in the principles of fisheries conservation and management, particularly regarding the advantages of the increased use of property rights;
- improving audits of the fisheries resources of New South Wales;
- investigating the potential for further economic development through the commercial fishing and aquaculture industries; and
- continuing the development and implementation of corporate and strategic plans to ensure the efficient and effective use of the Department's resources.

DEPARTMENT OF MINERAL RESOURCES

The Department of Mineral Resources is responsible for -

- encouraging and advancing the exploration, assessment and development of the mineral resources of New South Wales;
- balancing economic development with social and environmental needs; and
- supporting the safe, responsible, effective and efficient production and use of minerals in New South Wales.

Expenditure Trends and Recent Developments

The major developments for the Department of Mineral Resources in 1993-94 included -

- the release of new advanced geophysical maps and development of a new concept for the origin of diamond deposits in New South Wales;
- the Mining Act 1992 is being amended as a result of the Commonwealth Native Title Act 1993 to enable the Department to continue to grant mining and exploration titles with security of tenure;
- mine safety continues to improve with the Lost Time Injury Frequency Rate (LTIFR) in coal mines, for calendar year 1993 falling to 71 while in non-coal mines, the provisional LTIFR 1993-94 fell to 13.7. The Department is moving away from an inspectorial role in relation to safety to a more coaching and facilitating role in order to increase mine-site ownership of safety;
- the use of Mine Rehabilitation and Environmental Management Plans (MREMPs) has been extended. By the end of June 1994, all except two operating coal mines, all large non-coal mines and about 75 percent of smaller non-coal mines will have prepared plans. All new mines are required to develop MREMPs, and the Department is well on course to meet its target of having all coal mines in NSW working to MREMPs by June 1995, and all non-coal mines by June 1997;
- the extension of the consultation process with local councils to also include a strategy of direct liaison with community groups. This strategy is being trialed in the Wyong area; and

- additional financial support of \$4.7 million to the Geological and Mining Museum Trust, which manages the Earth Exchange Museum, to place the Museum on a more sound financial basis. This support will reduce operational costs, ensure the maintenance of the Trust's mineral collection, and assist in the development of new exhibitions.

1994-95 Budget

The Department will continue to promote the responsible development, management and utilisation of the mineral resources of New South Wales. Key issues and strategies which will be implemented include -

- The Department's exploration and mining titles activities will increasingly focus on meeting the challenges posed to the security of exploration and mining titles by recent court decisions and Native Title legislation.
- The Department will continue to aim for improvements in the safety performance of mines by focusing the industry on the adoption of safety principles as an integral part of mining operations. A quality assurance program in relation to coal mine safety will be implemented and management audits of safety systems in mines will continue.
- Ensuring best practice in environmental management will continue via working with the industry and other agencies to raise the standards further and increase their adoption by small scale operations. As a continuing strategy, the development and implementation of MREMPs and EMPs will extend across all segments of the industry. The Department will continue to monitor their implementation.
- The aim of bringing together mineral explorers, developers, processors and end-users to achieve optimal value from the State's resources and the natural and infrastructure advantages that exist in New South Wales will be extended. This will include a number of strategies through the year including the "New South Wales - State of Exploration" conference.
- The subsidy for the Geological and Mining Museum Trust has been increased to \$1.8 million in 1994-95, to principally enhance exhibition development, educational activities and collection maintenance.

COAL COMPENSATION BOARD

The Coal Compensation Board was established under the provisions of the Coal Acquisition (Compensation) Arrangements Act 1985 with the role of determining claims from former owners of coal whose coal was acquired under the guidelines established by the State through the Coal Acquisition Act 1981.

The Coal Compensation Board is progressing in its review and assessment of claims for compensation with the object of determining all claims by 30 June 1997.

The allocation of \$2.5 million for 1994-95 provides for the Board to continue its assessment and processing of coal compensation claims.

5.3.4 ATTORNEY GENERAL AND MINISTER FOR JUSTICE

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Attorney General's Department	98.5	94.9	(-) 3.6
Judicial Commission	2.0	2.0	...
Legal Aid Commission	64.0	60.5	(-) 4.2
Office of the Director of Public Prosecutions ..	35.0	37.2	6.3
Department of Courts Administration	206.0	228.8	11.1
Department of Corrective Services	256.0	267.2	4.4
Department of Juvenile Justice	46.4	52.7	13.6
Total, Attorney General and Minister for Justice	727.9	763.3	4.9

Significant variations between 1993-94 and 1994-95 are due to the following -

- estimated total current payments for the Attorney General's Department are lower than in 1993-94 due to an anticipated decrease in the level of payments from the Victims' Compensation Fund and the allocation of funding to agencies for payment to the Crown Solicitor's Office for general legal work;
- within the Department of Courts Administration, the appointment in 1994-95 of three Acting Supreme Court Judges, three Acting District Court Judges and three Acting Magistrates in the Local Courts system;
- additional funding in 1994-95 to the Department of Corrective Services to -
 - enable an extension of inmate and induction processes in all correctional facilities as recommended by the Waller Committee Report into suicide and self-harm in prisons; and
 - to better provide for the psychological, welfare and educational needs of inmates with mental illness;
- additional funding in 1994-95 to the Department of Juvenile Justice to commence implementation of the Government's recently released White Paper on Juvenile Justice and to establish a specialist program for young violent offenders; and
- additional payments were made in 1993-94 by the Legal Aid Commission as part of a major effort to overcome a backlog in the processing of civil program matters.

ATTORNEY GENERAL'S DEPARTMENT

The role of the Department is to assist the Government, the judiciary, the Parliament and the community to -

- protect individual rights and community standards; and
- provide an equitable and just legal system.

The Attorney General's Department also 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 services to support the Attorney's legislative and advisory responsibilities to Parliament and Cabinet.

Expenditure Trends and Recent Developments

The increase in the Department's allocation over the past three financial years can be largely attributed to the increased funding needs associated with the Victims' Compensation Fund.

In 1993-94 the Department incurred significantly higher than anticipated expenditure on compensation to victims of crime, Crown Solicitor's Office fees and the Building Industry Task Force. Expenditures in respect of payments to victims of crime and the Crown Solicitor's Office are demand driven. The operations of the Building Industry Task Force were extended beyond the original finishing date of 31 December 1993.

The Department established the Office of the Legal Services Commissioner (funded through the Statutory Interest Account), following reforms to the Legal Professions Act. The Commissioner will direct, monitor and review the investigation of complaints against lawyers and ensure the integrity of the complaints system.

Legislative amendments were made to the Anti-Discrimination Act to include new grounds for complaints under the Act. The Department received additional funding (\$265,000) to undertake new work arising from the amendments and capital funding (\$505,000) to upgrade the accommodation and resources of the Anti-Discrimination Board.

As announced in the 1993-94 Budget, the Crown Solicitor's Office is to be moved off-budget with the transition to off-budget status being phased in over two years.

The Department engaged consultants to assist in the commercialisation of the Crown Solicitor's Office. The consultancy commenced in 1993 and is planned to take approximately 12 months.

Reforms to the legal profession were a key feature of the Department's activities, which included the establishment of the Legal Practitioners' Admission Board, the Legal Profession Advisory Council and the Legal Services Tribunal. Regulations relating to the legal profession were completely overhauled and a new fee assessment system put in place.

1994-95 Budget

The Public Accounts Committee has completed a review of the Public Defender's Office. The Committee's report and its recommendations will be an important area of focus for the Department in 1994-95.

Data protection and privacy legislation remains a priority and the Attorney General is hopeful that it will be considered by Parliament during 1994-95. This proposed legislation will impact significantly on the structure and functions of the Privacy Committee.

Continuing the commercialisation of the Crown Solicitor's Office will also be a priority for the Department. The changes made so far have been positive and the Crown Solicitor's Office has shown signs that it will be able to operate successfully on a commercial basis. This financial year, funding has been provided to relevant Budget Sector agencies to meet the cost of general legal work performed by the Crown Solicitor's Office. (Funding will continue to be provided to the Crown Solicitor's Office for core legal work it performs on behalf of the Government.) From 1995-96, Budget Sector agencies will no longer be required to use the Crown Solicitor's Office.

The Department will be establishing a Legal Representation Panel which will work in association with the Royal Commission into the Police Service although it will be independent of the Commission. The Panel will provide legal representation to people required to give evidence before the Commission.

The term of the Building Industry Task Force has been extended to the end of 1995. The future of the Task Force will be reviewed by 30 June 1995.

Reforms to the Victims Compensation Tribunal will be a key priority of the Department. A management review was undertaken of the Tribunal in early 1994 and the recommendations of that review will be implemented during 1994-95.

The Department will be establishing a Juvenile Crime Prevention Unit which will provide secretariat support to the Juvenile Crime Prevention Advisory Committee. The Division will also coordinate and conduct research on juvenile crime prevention issues, disseminate information on crime prevention initiatives, conduct research, provide advice on the development of crime prevention strategies, and administer funds allocated to innovative juvenile crime prevention projects.

JUDICIAL COMMISSION

The Commission is principally concerned with the provision of assistance to the courts in order to achieve consistency in sentencing, 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

In 1993-94, the Commission entered into a joint venture with the Australian Institute of Judicial Administration to design and conduct an inaugural national orientation program for judicial officers.

A facilities database for the Sentencing Information System has been developed. This will provide the sentencer with details as to the availability of drug and alcohol counselling, periodic detention and community service work cross-referenced by geographic location and service type.

A range of courses on equality before the law has been developed with particular reference to gender and ethnic awareness. The new programs relate to such matters as decision-making, communication skills, court room communication techniques, and alternative dispute resolution.

1994-95 Budget

The Commission will continue to enhance the computerised Sentencing Information System and a facilities component is being developed that will shortly be made available to users. The Sentencing Information System is now available from 222 court houses and chambers around the State. A total of 41 judges (and staff) of the Supreme and District Courts; 5 judges and 8 assessors of the Land and Environment Court; 120 magistrates; and 18 State and Commonwealth Government departments are now connected as users. The Commission will also expand its range of judicial educational services and research projects.

An amount of \$2.0 million has been provided for the operation of the Commission during 1994-95. 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.

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.

Expenditure Trends and Recent Developments

During 1993-94 the Legal Aid Commission implemented all of the financial and management reforms recommended in the May 1993 review of its finances. The Commission has placed a renewed emphasis on efficient and cost effective delivery of legal aid services.

1994-95 Budget

In 1994-95 the Legal Aid Commission will incur estimated total payments of \$80.5 million. The Commonwealth will contribute \$36.9 million and the Law Society of New South Wales \$9.9 million towards the funding of the Commission.

Payments to legal practitioners (private practitioners and public defenders) were \$63.0 million in 1993-94. The estimate for such payments in 1994-95 is \$45.5 million. This estimate does not represent any decline in assistance to be provided by the Legal Aid Commission, but simply reflects a change in accounting practice and a major effort in 1993-94 to overcome a backlog in the processing of civil program matters. For the first time the Commission's accounts include, in accordance with accrual accounting conventions, a provision for the estimated net cost of legal work performed but not invoiced prior to 30 June 1994.

Contributions by legally assisted persons were \$21.1 million in 1993-94. This amount comprised \$14.9 million earned during the year and \$6.2 million representing a receivable for the estimated contribution recovery on legal expenditure where the matter is not finalised as at 30 June 1994. This latter amount is included for the first time in accordance with accrual accounting conventions.

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

In recent years, improved productivity has enabled the Office of the Director of Public Prosecutions to expand its service in the Local Court, contributing to further reductions in delays, and providing a better service to victims and witnesses.

1994-95 Budget

An amount of \$37.2 million has been provided to the Office of the Director of Public Prosecutions in 1994-95 to institute and conduct proceedings relating to criminal offences. The Budget allocation illustrates a continued emphasis on the Office conducting criminal proceedings which has been instrumental in reducing the backlog of trials in the District Court.

DEPARTMENT OF COURTS ADMINISTRATION

The Department of Courts Administration is responsible for the provision of court services, operation of the Community Justice Scheme, and the operation of the Probation Service.

Expenditure Trends and Recent Developments

In recent years the Department of Courts Administration has adopted a range of strategies to improve service delivery to the community.

Central to this approach has been an increased focus on alternative dispute resolution which includes arbitration and pre-trial procedures. Resolution of matters in this manner eases the burden on the court system.

Matters on hand in the Supreme Court have declined by 28 per cent since 1991-92, while the pending caseload at the District Court has been reduced by 60 per cent over the same period. In this jurisdiction, matters may be resolved some 19 months sooner if they are arbitrated. The impact of this reduction in caseload has been a steady decrease in the time to finalisation in each jurisdiction.

Since 1989, there has been a 20 per cent reduction in the median time from committal to finalisation for District Court trials in New South Wales. For accused not in custody, the time to finalisation has been reduced by 30 per cent since 1990-91.

The Department has also endeavoured to increase the accessibility of affordable justice. To this end, the number of community justice centres has been increased, with a new community justice centre opened in Newcastle in June 1993. Mediation provided free to clients at community justice centres has an agreement rate in excess of 80 per cent at an average marginal cost to the Department of \$90 per mediation. This indicates that mediation is a very cost effective process.

In August 1992, the Industrial Court introduced a court based mediation scheme to address the cost of litigation in this area. Half of the cases brought to mediation since the scheme's inception were settled in this forum.

In order to afford protection to victims in all financial circumstances, fees for apprehended domestic violence orders were abolished in March 1993. These requests are also dealt with immediately by the Local Court. From January 1994, an extended hours court registry established at Parramatta has provided greater access to community protection services such as urgent search warrants and interim apprehended violence orders for the protection of domestic violence victims.

1994-95 Budget

Total recurrent funding of \$228.8 million will be available to the Department of Courts Administration in 1994-95.

As in recent years, the major focus for the Department will be on the reduction of case delays and backlogs and the improvement in the efficiency of the courts system. The Department will continue the review of processes and procedures in the courts and implement recommendations arising from reviews conducted in the past year.

Additional judges will be temporarily appointed for the 1994-95 year. In the Supreme Court three acting judges will be used to assist in the disposition of the criminal and civil workload within reasonable time frames. Three acting judges have been appointed to the District Court; two acting judges to the civil jurisdiction and one to the criminal jurisdiction. This will enable three permanent judges to be devoted to third party motor accident matters.

In the Local Courts three acting magistrates have been appointed to reduce waiting time in the listing of lengthy special fixtures, particularly committal matters. The appointment of an additional permanent magistrate will enable the State Coroner to transfer murder and manslaughter committals to the Local Courts bench. A further acting magistrate has been appointed to enable the Senior Deputy Coroner to conduct the coronial inquiry into the January 1994 bushfires.

As a result of a review of juror terms and conditions by the Jury Task Force, attendance allowances paid to jurors will be substantially increased; the first increase since 1985. The implementation of this and other recommendations arising from the Jury Task Force report are expected to lead to improved terms and conditions for jurors.

Amendments to the summary offences legislation will provide greater sentencing flexibility to the courts. These changes are expected to lead to an increase in the use of the community service order penalty option.

DEPARTMENT OF CORRECTIVE SERVICES

The Department of Corrective Services is responsible for carrying out the orders of the Courts and its role focuses on sentenced and unsentenced adult inmates. The Department is responsible for the management of offenders who have been sentenced to imprisonment, are on remand or are on appeal.

Expenditure Trends and Recent Developments

The increase in recurrent expenditure over the five year period to 1994-95 has been occasioned by the opening of new correctional facilities including the John Morony Correctional Centre, Lithgow Correctional Centre and Junee Correctional Centre to accommodate an increase in inmate numbers. Between 1989-90 and 1993-94, the daily average inmate population increased from 5,146 to 6,782.

During 1993-94, the Department implemented a number of initiatives designed to provide more humane and effective correctional services and facilities. Further progress will continue through 1994-95.

1994-95 Budget

In 1994-95 the Department has a recurrent program of \$267.2 million. Key strategic projects include -

Women in Prison

The Women's Action Plan, a 3 year strategic plan for female inmates, was released in January 1994 and highlighted access and equity issues for women in custody. During 1994-95 the Department proposes to establish -

- a 50 bed minimum security facility and farm at Emu Plains;
- a community based 20 bed Transitional Centre; and
- a Women's Services Unit.

Inmate Education

TAFE teaching hours in correctional centres will increase from 16,000 hours in 1992-93 to 32,000 hours in 1994-95.

Inmates with Mental Illness

In response to the Report of the National Inquiry into the Human Rights of People with Mental Illness, \$2.5 million (\$700,000 in 1994-95) will be provided over the next four years to enable the Department to implement a program to meet the psychological, welfare and educational needs of inmates with mental illness.

Suicide Prevention Strategies

An amount of \$2.9 million has been provided to enable an extension of inmate and induction processes in all correctional facilities as recommended by the Waller Committee Report into suicide and self-harm in prisons.

DEPARTMENT OF JUVENILE JUSTICE

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

Expenditure Trends and Recent Developments

The agency was proclaimed as the Department of Juvenile Justice in September 1993 having initially been transferred from the Department of Community Services to the Department of Corrective Services in July 1991 and subsequently segregated from the latter in November 1991.

Since the establishment of the Department as a separate entity, considerable effort has been employed to establish a firm operating base with a realistic cost structure. During that same period a significant increase has occurred in the demand for services provided both in the community and in custodial care. Expenditure trends over that period reflect both these factors, resulting in supplementation to original budget estimates.

The Department is currently installing improved financial management systems and controls and has developed a pilot activity based costing model to facilitate the identification of cost fluctuations relative to demands.

The average number of juveniles detained in Juvenile Justice Centres increased from 371 in 1992-93 to 430 in 1993-94.

1994-95 Budget

The increase in funding from \$46.4 million in 1993-94 to \$52.7 million in 1994-95 is mainly due to the provision of funding to commence implementation of the Government's White Paper on Juvenile Justice and in response to the Report of the National Inquiry into the Human Rights of People with Mental Illness.

Funding to the extent of \$4.3 million (\$1.1 million in 1994-95) will be provided to the Department over four years for psychological and psychiatric services throughout New South Wales and to establish a specialist program for young violent offenders.

Recent trends indicate that demand for services will continue to increase significantly during the budget year. The activity based management system will be further refined and is to provide support for funding supplementation as required in response to increased demands.

During 1994-95 the Department will commence implementation of the Government's White Paper on Juvenile Justice as approved by Cabinet. An amount of \$2.613 million has been allocated for this purpose in 1994-95.

The White Paper which was launched in August 1994 is a statement of NSW Government policy on juvenile justice and announces several major new initiatives, especially in relation to juvenile crime prevention and community alternatives to court processing.

The White Paper maintains the Government's broad policy directions for juvenile justice which focus upon -

- punishments that fit the crime;
- detention as a necessary sanction for serious and persistent offenders;
- rehabilitation of young offenders through the provision of quality education and training programs; and
- greater involvement of the community in the processes of juvenile justice.

The White Paper contains a charter of principles for juvenile justice in New South Wales. These principles include -

- the prevention of juvenile crime, diversion from the court process and reintegration into the community should be the primary focuses of juvenile justice policy;
- alternatives to court processing, where possible and appropriate, should be the first option in the juvenile justice system; and
- victims of crime should be given the opportunity to actively participate, where appropriate, in the juvenile justice system.

5.3.5 CHIEF SECRETARY AND MINISTER FOR ADMINISTRATIVE SERVICES

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Chief Secretary's Department	12.6	18.7	48.4
Casino Control Authority	4.9	3.2	(-) 34.7
Office of the Chief Secretary and Minister for Administrative Services	14.0	12.4	(-) 11.4
Total, Chief Secretary and Minister for Administrative Services	31.5	34.3	8.9

The Minister's allocation in 1994-95 is a function of the establishment of the Casino Surveillance Division within the Chief Secretary's Department and a reduction in the Casino Control Authority's legal and consultancy expenses necessary throughout the tender process for the Casino licensee. Funding for the Office of the Chief Secretary and Minister for Administrative Services has fallen following the sale of the Government Cleaning Service.

CHIEF SECRETARY'S DEPARTMENT

The Department is responsible for the proper conduct and balanced development of the liquor, gaming and charity industries in New South Wales. The casino surveillance division, responsible for the supervision and inspection of casino operations, was to become fully operational in 1993-94. However, due to delays in casino operations, savings on the budgeted allocation for 1993-94 will be used to fund the division in this financial year.

The Department has been allocated an additional \$300,000 for 1994-95 to oversee the statewide linkage of poker-machines between registered clubs in New South Wales.

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 Authority is conducted with the purpose of ensuring that the management and operation of the casino remains free from criminal influence or exploitation; gaming is conducted honestly; promoting tourism, employment and economic development and containing and controlling the potential of a casino to cause harm to the public interest and to individuals and families.

An allocation of \$3.2 million has been provided to the Authority in 1994-95 to allow for assessment of applications to conduct casino gaming in New South Wales, monitoring of ongoing operations of the casino, and to protect the integrity of gaming.

OFFICE OF THE CHIEF SECRETARY AND MINISTER FOR ADMINISTRATIVE SERVICES

The allocation of \$12.4 million provides for payments to the Commercial Services Group for general government services (i.e. Government Gazette, provision of government information/publications, period contract administration and telecommunications), residual employee related costs related to the sale of the Government Cleaning Service, administration of the National Procurement Program and administrative expenses of the Minister's Office and the Strategic Policy Unit.

5.3.6 MINISTER FOR COMMUNITY SERVICES, MINISTER FOR ABORIGINAL AFFAIRS AND MINISTER FOR THE AGEING

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Department of Community Services	840.0	912.1	8.6
Social Policy Directorate	6.4	6.6	3.1
Community Services Commission . . . . .	...	2.4	n.a.
Office of Aboriginal Affairs	0.2	3.3	n.a.
Total, Minister for Community Services, Minister for Aboriginal Affairs and Minister for the Ageing	846.5	924.4	9.2

Total recurrent payments in the portfolio will increase by \$75.4 million or 8.9 per cent. This is mainly due to growth in the Home and Community Care program and other services funded by the Department of Community Services and changes to the timing of payment of grants in 1993-94 for disability services and children's services.

DEPARTMENT OF COMMUNITY SERVICES

The Department provides and funds services for children, older people, people with disabilities and families.

Expenditure Trends and Recent Developments

The Department of Community Services uses funding provided by both the State and the Commonwealth. In 1993-94 the responsibility for disability services was transferred from the Commonwealth to the State and this was one of the factors causing real growth between 1992-93 and 1993-94. The Department also uses Federal funding for Home and Community Care, Supported Accommodation Assistance and Children's Services.

Significant factors which are currently impacting on the Department's resource allocation strategies are as follows -

- implementation of the Usher report, which devolves greater responsibility for service delivery of substitute care for children to non-government organisations; and
- the current economic situation, which is continuing to place considerable strain on the community and is still generating a high demand for welfare services.

1994-95 Budget

The Department of Community Services will receive a general boost in funding in 1994-95 of roundly \$42 million in addition to funding increases for particular initiatives. This increase will enable the Department to comprehensively address areas of high priority.

Key activities of the Department of Community Services include -

- **Child Abuse Investigation, Prevention and Education**

An amount of \$2 million is included within the Departmental budget to provide services for the prevention and investigation of child abuse.

A total of \$42.2 million (up \$2.5 million or 6.4 per cent on 1993-94 expenditure) will be provided for projects associated with the protection of children from abuse and neglect, including funding for child protection services provided by non-government operators (\$2.4 million), financial assistance to vulnerable families (\$495,000) and funding for the Child Sexual Assault Program (\$890,000).

An amount of \$465,000 will also be provided in 1994-95 to promote awareness of the Department's 24 hour Domestic Violence Service throughout New South Wales.

- **Substitute Care of Children**

An amount of \$72.5 million has been provided in 1994-95 for the appropriate care for children separated from their parents, including those who have no parents. Programs being funded include grants to community based substitute care organisations (\$17.7 million), child support allowances for foster parents (\$17 million) and family group homes (\$939,000).

- **Child Care**

Funding of \$80.6 million has been allocated to assist the community in the provision of child care services. The increase over last year's expenditure is due in part to a change in the timing of payment of 1994 grants, with Term 3 payments being made in the 1994-95 financial year.

Programs funded include pre-schools and day care centres (\$66.8 million), vacation care (\$2.7 million) and early childhood resource and support projects (\$3.4 million).

- **Support for Families**

An amount of \$54.4 million has been provided to assist families with significant social, coping or functioning difficulties. This includes provision for continuation of projects under the Area Assistance Scheme and for initiatives announced in Family Week 1993.

Projects being funded in 1994-95 include Community Development (\$14.7 million), Community Youth and Adolescent Support (\$10.6 million), and Family and Individual Support (\$17 million).

1994-95 will be the second year of a two year \$1.8 million intensive family support service involving the funding of two services in Campbelltown and Casino. The services will assist families where children are at risk of being placed away from their families because of abuse or neglect.

- **Family Week**

Family Week will again be held in 1994-95 (funding of \$500,000) with a program of public events and activities designed to strengthen family relationships and focus on values that make families and communities successful. In addition to funding for Family Week, an amount of \$500,000 is being made available for a range of initiatives for Year of the Family.

- **Community Support Services for Older People or Persons with a Disability and Disadvantaged Groups**

These services are provided to assist individuals, frail older people and persons with a disability to remain within the community and to assist significant disadvantaged groups and communities to help minimise their social, coping or functioning difficulties.

An amount of \$374.8 million (up \$58.7 million on 1993-94 expenditure) has been allocated in 1994-95. Specific provisions include Assistance to the Disabled (\$123.9 million), Community Care Services (\$1.1 million, and Voluntary Organisations (\$4.2 million).

Assistance to the Disabled payments in 1993-94 did not reach the projected level due to on-going consultation with the disability sector on the development of policies in respect of transition funding under the Disability Services Act.

- **Home and Community Care Program**

The Home and Community Care (HACC) Program is a joint Commonwealth/State Program which has operated since 1986. The Program is targeted at the frail aged and people with disabilities, who live in their own homes, and their carers.

HACC provides funds for a wide range of support services to assist the target group to continue to live independently and therefore avoid premature or inappropriate admission to residential care in hostels or nursing homes, or to hospitals.

The co-ordinating Minister in New South Wales is the Minister for Community Services. The Program is administered through the Departments of Community Services, Health, Housing, Transport and the Home Care Service.

Total estimated expenditure in 1994-95 amounts to \$231 million an increase of \$16.5 million or 7.7 per cent from 1993-94. The NSW Government contribution will be \$92.5 million.

The real growth in HACC services will enable services to be expanded as well as maintaining all existing approved services in the areas of -

Home Help	- Help with cleaning, cooking, banking, washing etc.
Home Maintenance	- changing light bulbs, fixing taps etc. as well as arranging certain home modifications.
Food Services	- centre based meals, meals on wheels, neighbourhood buying services.
Community Respite Care	- for those caring for frail aged or young disabled, giving them respite from that role.
Community Paramedical	- assistance for those needing physiotherapy and other therapy at home.
Community Nursing	- for those needing professional nursing attention at home.
Education, Information and Co-ordination	- to keep those who need care and their carers fully informed about availability of services

Estimated expenditure under the HACC program by the following agencies from Budget sources is -

	\$m
Department of Community Services	68.0
Home Care Service	104.9
Department of Health	39.9
Department of Housing	8.1
Department of Transport	7.4
Local Government Sector	2.7
	<hr style="width: 100%; border: 0.5px solid black;"/>
	231.0
	<hr style="width: 100%; border: 0.5px solid black;"/>

Funding under HACC includes funding for the Home Care Service of NSW, a statutory authority responsible to the Minister for Community Services through the Director-General of the Department of Community Services. The objective of the Home Care Service is to provide consistent, high quality, cost effective household based support services to frail or at risk aged people, younger people with disabilities, carers and families in crisis.

Estimated total expenditure by the Home Care Service in 1994-95 is \$113.9 million, including the Budget contribution of \$104.9 million.

- **Protection, Guardianship and Advocacy for Older People and Persons with a Disability**

This program incorporates the activities of the Guardianship Board of New South Wales. Funds of \$5.2 million have been allocated to ensure the protection, care and rights of older people and people with a disability.

The program includes funding for five additional licensing inspectors for boarding houses and similar facilities, in response to issues raised in the Burdekin Report.

- **Crisis Support and Accommodation**

An amount of \$80.3 million will be spent to provide assistance to people who are in crisis, are homeless, are moving towards independent living or are returning to their own families.

The Supported Accommodation Assistance Program (SAAP) is a joint Commonwealth/State program directed at providing assistance to community organisations operating accommodation or other support services for people who are homeless.

During 1993-94, a SAAP State Review was finalised. The Review was the first comprehensive review of services since the inception of SAAP in 1985. It specifically focused upon service delivery outcomes. The Minister for Community Services has released the findings of the Review and is currently seeking responses to the various recommendations.

New South Wales, in conjunction with the Commonwealth, has made funds of \$3.3 million available in 1994-95 to continue projects for the Youth Social Justice Strategy which increases the number and range of accommodation options for homeless young people up to 18 years of age. The funding promotes links between agencies and co-ordinates services with an emphasis on medium to long term accommodation.

- **Supported Accommodation for Persons with Disability**

An amount of \$202 million will be spent to assist, accommodate and support persons with a disability and maximise their independence and participation in the community.

- **Post School Options**

The Post School Options program commenced in New South Wales in 1993 on a trial basis as an initiative by the State Government which recognised both the needs of, and the difficulties faced by, young people with disabilities who were about to leave school.

With an initial government commitment of \$3.6 million, the Post School Options program currently serves some 350 people across New South Wales.

Potential users of the program are identified while still at school, so that a transition plan between school and the program can be mapped out. This usually involves consultation between the client, their family, the school and the Department to bridge the gap between school and community life, and to ascertain new directions for the person concerned. Programs might involve the person in skills acquisition, recreation and social activities or pre employment training.

- **Acquired Brain Injury**

Services proposed under the Brain Injury Action Plan have been established and \$1.4 million has been allocated to fund these services on a recurrent basis.

Phase two planning is now underway with the development of a draft statewide strategic plan for the provision of long term community support services for people with an acquired brain injury, their families and carers in New South Wales.

SOCIAL POLICY DIRECTORATE

The Directorate includes the Office on Ageing, the Office on Disability and the Office on Social Policy. The core functions of the agency are policy development and provision of advice to the government on social issues and the setting of social objectives.

The allocation for 1994-95 is \$6.0 million. An enhancement of \$400,000 has been provided to implement the recommendations of the Mature Workers Taskforce Report designed to tackle discrimination against mature-age people in the workforce and to improve job prospects for older workers.

Additional funding has also been provided for initiatives associated with the "International Year of the Family" (\$232,000) and the "Agenda on Positive Ageing" (\$659,000).

OFFICE OF ABORIGINAL AFFAIRS

The Office of Aboriginal Affairs was established as a separate agency on 1 July 1993. The Office supports initiatives and activities of other New South Wales public sector agencies aimed at improving policy and program responses that address the needs and aspirations of Aboriginal and Torres Strait Islanders peoples. It provides policy advice to the Minister for Aboriginal Affairs and advisory services to the government.

The allocation for 1994-95 is \$2.4 million which includes an enhancement of \$598,000 for the restructure of the Office. Funds will be directed to the creation of five new Community Adviser positions to be located in regional New South Wales; the separation of policy co-ordination from field operations and the establishment of a separate Secretariat and Management Services Division.

COMMUNITY SERVICES COMMISSION

The Community Services Commission has recently been established by the Government and comes into full operation in September. Funding of \$2.5 million for 1994-95 (\$3 million per annum) has been provided.

The Commission is part of a new complaints, appeals and monitoring arrangement that covers services provided by the Department of Community Services, the Home Care Service and non-Government services funded by the Department.

The Commission's role is to -

- encourage the resolution of complaints at the local service level whenever possible;
- assess and where necessary investigate and conciliate complaints about unreasonable conduct by service providers;
- review the situation of people in care;
- monitor the standard of service delivery; and
- co-ordinate the Community Visitors scheme.

The Community Services Appeals Tribunal has the responsibility for reviewing decisions relating to custody and guardianship of wards and protected persons, funding of disability services, children's employment and licensing of adoption, fostering and child care services.

5.3.7 MINISTER FOR CONSUMER AFFAIRS

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Department of Consumer Affairs	32.2	34.9	8.4
HomeFund Commissioner's Office	4.2	1.6	(-) 62.1
Total, Minister for Consumer Affairs	36.4	36.5	0.3

The significant movements in the level of expenditure of agencies in this portfolio relate to -

- the anticipated finalisation of work by the Homefund Commissioner in 1994-95; and
- approval given to the Department of Consumer Affairs to rollover unspent 1993-94 enhancement funds in respect of Commercial Tribunal expenses and for investigation and prosecution expenses.

DEPARTMENT OF CONSUMER AFFAIRS

The Department of Consumer Affairs promotes an informed and fair marketplace, leading to consumer confidence. This is achieved through advice on and mediation of disputes, market regulation, education, trade measurement, business registration and business licensing and information services.

This diversity of the Department is reflected in its broad objectives of -

- advising the Government on consumer issues;
- helping consumers and traders exercise their rights and obligations;
- deterring, detecting and remedying unfair trading; and
- protecting the marketplace through registration and licensing.

The Department deals with approximately 2.4 million contacts per year. An average of one in every twenty people in New South Wales contacts the Department each year.

Expenditure Trends and Recent Developments

Consumer Affairs was established in July 1991. Current payments have been relatively stable rising from \$31.0 million in 1992-93 to \$34.9 in 1994-95. Departmental achievements since July 1991 include -

- improved national co-operation in consumer protection. For example, a national Vehicle Security Register is underway and the Business Licence Information Service now provides the service for Northern Territory and ACT Governments;
- working towards mutual recognition/national recognition of regulatory standards including product safety, information standards, and occupational licensing;
- improved consumer awareness as evidenced by some 54 regional papers now carrying consumer columns;
- new services implemented including HomeFund Advisory Service and the Financial Counselling Trust Fund which will fund financial counselling services for consumers;
- introduction of a single licence for service stations; and
- registration system for limited partnerships and solicitor corporations.

1994-95 Budget

Key initiatives within the 1994-95 Budget allocation of \$34.9 million include -

- Credit Law Reform - funding has been provided to enable the Department to prepare for the implementation of the National Uniform Credit Legislation due to be introduced during the Budget session of Parliament. The new legislation will broaden coverage of all forms of consumer credit and is the most comprehensive credit reform for a decade;
- Review of Commercial Agents/Private Inquiry Agents Regulation - during 1994-95 the Department will complete its review of the legislation regulating the Commercial Agents and Private Inquiry Agents industry. The review is expected to culminate in changes which will clarify and simplify existing regulatory arrangements;
- Review of Regulation of Motor Trade - the Department's review of the retail motor trade will be completed. The review encompasses the motor vehicle life cycle including sale, resale, repairs, maintenance and dismantling. Outcomes of the review are expected to include legislation without unnecessary regulation and complexity that meets the needs of the modern market place;
- Sydney 2000 Olympics/Consumer Protection Strategy - during 1994-95 the Department will continue work on the development of a comprehensive consumer protection strategy for the Sydney 2000 Olympic Games. The aim of this initiative is to develop strategies to prevent unfair trading practices during and in the lead up to the Sydney Games;

- A number of Commercial Tribunal hearings regarding large financial institutions requests for reinstatement of forfeited credit charges are anticipated to conclude in 1994-95. In addition assistance will be provided to consumers in sensitive legal cases which have the potential to establish important precedents in commercial law; and
- An increase of \$0.1 million in the Credit Counselling Program allocation to assist the larger metropolitan financial counselling services.

HOMEFUND COMMISSIONER'S OFFICE

The HomeFund Commissioner's Office was established in May 1993 to assess the merits of any complaints made against the Fund, whether the complainants were entitled to any legal remedy, and to determine the value of any compensation applicable.

As at 30 June 1994, the Office had received 8,291 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. An allocation of \$1.6m has been provided for the Office in 1994-95.

It is anticipated that the work of the HomeFund Commissioner will be completed in 1994-95.

5.3.8 MINISTER FOR EDUCATION, TRAINING AND YOUTH AFFAIRS AND MINISTER FOR TOURISM

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Ministry of Education and Youth Affairs	91.5	102.8	12.3
Department of School Education	3,215.2	3,373.7	4.9
New South Wales Technical and Further Education Commission	855.3	877.6	2.6
Tourism New South Wales	32.9	38.3	16.4
Total, Minister for Education, Training and Youth Affairs and Minister for Tourism ...	4,194.9	4,392.4	4.7

Current payments will increase by almost \$198 million in 1994-95. The increase in the allocation to the Ministry largely reflects the transfer of responsibility for administration of the Commonwealth Intervention Support Program from the Department of School Education. The Ministry will also commence a new Key Competencies Project, funded by the Commonwealth, this year.

Total expenses for School Education in the current year include over \$60 million for the implementation of the recently announced Government initiative to increase teacher numbers. These funds are included within the Department's Strategic Plan Program.

TAFE NSW's allocation in 1994-95 includes Commonwealth "growth funds" as well as an additional \$3 million as a general provision for enhancements for such matters as increased enrolments and maintenance requirements.

The increase in the allocation for Tourism reflects the provision of additional Government funding, subject to matching industry contributions, for expenditure on advertising. These funds will largely be utilised to extend the "Seven Wonders" campaign into Asia.

MINISTRY OF EDUCATION AND YOUTH AFFAIRS

The Ministry's role is to co-ordinate major education policy initiatives. Through the Board of Studies it undertakes curriculum development for the State and administers the School and Higher School Certificate examinations.

The Office of Youth Affairs is responsible for co-ordinating the development and ongoing implementation of the Government's Youth Affairs Policy.

The Government's *Directions* policy framework encapsulates the Ministry's recent policy work in vocational education and training. Key features of this policy are the development of new initiatives to support the delivery of entry level training through the school curriculum and to focus on improving linkages between the school, training and higher education sectors through broader reporting arrangements.

The Ministry is also continuing to ensure that equity issues are addressed effectively throughout the portfolio in collaboration with other departments and agencies. This role is assisted by a well-established range of consultative structures, including Ministerial Advisory Committees which provide advice to the Minister on issues in multicultural education, rural education, special education, aboriginal education, the equality of the sexes in education and the education of gifted and talented students.

Continuing support of the Ministerial Advisory Council on Teacher Education and the Quality of Teaching (MACTEQT) during 1993-94 included convening a Working Party to finalise the "Strategic Policy Framework in Teacher Education" and coordinating the publication, launching and circulation of a statement, *Desirable Attributes of Beginning Teachers*. As a result of these initiatives New South Wales now has an explicit and public statement of the standards expected of beginning teachers in State schools and clear and comprehensive strategic policy goals for initial teacher education.

In 1994 the Board of Studies introduced arrangements for more flexible access to the Higher School Certificate and developed a number of syllabuses for government and non-government schools in new subject areas. The Board also participated in reviewing *National Learning Area Profiles and Statements* and the *National English as a Second Language (ESL) Scales* last year.

Credit transfer arrangements have also been extended significantly, allowing students who complete specified Higher School Certificate subjects to have these counted towards a TAFE NSW qualification. There are now over 100 TAFE NSW courses in which HSC students may gain advanced standing.

In 1993 the School Certificate was awarded to 75,214 students and the HSC to 61,359 students.

Last year the Office of Youth Affairs co-ordinated more than 330 programs that underpin the Government's Youth Affairs Policy. These programs are provided through 67 State Government agencies.

1994-95 Budget

During 1994-95 work at the national level will continue with the ongoing support of other state education and training agencies and in consultation with major interest groups and authorities. This will ensure that New South Wales fulfils its responsibility for leading policy development in education and training across Australia.

Major initiatives to be undertaken by the Ministry during the current year include -

- coordination of a two year pilot study by education and training portfolio agencies, DIRETTE and non-government schools into new reporting arrangements for the School Certificate;
- the development of a consultation paper leading to the provision of formal advice to the Government on policies to clearly define post school linkages, participation targets and strategies to improve access to education and training and resources;
- piloting a variety of educational delivery models and evaluating assumptions underpinning the delivery of vocational skills through school programs;
- the implementation of Stage 2 of the *NSW Strategy for Equity in Education and Training* which will break new ground by introducing an integrated strategy for equity covering all areas of education and training;
- extension of the *NSW Strategic Policy Framework for Teacher Education* to cover induction and professional development and TAFE teacher education and funding for the completion of an information system in teacher education; and
- the development of strategic policy and planning initiatives in education and training, based on a survey of young peoples' post school plans.

In 1994-95, significant initiatives of the Board of Studies will include -

- the extension of credit transfer arrangements to include a greater range of subjects for which students may receive advanced standing towards HSC and TAFE NSW credentials;
- the introduction of Special Education initiatives, including the development of a student profile sheet for detailing the achievements of students with special needs and guidelines for teachers writing courses for students with special needs; and
- the development of dual-accredited Vocational Content Endorsed Courses, including the introduction of additional dual-accredited courses in the areas of building and construction, furnishing and rural studies for students in 1995.

The Board will also continue work on the development of syllabus and support materials and will further develop proposals for assessing and reporting student achievement.

The Office of Youth Affairs has been allocated \$7.4 million for youth initiatives in 1994-95. The Office's major focus will be on reviewing the Government's Youth Affairs Policy, improving co-ordination of youth services provided across the Government sector to better meet the needs of young people, and the development and implementation of programs to assist young people who are educationally disadvantaged.

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 almost 760,000 students in over 2,200 schools.

Assistance to non-government schools is also provided through School Education.

Total current payments by the Department of School Education will amount to \$3,373.7 million in 1994-95, growth in the current year reflecting the Government's recent commitment to increase teacher numbers.

Details of recent developments in the area of School Education follow -

School Based Funding and Grants to Schools

As part of the Department's strategic plan programs, once-off funding was provided to schools in 1993-94 for a package of initiatives to meet the costs of improving technology, especially in small and rural schools, and for staff development activities to support curriculum initiatives negotiated as part of the recent enterprise agreement with the Teachers' Federation. The \$30 million provided for these purposes will provide a strong foundation for continuing improvements in quality teaching and learning in 1994-95 and future years.

Total funding allocated directly to schools during 1993-94 amounted to almost \$230 million.

Reporting Student Achievement

In 1993 the Department of School Education assumed management responsibility for the Basic Skills Testing Program. This program provides important measures of student outcomes for the information and use of teachers, parents, schools and regions.

In reporting student achievement to parents, the Department has in place a number of statewide initiatives including -

- assessing and reporting the level of achievement in each key learning area;
- measuring student achievement using curriculum profiles;
- monitoring student performance; and
- disseminating examples of best practice to parents and the community.

Schools Renewal and Training and Development

The Department of School Education in 1994 moved to its final year of a five-year Schools Renewal plan involving the devolution of responsibility from the centre to regions and schools. Functions devolved to schools include local selection on merit for all principal and executive positions, except for those filled by nominated and incentives transfers.

School-based budgeting has been expanded and arrangements streamlined to incorporate the bulk of school expenditure, with the exception of salaries and capital works and targeted special program funding.

In line with this program schools were directly allocated \$12.82 million, or 67 per cent of the total ongoing professional in-service funds available in 1993-94, as compared to \$2.4 million or 20 per cent of the total pool of professional development funds available 3 years ago. During 1994 schools were also allocated an additional \$8 million for training and development for 1994-95 to specifically support the following curriculum initiatives contained in the enterprise agreement between the Department of School Education and the NSW Teachers' Federation -

- English K-6;
- Introducing Key Learning Areas profiles, Year 7;
- Literacy across the curriculum, Year 7; and
- Vocational Education.

Staff in schools undertook an average of 6.6 days professional development in 1993, an increase from 5.2 days in 1991 and almost three times the 1990 level of 2.4 days.

In addition to school-based training, \$6.2 million is being spent in 1994 on regional and statewide training and retraining programs to support teachers and schools. Over 13,000 staff will participate in major statewide training and development programs, including support for tertiary study, during 1994.

Quality Assurance

The Quality Assurance Directorate is now in its second full year of operation. The Directorate is reviewing the performance of all schools on a cyclical basis; evaluating system and regional programs supporting schools; and monitoring best practices in teaching and learning in schools.

The school reviews are focused on the achievement of a greater level of public accountability, the optimal development of individual schools and the improvement of student learning outcomes. Reviews involve significant participation by parents, students and school staff and in the 12 month period to June 1994 over 500 schools have been reviewed, involving interviews with some 11,000 school staff, 17,000 students and 11,000 parents in the process.

The program of school reviews is now well established and widely accepted. The program is on schedule to review all schools within a four year period.

Special Education Strategic Plan

The Special Education Plan 1993-1997 supports and enhances the effectiveness of initiatives established by the Government under the initial 4 year plan, when some \$80 million was committed to Special Education.

During 1993-94, further initiatives were undertaken to ensure a co-ordinated approach to teacher education in special education. Action is being taken to support early literacy initiatives in all schools in conjunction with the implementation of the new K-6 English Syllabus. A number of these initiatives will focus specifically on ensuring early literacy success and the prevention of learning failure.

Early intervention developments have also been enhanced through regional Early Learning Programs which involve continued collaboration with other government departments. For example, a pilot project is underway in conjunction with the Department of Health to enhance social skills and reduce aggression in young children who have been identified as needing additional support in this area.

Gifted and Talented Students

The Government strategy for the education of gifted and talented students continues to provide a focus on the special needs of these students. Major gifted and talented student programs are facilitated through selective schools, specialist schools, centres of excellence, specialist classes and special provisions like regional camps, Art Express, and the Young Innovators Award. These programs are further supplemented by school and classroom based strategies. A special focus is also being given to disadvantaged students to ensure equity principles are applied.

Program initiatives in this area include the expansion of specialist classes for intellectually gifted primary students, and a mentor program linking exceptionally talented students with similarly talented community members. Accelerated progression is being used with increased frequency to provide early entry to school and single subject or whole grade progression for exceptionally talented students.

Multicultural Education

In 1993-94 the Department maintained its commitment to promoting the mutual respect and understanding of diversity that is fundamental to social cohesion within a multicultural society.

The *Ethnic Affairs Policy Statement Plan 1993-97* outlines strategies to ensure that the Department's services are accessible and intelligible to people who do not speak English, or who have a limited command of English, or who observe customs special to their cultural background.

The second year of implementation of this Plan continued to promote strategies that target development and maintenance of cross-cultural awareness and skills in teachers and staff and in curriculum and resource materials consistent with the State's diverse cultural and linguistic traditions.

In 1993-94 the Department took a leading role in the development of the *National English as a Second Language (ESL) Scales* which -

- provide guidance to teachers about helping students from a non-English speaking background to develop English language skills through their learning across the curriculum;

- support improved teaching and learning in the classrooms; and
- enable better decision making about catering effectively for student needs.

This document complements the eight subject profiles developed nationally in key learning areas.

Technology in Administration

The Department of School Education successfully implemented new accrual accounting and budget systems during 1994. These systems have been developed within the department to enable interaction with other management information systems.

The Department has also successfully implemented a revised version of the personnel system during 1994. This system contains new and improved functions for staff matching, is easier to use and is more efficient than the system it replaces.

Enterprise Agreement

In December 1993 School Education reached an agreement with the Teachers' Federation for an Enterprise Agreement covering teaching staff. This Agreement sets the charter and industrial framework for the introduction of new curriculum and other major educational initiatives. It also incorporates many items which will benefit teaching and learning in schools, including principles for the introduction of new curricula, performance appraisal for teachers, new executive structures and alternative methods of work organisation for school-based staff.

1994-95 Budget

A number of important initiatives will be implemented in the area of School Education this year. These enhancements will continue to build on the significant improvements in educational services introduced over recent years.

Increase in Teachers in Key Priority Areas

The Premier recently announced a package of initiatives which will result in the employment of an additional 1,466 teachers this year and \$60 million is included within the Department's Strategic Plan Program to meet the recurrent costs involved in 1994-95. These teachers will target a number of key priority areas such as literacy and numeracy, secondary retention, community languages, special education and school welfare.

Specifically, 437 primary teachers will be appointed during 1994-95 to ensure that no Kindergarten class need exceed 26 students; no Year 1 class need exceed 28 students; no Year 2 class need exceed 29 students; and no Year 3-6 class need exceed 30 students. The appointment of a further 280 secondary teachers will ensure that no Year 11 or 12 class need exceed 24 students.

Additionally, teachers will be recruited, trained and allocated across the State to provide educational services in the areas of school counselling, literacy and numeracy, community languages, and special education.

An additional 7 positions will be provided for the Parents as Teachers Program to enable the extension of this scheme to all regions throughout New South Wales, while the equivalent of 117 full time positions will provide relief from face to face teaching to the newly appointed primary teachers and principals of small schools.

Outcomes Based Teaching

The implementation of a profiles approach to teaching and learning is a key dimension of the Department's Curriculum Plan for 1994-95. In 1994 the Department is implementing the profiles into each Key Learning Area in Year 7.

The articulation of student outcomes at eight levels of achievement are providing teachers, students and parents with a common set of standards, which give a clear sense of where students are and where they are going.

In order to achieve an outcomes-based education for students, the Department is providing a statewide training and development program for teachers in relation to -

- the implementation of 1994 curriculum priorities;
- assessment and reporting strategies; and
- the use of curriculum profiles and statements of student progress.

The profiles will ultimately assist teachers to plan, facilitate continuity, stimulate better teaching methods, respond to individual needs and learning styles and judge whether a student is ready to proceed to the next level. This approach is also expected to encourage teachers to use a wider range of assessment methods.

Languages Other Than English (including Asian Languages Programs)

The Language Other Than English (LOTE) Program has a strong focus on increasing the number of students studying Asian languages while also ensuring a continued expansion in the study of other priority languages and languages of community demand.

A comprehensive long term plan which aims to have all students studying languages through primary school and into high school has been developed. Shorter term action plans set out strategies to increase the number of language programs in NSW government schools. These include -

- the provision of teaching materials for teachers of Chinese, Indonesian, Japanese and Korean;
- training to assist teachers incorporating these materials into lessons;
- the development of primary programs suitable for delivery by satellite or video, including additional resource support;
- the appointment of additional language advisers;
- the development of a Japanese Immersion Centre;

- a range of language and methodology training programs to increase the number of primary teachers with the skills to teach LOTE; and
- the development of appropriate curriculum support materials for years K-12 across a range of languages.

The Government is providing \$3.5 million in 1994-95 to support Asian language programs and for the training of primary teachers to further extend the LOTE program.

Over the period 1995 to 1997 some 1,000 primary teachers are to be trained as language teachers to extend the LOTE program.

Initiatives in this area are in line with the thrust of the National Asian Languages Strategy and will integrate with the Commonwealth's recent Budget commitment in this area.

Student Welfare and Behaviour

The Department of School Education has in place a systemwide and comprehensive student welfare program to encourage young people to reject violence. The anti-violence initiative announced last year will receive over \$5.1 million in 1994-95 to fund 102 additional specialist staff, including 20 school counsellors. This complements the recent development of additional curriculum support materials to facilitate learning within the Personal Development, Health and Physical Education key learning area.

These support materials address areas such as effective communication, conflict resolution skills and responding in non-violent ways. Education programs have also been designed to prevent violence and to promote responsible behaviour in schools. These include -

- conflict resolution;
- peer support initiatives;
- anti-racism programs;
- school student welfare committees;
- student leadership programs;
- mediation training programs for students and staff; and
- home-school collaboration schemes.

Another area to be addressed as part of the Department's strategic plan in 1994-95 will be the introduction of further programs, in conjunction with other government agencies, to improve parenting skills and student welfare.

Use of Technology in Schools

Additional technology funding was provided to schools in 1993-94. Specifically this involved the allocation of -

- \$4.2 million for the installation of updated library reference software in small schools;

- almost \$4 million to non metropolitan schools for teleconferencing facilities, receiver only satellite dishes, computer modems and user training;
- \$10 million to all schools for the purchase of computer equipment; and
- \$2 million for the upgrading of training in the use of technology in schools.

This funding supplemented initial recurrent computer allocations totalling \$17.8 million to enable the provision of staff development and the acquisition of additional and replacement hardware and software to support curriculum initiatives.

Technology initiatives for administration in schools will receive an additional \$11 million during 1994-95 for implementation of further computer applications in the following areas -

- Interactive technologies for teaching Languages Other Than English (LOTE);
- Satellite receiving systems for delivery of educational programs;
- Communication equipment for on-line data base and electronic mail access; and
- OASIS version 2, a school based administration, finance and library management system. This new version builds upon the strengths of the current OASIS system and will provide schools with greater flexibility in office administration and reduce time consuming tasks such as timetabling and storing student details.

Senior Years of Schooling

The Department of School Education is providing 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 recognised within, a wide range of employment, training and further education settings.

Students are now 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 four innovative and flexible pathways.

The Department of School Education has reformed school structures for the provision of post-compulsory education and a total of four senior colleges have been established. The aim of the senior colleges is to increase the curriculum options for students in a mature learning environment.

An amount of \$3.67 million has been provided in 1994-95 out of the Australian National Training Authority (ANTA) growth funds to further assist in meeting student demands for additional accredited courses in joint secondary school/TAFE programs.

TECHNICAL AND FURTHER EDUCATION COMMISSION

The NSW TAFE Commission provides vocational and pre-vocational education and training to meet the needs of industry, students and the community. Both course development and delivery take into account the changing nature of the working environment, shifts in demands for skills, the diversity of the population and the different needs and aspirations of students.

Expenditure Trends and Recent Developments

Over the past few years recurrent expenditure by the NSW TAFE Commission has steadily increased in line with additional Commonwealth funding being made available through the Prime Minister's "One Nation" statement. The allocation of \$877.6 million in 1994-95 is 2.6 per cent higher than actual expenditure incurred last year. The increase in the level of funding being provided, together with productivity improvements achieved by the Commission, is facilitating a continued increase in enrolments.

Through its eleven Institutes structure, TAFE NSW has implemented a range of strategies and initiatives aimed at improving the delivery of courses and the better use of resources. Institutes are rationalising accommodation, equipment and staffing, while flexible delivery options are improving access and increasing the range of programs available as Institutes supplement classroom attendance with distance education using the resources of the Open Training and Education Network (OTEN).

In 1993, some 423,000 students were enrolled at over 100 locations across New South Wales. Most Commission courses provide vocational education and training directly related to preparation for or advancement in employment. Others aim to increase the levels of literacy, numeracy and generic skills of adult members of the community and increase access to the development of vocational skills.

Major award courses meet the broad, ongoing needs of industries and occupations, with priority being given to courses for those industries identified by the Government as critical for the State's economic development. Courses are offered at the operator to paraprofessional levels, with some leading to professional qualifications.

To maximise resource efficiency and to enhance individual training pathways, the Commission's courses articulate internally and with secondary schools and university programs. Examples of articulation with secondary schools include the Joint Secondary Schools TAFE programs and the recently implemented *Directions* policy framework.

Details on recent developments follow -

Enrolment Trends

In keeping with the Government's policy of increasing education retention rates, the Commission has experienced an increase in enrolments of 1.3 per cent between 1992 and 1993 and a 3.9 per cent increase in Equivalent Full Time Students (EFTS) in the same period. There has also been a 7.3 per cent growth in enrolments for young people under 19 years.

Enrolment patterns in 1994 reflected the improving economy, growth in certain employment areas and the increasing popularity of courses on offer by TAFE NSW. In 1994 every Institute has experienced growth in the number of equivalent full-time students, with the Statewide average being an increase of 3.9 per cent.

The growth in enrolment also reflects increased provision for industries which are key areas for economic development such as hospitality and tourism, computing and the building and construction industry.

Development of Information Systems

During the 1993-94 year the Commission made a significant investment in the implementation of some major Information Technology projects to increase the efficiency and effectiveness of its management decision-making.

The following systems were fully implemented during 1993 and are now accessible to staff in all colleges in the State -

- The Student Course Information System - This electronic database, comprising the Enrolment Fees System, the Student Course Information System and the Course Information System, has allowed decentralisation of student administration to the Institutes. This has resulted in faster processing of enrolments, better access to course information and more efficient and timely posting of result notices.
- The Human Resources Management Information System - The Commission has a large workforce, dispersed across over 100 locations in the State. A significant number of part-time teachers are employed, bringing the total equivalent full time staff to 17,500.

The Lattice Human Resource Management Information System has been implemented to provide the Commission with up-to-date, on-line access to all staff records. This has achieved extensive savings in time and increases in efficiency.
- The TAFE Integrated Financial System - The New South Wales TAFE Commission has now implemented a new financial management system, with a number of modules, which has greatly increased the efficiency of the financial and accounting functions.

The availability and accessibility of data resulting from these new systems means that all levels of management in the Commission have increasingly accurate and timely information on which to base management decisions, as well as providing the basis for improved customer service.

National Developments

As the major provider of vocational education in Australia, TAFE NSW has played an important role in the development of a national vocational education and training system. National strategic plans and priorities are being established collaboratively through the Council of State and Commonwealth Ministers (MINCO) and the Australian National Training Authority (ANTA) for the national vocational education and training system.

Up until December 1993, the Commonwealth provided current and capital assistance to the States to support the operations of their TAFE systems under the States Grants (TAFE Assistance) Act 1989. This Act has now been overtaken by the Vocational Education and Training Funding Act 1992 and, from 1 January 1994, all Commonwealth payments to the State TAFE systems have been made through ANTA.

The Commission was involved in the establishment of the NSW Board of Vocational Education and Training (BVET), which liaises with ANTA on behalf of New South Wales. Legislation establishing the Board was passed in May 1994 and the Managing Director of the NSW TAFE Commission is a member of the Board.

The Board acts as the NSW point of contact with ANTA and provides advice to the NSW Government on the distribution of vocational education resources within the State. It also provides annual reports to ANTA to enable the compilation of integrated reports for the Ministerial Council.

The NSW TAFE Commission now receives funding from ANTA for general recurrent purposes, capital, National Projects, Interstate Co-operative Projects and "Growth" funds.

TAFE NSW has also been an active participant in the development of the *National Qualifications Framework*, which is to be implemented from 1 January 1995, and has responsibility for the marketing, communication and professional training strategies associated with this new initiative.

Collaborative Initiatives

Throughout 1993-94 the Commission entered into a number of collaborative initiatives with government agencies, the private sector and other education and training providers which will be ongoing and innovative.

In 1993 the Commission signed an agreement with the Navy to provide technical training for some 2,500 navy personnel. This project aligns the training levels of the Navy's existing staff with those undertaking new technical training and provides individuals with skills compatible with those in the civilian sector. A second contract signed in 1994 will train leading seamen and petty officers as marine and electrical technicians.

A joint venture between the Department of School Education, Southern Cross University and the NSW TAFE Commission at Coffs Harbour will open for student intake in 1995. This institution is a cooperative development and will provide post compulsory education through discipline-based programs across the three educational sectors under a single management structure.

The Ourimbah Joint Educational Project is another collaborative campus developed between the University of Newcastle and the NSW TAFE Commission. Students from the Central Coast and other areas will be admitted to TAFE courses at the beginning of 1995.

The NSW TAFE Commission, Department of School Education, University of Western Sydney and the Catholic Education Office are also negotiating to establish a further joint education precinct on the site of the former HMAS Nirimba Navy base. The precinct should cater for some 6,000 students in the early years of its operations.

The TAFE HSC Pathway

The Government's *Directions* policy framework provides a flexible range of pathways for young people by integrating general and vocational education after Year 10. The development of the framework has provided opportunities for joint planning activities between the Department of School Education and the Commission.

The TAFE HSC Pathway, one of four Pathways defined in *Directions*, is a Higher School Certificate delivered by the NSW TAFE Commission which includes accredited vocational and education training components. Currently the program enables students to achieve a Higher School Certificate, a Tertiary Entrance Rank and a TAFE Certificate within a two year time frame.

In 1994 the first intake enrolled 520 students. The majority of students undertook either the Tourism Guest Services Course or Microcomputing, with others enrolling in Horticulture Operations and Design Methods and Principles. This Pathway is being offered at 15 locations across 10 Institutes, and two new areas of study are to be offered in 1995 - Child Studies and Rural Studies.

It is anticipated that total enrolments in the TAFE HSC Pathway in 1995 will be in the order of 1,300, including the 520 continuing students.

1994-95 Budget

Enrolment Growth

An additional \$3 million has been provided in 1994-95 for enhancements such as increasing enrolments and maintenance requirements.

It is anticipated that initiatives detailed within the recently released Commonwealth paper *Working Nation* will have implications for the Commission in terms of projected growth in numbers of apprenticeships and traineeships. If the targets are achieved TAFE NSW will need to provide for some 15,000 new places by 1995-96.

While the take up rate in these areas is dependent upon employers in the first instance, the potential increase could see the Commission's educational focus move even more towards employment oriented provision.

The Assessment Centre for Vocational Education

The Commission's Assessment Centre for Vocational Education was officially opened in May 1994. The aim of the Centre is to provide products and services to facilitate improvement of assessment in vocational education and training in New South Wales and inform the development of state and national policies on competency based assessment.

The Centre will collaborate with Industry Training Advisory Bodies, the higher education sector, industry and other players to generate a more productive training environment.

Access and Equity

The NSW TAFE Commission is committed to providing programs and services which cater for students with special needs and backgrounds to ensure that their training and employment opportunities are improved. The Commission develops and delivers accredited courses for a number of target groups, including women, Aboriginal and Torres Strait Island people, the unemployed, people from non-English speaking backgrounds and people with disabilities.

The Commission will continue to make every effort to increase the overall levels of participation in its full range of courses, including those for students with special needs.

Quality Assurance

The TAFE NSW Quality Council, comprising senior Commission managers and union leaders, was established in February 1994. The Council advises the Commission on the implementation of quality improvement, strategies to support implementation, the adoption of quality principles and practices, information dissemination and ways of initiating and maintaining links with external organisations in the development of strategies to enhance quality.

TOURISM NEW SOUTH WALES

Tourism New South Wales is responsible for the strategic planning, marketing and promotion of tourism in the State.

Expenditure Trends and Recent Developments

Current payments for the agency have risen significantly over the past five years, increasing from approximately \$22 million in 1989-90 to \$32.9 million in 1993-94. This variation largely reflects the provision of additional funding by the NSW Government, primarily for new marketing initiatives.

Major developments during 1993-94 included -

- the launching of the "Seven Wonders of New South Wales" advertising campaign which has focused primarily on the domestic market. Market studies in Sydney, Brisbane, Melbourne and rural New South Wales show a boost in awareness of the State's holiday appeal from 25 per cent of the population before the launch to 40 per cent post launch;
- the achievement of a significant increase in industry contributions to Tourism New South Wales campaigns from \$5.7 million in 1992-93 to \$10.0 million in 1993-94;
- the production of four new product brochures;
- the distribution of grants of \$100,000 to each of the eleven regional zones in New South Wales for marketing and promotion;

- the establishment of Partnership Australia, which involves increased liaison between the Australian Tourist Commission (ATC), State and Territory tourism authorities and the tourism industry to improve Australia's competitiveness, reduce unnecessary duplication and deliver new products to overseas customers;
- the provision of substantial assistance to the ATC in hosting the Australian Tourism Exchange in Sydney during June 1994. This event is estimated to generate inbound tourism business of around \$1.5 billion for Australia;
- the commencement of the NSW Tourism Master Plan, which is expected to provide strategic focus for the Government, the tourism industry and the community up to the year 2010;
- the commencement in March 1994 of the "Meet and Greet" program. This program not only facilitates the arrival of international visitors at Sydney International Airport and provides them with information regarding the attractions of New South Wales, but also aims to provide skills and training to the long-term unemployed; and
- the development of a Product Distribution Strategy and a Regional Tourism Strategy.

1994-95 Budget

In 1994-95, the Government will provide additional funding of \$5 million to Tourism New South Wales, subject to matching additional industry contributions. These additional funds will be allocated to -

- extending the "Seven Wonders" campaign to Asia to target local television stations, to be supported with print advertising, wholesale packaging and public relations activities;
- implementing a number of key elements of the Master Plan, particularly with relation to cultural tourism, economic research, business development and improving the promotion of Sydney as a holiday destination; and
- fully developing and implementing recommendations of the Product Distribution Strategy relating to improving the distribution, wholesaling and retailing of New South Wales tourism products.

In addition, Tourism New South Wales intends pursuing strategies and initiatives aimed at -

- finalising and implementing the recommendations of the Regional Tourism Strategy;
- increasing visitation from the domestic markets by expanding the industry co-operative marketing program with more operators and increased financial support. Tourism New South Wales expects to maintain the advertising budget for this market at the 1993-94 level and will continue the "Seven Wonders" television and print domestic advertising campaign; and

- increasing international visitor nights to New South Wales by promoting Sydney as the gateway to Australia, increasing visitation to regional areas through the "Sydney and Beyond" advertising program, continuing involvement in Partnership Australia and supporting wholesalers with promotional material.

5.3.9 MINISTER FOR ENERGY AND MINISTER FOR LOCAL GOVERNMENT AND CO-OPERATIVES

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Office of Energy	32.5	34.5	6.3
Department of Local Government and Co-operatives	50.5	66.6	31.9
Total, Minister for Energy and Minister for Local Government and Co-operatives	93.0	101.1	21.8

Total recurrent payments in the portfolio will increase by \$18.1 million or 21.8 per cent. This significant increase is mainly due to the full year effect of funding the extension of the rate rebate scheme for pensioners.

OFFICE OF ENERGY

The Office of Energy co-ordinates State energy policy and promotes the responsible development, management and utilisation of the energy resources of New South Wales.

Expenditure Trends and Recent Developments

The Office of Energy was responsible for ensuring accountability for the smooth implementation of the Electricity (Amendment) Act 1993. This resulted in the distributors being governed by boards of directors, elected by local councils within a distributors area. The distributors functions are defined by the Act and they are obliged to carry them out in a commercial manner.

New Performance Agreements between the Minister and electricity distributors were developed. The Department will continue to monitor their implementation.

Funding of up to \$2.34 million has been approved for 23 new energy and research projects. The total value of support being provided for over 50 projects currently funded through the State Energy Research and Development Fund (SERDF) at 30 June was \$7.5 million. The projects extend over periods of up to three years.

Some of the key issues facing the Energy portfolio include -

- the structural reform of the electricity supply industry in New South Wales;
- ♦ the implications of the National Grid Management Council proposals for a competitive interstate electricity market;

- changing regulatory and market arrangements for the gas industry;
- the continued reform of energy pricing; and
- development of private electricity generation and co-generation.

1994-95 Budget

Estimated total payments for 1993-94 are \$34.5 million with funding to meet these costs primarily provided by the Consolidated Fund with energy industries contributing funds to a lesser extent.

The 1994-95 budget of the Office provides funding for -

- \$5.5 million for various studies and initiatives associated with the electricity and gas sectors;
- \$4.4 million to provide electricity rebates to pensioners;
- \$3.5 million to assist permanent residents of remote areas to have an adequate power supply;
- \$6.7 million for the Energy Accounts Payment Assistance Scheme which provides assistance to the financially disadvantaged in the form of \$30 vouchers issued after assessment by participating welfare agencies; and
- \$1.4 million of assistance grants to rural electricity distributors.

It is anticipated that the Office will be required to undertake licensing of the Moomba-Wilton natural gas pipeline and this will involve a substantial increase in regulatory responsibilities. The Pipelines Act 1967 is being amended to reflect the increased responsibilities. The amendments will enable the Office to levy license fees and more importantly have control over safety and other public interest aspects of the Moomba-Wilton pipeline operation. Other amendments proposed to the Pipeline Act 1967 aim to clarify and simplify the Act.

A Joint Public Sector Energy Efficiency Program has been established to promote the identification of opportunities for cost effective energy savings in NSW Government agencies. The program for 1994-95 includes a competitive energy audit grant scheme for NSW Government agencies, information exchange activities for key staff with energy use responsibilities and a seminar on Energy Efficiency in Government agencies.

A package of initiatives has been developed to promote small scale (less than 10 megawatt) co-generation in existing businesses. The initiatives include establishing a gas fired co-generation program demonstrating small scale projects in industry at a cost of up to \$500,000 over two years by the State Government.

DEPARTMENT OF LOCAL GOVERNMENT AND CO-OPERATIVES

The Department provides a policy and legislative framework for the local government and co-operative sectors. The allocation for 1994-95 is \$65.6 million, an increase of 39.6 per cent over the previous year. This is mainly due to the full year effect of funding the extension of the rate rebate scheme for pensioners.

With the introduction of the new Local Government Act from 1 July 1993, a major focus of the Department has been implementation of the Act to ensure that the community receives the associated benefits. This has involved extensive liaison with Councils including co-ordination and oversight of a range of training programs for Council staff and Councillors and development and distribution of guidelines and practice notes to assist Councils to achieve implementation requirements.

During 1993-94, both the Local Government Pecuniary Interest Tribunal and Local Government Remuneration Tribunal were established. The Remuneration Tribunal made an initial Determination effective from 22 April 1994 on the remuneration level for Mayors, Councillors and members of County Councils (other than electricity authorities).

During 1994-95 the Department will continue to assist with and monitor the implementation of the Local Government Act. This year will also cover the first full year of operation for the Local Government Remuneration Tribunal and Pecuniary Interest Tribunal, and the establishment of operating procedures for the Pecuniary Interest Tribunal.

On 1 March 1994 an agreement was made between the Commonwealth of Australia, the States and the Territories to establish the Australia Building Codes Board. The aim of the Board is to create nationally consistent building codes, standards, regulatory requirements and regulatory systems. The agreement identifies several key areas which target the reform of building regulations including the promotion of opportunities for deregulation.

5.3.10 MINISTER FOR THE ENVIRONMENT

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Environment Protection Authority	65.7	67.8	3.2
National Parks and Wildlife Service	73.1	89.8	22.8
Royal Botanic Gardens and Domain Trust	16.4	15.9	(-) 3.0
Urban Parks Agency	4.7	7.5	59.6
Total, Minister for the Environment	159.9	181.0	13.2

The increase in 1994-95 compared with the previous year reflects -

- substantial funding increases for a major resource package for fire management, pest species management and neighbour relations (National Parks and Wildlife Service); and
- development of centralised administration and planning functions and funding for increases in the maintenance costs of parks (Urban Parks Agency).

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 the degradation of the environment.

Expenditure Trends and Recent Developments

The Authority commenced operations in March 1992, with its first full year of operation being 1992-93. Payments increased by \$7 million in 1993-94 during the second year of a four year growth program that incorporated a range of new environmental protection initiatives.

1994-95 Budget

The Authority will continue to undertake programs to monitor environmental conditions particularly in the areas of air, water, waste and land. The metropolitan air quality study program and the ongoing monitoring and reporting of water conditions will be undertaken in urban and regional areas.

Programs for land and waste monitoring include -

Waste

- develop and maintain a waste database that identifies the nature and volume of waste generated in New South Wales and in turn, provides a basis for planning and monitoring the impact of waste reduction, reuse and recycling strategies.

Land

- develop and maintain a system to provide better information on categories of contaminated land through the Authority's land information register, and facilitate property transactions by improving linkages with relevant local government and planning systems.

Other programs during 1994-95 include -

- provide information and advice to the Government on the environmental implications of its pricing reform programs;
- review and better integrate land use planning and pollution control approvals with relevant State and local government authorities;
- contribute, through the Scheduled Waste Management Group, to the development of scheduled waste management plans;
- develop and implement a policy framework for the remediation of land contaminated by hazardous chemicals;
- participate actively on catchment management committees statewide to assist community involvement in environmental protection and administer effectively the urban catchment management committees;
- provide customer access to information on environmental issues;
- prepare guidelines for local government to assist councils to implement their statutory pollution control responsibilities; and
- design and assess the feasibility of a load-based licensing system, including a review of the licence fee structure.

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 and heritage conservation.

Expenditure Trends and Recent Developments

Recurrent payments over the last five years increased from \$49 million to \$73 million in 1993-94. The major reasons for this increase were rises in the costs of rents and property insurance, maintenance and materials, fire fighting costs, and the outbreak of major bushfires in January 1994.

The impact of the unprecedented fires on the Service has been severe. Property damage, especially in Royal National Park, is still being assessed but will be substantial. Although the Service is insured for most bushfire related costs, non recoverable costs are significant.

The fires also had a devastating effect on revenues earned from park fees. Park closures have left the Service with revenue losses in the order of \$750,000 in 1993-94. It is anticipated that the impact will continue to affect earnings in 1994-95.

In December 1993 the Service let a five year contract for business services including the identification and development of new business ventures and the upgrading of existing commercial enterprises while preserving nature conservation goals.

In May 1994 major developments included the official transfer of Goat Island from the Maritime Services Board to the Service, and the establishment of the 6,000 hectare Jervis Bay National Park to complement the existing Commonwealth reserve.

1994-95 Budget

Following recommendations of a management review, the Government has approved a major resource package to be implemented over the next five years. Additional funding amounting to \$17.7 million in 1994-95, increasing to \$36.5 million per annum from 1997-98, has been provided for the following major areas -

Fire Management

- community fire planning
- comprehensive park and reserve fire management plans
- more effective hazard reduction programs
- review of fire trails
- improvements in fire suppression capabilities
- training programs

Pest Species Management

- development of a pest species database
- feral animal species and noxious weeds eradication programs
- protection of rare or endangered species
- co-operative community based approach to pest species management

Neighbour Relations

- increase in numbers of staff and development of more effective contact between the Service and its neighbours;

- improvements in opportunities for neighbours in operational planning by expansion of the statutory District Advisory Committee role; and
- more proactive role in advising neighbours of activities in parks and reserves, such as impact of native animals on agricultural lands.

Funding (\$900,000) has also been provided for costs associated with the creation of Jervis Bay National Park.

ROYAL BOTANIC GARDENS AND DOMAIN TRUST

The Royal Botanic Garden maintains the Sydney Gardens and Government House Grounds, the National Herbarium, the Domain, and the Mount Tomah and Mount Annan Botanic Gardens.

Over recent years expenditure has increased due to the expansion of activities at Mount Annan and Mount Tomah Botanic Gardens, and devolution of functions carried out by other Departments to the Royal Botanic Gardens.

The main issues to be addressed by the Royal Botanic Gardens during the coming year include -

- increased development of educational programs for both school and adult community groups;
- raising the awareness of the community and the corporate sector to the international significance of the Gardens as one of the country's leading botanical and horticultural institutions, thereby increasing support from those communities; and
- maintaining appropriate maintenance programs particularly in historically significant areas.

URBAN PARKS AGENCY

The Urban Parks Agency was established on 1 July 1993 to improve the co-ordination and management of urban parks in New South Wales. The Agency's mission is to develop and establish an integrated system of regional parks, with Centennial Park and Moore Park Trust, and the Bicentennial Park Trust forming the basis of the system.

The main issues to be addressed by the Agency during the year will be the establishment of a centralised administration, development of management systems, acquisition and development of regional urban parks and the preparation of a strategic plan. The ongoing issues include the development of strategies to optimise the economic return to community lands, the development of educational programs, and the refurbishment of park assets.

An additional \$1.5 million has been provided in 1994-95 for expansion of the Agency's secretariat functions and for the initial establishment and operating costs associated with the development of new urban parks.

5.3.11 MINISTER FOR HEALTH

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Department of Health	4,557.2	4,751.5	4.3
Health Care Complaints Commission	...	3.2	...
Total, Minister for Health	4,557.2	4,754.7	4.3

DEPARTMENT OF HEALTH

The NSW public health system includes some 250 hospitals, 260 community health centres and 500 early childhood centres as well as a large number of more specialised services such as Ambulance transport. Around 100,000 people are employed in health services across New South Wales. On any day, some 20,000 people are cared for in hospitals, 3,800 attend emergency services, 18,700 receive care in community settings and 24,800 people attend outpatient services. In 1993-94 NSW Health dealt with 19 million occasions of service.

Expenditure Trends and Recent Developments

The NSW population growth rate of around 1 per cent per annum continues to exert tremendous pressure on the demand for health services. The ageing of the population is also creating demands on the Health system. Other significant demand factors which impact particularly on public health services include population shifts to traditionally under resourced areas of the State, the rapid rate of technological advances and the decline in the number of persons with private health insurance coverage.

The NSW public health system has experienced a significant improvement in overall performance, as measured by the following factors -

Trends in Demand and Cost Factors in Health, 1988-89 to 1993-94

Factors	Trend (% p.a.)
Population growth	1.0
Average length of stay	(-) 5.0
Cost per admission	(-) 3.0
Staff productivity	2.8

Over that period, waiting times for hospital admissions have reduced by half a day to an average of 29 days for non urgent (elective) treatment and there is no waiting time for emergencies.

Hospital acute care admissions continue to increase and are now at a record 1.24 million compared to 0.97 million in 1988-89. Day only admissions represent 31.9 per cent of all admissions, increased from 25 per cent in 1988-89 and expected to rise to around 45 per cent by the year 2004-05.

- **A Healthy Future**

A Discussion paper entitled "A Healthy Future: A Framework for Health in NSW" was released by the Department of Health in June 1994. It sets out a strategic framework for Health in New South Wales in a move towards the 21st century and was prepared to stimulate debate about the directions for Health in New South Wales over the next decade.

The paper incorporates the values and goals which should drive the health system towards a vision of enabling the people of New South Wales to have the best health in the world. The values and principles of the NSW health system reflect the attitudes and values of the community and the professional ethics of health carers and all staff. These values and principles are -

- equity and access;
- development of partnerships;
- outcome-focused services;
- ever improving quality;
- customer focus;
- value for money; and
- accountability to the community.

New South Wales should be a place where -

- the environment is safe;
- people understand the health consequences of their lifestyle choices; and
- customers of health services receive world-class treatment; know the choices available to them; and have access to services in their home, local community or at specialist referral centres.

To support the process of change, the Department has sought comment from interested groups and individuals to ensure public participation in the process.

- **National Health Policy**

New South Wales tabled a further Discussion Paper at the Health Ministers Conference in March 1994 entitled "Towards a National Health Policy". This policy is a joint initiative of the Commonwealth, State and Territory Health Ministers to develop a shared framework for the Australian Health System.

The vision is to raise the health status of all Australians. This shared framework is built on the principle of equity of access that is embodied in Medicare. It aims to continue the reforms that are already occurring in the health system with regard to restructuring, improved data collection and rationalisation of the roles and responsibilities of both State and Commonwealth Governments. A major part will be a specific focus on health outcomes.

- **The Medicare Agreement**

Under the Agreement, the Commonwealth makes financial assistance available to the State to assist in meeting the cost of providing public hospital services (base grant); improving access to public hospitals by public patients (bonus payments); encouraging more effective provision of health services (incentive funding) and other ancillary roles.

Cross Border charges have been introduced and New South Wales now pays for services provided to New South Wales residents in other States and charges other State Governments for services provided to their residents.

The Agreement also commits Commonwealth and State/Territory Governments to examine the number of separate tied grants with a view to broadbanding these grants and to establish nationally consistent casemix management and information systems.

- **Health Outcomes**

Interest in health outcomes has emerged as health services all over the world are adapting to the need for accountability in the context of escalating costs and advancing technology resulting in more choices for treatment options.

The publication of the "Getting it Right" booklet in April 1994 signalled a major commitment to the NSW Health Outcomes Program initiative. The program will assist in evaluating how effective the health system is in improving the health status of the population and how efficiencies can be further improved.

A number of health outcomes projects will be funded in 1994-95 including: methods to measure the outcomes of breast cancer treatment in Western Sydney; cataract survey; outcomes and customer satisfaction; methods to measure how well people do after coronary artery surgery and comparing the costs and outcomes of different ways of treating people with severe and long term mental illness.

- **Customer Focus**

A Customer Focus Unit was established in 1993 to co-ordinate customer services and customer focus across the system including information technology and quality in management. The Unit recently issued a "Commitment to Service" which provides information to the general population, patients, relatives and staff on the provision of hospital and other health services in New South Wales including the principles of equity of access embodied in Medicare.

1994-95 Budget

Significant challenges in 1994-95 include -

- population growth of around 1 per cent per year, with those aged over 65 continuing to increase at a faster rate. People aged over 65 consume four times more health resources per capita than those aged under 65;
- the shift away from private health insurance (11.8 per cent since 1988-89) places additional financial burdens on the State due to a loss of patient fee revenue, additional medical officer costs and the loss of diagnostic fee revenue; and
- the respective roles of Commonwealth and State Governments in funding, administering and delivering health services. Existing roles sometimes result in overlaps in administration and reporting, confused program boundaries and unclear accountability.

New South Wales is responding to these challenges through a number of broad ranging strategies as well as specific initiatives. The strategic direction is being set at the national level by the National Health Policy which reinforces the principles of equity of access embodied in Medicare but at the same time seeks to clarify Commonwealth and State roles in Health funding.

A combination of real funding increases and improved internal efficiencies is being used to address rapidly expanding demand for health services caused by population growth and shifts to traditionally under resourced areas and advances in medical technology which provide new expensive health treatment choices for individuals.

• **Waiting List Initiatives**

The Department has allocated \$17 million for a Waiting List Incentive Scheme. Funds will be allocated to Areas and Districts as an inducement to reduce to pre-determined benchmark levels, the number of patients waiting "too long" for admission to hospital. Allocations will also consider the implementation of a policy to obtain all doctors' lists and to fully utilise available computer information systems to manage and report on waiting lists.

Innovative waiting list policies have been formalised and documented and have been widely circulated. These policies cover such issues as provision to General Practitioners of information on specialist waiting times, limits on the number of times a patient may be "delayed" and significant upgrading or development of waiting list electronic information systems.

• **Emergency Department Initiatives**

An incentive scheme is being implemented to improve aspects of care given to patients in Emergency Departments, and will specifically target waiting times and time spent in the Emergency Department awaiting transfer to a ward. An amount of \$6.5 million has been allocated for the scheme.

Computerised management information systems are being installed in 46 hospitals in the State. These will allow patients to be tracked while in the emergency department, and will monitor their movement through the department thus expediting care and decreasing excessive waiting times.

The Capital Works allocation also includes \$27 million for projects for emergency departments and aims to improve the capacity to meet growing demand, the priority level of patients, the standard of waiting rooms and workflow through the emergency department.

- **Mental Health Services**

The development and extension of mental health services continues in accordance with the directions established in both the State and National Mental Health Plans. During the year the Mental Health (Amendment) Act 1994 was passed by Parliament. The Act streamlines the operation of Mental Health legislation.

Mental Health Service enhancements of \$7 million during 1994-95 will particularly target -

- accommodation support for people with mental illness living in boarding houses and in public housing;
- services for young people;
- services for people with both mental illness and drug and alcohol problems;
- services for people in rural and isolated areas; and
- community rehabilitation services.

The Government has recently released its paper "Caring for People with Mental Illness". This is in recognition that mental illness affects one in four people in the community. In responding to and anticipating the needs of people with mental illness the Government has focussed equally on providing extra resources where they are needed most and on maximising the usefulness of current services. Over the next four years an additional \$85 million in recurrent funding and \$84 million in capital funding will be allocated by Health for projects directed to persons with mental illness. Additional funding has also been allocated to the Departments of Housing, Community Services, Corrective Services and Juvenile Justice to finance initiatives which will address the needs of people with mental illness.

- **Aboriginal Health**

The NSW Government is committed to improving the health outcomes of Aboriginal and Torres Strait Islander peoples. During 1994-95 the Department will commence the implementation of the "Aboriginal Health Goals for New South Wales" launched in December 1993. To achieve these goals, the Department will develop an Aboriginal health strategic plan and continue to fund and support innovative programs to ensure that Aboriginal and Torres Strait Islander peoples have access to appropriate and culturally accessible services through the NSW Health System.

The NSW Health System and Aboriginal community controlled health services have a joint role to play in the delivery of health services and programs to Aboriginal communities. An Aboriginal Family Health Strategy is currently being developed focussing on family violence and sexual assault services within the Aboriginal community. Additional funding of \$700,000 will be provided to support the implementation of this strategy, making a total of \$11.3 million available for specific Aboriginal health initiatives.

- **Women's Health**

Women's health remains a high priority for the Government with approximately \$93 million being allocated to specific women's health initiatives in 1994-95, including \$8.3 million for mammographic screening.

Capital funding will be allocated to accelerate implementation of the NSW Program for the Early Detection of Breast Cancer. The program will undergo rapid expansion in rural areas. A Breast Cancer Institute is also being established to progress best practice in the treatment of breast cancer.

Funding will be allocated to the NSW National Women's Health Program to ensure the consolidation of a range of innovations and new opportunities to encourage mainstream health services to better address the health needs of women in New South Wales.

- **Other Initiatives**

Specific areas for which additional funding is to be provided include -

- \$23.8 million for new services in Greater Western Sydney (in addition to \$95 million provided since 1988-89). These funds have been utilised for major service improvements including community and mental health services and new hospital facilities at Liverpool, Fairfield and Penrith (Nepean);
- \$11.4 million for new services in Southern Sydney (in addition to \$47 million provided since 1988-89);
- \$2.8 million for new services on the Central Coast (in addition to \$30 million provided since 1988-89);
- \$6.5 million for new services on the North Coast;
- \$3.1 million for the development of Health Outcomes;
- \$4 million for Ambulance Services;
- \$3.5 million for HIV/AIDS Services;
- \$2.5 million for activities related to excessive lead exposure in children;
- \$0.7 million for health related services in child protection.

HEALTH CARE COMPLAINTS COMMISSION

The Health portfolio now also includes the newly established Health Care Complaints Commission, a statutory body reporting directly to Parliament. The Commission has powers to investigate complaints against all health practitioners, hospitals, institutions and health programs. An amount of \$3 million is available for the Commission to perform its tasks.

5.3.12 MINISTER FOR INDUSTRIAL RELATIONS AND EMPLOYMENT AND MINISTER FOR THE STATUS OF WOMEN

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Department of Industrial Relations, Employment, Training and Further Education	104.7	135.1	29.0
Ministry for the Status and Advancement of Women	2.8	4.5	60.7
Total, Minister for Industrial Relations and Employment and Minister for the Status of Women	107.5	139.6	29.9

DIRETFE has been allocated significantly higher funds in 1994-95, mostly due to increases in the funding for First Chance and Adult and Community Education as well as additional funds from the Australian National Training Authority and the Commonwealth for various vocational and pre-vocational education programs.

The increase in the Ministry's 1994-95 recurrent allocation is due to funding for the Women's Services Grants program and increased support for the Women's Information Referral Service.

DEPARTMENT OF INDUSTRIAL RELATIONS, EMPLOYMENT, TRAINING AND FURTHER EDUCATION

The Department is responsible for private and public sector industrial relations in New South Wales, together with the administration of grants for employment, education and training.

Expenditure Trends and Recent Developments

Expenditure on private sector industrial relations and conciliation and arbitration has been increased in recent years to enable the creation of an Enterprise Agreements Advisory Service and to provide for the implementation of the Industrial Relations Act 1991.

Budget funding for Public Sector Industrial Relations has declined in line with the devolution of a number of industrial relations responsibilities to agencies, allowing the Department to move towards the provision of consultancy services utilising its particular expertise in this area.

Expenditure in the Adult and Community Education sector has continued to grow, reflecting increased interest in relevant, effective and affordable opportunities for adult education. At present annual enrolments stand at just under 300,000 at some 72 Evening Colleges, Community Colleges and Workers' Education Associations.

1994-95 Budget

Funding of \$7.0 million has been provided to the Department to enable continuation of the First Chance employment and training scheme. This is a comprehensive package to improve the chances of young people leaving school finding a job.

The Workforce Management Centre provides advice and assistance for redundant or redeployed public sector employees. An amount of \$2.0 million has been allocated to the Department for the operation of this Centre in 1994-95.

An additional \$2.5 million has been allocated to the Board of Adult and Community Education to be provided annually as grants to 72 community owned and managed organisations. These Evening Colleges, Community Colleges and Workers' Education Associations provide an opportunity for many students as a re-entry into training and education. Adult and Community Education providers also run language and literacy courses in the community and courses for those of a non-English speaking background.

The Department will spend an additional \$540,000 as part of the Mature Workers Program. This scheme will address the issue of mature age unemployment in New South Wales as part of the Government's response to an ageing workforce.

An amount of \$580,000 is being provided to eliminate the current backlog of industrial complaints being investigated by the Department. This process is expected to take five months. Together with new initiatives to increase the efficiency of complaints handling, this should prevent backlogs from being experienced in the future.

The Department will be administering \$10 million distributed by the Australian National Training Authority as part of the National Training Reform Agenda. The majority of this allocation, some \$5.3 million, will be expended under the Pilot Private Providers Program, giving support for non-government training providers in growth areas such as hospitality, community services, recreation, personal services and the wholesale, retail and manufacturing industries. Similarly \$2.9 million will be used to provide additional accredited courses in adult and community education.

Additional funding is also being provided to the Department directly from the Commonwealth. Projects include \$7.7 million for the Career Start Traineeship Providers Program, \$1.6 million for the Pre-Vocational Places Program and \$1 million towards Group Training Schemes. These services will complement and enhance the commitment demonstrated by the Government to employment and training.

MINISTRY FOR THE STATUS AND ADVANCEMENT OF WOMEN

The Ministry provides gender specific advice to the Government on the impact of legislation, programs and services on the status of women in New South Wales and identifies opportunities to improve the status of women and assist with their advancement.

The policy document "Working for Women" was endorsed by Cabinet in November 1993. It is designed to improve outcomes for women as clients of government services and programs and identifies priority areas requiring government action.

The 1994-95 allocation of \$4.5 million for the Ministry includes funding of \$1.5 million provided for the administration of a Women's Services Grants Program, the continued operation of the Women's Information and Referral Service and a program designed to assess the views and opinions of women.

Other initiatives for 1994-95 include two pilot programs for non-managerial women and women not in the paid workforce, as well as the development of an across Government campaign to promote the unacceptability of violence against women.

5.3.13 MINISTER FOR LAND AND WATER CONSERVATION

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Department of Conservation and Land Management	127.7	131.4	2.9
Department of Water Resources	89.8	93.8	4.5
Total, Minister for Land and Water Conservation	217.5	225.2	3.5

DEPARTMENT OF CONSERVATION AND LAND MANAGEMENT

The Department's role is to be the steward for the land and related natural resources of New South Wales and to achieve their sustainable use for the benefit of the community. Accordingly, the Department assesses the health, monitors the condition and documents the qualities and attributes of those resources, including developing products and services to sustain achievable land use and management. These roles involve the community through Landcare, Total Catchment Management and the Crown Reserve Management System.

Expenditure Trends and Recent Developments

The Department of Conservation and Land Management was established in 1991. The 1994-95 budget will decline in real terms on that of 1993-94 due to the inclusion in 1993-94 of once off payments of \$12.2 million to the Luna Park Reserve Trust and \$7 million to the Newcastle Showground and Entertainment Centre Trust.

Recent developments include -

- Operation of catchment Management Committees throughout 98 per cent of New South Wales that are developing natural resources management strategies. Committees are promoting and co-ordinating the implementation of total catchment management policies and programs, advising on and co-ordinating the natural resource management of agencies, groups and individuals and preparing implementation strategies;
- operation of approximately 650 Landcare Groups throughout the State undertaking planning and works for improved land management;

- undertaking land resource assessment data collection and catchment planning in the Namoi and Gwydyer Valleys and several smaller catchments to assist in Blue-Green algae and salinity management and general land use planning;
- increasing the community's knowledge of dryland salinity - its causes, problems and appropriate management controls;
- increasing training, advice and assistance provided to Trusts Managing Crown reserves and undertaking an active campaign to make the general public more aware of the significant community benefits of the Crown Reserve system;
- distribution of \$4.7 million to community and corporate trusts from the Public Reserves Management Fund for the development, acquisition and maintenance of Crown Land Reserves in the central, eastern and western divisions of the State;
- provision of \$1.4 million to assist State Recreation Areas to improve reserve amenities. These Areas provide for a variety of holiday facilities at the lower end of the market and offer popular viable holiday facilities for those who wish to have a healthy outdoor break;
- the granting of a 50 per cent rebate to the majority of Western Lands Leases in 1993/94 to assist the rural community during the continuing drought and difficult economic conditions;
- the new Notice of Sale system was fully implemented in 1993-94 and has simplified the collection of transfer of land information and its distribution to the 243 participating agencies;
- establishment of the Office of Forestry in 1993 as part of the Government's reorganisation of forestry administration. Regulatory and policy roles have been separated from operational roles which remain with State Forests of New South Wales. The Office has contributed to a strategy encouraging the development of plantation forestry with particular emphasis on the implementation of the Government's commitment to expansion of hardwood plantations;
- establishment of a Forest Policy Advisory Committee (serviced by the Office of Forestry) representing a range of stakeholder interests and key natural resource management agencies;
- the Land Information Centre is developing with local government the first complete and officially described set of locality/suburb boundaries for New South Wales. This effort combined with the Centre's initiative for the creation of a rural road numbering system will provide geographic addressing to a level never before attainable. A major beneficiary will be the Emergency Service Agencies such as police, ambulances and Bush Fire Services through reduced response times brought about by accurate address locations;
- The Land Information Centre continues to establish its reputation as a world leader in land information technologies and is pursuing data capture and training export opportunities through the national and international market place.

1994-95 Budget

Some \$131.4 million will be available in 1994-95 for the recurrent costs of the Department.

Major items include -

- \$5 million for expansion of the Eucalypt Plantation Development Program to be undertaken by State Forests of New South Wales which will help ensure the survival of old growth forests by providing an alternate source of hardwood.
- \$3 million for continuation of the Salt Action Program.
- \$3.8 million for the Total Catchment Management Program for onground works by Landcare and other community groups.
- \$3.6 million to further the co-ordination and integration programs of the Hawkesbury Nepean Catchment Management Trust.
- \$0.7 million for creation of a Native Titles Branch which will provide advice to clients and develop procedures and database. The actual extent and nature of the impact of the concept of native title on Crown land administration will not be clarified until precedent case law is established.
- \$19.6 million for the Forestry Policy Unit which will be developing a Draft NSW Forest Products Industry Strategy Discussion Paper, a Private Property Logging Protocol and prepare and facilitate implementation of a hardwood plantation strategy.
- \$0.5 million for establishment of the Office of Water which will act as steward for the State's water resources.
- \$0.5 million for the creation of a legal road network within the Western Division of the State.

DEPARTMENT OF WATER RESOURCES

The role of the Department of Water Resources is to ensure the sustainable development of the State's water resources. This will continue to be achieved through operation of projects including Total Catchment Management, Natural Resources Management Strategy, Water Quality Research and Management, Drainage and Salinity Works, State Rivers Policy, Streamwatch and Rivercare programs, Phosphorous Awareness campaign and the Model River Towns program.

Expenditure Trends and Recent Developments

Over the past five years there has been an increasing emphasis placed on expenditure in the areas of water quality, nutrient control, salinity control, environment protection, floodplain management and maintenance of the State's 17 main rural dams, many of which are reaching an age requiring major maintenance.

In this regard, additional funding will be generated through the installation of privately owned hydro power stations at several of the Department's dams. One station is already operational at Wyangala Dam with five more scheduled to come into operation progressively during 1995-96.

Arrangements have been completed with Pacific Power for the payment to the Department of a commercial charge for the operation of its existing power stations at Burrinjuck and Keepit Dams. Negotiations are continuing for the establishment of a similar arrangement at Hume Dam. Again, the additional funds will be directed to additional maintenance of major dams.

Another significant development has been the fostering and encouragement of community groups, Councils and other organisations to expand awareness of the importance of river and wetland environments and to work together to reduce their degradation. This is being achieved through the Department's Streamwatch and Rivercare programs, Phosphorus Awareness campaign and Model River Towns program.

1994-95 Budget

Some \$94 million will be available in 1994-95 for the current costs of the Department for management of the State's water resources, including maintenance and operation of major water storages, State water planning, water quality, floodplain, environmental and inter-governmental water management. Major items include -

- \$9.1 million as the State's share of the cost of the Murray-Darling Basin Agreement;
- \$12.7 million for the State's subsidy to the Irrigation Areas and Districts;
- \$5.6 million for assistance to local government for construction of flood management works;
- \$4.3 million for expenditure on Integrated Catchment Management Works under the Natural Resource Management Strategy; and
- \$692,000 for the eradication of alligator weed in the lower Murrumbidgee River system.

5.3.14 MINISTER FOR MULTICULTURAL AND ETHNIC AFFAIRS

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Ethnic Affairs Commission	11.0	11.7	5.7
Total, Minister for Multicultural and Ethnic Affairs	11.0	11.7	5.7

ETHNIC AFFAIRS COMMISSION

The Ethnic Affairs Commission continues to promote cultural diversity and the rights of individuals and groups from non-English speaking backgrounds. To increase the responsiveness of State Government instrumentalities, local government and the private sector, the Commission engages in community and public awareness campaigns, reviews existing Ethnic Affairs Policy Statements and initiatives and makes representations where necessary. These are achieved by advocating equal participation and social justice for all people in New South Wales, regardless of their cultural and ethnic background.

The adoption of the **New South Wales Charter of Principles for a Culturally Diverse Society** by the Premier in 1993 provides the basis for commitment both in policy and implementation within the New South Wales public sector to achieve the objectives embodied in the Charter.

The allocation to the Ethnic Affairs Commission for 1994-95 is \$11.7 million. A budget funded enhancement of \$2.0 million will permit continuation of the community grants scheme which will increase the ethnic communities' participation in all aspects of life in New South Wales, the recognition of the contribution of migrants to the development of the State and better access to Government through the Minister for Multicultural and Ethnic Affairs.

5.3.15 MINISTER FOR PLANNING AND MINISTER FOR HOUSING

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Department of Planning	38.5	43.4	12.7
Homebush Bay Development Corporation	2.9	6.1	210.3
Payments to Other Government Bodies under the Control of the Minister	104.5	143.2	37.0
Total, Minister for Planning and Minister for Housing	145.9	192.7	32.1

The increase in 1994-95 compared with the previous year reflects -

- increased costs associated with preparations for the Olympic Games (Homebush Bay Development Corporation); and
- inclusion of contributions to environmental trusts (Water Board) and a change in accounting treatment between years with operating costs under the Commonwealth/State Housing Agreement being capitalised in 1993-94.

DEPARTMENT OF PLANNING

The Department of Planning undertakes programs to fulfil its role of encouraging proper management, development and conservation of resources and heritage items in the planning of land use throughout the State.

Expenditure Trends and Recent Developments

Recent developments include -

- preparation of planning studies for the Sydney Canberra Corridor and Building Better Cities programs for Pyramont/Ultimo, Eveleigh, Transit West and Honeysuckle;
- preparation of a coastal planning policy document in order to provide a more integrated approach to coastal planning and management. Regional Coastal Urban Strategies for North Coast, Illawarra and Lower South Coast were also commenced during 1993-94;
- preparation and review of Regional Environmental Plans for Hawkesbury-Nepean, Murray Riverina and Williams Rivers;

- amendments to the Environmental Planning and Assessment Act and review of the Regulations; and
- promotion and development of the Urban Consolidation Policy.

1994-95 Budget

The 1994-95 Budget allows for expenditure of \$38.5 million for the promotion and co-ordination of environmental planning and assessment, including \$6.96 million for Area Assistance Schemes planned for 1994-95.

Funding of \$390,000 has been provided for the establishment of a new Metropolitan Strategy Unit to provide an integrated approach to managing planning issues for the metropolitan area. Funding has also been provided for the establishment of a Government Infrastructure Assessment Branch for the independent assessment of State Government development proposals.

The Department will liaise with Blacktown and Penrith councils on the preparation of a Regional Environmental Plan for the Australian Defence Industries land at St. Mary's to enable redevelopment of the site.

The Department will be involved in planning studies on Inner Urban Projects (City West, CBD), finalisation of coastal strategies and strategic planning issues associated with the Sydney 2000 Olympic sites.

Homebush Bay Development Corporation

The Homebush Bay Development Corporation was established in November 1992 to oversee the redevelopment of Homebush Bay. The Corporation administers urban renewal programs including residential, commercial and retail developments, and an integrated bus and rail system.

With the success of Sydney's Olympic bid, redevelopment programs at Homebush Bay become crucial for the Olympic Games in the year 2000. Urban renewal programs will be accelerated and planned facilities upgraded for Olympic use.

The allocation in 1994-95 of \$6.1 million is more than double the previous year and provides for increased costs associated with preparations for the Olympic Games.

Payments to Other Government Bodies Under the Control of the Minister

Allocations totalling \$143.2 million in 1994-95 have been provided for payments of a recurrent nature to other government bodies under the control of the Minister for Planning and Minister for Housing.

Property Services Group

The Property Services Group's allocation of \$0.7 million in 1994-95 provides for a range of general services in relation to the management of the government property portfolio.

Darling Harbour Authority

An amount of \$15.8 million has been allocated in 1994-95 to the Authority for managing public areas and community facilities at Darling Harbour.

Water Board and Hunter Water Corporation

The allocation of \$71.3 million in 1994-95 comprises \$48 million for water and sewerage rate rebates for pensioners provided by the Water Board and Hunter Water Corporation, \$13.3 million for transitional water rebates associated with the move to usage pricing and \$10 million for contributions to environmental trusts.

Housing

An amount of \$55.4 million is provided in 1994-95 to fund recurrent initiatives in public and community housing. This amount includes -

- \$30.6 million to be used for operational purposes from the funds available under the Commonwealth/State Housing Agreement;
- \$21 million for the Mortgage and Rent Assistance Program which provides short term assistance to low income earners who, due to unexpected changes in circumstances, are unable to meet their mortgage or rent payments. This program is managed by the Home Purchase Assistance Authority; and
- \$2 million to meet the cost of conveyancing , stamp duty and land tax concessions in connection with initiatives in public housing and home purchase assistance.

5.3.16 MINISTER FOR POLICE AND MINISTER FOR EMERGENCY SERVICES

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Ministry for Police and Emergency Services . . .	4.2	4.4	4.8
The Police Service of New South Wales	781.8	839.8	7.4
New South Wales Crime Commission	5.7	7.5	31.6
New South Wales Fire Brigades	180.5	209.1	15.8
Department of Bush Fire Services	22.8	22.8	.
State Emergency Service	10.9	10.1	(-) 7.3
Total, Minister for Police and Emergency Services	1,005.9	1,093.7	8.7

Variations in total current payments between 1993-94 and 1994-95 mainly relate to the following -

- appointment of additional police in 1994-95 and expenditure associated with the recently negotiated enterprise agreement in respect of non commissioned police officers; and
- additional payments by the NSW Fire Brigades as a result of the recently announced state consent award for fire officers.

MINISTRY FOR POLICE AND EMERGENCY SERVICES

The Ministry is responsible for advising the Minister and co-ordinating the formulation and implementation of policy and the allocation of resources affecting the Police and Emergency Services portfolio.

The Ministry also provides support to the Police Board and formulates plans and arranges training for the provision of comprehensive, balanced and co-ordinated rescue services and emergency management throughout New South Wales.

Expenditure Trends and Recent Developments

The Ministry was established in September 1992 as a central component of the Government's police reform agenda. It was expanded in May 1993 when the Minister for Police assumed responsibility for the emergency services agencies. This gave the Ministry the role of policy co-ordination across the portfolio as well as the role of providing the Minister with independent policy advice and support.

The new Police Board, appointed in July 1993 with secretarial support provided by the Ministry, has concentrated on reviewing and evaluating the processes by which it discharges the functions for which it is now responsible - promotions, career development, training and safeguarding the integrity of the Police Service.

Co-ordination of emergency services issues has been a major focus during the past year. Apart from the issues and enquiries generated by the January 1994 bushfires, there has been a review of the funding of fire services, and changes to the role and composition of the Bush Fire Council.

Key elements of the State's broadscale disaster planning have been completed.

1994-95 Budget

The Ministry has played a key role in the police reform program, and changes still being planned and to be implemented will provide ongoing improvements on the operation of the Police Service.

Issues of resource allocation will be a focus of attention across the portfolio. These include capital works, industrial issues, the projected increases in police strength, and the ongoing review of the allocation of resources which forms part of the police reform agenda.

There will be a review of the police complaints system. The Ministry will also be involved in a working party to review the effect on the disciplinary process of claims of psychiatric disability. Further work on the issue of drug security is also planned.

The establishment of the Royal Commission on the Police Service will have an impact on the Ministry's operations and on the deliberations of the Police Board concerning promotion and the integrity of the Service.

The Police Board will review the organisational structure of the Police Academy, its administration and the development and delivery of courses.

THE POLICE SERVICE OF NEW SOUTH WALES

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

The major reason for variations in expenditure levels in recent years has been the Government's commitment to increase the Police Service substantially during its previous term of Office and the recent announcement to increase Police numbers by 500 over the next five years. Costs of the Minister's Office have transferred from the Police Service to the Ministry for Police and Emergency Services effective from 1 July 1994.

Recent reforms announced for the Police Service provide an opportunity to consolidate on previous gains in management and professionalism, and to maintain and increase improvements in being open, accountable and effective.

1994-95 Budget

The 1994-95 Budget for the Police Service includes provision for -

- the appointment of additional police in line with the Government's commitment to increase police numbers by 500 over the next five years. The first 100 additional operational officers will begin training at the Police Academy in Goulburn in August, 1994 and will graduate as probationary constables early in 1995. A further 100 recruits will begin training in November, 1994 and graduate in mid 1995; and
- expenditure associated with the recently negotiated enterprise agreement in respect of non commissioned police officers. Under the terms of the enterprise agreement, non commissioned police officers will receive a salary increase of 9 per cent from 1 July 1994 and a further 6 per cent increase from 1 July 1995.

The Police Service will continue to demonstrate its capacity to move ahead; to more adequately reflect the needs and aspirations of the community and to ensure accountability to the people and the Government.

The future will reflect and emphasise integrity and accountability to the people and Government of New South Wales, and will be characterised by the quality of services provided to customers, the level of local police visibility and the problem-solving partnership created with the community.

Genuine efforts to understand the needs and expectations of customers are being made. The Service is sensitive to the diverse range of its customers, as well as the need for local police visibility, interaction and participation. An increase in awareness of the need to target more local crime and social disorder issues, and to provide better feedback and support to victims of crime will respond to this need.

A vision of achieving the **Safest Streets in Australia** continues to be appropriate to the needs and expectations of the community and Government. It is a vision to which the Service is committed at all levels.

The vision will be achieved by -

- improved operations focusing on crime prevention and problem-solving, and detecting and prosecuting offenders;
- maximising the abilities of staff through the development and implementation of integrated Human Resource and Education and Training Plans;
- improved management focusing on models of best professional practice, the development of Demonstration Patrols, promoting professional responsibility and accountability and providing appropriate infrastructure;
- improved capacity to respond through lines of command and to provide early notification of complaints or matters of strategic importance;

- increased responsiveness to customers and stakeholder expectations and improved communications with the community, our people and Government; and
- improved strategic planning processes to manage change effectively and steer the implementation of future directions.

NEW SOUTH WALES CRIME COMMISSION

Current payments of \$7.5 million provide for the ongoing activities of the Commission to combat illegal drug trafficking and organised crime in New South Wales.

Activities to achieve this objective 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.

Substantial savings of a non recurring nature were achieved by the Commission in 1993-94, and these reflected the level of activity undertaken in that year.

NEW SOUTH WALES FIRE BRIGADES

The New South Wales Fire Brigades is responsible for working with the community to prevent fire, and responding to fires, hazardous material incidents, rescues and other emergency incidents, to protect and preserve life, property and the environment.

New South Wales Fire Brigades incurred additional costs of \$2.6 million during the January 1994 bushfires. This amount was fully supplemented by the State Government so that no individual community bore the cost. Because the expected enterprise agreement did not eventuate during the year some \$6.5 million of underexpenditure in 1993-94 carries over to 1994-95.

1994-95 Budget

Total current payments in 1994-95 are estimated at \$209.1 million. This represents a 15.8 per cent increase on 1993-94 to accommodate the recently announced State Consent Award for fire officers which should also facilitate the Brigades' program for greater efficiencies as ageing fire fighting fleet units are replaced and fire stations upgraded. Under the State Consent Award, fire officers will receive a salary increase of 8 per cent retrospective to 1 August 1993, and increases of 2.5 per cent from 1 April 1994 and 2.5 per cent from 1 April 1995.

The Brigade's capacity to effectively respond to community expectations in terms of cost effectiveness, forward planning and response to emergency situations continues to be enhanced as services are extended into existing and new 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.

Expenditure Trends and Recent Developments

In December 1993 Parliament approved an alteration to the percentage contributions to the Bush Fire Fighting Fund. Under the new arrangements, the contribution by the State is 14 per cent of the total, local government contributes 12.3 per cent and insurance companies contribute 73.7 per cent.

1994-95 Budget

The budgeted level of expenditure in 1994-95 from the Bush Fire Fighting Fund reflects a continuance of the Government's commitment to the bush fire organisation. This commitment has seen the level of expenditure by the organisation increase from \$17.9 million in 1987-88 to the estimated 1994-95 level of \$53.9 million. This figure includes capital funding of \$31.1 million.

The January 1994 bush fires have led to a detailed examination of the future direction of the Department. As a result, an additional twenty seven positions have been created. These positions will strengthen regional planning capacity, technical services, fuel management and training services. These positions will also increase generally the effectiveness of the organisation and enable the organisation to more fully comply with the legislative requirements of the Bush Fires Act.

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 or combat agency for floods and storms.

Expenditure Trends and Recent Developments

Once again during 1993-94, volunteer members of the Service attended numerous floods, windstorms, road rescues and searches, as well as providing major assistance during the Statewide bushfires.

The majority of the Service's 1993-94 recurrent allocation was used to provide support directly to volunteers through the provision of equipment, insurance and training as well as funding repair and maintenance of equipment.

1994-95 Budget

When the effect of additional expenditure from the January bushfires is taken into consideration (\$1.3 million), the State Emergency Service has a higher level of recurrent funding in 1994-95 than previous years' allocations. These additional funds will be used for the purchase of minor items of rescue equipment and protective clothing and to provide grants to volunteer units for vehicles.

5.3.17 MINISTER FOR PUBLIC WORKS AND MINISTER FOR PORTS

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Office of the Minister for Public Works and Minister for Ports	76.4	65.2	(-) 14.7
Total, Minister for Public Works and Minister for Ports	76.4	65.2	(-) 14.7

The decrease of \$11.2 million between 1993-94 and 1994-95 is mainly due to a reduction in Alternative Funding Subsidy scheme costs (\$3.7 million) on a number of loans paid out in 1993-94 and reduced voluntary redundancy payments (\$9 million).

OFFICE OF THE MINISTER FOR PUBLIC WORKS AND MINISTER FOR PORTS

Funds provided to the Minister for Public Works are used to improve public health and safety as well as the public amenity of a range of the State's natural and built assets.

Funding is provided for the development and implementation of programs related to the provision of water supply and sewerage services, the physical restoration and prevention of damage to beaches and estuaries, the prevention and reduction of loss due to flooding and the provision of facilities for the recreational boating community. In addition funding is also provided for maintenance on breakwaters, commercial fishing port facilities, Parliament House and Government House.

These initiatives are often undertaken in partnership with local government and the broader community, to develop solutions to existing and potential problems, as well as the development and implementation of controls aimed at preventing the future creation of additional maintenance costs on the State.

In addition funding is provided for the purchase of -

- risk management services for a substantial portion of the State's capital works projects;
- building industry related standards and practice development; and,
- advice on dealing with the building and construction industry and, the development, management and conservation of State assets.

Expenditure Trends and Recent Developments

To assist councils in providing water and sewerage services to country New South Wales, financial assistance is provided towards the provision of infrastructure under the Country Towns Water Supply and Sewerage Program.

Ongoing recurrent support is provided to the NSW Public Works to manage this program and to ensure that actions are taken to extract optimum performance from existing infrastructure and that future capital investments are focused on appropriate needs. This is achieved by working with local government in the development of strategic business and asset planning, initiatives in environmental policies, and developing better plant management techniques to enhance operations.

Changing community expectations and environmental concerns have an impact on the services demanded under the Country Towns Program. These additional pressures also come from standard setting agencies such as the Environment Protection Authority. This requires greater ongoing co-ordination of actions between agencies as evidenced by the creation of a working party involving Public Works, Fisheries and Water Resources to formulate policy on maintaining environmental flows in rivers while still providing adequate water supplies for urban use.

In the field of natural and built assets projects are being developed to preserve beaches and estuaries. The Public Works Department is directly involved in providing ongoing support to the Government's Coastal, Estuaries and Floodplain program including providing support, advice and financial assistance to councils.

In 1993-94 the development and implementation of initiatives in construction industry reform and the development of effective strategies for the management of the State's assets and project procurement and risk management continued.

Major initiatives included -

- establishment of industry leadership initiatives in quality assurance;
- improved efficiency of the industry through initiatives of the Construction Policy Steering Committee;
- preparation and distribution of Risk Management Guidelines as part of the Total Asset Management manual; and
- promotion and trialing of non-adversarial contractual arrangements.

1994-95 Budget

The Country Towns program has been allocated \$7.8 million for operating costs associated with developing and maintaining policies, strategies, guidelines and standards aimed at enhancing the State's provision of water and sewerage services in country New South Wales. In addition \$5.5 million has been provided to meet debt servicing costs associated with historical funding arrangements with local government for the State's share of completed water supply and sewerage projects.

Funds totalling \$13.9 million have been allocated to facilitate the provision of advice and to assist local government prepare coastline management, floodplain management and estuary management plans. These plans are developed locally with community input and serve to address solutions to potential and actual flood, estuarine and coastal risks. They also serve as a basis for introducing development controls designed to prevent further inappropriate floodplain, foreshore or coastline development which would further increase State liability.

The Budget also provides for \$1.8 million towards the maintenance of fishing port assets and \$0.6 million for dredging of various North Coast river entrances.

In addition \$2.1 million will be provided to the Maritime Services Board to clean Sydney Harbour and to provide sewerage pumpout services in Sydney Harbour, Myall Lakes and Lake Macquarie.

5.3.18 MINISTER FOR SMALL BUSINESS AND MINISTER FOR REGIONAL DEVELOPMENT

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Department of Business and Regional Development	29.6	40.8	37.8
Total, Minister for Small Business and Minister for Regional Development	29.6	40.8	37.8

DEPARTMENT OF BUSINESS AND REGIONAL DEVELOPMENT

The Department of Business and Regional Development, which was established on 1 July 1993, assists businesses to become globally competitive through enterprise improvement, industry development and regional development programs.

Expenditure Trends and Recent Developments

In keeping with the Department's strategic focus, key strategies which have been adopted to assist small and regional businesses in the State include -

- encouragement and enhancement of employment growth and retention via the delivery of effective information and support services;
- promoting sustainable and balanced economic development in New South Wales by the implementation of regional strategies;
- networking actively with Government and non-Government agencies which impact on the business environment by optimising business development growth;
- providing strategic advice on small business, regional economic and business development issues;
- devising and implementing new and innovative policies, and related cost-effective programs for identified business client groups, with the overall goal of improving the business environment and boosting sustainable employment and economic activity, particularly in regional New South Wales; and
- providing project management and facilitation services to small, medium and regional enterprises to foster new investment and employment opportunities.

1994-95 Budget

The Department's 1994-95 estimated expenditure of \$40.8 million shows a substantial increase of 27.4 per cent on the 1993-94 expenditure level. This increase principally relates a number of new strategies/programs commencing in 1994-95, including -

- The NSW Small Business Strategy, which is being launched by the Minister on 1 September 1994. The strategy relies on the participation by industry associations, professional bodies, Government agencies and community based business centres. The aim will be to boost business competitiveness, build skills for business, encourage entrepreneurship and remove impediments to business growth;
- A Statement on Regional Development will be released by the Minister in late 1994. This will primarily focus on fostering improved economic and investment outcomes for regional New South Wales which provide sustainable employment;
- The Retail Leases Act 1994 was introduced in August with its prime intention being the fostering of good leasing practices in the retail industry. Its aim will be to ensure both parties to such arrangements will have equal negotiating strength in a cost effective and timely manner; and
- An embassy will be established by September in the Sydney CBD which will seek to foster and capitalise on trade and development opportunities for country New South Wales. This embassy will act as a marketing body for the Regional Development Boards, Business Enterprise Centres, county councils and a variety of country agencies.

In addition the Department is projecting an increase in the level of new applications for assistance under existing schemes resulting from improving economic conditions and business confidence.

Client service will also be improved by the completion in early 1994-95 of a regional office relocation program which has enabled many of the Department's offices to be located alongside other complementary organisations such as the Chamber of Manufacturers, regional development corporations, and Business Enterprise Centres. This will enable clients of the Department to quickly access the full range of business assistance services.

5.3.19 MINISTER FOR SPORT, RECREATION AND RACING

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Department of Sport, Recreation and Racing ..	47.0	50.8	8.1
Total, Minister for Sport, Recreation and Racing	47.0	50.8	8.1

DEPARTMENT OF SPORT, RECREATION AND RACING

The overall objectives of the Department of Sport, Recreation and Racing are to foster and develop -

- a state in which the community is able to be fulfilled through participation in sport and recreation;
- excellence in performance by New South Wales athletes in national and international sporting events; and
- a New South Wales racing industry.

Expenditure Trends and Recent Developments

Developments during the 1993-94 financial year included -

- the review and amendment of the Department's Strategic Plan for sports development;
- the establishment of a Sports Coaching Centre at the New South Wales Academy of Sport, Narrabeen;
- a significant advance in the development of the International Rowing/Canoe Course at Penrith Lakes;
- extensive investigation of the feasibility of establishing an International Shooting Complex at Holsworthy;
- the introduction of Sunday racing with proceeds going toward the Sydney 2000 Olympic Bid;
- in consultation with the racing industry, the packaging of racing taxation reforms which, despite the recession, have resulted in increased revenue to Government having regard to the viability of the industry; and

- the rationalisation of on-course Totalizator systems to provide better service and opportunities for on-course patrons.

1994-95 Budget

A total of \$50.8 million will be made available to the Department of Sport, Recreation and Racing for the purpose of encouraging individual fulfilment within the community through participation in sport and recreation and fostering community esteem through excellence in sporting performance. Major features of the Department's 1994-95 allocation include -

- \$23.2 million to encourage participation in sport and recreation;
- \$17.8 million towards excellence in the performance of New South Wales competitors in sporting events;
- \$4.3 million towards the implementation within the community of safe practices in sport and recreation. Included within this figure is an allocation of \$1.3 million towards the conduct of learn to swim classes for all sectors of the community;
- an annual grant of \$500,000 for the funding of activities of the International Sporting Events Council;
- provision of \$1 million for bushfire relief from Sunday Racing Proceeds; and
- provision of \$2.0 million for the operating costs of the Stage 1 Facilities at Olympic Park, Homebush Bay.

The total allocation includes \$14.5 million from the Sport and Recreation Fund. This Fund supports schemes designed to enhance the effectiveness of community based sports administration and includes the funding of programs such as those aimed at -

- support of high performance athletes;
- development of sports coaching;
- improved community sports administration;
- development of sporting and recreational facilities; and
- placing of constraints on doping practices within sport.

As a further initiative greater emphasis will be placed on developing business-like management systems within the racing industry and community sports organisations.

The following key issues in the Department particularly relate to the management of racing policy -

- funding for the introduction of an on-course telephone betting system;
- removing unnecessary regulation and controls;

- increasing efficiency through the use of electronic funds transfer of racing taxation payments; and
- encouraging opportunities arising from developments in communication and information technology.

A total of \$5.6 million will be made available by the Department of Sport, Recreation and Racing towards the development, control and regulation of the racing industry.

5.3.20 MINISTER FOR TRANSPORT AND MINISTER FOR ROADS

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Department of Transport	1,065.3	1,036.5	(-) 2.7
Roads and Traffic Authority	271.1	324.0	19.5
Total, Minister for Transport and Minister for Roads	1,336.4	1,360.5	1.8

The movement in the level of current payments of this portfolio principally reflects -

- reduction in the level of Budget funding support to the State Rail Authority for redundancies (\$31.7 million);
- extended hours trading by selected motor registries and the distribution of computer service costs commensurate with use by registries (approximately \$18 million); and
- separate disclosure of the contractual payment to the Sydney Harbour Tunnel Company from Harbour Bridge toll collections as opposed to the former treatment of the payment being offset against tolls collected (\$32.8 million).

DEPARTMENT OF TRANSPORT

Payments by the Department of Transport principally cover two broad areas, viz departmental activities and payments to transport operators, community groups and certain individuals.

The allocation for the activities of the Department of Transport is to cover 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 and Commonwealth and Local Governments, 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 Pyrmont Ultimo Light Rail, the New Southern Rail Line and the Warringah Transport Project.

Payments to transport operators, community groups and certain individuals fall into two broad categories, namely -

- the provision of funding to the State Rail Authority, the State Transit Authority and private transport operators for services which would not otherwise be provided by them at the current fare and/or service levels, and to community groups and certain individuals for particular services. These payments are targeted to improve community mobility on public transport and assist in encouraging greater freight movements by rail; and
- assistance to the State Rail Authority by funding operating losses and to implement the Authority's reform program which is aimed at achieving a best practice railway by June 1996, as measured by accepted international benchmarks.

Expenditure Trends and Recent Developments

The Department's Planning and Projects Division has undergone significant enhancement following Departmental restructuring to focus on the integration of the transport network.

There has been real expenditure increase in the School Student Transport Scheme reflecting natural growth in the student numbers, higher retention rates for Year 11 and 12 students and the influence of Government Education policies regarding freedom of choice of which schools students attend.

Table 5.1: School Student Transport Scheme Costs

		1989-90	1990-91	1991-92	1992-93	1993-94
Total student population ^(a)	(000)	1,033.6	1,030.6	1,037.3	1,050.2	1,052.2
Total SSTS beneficiaries	(000)	641.8	643.1	659.2	693.8	nya
Total cost ^(a)	\$m	227.6	264.1	286.8	305.0	314.8
Cost increase	%		16.0	8.6	6.4	3.2
Real cost increase	%		10.7	6.9	3.2	0.7
Cost per eligible student	\$	354.7	410.6	435.1	439.6	nya

^(a) Figures from the Department of School Education's annual census.

^(b) Includes SSTS payments to State Transit and State Rail

There has been a steady reduction in State Rail Authority operating costs and Government contributions as a result of continuous productivity increases commencing in 1989 and continuing to the present time. Increasing productivity has resulted in reduced staff requirements, which have been the principal driver of the lower operating costs. Other significant factors have included increased contestability and contracting out, resulting in greater efficiencies and cost savings.

State Government payments to the State Transit Authority, which provide public bus and ferry services in part of Sydney and Newcastle, have continued to decrease due to the substantial progress towards commercialisation and self funding of the Authority. This has been achieved largely through work place reforms, implementation of improved financial and operating systems and the provision of enhanced services.

Also, in 1992-93, the methodology for State Transit Authority's services and concessions funding changed markedly to reflect the Authority being expected from that year to comply with the Passenger Transport Act 1990 in a similar way as expected of the New South Wales bus industry generally. This change means that 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 Authority is still reimbursed for having to provide concessions, non-commercial services in excess of the required minimum service levels and fare discounts for multi-trip tickets in excess of normal commercial discount levels. The methodology for calculating these payments to the Authority was changed to better apply commercial conditions.

1994-95 Budget

During 1994-95, the Department will amongst other initiatives, finalise the Integrated Transport Strategy for Greater Sydney and integrate and reorientate the Department of Transport Study Group. In addition, transport implementation plans for the Sydney 2000 Olympics and contracts for the construction of the Pyrmont Ultimo Light Rail and the New Southern Rail Line will be finalised.

In 1994-95, \$2 million will be made available for railway heritage grants to assist groups of rail enthusiasts in preserving the State's railway heritage. Grants of up to \$250,000 for each eligible group will be available for track repair, bridge rebuilding, rolling stock restoration, engagement of engineers, safe working training, etc.

In addition, the following payments will be made to transport operators, community groups and certain individuals during 1994-95.

	1993-94	1994-95 Estimate	Variation
	\$m	\$m	%
SRA - CityRail -			
Services and concessions	198.5	210.5	6.0
Losses	51.3	31.5	(-) 38.6
Countrylink -			
Services and concessions	64.4	62.9	(-) 2.3
Losses	7.3	4.8	(-) 34.2
Freight Rail -			
Services and concessions	124.5	129.9	4.3
Staff redundancy payments	141.7	110.0	(-) 22.4
STA - Services and concessions	149.3	149.2	(-) 0.1
Government Operating Conditions contribution	13.0	2.8	(-) 78.5
Private operators, community groups and certain individuals	296.2	315.8	6.6
Total	1,046.2	1,017.4	(-) 2.8

Further details of concessions are provided in Table 5.6: Cost of Budget Funded Concessions Granted by the Government.

The 1994-95 Budget continues to reflect increased savings being achieved by public transport authorities. This is illustrated by the following table -

Table 5.2: Public Transport Authorities Operating Costs and Government Contribution (1994-95 prices)

	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
	\$m	$m	$m	$m	$m	$m	$m
State Rail Authority:							
Operating Costs	1,750.0	1,651.0	1,616.0	1,575.0	1,575.0	1,547.0	1,508.0
- per annum savings since 1987-88	346.0	445.0	480.0	521.0	521.0	549.0	588.0
Government Contribution	556.0	525.0	497.0	459.0	440.0	412.0	398.0
- per annum savings since 1987-88	193.0	224.0	252.0	290.0	308.0	337.0	351.0
State Transit Authority:							
Operating Costs	392.0	385.0	352.0	329.0	322.0	312.0	304.0
- per annum savings since 1987-88	16.0	23.0	56.0	79.0	86.0	96.0	104.0
Government Contribution	171.0	182.0	176.0	166.0	152.0	139.0	128.0
- per annum savings since 1987-88	82.0	71.0	77.0	87.0	101.0	114.0	125.0

State Rail's objectives are to provide New South Wales with best practice railway services which are safe, customer oriented and efficient and to manage its assets in accordance with sound commercial practice. State Rail's major objectives impacting on the level of Government contributions in the 1995-96 Budget include -

- to be a best practice railway by June 1996 as measured by accepted international benchmarks;
- to maintain best practice in safety-related matters and ensure State Rail provides a safe environment for its employees and customers; and
- to have completed the bulk of the micro-reform transition program within State Rail by June 1995 with administrative practices commensurate with best private sector standards.

During 1993-94 Mercer Management Consulting conducted a Mid Term Strategic Review of the State Rail Authority. The broad terms of reference were to -

- review State Rail's operating and financial performance against targets set by the Booz Allen & Hamilton strategic review in 1989-90;
- update the benchmarks to current world best practice, as adjusted for the New South Wales environment;
- review State Rail's five year capital investment requirements - ensuring management practices are revised to best practices targets to achieve value for money; and
- review State Rail's overall financial and management structure to suit future directions.

The outcome of the Mercer Review in terms of revised performance benchmarks and targets has been incorporated into the SRA's Corporate Plan in 1994-95 and the level of support in the 1994-95 Budget. In the longer term, the review's impact on budget allocations will be apparent from reductions in requirements for Government contributions due to decreased operating costs.

Other key strategies for the SRA to be pursued over the next five years that will impact Budget support include -

- greater autonomy for each of the three main business groups (CityRail, Countrylink and Freight Rail) to enable them to operate as fully commercial businesses;
- restructuring of the SRA at corporate level, including establishment of a Planning and Access Division (incorporating a Network Access Unit), the Rail Services Group and Corporate Capital Works Directorate;
- the "Best Rail" program to achieve best practice in rail safety, environmental management, ethical behaviour, quality customer service and productivity;
- achievement of best practice productivity targets and establishment of an annual benchmarking process; and
- exposing business activities to competitive influences (through contracting and market testing).

The 1994-95 Budget represents the first stage of State Transit's three year financial objectives. The objective centres around State Transit's philosophy of seeking Government funding on the same grounds as that provided to the private bus and ferry operators. The second major feature is the improvement in the operating result from a position whereby State Transit is currently supported by a Contribution for Government Operating Conditions to a point where a genuine commercial profit is achieved.

In progressing towards the achievement of these objectives in 1994-95, State Transit plans to -

- increase passenger revenue in real terms by 3.0 per cent or \$4.9 million through increased patronage and improved revenue protection;
- reduce operational expenditure by \$7 million in real terms; and
- reduce Government funding by \$14.4 million in real terms.

In the 1994-95 Budget, payments to private transport operators and certain individuals for School Student Transport Services amounts to \$262.2 million, compared with \$247.9 million in 1993-94. This excludes estimated payments for the School Transport Scheme to be made to the State Rail Authority (\$33 million) and the State Transit Authority (\$27.5 million) in 1994-95.

The \$53.6 million (\$48.3 million in 1993-94) remainder of the provision in the 1994-95 Budget for payments to private transport operators and community groups includes provision for concessions such as half fare concessions for pensioners, etc., 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 have been driven up by factors such as the ageing population and the more widespread use of the Senior's Card.

The level of Budget support also reflects increases in Taxi Transport subsidies due to a greater number of severe and permanently disabled persons unable to use public transport becoming aware the scheme. There is also a tendency for greater use of the service by existing users of the taxi transport scheme, which is designed to increase their mobility.

ROADS AND TRAFFIC AUTHORITY

The Roads and Traffic Authority manages the State's roads and traffic system, i.e. the use of the system, the maintenance of the network and its enhancement. Recurrent expenditure is primarily for the Authority's motor registry services and the debt management function.

Expenditure Trends and Recent Developments

The total current payments for 1993-94 of \$271.1 million included \$108.2 million for vehicle registration and driver licensing services, \$120.2 million to meet debt servicing costs, \$42.7 million for staff redundancy payments.

Over the last few years motor registries have benefited from improved technology as a result of the introduction of the DRIVES computer system. The progressive opening of selected registries for trading on Saturdays has resulted in significant improvement in customer service.

Productivity savings arising from the reduction in staff numbers and the technological progress have been retained by the Roads and Traffic Authority for application to the State's Roads Program.

1994-95 Budget

Current payments for 1994-95 for the Roads and Traffic Authority are projected at \$324 million which includes \$136 million for vehicle registration and driver licensing services, \$115.2 million to meet debt servicing costs, \$40 million for staff redundancy payments and a \$32.8 million payment to the Sydney Tunnel Company from road tolls collected from the Harbour Bridge.

The increase of 19.5 per cent over the 1993-94 levels is mainly due to a 25.6 per cent increase in the cost of operating motor registries which arises from the introduction of extended hours trading by selected registries and also a higher level of computer service costs being charged to registries commensurate with their usage of the computer services. In addition, in 1993-94 payments to the Sydney Tunnel Company were offset against road tolls received. As from 1994-95 these payments are being disclosed separately.

The above increases have been partially offset by a decrease of 4.2 per cent in the Authority's debt servicing costs resulting in Total Payments of the Authority increasing by 19.5 per cent.

DRIVES is the most complex computer development ever undertaken by the Government and is now operating successfully and achieving the benefits originally envisaged. Costing \$39 million to develop, with current savings of \$20 million annually, its payback period will be less than two years.

DRIVES is being continually enhanced. In November 1993 there was a major release of new and updated functions which include -

- introduction of the Accountable Forms System;
- introduction of the Proof of Age Card;
- processing of photograph Firearms Licences, and
- enhancements to financial administration features.

Other enhancements made which have a direct benefit for customers are -

- streamlining of the Driver Test Booking scheme; and
- stage 1 of the Written Off Vehicle Scheme which alerts the Authority where identification plates from wrecked vehicles are transferred to stolen vehicles. This is an anti-theft measure which has the support and co-operation of the Insurance Council of Australia and the Motor Traders' Association.

Interest in the DRIVES system has been widespread. The Queensland Department of Transport is currently developing a system based on DRIVES. Interest has also been shown from overseas with delegations from Saudi Arabia and Indonesia visiting the Authority and representatives from the RTA being invited to Poland to explain DRIVES. Following the presentation of DRIVES in Europe, interest in the system was also received from Morocco and Thailand.

5.3.21 TREASURER AND MINISTER FOR THE ARTS

OVERVIEW

Agency	Total Current Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Treasury	60.1	68.1	13.3
Crown Transactions	2,889.1	2,648.1	(-) 8.3
Treasurer's Advance .....	...	200.0	n.a.
Ministry for the Arts	30.3	32.4	6.9
State Library	40.4	38.9	(-) 3.7
Australian Museum	17.7	18.5	4.5
Museum of Applied Arts and Sciences	24.2	25.8	6.6
Historic Houses Trust	6.5	8.6	32.3
Art Gallery of New South Wales	14.1	14.7	4.3
Archives Authority of New South Wales	3.7	3.8	2.7
New South Wales Film and Television Office ..	4.1	5.4	31.7
Total, Treasurer and Minister for the Arts ..	3,090.2	3,041.6	(-) 1.6

TREASURY

The Treasury comprises 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 State's finances, while OSR collects taxes, develops policy and implements legislation relating to State taxes.

Expenditure Trends and Recent Developments

Office of Financial Management

During 1993-94 OFM completed the introduction of comprehensive accounting and budgeting to all budget sector agencies. This included new cash management arrangements and improving procedures for cash monitoring.

In order to ensure that this and other financial reforms have an appropriate legislative base, a comprehensive review has commenced of all existing financial legislation.

OFM provided advice on the privatisation of the State Bank. It developed and released a policy paper on the implementation and funding of social policy commitments and developed a business requirement specification for the introduction of an integrated financial data base. A policy paper dealing with the reclassification of capital and maintenance expenditure for the budget sector has also been released.

Office of State Revenue

In 1993-94 the Diesel Fuel Exemption Scheme was modified to strengthen anti-avoidance measures and penalties. New permits to replace the previous exemption certificates were phased in between 1 July and 1 December 1993. The permits eliminate the need for clients to apply to OSR for a rebate, thus streamlining the administration of the scheme and reducing inconvenience for clients.

Legislation was passed to accommodate the proposed introduction of an electronic clearing house sub-register system (CHESS) by the Australia Stock Exchange to record the ownership of marketable securities. The legislation, which will facilitate the charging of stamp duty on electronic transfers of marketable securities, will come into effect from 1 September 1994.

OSR assumed responsibility for Administration of the Debits Tax legislation which was transferred to the States by the Commonwealth on 1 January 1994. Prior to this date, the tax was collected by the Australian Taxation Office under an agency agreement. OSR has developed and implemented a system for collecting and managing Debits Tax.

OSR assumed full responsibility for legal debt recovery action. Previously, this function was carried out by the Crown Solicitor's Office on behalf of OSR. This has resulted in reduced processing time and increased payment of debt.

OSR administered the tax relief measures which were announced by the Treasurer to aid victims of the disastrous January 1994 bushfires. The measures included -

- Pay-roll tax relief for employers who continued to pay employees while working as volunteer firefighters;
- Relief from Financial Institutions Duty and Debits Tax for charitable groups which conducted fundraising appeals for bushfire victims; and
- Land Tax relief for bushfire victims.

OSR continued to administer the Federal Tax Equivalent Regime under which State-owned corporations and specified Government Trading Enterprises pay Federal tax equivalents to the State. This regime ensures that the enterprises concerned operate on a more commercial footing.

1994-95 Budget

Office of Financial Management

For 1994-95 the key issues which OFM will address can be categorised under the headings of Financial Responsibility, Economic Efficiency, Public Accountability, and Organisational Excellence.

• **Financial Responsibility**

OFM will be participating in the Commonwealth/State committee on implementation of a Tax Equivalent Regime and will also be developing proposals for the reform of State financial taxes on a fiscally neutral basis.

Aligned to these projects will be a research program for State submissions to the Grants Commission.

Additionally OFM will be undertaking a strategic review of the capital program decision making processes, developing financial models for projecting the State's superannuation liability and undertaking a risk assessment of non budget sector agencies to determine appropriate monitoring arrangements.

- **Economic Efficiency**

Resources will be applied to developing a model to improve budget forecasting by incorporating the impact of social, economic and demographic factors. Work will also continue on facilitating the privatisation of the State Bank.

In the budget sector, productivity benchmarks will be established in the areas of secondary schools, hospitals and police patrols while in the non budget sector a strategy for reform of the electricity industry will be developed.

- **Public Accountability**

Emphasis will be given to integrating information on agency outputs and outcomes in the budget papers, including an audited budget sector result in the public accounts. Work on a best practice approach for financial and resource management will be finalised and an internal control framework and internal audit guidelines will be developed.

- **Organisational Excellence**

Priority will be given to developing and implementing an enterprise agreement. A time recording and diary system will be introduced to assist in addressing work load issues identified by staff in the biennial staff survey.

In the human resources area a career planning strategy for Treasury officers will be developed, while in the Information Technology area software will be developed for an integrated financial database to meet the needs of OFM's four operational divisions.

Office of State Revenue

OSR's Current Allocation of \$49.7 million relates to the collection of revenue to finance services for the people of New South Wales.

OSR has five tax collection programs which are funded as follows: Stamp Duties \$18.6 million; Pay-roll Tax \$6.6 million; Land Tax \$22.1 million; Business Franchise Licences \$2.1 million; Tax Equivalents \$0.3 million.

The collection of Tax Equivalents is reported as a separate program for the first time in the Budget Papers due to the increasing importance of tax equivalents as a source of State revenue and to highlight OSR's role as tax assessor for all Government Trading Enterprises (GTEs) and as administrator of the Tax Equivalent Regime.

OSR is working with four other jurisdictions - Victoria, South Australia, Tasmania and the ACT to rewrite the Stamp Duties Act. This is the first step in a review of the major tax statutes to convert them to plain English and bring them into line with the way business is transacted.

Taxline, which is a system for the electronic processing and stamping of less complex documents, will be piloted by OSR with six firms of law stationers and solicitors. The pilot should be completed by November 1994, at which time the results will be assessed with a view to making it available to all law firms.

The Tax Equivalents Regime will be extended to a further 10 Government Trading Enterprises and to include liability for State as well as Federal Taxes

CROWN TRANSACTIONS

"Crown Transactions" reflect service-wide transactions for which individual agencies are not directly accountable. An allocation of \$2,648.1 million has been provided for 1994-95 including provisions for superannuation contributions, long service leave payments and debt costs.

In 1994-95, \$112 million has been provided for payments of Long Service Leave entitlements to Budget Sector employees. This is a 2.1 per cent increase over the level of actual payments in 1993-94.

TREASURER'S ADVANCE

In each year's Appropriation Bill, an amount is authorised for use by the Treasurer to meet supplementary payments from the Consolidated Fund for current payments of a contingency nature. Details of how the Advance is applied are shown in the following year's Appropriation Bill.

An amount of \$200 million has been allocated for the Treasurer's Advance in 1994-95.

MINISTRY FOR THE ARTS

The Ministry is the agency of Government responsible for the oversight of the arts portfolio which comprises the Archives Authority, Art Gallery, Australian Museum, Historic Houses Trust, Museum of Applied Arts and Sciences, New South Wales Film and Television Office and State Library.

Funding is provided for the State's Cultural Grants Program, the Sydney Opera House Trust, Carnivale, the Sydney Festival and for oversight of arts policy and agencies. The last five years has seen the Cultural Grants Program increased by \$3.3 million to \$11.9 million per annum.

1994-95 Budget

In 1994-95 an additional \$1.2 million has been allocated for the Cultural Grants Program. The Grants Program provides a base for the State's cultural activities, supporting a diversity of organisations from major performing art companies to local historical societies, and ensures that these arts organisations remain financially viable and are allowed sufficient scope for artistic development.

This year's additional funding has been earmarked to provide support to various new initiatives such as the strengthening and development of contemporary dance, support of local and regional museums, aboriginal arts development and the enhancement of support for literature. The Cultural Grants Program fosters cultural and artistic initiatives across the State. Grants are continually reviewed by the Arts Advisory Council and its Committees.

The Sydney Opera House is one of our most important tourist attractions. To preserve and protect this unique building \$5.4 million has been provided within the Budget for regular ongoing maintenance.

The hiring of the Sydney Opera House is conducted on a commercial basis, although educational and community events receive discounted rates. These events include National Day celebrations conducted by various ethnic community groups and School concerts. In addition the Sydney Opera House itself stages a variety of performances, festivals and outside events many of which are provided free of charge or at low cost.

The Bennelong program is the audience development wing of the Sydney Opera House. It combines educational programs with special performances and presentations and is targeted to young people between the ages of 2-24 years. In 1994-95 the Bennelong Program plans to present 140 performances and events at the House. In addition 70 outreach performances and events are planned to take place in regional areas away from the Opera House.

The Budget allocates \$9.2 million to support the above operations of the Sydney Opera House Trust.

STATE LIBRARY

The strengthening of the network of public libraries remains a key strategy for achieving the Library's objective of delivering information from anywhere in the world to anywhere in the State. In 1993-94, State Government grants assisted public libraries to take up new technology. A total of ninety one of the ninety five public libraries in the State now operate automated systems.

The Library's reference and research services cater for many special fields of interest including law, health, business and industry. The most up to date technology for information communication is available, including CD-ROM databases, online computer catalogues and the State Library's own network service, ILANET. In addition to its free services the Library provides a range of innovative, fee-based services.

In recent years the demand for the Library's services has increased. The use of the most modern technology is a necessary pre-requisite to the meeting of this demand and the improvement of client service.

1994-95 Budget

To enhance the availability of library materials to local communities the Budget provides for grants totalling \$16.2 million to be provided to local government libraries across the State. In further support of the public library network training programs are provided for public libraries and Government special libraries staff.

In 1994-95 a more user-friendly facility for using the Library's computer catalogue will be developed to facilitate access to the Library's databases.

A pilot secondary schools project will be established in 1994-95. This service will support students and teachers by providing information resources in all curriculum areas.

Digitisation of materials in the Mitchell collection is a major priority. The progressive conversion into digital form of the manuscripts, maps, serials and books of the Mitchell collection will enable this most valuable heritage collection to be electronically accessible to clients anywhere in the State.

AUSTRALIAN MUSEUM

The Museum propagates knowledge about the natural environment of Australia and aims to increase that knowledge through such activities as research, education and exhibition programs.

To increase public awareness the Museum has attempted to present at least two international exhibitions per year. Its most recent exhibitions were "Art of the Himalayas", "Beyond Java Sea" and "Great Russian Dinosaurs". In addition the Museum has developed two major touring exhibitions, "Gargantuans from the Garden" and "Shark".

1994-95 Budget

The Museum's program of exhibitions and performances for the public will include a new exhibition featuring archaeological artefacts from Pompeii titled "Rediscovering Pompeii". The Museum has been negotiating for several years with the Italian authorities to secure such an exhibition. The exhibition will also feature advanced interactive technology displays.

In 1994-95 the Museum's Aboriginal Outreach project will focus on providing preservation and collection management advice to Aboriginal Keeping Places in New South Wales. To this end a manual will be circulated to all Keeping Places. It is anticipated that the Museum will train an aboriginal officer to provide this much needed advice to the aboriginal community.

The Museum has an extensive collection of Aboriginal Australian, near Pacific and Indonesian artefacts. In 1994-95 the Museum will develop a computerised database to improve access to information about these collections.

Exhibition and education resources are provided to people throughout the State who are unable to come to the Museum. In the forthcoming year "Street Science", "Eric the opalised pliosaur" and "Aboriginal Australia" will tour to larger regional centres in New South Wales.

The Museum has placed increasing emphasis on marketing its services, in particular its bio-diversity unit. Research is currently being undertaken into the study of commercially important fish and the native faunas of New South Wales, including threats to their habitats from pest species and social and commercial activities. Major research programs in the fields of mineralogy and palaeontology are underway and important research is being undertaken on the prehistory of aboriginal settlement in the Port Jackson region.

MUSEUM OF APPLIED ARTS AND SCIENCES

The Museum of Applied Arts and Sciences comprises the Powerhouse Museum, the Sydney Mint Museum and the Sydney Observatory. It has evolved from the Sydney International Exhibition of 1879. The Museum promotes awareness and understanding of the past, present and future of Australian society in a dynamic and enjoyable way. It undertakes research, scholarship and the acquisition, conservation and integrated presentation of material in the fields of sciences, technology, industry, design, decorative arts and social history.

The Museum developed a computerised collection information system to provide comprehensive on-line information about its collection of 350,000 objects for staff, researchers and visitors. The Museum also continued to consolidate and improve its collection storage areas. A number of successful exhibitions were also held including Real Wild Child.

1994-95 Budget

The Museum will continue to promote awareness and understanding of the past, present and future of Australian society to the public. In doing so, the Museum has planned a number of major exhibitions for 1994-95 with the cost of these being recovered through entry fees and retail sales. Some of these include -

- Laserlink - at home in the future
- Ken Done - a retrospective
- Christian Dior - the magic of fashion
- Flying high down under
- Chemistry
- Milkbar Music
- Design for the times - costumes from the Sydney Mardi Gras.

HISTORIC HOUSES TRUST

The Historic Houses Trust seeks to conserve and manage with imagination and excellence the cultural heritage of the State, in key places, and to realise their potential to foster an informed public awareness of heritage generally. The Trust's portfolio of properties has grown significantly over the last few years to include Hyde Park Barracks and the Justice and Police Museum.

1994-95 Budget

Increased funding of \$1.4 million for the Trust has been primarily allocated towards the operational costs of the Museum of Sydney on the Site of First Government House which is due for opening in March 1995. In the lead up to the Museum opening, the Trust has been planning its exhibits, researching and developing its educational programs, cataloguing and preserving some 1.5 million artefacts unearthed from archaeological digs since 1982.

The Museum will provide exhibition spaces, viewing access to the archaeological foundations and storage for the collection of relics. It is the Trust's intention to promote the significance of the site's association with our colonial and Aboriginal history and its potential to comment and assist in our understanding on how we see ourselves today. The Trust has also planned a number of exhibitions at its other properties for 1994-95. Some of these include -

- Gold Fever! Life on the diggings 1851 to 1855
- The Craft of Home Furnishings 1830 to 1930
- The Homes of Devon
- Detection and Forensic Science
- Port Jackson Painters.

ART GALLERY OF NEW SOUTH WALES

The Art Gallery acquires, collects and presents works of art from all over the world. In 1993-94 works of art valued at over \$6 million were gratefully donated to the Gallery.

The Gallery will be developing the Whiteley Museum which is located at the artist's former home/studio. The Museum is planned to open towards the end of 1994.

1994-95 Budget

The Gallery has been provided with an additional \$1.3 million towards its base operating budget to enhance the services it provides. This includes \$90,000 for the funding of operational costs of the new Aboriginal Gallery, which is planned to open in 1995.

A number of major exhibitions are planned for 1994-95, with the costs of these being recovered through entry fees and retail sales. Some of these include -

- Gauguin and the Pont-Aven School
- Sacred Images of Sri Lanka
- Renoir: Master Impressionist
- Great Gifts, Great Patrons
- The Archibald Prize

ARCHIVES AUTHORITY

The Authority is responsible for identifying, preserving and housing, all non-current public records which are of permanent value to the people of New South Wales. The Authority also provides advice and assistance to public sector organisations in records management generally.

1994-95 Budget

In 1994-95, high priority will be placed on strategies to increase community support and awareness of the role of the Authority.

An additional \$0.1 million has been provided in 1994-95 and \$0.2 million in subsequent years to implement changes to the Archives Act. The object of these changes is to establish, implement and monitor records standards and establish codes of best practice for records management. The changes will also provide for the recovery of official records which have strayed from official custody in the past but are an essential element of the history of the State.

NEW SOUTH WALES FILM AND TELEVISION OFFICE

The Film and Television Office seeks to encourage and assist the economic and cultural growth of the industry in New South Wales, by the strategic investment of certain productions which may otherwise be produced outside New South Wales.

The Office has a continued commitment towards the Production and Investment Fund. A total of 104 projects received funding in 1993-94 with the feature film "The Adventures Of Priscilla, Queen of the Desert" and the television series "Heartbreak High" among the recipients.

1994-95 Budget

The Budget provides for an increase in recurrent outlays of approximately \$1.2 million. This is mainly attributable to the on-going commitment towards production and investment activities in the form of grants, particularly in the areas of cinema features, television dramas, series and documentaries, with an increased level of demand for video productions through the activities of the Government Documentary Division being anticipated. In 1994-95 grants will total \$3.2 million.

In 1994-95, \$270,000 will be provided to a range of film and television organisations to support film festivals and other events. The Office will also be assisting in the staging of the Asia Pacific Film Festival in Sydney during September.

5.4 BUDGET CURRENT EXPENDITURE FORWARD ESTIMATES

INTRODUCTION

A system for estimating forward expenditures is essential for aiding governments in the control of their future budget positions, for measuring their success in achieving stated targets and for giving a broad indication of any changes in resource allocations arising either from deliberate policy decisions or as a result of demand-driven factors.

There is no one budget aggregate measure which is unequivocally the best at meeting each of these needs. The three aggregates presented in the table below (for the Budget Sector in total) and in the following tables (for individual agencies) give alternative views of the recent and future trends in Budget current expenditures.

Table 5.3: Budget Current Expenditure Aggregates, 1993-94 to 1996-97

Aggregate		1993-94	1994-95	1995-96	1996-97
CONTROL AGGREGATES					
Consolidated Fund Recurrent Allocations	\$m	17,433	17,756	18,176	18,314
Growth:					
nominal	%	n.a.	1.9	2.4	0.8
real	%	n.a.	(-) 0.5	(-) 1.4	(-) 2.8
As a proportion of GSP	%	12.7	12.2	11.7	11.0
Net Cost of Services	\$m	17,903	18,450	18,433	18,569
Growth:					
nominal	%	n.a.	3.1	(-) 0.1	0.7
real	%	n.a.	0.7	(-) 3.8	(-) 2.8
As a proportion of GSP	%	13.0	12.7	11.8	11.2
OTHER					
Total Current Payments	\$m	16,347	17,105	17,395	17,683
Growth:					
nominal	%	n.a.	4.6	1.7	1.7
real	%	n.a.	2.2	(-) 2.0	(-) 1.9
As a proportion of GSP	%	11.9	11.8	11.2	10.6

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 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 Bill.

Once the Appropriation Bill is 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).

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).

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.

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 5.4.

It is important to note that these estimates are in "inflation escalated" terms rather than constant prices, i.e. they take into account the current forecasts of wage and price inflation over the period. Estimates by agency which will appear in the 1995-96 and 1996-97 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.

Table 5.4: Forward Estimates by Minister and Agency

All figures are expressed in \$m in terms of dollars of the year

	1993-94 Actual			1994-95 Estimate			1995-96 Estimate			1996-97 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	52.1	61.9	53.1	55.4	65.5	55.3	56.3	66.7	56.3	57.9	68.5	57.9
TOTAL FOR MINISTER	52.1	61.9	53.1	55.4	65.5	55.3	56.3	66.7	56.3	57.9	68.5	57.9
PREMIER AND MINISTER FOR ECONOMIC DEVELOPMENT												
CABINET OFFICE	9.3	9.9	11.4	13.9	14.9	12.6	12.3	13.2	12.6	12.5	13.5	12.9
PARLIAMENTARY COUNSEL'S OFFICE	3.2	3.7	3.3	3.5	4.2	3.6	3.6	4.3	3.7	3.7	4.5	3.8
PREMIER'S DEPARTMENT	51.0	52.0	103.8	87.9	104.1	144.7	71.8	106.0	125.0	51.6	140.5	44.6
INDEPENDENT COMMISSION AGAINST CORRUPTION	11.1	13.0	11.7	13.0	15.4	13.2	13.1	15.4	13.5	13.5	15.5	13.9
OMBUDSMAN'S OFFICE	4.3	4.8	4.2	4.3	5.1	4.4	4.4	5.3	4.6	4.5	5.5	4.7
STATE ELECTORAL OFFICE	4.2	4.4	5.0	30.6	30.7	28.8	12.1	12.3	12.1	4.4	4.7	4.5
GOVERNMENT PRICING TRIBUNAL	1.8	1.9	1.8	2.0	2.1	2.0	2.0	2.1	2.0	2.0	2.2	2.1
TOTAL FOR MINISTER	84.8	99.6	141.3	155.2	176.6	210.0	119.2	158.7	173.6	92.3	186.3	85.5

Table 5.4: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1993-94 Actual			1994-95 Estimate			1995-96 Estimate			1996-97 Estimate		
	Total Payments	Net Cost of Services	Con Fund									
MINISTER FOR AGRICULTURE AND FISHERIES AND MINISTER FOR MINES												
RUHAL ASSISTANCE AUTHORITY	61.7	61.5	28.2	52.9	53.5	50.7	31.7	32.2	31.3	24.2	24.8	24.1
DEPARTMENT OF AGRICULTURE	176.9	153.3	135.5	182.6	165.4	143.8	182.9	182.9	140.9	180.7	167.4	145.0
NEW SOUTH WALES FISHERIES	19.8	17.7	16.4	21.7	20.4	18.2	23.1	22.2	20.1	23.8	23.0	20.8
DEPARTMENT OF MINERAL RESOURCES	35.8	36.0	32.7	32.7	33.4	29.6	33.4	34.5	30.1	34.5	35.6	31.0
COAL COMPENSATION BOARD	2.3	2.6	2.4	2.5	2.7	2.5	2.6	2.8	2.6	2.6	2.8	2.7
TOTAL FOR MINISTER	286.5	271.0	215.2	292.4	275.4	244.9	273.6	254.6	224.9	275.9	253.6	223.5
ATTORNEY GENERAL AND MINISTER FOR JUSTICE												
ATTORNEY GENERAL'S DEPARTMENT	98.5	95.6	90.1	94.9	92.1	91.7	87.5	84.5	81.2	85.9	82.8	79.3
JUDICIAL COMMISSION	2.0	2.5	1.9	2.0	2.6	2.0	2.1	2.7	2.1	2.1	2.8	2.2
LEGAL AID COMMISSION	64.0	60.9	58.3	60.5	57.0	57.0	62.3	58.3	58.5	64.6	60.0	60.4
OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS	35.0	42.5	36.9	37.2	45.2	38.9	37.4	44.6	39.2	38.6	45.7	40.4
DEPARTMENT OF COURTS ADMINISTRATION	206.1	175.7	143.0	228.8	182.5	150.9	223.5	180.7	149.2	230.5	186.8	154.6

Table 5.4: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1993-94 Actual			1994-95 Estimate			1995-96 Estimate			1996-97 Estimate		
	Total Payments	Net Cost of Services	Con Fund									
ATTORNEY GENERAL AND MINISTER FOR JUSTICE (cont)												
DEPARTMENT OF CORRECTIVE SERVICES	255.7	268.4	238.5	267.2	284.2	255.0	275.1	292.8	252.0	283.5	301.3	270.0
DEPARTMENT OF JUVENILE JUSTICE	46.4	53.4	46.6	52.7	59.5	54.0	57.7	64.9	59.0	59.5	66.9	60.8
TOTAL FOR MINISTER	727.7	699.0	615.3	763.5	723.1	649.5	765.6	728.5	651.0	784.8	745.3	667.8
CHIEF SECRETARY AND MINISTER FOR ADMINISTRATIVE SERVICES												
CHIEF SECRETARY'S DEPARTMENT	12.6	14.4	13.1	18.7	21.3	18.1	22.3	24.9	22.8	23.8	25.5	24.3
CASINO CONTROL AUTHORITY	4.9	3.7	2.0	3.2	1.7	2.9	2.4	2.3	1.9	2.5	2.3	2.0
OFFICE OF THE CHIEF SECRETARY AND MINISTER FOR ADMINISTRATIVE SERVICES	14.0	17.3	19.5	12.4	21.4	19.1	11.0	12.5	12.5	10.2	11.8	11.7
TOTAL FOR MINISTER	31.5	35.3	34.6	34.3	44.5	39.9	35.8	39.7	37.2	36.5	40.6	38.1

Table 5.4: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1993-94 Actual			1994-95 Estimate			1995-96 Estimate			1996-97 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 COMMUNITY SERVICES, MINISTER FOR ABORIGINAL AFFAIRS AND MINISTER FOR THE AGEING												
DEPARTMENT OF COMMUNITY SERVICES	840.0	870.5	825.8	912.1	947.7	878.0	901.6	937.0	889.3	904.1	940.7	899.0
SOCIAL POLICY DIRECTORATE	6.4	6.2	5.9	6.6	6.4	6.0	5.3	5.1	4.8	5.5	5.2	4.9
COMMUNITY SERVICES COMMISSION	...	...	...	2.4	2.7	2.6	2.9	3.2	3.0	2.9	3.2	3.0
OFFICE OF ABORIGINAL AFFAIRS	0.2	46.7	48.5	3.3	39.3	38.8	3.1	37.0	36.8	3.2	39.4	39.2
TOTAL FOR MINISTER	846.7	923.3	879.1	924.3	996.0	925.4	912.9	982.2	933.9	915.9	986.4	940.1
MINISTER FOR CONSUMER AFFAIRS												
DEPARTMENT OF CONSUMER AFFAIRS	32.2	35.4	31.6	34.3	39.0	32.1	35.6	39.5	33.1	37.0	40.5	34.3
HOMEFUND COMMISSIONER'S OFFICE	4.1	4.3	4.2	1.5	1.7	1.6	..	..	..	..	..	..
TOTAL FOR MINISTER	36.3	39.6	35.8	35.8	40.7	33.7	35.5	39.5	33.1	37.0	40.5	34.3

Table 5.4: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1993-94 Actual			1994-95 Estimate			1995-96 Estimate			1996-97 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 EDUCATION, TRAINING AND YOUTH AFFAIRS AND MINISTER FOR TOURISM												
MINISTRY OF EDUCATION AND YOUTH AFFAIRS												
DEPARTMENT OF SCHOOL EDUCATION	91.5	88.1	86.6	102.8	102.1	96.6	102.7	105.4	100.8	105.9	108.7	104.1
NEW SOUTH WALES TECHNICAL AND FURTHER EDUCATION COMMISSION	3,215.2	3,825.9	3,315.2	3,373.7	4,005.6	3,499.7	3,496.3	4,159.7	3,632.3	3,631.8	4,314.8	3,774.5
TOURISM NEW SOUTH WALES	855.3	871.8	730.6	877.6	933.2	772.8	924.2	977.9	813.6	958.3	1,010.0	845.0
	32.9	29.0	28.8	38.3	33.7	32.4	38.0	33.1	32.3	39.5	34.1	33.3
TOTAL FOR MINISTER	4,195.0	4,814.8	4,161.5	4,392.4	5,074.6	4,401.4	4,561.3	5,276.2	4,579.1	4,735.5	5,467.5	4,766.9
MINISTER FOR ENERGY AND MINISTER FOR LOCAL GOVERNMENT AND COOPERATIVES												
OFFICE OF ENERGY	32.5	28.1	25.6	34.5	28.2	25.9	35.2	28.1	27.5	36.4	28.4	28.7
DEPARTMENT OF LOCAL GOVERNMENT AND CO-OPERATIVES	50.5	48.7	47.0	66.6	68.2	65.6	66.5	68.3	66.7	66.9	68.7	67.2
TOTAL FOR MINISTER	83.0	76.8	72.6	101.0	96.5	91.5	101.7	96.3	94.2	103.3	97.1	95.9

Table 5.4: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1993-94 Actual			1994-95 Estimate			1995-96 Estimate			1996-97 Estimate		
	Total Payments	Net Cost of Services	Con Fund									
MINISTER FOR THE ENVIRONMENT												
ENVIRONMENT PROTECTION AUTHORITY	65.7	68.6	60.1	67.9	72.5	68.3	76.9	88.3	79.6	80.0	93.4	83.8
NATIONAL PARKS AND WILDLIFE SERVICE	73.1	64.4	43.9	89.8	98.5	61.3	95.5	106.7	75.8	106.1	115.6	85.5
ROYAL BOTANIC GARDENS AND DOMAIN TRUST	16.4	16.8	12.2	15.9	17.0	12.7	15.3	17.4	13.1	16.8	17.8	13.6
URBAN PARKS AGENCY	4.7	4.1	4.4	7.4	6.7	6.2	8.4	7.0	6.6	9.5	7.6	7.1
TOTAL FOR MINISTER	160.0	153.9	120.6	181.0	199.8	150.5	198.1	220.0	175.1	212.3	234.4	189.9
MINISTER FOR HEALTH												
DEPARTMENT OF HEALTH	4,557.2	4,104.6	3,825.3	4,751.5	4,421.8	3,852.3	4,850.7	4,501.1	3,982.5	5,004.2	4,630.0	4,102.1
HEALTH CARE COMPLAINTS COMMISSION	...	...	...	3.2	3.6	3.2	3.0	3.4	3.2	3.0	3.4	3.2
TOTAL FOR MINISTER	4,557.2	4,104.6	3,825.3	4,754.8	4,425.3	3,855.4	4,853.8	4,504.4	3,985.7	5,007.2	4,633.4	4,105.3

Table 5.4: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1993-94 Actual			1994-95 Estimate			1995-96 Estimate			1996-97 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 INDUSTRIAL RELATIONS AND EMPLOYMENT AND MINISTER FOR THE STATUS OF WOMEN												
DEPARTMENT OF INDUSTRIAL RELATIONS, EMPLOYMENT, TRAINING AND FURTHER EDUCATION	104.7	102.8	96.8	135.1	125.5	112.2	104.4	99.5	91.2	105.2	99.6	91.1
MINISTRY FOR THE STATUS AND ADVANCEMENT OF WOMEN	2.8	3.2	2.9	4.5	4.9	4.6	4.2	4.5	4.3	4.2	4.6	4.4
TOTAL FOR MINISTER	107.5	106.0	99.7	139.6	130.4	116.8	108.5	104.0	95.5	109.4	104.2	95.4
MINISTER FOR LAND AND WATER CONSERVATION												
DEPARTMENT OF CONSERVATION AND LAND MANAGEMENT	127.7	148.3	138.4	130.5	123.6	116.9	123.8	120.5	108.1	126.9	123.4	110.6
DEPARTMENT OF WATER RESOURCES	94.6	92.4	66.6	93.8	82.6	62.5	84.3	80.6	51.6	86.0	81.4	52.3
TOTAL FOR MINISTER	222.3	240.7	203.0	224.3	222.3	179.4	208.1	201.0	159.8	212.9	204.8	163.0

Table 5.4: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1993-94 Actual			1994-95 Estimate			1995-96 Estimate			1996-97 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 MULTICULTURAL AND ETHNIC AFFAIRS												
ETHNIC AFFAIRS COMMISSION	11.0	8.9	9.5	11.6	10.1	9.4	9.0	8.3	7.4	9.3	8.7	7.6
TOTAL FOR MINISTER	11.0	8.9	9.5	11.6	10.1	9.4	9.0	8.3	7.4	9.3	8.7	7.6
MINISTER FOR PLANNING AND MINISTER FOR HOUSING												
DEPARTMENT OF PLANNING	38.5	40.0	37.1	43.4	45.1	39.8	41.9	44.7	40.0	41.9	45.3	40.8
HOME BUSH BAY DEVELOPMENT CORPORATION	7.2	3.5	2.9	10.9	(-) 4.3	6.1	14.1	9.1	6.4	13.2	10.5	6.6
PAYMENTS TO OTHER GOVERNMENT BODIES UNDER THE CONTROL OF THE MINISTER	104.5	677.5	677.5	143.2	718.4	718.4	135.2	679.0	679.0	128.2	625.3	625.3
TOTAL FOR MINISTER	150.2	721.0	717.5	197.6	759.2	764.3	191.2	732.8	725.4	183.3	681.1	672.7

Table 5.4: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1993-94 Actual			1994-95 Estimate			1995-96 Estimate			1996-97 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 POLICE AND MINISTER FOR EMERGENCY SERVICES												
MINISTRY FOR POLICE AND EMERGENCY SERVICES	4.2	4.7	4.1	4.3	4.7	4.4	4.5	4.8	4.5	4.6	4.9	4.7
THE POLICE SERVICE OF NEW SOUTH WALES	781.8	956.8	784.6	839.8	1,025.8	880.5	896.1	1,093.5	929.1	923.6	1,129.3	980.4
NEW SOUTH WALES CRIME COMMISSION	5.7	7.2	6.2	7.6	8.7	7.3	7.8	8.8	7.7	8.0	9.0	8.0
NEW SOUTH WALES FIRE BRIGADES	180.5	183.9	189.8	209.1	217.5	206.2	202.3	211.0	205.0	204.3	213.8	207.8
DEPARTMENT OF BUSH FIRE SERVICES	22.9	7.5	12.5	22.9	9.1	7.1	22.5	8.0	8.0	23.2	7.9	5.3
STATE EMERGENCY SERVICE	10.9	9.9	6.8	10.1	10.2	8.3	10.2	10.4	8.4	10.5	10.7	8.6
TOTAL FOR MINISTER	1,006.0	1,176.0	1,006.0	1,093.8	1,275.9	1,113.8	1,143.4	1,336.6	1,160.7	1,174.1	1,375.1	1,194.7
MINISTER FOR PUBLIC WORKS AND MINISTER FOR PORTS												
OFFICE OF THE MINISTER FOR PUBLIC WORKS AND MINISTER FOR PORTS	76.4	227.1	212.2	65.2	190.4	186.2	56.8	177.9	177.7	56.8	179.1	179.0
TOTAL FOR MINISTER	76.4	227.1	212.2	65.2	190.4	186.2	56.8	177.9	177.7	56.8	179.1	179.0

Table 5.4: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1993-94 Actual			1994-95 Estimate			1995-96 Estimate			1996-97 Estimate		
	Total Payments	Net Cost of Services	Con Fund									
MINISTER FOR SMALL BUSINESS AND MINISTER FOR REGIONAL DEVELOPMENT												
DEPARTMENT OF BUSINESS AND REGIONAL DEVELOPMENT	29.3	28.9	17.8	40.6	41.4	31.4	36.5	37.8	30.7	33.2	34.4	31.2
TOTAL FOR MINISTER	29.3	28.9	17.8	40.6	41.4	31.4	36.5	37.8	30.7	33.2	34.4	31.2
MINISTER FOR SPORT, RECREATION AND RACING												
DEPARTMENT OF SPORT, RECREATION AND RACING	47.1	45.9	40.1	50.8	60.2	40.4	46.9	44.4	36.1	47.8	38.9	36.1
TOTAL FOR MINISTER	47.1	45.9	40.1	50.8	60.2	40.4	46.9	44.4	36.1	47.8	38.9	36.1

Table 5.4: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1993-94 Actual			1994-95 Estimate			1995-96 Estimate			1996-97 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 TRANSPORT AND MINISTER FOR ROADS												
DEPARTMENT OF TRANSPORT	1,055.3	1,641.5	1,617.5	1,036.5	1,536.6	1,533.2	990.7	1,514.0	1,511.8	1,007.3	1,443.1	1,440.9
ROADS AND TRAFFIC AUTHORITY	271.1	903.0	848.6	324.0	848.8	831.1	286.8	855.2	839.5	286.0	862.6	848.0
TOTAL FOR MINISTER	1,326.5	2,544.5	2,466.1	1,360.5	2,385.3	2,364.3	1,277.4	2,369.2	2,351.4	1,293.3	2,305.7	2,288.9
TREASURER AND MINISTER FOR THE ARTS												
TREASURY	60.1	70.4	81.5	68.1	75.9	65.9	67.1	74.7	64.8	68.1	75.8	66.7
CROWN TRANSACTIONS	2,889.1	3,136.2	2,923.6	2,648.1	2,870.7	2,750.3	2,668.0	2,644.5	2,733.5	2,666.1	2,728.0	2,731.1
MINISTRY FOR THE ARTS	30.3	42.1	39.9	32.4	49.5	47.4	149.8	159.9	145.2	155.5	164.9	150.0
STATE LIBRARY	43.4	41.2	35.9	38.9	39.9	34.6	..	..	..	..	..	..
AUSTRALIAN MUSEUM	17.7	14.0	11.8	18.5	13.8	12.3	..	..	..	..	..	..
MUSEUM OF APPLIED ARTS AND SCIENCES	24.2	34.1	21.0	25.8	31.0	21.8	..	..	..	..	..	..
HISTORIC HOUSES TRUST	6.5	6.0	5.5	8.6	7.5	6.6	..	..	..	..	..	..
ART GALLERY OF NEW SOUTH WALES	14.1	2.6	8.7	14.7	10.5	10.4	..	..	..	..	..	..
ARCHIVES AUTHORITY OF NEW SOUTH WALES	3.7	4.1	3.7	3.8	4.1	3.6	..	..	..	..	..	..

Table 5.4: Forward Estimates by Minister and Agency (cont)

All figures are expressed in \$m in terms of dollars of the year

	1993-94 Actual			1994-95 Estimate			1995-96 Estimate			1996-97 Estimate		
	Total Payments	Net Cost of Services	Con Fund									
TREASURER AND MINISTER FOR THE ARTS (cont)												
NEW SOUTH WALES FILM AND TELEVISION OFFICE	4.1	2.6	3.1	5.4	3.5	3.2	...	..	...	..	..	..
TOTAL FOR MINISTER	3,090.3	3,353.3	3,114.7	2,864.2	3,106.3	2,956.0	2,882.9	2,878.7	2,943.5	2,889.7	2,968.7	2,947.8
TOTAL FOR BUDGET	17,147.2	19,727.2	18,070.1	17,739.1	20,299.4	18,419.9	17,874.5	20,257.6	18,632.5	18,268.4	20,557.3	18,812.6
PLUS:												
TREASURER'S ADVANCE	...	...	..	200.0	200.0	200.0	250.0	250.0	250.0	350.0	350.0	350.0
INTEREST ON FUTURE YEARS DEFICIT	...	...	...	...	...	...	35.0	35.0	35.0	50.0	50.0	50.0
LESS:												
INTRA SECTOR TRANSACTIONS	5.4	...	..	10.7	..	..	10.5	..	..	10.5	..	...
CROWN REVENUE OFFSET TO PAYMENTS												
- SUPERANNUATION	15.2	...	...	6.8	..	...	6.7	...	...	7.3	..	...
- REPAY TO PREVIOUS YEARS VOTES	24.0	..	..	18.1	..	..	18.3	..	..	17.9	..	..
EXPENSES ACCEPTED BY THE CROWN INCLUDED IN CROWN AND DEPARTMENTAL AGENCIES	..	949.8	..	..	981.0	..	..	1,028.6	..	1,061.5	..	..
TOTAL BUDGET SECTOR	17,182.6	18,777.4	18,070.1	17,903.5	19,318.4	18,419.9	18,124.0	19,229.0	18,917.5	18,632.7	19,595.8	19,212.6

RECONCILIATION BETWEEN THE BUDGET AND THE FORWARD ESTIMATES

Changes over time in the forward estimates of payments 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. Expenditure on teachers' salaries, for example, will vary according to school pupil numbers. 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 5.5 shows the reconciliation between the total current payments proposed in this Budget and the forward estimate for 1994-95 published in last year's Budget Papers.

Table 5.5: Reconciliation of Forward Estimates to Budget

	\$m
FORWARD ESTIMATE OF TOTAL CURRENT PAYMENTS FOR 1994-95 AS SHOWN IN 1993-94 BUDGET	17,395
Adjustments to Reflect Changes in Coverage and/or Accounting Arrangements -	
. Transfer of Housing grant from capital to current	31
. Compensation Court of NSW 'on budget'	31
. Olympics Funding - now included in Premier's Department Special Deposits Account	(-) 60
ADJUSTED FORWARD ESTIMATE FOR 1994-95	17,397
SUBSEQUENT VARIATIONS -	
Parameter Changes -	
. Escalation and CPI adjustment	114
. Cost of deficit funding	(-) 264
. Revised superannuation liability estimates	(-) 15
. Health carry forward of 1993-94 under expenditure and in year adjustments to estimates	105
. Victims Compensation Fund	16
. Royal Commission into NSW Police Service	21
. Revised Social Policy Program estimates -	
. CityRail	13
. State Transit Authority	(-) 10
. Water Board	23
. Revised Commonwealth funding -	
. Health	16
. HACC and Disability Services	10
. Rural Assistance Authority	(-) 12
. Additional savings from Government Cleaning Service	(-) 21
. RTA - additional operating and redundancy costs	68
. Enterprise Agreement funding -	
. NSW Police Service	14
. NSW Fire Brigades	15
. Employment and training schemes	33
. Additional payments financed from user charges and use of cash balances, etc	37
POST-BUDGET POLICY DECISIONS -	
Enhancements -	
. National Parks and Wildlife Service - restructure of Service	19
. Community Services - additional funding for essential services	42
. Education - additional teaching resources	60
. Drought assistance package	15
. Assistance to industry	25
. Health - operating cost of new capital facilities; initiatives stemming from Burdekin Report; service improvements and priority initiatives	67
. Water Resources - continuation of Areas Assistance Subsidy	13
. Minor	99
. Reversal of Budget Sector productivity savings	23
TOTAL CURRENT PAYMENTS - 1994-95 ESTIMATE	17,903

5.5 BUDGET FUNDED CONCESSIONS AND PAYMENTS TO GOVERNMENT TRADING ENTERPRISES

Budget funded concessions are services provided free or at less than normal charge to a specific eligible class of individuals or other entities. The concessions may relate to services provided directly by Budget Sector agencies or by Government Trading Enterprises (GTEs) or private corporations.

In total the concessions and payments to GTEs amounted to \$1.28 billion in 1993-94 and an estimated \$1.33 billion in 1994-95, an increase of 4.1 per cent.

In the main, the concessions, which are summarised in Table 5.6, are funded through the Budget, including -

- directly funded Budget concessions;
- taxation concessions; and
- payments to Government Trading Enterprises.

In addition to the concessions listed in the Table, there are other concessions provided, namely -

- services provided by agencies at concessional rates through revenue foregone. Examples include concessions on boat licences and mooring fees charges by the Maritime Services Board, on entry fees to National Parks charged by National Park and Wildlife Service, and to the Australian Museum, the Powerhouse Museum and selected exhibitions at the Art Gallery of New South Wales.
- services provided at concessional prices through pricing cross subsidies. The main example is the water and sewerage subsidy to residential properties funded by business and commercial users; and
- additional taxation concessions provided to specific groups which include an exemption from payroll tax for charities and benevolent institutions, diesel fuel rebates for categories of rural consumers and exemption from Financial Institutions Duty for recipients of Commonwealth pensions. Research undertaken for the New South Wales Government estimated taxation concessions at broadly \$3,000 million for 1988-89.

The main area of concessions is in public transport which in 1994-95 accounts for 67 per cent of concessional expenditure. Variation between expenditure on transport concessions in 1993-94 and 1994-95 estimates is largely due to improvements in passenger travel information, one result of the increasing use of automatic fare collection.

Major beneficiaries of the concessions include Commonwealth Pensioner Concession Card holders, low income householders and families with children. Of the total concessions in 1994-95, \$337 million is paid through the Budget directly to social security beneficiaries for transport concessions and rebates on local government and water rates. In addition to these core concessions, pensioners are significant beneficiaries of other schemes, particularly the public housing rental rebate.

The long standing link between possession of a Commonwealth Pensioner Concession Card and access to State concessions, while administratively efficient, has serious deficiencies for the State including -

- lack of control over expenditure and the targeting of concessions;
- lack of transparency in financial responsibility and accountability between levels of government;
- lack of co-ordinated policy, planning and program management; and
- clients often do not know which level of government is granting a particular concession.

Concessional expenditure schemes, while having commendable objectives of improving access to services and addressing inequities, also suffer from a number of difficulties

- targeting is often poor, except where a clear and objective level of eligibility is available;
- access can be inequitable, given that the benefit is in the form of a service rather than cash. For example, citizens who do not own a car or who have poor access to public transport cannot avail themselves of concessions related to car ownership or public transport fares;
- lack of transparency, hence not subject to direct scrutiny in terms of costs and benefits. While this is generally not the case with budget funded concessions, those concessions delivered through cross subsidies are not transparent; and
- resource allocation distortions, with over-consumption of the subsidised services.

In 1993-94, the Treasurer appointed a Concessions Working Party which is conducting a review of the management of concessions and will examine options to achieve more appropriate and equitable targeting.

Table 5.6: Budget Funded Concessions and Payments to Government Trading Enterprises

Minister	Description of Concession	Actual 1993-94 \$000	Estimated 1994-95 \$000
BUDGET CONCESSIONS			
Education, Training and Youth Affairs	Conveyance of disabled school Children. Payments for other school children are administered by the Minister for Transport	21,128	21,497
	Exemption from the TAFE NSW administration charge for genuinely needy students	14,800	15,500
Energy and Local Government	Assistance to permanent residents of remote areas to provide an adequate domestic power supply through grid connection and purchase of stand alone power supply systems	3,499	3,517
	Assistance to financially disadvantaged people for payment of electricity accounts	5,925	6,683
	State's share of Council rate rebates for pensioners. In 1993-94 Councils moved from calendar year to financial year accounts. 1993-94 actual is for January-June 1994. The 1994-95 estimate is for a full year.	30,358	52,000
Health	Isolated Patients' Travel and Accommodation Assistance Scheme	4,938	5,310
	Provision of aids to disabled people	8,712	8,930
	Public Dental Scheme	65,600	67,240
	Ambulance Services	48,359	49,568
	Pharmaceutical Services	2,099	2,163
TAXATION CONCESSIONS			
	RTA:		
	Drivers licence concessions to pensioners (1993-94 includes estimate for renewal of Five year licences first issued to concession holders in 1988-89)	11,300	23,600
	Motor Vehicle Registration concessions to pensioners -		
	(i) Registration Fee (RTA)	13,752	14,500
	(ii) Motor Vehicle Tax	50,000	53,800
	(iii) Third Party Levy	15,667	16,900
	Grants to rural electricity county Councils to defray costs of subsidies to local councils for the improvement of street lighting on designated traffic routes	5,692	6,040

Table 5.6: Budget Funded Concessions and Payments to Government Trading Enterprises (cont)

Minister	Description of Concession	Actual 1993-94 \$000	Estimated 1994-95 \$000
PAYMENTS TO GOVERNMENT TRADING ENTERPRISES			
Energy	Contribution towards pensioner concessions on electricity charges	4,096	4,416
	Grants to rural electricity councils to defray the costs of supplying electricity in remote locations.	1,549	1,449
Land and Water Conservation	Subsidy to Broken Hill Water Board for rate rebates for pensioners	281	290
	Contribution to Irrigation Areas and Districts to refurbish assets etc	12,340	12,668
	Subsidies to Broken Hill, Cobar and Bourke Water Boards to maintain water supply to isolated communities	824	1,203
Planning and Housing	Water and Sewerage rate rebates for pensioners	48,560	48,000
	Sydney Water Board safety net provision for low income families and pensioners during the implementation of a new pricing structure	8,256	13,321
	Sydney Water Board rates on exempt properties	9,750	8,840
Transport and Roads	Passenger Services -		
	SRA and STA -		
	General Subsidy to all passengers to provide minimum services to the public at cost lower than commercial rates.	113,703	137,052
	Specific concessions -		
	Pensioners and Unemployed	169,700	185,926
	Students	122,103	96,036
	Others	6,808	3,590
	Private Transport Operators -		
	Specific concessions -		
	Pensioners and Unemployed	21,638	23,996
	Students	241,148	254,700
	Others	18,250	20,916

Table 5.6: Budget Funded Concessions and Payments to Government Trading Enterprises (cont)

Minister	Description of Concession	Actual 1993-94 \$000	Estimated 1994-95 \$000
PAYMENTS TO GOVERNMENT TRADING ENTERPRISES (cont)			
Transport and Roads	Passenger Services - (cont)		
	Community Groups and certain individuals including Home and Community Care, Isolated Student Vehicle Allowance	15,120	6,160
	SRA: Subsidy to meet operating losses		
	Cityrail	51,276	31,500
	Countrylink	7,270	4,800
Transport and Roads	Freight Services -		
	SRA -		
	Contribution to maintain the operation of certain rail lines	} 124,500	} 129,868
	Contribution for hauling certain products		
	Total	1,279,201	1,331,979

Chapter 6:
BUDGET CAPITAL PAYMENTS

6.1 Introduction

6.2 Trends in Capital Payments

6.3 Capital Payments by Policy Area

6.4 Capital Payments by Minister and Agency

6.1 INTRODUCTION

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 1994-95" provides details of both the total capital program and the Non Budget Sector component.

Budget Sector agencies are substantially funded from the Consolidated Fund and operate in monopoly markets. Agencies within the Budget Sector are principally engaged in the provision of social, recreational, cultural and other infrastructure, such as law and order, education, health and roads, which are primarily funded through the Budget.

Capital grants to Non Budget Sector agencies and non State organisations and advances made to Non Budget Sector agencies also form part of Budget Sector capital payments. 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).

Due to the predominance of Budget funding and the lack of market competition, Budget Sector agencies are controlled in terms of capital expenditure and are closely monitored in terms of financial performance relative to capital allocations.

6.2 TRENDS IN CAPITAL PAYMENTS

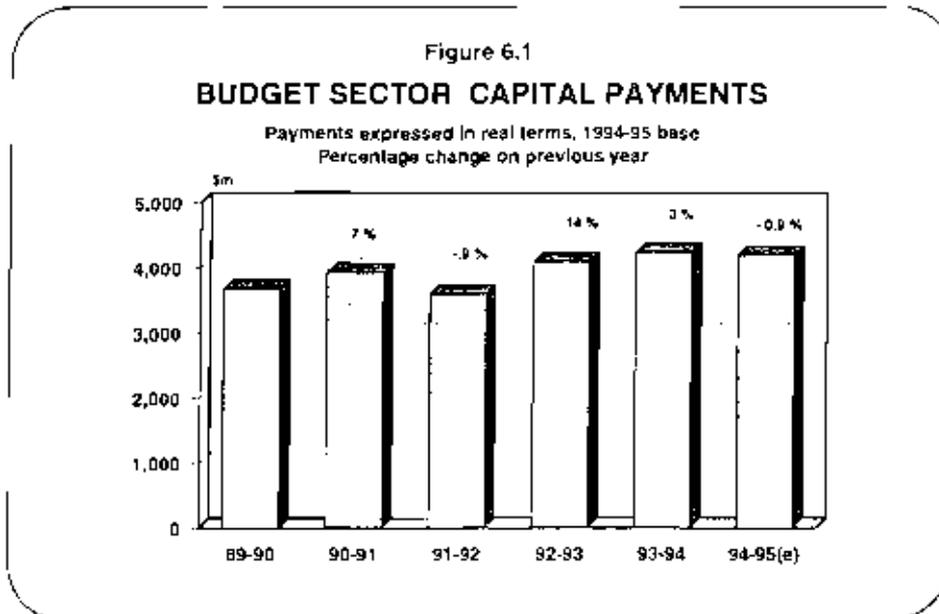
Budget Sector capital payments have grown in real terms each year since 1989-90, except in 1991-92 when payments declined due to completion of a number of major projects and underexpenditure compared with budget in certain policy areas and in 1994-95, when payments are projected to fall marginally from the previous year.

Over the five year period to 1994-95, Budget Sector capital payments will increase in real terms by \$514 million or 14.0 per cent. The policy areas contributing most to this real growth comprise transport and communication (roads and rail services), housing, water and sewerage, and the environment (housing and urban development) and health services.

The real growth in transport and communication reflects significant increases in roads and rail services over the five year period. Growth in roads capital payments relates largely to the impact from early in the period of the introduction of the 3 cents fuel levy and full hypothecation of motor vehicle taxation. Growth in rail services, the non commercial businesses of the State Rail Authority (CityRail and Countrylink), reflects the major rail infrastructure renewal program, also implemented early in the period. This program, mainly directed at CityRail to improve safety and reliability, commenced following the findings of the Booz, Allen and Hamilton study.

Real growth in capital payments for the housing, water and sewerage, and environment policy area mirrors substantial increases in expenditure on community housing under the Commonwealth/State Housing Agreement and on environment protection. In addition, capital payments for urban development have increased significantly, associated with expenditures by the City West and Honeysuckle development corporations under the Building Better Cities program.

Significant real growth in health capital payments over the five year period reflects the high priority accorded by the Government to improved health service provision. Payments under this policy area, directed at both redistribution and general upgrading of health care facilities throughout the State, have been boosted since 1993-94 by implementation of the Concord Integration and Eastern Sydney strategies.



1993-94 Program Outcome

Budget Sector capital payments in 1993-94 of \$4,131 million represented increases of \$224 million compared with Budget and 3.4 per cent in real terms compared with 1992-93 payments.

The increase over Budget was largely due to an increased roads program, additional funding provided for land purchases for the City West and Honeysuckle (Newcastle) urban developments, and growth in payments for health services related to increased reporting of own source expenditure by area and district health services and reclassification between current and capital payments.

Real growth in 1993-94 reflected increases in recreation and culture (sporting facilities at Homebush Bay associated with the Sydney Olympics), continuation of works associated with the Honeysuckle and City West developments, and increased funding provided for public housing.

6.3 CAPITAL PAYMENTS BY POLICY AREA

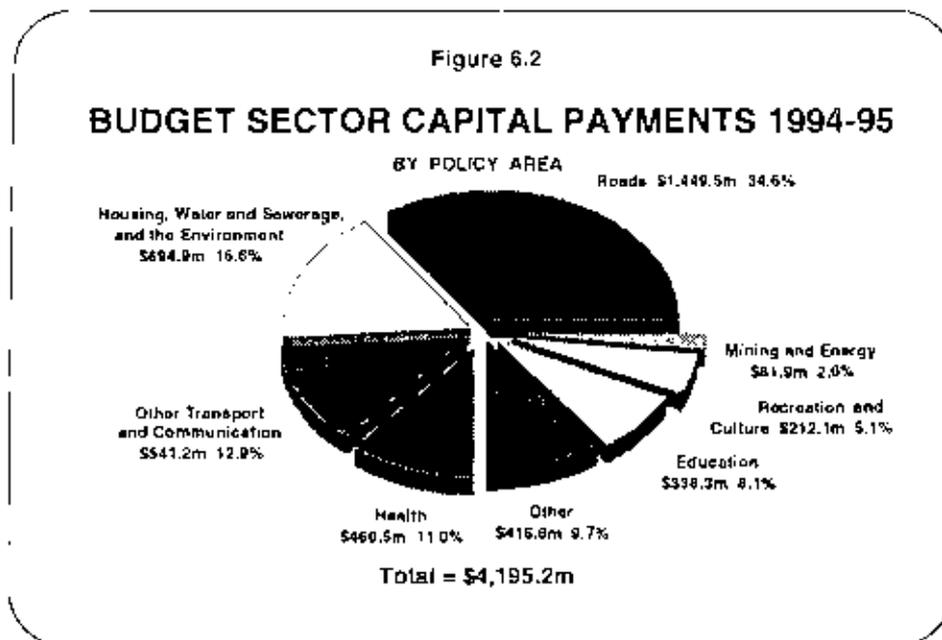
INTRODUCTION

The Policy Area Classification

An explanation of the policy area classification is contained in Section 5.2.

1994-95 Budget

Estimated Budget Sector capital payments by policy area in 1994-95 are shown in Figure 6.2, together with the share of total Budget Sector capital payments for the respective areas. (These figures are taken from the summary shown in Appendix E to this Budget Paper - that summary also provides information at the more detailed policy sector level.)



Total estimated Budget Sector capital payments of \$4.195 million in 1994-95 represent a real decrease of \$38 million or 0.9 per cent compared with 1993-94 actual payments.

Significant real growth is projected in 1994-95 in health, mining and energy, and general public services, lesser real increases in education and agriculture, forestry and fishing, while real reductions are projected for all other policy areas.

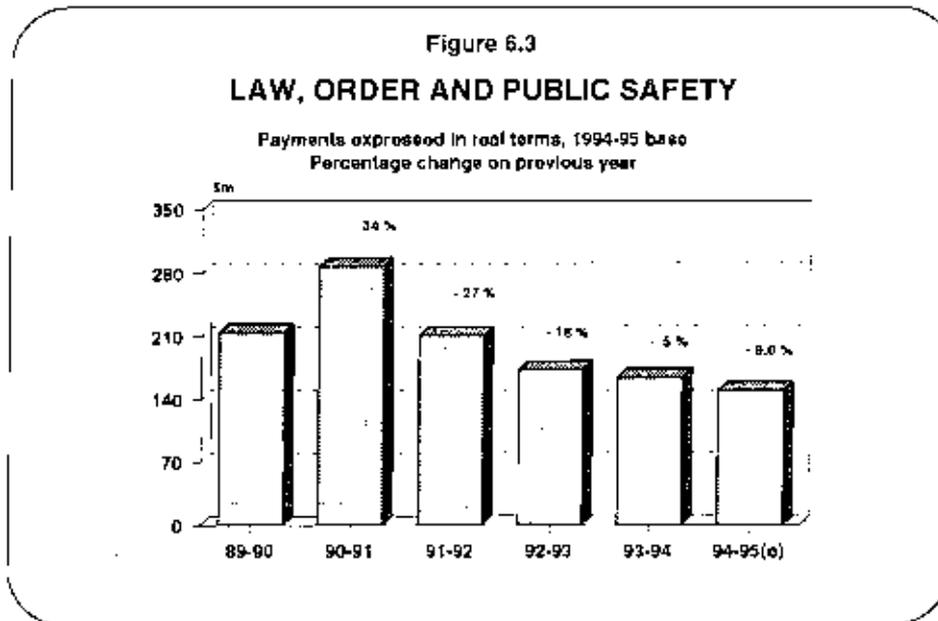
Significant features of Budget Sector capital payments in 1994-95 include -

- ♦ a record allocation of \$460 million for the health policy area, an increase of \$61 million or 15.3 per cent in real terms on 1993-94 expenditure. Major upgrading and redevelopment works will continue at Albury, Bankstown, Liverpool, Inner West, Maitland, Nepean, Prince of Wales, Royal Women's, St George and Sydney/Sydney Eye hospitals as well as the relocation of the Children's Hospital to Westmead. A number of major new works will commence in 1994-95, including a new hospital at Walgett, redevelopments at Ballina, Grafton, and the Illawarra strategy incorporating Illawarra and Shoalhaven hospitals and expenditure will commence on a major new technology improvement program;
- ♦ a total of \$338 million for education capital payments, including \$198 million for school education and \$136 million for TAFE NSW. In school education, over 70 major primary and secondary works-in-progress projects throughout the State will be substantially completed and 45 major new projects will be commenced during the year. A total of 14 major new TAFE NSW projects are planned to commence in 1994-95 and substantial expenditure will continue on 15 existing major projects;
- ♦ implementation of the Government's CBD Asset Strategy, reflected under growth in the general public services policy area. The strategy, which involves the move of a number of agencies to the Governor Macquarie Tower, the refurbishment of three Government owned buildings and their occupation by other agencies, will cost a total of \$119 million (\$61 million in 1994-95), but will result in overall net savings once fully implemented;
- ♦ a \$40 million commitment to the Discovery 2000 strategy (\$10 million in 1994-95), reflected under growth in the mining, energy and construction policy area. The strategy, aimed at updating and improving the State's geoscience database, will concentrate on airborne geophysical surveys, the latest development in mineral exploration. The availability of new geoscience information, particularly geophysics, will boost the mining industry's exploration effort and investment in the State;

- within the housing, water and sewerage, and the environment policy area -
 - \$451 million in 1994-95 for community housing under the Commonwealth/State Housing Agreement, including commencement of 3,105 new accommodation units;
 - \$15 million (\$5 million in 1994-95) for special housing initiatives stemming from the Burdekin Report;
 - \$39 million (\$6 million in 1994-95) towards the cost of a sewerage backlog scheme, administered by Sydney Water Board, to provide reticulated sewerage services over the next four years at Picton, Tahmoor, Thirlmere, Gerringong, Gerroa, Bundeena, Majanbar and Wimallee;
 - an additional \$5 million annually (to provide a total annual allocation of \$85 million) for the Country Towns Water Supply and Sewerage Scheme;
- within the transport and communication policy area -
 - \$1,450 million for the State's roads program, including \$80 million to improve road safety and target accident blackspots ('Safer Roads') and \$24 million to expand road safety education and allow councils to undertake priority works on regional roads; and
 - \$506 million for non-commercial rail services (CityRail and Countrylink), including \$15 million towards the New Southern Railway and \$2 million for preliminary studies on the Parramatta - Hornsby rail link.

LAW, ORDER AND PUBLIC SAFETY

The Law, Order and Public Safety policy area primarily covers provision of and improvement to police buildings, court buildings and adult and juvenile correctional centres. It also includes the provision of major police equipment as well as equipment for fire fighting and emergency services.

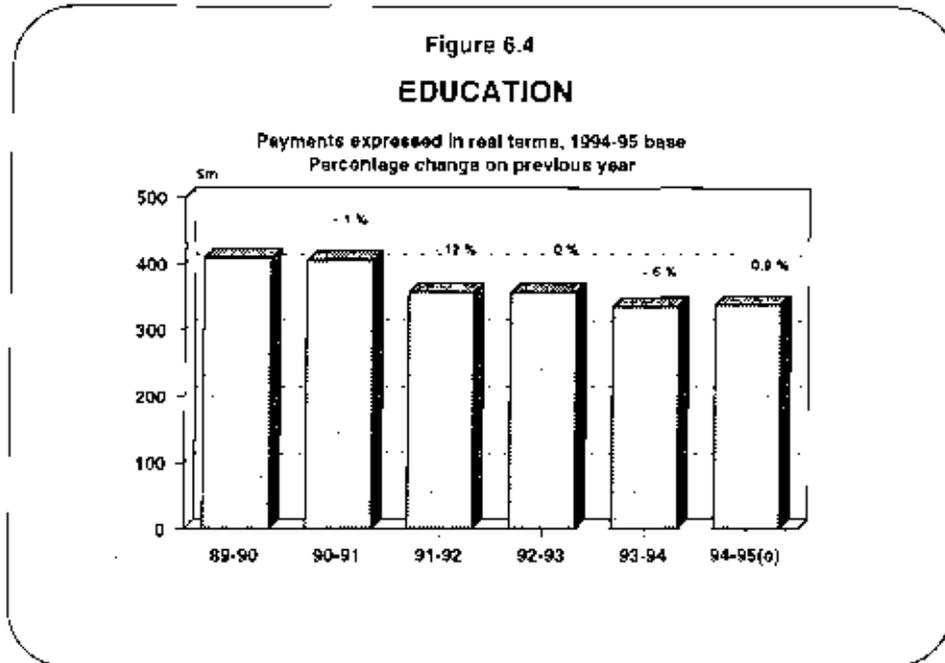


After strong growth in real expenditure in this policy area in the years 1989-90 and 1990-91 (due to expansion of court, correctional and juvenile justice facilities), real expenditure since 1991-92 has returned to more modest levels.

EDUCATION

The Education policy area encompasses the acquisition of sites for, and the construction, extension, upgrading and maintenance of educational facilities by the Department of School Education and the New South Wales Technical and Further Education Commission (TAFE NSW). Capital funding provided for Education also allows for the acquisition of major items of computer and other equipment and furniture by these agencies.

In addition, the relatively minor capital needs of the Department of Agriculture for educational related activities and provision for the acquisition of minor equipment and furniture for examinations by the Board of Studies are included within this policy area.

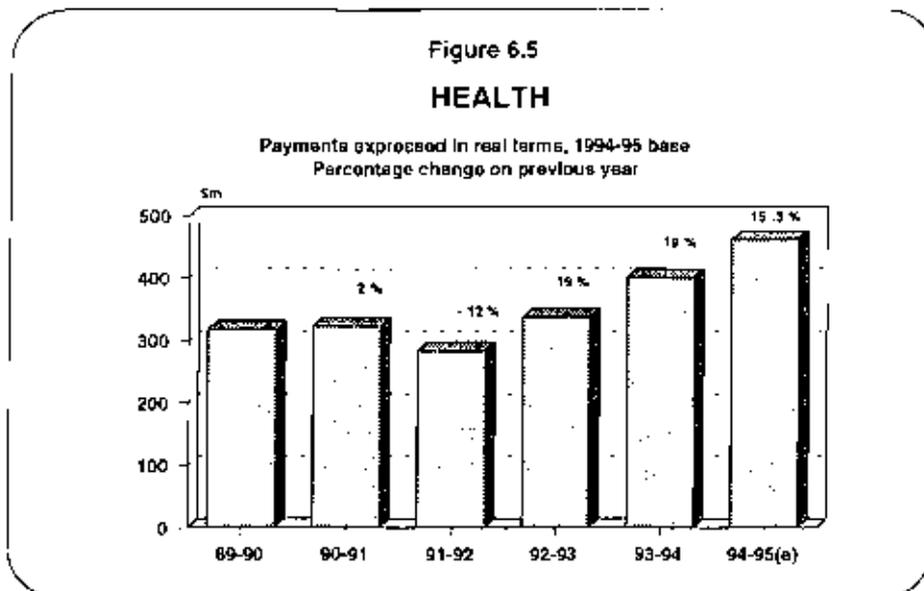


Over the five years to 1994-95 education capital payments have fluctuated in line with overall capital program priorities, the need for new educational facilities and ongoing requirements for the maintenance and upgrading of existing infrastructure. In real terms, payments have varied over this period from a low of \$335 million up to \$409 million.

HEALTH

Under the Health policy area, 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 allocation formula and major capital projects have similarly been targeted to these areas with the aim of ensuring the most effective delivery of health care services.

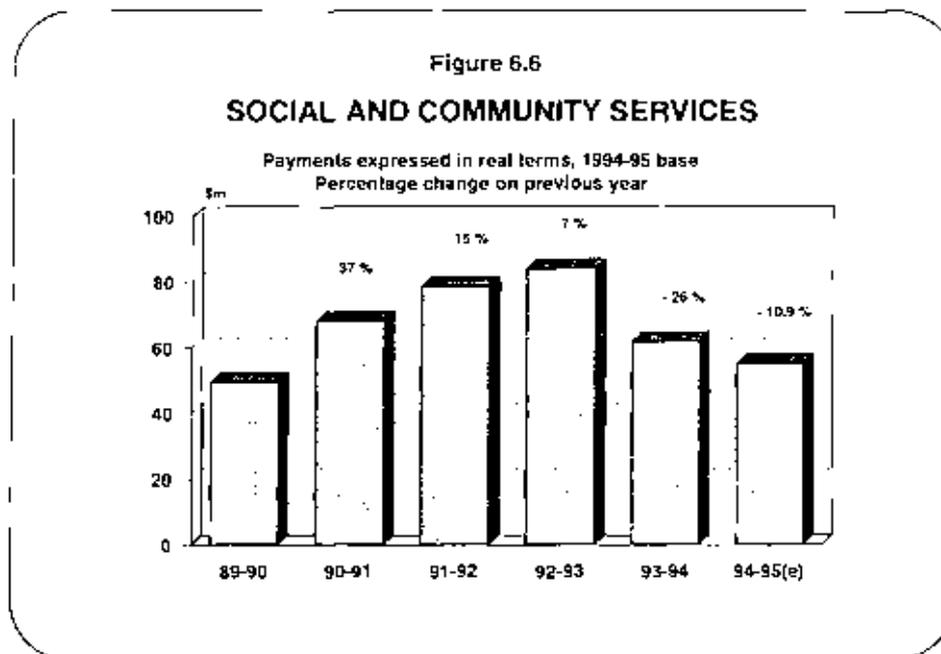
Other specific capital programs and projects are aimed at upgrading any remaining substandard facilities and at the general upgrade of the high technology equipment essential for modern health practices.



Over the five year period to 1994-95, Health capital payments will increase by 45.2 per cent in real terms, the decrease in 1991-92 reflecting a shortfall in budgeted asset sales, the deferral of several Commonwealth "cost shared" projects and delays in the planned implementation of the Health information technology strategy. From 1993-94, the cost of certain plant and equipment items has been accounted for under capital rather than current payments. After allowing for this adjustment, Health capital payments will increase over the five year period by 23.5 per cent in real terms.

SOCIAL AND COMMUNITY SERVICES

The Social and Community Services policy area covers capital payments by the Department of Community Services, the Social Policy Directorate, the Community Services Commission and agencies which cater for members of society with special needs or require a particular focus and commitment (provided by the Office of Aboriginal Affairs, Ethnic Affairs Commission and Ministry for the Status and Advancement of Women). Capital payments to the New South Wales Aboriginal Land Council are the largest component of total payments under this policy area.



The fluctuations in capital payments over the period relate to payments to the New South Wales Aboriginal Land Council, which are based on 7.5 per cent of the previous year's land tax collections. The significant increases from 1990-91 to 1992-93 reflect the property boom of the late 1980's, the lag in land tax revenue collections and consequent land rights payments. The decline in capital payments since 1992-93 is the result of the collapse of the property market due to the effect of the recent economic recession. While the property market is showing a resurgence as the economy moves out of recession, the lag in land tax collections is apparent in the reduction in capital payments projected in 1994-95.

HOUSING, WATER AND SEWERAGE, AND THE ENVIRONMENT

Capital programs/projects in the Housing, Water and Sewerage, and the Environment policy area are directed towards improving the physical amenities upon which the community depends. The three components of this policy area cover the activities of a number of agencies.

Housing

The Department of Housing administers the Public Rental Housing program which aims to increase the supply of housing stock, thereby maximising opportunities for those eligible for public rental housing.

The Home Purchase Assistance Authority was established in July 1993 to develop policies and home purchase assistance products which facilitate home ownership among low to middle income earners.

Urban development is also reflected in this policy area. A number of programs are administered by the Department of Planning, while the activities of the Homebush Bay Development Corporation, City West Development Corporation and Honeysuckle Development Corporation (Newcastle) are directed towards redeveloping urban areas.

Water and Sewerage

Public Works Department administers the Country Towns Water Supply and Sewerage program on behalf of the Minister for Public Works and Minister for Ports. The program subsidises council operated water supply and sewerage schemes in local government areas not serviced by major urban water authorities.

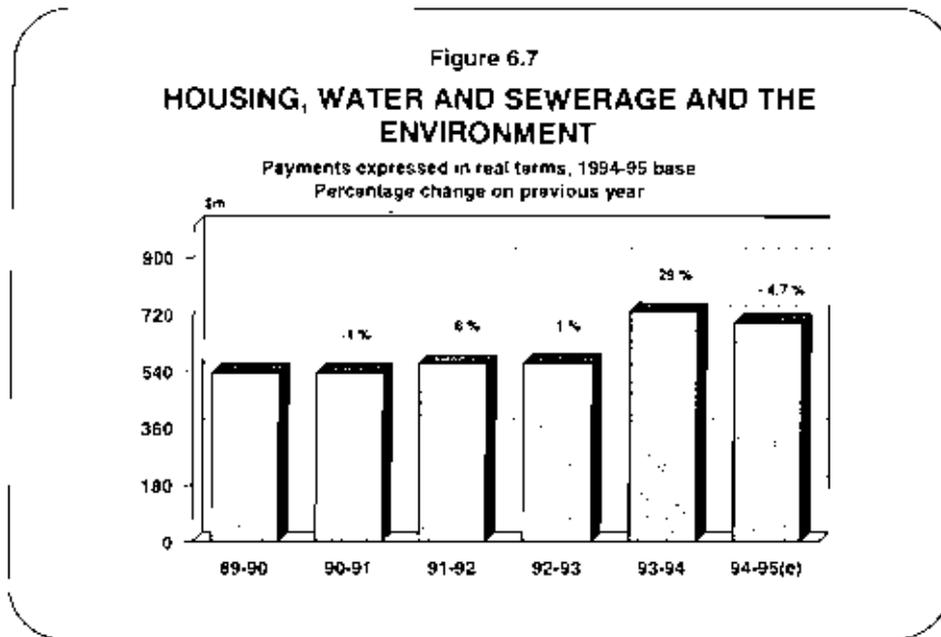
The Sydney Water Board administers several grants for projects related to Warraganba Dam and the sewerage backlog program.

The Environment

The Environment Protection Authority and the Department of Planning both manage programs aimed at restoring and protecting the environment and preserving heritage properties.

The Department of Public Works administers several programs which contribute to sound environmental management, specifically the Coastline Hazards, Floodplain Management and Estuary Management programs.

The Open Space and Heritage Fund is intended to enhance the open space network and assist in the conservation of items of heritage significance. Income of the fund is derived from the net proceeds of asset sales by Budget Sector agencies.

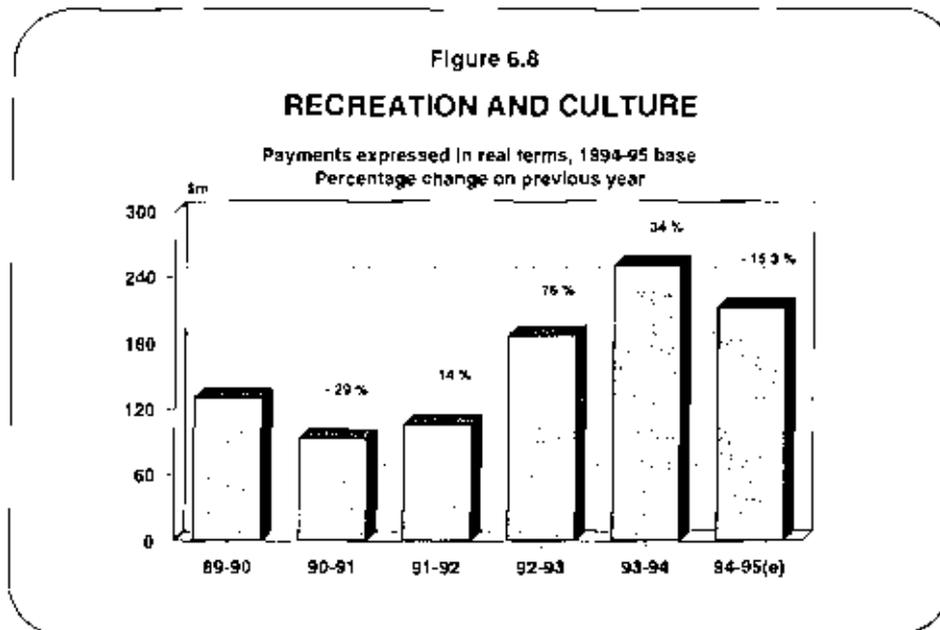


Over the past five years capital payments in the Housing, Water and Sewerage, and the Environment policy area have increased almost 30 per cent in real terms. A large increase occurred in 1993-94 due to urban development projects at City West and Honeysuckle and once-off repayments of loans in relation to country towns water supply and sewerage projects. The last mentioned factor explains the slight decrease in 1994-95 estimated payments.

RECREATION AND CULTURE

Capital payments under the Recreation and Culture policy area include expenditure by the Homebush Bay Development Corporation for the design and construction of international standard sporting facilities at Homebush Bay for the Olympic Games in the year 2000.

The policy area also encompasses capital payments by the Department of Sport, Recreation and Racing, National Parks and Wildlife Service, Royal Botanic Gardens and Domain Trust, Urban Parks Agency, Zoological Parks Board, Public Reserves, Office of the Minister for Public Works and Minister for Ports, Darling Harbour Authority, Chief Secretary's Department, Casino Control Authority, Ministry for the Arts and the State's cultural and historical institutions.



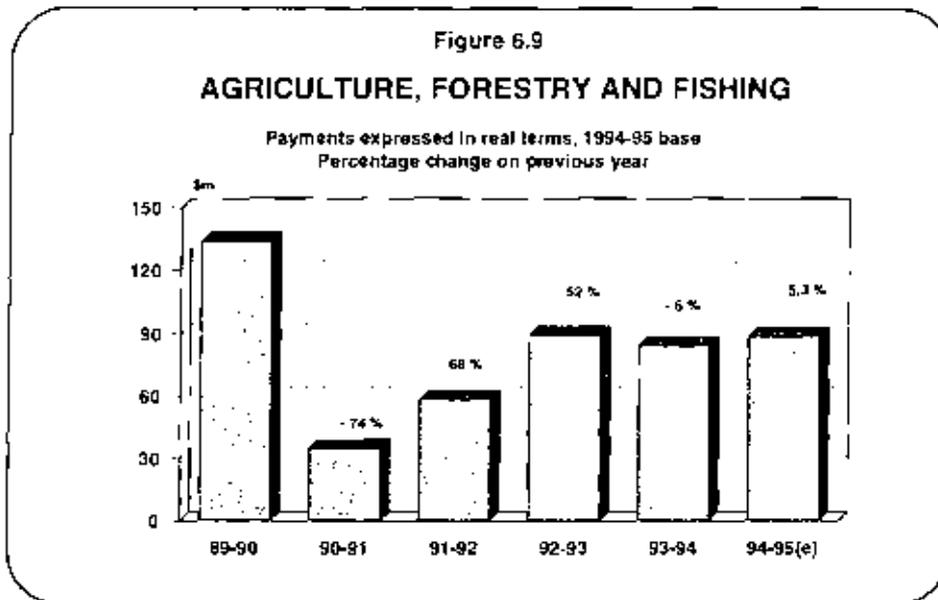
The decrease in capital payments between 1989-90 and 1990-91 followed the completion of projects in the Darling Harbour complex. The significant growth in 1992-93 and 1993-94 largely reflected the impact of the Sydney Olympics facilities at Homebush Bay and additional support for the Arts portfolio. The decrease in 1994-95 follows substantial completion of the aquatic centre and athletics stadium at Homebush Bay.

National Parks and Wildlife Service capital payments have increased from \$15.7 million in 1989-90 to \$31.6 million in 1994-95, the increase targeting key priority areas such as fire trail upgrade and maintenance, purchase of equipment for fire fighting, pest control and land acquisitions. Asset maintenance at Taronga and Western Plains zoos has also increased in recent years.

Arts portfolio capital payments, which account for roundly 20 per cent of projected capital payments in this policy area in 1994-95, will increase significantly in real terms in the five years to 1994-95, particularly in the latter part of the period. This increase is primarily due to an increase in maintenance at the Sydney Opera House, the commencement of the fitout of the Museum of Sydney on the Site of First Government House and the reclassification of State Library collection purchases as capital payments.

AGRICULTURE, FORESTRY AND FISHING

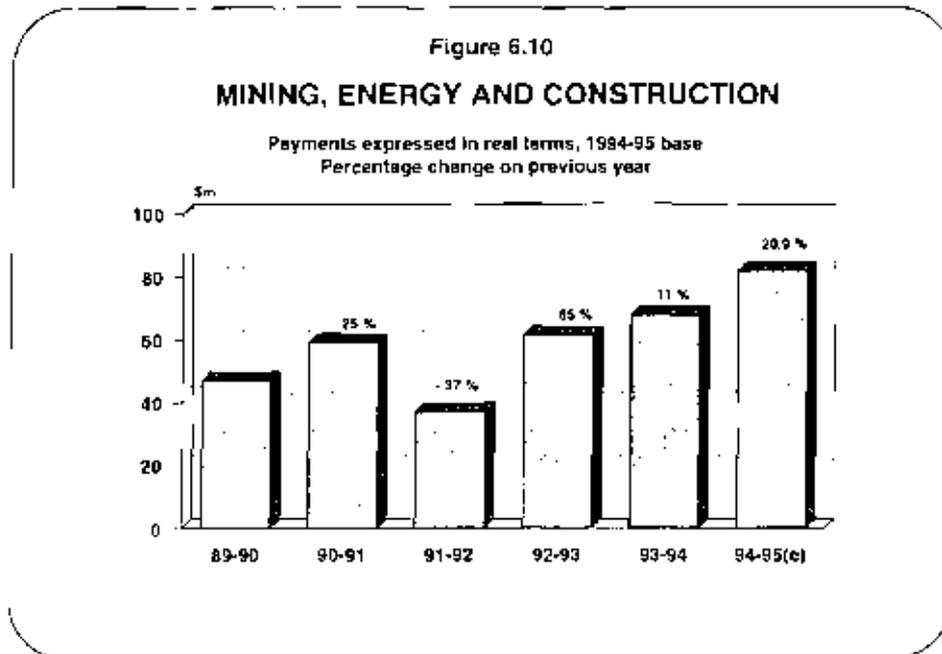
The Agriculture, Forestry and Fishing policy area covers capital payments by the Departments of Agriculture, Water Resources and Conservation and Land Management (Soil Conservation Works), Rural Assistance Authority and NSW Fisheries.



The high level of capital payments in this policy area in 1989-90 reflected once-off compensation payments to egg producers following deregulation of the NSW Egg Corporation and the substantial completion of major projects in that year, including the Elizabeth Macarthur Agricultural Institute at Camden. These factors largely explain the reduction in payments in both 1990-91 and 1991-92. Increased capital payments from 1992-93 are mainly attributable to expenditures on the Pindari Dam enlargement and flood security works at Burrinjuck Dam.

MINING, ENERGY AND CONSTRUCTION

This policy area covers only the Mining and Energy components, as any capital construction activities are covered under other policy areas and sectors. Capital payments included under the Mining, Energy and Construction policy area relate to the Department of Mineral Resources, Coal Compensation Board and Office of Energy.



The generally increasing trend of capital payments under this policy area reflects growth in coal compensation payments to former owners of coal acquired by the State. The reduction in payments in 1991-92 mirrored a once-off decrease in compensation payments in that year. Payments under the policy area since 1992-93 include expenditure on the Far West Electrification Scheme, which will be substantially completed in 1994-95. The significant increase in payments in 1994-95 is the result of a boost in coal compensation payments, from \$50 million in 1993-94 to an estimated \$60 million in 1994-95, in order to address the Government's liability at an earlier date. In addition, a major new project, "Discovery 2000", aimed at improving and updating the State's geoscience database, commences in 1994-95.

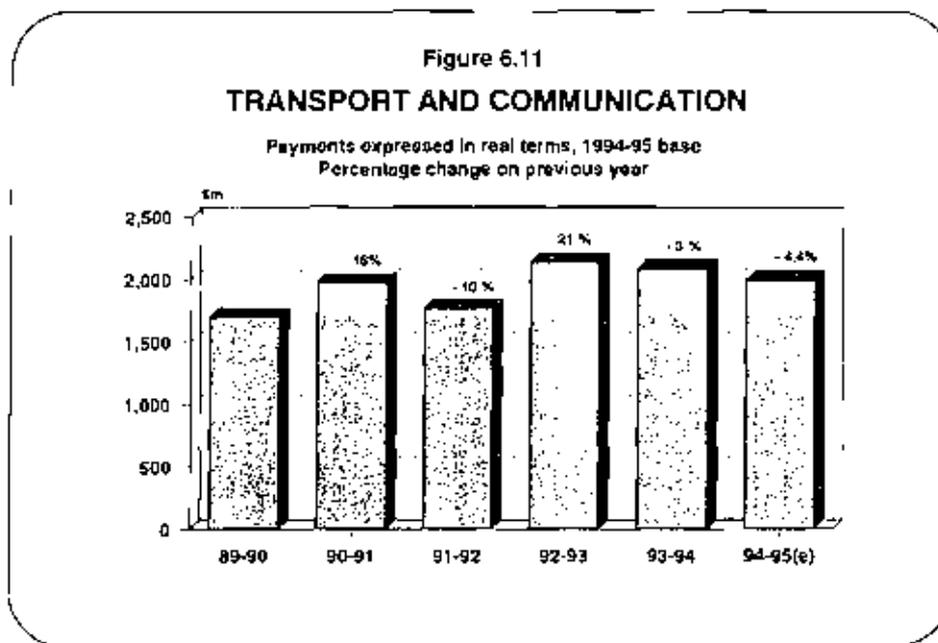
TRANSPORT AND COMMUNICATION

The Transport and Communication policy area covers capital payments of the Roads and Traffic Authority, capital grants for the non commercial businesses of the State Rail Authority and various transport oriented projects undertaken by the Department of Transport. Payments under this policy area represent almost half of total Budget Sector capital payments, some 35 per cent of the total being attributable to the roads program.

The State Rail Authority's program supports the renewal, development and strategic repositioning of its CityRail and Countrylink non-commercial businesses.

Projects such as bus/rail interchanges, bus shelters, parkways to improve commuter parking at rail stations, the infrastructure for the Parramatta River ferry service, transport studies and other specially targeted measures to improve transport facilities and services are carried out by the Department of Transport.

The Roads and Traffic Authority is responsible for managing the State's roads and traffic system i.e. use of the system, maintenance of the network and how it is enhanced. The Authority's charter is to provide a roads and traffic system which is safe, efficient and integrated into a balanced transport system within the State.



Over the five years up to and including 1994-95, capital payments in this policy area will increase by 17 per cent in real terms.

In recent years expenditure by the State Rail Authority has risen significantly for its non-commercial program, which mainly covers CityRail and Countrylink. A five year rehabilitation program was agreed to by the Government in 1989. This, together with the strategic repositioning and other projects required by the Government, has resulted in an upward trend in expenditure, including projects such as the acquisition of Tangara, Endeavour, Xplorer and XPT trains and the modernising and upgrading of infrastructure and other facilities.

Expenditure in recent years by the Department of Transport has predominantly been on bus/rail interchanges, parkways, bus traffic improvement measures, commuter access to transport services and information, rail electrification to Richmond and to Dapto and the infrastructure for the high speed ferry service to Parramatta. With the exception of the Parramatta River ferry service work, these significant other projects have mostly been funded by the Commonwealth under its Urban Public Transport Program which ceased on 30 June 1993, and the former Mainline Rail Program.

From 1992-93, additional funding has become available from the Parking Space Levy to finance the development of infrastructure to encourage the use of public transport to and from Sydney City, North Sydney and Milsons Point business areas. This extra funding is bridging the gap left by the cessation of Commonwealth funding mentioned above.

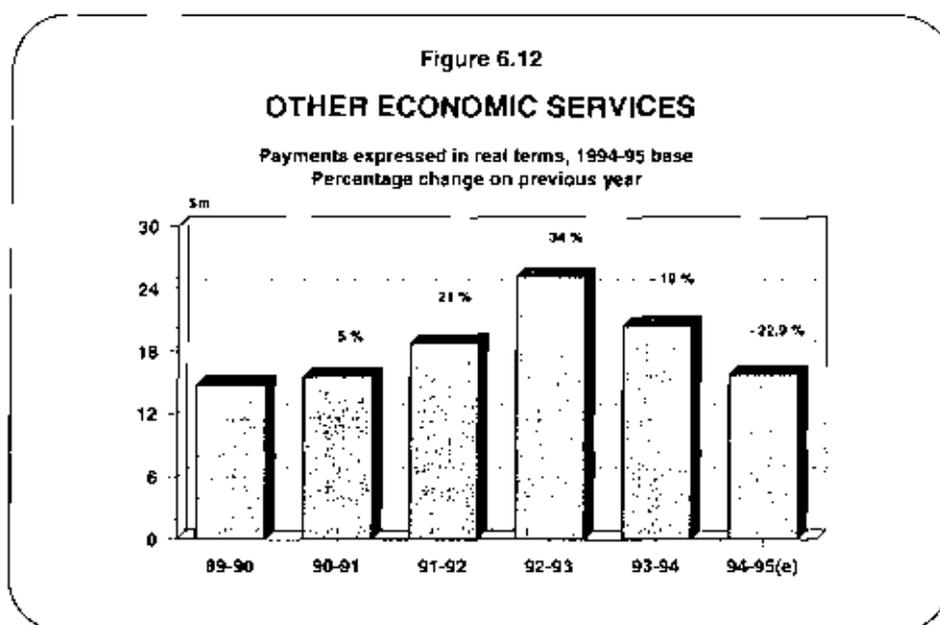
In recent years funding provided by the State Government for the roads program from dedicated sources (e.g. motor vehicle taxation, fuel levies) has been maintained in real terms. However, total capital payments on roads have reflected variations in funds provided for special purposes from both State and Commonwealth governments -

- in 1990-91, payments of \$1,443.8 million included \$107 million for the restoration of damage caused by declared natural disaster events in previous years;
- in 1991-92, payments of \$1,243.4 million reflected the Commonwealth's transfer of funding for Local Roads (about \$90 million per annum) directly to local government through the Commonwealth Grants Commission, and the non-recurrence of expenditure on natural disaster restoration in the previous year;
- in 1992-93, payments of \$1,506.9 million included additional funding of \$136 million from the Commonwealth under its One Nation Program;
- in 1993-94 substantial reductions in One Nation funding and the termination of the Black Spots Program resulted in a decrease in Commonwealth funding of \$130 million; and
- in 1994-95 the Commonwealth has budgeted for a real reduction in National Highways funding for New South Wales of 7.2 per cent.

Despite the fluctuations and the Commonwealth reductions in funding, real capital payments on the roads program have increased by 33.5 per cent over the five years to 1994-95. The proportion of State funding vis-a-vis Commonwealth funding for the roads program has increased from 76 per cent in 1989-90 (Commonwealth 24 per cent) to 80 per cent in 1994-95 (Commonwealth 20 per cent).

OTHER ECONOMIC SERVICES

The Other Economic Services policy sector encompasses capital payments of the Department of Industrial Relations, Employment, Training and Further Education, Department of Consumer Affairs, Office of Economic Development within Premier's Department, Department of Business and Regional Development, Department of Local Government and Co-operatives (co-operatives regulation) and the Land Information Centre of the Department of Conservation and Land Management.

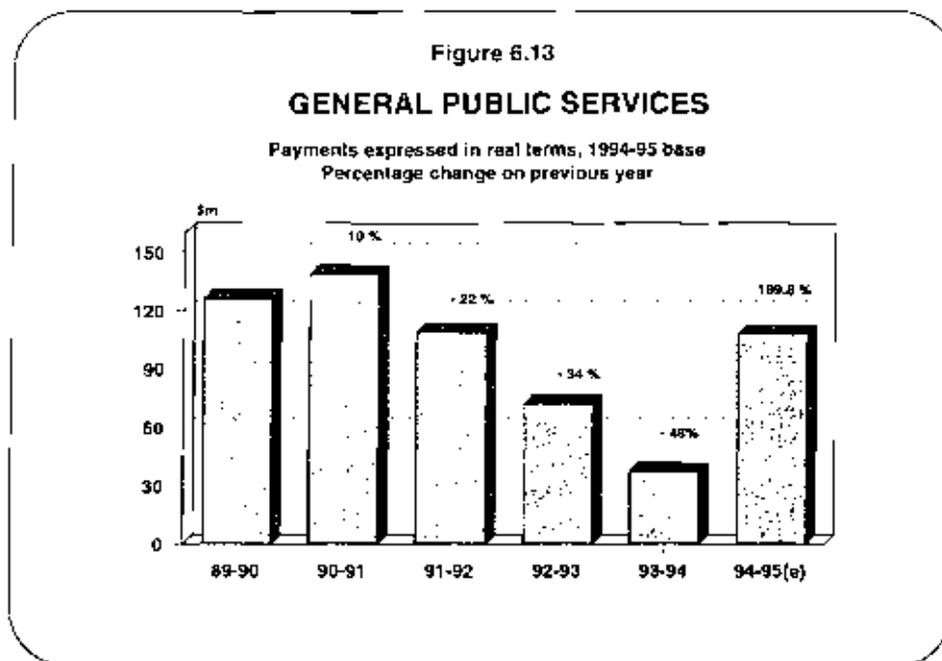


Capital payments for the Other Economic Services policy area increased by 70.3 per cent or \$10.4 million in real terms during the period 1989-90 to 1992-93, largely reflecting expenditure on the Digitised Land Information project by the Land Information Centre at Bathurst. Additionally, in 1992-93 the Department of Local Government and Co-operatives made a repayable advance of \$2.8 million to assist community aid co-operatives following the insolvency of the Australian Association of Co-operatives.

Capital payments for this policy area are projected to decrease from the 1992-93 peak due largely to the one-off nature of the advance mentioned above and the completion in 1992-93 of the upgrading of Tamworth Airport to enable it to be used as an international training facility.

GENERAL PUBLIC SERVICES

The major proportion of capital payments included under the General Public Services policy area relate to Property Services Group projects, the natural disaster relief program and NSW Public Works involvement in the maintenance of public buildings generally. Provisions for computer facilities and other minor works and plant and equipment items are also included for the Legislature, Parliamentary Counsel's Office, Treasury, Premier's Department, Office of the Chief Secretary and Minister for Administrative Services and certain activities of the Department of Conservation and Land Management and the Department of Local Government and Co-operatives.



The marked fluctuations in capital payments over the period reflect the following factors -

- significant natural disaster relief expenditure between 1989-90 and 1991-92, especially flood and bushfire relief measures;
- the disaggregation of building relocation and fitout expenditure from 1991-92 (from that year these payments began to be reflected generally under other policy areas); and
- substantial payments in 1994-95 under the CBD asset strategy, aimed at maximising the value and utilisation of key Government owned office buildings.

6.4.1 THE LEGISLATURE

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
The Legislature	2.9	3.5	20.7
Total, The Legislature	2.9	3.5	20.7

THE LEGISLATURE

An allocation of \$3.5 million has been provided to the Legislature mainly for computer projects and items of minor plant and equipment. The allocation includes provision for completion of Stage 1 and implementation of Stage 2 of the Information Technology Strategic Plan. This project will connect all Members to the Parliamentary Network and upgrade the laser printers provided for Members' offices.

6.4.2 PREMIER AND MINISTER FOR ECONOMIC DEVELOPMENT

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Cabinet Office	0.1	0.1	...
Parliamentary Counsel's Office	0.1	0.2	100.0
Premier's Department	11.0	22.6	105.5
Independent Commission Against Corruption ..	0.2	0.2	...
Ombudsman's Office .....	...	0.5	...
Total, Premier and Minister for Economic Development	11.4	23.6	107.0

The significant increase in the capital program allocation for the Premier's portfolio in 1994-95 is largely due to funding provided for various infrastructure projects for the Sydney 2000 Olympics (Premier's Department).

THE CABINET OFFICE

The allocation of \$0.1 million provides for the fitout and establishment costs of the Regulatory Review Unit and replacement and upgrade of minor plant and equipment.

PARLIAMENTARY COUNSEL'S OFFICE

The Parliamentary Counsel's Office has been allocated capital funding of \$0.2 million in 1994-95 for the upgrade and maintenance of existing computer systems and printing equipment.

PREMIER'S DEPARTMENT

The Department's 1994-95 capital allocation of \$22.6 million is largely devoted to funding works in connection with the Sydney 2000 Olympics. This includes a repayable advance of \$7 million for the operation of the Sydney Organising Committee for the Olympic Games. Grants totalling \$12.1 million will be provided to Homebush Bay Corporation (\$11.6 million), Department of Sport, Recreation and Racing (\$0.4 million) and Department of Planning (\$0.1 million).

An amount of \$2.5 million will be available from the Open Space and Heritage Fund for the restoration of Luna Park, as well as \$1 million for the upgrade and maintenance of minor equipment.

INDEPENDENT COMMISSION AGAINST CORRUPTION

The Commission's allocation of \$200,000 provides for the maintenance of minor plant and equipment.

OMBUDSMAN'S OFFICE

Funding of \$536,000 has been provided in 1994-95 to implement the Case Management System and to make it accessible to all officers. The system will support more effective management of cases and provide information to help the Office maximise its resources.

6.4.3 MINISTER FOR AGRICULTURE AND FISHERIES AND MINISTER FOR MINES

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Rural Assistance Authority	6.1	11.9	95.1
Department of Agriculture	7.4	11.3	52.7
NSW Fisheries	0.8	2.0	150.0
Department of Mineral Resources	0.8	11.7	n.a.
Coal Compensation Board	50.1	60.0	19.8
Total, Minister for Agriculture and Fisheries and Minister for Mines	65.2	96.9	48.6

The increase in the total 1994-95 program compared with the previous year reflects -

- projected increased usage of funds available for Special Conservation Scheme loans by primary producers (Rural Assistance Authority);
- funding to enable the acquisition of sites affected by chemical contamination from former cattle tick dip sites in northern New South Wales (Department of Agriculture);
- development of computer systems to assist in the introduction of property rights for the management of fisheries (NSW Fisheries);
- 'Discovery 2000' project to provide a higher level knowledge and coverage of the State's mineralisation, principally by increased magnetic resonance mapping (Department of Mineral Resources);
- boost in the allocation for the Government's program of coal compensation payments.

RURAL ASSISTANCE AUTHORITY

The Authority manages the State's Special Conservation Scheme which provides low interest loans for soil conservation works such as irrigation and water supply. In 1994-95 \$10.1 million is being made available under this Scheme.

Additionally the Authority manages Natural Disaster Relief under which low interest loans are made available to eligible primary producers and small businesses suffering from the effects of natural disasters, such as bushfires or floods. A notional allocation of \$1.8 million has been made available for this Scheme in 1994-95, with additional funds to be provided should demand be greater.

DEPARTMENT OF AGRICULTURE

The Department aims to enhance the competitiveness and environmental sustainability of the food and fibre industries to maximise their contribution to the economy and community of New South Wales. To support this, the Department has an ongoing capital works program to maintain, replace and enhance its infrastructure.

During the last five years the major capital expenditure by the Department was to complete the construction of the Elizabeth Macarthur Agricultural Institute, Camden at a cost of \$35.7 million. This project was completed in 1991-92.

Capital Strategy

The Department's capital strategy is focussed upon -

- keeping the level of expenditure to an essential minimum;
- providing a safe and healthy work environment for staff, students and clients; and
- maintaining service levels by replacing those assets which have exceeded their useful life or are technologically superseded.

1994-95 Budget

The Department of Agriculture has been allocated \$11.3 million in 1994-95. Principal projects which will be undertaken include -

- \$2.3 million to purchase property affected by chemical contamination from former cattle tick dip sites in northern New South Wales. These properties will be purchased at a value excluding the impact of any chemical contamination, thus enabling landholders to locate to a chemical free location of their choosing;
- \$1.3 million to replace the Financial Management System, which is no longer capable of providing information to assist in effective resource management;
- \$1.0 million to rectify occupational health and safety related problems at various locations throughout the State, as part of an ongoing, overall program to cost \$7.0 million;
- \$3.8 million for the maintenance and/or replacement of plant and equipment, maintenance of cottages, and roadworks on Departmental properties;
- \$1.3 million for the construction of accommodation and additional teaching facilities at the CB Alexander Agricultural College, Paterson;
- \$0.4 million to replace the Kirra Cattle Tick spraying facility due to its urban location. Construction of a new facility on the Tweed Heads By-pass will improve monitoring of stock movements to combat the threat to the cattle industry of cattle tick fever;

- \$0.4 million for minor capital works, including finalising the construction of office accommodation at Tamworth (\$160,000) and refurbishment of student accommodation (\$190,000); and
- \$0.8 million for ongoing micro computer replacement and upgrading of the Department's Information Technology infrastructure.

NSW FISHERIES

The central responsibility of NSW Fisheries is to manage the State's aquatic habitat and fish resources.

The focus of Fisheries' capital program is on improving efficiency in the management of the State's fisheries resources through -

- replacement and upgrading of the fleet of patrol and research vessels;
- replacement of plant, equipment and computer systems; and
- the upgrading of office space, officer housing and research facilities to meet acceptable regulatory and environmental standards.

The 1994-95 capital program allocation for NSW Fisheries of \$2.0 million represents a significant increase over 1993-94 expenditure of \$0.8 million. This increase largely relates to -

- additional funding of \$0.5 million for the development of software to implement a system of property rights for commercial fishers. The property rights framework will establish transferable "shares" in each of the State's fisheries which will be based on historical fisheries catches. The software will be required to record historical catch and provide a system to monitor future catch levels; and
- construction of experimental ponds at Grafton to allow research to begin into the production of silver perch for commercial purposes. This project, with an estimated total cost of \$0.3 million, is fully industry funded.

DEPARTMENT OF MINERAL RESOURCES

The Department of Mineral Resources is responsible for -

- encouraging and advancing the exploration, assessment and development of the mineral resources of New South Wales;
- balancing economic development with social and environmental needs; and
- supporting the safe, responsible, effective and efficient production and use of minerals in New South Wales.

Capital Strategy

The Department's capital strategy is focussed upon -

- continued rehabilitation of abandoned mine sites, including the Baryulgil Asbestos Mine to address asbestos related health concerns of the local Aboriginal community. These mine rehabilitation activities ensure that the Department's objectives of "safe and environmentally responsible" mining, and meeting "contemporary community standards" are complied with;
- assessment of the State's mineral resources and provision of information on mineral resource potential; and
- maintaining an acceptable standard of equipment and systems, enabling industry and community expectations to be met.

1994-95 Budget

The allocation of \$11.7 million for 1994-95 provides for the following projects -

- \$10 million for 'Discovery 2000';
 - Baryulgil Asbestos Mine Rehabilitation (\$450,000);
 - Mineral Resources Audit which encompasses the Geochemical Atlas, Construction Materials Inventory, Geological/Structural Mapping and Models for Prospectivity projects (\$761,000);
 - ongoing maintenance and purchase of plant and equipment (\$450,000); and
 - computer funding for the completion of the Mineral Resources Land Information System (\$64,000).
-
- **Discovery 2000**

The Department has an essential role in mapping, identifying, assessing and providing information on the development potential of the State's mineral resources. In view of the strong interstate and international competition in attracting exploration investment, the Department is conscious of the need for up-to-date information capable of being analysed with modern techniques.

To address the decline in State mining exploration activity, the Department has developed a strategy that will provide significant improvement and updating of the State's geoscience database over the next six years. The strategy, called 'Discovery 2000', will involve investment of \$40 million in updating and enhancing the Department's maps, reports and digital data, based on geological and geophysical information. It is proposed to spend \$10 million in 1994-95, with the project to be completed by the year 2000.

Concentration will be on airborne geophysical surveys, the latest development in mineral exploration and the key component of recent initiatives by other Australian states. The availability of new information, particularly airborne geophysics, should boost the industry's exploration effort and investment in New South Wales.

The investment in the future of the State's mineral prospectivity has the potential to create wealth for both the Government in the form of royalties and taxes, and the State in general (especially in country areas) in the form of employment and economic development, as evident in Parkes recently from the North Parkes mine.

A number of regional areas have been selected as having the potentially highest prospectivity and these areas will be covered early in the project. The 'Discovery 2000' initiative will be of particular interest to the non-ferrous metals and hydrocarbon industries.

To assist the coal industry, detailed assessment information will be produced to enable the industry to plan for market growth, and for the Government to plan for the future of coal bearing areas. For other minerals, the Department will provide the resource information framework needed for effective exploration and land use planning. As part of this strategy, the Department will publish the Newcastle Coalfield Map and provide compilations of nine 1:100,000 geological maps. This will increase the area of the State covered by new geological mapping by 3 per cent.

- **Mineral Resources Audit**

In 1993-94, an audit of the State's mineral resources was initiated as part of a major environmental audit of the State's natural resources announced by the Government.

The Mineral Resources Audit aims to improve land use planning by identifying prospective areas of the State, as well as documenting known mineral resources more thoroughly. This will provide better information for Government decision making on land use and, at the same time, aims to encourage the exploration industry to invest in New South Wales. The Mineral Resources Audit commenced in 1993-94 and is anticipated to be completed during 1994-95.

- **Baryulgil Asbestos Mine Rehabilitation**

During 1993-94 the commencement of work on the rehabilitation of Baryulgil Asbestos Mine was delayed as the local Council required a new application covering the project, including an Environmental Impact Study (EIS). Consultants were appointed to prepare the EIS, which was completed and lodged with the Council and is currently awaiting approval. Due to the importance of the rehabilitation of the mine to the local community, all efforts are being made by the Department to ensure that work will proceed during 1994-95.

COAL COMPENSATION BOARD

The Coal Compensation Board was established under the provisions of the Coal Acquisition (Compensation) Arrangements Act, 1985 with the role of determining claims from former owners of coal whose coal was acquired under the guidelines established by the State through the Coal Acquisition Act, 1981.

During 1993-94 the Scheme was re-opened in order to enable further claims for compensation to be accepted from claimants who had failed to lodge claims by the initial closing date of 30 April 1986. Some 5,000 additional claims were lodged representing an increase in excess of thirty per cent on the number of claims originally made. However the individual value of these additional claims is low and the total cost of the scheme to the State is not expected to materially increase. To 30 June 1994 compensation payments have totalled \$264.5 million.

An allocation of \$60 million has been made available to the Board in 1994-95 to continue the Government's program of compensation payments. The \$10 million increase in coal compensation payments on the level in 1993-94 will extinguish the Government's liability to landholders at an earlier date.

The outstanding liability for compensation, having regard to the increase in claims, is now estimated to total \$125 million as at 30 June 1994. On present forecasts this liability is expected to be extinguished in 1996-97.

6.4.4 ATTORNEY GENERAL AND MINISTER FOR JUSTICE

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Attorney General's Department	0.5	2.2	340.0
Judicial Commission	0.1	0.1	..
Legal Aid Commission	0.7	1.1	57.1
Office of the Director of Public Prosecutions ...	0.5	0.4	(-) 20.0
Department of Courts Administration	15.3	12.0	(-) 21.6
Department of Corrective Services	26.3	39.9	51.7
Department of Juvenile Justice	9.6	3.2	(-) 66.6
Total, Attorney General and Minister for Justice	53.0	58.9	11.1

Significant variations between 1993-94 and 1994-95 in relation to the capital program of this portfolio are -

- increased funding for the Attorney General's Department to enable commencement of the implementation of the Department's Information Technology Strategic Plan;
- special funding of \$4.1 million for the Department of Courts Administration in 1993-94;
- increased funding for the Department of Corrective Services to enable significant progress on construction of the new Metropolitan Remand and Reception Centre; and
- a reduction in funding for the Department of Juvenile Justice following the finalisation of a number of projects in 1993-94.

ATTORNEY GENERAL'S DEPARTMENT

The Department's capital program provides for an Information Technology Strategic Plan, accommodation requirements of the Anti Discrimination Board and minor capital works projects.

During 1993-94 the Department expended \$0.5 million for the purchase of plant and equipment items and the fitout and relocation costs of the Bureau of Crime Statistics and Research.

The Department has been allocated \$2.2 million for 1994-95 as follows -

	\$m
• Information Technology Strategic Plan	1.2
• Information Technology and accommodation requirements of the Anti Discrimination Board	0.4
• Information Technology requirements of the Legal Representation Office	0.3
• Plant and equipment	0.3

The Department's Information Technology Strategic Plan will identify cost effective technology to support its business direction.

Initially the Department will invest in the establishment of a wide area and a number of local area networks. This will provide the means of interconnecting the various cost centres within the Department to enable access to and sharing of on-line information such as financial data, library information, records and correspondence. It will also provide the base for future applications development.

As well, the Department will establish a new records management system and an electronic mail messaging system. Also core office automation systems will be standardised and the library catalogue system enhanced.

Improved use of technology will provide tangible reductions in business costs and/or savings from reduced future capital investment and staffing costs.

JUDICIAL COMMISSION

The Judicial Commission monitors consistency in sentencing and provides judicial education and training.

In 1994-95 \$30,000 has been allocated to the Commission to provide for further improvements to the Sentencing Information System data base.

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.

In line with recommendations of a detailed review of the Commission's financial management, a three year capital program totalling \$2.9 million was approved during 1993-94 for replacement and upgrading of computer systems. An amount of \$1.056 million has been allocated in 1994-95 for ongoing work on this project.

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

The Office's capital program provides for the acquisition of computer systems and the replacement and upgrading of plant and equipment.

In 1990-91 the Office commenced development of the CASES computer system, which was finally implemented in 1993-94. This system provides case tracking, practice management and research capabilities. The contribution of this system to more effective and efficient preparation of prosecution cases is expected to have a positive influence on court delays in criminal areas.

Regional office fitouts and the minor capital needs of the Office of the Director of Public Prosecutions are provided for in the 1994-95 capital allocation of \$449,000.

DEPARTMENT OF COURTS ADMINISTRATION

The mission of the Department of Courts Administration is to support the judiciary in the administration of justice and to provide access to and delivery of a high standard of relevant justice services in an efficient, effective, economic and timely manner. Its capital program provides the means to achieve this in appropriate, secure facilities using modern technology.

In recent years the Department has continued the upgrading of its court houses and equipment to ensure the maintenance of a high level of service delivery in the courts system. Significant projects in 1993-94 included -

- major refurbishment work at a number of court houses including Hornsby, Manly and Penrith;
- an extensive office equipment procurement and replacement program of over \$1 million, including replacement equipment for court reporters; and
- an amount of \$0.5 million was spent on an air conditioning program in various court houses throughout the State.

The 1994-95 capital program of \$12.0 million provides for -

- completion of construction of a major extension to the Lismore Court House. This facility will alleviate court over-crowding in this growth region of the State (estimated total cost \$5.1 million);
- substantial completion of construction of a new Court House/Police Centre at Tamworth (estimated total cost \$4.6 million);
- the continued development and implementation of the Judicial Support computer system (estimated total cost \$7 million);
- over \$800,000 for the commencement of an air conditioning replacement program in court houses (estimated total cost \$4.6 million);
- \$600,000 for the establishment of a mobile communications network for Sheriff's Officers throughout New South Wales (estimated total cost \$0.6 million); and
- a minor works allocation of \$2.1 million for continuation of planning of major capital works for future programs, major maintenance of historic court buildings and improvements to the standard of court facilities statewide through minor works and fitouts to leased accommodation.

DEPARTMENT OF CORRECTIVE SERVICES

The Department of Corrective Services is responsible for carrying out the orders of the Courts and its role focuses on sentenced and unsentenced adult inmates. The Department is responsible for the management of offenders who have been sentenced to imprisonment, are on remand or are on appeal.

Expenditure Trends and Recent Developments

The Department of Corrective Services Capital Program since 1989-90 has expended -

	\$m
1989-90	73.2
1990-91	86.2
1991-92	103.7
1992-93	50.0
1993-94	26.3

Capital investment in new and restructured correctional facilities over the past five years has resulted in significant improvement in operational efficiencies and a reduction in overcrowding. Major projects have included construction of a special purpose maximum security facility - the John Morony Correctional Centre at South Windsor, construction of a privately designed and managed centre at Junee and a maximum security prison at Lithgow.

Capital Strategy

In December 1993 the Department released a Capital Works Strategic Plan, 1993-2003. The Department's capital strategy is for a number of institutions, many over fifty years old, to be closed with consolidation into more operationally suitable and cost effective correctional facilities.

1994-95 Budget

Highlights of the 1994-95 program, which totals \$39.9 million, are as follows -

Metropolitan Remand and Reception Centre

The Metropolitan Remand and Reception Centre, to accommodate 900 unsentenced and new reception inmates, will provide the opportunity to significantly reduce per capita recurrent funding by establishing a more efficient inmate to staff ratio without compromising appropriate levels of security and inmate programs.

The estimated total cost of the Centre is \$78 million. During 1993-94 substantial progress was made with detailed design and siteworks. The 1994-95 allocation of \$18 million will result in significant progress with building construction. The project is scheduled for completion in 1996-97.

Computer Replacement

An amount of \$4 million has been allocated in 1994-95 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 to reduce overtime.

Silverwater Administration Centre

Funding of \$3 million (estimated total cost) has been provided for an administration centre to serve the needs of the Silverwater complex which is planned to be completed early in 1995.

Tomago Periodic Detention Centre

An existing facility at Tomago will be redeveloped as a combined male/female Periodic Detention Centre during 1994-95 (estimated total cost \$1 million).

DEPARTMENT OF JUVENILE JUSTICE

The Department's capital program provides for the upgrade and expansion of juvenile justice centres and the acquisition of suitable properties for the establishment of future centres.

The agency was proclaimed as the Department of Juvenile Justice in September 1993, having initially been transferred from the Department of Community Services to the Department of Corrective Services in July 1991 and subsequently segregated from the latter on 1 November 1991. Since the establishment of the Department as a separate entity, considerable effort has been employed to establish a firm operating base with a realistic cost structure.

The Department has completed its inaugural capital works strategic plan in line with its corporate objectives as a separate entity. The fundamental thrust of that plan is to address the standards of accommodation for juveniles that are held in detention and to provide sufficient capacity to accommodate the future projected numbers of such juveniles.

Capital expenditure in 1993-94 included the completion of purchase of the Minali complex from the Department of Community Services (\$2.3 million), the conversion of Robinson and Whitten accommodation units at Reiby Juvenile Justice Centre from dormitories to individual "pods" (\$1.7 million) and other minor miscellaneous works and capital purchases (\$2.9 million).

The allocation of \$3.217 million for 1994-95 provides for completion of a new remand facility at Dubbo (\$842,000) and the construction of a purpose built unit (\$800,000) in response to the Report of the National Inquiry into the Human Rights of People with Mental Illness. Minor miscellaneous works (\$1,575,000) comprise the purchase and replacement of essential minor equipment and fitouts.

6.4.5 CHIEF SECRETARY AND MINISTER FOR ADMINISTRATIVE SERVICES

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Chief Secretary's Department	0.4	0.6	50.0
Office of the Chief Secretary and Minister for Administrative Services	3.1	11	254.8
Casino Control Authority .....	...	4.8	n.a.
Total, Chief Secretary and Minister for Administrative Services	3.5	16.4	368.6

The increase in the Chief Secretary's total 1994-95 capital program reflects planned remediation works at the site of the proposed casino and expenditure on the Government Radio Network.

CHIEF SECRETARY'S DEPARTMENT

The Department's capital program of \$590,000 will largely be devoted towards upgrading the existing information technology system which is responsible for maintaining the court registry system, the licensing system database, the assessment and collection of liquor and gaming fees and other ancillary systems.

Other works include computer requirements for the Casino Surveillance Division and the statewide linkage of poker-machines.

OFFICE OF THE CHIEF SECRETARY AND MINISTER FOR ADMINISTRATIVE SERVICES

The allocation of \$11.0 million for 1994-95 provides for capital projects undertaken by the Commercial Services Group.

An amount of \$8.9 million has been provided for the Government Radio Network project, which commenced operations in mid-June 1994. The project will achieve savings by integrating the Government's previous thirty individual non-compatible radio networks, which operated through 200 sites in New South Wales, into a single network for Sydney and major corridors to the North, South and West. This initiative is part of the telecommunications reform program estimated to provide whole-of-government savings of \$54 million over five years.

The balance of the program is for the upgrade of existing computer systems and the replacement of minor plant and equipment.

CASINO CONTROL AUTHORITY

The Authority's capital program consists of a repayable advance of \$4.8 million to perform remediation, preparation and excavation works at the site of the proposed casino. These works are a continuation of previous demolition works to the former Pymont Power Station.

6.4.6 MINISTER FOR COMMUNITY SERVICES, MINISTER FOR ABORIGINAL AFFAIRS AND MINISTER FOR THE AGEING

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Department of Community Services	15.4	16.0	3.9
Office of Aboriginal Affairs	44.4	36.5	(-) 17.8
Total, Minister for Community Services, Minister for Aboriginal Affairs and Minister for the Ageing	59.8	52.5	(-) 12.2

The decline in payments in 1994-95 reflects a projected reduction in land tax collections which impacts on the amount to be transferred to the New South Wales Aboriginal Land Council under the New South Wales Land Rights Act 1983.

DEPARTMENT OF COMMUNITY SERVICES

The Department of Community Services provides a wide range of support services for children, persons with a disability and disadvantaged adults. Whenever possible, the Department encourages the provision of these support services and accommodation by external organisations with capital and operating grants. However, there will always be a need to provide some accommodation and support services within facilities owned or operated by the Department.

The Department's capital program covers provision of financial assistance for construction of child care centres, for centres providing institutional care, housing suitable for developmentally disabled people and upgrading computer systems.

The capital allocation of \$16 million for 1994-95 covers the following projects -

- Upgrading residential and administrative accommodation.
- Construction of child care facilities under the National Child Care Strategy (\$4.8 million in 1994-95). This program will see the construction of various long day care centres, rural multi-purpose centres and an increase in occasional care places. Expenditure under this Strategy will be virtually finalised in 1994-95. The State is currently negotiating with the Commonwealth on the issue of State participation in the Expanded National Child Care Strategy.
- A commitment of \$11 million (\$1 million in 1994-95) for the State's contribution to the Expanded National Child Care Strategy. This funding is subject to a satisfactory outcome from current negotiations with the Commonwealth.

- ♦ Information Technology Strategic Plan (\$6.87 million in 1994-95). This project, which will cost a total of \$14 million, includes financial management, personnel and payroll management, substitute care payments, adoptions and client information systems.
- An amount of \$2.85 million has been allocated for minor works, including the provision of furniture and equipment, design and other preliminary planning costs, and final payments on existing projects.
- Provision of \$460,000 has been made for asbestos removal from a number of the Department's premises. The objective is to remove material containing asbestos before it becomes unstable so as to avoid any risk to the health, safety and welfare of the Department's employees and clients.

OFFICE OF ABORIGINAL AFFAIRS

The major component of the capital program of the Office is the payment to the New South Wales Aboriginal Land Council. This is based on 7.5 per cent of the previous year's land tax collections, a statutory requirement of the New South Wales Land Rights Act, 1983 which commenced in 1984 and concludes in 1998.

The payment to the Land Council has been declining since 1992-93. The decline is a result of significantly reduced land tax revenues compared to the 'property boom' of several years ago.

Since the start of the scheme, over \$340 million has been provided to the New South Wales Aboriginal 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.

For 1994-95, the funding estimate for the New South Wales Aboriginal Land Council is \$34.2 million.

In addition, since 1990-91, \$2.25 million has been provided annually for the "Aboriginal Tripartite Infrastructure Program", a joint five year project with the Commonwealth Government and the New South Wales Aboriginal Land Council for infrastructure improvement in 45 participating Aboriginal communities.

6.4.7 MINISTER FOR CONSUMER AFFAIRS

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Department of Consumer Affairs	2.9	3.0	3.4
HomeFund Commissioner's Office	0.2	...	...
Total, Minister for Consumer Affairs	3.1	3.0	(-) 3.2

DEPARTMENT OF CONSUMER AFFAIRS

The capital strategy of the Department of Consumer Affairs has been to focus on improvements in information technology in order to improve client service. During 1994-95 the Department will be reviewing its current Information Technology Strategic Plan and will develop a new three year tactical plan which will be fully aligned with the Department's business goals.

Capital expenditure by the Department has remained relatively constant at approximately \$3 million per annum over the past two years and will remain at that level in 1994-95.

The Department's 1994-95 allocation provides for the continued funding of three projects -

- Business Licence Administration System (\$1.63 million) - for replacement of existing internal business licensing systems. The project will provide the Department with an integrated licensing system, maintaining the impetus of license reform and improving operating efficiency;
- Computerised Communication (\$0.5 million) - for provision of an integrated set of computerised support tools to regional advice and mediation staff, which will assist in the provision of more timely, accurate and consistent information and result in improved responsiveness to the public in the delivery of services; and
- Office Automation (\$0.1 million) - for minor upgrades of computer hardware and software.

In addition, funding of \$0.6 million has been provided in 1994-95 for conversion from microfilm to optical disk technology of the Department's public register of business names under the Business Names Act, 1962. The optical disk system will result in a reliable and cost effective document storage and retrieval system and will enable online access to Information Brokers currently licensed to access Business Registration data.

6.4.8 MINISTER FOR EDUCATION, TRAINING AND YOUTH AFFAIRS AND MINISTER FOR TOURISM

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Ministry of Education and Youth Affairs	0.4	1.4	250.0
Department of School Education	208.6	198.4	(-) 4.9
New South Wales Technical and Further Education Commission	117.6	135.9	15.6
Tourism New South Wales	0.1	...	...
Total, Minister for Education, Training and Youth Affairs and Minister for Tourism	326.7	335.7	2.8

Overall capital payments will increase by 2.8 per cent in 1994-95. The increased allocation for the Ministry reflects the fulfilment of the first stage of the State's commitment to the refurbishment of the Kirkbride Buildings at Rozelle Hospital for the Sydney College of the Arts, while the reduction in School Education's allocation largely relates to the cessation of additional Commonwealth support provided over the last two years for the Secondary Schools Refurbishment and Retention Programs.

The increase in TAFE's allocation in 1994-95 primarily reflects increased levels of Commonwealth funding.

MINISTRY OF EDUCATION AND YOUTH AFFAIRS

The Ministry's minor works allocation of \$442,000 in 1993-94 was fully expended on examination furniture and marking requirements for the Board of Studies and on the final stages of introducing a new accrual accounting system.

The 1994-95 allocation of \$1.4 million includes \$1.0 million for works associated with the refurbishment of the Kirkbride Buildings at Rozelle Hospital to accommodate the Sydney College of the Arts. The Ministry also has a minor works allocation of \$405,000 for the purchase of examination furniture and equipment by the Board of Studies and to upgrade air conditioning facilities.

DEPARTMENT OF SCHOOL EDUCATION

The School Education capital program provides for the construction of new and replacement schools, upgrading and additions to existing facilities and the provision of demountable buildings to overcome temporary enrolment peaks. The cost of sites for new schools, furniture and equipment and major computer acquisitions are also met from the capital allocation.

Expenditure Trends and Recent Developments

Over the five years to 1993-94 capital expenditures by School Education have fluctuated in line with overall capital program priorities, the need for new educational facilities and ongoing requirements for the maintenance and upgrading of existing facilities. Expenditure over this period has varied from a low of \$211.7 million up to \$252.1 million in real terms.

Capital Strategy

The Department of School Education builds "core" schools to cater for the State's long term student populations and provides demountable classrooms for short term peak periods. This prime objective is balanced with the Department's continuing program of updating or replacing existing facilities and responding to infrastructure requirements associated with new educational initiatives.

The capital program strategy is thus focussed on the need to provide additional educational facilities in new and developing areas of the State and to ensuring the provision of essential core facilities in existing schools. Additionally, the program reflects this ongoing commitment to upgrade existing facilities and to provide new technology and specialist facilities in schools in response to Government initiatives.

Capital works projects are provided in schools on the basis of needs determined at the school and regional level, consistent with the statutory responsibilities of the Minister for Education, Training and Youth Affairs. The planning of facilities is undertaken within a framework of formal school building codes and cost budget procedures and has regard to economic appraisal guidelines.

1994-95 Budget

The capital allocation of \$198.4 million for 1994-95 will permit the commencement of 45 new projects, including new or replacement schools at Tacking Point, Glenmore Park, North West Nowra, Rathmines, Hallidays Point and Cranebrook North. Funding is also provided for the upgrading of Bradfield and Bankstown Senior Colleges and for new accommodation for the Open Training and Education Network at Strathfield.

Work will continue on over 70 current projects, including high schools at Cecil Hills, Murwillumbah West, Narara Valley, Tumby Umbi and the new Southern Cross High School at Ballina East. New primary schools commenced in previous years at Como West, Barnsley, Glendenning, Wilberforce, Clunes, Broulee, Wallerawang, and Banora Point West will also be completed during the current year.

An amount of \$16 million will be expended on a wide range of minor capital works, while \$10 million has been specifically provided for the provision of additional facilities directly associated with the Government's recent commitment to increase teacher numbers. A sum of \$2 million has also been allocated for a special program to encourage school communities to make the best possible use of assets.

Roundly \$65 million will be spent during the year on school furniture and equipment (\$13 million), site acquisitions (\$15 million), health and safety improvements (\$7 million), refurbishing and moving demountable buildings (\$11.5 million) and other miscellaneous items (\$18.5 million). In addition, \$6.9 million will be spent on computer development for schools administration and financial and human resources systems.

It is expected that roundly \$28 million will be raised from surplus education property disposals in 1994-95, all of which will be retained by the Department and applied towards school capital works projects and building maintenance.

NEW SOUTH WALES TECHNICAL AND FURTHER EDUCATION COMMISSION

The NSW TAFE Commission's capital program provides for the acquisition of sites for technical and further education facilities, the construction, extension and upgrading of TAFE college buildings, and the purchase of major items of equipment.

Expenditure Trends and Recent Developments

Over the past few years capital expenditures by the NSW TAFE Commission have fluctuated between \$115 and \$137 million, in line with cyclical Commonwealth funding, overall capital program priorities and available State funds. In 1994-95 the projected capital program of \$135.9 million is a 15.6 per cent increase on the 1993-94 actual program of \$117.6 million.

A number of major building works were completed during 1993-94. These included works at Enmore, Lidcombe, Meadowbank, Newcastle, Richmond and Wollongbar. Construction continued on projects at Campbelltown, Coffs Harbour, Kingscliff, Loftus and the Open Learning College at Strathfield.

Construction also commenced on numerous new building works. The more significant projects included Stage 1 of the new Bradfield College, upgradings and extensions at Albury; Rural Skills Centres at Armidale, Dubbo and Moree; Stage 1 of a major new college at Wentworth Falls in the Blue Mountains; the redevelopment of plumbing facilities at Granville and Wollongong; the first stage of a new college at Ourimbah, which is being built in conjunction with the University of Newcastle; and the refurbishment of the historic TAFE building in Hunter Street, Newcastle for Art and Design courses.

Upgrading of management information systems also continued in 1993-94. This upgrade involves the introduction of new administrative and accounting systems for use in all colleges, Institute offices and training divisions.

Capital Strategy

The basic objective of the Commission is to provide a responsive and cost-effective Statewide system of vocational education and training which will enhance the productivity and upgrade the skills of the State's workforce. In supporting this objective, the Commission's capital planning addresses the following factors -

Joint Educational Developments

In recent years a number of joint educational developments have taken place successfully and have led to innovative practices and enhanced opportunities for school, TAFE and university students. Projects at Werrington provide links with the University of Western Sydney, while Bradfield College will provide alternative pathways for high school students.

Industry Growth and Demand

Capital works provide infrastructure and equipment to address the training needs of industries, especially those which have been identified as having a predicted expansion in job opportunities. Projects in 1994-95 include facilities for Building and Construction courses at Wyong, Hairdressing at Granville and Gosford, a Rural Skills Centre at Kurri Kurri and an Equine Centre at Scone.

Areas of Population Growth

Outer Sydney, the North Coast and the Central Coast continue to experience strong population growth leading to increased demands for training. New projects in 1994-95 at Gosford, Wyong, Port Macquarie, Wollongbar (near Lismore) and Werrington will provide additional facilities for programs in areas which are currently underserved.

Maintaining Standards and Increasing Efficiency

Upgradings during 1994-95 at Gosford, Ultimo and Granville will lead to increased efficiency and meet the standards required by new curricula and occupational health and safety. In addition, the building upgradings program addresses the need to refurbish and upgrade existing building stock which no longer meets education and training standards and/or needs.

Student Support Services and Flexible Delivery

To meet the needs of increasing numbers of full-time students the Commission is continually upgrading libraries, canteens, student common areas and accommodation for student support staff. In addition the provision of child care facilities continues to expand and this year a new centre will be completed at Wollongong.

The increasing number of courses which are being offered through flexible delivery arrangements have also encouraged students to access library resources.

1994-95 Budget

The capital allocation of \$135.9 million for the NSW TAFE Commission in 1994-95 will permit the completion of major new stages of a number of colleges, including Campbelltown, Coffs Harbour, Kingscliff, Loftus and Albury.

Construction will continue on the Open Training and Education College at Strathfield, major facilities at Ourimbah, Wentworth Falls, Dubbo, Newcastle and Richmond, and the refurbishment of Bradfield College on the site of the former North Sydney Girls' High School.

Work will also commence on a total of 14 major new projects this year. These include upgradings and extensions at Wyong, Gosford, Ultimo, Granville, Glendale and Port Macquarie; a Rural Skills Centre at Kurri Kurri and an Equine Centre at Scone; major new developments at Wollongbar, Lidcombe and Werrington Colleges; a child care facility at Wollongong; some TAFE educational mobile units to improve access in isolated areas; the purchase and partial refurbishment of existing buildings at HMAS Nirimba, near Quakers Hill; and the commencement of a new group of upgrading projects to address urgent campus needs.

The improvement of TAFE's computer systems will continue in 1994-95 with upgrades being made to hardware and equipment at an estimated cost of \$2.5 million. Local Area Network Servers are also being purchased to facilitate access to the central computer system by teachers at a cost of \$1.064 million this year.

Provision has also been made for the replacement of old and outdated equipment and for the purchase of new sites for future developments.

TOURISM NEW SOUTH WALES

In 1993-94 Tourism New South Wales incurred capital expenditure of \$100,000 to upgrade computing equipment. No similar minor capital expenditures are envisaged this year.

6.4.9 MINISTER FOR ENERGY AND MINISTER FOR LOCAL GOVERNMENT AND CO-OPERATIVES

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Office of Energy	11.6	9.9	(-) 14.7
Department of Local Government and Co-operatives	0.5	0.1	(-) 80.0
Total, Minister for Energy and Minister for Local Government and Co-operatives	12.1	10.0	(-) 17.4

Variations in the Minister's Capital Program relate to projected expenditure for the Far West Electrification Scheme which is funded from the Electricity Development Fund and is expected to be completed in 1994-95.

OFFICE OF ENERGY

The Office of Energy co-ordinates State energy policy and promotes the responsible development, management and utilisation of the energy resources of New South Wales.

The Far West Electricity Scheme (FWES) has been allocated \$9.9 million in 1994-95. The Scheme is the Office's only capital project and is funded from electricity industry sources. It will provide an electricity grid in the Central Darling Shire and the unincorporated area north of Broken Hill.

Some delays in construction were experienced in 1993-94 due to bad weather. In August 1993 the Energy Corporation took over the works and as a result Sydney Electricity's role as Project Manager has been expanded to include contract management. A system of progressive subcontracting was arranged and construction work on the project intensified with expenditure reaching budget for the year. The project is expected to be completed by 30 June 1995, notwithstanding weather and construction delays, at a total estimated cost of \$32.2 million.

**DEPARTMENT OF LOCAL GOVERNMENT AND
CO-OPERATIVES**

The Department performs a central agency role for both the Local Government and Co-operative sectors with a primary function of legislation and policy formulation and implementation to ensure the viability and development of both sectors in New South Wales.

Except for relocation of the Registry of Co-operatives in 1992-93, the Department's capital program in past years consisted mainly of computer projects.

In 1994-95, the Department's capital program provides for the Network Cabling Upgrade project at a cost of \$131,000.

6.4.10 MINISTER FOR THE ENVIRONMENT

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Environment Protection Authority	6.1	5.8	(-) 4.9
National Parks and Wildlife Service	28.4	31.6	11.3
Royal Botanic Gardens and Domain Trust	1.2	2.3	91.7
Urban Parks Agency	3.3	5.1	54.5
Payments to Other Government Bodies under the Control of the Minister	3.4	2.6	(-) 23.5
Total, Minister for the Environment	42.4	47.4	11.8

The increase in 1994-95 compared with the previous year reflects -

- significant increases in funding for land acquisitions, fire management and pest control programs (National Parks and Wildlife Service);
- funding to enable the completion of Stage 1 of the National Herbarium (Royal Botanic Gardens and Domain Trust); and
- inclusion of a number of Centennial and Moore Park Trust projects in the 1994-95 program (Urban Parks Agency).

ENVIRONMENT PROTECTION AUTHORITY

The Environment Protection Authority creates and monitors environmental education and public awareness programs to promote pollution prevention and waste minimisation.

The Authority continues to computerise its scientific and administrative work activities to achieve increased effectiveness in responding to environment protection issues, and to provide effective services to industry and the general community.

The Authority will utilise a significant portion of its capital funding over the next two years to upgrade its laboratory facilities at Lidcombe.

Over the 1994-95 financial year the Authority will continue to improve facilities for staff access to computer supported scientific, technical and administrative activities.

Capital funding will also be allocated to the initiation, on-going upgrade and installation of projects that will increase and improve the Authority's ability to undertake monitoring of all environment media, with specific emphasis on air and water quality monitoring, chemical contamination, waste management, economic instruments, laboratory processing and land contamination.

Over the 1994-95 financial year the Authority will be allocating its resources via a holistic approach to environmental matters, that is, by addressing all aspects of the environment in an integrated manner, and developing strategies that focus on major factors affecting the environment.

The Authority's program structure for 1994-95 has been developed to reflect this approach and comprises -

	\$000
Monitoring and Reporting	3,272
Policy and Research	424
Education and Advice	347
Regulation and Enforcement	1,676
Economic Mechanisms	52
	<hr/>
	5,771
	<hr/>

NATIONAL PARKS AND WILDLIFE SERVICE

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, asset maintenance and minor development works.

Expenditure Trends and Recent Developments

Expenditure on the Service's capital program over the last five years has fluctuated from \$15.7 million in 1989-90 to \$28.4 million in 1993-94.

During these years the major fluctuations in the program involved acquisitions of land resumed under court order and inclusion of the Service's motor vehicle acquisition program in 1992-93 following the Government's introduction of reporting under accrual accounting principles.

Capital Strategy

Historically, the Service's capital program strategy has focussed on maintenance and restoration of infrastructure assets. The main criteria used for determining priorities are health and safety issues, mitigation of environmental damage and public use of parks. A proportion of the capital budget is allocated to the acquisition of land with outstanding environmental significance, with the balance being directed towards maintenance of the Service's motor vehicles, plant and equipment, and information technology requirements.

The increase in the capital program in 1994-95 will enable funding to be directed to key priority areas such as fire trail upgrade and maintenance, as well as the purchase of equipment for fire fighting and pest control.

1994-95 Budget

The 1994-95 capital program allocation of \$31.6m is notable for the provision of funding for the newly declared national park at Jervis Bay (\$1.45 million) and a major works program in the South East Forests (\$471,000). Also noteworthy is the additional funding announced by the Government in mid July for fire management (\$2.8 million) and pest species management (\$1.486 million).

The 1994-95 capital allocation also includes \$9.410 million for the continuation of major works-in-progress including -

- ongoing roadworks in Kosciusko National Park;
- establishment works in the Nattai Reserve System; and
- development of the East Coast radio network.

The total allocation also includes \$5.183 million for the acquisition of motor vehicles and plant and equipment, as well as \$2.689 million for the upgrading of information technology.

Additionally, the Service's land acquisition budget has been increased from 1994-95 specifically to make possible the acquisition of a backlog of land which has been zoned as Open Space for addition to national parks. The additional funding announced by the Government will also enable the Service to acquire land identified as being of high conservation value for addition to the park system. A total of \$20 million will be allocated over the next five financial years for the acquisition of these lands.

ROYAL BOTANIC GARDENS AND DOMAIN TRUST

The Royal Botanic Gardens maintains the Sydney Gardens and Government House Grounds, the National Herbarium, the Domain, and the Mount Tomah and Mount Annan Botanic Gardens.

Capital expenditure in recent years has declined following completion of development works at the Mt Annan and Mt Tomah Botanic Gardens and construction of the Sydney Tropical centre. The capital allocation of \$2.316 million for the Royal Botanic Gardens and Domain Trust in 1994-95 allows for continuation of refurbishment of the National Herbarium and for minor works related to maintenance programs within the Botanic Gardens, the Domain, and the Mt Tomah and Mt Annan Gardens.

URBAN PARKS AGENCY

The Urban Parks Agency mission is to develop and establish an integrated system of regional parks. This will provide for both structured and unstructured recreational opportunities whilst ensuring the conservation of natural and cultural values of those lands. Expenditure will increase significantly in 1994-95 as a result of increased Centennial and Moore Park Trust funded projects in existing parks and the development of new urban parks.

Of the Agency's 1994-95 capital program of \$5.1 million, an amount of \$4.6 million will be spent on works at Centennial Park, Moore Park and Bicentennial Park. With respect to Centennial Park, the completion of the administration building and commencement of irrigation works represent the major projects to be undertaken during 1994-95. The Trust intends to spend \$3.3 million on rehabilitation of the Centennial Park pond system and irrigation upgrading. An additional \$0.5 million has been provided for the initial planning and development of new urban parks.

PAYMENTS TO OTHER GOVERNMENT BODIES UNDER THE CONTROL OF THE MINISTER

An allocation of \$2.6 million in 1994-95 has been provided for payments of a capital nature to the Zoological Parks Board of New South Wales. This payment provides for essential asset maintenance to upgrade existing facilities and infrastructure at Taronga and Western Plains zoos.

6.4.11 MINISTER FOR HEALTH

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Department of Health	389.9	460.5	18.1
Total, Minister for Health	389.9	460.5	18.1

The substantial growth in capital payments reflects the increasing level of expenditure in 1994-95 on major projects - in particular the integration of Concord Repatriation Hospital into the State system, which involves the redevelopment of Bankstown Hospital and construction of a new Inner West Hospital, and redevelopment of the Prince of Wales/Prince Henry Hospitals as part of a restructuring of health services in the Eastern Sydney Area.

DEPARTMENT OF HEALTH

The New South Wales public health system includes some 250 hospitals, 260 community health centres, 500 early childhood centres and a large number of specialised services such as Ambulance transport.

Expenditure Trends and Recent Developments

Over the past five year period up to and including 1993-94, expenditure on the Health capital program increased by 47.7 per cent in real terms. The major increase in 1993-94, which will be repeated in 1994-95, was attributable to the implementation of the Concord and Eastern Sydney Strategies and with the introduction of accrual accounting from 1 July 1993, the reporting of own-source funds expended on the capital program by area and district health services. In addition, from 1993-94 the cost of certain plant and equipment items has been accounted for under capital in lieu of current payments.

Capital Strategy

The following health goals are key factors in infrastructure planning for New South Wales Health - improving health; improving quality with customer focus; and improving resource management. As such, the infrastructure strategy has the following main aims -

- ♦ to respond to changing trends in the delivery of health services and provide more customer focussed facilities;
- ♦ to achieve resource redistribution by developing new facilities in areas of population growth;

- the upgrading of run-down, out-of-date and inefficient infrastructure; and
- the acceleration of infrastructure projects where it is clearly demonstrated that savings in recurrent expenditures will be achieved as a result of capital works.

Planning for capital facilities occurs at both departmental and area and district health service levels. The result is that services are planned to address the needs of a defined population, while more specialised services are provided at limited sites to meet wider geographic needs. This avoids unnecessary duplication while ensuring that people have access to a range of services at the local level. Following identification of local priorities, development of a forward plan seeks to obtain a balance between expenditure on maintenance, replacement of existing building infrastructure and new construction.

The Department's Information Technology program is based on the Information Systems Strategic Direction of the New South Wales Health System. The aim is to provide an information framework for clinicians, managers and health professionals with a view to improving patient services, health outcomes and resource utilisation.

In the last four years some \$92 million has been invested in new information technology infrastructure within hospitals. Operational information systems are being introduced with priority being given to clinical, laboratory, financial and human resources management needs.

1994-95 Budget

The total Department of Health capital program allocation of \$460.5 million for 1994-95 provides for the continuation of major upgrading and redevelopment works at Albury (\$8.9 million), Bankstown (\$20 million), Liverpool (\$49.2 million), Inner West (\$11 million), Maitland (\$13.1 million), Nepean (\$17 million), Prince of Wales (\$46.3 million), Royal Women's (\$6.4 million), St George (\$10 million), and Sydney/Sydney Eye Hospitals (\$12.9 million) as well as for the relocation of the Royal Alexandria Hospital for Children to Westmead (\$49 million). In addition the following provisions have been made for the commencement of major new works.

Project	1994-95 Allocation \$m
Ballina Redevelopment - replacement of ward accommodation to overcome the current difficulties with clinical services delivery, and to save on recurrent costs (estimated total cost - \$3.75 million).	0.7
Grafton Redevelopment - renovations and relocations of services to improve efficiency and quality together with provision of a new rehabilitation service (estimated total cost - \$1.97 million).	0.5

Health Technology Improvement - replacement and provision of new diagnostic and therapeutic equipment such as CT scanners, endoscopy equipment, diagnostic ultrasound and radiology equipment (estimated total cost - \$60 million).	2.0
Murwillumbah Assessment and Rehabilitation - development of a 24 bed inpatient unit with 30 space Day Hospital serving a catchment population of 100,000 people (estimated total cost - \$2.8 million).	0.4
Tweed Heads Stage 2 - redevelopment of the emergency department and support services of pathology, radiology, pharmacy and central sterilising (estimated total cost - \$4.86 million).	0.9
Walgett Hospital - construction of a new 20 bed hospital with community health facility (estimated total cost - \$8.05 million).	2.0
Illawarra Redevelopment Strategy - construction of a new clinical services building at Wollongong and redevelopment of Shoalhaven Hospital, Nowra to provide two new wards with 46 beds and support services (estimated total cost - \$52.8 million)	1.5
Wentworth Community Health Centres - relocation of Penrith centre and construction of new centres at Springwood, St Clair/Erskine Park and Cranebrook (estimated total cost - \$8.0 million)	0.5

An amount of \$1.5 million has been allocated for planning work in relation to proposed projects at Coffs Harbour, Blacktown, Broken Hill, Wagga Wagga (Stage 2), Armidale, Hornsby and Royal Prince Alfred hospitals and Ambulance Communication and Statewide asset maintenance projects.

An amount of \$15.5 million has also been allocated for existing and new works under the Mental Health Plan and \$5.5 million for grants towards works at medical research institutes.

Full details of the capital allocations provided for Health, including individual project provisions, are contained in Budget Paper No. 4 "State Capital Program, 1994-95".

6.4.12 MINISTER FOR INDUSTRIAL RELATIONS AND EMPLOYMENT AND MINISTER FOR THE STATUS OF WOMEN

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Department of Industrial Relations, Employment Training and Further Education	4.4	5.0	13.6
Ministry for the Status and Advancement of Women	0.2	0.1	(-) 50.0
Total, Minister for Industrial Relations and Employment and Minister for the Status of Women	4.6	5.1	10.9

The increase in the allocation of DIRETFE for 1994-95 reflects the commencement of the project to relocate the head office of the Department.

DEPARTMENT OF INDUSTRIAL RELATIONS, EMPLOYMENT, TRAINING AND FURTHER EDUCATION

Capital works of the Department concentrate on computer projects to improve service delivery and management, and office fitout expenditure associated with the ongoing need to relocate and refurbish regional offices.

The Department aims to improve the level and cost effectiveness of services through the introduction of new technologies to improve management and access to information and the regionalisation of service delivery through one-stop-shop fronts.

The Department's capital expenditure has varied between \$2.5 million and \$4.2 million in the four years since inception, as the need for computer works in particular and, to a lesser extent, office fitouts has varied. Work continued during 1993-94 on the information system to support the operations of the NSW Industrial Registry and the Industrial Court, as well as investment in plant and equipment and the fitout of regional offices of the Department.

New projects commenced during 1993-94 included a computer system to meet reporting requirements following implementation of the Industrial Relations Act, implementing stage three of the Integrated Vocational Training System which will provide operations systems to support the National Training Reform Agenda, and stage five of the Corporate Network and Communications project.

The overall capital allocation of \$5.0 million for 1994-95 allows for -

- the Head Office Relocation and Restoration project (\$3.0 million), which will initially see the rationalisation of head office space prior to relocation as part of current initiatives to utilise unoccupied buildings owned by the Government (estimated total cost \$4.0 million);
- the Industrial Registry Information System (estimated total cost \$896,000; \$203,000 in 1994-95) and industrial relations reporting system (estimated total cost \$380,000; \$235,000 in 1994-95) to support the NSW Industrial Registry in the provision of court registry services to tribunals within the industrial relations system;
- stage five of the Corporate Network project (\$400,000) to provide the infrastructure to support processing of and access to corporate business systems through the upgrade of computer hardware and the data communications network, to overcome capacity constraints and allow for future growth needs (estimated total cost \$2.4 million);
- stage three of the Integrated Vocational Training System (\$170,000) will see the introduction of a replacement system to provide for recording and reporting of competency based vocational training in accordance with the requirements agreed to under the National Training Reform Agenda (estimated total cost \$405,000); and
- regional and local office fitouts as part of the cyclic maintenance program and the need to relocate and refurbish regional offices whose leases will expire (\$727,000).

MINISTRY FOR THE STATUS AND ADVANCEMENT OF WOMEN

The Ministry is essentially a policy agency and as such does not have a defined capital strategy. The 1994-95 capital program allocation of \$45,000 will be spent on general office equipment.

6.4.13 MINISTER FOR LAND AND WATER CONSERVATION

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Department of Conservation and Land Management	34.8	16.2	(-) 53.4
Department of Water Resources	64.9	59.2	(-) 8.8
Total, Minister for Land and Water Conservation	99.7	75.4	(-) 24.4

Capital payments of the Department of Conservation and Land Management in 1994-95 will decline due to expenditure in 1993-94 on once-off payments of \$12.2 million to the Luna Park Reserve Trust and \$7 million to the Newcastle Showground and Entertainment Centre Trust.

DEPARTMENT OF CONSERVATION AND LAND MANAGEMENT

The mission of the Department is to be the steward for the land and related natural resources of New South Wales and to achieve their sustainable use for the benefit of the community. The stewardship role assigns the Department a responsibility to assess the health, monitor the condition and document the qualities and attributes of those resources. The strategy is to -

- develop appropriate land information databases so as to ensure that information is available to management and clients in a readily accessible manner;
- ensure the maintenance and improvement of Crown Reserves through the provision of low interest loans and grants from the Public Reserves Management Fund; and
- provide for the maintenance and restoration of the Department's heritage buildings and operational offices.

Expenditure Trends and Recent Developments

The Department was established effectively 1st July 1991 and incorporates the former Department of Lands and Soil Conservation Service as well as non budget agencies including the Land Titles Office and Valuer General's Office. The Department has been allocated \$16.2 million in 1994-95 and this allocation is consistent with that of 1993-94 after discounting once-off grants to the Luna Park Reserve Trust and Newcastle Showground and Entertainment Centre Trust.

Expenditures of roundly \$11 million per annum were made by the Department in 1991-92 and 1992-93.

Main developments in 1993-94 were -

- provision of \$12.2 million for a grant to be made to the Luna Park Reserve Trust for continuation of the \$24.9 million redevelopment of Luna Park;
- provision of \$7 million through the Public Reserves Management Fund for a grant to be made to the Newcastle Showground and Exhibition Centre Trust to assist the Trust to reduce debt levels on loans incurred in the construction of the Newcastle Entertainment Centre;
- provision of \$2.9 million through the Public Reserves Management Fund for grants and low interest loans to be made to Trusts for improvements to Crown Reserves;
- expenditure of \$1.9 million on the upgrade of the Department's Bridge Street building; and
- expenditure of \$8.0 million on the Digitisation of Land Information project of the Land Information Centre at Bathurst. This \$42.6 million project involves the collection of spatial information in respect of all freehold and Crown land in New South Wales.

1994-95 Budget

The Department has been allocated \$16.2 million in 1994-95. The major items include -

- \$6.5 million for the Digitisation of Land Information (estimated total cost \$42.6 million);
- \$2.1 million for the Crown Land Information Database (estimated total cost \$7.6 million);
- \$2.4 million for the ongoing refurbishment of the Bridge Street building (estimated total cost \$5 million);
- \$1.2 million for the ongoing refurbishment of the Land Information Centre building at Bathurst (estimated total cost \$2.7 million);
- \$2.6 million for advances and grants from the Public Reserves Management Fund for the development and acquisition of Crown Land Reserves;
- \$0.3 million for minor works in State Recreation Areas; and
- \$1.4 million for various minor works including office fitouts, purchase of plant and equipment and asset maintenance.

DEPARTMENT OF WATER RESOURCES

The Department's capital program provides -

- state wide salinity control works;

- water infrastructure renewal/refurbishment;
- valley strategic planning;
- flood protection works; and
- Rivercare management.

Expenditure Trends and Recent Developments

Over the past five years there has been a move away from expenditure on new water supply infrastructure towards salinity control works, flood security works, water quality and aquatic environment management. This shift in emphasis has been brought about by rising water-tables, increasing salinisation and waterlogging and the need to control increasing levels of nutrients in rivers.

Main developments in 1993-94 were -

- major work being commenced on Land and Water Management Plans for the Irrigation Areas and Districts. These plans are an essential element in progressing the switch to corporatisation/privatisation of Irrigation Areas and Districts;
- involvement of community groups to improve the condition of riverine corridors through Rivercare projects;
- establishment of a Statewide Blue-green Algal Management Control program; and
- establishment of a program of financial assistance to local government for the design and construction of upgraded flood protection levees.

Capital Strategy

Within an overall framework of sustainable rural development and environmental protection, the capital program strategy of the Department is to -

- ensure that as far as possible, all water needs are met in terms of acceptable quality and adequate quantity;
- plan and develop new water supply systems and obtain maximum value from existing systems;
- enhance valley strategic planning by funding planning studies and other decision tools necessary to meet the challenges of water management in the 1990s. This will ensure that water management decisions made today will be truly sustainable for the future; and
- protect and manage the riverine corridor and ecosystems, minimise damage caused by floods and ensure proper conservation of resources such as sand, gravel and soil.

These strategies are implemented through the department's six core business areas of Measuring the State's Water Resources, Planning for Sustainable Water Development, Sharing the State's Water, Managing River Flows, Managing Water Environments and Mitigating Flood Damage.

1994-95 Budget

The Department of Water Resources has been allocated capital funds of \$59.2 million in 1994-95. Major projects include -

- \$3.1 million to continue the upgrading and restoration of flood levees in various country towns to ensure an adequate level of flood protection;
- \$4.9 million to continue nutrient control works to minimise blue-green algae problems in inland rivers;
- \$3.0 million for Rivercare Management to protect, restore and enhance the quality and management of the riverine corridor of all streams in NSW through a high level of community participation in the management of river systems. The aim is to achieve clean, healthy and productive rivers and streams by the year 2000;
- \$9.5 million for the Pindari Dam enlargement. The estimated cost of this project is \$70.3 million, of which irrigators are to contribute 25 per cent by way of additional water charges over a period of approximately 17 years. The works are scheduled for completion in 1997;
- \$4.0 million for continued flood security works at Burrinjuck Dam, to be completed by 1997 at an estimated total cost of \$75.7 million;
- \$7.3 million for the Coomealla Pipeline, which will reduce high conveyance losses due to seepage by replacing the existing open channel system with computerised pipeline delivery;
- \$6.7 million for the continuation of projects to reduce waterlogging and salinisation in the Murray River Basin; and
- \$2.4 million as a contribution towards the cost of rehabilitation of River Murray water management infrastructure under the terms of the Murray-Darling Basin Agreement.

6.4.14 MINISTER FOR MULTICULTURAL AND ETHNIC AFFAIRS

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Ethnic Affairs Commission	0.5	1.8	260.0
Total, Minister for Multicultural and Ethnic Affairs	0.5	1.8	260.0

ETHNIC AFFAIRS COMMISSION

The Commission has been allocated capital program funding of \$1.8 million in 1994-95, of which \$1.5 million will be used to assist ethnic community organisations to improve buildings or purchase equipment to support community activities. The balance of \$0.3 million will be spent on upgrading the Language Services Division's Information Technology System and refurbishment of its work area.

6.4.15 MINISTER FOR PLANNING AND MINISTER FOR HOUSING

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Department of Planning	2.4	6.3	162.5
Homebush Bay Development Corporation	118.5	63.5	(-) 48.4
Payments to Other Government Bodies under The Control of the Minister	573.0	575.2	0.4
Total, Minister for Planning and Minister for Housing	693.9	645.0	(-) 7.0

The decrease in 1994-95 compared with the previous year reflects the substantial completion of major sporting facilities at Homebush Bay (Aquatic Centre and Athletics Centre) associated with Sydney hosting the Olympics in the year 2000 (Homebush Bay Development Corporation).

DEPARTMENT OF PLANNING

The capital program for the Department consists primarily of funding for the acquisition of coastal land, designated as such by the Coastal Lands Protection Scheme.

Minor works funding is provided for community projects, namely National Estate grants, Transit West program administration in accordance with the Building Better Cities Agreement and the purchase of plant and equipment.

The program enables the Department to fulfil its role in encouraging proper management, development and conservation of resources and heritage items in the planning of land use within the State.

In 1993-94 the Department's allocation included funding for the Hawkesbury - Nepean floodplain study, a project incorporated within the Commonwealth/State flood mitigation program.

The Department's overall 1994-95 capital program allocation of \$6.3 million includes \$0.7 million for the National Estate Grant program, which is funded by the Commonwealth and forms part of the Heritage Assistance program. Projects include heritage studies, Main Street studies, Aboriginal heritage programs and natural environment programs.

The Coastal Lands Protection Scheme provides the overall framework for planning and development of the State's unique coastal areas. This year \$3 million will be available for various land acquisitions which are environmentally sensitive and have scenically important natural features.

Funding of \$1.4 million has been provided for the Hawkesbury - Nepean floodplain management study, as a result of increased Commonwealth funding towards the joint Commonwealth/State flood mitigation program.

Client/server computer facilities are to be installed at a cost of \$0.9 million (\$0.4 million in 1994-95). Implementation of the office automation and corporate systems will have direct benefits through increased use of computer resources by professional staff. This will, over the medium to long term, reflect in improved efficiency and productivity of staff as access to computer facilities increases.

The program also provides \$100,000 in 1994-95 for feasibility studies to be undertaken on behalf of the Office of Olympic Co-ordination.

HOME BUSH BAY DEVELOPMENT CORPORATION

The Homebush Bay Development Corporation manages the development of the Homebush Bay site. The Corporation implements the Government's endorsed Masterplan for the redevelopment of Homebush Bay. A twenty year urban renewal program for the area is being accelerated and expanded to cover the construction of facilities for the Olympic Games.

To date, activities at Homebush Bay have focussed on constructing the Aquatic Centre and the Athletic Centre. The Athletic Centre has been completed and is in use, and the Aquatic Centre is expected to be completed in 1994-95. The capacity of these sporting facilities are to be upgraded for use during the Olympic Games.

The Corporation's capital program for 1994-95 amounts to \$63.5 million, including \$11.6 million for pre-construction planning of Olympic facilities to be undertaken on behalf of the Office of Olympic Co-ordination.

The broad objectives of the program for 1994-95 will be -

- completion of the Aquatic Centre;
- completion of the internal busway and carparking projects;
- attracting private sector participation in the development of the Stadium, the Coliseum and the Olympic village;
- completion of remediation of Haslams Creek South and commencement of remediation of Haslams Creek North;
- preparation of an Environmental Management Plan;
- continuation of ecological and fauna studies;
- detailed design and investigation for major ring road works and supporting infrastructure and preliminary construction activities;
- completion of railway infrastructure investigations and preliminary design for station and railway works;

- preliminary design works for a ferry terminal; and
- detailed design works for major utility services.

PAYMENTS TO OTHER GOVERNMENT BODIES UNDER THE CONTROL OF THE MINISTER

Allocations totalling \$575.2 million in 1994-95 have been provided for payments of a capital nature to other government bodies under the control of the Minister for Planning and Minister for Housing.

Property Services Group

The Property Services Group administers payments made primarily under the Building Better Cities program to development corporations. In 1994-95 the Group will administer capital grants totalling \$100.4 million, including allocations of \$72.3 million to the City West Development Corporation for the Ultimo-Pymont and the Eveleigh Area Strategies and \$26 million to the Honeysuckle Development Corporation for the Honeysuckle and Environs Area Strategy.

Darling Harbour Authority

The Darling Harbour Authority will receive a capital grant allocation of \$2.1 million in 1994-95 towards maintenance of existing infrastructure and minor works.

Water Board

Capital grants totalling \$17.1 million in 1994-95 have been allocated to the Water Board for flood mitigation programs at Warragamba Dam and sewer backlog projects. Funds totalling \$38.85 million, including \$6 million in 1994-95, will be contributed over the next four years towards sewer backlog projects at Picton, Tahmoor/Thirlmere, Gerringong/Gerroa, Bundeena/Maianbar and Winmalee.

Housing

Financial assistance is provided from the Budget for public and community housing in terms of the Commonwealth/State Housing Agreement.

A total of \$481.2 million will be available under the Agreement in 1994-95, including the State's matching contribution of \$132.1 million. Some \$30.6 million of the allocation will be used by the Department of Housing for operational purposes and the balance of \$450.6 million will be spent on capital projects.

In addition to its obligations under the Agreement, the State is meeting the full cost of a range of capital initiatives stemming from the Burdekin Report. The Department of Housing will receive a total amount of \$15 million for this purpose over four years with the 1994-95 capital program allocation being \$5 million.

The \$455.6 million of funding provided under the Budget Sector capital program is the major source of funds for the Department of Housing's capital program. The Department's overall allocation for 1994-95, including internal sources of funds which form part of the Non Budget Sector program, is \$510 million.

Consistent with government policies on urban consolidation, the Department is undertaking a redevelopment program within its capital works activities for public housing. Suitable sites are being identified for redevelopment to produce a higher utilisation for public housing, especially for pensioner accommodation.

Key features of the Department's 1994-95 program include -

- the commencement of 3,105 units of accommodation which includes 1,620 units for aged people;
- completion of approximately 3,210 new dwellings which were in progress at 30 June 1994, or which will be committed and completed during the year;
- community housing programs totalling \$62.2 million;
- a capital improvements program of \$47 million (an additional \$74.4 million of maintenance expenditure is funded from the Department's operating budget);
- a specific capital improvement program of \$11 million for preservation of major residential buildings in the inner Sydney areas;
- \$5 million for a range of capital initiatives stemming from the Burdekin Report;
- capital contribution to the Home Purchase Assistance Fund of \$25 million; and
- capitalisation of Community Tenancy Schemes totalling \$16.5 million and providing 105 units of additional community based accommodation.

6.4.16 MINISTER FOR POLICE AND MINISTER FOR EMERGENCY SERVICES

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Ministry for Police and Emergency Services	0.1	...	...
The Police Service of New South Wales	51.7	41.2	(-) 20.3
New South Wales Crime Commission	6.5	0.4	(-) 93.8
New South Wales Fire Brigades	25.3	16.4	(-) 35.2
Department of Bush Fire Services	20.6	31.1	51.0
State Emergency Service	2.8	2.1	(-) 25.0
Total, Minister for Police and Emergency Services	107.0	91.2	(-) 14.8

The decrease in funding for this portfolio can be largely attributed to -

- the purchase of new premises in 1993-94 for the New South Wales Crime Commission; and
- special funding provided in 1993-94 to the NSW Police Service (\$5.7 million), the NSW Fire Brigades (\$12.7 million) and the State Emergency Service (\$2 million) to enable planned equipment and facilities to be acquired more quickly.

THE POLICE SERVICE OF NEW SOUTH WALES

Capital funding is provided to the Service to refurbish and upgrade police buildings, to provide improved plant and equipment and to maintain and operate the mainframe computer and data network.

Expenditure Trends and Recent Developments

The following expenditure has been incurred on the Police Service capital program since 1989-90 -

	\$m
1989-90	33.2
1990-91	59.4
1991-92	36.7
1992-93	55.6
1993-94	51.7

Funding over the last five years has been provided to meet critical accommodation, plant and equipment and computer needs. It should be noted that funding for the purchase of computer equipment has only been reflected under the capital program since 1990-91.

Formerly when the Police Service operated under cash accounting, expenditure on plant and equipment with a value of less than \$5,000, together with building alterations and additions, was met from current payments.

From 1 July 1992 the Police Service has capitalised plant and equipment purchases (with a value of \$500 or more) and building alterations and additions to ensure that the correct procedures were adopted under accrual accounting.

As well, in 1993-94 the Service had access to other sources of funding which were capitalised in the year.

The principal issues impacting upon expenditure have been the capacity of the Police Service to accomplish programmed work and the rate of structural changes that have taken place within the Service.

Every effort is being directed towards satisfying needs arising from initiatives such as Community Based Policing, Beat Policing and Traffic Safety Awareness programs.

Capital Strategy

The Police Service capital program strategy is focussed upon improving the quality of both operational and administrative accommodation and providing the most up to date and efficient plant and equipment to enable an effective policing role within the community.

1994-95 Budget

The Service's 1994-95 capital program of \$41.2 million provides for the following major projects and initiatives -

- Computerised Operational Policing System (COPS) - the implementation of Stage 2 of an integrated system for operational policing. The estimated total cost of Stage 2 is \$12.3 million with \$2.1 million to be spent in 1994-95;
- finalisation of construction of new police stations at Albury (estimated total cost \$8.3 million; \$648,000 in 1994-95) and Rose Bay (estimated total cost \$2.6 million; \$2.6 million in 1994-95);
- continuation of construction of new police stations at -
 - Batemans Bay (estimated total cost \$2.6 million; \$2.2 million in 1994-95);
 - Gladesville (estimated total cost \$2.0 million; \$1.5 million in 1994-95);
 - Green Valley (estimated total cost \$3.1 million; \$2.6 million in 1994-95); and

- Tamworth (estimated total cost \$5.4 million; \$4.4 million in 1994-95);
- Former Redfern Academy - modification of premises occupied by the Mounted Police (estimated total cost \$2.7 million; \$2.6 million in 1994-95);
- Joint Technical Services Equipment - provision of equipment for a joint Police - National Crime Authority facility for technical surveillance of criminal activity (estimated total cost \$7.9 million; \$1.1 million in 1994-95);
- Cellular Telephone Interception - provision of a reliable telephone interception facility in support of investigations into major crime (estimated total cost \$1.1 million; \$0.9 million in 1994-95);
- Purchase of critical radio and telephone equipment (\$3.8 million in 1994-95);
- Purchase of operational plant and equipment (\$10.0 million in 1994-95); and
- Miscellaneous minor works (\$6.5 million in 1994-95).

NEW SOUTH WALES CRIME COMMISSION

The Commission's capital program provides for the purchase of minor plant and equipment items.

Normally, the Commission has a relatively small capital program to fund the purchase of minor equipment items.

In 1993-94, however, the Crime Commission purchased new premises (at a cost of \$5.5 million) suitable to accommodate the special needs of the agency. The Commission also purchased new telephone interception equipment, at a total cost of \$313,000, which was necessary because of rapid advances in technology, and upgraded its computer network at a cost of \$371,000. This upgrade was essential as the Commission's existing computer hardware had been operating for five years and was essentially outdated.

In 1994-95 funding of \$401,000 has been provided for accommodation alterations (\$150,000), building maintenance (\$90,000), upgrading of the telephone system (\$75,000) and purchase of general plant and equipment (\$86,000).

NEW SOUTH WALES FIRE BRIGADES

The NSW Fire Brigades works with the community to prevent fire, and to respond to fires, hazardous material incidents, rescues and other emergency incidents, to protect and preserve life, property and the environment.

The Fire Brigades Act, 1989, which came into effect on 1 January, 1990, dissolved the former Board of Fire Commissioners and established in its place the NSW Fire Brigades as a department under Schedule 3 of the Public Finance and Audit Act.

The following expenditure has been incurred on the NSW Fire Brigades capital program since that time -

	\$m
1989-90	4.7
1990-91	7.9
1991-92	4.0
1992-93	10.2
1993-94	25.3

During 1993-94 an additional \$12.7 million was made available to the NSW Fire Brigades from the Consolidated Fund to enable planned equipment and facilities to be acquired more quickly. This additional funding provided urgently needed replacement equipment, vehicles and property which will be of particular benefit to both city and rural areas of New South Wales.

The NSW Fire Brigades' 1994-95 capital program of \$16.4 million makes provision for the following projects -

- Communication network (\$3.3 million in 1994-95);
- Redeployment of fire fighting resources and facilities to achieve more equitable distribution in the Greater Sydney Area (\$355,000 in 1994-95);
- Finalisation of the relocation of Tighes Hill Fire Station to Mayfield West (estimated total cost \$797,000; \$612,000 in 1994-95);
- Finalisation of relocation of Toongabbie Fire Station to Seven Hills (estimated total cost \$675,000; \$621,000 in 1994-95);
- Continuation of relocation of Tweed Heads Fire Station (estimated total cost \$1.1 million; \$100,000 in 1994-95) - this project is due for completion in November, 1995;
- Completion of renovation of Head Office and relocation of southern region headquarters to Hurstville (estimated total cost \$1.4 million; \$382,000 in 1994-95);
- Continuation of program to replace various fire pumper appliances (\$2 million in 1994-95);
- Continuation of program to replace special appliances such as breathing apparatus, Hazmat (Hazardous Materials Responses) and salvage vehicles (\$4 million in 1994-95);
- Purchase of aerial fire fighting appliances (\$1.6 million in 1994-95);
- Upgrade of Alexandria Control Centre (estimated total cost \$2.2 million; \$637,000 in 1994-95);
- Major computer upgrade/replacement of existing hardware and software (estimated total cost \$2.5 million; \$200,000 in 1994-95); and
- Miscellaneous minor works (\$2.5 million in 1994-95).

DEPARTMENT OF BUSH FIRE SERVICES

The capital program for the Department of Bush Fire Services provides for the purchase of plant, equipment, vehicles and Brigade Stations for rural fire fighting services throughout New South Wales.

In December, 1993 Parliament approved an alteration to the percentage contributions to the Bush Fire Fighting Fund. Under the new funding arrangements, the contributions are - Consolidated Fund - 14 per cent, local government - 12.3 per cent and insurance companies - 73.7 per cent.

The additional funding provided to the Department as a result of the recent amendments to the Bush Fires Act, 1949, has facilitated a significant increase in the level of funding for the purchase of fire fighting equipment.

The 1994-95 capital program allocation of \$31.1 million provides \$30.0 million for the purchase of equipment for local government councils and \$1.1 million for minor works of the Department.

To further enhance the Department's replacement program, an extra 60 fire tankers will be purchased during 1994-95 at a cost of \$5.5 million. An amount of \$5.2 million has been included within the total program for the purchase and conversion of used vehicles.

The employment of additional staff and the enhancement generally of the role of the Department's regions have necessitated the expansion of its vehicle fleet by seven units. As a consequence of the January 1994 bush fires, the necessity to update the Department's operations centre has been recognised. An amount of \$300,000 has been allocated towards this project which has an estimated total cost of \$900,000.

STATE EMERGENCY SERVICE

The State Emergency Service's capital program makes provision for land and building costs and the purchase of rescue equipment.

Capital spending during 1993-94 for communications and rescue equipment (including floodboats and trailers) of \$2.5 million formed the major part of the SES capital program. Remaining funds were used to purchase land to relocate the Central West Division headquarters at Bathurst (\$30,000) and for construction of a new headquarters at Goonellabah (\$267,000).

The Service's 1994-95 capital program of \$2.1 million includes \$1.2 million for communications and rescue equipment. The purchase of a new headquarters for the Sydney Western Division at Seven Hills (\$560,000) and construction of the Central West Division headquarters at Bathurst (\$315,000) are also included in the program.

The higher levels of capital funding provided to the Service in 1993-94 and 1994-95 will enable volunteers to provide a superior response to emergencies and disasters throughout the State.

6.4.17 MINISTER FOR PUBLIC WORKS AND MINISTER FOR PORTS

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Office of the Minister for Public Works and Minister for Ports	151.2	126.5	(-) 16.3
Total, Minister for Public Works and Minister for Ports	151.2	126.5	(-) 16.3

The decrease in capital payments between 1993-94 and 1994-95 is due to once off payments made in 1993-94 to pay off loans taken out by local government prior to the mid 1980's to fund the Government's share of Country Towns Water Supply and Sewerage Scheme projects. In addition the decrease reflects a reduction in cash flows associated with the construction of the Museum of Sydney as it nears completion.

OFFICE OF THE MINISTER FOR PUBLIC WORKS AND MINISTER FOR PORTS

The principal element of the program is the provision of financial assistance to local government and the Hunter Water Board in relation to the provision of water supply and sewerage services. In addition funding is provided for pre-planning tasks and works aimed at improving public health and safety as well as public amenity of the State's natural and built assets, restoration of beaches and estuaries, mitigation of flood liability and the provision of facilities for the recreational boating community and professional fishermen.

Expenditure Trends and Recent Developments

Over the past five years there has been a shift in priorities resulting in an increase in funding to the Country Towns Water Supply and Sewerage, and Coast and Estuaries programs.

The continuing principal focus of the capital program is the provision of adequate water supply and sewerage services to residents outside Sydney. At June 1994, there still remain some 30,000 people in country towns in New South Wales that have no reticulated water services and 100,000 people that have no effective sewerage service. Sewerage services in many country towns do not meet current environmental requirements and many water supply schemes do not provide adequate drought security or water quality.

The Government is seeking to address this backlog within ten years.

Capital Strategy

The focus of the Country Towns Water and Sewerage program is to assist councils to provide affordable, quality services. To do this the Government is working with councils to develop strategic business plans. With competing demands for government assistance these plans are an essential input into determining the order in which backlog projects are addressed.

These strategies will assist councils to improve scheme management and encourage adoption of new technologies and, where appropriate, non-construction solutions. However as non build solutions alone will not address the community's needs, construction solutions are pursued once the benefits and needs are fully substantiated.

The provision of financial assistance to councils in future will be limited to backlog components of schemes, with the balance of funds to be provided by councils from either borrowings or developer contributions.

With the introduction of the revised Coastal Policy for NSW, the Estuary Management Manual and revision to the Floodplain Development Manual, the Government is seeking to forge closer working relationships with local government and the general community in determining acceptable solutions to pre-existing problems and the prevention of future ones.

Increasing emphasis is being placed on the provision of sewerage pumpout facilities for recreational boat users to reduce pollution in inland and coastal waterways.

An Asset Management Plan has been undertaken to identify those breakwaters and retaining walls most in need of repair.

1994-95 Budget

The total capital program allocation of the \$126.5 million for the Office in 1994-95 includes \$85 million for the Country Towns Water Supply and Sewerage program. This will principally provide financial assistance towards the construction of local government water supply and sewerage schemes. Some sixty water supply and sewerage schemes are currently under construction. In 1994-95 new works will be commenced to provide a sewerage service to fifteen unsewered towns and to construct fifteen water treatment facilities for towns with inadequate water quality. Major sewerage work will continue in the Hunter Region.

The balance of the total allocation for 1994-95 will allow -

- \$6 million to be spent on a new environmental initiative to upgrade some ten major sewerage treatment facilities to improve effluent quality and reduce nutrient discharges into the Murray Darling Basin;
- continuation of major coastline and estuary management projects at Bondi, Byron Bay, Tuggerah Lakes, and Lake Illawarra;
- undertaking of some 120 floodplain projects at a cost of \$11.4 million;
- progressing of some 80 coastal projects at a cost of \$3 million covering sites distributed along the State's entire coastline;

- continuing work on up to nine sewerage pumpout facilities on the Murray River provided to support the "no discharge" regulation of the Maritime Services Board;
- construction of three recreational lakes in inland NSW;
- commencement of dredging of the Tweed River Entrance which is severely shoaled. Dredging is to commence on the sandbar as part of a joint NSW/Queensland Government project to construct a sand bypass system to pump sand from south of the Tweed River entrance, north to Gold Coast beaches;
- repair of the South Ballina breakwater at a cost of \$0.6 million. Work will also commence on the repair of the Clarence River northern breakwater. These works will ensure that these structures do not fail during storms;
- funding to commence the restoration of the historic Coffs Harbour Jetty;
- undertaking \$5.4 million of stonework and heritage maintenance projects. Stone restoration work on the Farm Cove seawall will be completed and stone restoration works will commence on Sydney Technical College and the Darlinghurst Court House; and
- construction of the Museum of Sydney, located on the site of the First Government House, Phillip Street Sydney, to be completed.

6.4.18 MINISTER FOR SMALL BUSINESS AND MINISTER FOR REGIONAL DEVELOPMENT

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Department of Business and Regional Development	1.1	0.5	(-) 54.5
Total, Minister for Small Business and Minister for Regional Development	1.1	0.5	(-) 54.5

DEPARTMENT OF BUSINESS AND REGIONAL DEVELOPMENT

The Department of Business and Regional Development was established on 1 July, 1993. Essentially, the Department's capital program consists of minor purchases of plant and equipment, computer equipment, motor vehicles and minor works.

In 1993-94 the Department commenced a "Regional Office Relocation Program" which aims to co-locate its regional presence with organisations that provide complementary services such as Business Enterprise Centres and the Chamber of Manufacturers. This will provide clients with greater access to a broader range of public and private business services in the one location. The co-location of offices will be finalised early in 1994-95.

In addition, the Department undertook the upgrading of its network communications to its thirteen regional offices. This project involves the replacement of certain obsolete equipment enabling an enhanced and responsive service delivery to regional clients, including financial and advisory assistance and a greater dispersion of information and services generally.

During 1994-95 the Department's capital program will be limited to purchases of replacement plant and equipment purchases of motor vehicles for the NIES program to enable services to be effectively delivered throughout the State, and advances under the "Funding for Innovation, Research and State Technology" (FIRST) scheme to assist organisations in product development.

6.4.19 MINISTER FOR SPORT, RECREATION AND RACING

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Department of Sport, Recreation and Racing ..	30.4	42.2	38.8
Total, Minister for Sport, Recreation and Racing	30.4	42.2	38.8

The variation between the total 1994-95 capital program and 1993-94 is due to less than anticipated grants and advances being made from the Racecourse Development Fund and Sport and Recreation Fund in 1993-94.

DEPARTMENT OF SPORT, RECREATION AND RACING

The Charter of the New South Wales Department of Sport, Recreation and Racing is to foster individual fulfilment through participation in sporting and recreational activities, and to foster community esteem through excellence in sporting performance.

Expenditure Trends and Recent Developments

The Department has been allocated funds from time to time in order to undertake projects of a significant nature. Such projects would be classified as being of international standard.

For example, between 1989-90 and 1993-94 a total of \$16.892 million was expended on the International Standard Rowing/Canoe Course at Penrith Lakes. This project is due for completion in early 1996 at a total estimated cost of \$23.1 million.

In 1993-94 the Department either completed or continued various minor works projects including the upgrading of accommodation and the provision of improved facilities for its clients at its Sport and Recreation Centres and Academies of Sport.

Capital Strategy

The Department's capital strategy is linked to two particular objectives -

- Fulfilment

A community in which individuals are able to be fulfilled through participation in sport and recreation.

- Excellence in Sport excellence in performance by New South Wales competitors in national and international events.

1994-95 Budget

The capital program allocation of \$42.2 million includes -

- \$3.7 million to provide for the ongoing construction of the International Standard Rowing Course at Penrith Lakes;
- \$0.99 million for the resurfacing of the Athletics Track at the NSW Academy of Sport;
- \$0.4 million for feasibility studies for proposed Olympic facilities, including the Velodrome and Shooting Complex; and
- the upgrading of existing accommodation and facilities.

Capital grants from the Sport and Recreation and Racecourse Development Funds to support and develop sport, recreation and racing facilities throughout the State will amount to \$34 million in 1994-95, including a Budget funded special additional grant of \$2.5 million intended for improving community sport and recreation facilities in developing urban areas.

6.4.20 MINISTER FOR TRANSPORT AND MINISTER FOR ROADS

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Department of Transport			
. Agency program	17.5	35.3	101.7
. Capital grants to State Rail Authority	569.3	505.9	(-) 11.1
	586.8	541.2	(-) 7.8
Roads and Traffic Authority	1,445.6	1,449.6	0.3
Total, Minister for Transport and Minister for Roads	2,032.4	1,990.7	(-) 2.1

The reduction in the Total Capital Payments of the portfolio mainly relates to a reduction in capital grants to the State Rail Authority. This is principally due to the completion of the majority of the Authority's rehabilitation, modernisation and upgrading works and to reduced capital funding requirements arising from the Mercer Management Consulting review of the Authority's five year capital investment requirements. This reduction has allowed scope for some additional transport initiatives to be implemented.

DEPARTMENT OF TRANSPORT - AGENCY PROGRAM

The Department of Transport's works program retains as its focus the provision of public transport infrastructure to encourage the use of and improve the integration of public transport. This covers projects such as bus/rail interchanges, bus shelters, parkways to improve commuter parking at rail stations, infrastructure for the new Parramatta River ferry service, transport studies and other specially targetted measures to improve transport facilities and services.

The Department's capital program in recent years had been boosted by a significant level of funding from the Commonwealth under its Urban Public Transport Program. Since the cessation of this Commonwealth support on 30 June 1993, funding from the Parking Space Levy is being used towards bridging the gap that was created.

Capital Strategy

The Department's works program aims to encourage greater patronage of public transport through improvements to infrastructure facilities. Commuter carparks aim to redress the under supply of parking for rail commuters. If parking cannot be obtained within the desired radius from a station then commuters will bypass it in preference for another or complete their journey by car. By providing additional parking, commuters are encouraged not to use their vehicles for the journey to work.

With the continued expansion of Sydney's fringe suburbs a greater number of commuters are using more than one mode of transport for their journeys. Changing modes such as bus to rail is viewed negatively by passengers. It is therefore important to reduce the impact of these transfers on a journey. The interchanges constructed by the Department reduce the mode transfer time for passengers as well as improving their comfort, security and convenience. Improved interchanges also enhance the operations of the bus operators by removing traffic conflicts that often prevent buses from queuing correctly, resulting in delays to services and confusion for passengers.

1994-95 Budget

The \$35.3 million allocation to the Department of Transport for its own capital program includes the completion of -

- Blacktown North, Bus and Rail Interchange at an estimated total cost of \$10.6 million (\$10.3 million in 1994-95);
- Woy Woy rail commuter carpark at an estimated total cost of \$5.5 million (\$3.8 million in 1994-95);
- Sutherland rail commuter carpark at an estimated total cost of \$4.4 million (\$3.4 million in 1994-95); and
- Gordon rail commuter carpark at an estimated total cost of \$3.5 million (\$2.3 million in 1994-95).

In addition, major new works to be commenced in 1994-95 include -

- ferry wharf and bus interchange at Chiswick at an estimated total cost of \$1 million (\$1 million in 1994-95);
- Parramatta ferry commuter facilities at an estimated total cost of \$4 million (\$2 million in 1994-95);
- Meadowbank ferry commuter facilities at an estimated total cost of \$2 million (\$1.1 million in 1994-95);
- Huntleys Point ferry commuter facilities at an estimated total cost of \$100,000 (\$100,000 in 1994-95);
- Hurstville bus and rail interchange at an estimated total cost of \$2.5 million (\$1.5 million in 1994-95);
- Katoomba bus and rail interchange at an estimated total cost of \$1 million (\$500,000 in 1994-95);

- Hornsby rail commuter carpark at an estimated total cost of \$2.5 million (\$2.5 million in 1994-95);
- the development of a bus and rail interchange and a rail commuter carpark at Liverpool at an estimated total cost of \$10 million (\$200,000 in 1994-95); and
- the development of bus and rail interchanges and rail commuter carparks to serve the Campbelltown and Macarthur areas at an overall estimated total cost of \$3 million (\$1.9 million in 1994-95).

The Department will also commission a \$2 million investigation of the proposed extension of Pyrmont to Ultimo light rail facilities, through the Central Business District to Circular Quay and further West to Leichhardt. This could significantly improve the effectiveness of the light rail system, provide an alternative public transport mode in the CBD with minimal impact on existing traffic flows and provide a new, mainly off-road transport network servicing the congested inner western suburbs.

An amount of \$820,000 has also been allocated for the ongoing Non Urban Transport Program which provides a range of basic transport facilities in rural New South Wales, from bus shelters to large coach interchanges at regional centres.

DEPARTMENT OF TRANSPORT - CAPITAL GRANTS TO THE STATE RAIL AUTHORITY

Capital grants are provided to the State Rail Authority to renew, develop and strategically reposition CityRail and Countrylink. Because the fares charged by these businesses are significantly below the level needed for these works to be funded by profits, capital grants by the State make up the bulk of the shortfall.

Over recent years capital grants to the State Rail Authority have risen significantly, peaking in 1993-94 at \$569.3 million. The Program which mainly covers CityRail and Countrylink, has substantially comprised the rehabilitation program agreed to by the Government in 1989. This, together with the strategic repositioning has resulted in an upward trend in expenditure, including projects such as the acquisition of Tangara, Endeavour, Xplorer and XPT trains and the modernising and upgrading of infrastructure and other facilities.

Capital Strategy

The non-commercial program peaked in 1993-94 with the completion of Countrylink's rolling stock acquisition; the refurbishment of the existing XPT fleet; Countrylink's depot modernisation; the suburban Tangara acquisition program; and most of CityRail's catch-up works.

One of the terms of reference of the Mid Term Strategic Review of the Authority conducted by Mercer Management Consulting was to review State Rail's five year capital investment requirements ensuring management practices are revised to best practice targets to achieve value for money. The recommendations made have been reviewed by the SRA and the Department of Transport and incorporated into the SRA's Corporate Plan and Capital Works Program. To improve the focus of the capital investment, a new Corporate Capital Works Directorate is being established within the SRA.

With the majority of rehabilitation, modernisation and upgrading work having been completed and with the incorporation of recommendations of the Mercer Report, there will be a decreased funding requirement for non commercial SRA operations over the next three years. This provides the opportunity to focus on the requirement for growth projects in the southern and western regions of the CityRail network to cater for forecast increased patronage demands. Most of these growth projects will be completed by the year 2000 when the next round of rolling stock replacements will be required.

1994-95 Budget

The capital grants towards the Authority's non-commercial program will fund projects within the following categories -

	\$m
Bedrock Investment	300.0
Strategic Investment	114.9
Growth	47.3
Supplementary Programs	43.7
	<hr/>
Total	505.9

The majority of expenditure in safety/integrity and infrastructure renewal is spent on the existing physical assets in the non-commercial rail network and is titled "bedrock investment". There has been a significant backlog of bedrock investment needed to catch up with the deferred asset renewal that has been practised by the SRA over the past 40 to 50 years.

Strategic investments are also an important part of the capital investment program. The major portion of strategic investments is targeted to improve operating efficiency and reduce the number of staff required, thus reducing operating losses and freeing up funds for other initiatives.

Growth in demand continues for CityRail's services that will eventually result in requirements for infrastructure improvements.

With key transport corridors identified in the Integrated Transport Strategy, the Government is now acting on the priority projects which will serve the continuing development of Sydney. A final contract is being negotiated with the private sector for the construction of the New Southern Railway, which is being jointly developed by the public and private sectors. The line will be integrated with the CityRail network to provide rapid access from the CBD to the airport and, as well as providing a linkage with the East Hills line, will spur the regeneration of the central Sydney industrial area. A total of \$15 million will be spent over the year leading to commencement of construction in the first half of 1995. The total cost of this new railway is \$600 million and requires funding of roundly \$475 million from the State Government and \$125 million from the private sector consortium of Transfield/CRI.

An additional major capital works initiative for the SRA for 1994-95 is the Parramatta to Hornsby Rail Link (via Epping). The total estimated cost to the Government of this project is \$400 million, with \$2 million being allocated in 1994-95 for investigations and engineering studies.

Supplementary programs are generally aimed at providing service quality improvements in CityRail and Countrylink services. Work will start on the Central Interchange and Coach Terminus at a cost of \$12 million (\$10 million in 1994-95). This will provide comprehensive, convenient and efficient interchange facilities at Central Railway Station between the CityRail network, the Ultimo to Pyrmont light rail system and the Central Coach Terminal.

Construction will commence on a new \$4 million station near to the University of Western Sydney campus (\$2 million in 1994-95). This station, which will be located between the existing Kingswood and Werrington stations, will improve access to the University campus for those students using CityRail services.

At Merford near East Maitland, a new station, interchange facilities and commuter carpark will be built in 1994-95 at a total cost of \$4 million to serve the adjoining TAFE College and growing residential areas.

Budget Paper No. 4 "State Capital Program 1994-95" provides further details of the State Rail Authority's non-commercial capital program which is substantially being funded by these capital grants provided through the Department of Transport.

ROADS AND TRAFFIC AUTHORITY

The Roads and Traffic Authority of New South Wales manages the State's roads and traffic system, that is, use of the system, maintenance of the network and how it is enhanced. The Authority's charter is to provide a roads and traffic system that is safe and efficient and integrated into a balanced transport system within the State.

Expenditure Trends and Recent Developments

Outlays on the Capital and Maintenance Program of the Roads and Traffic Authority for 1993-94 was \$1,445.6 million, representing a decrease of \$39.4 million (or 2.7 per cent) over the previous year's figure of \$1,485.0 million. The major reason for the decrease was a reduction in Commonwealth funding of \$130 million in 1993-94 due to the substantial reductions in One Nation Funding and the termination of the Black Spots Program.

A number of major projects have been completed through finance provided by the private sector, enabling new roads to be completed many years ahead of what otherwise would have been possible if these roads had to be funded from the Authority's traditional sources of revenue. The M4, M5 and the Sydney Harbour Tunnel, with a total cost of about \$1,300 million, have been constructed by the private sector in New South Wales. The Authority is looking for further such opportunities. A contract has been signed with the Hills Motorway Group for construction of the M2 North West Transport Link and negotiations are under way for the private sector to undertake further works such as the eastern extension of the M5 to Sydney Airport. Privately funded contributions to infrastructure works are excluded from the State's Capital Program.

Capital Strategy

The Government's policy of giving first priority to maintaining the road asset is reflected in the continued high level of funding for maintenance. This is in keeping with the Maintenance Strategy based on modern pavement and maintenance management systems and technology which have identified the need for this increased emphasis on maintenance. There is little gain to the residents of the State by building new additional road systems if this only results in existing road systems falling into disrepair.

The Authority is developing a State Road Network Strategy which will guide and direct our traffic management planning. The strategy will encompass road network enhancement to serve both freight and passenger transit needs, as well as strategies for regional development and tourism. In addition, it will address transport and land use planning within the overall transport context (including public transport) and take into account ecologically sustainable development principles.

Road freight plays a critical role in both State and National economies. The Authority's program of road development and maintenance balances support for industrial productivity improvements whilst ensuring the quality of the road system is maintained. Additional levies are made on heavy vehicles in recognition of their causing greater damage to road surfaces.

In addition, the Authority regulates heavy vehicles and their drivers to ensure that safety standards in New South Wales remain high and other road users are protected.

1994-95 Budget

The budget allocations provide for a Capital and Maintenance Program in 1994-95 of \$1,449.5 million compared to \$1,445.6 million in 1993-94. The level of funding has been largely maintained despite a reduction in Commonwealth support.

The State Government has approved of the Commonwealth Untied Roads funds (\$103.6 million) being allocated to the State Roads Program in 1994-95. Approximately \$80 million of this amount will be spent on a Safer Roads Program, which is aimed at improving road safety and will target accident blackspots across the State. The program will include works such as realigning dangerous corners, widening roads, providing overtaking lanes and improving road markings on major arterial roads.

The remaining \$24 million will, in the main, be directed to an expanded road safety education program and to allow councils to undertake priority works on regional roads.

The Government has continued the successful 3x3 Program with a focus on the completion of projects currently under way.

The State will continue to focus on the improvement of the Pacific Highway and take up the challenge of continuing to fund from State sources those projects previously jointly funded with the Commonwealth under the National Arterial Program and the Provincial Cities and Rural Highways Program. Commonwealth support for these programs terminated in 1993-94. These projects include major improvements at Chinderah Bypass and Brunswick Heads as well as dual carriageway construction at Raymond Terrace, Taree Bypass and Raleigh Deviation. These major works will be complemented by a range of overtaking lanes and safety initiatives.

The significant rate of progress on the Glebe Island Bridge will continue in 1994-95. Other works in the metropolitan area include the reconstruction of the intersection at Hume Highway and Roberts Road.

The Government's initiatives for private sector participation will continue in 1994-95. Construction will commence on the M2 Motorway from North Ryde to Seven Hills and expressions of interest will be called for the building and operation of Package 1 of Motorway Pacific which includes dual carriageways construction from Bulahdelah to Coolongolook and from Billinudgel to Chinderah. Other opportunities will also be taken to provide urgently needed road and associated improvements, including construction of pedestrian overbridges at strategic locations.

Further major works will open to traffic on the National Highway system during 1994-95, including the Barton Highway connection to the Yass Bypass and dual carriageways linking Cullerin Deviation to the Yass Bypass as well as the opening of the Armidale Bypass. Other significant works are continuing including the Jugiong Bypass and the Tarcutta Range Deviation on the Hume Highway and the Liverpool Range Deviation on the New England Highway.

Work will continue on the Great Western Highway at Woodford Bends, Linden Bends and Mount Lambie.

Following is a summary of the State wide program of road works being undertaken this year -

Programme	National Highways	State Roads	Total
	\$m	\$m	\$m
Urban Areas			
Sydney Major Routes	25.8	195.3	221.1
Other Sydney Area	9.1	207.8	216.9
Newcastle Area	28.3	43.3	71.6
Wollongong Area	3.0	63.0	66.0
Central Coast Area	15.5	47.6	63.1
Total - Urban Areas	81.7	557	638.7
Rural Roads			
Princes Highway	...	33.9	33.9
Hume Highway	136.9	0.1	137.0
Great Western Highway	...	11.8	11.8
New England Highway	42.4	...	42.4
Pacific Highway	...	137.5	137.5
Newell Highway	33.0	...	33.0
Sturt Highway	11.4	0.3	11.7
Barton/Federal Highways	26.6	...	26.6
Other Rural Roads	...	399.5	399.5
Total - Rural Roads	250.3	583.1	833.4
Less: Adjustment for Government Finance Statistics presentation			(-) 22.6
TOTAL CAPITAL WORKS			1,449.5

6.4.21 TREASURER AND MINISTER FOR THE ARTS

OVERVIEW

Agency	Total Capital Payments		
	Actual 1993-94	Estimate 1994-95	Variation
	\$m	\$m	%
Treasury	3.2	5.8	81.3
Crown Transactions	19.7	74.5	278.2
Ministry for the Arts	15.3	21.6	41.2
State Library	0.8	5.6	600.0
Australian Museum	1.0	1.9	90.0
Museum of Applied Arts and Sciences	1.5	3.3	120.0
Historic Houses Trust	1.3	6.2	376.9
Art Gallery of New South Wales	2.3	2.3	...
Archives Authority of New South Wales	0.9	..	...
NSW Film and Television Office	0.1	0.1	...
Total, Treasurer and Minister for the Arts ..	46.1	121.3	163.1

The budgeted capital payments for the arts portfolio total \$41 million in 1994-95 (\$23.2 million in 1993-94). This significant increase in funding is primarily due to an increase in maintenance at the Sydney Opera House (\$5.4 million) and the Sydney Entertainment Centre (\$0.9 million), the continuation of the General Reference Library extension, the relocation of the Museum of Applied Arts and Sciences from 659 Harris Street, Ultimo and the commencement of the fitout of the Museum of Sydney on the Site of First Government House.

In addition, funding for the acquisition of books for the State Library collection is now reflected under the capital allocation. These purchases total \$3.1 million in 1994-95.

TREASURY

Treasury's capital program is comprised mainly of computer projects and regular plant and equipment replacement for the Office of Financial Management (OFM) and for the Office of State Revenue (OSR).

Past capital programs have provided for continuing development of computer systems, upgrade of plant and equipment and relocation of OSR's Newcastle Office.

The total Treasury capital program allocation of \$5.8 million for 1994-95 includes \$1.2 million for OFM towards development of an integrated financial data base. The total estimated cost of this major project is \$2.5 million and the 1994-95 allocation will be directed towards engaging a software developer to implement the already completed business requirement specification. The project is expected to be completed in June 1996. The benefits of the project, for both OFM and client agencies, include improved responsiveness and productivity through the automation of data gathering and processing functions.

OSR's capital program allocation of \$4.3 million mainly consists of computer projects identified in its Information Technology Strategic Plan. The overall strategy contributes 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.

OSR computer projects include -

- Taxline - the Taxline system will ensure that revenue is collected quickly and banked more speedily to ensure maximum interest returns. It will also allow clients to reduce costs by operating from their own office (estimated total cost - \$1.2 million).
- Electronic Data Management - an imaging system which will ensure faster processing of assessments and, therefore, collection of tax. The system will also provide staff with appropriate tools to increase productivity and enhance services to clients (estimated total cost - \$1.2 million).
- Client Database/Compliance System - this project has substantial revenue raising potential as it will improve investigation facilities (estimated total cost - \$1.3 million).
- Pay-roll Tax - this project involves the rewrite of the present system to restore and enhance functionality and accommodate recent legislative changes (estimated total cost - \$0.2 million).

CROWN TRANSACTIONS

The Crown capital program consists of advances to non-budget sector agencies, capital grants for natural disaster relief and for improvements/refurbishments to the Crown property portfolio.

Prior to 1993-94, the Crown capital program consisted only of the capital grant for natural disaster relief and of advances to non-budget sector agencies.

In 1993-94, capital grants to the Property Services Group (which acts as agent for the Government in the management of Government-owned properties) formed an additional component in the Crown capital program.

In 1994-95, the major component of the Crown capital program allocation of \$74.5 million is the CBD Asset Strategy which covers the central agencies' move to Governor Macquarie Tower and the fitout/refurbishment of three Government-owned buildings: the State Office Block, Education and Chief Secretary's Buildings. The estimated total cost of this project is \$118.7 million and the 1994-95 allocation is \$61 million.

The 1994-95 capital grant allocation to Property Services Group of \$3.5 million for property management provides for capital expenditures incurred in respect of the Crown's rental property portfolio. As a result of clearer distinction between capital and maintenance expenditures, some \$2 million was reallocated to property management with a corresponding reduction in the recurrent allocation for property maintenance.

Natural Disaster Relief

Natural disaster relief provided by the Government is funded in part through Crown Transactions (in respect of certain Budget and Non-Budget Sector agencies) as well as within the normal works programs of State authorities such as the Roads and Traffic Authority and the State Rail Authority.

The Commonwealth provides assistance to the States towards the cost of natural disaster relief under the Natural Disaster Relief Arrangements (NDRA). Under the cost sharing arrangements, the State is required to fund the full cost of disaster relief up to a "base amount", which in 1994-95 is \$48.6 million. However, relief for personal hardship and distress attracts a \$ for \$ Commonwealth contribution regardless of whether State expenditure reaches the base amount.

Other disaster relief expenditure attracts \$ for \$ assistance from the Commonwealth when it is in excess of the base amount. If expenditure exceeds a further threshold (which in 1994-95 is \$85 million), the Commonwealth contributes on a \$3 : \$1 basis towards the incremental expenditure.

In 1993-94, State expenditure of just over \$31 million did not reach the base amount. A further \$16.9 million was spent by State agencies involved in fighting the January 1994 bushfires. The Commonwealth has agreed to contribute 50 per cent of this cost, as a special case.

The Commonwealth does not recognise drought relief expenditure under the NDRA. Notwithstanding this, the NSW Government has decided that special relief measures (such as stock and fodder transport subsidies and other assistance measures) should continue to be made available due to difficulties currently facing the rural sector. These special drought assistance measures will be made available through an allocation to the Minister for Agriculture (see Chapter 5.3.3).

In 1994-95 a provision of \$8 million is being made within Crown Transactions to meet commitments for natural disaster relief to Non Budget Sector agencies. A further \$4 million for the relief of personal hardship and distress has been provided in the recurrent allocation to meet commitments to Budget Sector agencies.

MINISTRY FOR THE ARTS

The Ministry's capital program provides for the maintenance and development of the State's cultural institutions and the refurbishment and maintenance of the Sydney Opera House and the Sydney Entertainment Centre.

The Sydney Opera House is in the seventh year of a major ten year upgrade program. With the winding down of the upgrade program an Asset Management Plan has been completed for the House to plan for an ongoing cycle of maintenance. The Plan will help to ensure that the State's premier cultural icon is maintained in an effective and cost efficient manner and that it will not fall into a state of disrepair.

One of the corporate objectives of the Ministry is the encouragement of an improved physical infrastructure for the arts community. In some cases the Ministry acquires and maintains such facilities. In other cases the Ministry finds it more appropriate to encourage or support the acquisition of facilities by others.

The total 1994-95 capital program allocation for the Ministry of \$21.6 million includes provision for the upgrade and maintenance of the Sydney Opera House, the Sydney Entertainment Centre and the ongoing structural maintenance of Wharf 4/5, Walsh Bay.

An amount of \$13.3 million has been provided for the continuation of the Sydney Opera House upgrade program. In addition \$3 million has been allocated towards high priority major maintenance projects. These works are identified as having a high priority for funding under the Asset Maintenance Plan.

The Sydney Opera House is the most popular tourist destination in Australia. In an endeavour to enhance and build upon this appeal and provide an educational and entertaining experience to visitors, funds have been allocated towards the construction of an interactive performing arts museum at the Sydney Opera House to be known as Theatreworks (estimated total cost \$5.5 million; 1994-95 allocation \$0.4 million).

The capital cost of establishing this new facility includes the construction of a mezzanine level and ceiling, the installation of a theatre, structural alterations to the Broadwalk foyer and funding for the development of initial exhibits. The museum will allow the Opera House to expand the cultural services it provides. The large number of visitors who currently visit the site but are unable to attend a performance will be given a greater understanding of the operations of the House.

The Sydney Entertainment Centre has provided Sydney with a major multipurpose indoor venue since its opening in 1983. To properly maintain this asset the Government will undertake a program to replace the Centre's seating as part of a maintenance program to ensure that the Centre is maintained as an international standard entertainment venue (estimated total cost \$2.2 million; 1994-95 allocation \$0.8 million).

Repair and refurbishment work is still proceeding on Wharf 4/5 at Walsh Bay (estimated total cost \$7.4 million; 1994-95 allocation \$1.3 million). The remaining decking of the wharf needs to be urgently restored for structural stability and safety reasons and five deteriorating timber piles need to be replaced.

The Wharf accommodates the Sydney Theatre Company, The Sydney Dance Company, the Sydney Philharmonia and the Arts Council of NSW.

In 1994-95, \$2.3 million has been allocated for the Aboriginal Cultural Centre project (estimated total cost \$2.6 million). This Centre will provide important theatrical and meeting room facilities for the Aboriginal community.

STATE LIBRARY

The State Library's capital program provides for the repair, renovation and extension of library facilities, the purchase of works for the State Library collection and the replacement and upgrade of plant and equipment.

The Library uses the most up to date technology for information communication, including CD-ROM databases, online computer catalogues, and the Library's own computer network service. The concept of the 'library without walls' is being explored with new emphasis being placed on the provision of information from online and CD-ROM databases. The use of this technology enables the Library to maximise the use of its collection, services and facilities both onsite and offsite.

In 1993-94 a project to expand the General Reference Library was commenced. When complete, floor space for the public and staff will have been significantly expanded.

ILANET, the Library's network service for electronic mail and data transfer, is being continuously developed as a means of facilitating interlibrary lending and access to databases. In 1993-94 gateways were established to the Australian Academic and Research Network.

The total 1994-95 capital program allocation of \$5.6 million for the Library includes \$1.8 million for the General Reference Library extension project. When the extensions are completed at a total cost of \$2.2 million, the area of the General Reference Library will have been increased by approximately one-third and an additional seventy reading spaces will have been created to alleviate the problem of overcrowding during busy periods.

The plans for the refurbishment involve the creation of a single main service area enabling the Library's clients to obtain a greater range of services from the one service point. Noise generating activities and equipment will also be centrally located in one area, resulting in the remaining area being more effective for reading services.

An additional \$0.5 million has been allocated in 1994-95 from the Budget to enable the State Library to increase its purchases of books, periodicals manuscripts, paintings, pictures and films for the State Library collection. In total the Library will spend \$3.1 million this financial year on helping to ensure that a greater diversity and depth of material is held for general public use on a wide range of subject matters. Funding for collection purchases was previously provided via the recurrent allocation.

The Library will receive \$0.2 million from the Budget towards the cost of its asset maintenance program and will spend \$0.3 million on upgrading its plant and equipment.

AUSTRALIAN MUSEUM

The Australia Museum propagates knowledge about the natural environment of Australia and aims to increase that knowledge. The Museum's program provides for the repair and refurbishment of Museum buildings, the refurbishment of galleries, the development of exhibitions and the replacement and upgrade of plant and equipment.

The Museum continues to place a strong emphasis upon the maintenance of its property and collection through a five year asset maintenance program and an upgrade of its foyer and exhibition areas.

To further attract and involve people from diverse cultural backgrounds, the Museum has opened the Contemporary Australia Gallery. The Gallery and its program have been developed in close consultation with community groups and aim to give Museum visitors a greater appreciation of the diversity of contemporary Australian society.

The total capital program allocation of \$1.9 million for the Australian Museum in 1994-95 includes \$1.2 million for continuation of a major refurbishment of the Museum foyer and other public areas, begun in 1993-94 (estimated total cost \$0.7 million). The refurbishment will improve exhibition space and facilities for the Museum.

During 1994-95 up to \$0.6 million will be spent on developing a new gallery titled "More than Dinosaurs" which will address major issues in relation to life on earth, including evolution, geological times, diversity, earth dynamics and extinction.

In addition \$0.2 million will be spent on fitting out an Investigation Centre in the space previously occupied by the Fossils Gallery. This Centre will service public enquiries in the broad areas covered by the Museum, including the environment, anthropology, vertebrate and invertebrate zoology, minerals and palaeontology.

The Museum will also receive \$0.4 million in capital funds to replace obsolete equipment. A total of \$0.1 million has been allocated to replace PABX equipment and \$0.2 million to replace Halon gas fire extinguishing systems.

MUSEUM OF APPLIED ARTS AND SCIENCES

The Museum of Applied Arts and Sciences has three major exhibition centres, the Powerhouse Museum, the Mint and the Sydney Observatory.

The Museum's capital strategy is to continue to maintain and conserve in a cost effective manner all the Museum's assets and to develop them so as to be a permanent reminder to the public of the past and present and provide an insight into the future.

Past programs have provided for expenditures associated with the maintaining of the Museum's asset base, plant and equipment purchases and urgent works associated with temperature controls for exhibits held in stores. Without appropriate storage facilities the Museum's irreplaceable collection would be susceptible to climatic variations, causing significant damage.

The total capital program allocation for the Museum of Applied Arts and Sciences in 1994-95 is \$3.3 million. Of this allocation, the Powerhouse Museum's Stage 1 - Harwood Building will be refurbished at a total cost of \$2.1 million in 1994-95. This will involve relocating some Museum staff but will result in all the Museum's activities being centralised under the one roof thereby providing a more efficient service delivery. Funding for this relocation will be provided by TAFE who will then assume responsibility for the premises vacated by the Museum.

The Mint Museum is also being redeveloped as a premier cultural site, emphasising the history of the building and its link with the goldrush era. The Mint Museum is scheduled to reopen in 1995 with funding of \$0.4 million being provided in 1994-95 from the Museum's revenues.

HISTORIC HOUSES TRUST

This cultural organisation restores and maintains significant historical properties and is now expanding its functions to incorporate the Museum of Sydney on the site of the First Government House in Phillip Street.

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

The 1993-94 financial year saw continued expenditures associated with the Museum of Sydney, which is planned to open in March 1995. The Trust has also successfully negotiated for and acquired an original collection of domestic works at Rouse Hill House which has survived intact since 1818, at a cost of \$0.7 million. This collection will enable visitors to experience an unmatched display of authenticity from that period and preserve an important part of New South Wales history.

The Trust's capital program of \$6.2 million in 1994-95 reflects its portfolio growth over the last three years with additional significant properties coming under its control, including the Justice and Police Museum, Hyde Park Barracks and Walter Burley Griffin House. The capital program specifically provides for -

- fit-out costs totalling \$5.9 million for the Museum of Sydney and the Young Street Terraces. The Museum will provide exhibition spaces, viewing access to the archaeological foundations and storage for the 1.5 million items unearthed from the site. The site marks the earliest remains of European settlement in this country and was the seat of British authority in the colony from 1788, when the house was built for Governor Arthur Phillip, until its demolition in 1846;
- completion of renovation/conservation works to the Walter Burley Griffin House totalling \$0.1 million in 1994-95. This property will eventually be sold with binding covenants preventing any alterations which may damage its heritage value and significance as an important part of Australia's 20th century architecture. Funds from its sale will be used to purchase/restore other historic properties; and
- purchases of plant and equipment and urgent restoration/repair works and essential safety measures to a number of properties, totalling \$0.2 million in 1994-95.

ART GALLERY OF NEW SOUTH WALES

The Art Gallery of New South Wales acquires, collects and presents to the public the finest works of art in order to achieve the highest standards in an effective manner. In the forthcoming year the Gallery will continue to adequately maintain its asset base and to plan its future artwork acquisitions on an on-going basis so that the public is able to experience and enjoy an unmatched display of artworks.

In 1993-94 the Gallery undertook essential catch up maintenance works in order to maintain its asset base. Significantly, a major refurbishment of Gallery space to allow for the establishment of a new Aboriginal Gallery was undertaken. This new gallery, which has total cost of \$1.6 million, will be completed in 1994-95 and will provide an area for the recognition of a major part of Australian culture and increase knowledge of Aboriginal art.

The Gallery's total capital program for 1994-95 is \$2.3 million of which \$1.0 million has been provided for the completion of the Aboriginal Gallery, \$0.5 million will be spent on art acquisitions and renovations to the Gallery's bookshop and the residual being spent on essential maintenance works and other minor purchases of equipment.

NSW FILM AND TELEVISION OFFICE

The NSW Film and Television Office's capital program provides for the purchase of plant, equipment and computers. In 1994-95 a total of \$27,000 will be spent on these items, effectively maintaining the program at the same level as 1993-94.

Chapter 7:

FINANCIAL ARRANGEMENTS WITH THE COMMONWEALTH

7.1 Introduction

7.2 Recent Developments in Intergovernmental Financial Relations

7.3 Funding Allocations for 1994-95

7.1 INTRODUCTION

The 1993-94 financial year saw an easing off of the pace of reform in intergovernmental financial relations which has characterised recent years. While there have been some positive developments, for the most part the status quo has governed Commonwealth-State¹ financial relations in the past twelve months.

The debate among Governments over horizontal fiscal equalisation² has moderated somewhat, while the issue of vertical fiscal imbalance³ remains unresolved. The problems caused by vertical fiscal imbalance have been further highlighted by the debate over the consequences of microeconomic reform and the filing of a number of High Court challenges which threatened a significant part of the States' revenue base.

Initiatives have been taken under the aegis of the Council of Australian Governments (COAG) to review the distribution of expenditure responsibilities between the Commonwealth and States. Commonwealth-State roles and responsibilities in the provision of key services are being reviewed, with the possibility of a corresponding reduction in the incidence of tied grants.

However, at present the share of specific purpose payments to total Commonwealth payments to all States remains high at around 42 per cent, following a continuous increase from 34 per cent in 1982-83. Corresponding percentages for New South Wales are 45 per cent and 33 per cent, respectively. This trend has resulted in a loss of State budget flexibility and government accountability and increasing duplication and overlap in service delivery.

The current COAG review offers the potential for redistributing expenditure responsibilities between the Commonwealth and States. Assuming decisions towards reform are actually made, implementation of these decisions however may take a number of years.

Perhaps the only significant positive development for New South Wales is that after a continuous real decline in financial assistance grants between 1988-89 and 1992-93, the State received a real increase in financial assistance grants for the second successive year.

Many remaining issues in intergovernmental financial relations relate to the severe level of vertical fiscal imbalance. The States' tax base remains narrow and inefficient and is extremely vulnerable to Constitutional challenges. The three-year real per capita guarantee on financial assistance grants to 1996-97 does not address the lack of a framework for determining the size of the grants pool, nor does it take into account the impact of microeconomic reform on State revenues.

The first section of the rest of this chapter describes policy developments during the past year. The second section canvasses a number of the remaining issues in intergovernmental financial relations. The third section describes funding allocations for 1994-95 based on decisions taken at the 1994 Financial Premiers' Conference and Loan Council meeting.

¹ All references to "States" in this chapter should be interpreted as referring to States and Territories.

² This refers to the cross-subsidisation between States.

³ This refers to the imbalance in expenditure responsibilities and taxing powers between the States and the Commonwealth.

7.2 RECENT DEVELOPMENTS IN INTERGOVERNMENTAL FINANCIAL RELATIONS

MAJOR POLICY DEVELOPMENTS

General Purpose Payments Funding

During the three years to 1993-94 the Commonwealth honoured its guarantee to maintain the financial assistance grants pool in real terms. However, the States remained concerned about the lack of a medium term framework for determining general purpose payments and the potential for the Commonwealth to adopt an ad hoc approach to the level of payments following the expiry of the guarantee. Such uncertainty was particularly a problem given the substantial fiscal consolidation expected of the States over this period.

These concerns prompted the States to develop various alternative proposals for medium term arrangements for general revenue funding. At the 1994 Financial Premiers' Conference, States and Territories presented the following proposals -

Proposal 1 - Revenue-sharing with a real terms guarantee:

- the States to receive a fixed percentage of Commonwealth tax revenue, the rate to be set in light of past funding levels and to be phased in over five years;
- a guarantee that the financial assistance grant pool would be at least maintained each year in real terms; and
- a reduction in the proportion of tied grants back to the level prevailing during 1976-77 to 1984-85.

Proposal 2 - Guaranteed growth in the financial assistance grant pool:

- the States to receive an annual increase in funding based on a combination of inflation, population growth and a "betterment" factor; and
- the same reduction in the proportion of tied grants as in the first proposal.

The reference period chosen for both funding levels and the share of specific purpose payments for the proposals was 1976-77 to 1984-85. During this period States received an agreed share of Commonwealth revenue supplemented by a real terms guarantee on financial assistance grants. The proposals were based on the fact that financial assistance grants had been cut by \$4 billion and the share of tied grants had increased from 32 per cent in the reference period to 43 per cent in 1993-94.

The second proposal included a "betterment" factor because real per capita maintenance alone would have resulted in the Commonwealth providing a declining share of States' revenue. This was unacceptable given the limited taxing powers of States.

The Commonwealth rejected the revenue-sharing proposal and offered the following-

- Maintenance of financial assistance grants in real per capita terms for the three years to 1996-97. Beyond 1994-95 the guarantee would be contingent on progress on microeconomic reform and the absence of a significant deterioration in Australia's economic performance.
- Abolition of Loan Council capital grants program from 1994-95.
- Full implementation of the recommendations in the 1994 Grants Commission Update Report; and one-off special revenue assistance to Queensland (\$30 million) and Western Australia (\$10 million) to compensate them for their losses on the updated relativities, to be funded from the grant pool.
- Special revenue assistance of \$20 million each to the ACT and the Northern Territory to ease their continuing transition to State-like funding, also to be funded from the pool.
- Continuation of the Medicare guarantee for New South Wales (\$139.0 million) and Victoria (\$194.9 million).

The States objected to the offer because the guarantee would have made States worse off in the first year. Full real per capita maintenance should have increased the financial assistance grant pool by around \$500 million, of which the New South Wales share would have been approximately \$138 million. However, after allowing for the untying of road funding and the abolition of general purpose capital payments, the total level of general purpose payments to the States would have fallen by about two per cent in real terms in 1994-95 and increased by one per cent in each of the two following years.

All in all the proposal would have yielded no cumulative increase in general purpose funding to States over the three-year period, but would generate a budget saving for the Commonwealth in 1994-95.

Another basis for objection to the Commonwealth offer was that the States were expected to achieve "credible progress" on specific microeconomic reforms in exchange for the real per capita maintenance guarantee. Given the broad scope of microeconomic reforms, the substantial potential revenue loss to State Governments from a number of these reforms and the lack of guidelines at the time regarding the issue of compensation, this linkage was unacceptable.

Notwithstanding States' objections, the 1994 Financial Premiers' Conference agreed to adopt the terms of the Commonwealth offer (other than the link with microeconomic reform) in return for a one-off transitional package of \$159 million in special revenue assistance to all States to be funded by the Commonwealth. This was partly to compensate for the loss of general capital funding and partly to reflect changed funding arrangements for the Medicare guarantee. At the Conference, States also obtained from the Commonwealth a commitment that progress on specific microeconomic reforms would not be made a condition for the real terms per capita guarantee.

Horizontal Fiscal Equalisation

Despite the gain to New South Wales in 1994-95, the State's financial assistance grant per capita remains substantially less than that of the four smallest States and two Territories. New South Wales and Victoria receive \$642 per head - still 35 per cent less than the average for the other States and Territories (Table 7.1).

Based on the 1994-95 distribution of financial assistance grants, New South Wales, Victoria and the ACT are net donors. The level of transfers from the residents of these States to the other States can be measured on two different bases. The first is measured by reference to an equal per capita distribution of funding. On this basis New South Wales will be transferring \$775 million to the smaller States in 1994-95. The combined transfer from New South Wales, Victoria and the ACT is \$1.5 billion.

A second method of measuring the equalisation transfer is by reference to the difference between financial assistance grants paid to each State and the level of Commonwealth personal income tax raised in that State. The rationale for this measure is that financial assistance grants were originally intended as compensation by the Commonwealth to States for their loss of income taxing powers. On this measure the transfer in 1994-95 from the three donor States is \$2.2 billion, of which New South Wales will contribute \$1.1 billion. (Details in Table 7.1.)

The transfer from Victoria and New South Wales in 1994-95 has declined for only the second time in six years following a sustained rise since 1988-89. During the six years to 1994-95 about \$7.4 billion has been redistributed away from New South Wales, of which \$5.5 billion has been transferred through the horizontal fiscal equalisation process.

Table 7.1: Financial Assistance Grants Per Capita and the Impact of Fiscal Equalisation on the Distribution of Financial Assistance Grants, 1994-95

State/Territory	Financial Assistance Grants ¹	Impact of Fiscal Equalisation	
		Total Redist-ribution ²	Of which: CGC Fiscal Equalisation ³
In \$ Per Capita			
New South Wales	657	(-) 182	(-) 127
Victoria	621	(-) 222	(-) 164
Queensland	832	211	48
Western Australia	877	106	93
South Australia	987	275	202
Tasmania	1,290	606	506
Northern Territory	4,782	4,073	3,998
Australian Capital Territory	718	(-) 468	(-) 86
<i>Average, 6 small States</i>	<i>990</i>		
<i>Average, NSW & Victoria</i>	<i>642</i>		
In \$ Million			
New South Wales	3,994	(-) 1,109	(-) 775
Victoria	2,786	(-) 996	(-) 738
Queensland	2,686	692	153
Western Australia	1,502	182	159
South Australia	1,455	405	298
Tasmania	611	287	240
Northern Territory	813	693	680
Australian Capital Territory	219	(-) 143	(-) 20
Total	14,066		
<i>Total Redistribution from NSW, Victoria & ACT</i>	<i>...</i>	<i>(-) 2,248</i>	<i>(-) 1,531</i>
<i>Proportion of total redistribution</i>	<i>..</i>	<i>100</i>	<i>68</i>

1. Includes the additional \$159m in special revenue assistance agreed at the 1994 Financial Premiers' Conference.
2. This is the sum of Commonwealth Grants Commission equalisation and tax equalisation. Tax equalisation is the difference between an equal per capita distribution and the level of payments if distributed in proportion to personal income tax collections in each State.
3. Grants Commission equalisation consists of revenue equalisation (ie, taking into account the underlying revenue raising capacity of each State) and expenditure equalisation (taking into account differential demand and supply factors which affect government expenditure levels).

1994 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 between the States and Territories based on the principle of fiscal equalisation - that is, 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 CGC model of fiscal equalisation utilises revenue and expenditure data for a five year rolling period. 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 years. The last five-yearly methodology review was completed in March 1993, resulting in a substantial gain for New South Wales.

In February 1994 the CGC completed its 1994 Update Report, which recommended significant changes in the distribution of financial assistance grants between the States. The Report recommended that an additional \$130.7 million be given to New South Wales largely at the expense of Queensland. Smaller gains were recommended for Victoria, Tasmania and the Territories, while Western Australia and South Australia suffered losses.

The gain to New South Wales resulted from the following: the use of detailed 1991 Census data which was unavailable for the earlier 1993 review (\$36.5 million); changes in input cost factors (\$31.2 million); correction of errors in the previous review (\$50.3 million); and a significant drop in land prices during the review period which reduced the State's revenue raising capacity from land tax (\$29.0 million). Based on the CGC Report it may be concluded that during the intercensal years, other States had been receiving shares of the grants pool in excess of what was required by fiscal equalisation.

The 1994 Financial Premiers' Conference endorsed the CGC recommendations and approved the funding of \$30 million to Queensland and \$10 million to Western Australia from the pool to compensate for the losses of these States on the relativities (see previous section).

Loan Council Developments

The 1994-95 Loan Council Allocation (LCA) bids of all States and the Commonwealth were deemed broadly consistent with macroeconomic policy objectives and were approved.

Under the guidelines approved in 1993, each jurisdiction nominates its LCA consisting of its projected surplus/deficit plus certain memorandum items. 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. The LCA is estimated on a no-policy-change basis.

At the Loan Council meeting in July 1993, all jurisdictions agreed to adopt a more uniform and comprehensive framework for reporting. For 1993-94 the full capital cost of all infrastructure projects involving the private sector would be counted as part of a jurisdiction's LCA.

Subsequently, Loan Council issued guidelines for the implementation of the risk-weighting approach for the classification of infrastructure projects with private sector involvement. Under the agreed approach, the financial liability of the public sector would be measured as a function of the ratio of project assets to liabilities; the volatility of asset values over time; the duration of public sector exposure to the liabilities; and the level of overall government exposure to the project.

The risk weighting guidelines have been well received by the private sector. The details of the new approach will be reviewed before the end of 1994-95, with some refinements being made over the next twelve months.

Outcome of the Capital Duplicators Case

Under section 90 of the Constitution, the States and Territories are prohibited from imposing "duties of excise". However, through a series of decisions beginning with the *Dennis Hotels* case in 1961, the High Court defined duties of excise in a way which has allowed the States and Territories to impose licence fees on a narrow range of goods, namely liquor, petroleum and tobacco products.

Provided these licence fees are calculated by reference to the sales of a prior period, the High Court has been willing to determine that they are not excises for the purpose of section 90. It is also important that the tax be associated with some Government regulatory function, e.g. the harmful effects of alcohol and tobacco consumption.

Efforts by the States to expand the range of products subject to such licence fees have all been successfully challenged in the High Court. On the other hand, attempts to overturn the precedent established in the *Dennis Hotels* line of cases have been likewise rejected by the Court.

Most commentators agree that the Court's reasoning in these cases lacks logic and could be subject to revision at any time. For this reason, any new challenge to a State franchise fee creates a great deal of attention in the media and is treated with some trepidation by the States.

In 1993, one such case involving a challenge to licence fees on the manufacture and sale of X-rated videos in the ACT (the *Capital Duplicators case*) was heard and decided by the High Court. This case assumed greater importance due to the fact that one State petitioned the Court to re-examine its reasoning in the *Dennis Hotels* line of cases with a view to arriving at a more workable definition of the term "duties of excise".

Had the High Court decided that "excise" should be narrowly defined, this would have created the potential for States to broaden their revenue base to include sales or other indirect taxes. On the other hand, had the High Court ruled the ACT legislation invalid and redefined "duties of excise" more broadly, revenue losses for the States nationwide would have amounted to over \$3 billion in 1993-94 terms (\$1.4 billion in New South Wales, or 14.9 per cent of total State taxes, fees and fines).

With the latter prospect in mind, States met with the Commonwealth to discuss options in the event of the worst possible outcome - i.e. that all State franchise fees would be ruled invalid. The options included -

- a uniform Commonwealth replacement tax designed either to mirror the existing franchise fees or as a surcharge on existing Commonwealth excises on the same products; or
- new State taxes or increases in existing State taxes.

The High Court decided on 7 December 1993 that the ACT legislation on X-rated videos was an invalid excise. At the same time, the Court re-affirmed the existing precedents with respect to liquor and tobacco franchise fees but raised an issue concerning the regulatory nature of State petroleum franchise fees. As a result, in January 1994 another writ was filed in the High Court challenging the NSW petroleum franchise fee legislation (see below). The case is not expected to be heard until later in the year.

Privatisation and Tax Compensation

The Commonwealth Government in 1991 laid down principles for calculating tax compensation in relation to privatisation of State Government Trading Enterprises (State GTEs). These principles provided for payment to the States of the present value of the estimated tax payments of the privatised entity over a period of five years. These principles were applied to the State Bank of Victoria, Tasmania Bank, Government Insurance Office of New South Wales and the State Government Insurance Office of Western Australia.

In 1992 and 1993 the Commonwealth questioned the principles underlying the 1991 tax compensation policy and concluded that, in general, there is no systematic gain to the Commonwealth Budget from privatisation of a State GTE.

While terminating the existing formula approach, the Commonwealth's 1993 policy statement in this matter committed to compensation under the previous arrangement for the privatisation of no more than one bank or insurance office, and a case by case assessment and compensation for other privatisations.

The Commonwealth Treasurer's press release on the 1993 Financial Premiers' Conference stated -

"The new policy will also provide that in the event of full or part sale or corporatisation bringing a STE (State Trading Enterprise) into the Commonwealth tax net, there will be a case by case examination to ensure that neither the States nor the Commonwealth would be financially advantaged or disadvantaged as a result."

The Treasuries of the States and Territories have all considered the Commonwealth's statements and have reached the following conclusions -

- that the 1991 principles for tax compensation do not adequately describe all of the factors determining the extent of any gain to the Commonwealth Budget from the privatisation of a State GTE;

- that the Commonwealth is correct in noting that the use of the proceeds of a privatisation to retire debt will result in some loss of Commonwealth tax revenue from the interest on that debt;
- that the Commonwealth is wrong in concluding that the loss of tax from the retired debt will offset all of the gains in revenue from the privatisation;
- that the Commonwealth's analysis of privatisation transactions overlooks the fundamental objective of privatisation - the transfer of risk from taxpayers to the private capital market; and
- that the Commonwealth's conclusion that there is no net gain to its budget is based on empirical assumptions which are significantly at variance with the characteristics of privatised GTEs, capital market data and independent empirical studies.

State and Territory Treasuries have taken the position that tax compensation based on a proportion of the proceeds of sale would best correspond to the gains flowing to the Commonwealth after privatisation. The States are presently awaiting the Commonwealth's response.

Tax Treatment of State Trading Enterprises

The Commonwealth proposed at the 1993 Financial Premiers' Conference that income and sales tax be imposed on State trading enterprises in exchange for compensation from the Commonwealth. However, States and Territories preferred to retain and continue to develop their respective tax equivalent regimes (TERs). The Commonwealth proposal would have aggravated vertical fiscal imbalance, created a risk of changes in the ground rules at some later date and involved an administratively cumbersome compensation mechanism which would have resulted in the States receiving less than full compensation.

At the 1994 Financial Premiers' Conference, the Commonwealth and States agreed to a Statement of Policy Intent (SOPI) which committed the States to collect within three years uniform tax equivalent payments directly from their own wholly-owned trading enterprises - including those presently subject to Commonwealth taxation. In return the Commonwealth agreed to amend its legislation to exempt these entities from income and wholesale sales taxes (WST) from 1 July 1994 (subsequently amended to 1 July 1995).

The SOPI restated the Commonwealth's commitment to ensure that neither the States nor the Commonwealth would be financially advantaged or disadvantaged by the new arrangements. A Commonwealth-State TER Standing Committee was created to oversee implementation of the SOPI.

Review of Commonwealth-State Roles and Responsibilities

The excessive degree of vertical fiscal imbalance in the Australian federation enables the Commonwealth to enforce policy decisions or implement programs in areas that can be more effectively administered by States and Territories. This has resulted in significant overlap and duplication between the Commonwealth and States, along with an associated increase in tied grants, the imposition of more restrictive conditions on their use, and fragmentation and inefficiency in service delivery.

Since the first Special Premiers' Conference in October 1990, efforts have been made to address the problem. In November 1991 the Working Group on Tied Grants completed a review of specific purpose payments which suggested several reform options and recommended principles and guidelines for agreements covering "shared responsibility" programs.

The Working Group report recommended that agreements covering such programs should clearly define objectives, program strategies, consultative arrangements, monitoring/review systems, financial arrangements, and output/accountability measures. Reviews by Ministerial Councils were taken into account by the Working Group, although these reviews took a portfolio or sector-specific rather than a "whole of government" approach to the issues. The Working Group Report lost impetus in light of the Commonwealth Government's refusal at the time to support any initiatives directly addressing vertical fiscal imbalance.

More recently, the National Fiscal Outlook for 1993-94 referred to the same issues raised in the 1991 Working Group Report. The NFO stressed the need for a clear medium-term fiscal strategy given the different revenue-raising powers and functional responsibilities of the Commonwealth and States. The report suggested a review of Commonwealth-State financial arrangements, including expenditure responsibilities and roles in service provision; options to expand the States' own-source revenue base; and intergovernmental arrangements to improve forward planning.

The 1993 Financial Premiers' Conference agreed to a review of Commonwealth and State service provision for the purpose of setting efficiency benchmarks for certain key services. Chaired by Mr Bill Scates of the Industry Commission, the service provision review has two components: the collection and publication of quantitative performance indicators to allow comparisons of efficiency; and a qualitative collation and assessment of relevant service provision reforms.

As part of the review, the NSW Treasury is undertaking pilot studies into the establishment of benchmarks for educational outputs and outcomes, health and police services.

The review is being undertaken in conjunction with ongoing work on the clarification of roles and responsibilities of the States and the Commonwealth, which was initiated by the COAG at its June 1993 meeting.

The review of roles and responsibilities was intended to identify problems of duplication and overlap; inefficiencies in service delivery; incentives for cost-shifting between governments; measures for improved transparency and accountability; ways to increase certainty in funding arrangements for the level of government delivering the programs; and the scope for reform and priorities for change. The review is also expected to address the need to reduce the share of tied grants associated with those functions that are rationalised.

The brief to conduct the COAG review was given to a number of Ministerial Councils. Reviews are ongoing for areas such as public housing, child care, health and community services.

COAG agreed at its February 1994 meeting that while arrangements would vary across programs, in areas of shared responsibility the Commonwealth's interest will most often be in the area of broad, jointly agreed strategic goals involving program planning and a concern for achievement of program performance and outcomes for clients. The States would share an interest in these matters and generally would have primary responsibility for program implementation and management.

To date, reform options are being identified with respect to child care, health and community services. Premiers and Chief Ministers at a meeting on 29 July 1994 noted the general lack of progress on substantive reform under the COAG process and indicated their intention to assess the work of the Ministerial Councils to date and whether this work should continue.

Although the matter was on the agenda for the August 1994 COAG meeting, it was not discussed at length. However, Heads of Government asked officials to continue reviewing these issues, and the matter is expected to be taken up at the next COAG meeting in February 1995.

In support of the COAG exercise, State officials are also separately examining a number of options regarding the redistribution of Commonwealth-State roles and responsibilities.

Initiatives Relating to Specific Purpose Payments

The COAG meeting in February 1994 agreed that the review of Commonwealth-State roles and responsibilities should include consideration of tied grants with a view to reducing their incidence. Soon thereafter, New South Wales and a number of other States expressed concern to the Commonwealth about some conditions imposed on specific purpose payments, particularly fund matching and "maintenance of effort" requirements¹.

In April 1994, the Commonwealth Auditor General recommended, among other things, improvements in accountability and performance monitoring of specific purpose payments. As a result of this report the Joint Committee of Public Accounts of the Commonwealth Parliament launched an inquiry into the administration of specific purpose payment agreements.

A number of States made submissions to the Inquiry. The content of these submissions was similar across States: that specific purpose payments are linked with vertical fiscal imbalance and create confusion of responsibility among levels of Government; and that a reduction in specific purpose payments and greater flexibility in service delivery are needed.

The issue of specific purpose payments was not discussed at the 1994 Financial Premiers' Conference. However, following the Conference the Premier of New South Wales suggested to other States and Territories the following strategy -

- Setting a 30 per cent indicative target ratio of tied grants to total Commonwealth payments to be achieved within five years;

¹ A maintenance of effort requirement normally refers to the maintenance of real expenditure on a given program over a given number of years.

- Reduction in the ratio to be made contingent on (i) the same amount of tied grants being absorbed into the financial assistance grants pool; (ii) the wind-down over the same period of matching requirements on the remaining tied grants; and (iii) interstate distribution issues being adequately addressed.

Subsequently, at a meeting in July 1994, Premiers and Chief Ministers agreed to support the goal of developing a new Australian Federation by 2001. In support of this goal they would meet twice yearly to promote public debate and develop concrete proposals for formal consideration by all Governments. This forum was intended to complement the work of COAG, including continuing work on tied grants.

As part of the COAG review of roles and responsibilities, the Commonwealth in consultation with States is preparing a framework for establishing, implementing and reviewing specific purpose payment programs which would include an intergovernmental protocol and a set of guidelines for SPP agreements.

If approved, the protocol would initially provide a list of what should be included in specific purpose payment agreements, and would result in some degree of uniformity in the form and content of such agreements. Should the protocol be implemented, eventually it is expected that all major specific purpose payments would be brought under its purview. The matter is expected to be taken up at the next COAG meeting in February 1995.

THE TASKS AHEAD

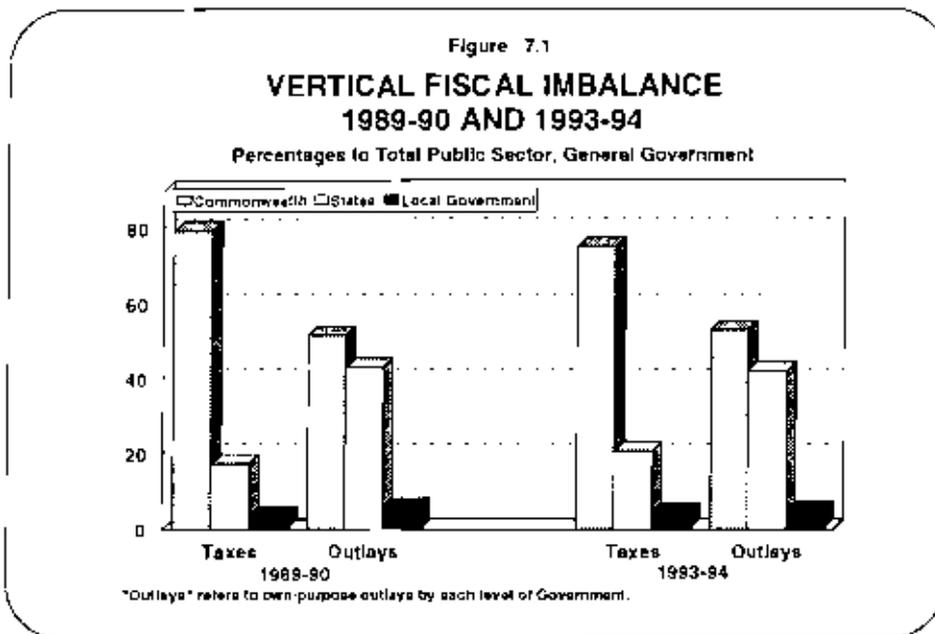
Vertical Fiscal Imbalance

The degree of imbalance between Commonwealth and State Governments remains excessive compared to other federations. The Commonwealth collects 75 per cent of total general government taxes and accounts for only 53 per cent of general government own-purpose expenditures. Corresponding ratios for the States and Territories are 21 per cent and 42 per cent respectively (Figure 7.1.)

Despite the recent three-year real terms guarantee and what appears to be an openness of the Commonwealth to reform in Commonwealth-State roles and responsibilities, the issue of vertical fiscal imbalance (VFI) remains unresolved.

There are two possible approaches to reducing VFI: (1) increase the States' taxing powers or (2) reduce their expenditure responsibilities. An alternative approach - which, while not addressing VFI directly, reduces many of its adverse consequences - is a formal revenue-sharing arrangement between the two levels of Government. As outlined earlier, the Commonwealth has rejected this option. Given this, the States are currently pursuing the issue through a redistribution of expenditure responsibilities under the aegis of COAG.

The problem of VFI is currently being exacerbated by the uncertainty arising from a new challenge to the constitutionality of petroleum franchise fees in New South Wales. Following the decision in the *Capital Duplicators* case, in January 1994 Arafura Transport Pty Ltd mounted a High Court challenge to the imposition of license fees by New South Wales under its *Business Franchise Licenses (Petroleum Products) Act 1987*. The case poses a substantial risk because an adverse decision would cost the State an estimated \$500 million in 1993-94 terms.



Options for funding the budgetary shortfall in the *Arafura* case are similar to those considered in the *Capital Duplicators* case, and pose similar risks. The options include a Commonwealth replacement tax, which would increase the degree of VFI even further.

Horizontal Fiscal Equalisation

A report on horizontal fiscal equalisation originally commissioned at the June 1992 Premiers' Conference was finally issued at the 1994 Financial Premiers' Conference. The report discussed several options for reform, some of them entailing substantial redistribution of the general revenue pool. However, given the lack of consensus among States and Territories, the report gave no recommendations. Premiers' Conference merely noted the report at its March 1994 meeting.

New South Wales has consistently sought fundamental change in the horizontal fiscal equalisation process, and remains committed to reforms which would improve allocative, technical and/or operational efficiency.

While disagreement remains with respect to the nature and extent of reform, the report also canvassed procedural and less controversial changes to the system. Agreement on these procedural changes appears more likely.

Microeconomic Reform

The Report by the Independent Committee of Inquiry into National Competition Policy (Hilmer Report) of August 1993 recommended measures to improve efficiency by reforming regulatory restrictions on competition; restructuring public monopolies; introducing competitive neutrality between government and private businesses; and instituting a more focussed oversight mechanism for prices.

The Commonwealth and States agreed to the principles of Hilmer at the February 1994 COAG meeting. The States recognise that a more competitive economy in the longer term is a necessary prerequisite to creating the investment climate and opportunities that enable sustained economic and employment growth.

However, many of the microeconomic reforms envisaged by Hilmer would involve direct costs for State and Territory governments through reduced financial distributions from government trading enterprises and structural adjustment. Tax increases are not a generally applicable substitute, given the narrowness of the State and Territory tax bases. The inefficient and regressive nature of these taxes means that they would offset the benefits of reform.

The Commonwealth, on the other hand, has a significant equity in the successful implementation of reform due to its wider taxation powers over profits and income. This broader tax base allows the Commonwealth to access the benefits of microeconomic reform. These benefits should be allowed to flow back to the States whose activities are largely responsible for their production.

The August 1994 COAG agreed on the principle that all Governments should share in the benefits of reforms to which they have contributed.

The States have proposed that the sharing of the benefits from Hilmer related reform be in the form of a global pool of funding which distributes an equitable proportion of the additional Commonwealth taxation revenue arising from the economic activity attributable to Hilmer. The Industry Commission is to be asked to estimate the impacts on economic activity and taxation revenues.

Under this scheme the Commonwealth would provide funding in exchange for States' commitment to an agreed program or series of microeconomic reform measures to be completed within a given time frame. The matter will be taken up at the next COAG meeting in February 1995.

In the meantime, COAG agreed at its August 1994 meeting that draft legislation and related documentation would be released for public comment, after which a legislative package is expected to be finalised.

Determining the Efficient Allocation of Commonwealth-State Roles and Responsibilities

The lack of States' budgetary flexibility, frequent fragmentation, overlap and inefficiency in service delivery and the lack of accountability by Governments are rooted in the lack of definition of roles and responsibilities between the Commonwealth and States.

This has resulted in cost-shifting between levels of Government for key services, and has enabled the Commonwealth to expand its direct influence over some areas of service provision which more appropriately belong to the States. For instance, since 1990 the concentration of expenditure growth in Commonwealth recurrent specific purpose payments to States has been higher than that in States' own-purpose recurrent outlays³.

Ideally the distribution of functions should be based on key principles which were initially proposed by the 1991 Working Group on Tied Grants. These principles are -

- *Australian federation* (ie 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).

Given the fiscal consolidation already undertaken by the States during the recession and the projected growth in demand for basic services during the next five years, the continuing imbalance in the distribution of functions between Commonwealth and States needs to be addressed. The current COAG review offers a good opportunity to do this, provided that sufficient attention is paid to an overall framework rather than to piecemeal approaches; and to efficiency and effectiveness in service delivery rather than preservation of the status quo.

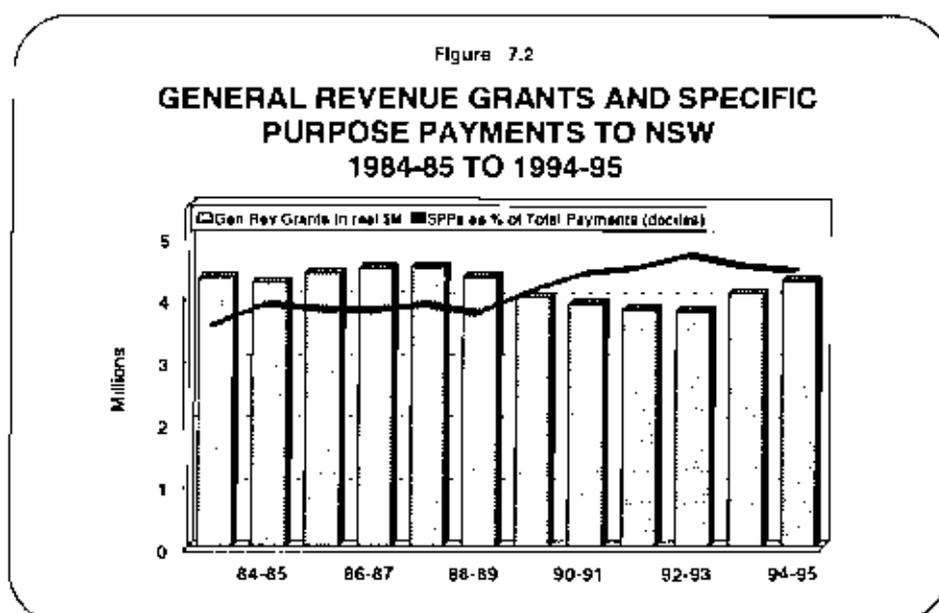
³ A measure of the concentration of expenditure growth can be obtained by calculating the ratio of the percentage change in a given sub-category of public sector recurrent outlays (for instance, Commonwealth recurrent specific purpose payments to States, or States' own purpose recurrent outlays) to the percentage change in recurrent outlays by the total public sector. Such ratios can be compared between segments of the public sector to determine where growth is concentrated, and changes in the concentration ratios can be tracked over time.

7.3 FUNDING ALLOCATIONS FOR 1994-95

Total gross payments to New South Wales in 1994-95 are expected to increase in real terms by about \$130 million or 1.7 per cent over 1993-94. This increase is largely a result of the increase in general revenue grants.

Following a six year period of continuous real decline in general revenue grants and a successive increase in the share of specific purpose payments (Figure 7.2), 1993-94 and 1994-95 appear to present a relatively encouraging turning point for Commonwealth payments to New South Wales. As a proportion of gross State product, total gross payments to New South Wales have averaged 5.0 per cent during the last five years.

Table 7.2 provides more detail on Commonwealth payments and allocations to New South Wales for the period 1989-90 to 1994-95.⁶



GENERAL PURPOSE PAYMENTS

General purpose payments to all States for 1994-95 will amount to \$14,998.2 million⁷, consisting of \$14,066.2 million in financial assistance grants, \$582 million in special revenue assistance and \$350 million in identified road grants.

⁶ Table 7.2 excludes 'letterbox' payments for which the State acts only as an agent for the Commonwealth. In order to make the numbers comparable over the five-year period to 1994-95, various adjustments were made to account for policy developments during relevant years. These adjustments are detailed in the Notes at the end of Table 7.2.

⁷ General purpose payments exclude funding for Building Better Cities.

New South Wales' share of financial assistance grants is \$3,994 million. The State is expected to receive a total of \$4,261.2 million in general revenue grants. This includes \$139 million in Medicare guarantee funding, \$103.6 million in identified road grants and \$25 million from the one-off special revenue assistance pool of \$159 million agreed at the 1994 Financial Premiers' Conference.

Inclusive of the one-off special revenue assistance, New South Wales' general purpose payments will increase in real terms by \$120 million or 2.9 per cent over 1993-94. This compares with a real decline of 0.3 per cent in general purpose payments to all States and Territories. The increase to New South Wales is due mainly to changes in the recommended relativities in the Grants Commission's 1994 Update Report.

At the 1993 Financial Premiers' Conference the Commonwealth determined that beginning 1994-95 it would fund only a quarter of the Medicare guarantee payments to New South Wales and Victoria, while the remainder would be funded from the financial assistance grant pool. However, the 1994 Financial Premiers' Conference decided that for 1994-95 only, the Commonwealth would continue to fund half the guarantee payments at a cost of about \$111 million.

Despite the real increase in general purpose payments, New South Wales' 1994-95 per capita financial assistance grant is 34 per cent less than the average for the less populous States of Queensland, Western Australia, South Australia, Tasmania, and the Territories. For the second successive year since 1985-86, New South Wales will receive a real increase in total general purpose payments from the Commonwealth. Between 1985-86 and 1992-93 the State had lost a total of about \$1.2 billion in real terms (or 43 percent of the total cut collectively suffered by all States during the period).

SPECIFIC PURPOSE PAYMENTS

Specific purpose payments² to all States in 1994-95 will increase in real terms by 1.5 per cent as against a marginal real increase of 0.2 per cent for New South Wales. Specific purpose payments to New South Wales for recurrent purposes are expected to increase by 0.8 per cent in real terms (compared to 3.4 per cent for all States) over the previous year, whereas those for capital purposes will decline by 1.1 per cent (compared to a decline of 3.6 per cent for all States).

Excluding payments by the Commonwealth *through* States to third parties, specific purpose payments will comprise 42 per cent of Commonwealth payments to the States and Territories - marginally higher than 41 per cent the previous year. This ratio remains unacceptably high relative to 1982-83 when it was about 34 per cent. Over the past decade there was also a major shift towards the provision of tied funding for New South Wales, whose specific purpose payments in 1994-95 will account for 45 per cent of total Commonwealth payments - up from 33 per cent in 1982-83.

² For States' own purposes only. For comparability across years, growth rates are adjusted to account for various policy changes during the period. See details in Notes at the end of Table 7.2.

Specific purpose payments to New South Wales for recurrent purposes have grown relatively strongly in real terms over the five years to 1994-95, by an annual average of 4.3 per cent. Major increases occurred in the areas of health, social welfare services, education and housing and community services. Over the same period specific purpose payments for capital purposes increased at an average annual rate of 2.7 per cent in real terms.

The increased share going to specific purpose payments during the ten years to 1992-93 reflects Commonwealth cutbacks in payments to the States concentrated in the area of untied grants, as well as an increasing tendency by the Commonwealth to be more prescriptive and stringent in its payments to the States. Despite past agreements at Heads of Government level to reduce the proportion of tied grants to total Commonwealth payments to the States and Territories, at best the ratio of specific purpose payments has remained the same since 1992-93.

New South Wales continues to argue that as an integral part of the rationalisation of functions between levels of Government, there should be a move to untied funding. The prospect for this may have improved slightly with renewed recognition by COAG of the need to reduce the incidence of tied grants, but the final outcome remains to be seen.

GENERAL PURPOSE CAPITAL GRANTS

General purpose capital grants under the State Governments' Loan Council program have been abolished beginning in 1994-95, as it was determined that the distribution of these grants bears no relation to current infrastructure or fiscal needs.

In 1993-94 these grants amounted to \$330.3 million to all States and Territories, with New South Wales' share at \$79.8 million. This excludes the allocation for projects funded by the Commonwealth's "Building Better Cities" program. Between 1989-90 and 1993-94 Commonwealth general purpose capital funding to New South Wales (excluding Building Better Cities funding) had declined significantly. In 1989-90 these funds totalled \$86.3 million. By 1990-91 this payment was \$79.8 million and remained at this level until 1993-94 - a cumulative reduction of \$14.5 million in real terms between 1989-90 and 1993-94.

New South Wales had previously taken the position that the abolition of general purpose capital grants should be accompanied by a 'folding in' of the corresponding amount into the general revenue pool. However, this was not the case. As a result, the abolition of general purpose capital grants, representing an annual loss to the State of about \$80 million, has offset the benefit that might have been gained from the real per capita maintenance guarantee on financial assistance grants in 1994-95.

LOAN COUNCIL ALLOCATIONS

For 1994-95 New South Wales' LCA bid was \$867 million or 55.4 per cent less than the State's LCA bid in 1993-94. The aggregate LCA bids of all jurisdictions amount to \$15,953 million. In line with the new Loan Council arrangements, the LCAs will continue to be subject to a 3 per cent tolerance limit. This margin is designed to accommodate, among others, changes to the LCAs arising from policy changes.

LCA bids for 1994-95 reflect current best estimates of public sector deficits/surpluses on a "no policy change" basis. The bids are expected to be adjusted when budget time LCAs are published by each jurisdiction. For New South Wales the budget time LCA for 1994-95 is given in Budget Paper 6.

Table 7.2: Commonwealth Payments and Loan Council Allocations to New South Wales, 1989-90 to 1994-95 *

	1989-90		1990-91		1991-92	
	Amount \$m	Change previous year %	Amount \$m	Change previous year %	Amount \$m	Change previous year %
PAYMENTS						
Financial Assistance Grants	3,668.4	0.4	3,701.6	2.4	3,605.8	(-) 0.5
Special Revenue Assistance	...	(-) 99.8	...	(-) 100.0	...	...
Identified Roads	...	...	...	...	4.5	...
Total General Revenue Funds	3,668.0	(-) 0.1	3,701.6	2.4	3,610.3	(-) 0.3
General Purpose Capital	86.0	(-) 50.0	79.8	(-) 7.6	79.8	...
TOTAL GENERAL PURPOSE GRANTS	3,754.7	(-) 2.4	3,781.4	2.1	3,690.0	(-) 0.3
Recurrent Specific Purpose Payments	1,754.6	9.1	1,925.9	9.4	2,183.9	7.7
Capital Specific Purpose Payments	939.0	24.3	1,156.7	25.5	997.4	(-) 4.3
TOTAL SPECIFIC PURPOSE PAYMENTS	2,693.9	13.3	3,082.7	14.3	3,181.3	3.7
TOTAL GROSS PAYMENTS	6,448.6	3.6	6,864.0	7.2	6,871.3	1.5
Less: Repayment of Advances	114.0	(-) 10.4	413.2	4.1	910.5	(-) 6.9
TOTAL NET PAYMENTS	6,334.8	3.9	6,450.9	7.2	5,960.8	1.6
LOAN ALLOCATIONS	1,134.0	(-) 1.6	1,777.9	3.9	1,503.2	27.8
MEMO ITEMS:						
Financial Assistance Grant Per Capita (\$)	632.0	(-) 0.5	618.0	1.3	608.0	(-) 1.6
Net Payments Per Capita (\$)	1,092.0	3.0	1,100.0	6.1	1,005.0	0.5
Gross Nonfarm Product Deflator /A	100.0	6.4	104.3	4.3	106.0	1.6
Gross State Product (\$ Billion) /B	128.9	8.0	132.4	2.7	135.8	2.6

* Growth rates of most items in the table reflect a number of adjustments to make the data comparable across the six-year period. See detailed notes at the end of this table.

A. NSW Treasury forecasts for 1994-95.

B. Market prices. NSW Treasury estimates.

SOURCE: Commonwealth Budget Paper No. 3, 'Commonwealth Financial Relations with Other Levels of Government' 1994-95 and corresponding volumes for earlier years.

Table 7.2: Commonwealth Payments and Loan Council Allocations to New South Wales, 1989-90 to 1994-95 *

	1992-93		1993-94		1994-95		Average Annual Change 1989-90 to 1994-95 %
	Amount \$m	Change previous year %	Amount \$m	Change previous year %	Amount \$m	Change previous year %	
PAYMENTS							
Financial Assistance Grants	3,613.2	0.2	3,773.4	4.4	3,994.0	5.8	2.4
Special Revenue Assistance	.	...	134.4	...	163.6	21.7	475.2
Identified Roads	4.6	2.1	51.8	1,024.1	103.6	100.0	...
Total General Revenue Funds	3,617.8	0.2	3,959.7	9.4	4,261.2	7.6	3.8
General Purpose Capital	126.4	...	138.8	...	107.8	(-) 100	(-) 100
TOTAL GENERAL PURPOSE GRANTS	3,744.3	0.2	4,099.4	9.2	4,369	5.5	3.3
Recurrent Specific Purpose Payments	2,359.3	6.6	2,438.4	6.0	2,480.6	3.3	6.6
Capital Specific Purpose Payments	1,518.4	14.0	959.2	(-) 8.2	890.5	1.4	5.0
TOTAL SPECIFIC PURPOSE PAYMENTS	3,877.8	8.9	3,407.5	1.4	3,351.1	2.7	6.1
TOTAL GROSS PAYMENTS	7,622.0	4.1	7,507.0	5.5	7,720.1	4.2	4.5
Less: Repayment of Advances	1,170.5	(-) 6.1	390.6	277.4	674.5	72.7	42.8
TOTAL NET PAYMENTS	6,451.5	4.3	7,116.4	1.5	7,045.6	0.4	3.0
LOAN ALLOCATIONS	1,718.8	14.2	1,485	(-) 13.5	867.0	(-) 41.7	(-) 5.2
MEMO ITEMS:							
Financial Assistance Grant Per Capita (\$)	604.0	(-) 0.7	626.0	3.7	657.0	4.9	1.5
Net Payments Per Capita (\$)	1,079.0	3.4	1,181.0	0.8	1,159.0	(-) 0.4	2.0
Gross Nonfarm Product Deflator /A	107.1	1.0	108.8	1.6	111.5	2.5	2.2
Gross State Product /B (\$ Billion)	139.0	2.4	147.6	6.2	157.7	6.9	4.1

* Growth rates of most items in the table reflect a number of adjustments to make the data comparable across the six-year period. See detailed notes at the end of this table.

- A. NSW Treasury forecasts for 1994-95.
B. Market prices. NSW Treasury estimates.

SOURCE: Commonwealth Budget Paper No 3, "Commonwealth Financial Relations with Other Levels of Government" 1994-95 and corresponding volumes for earlier years.

Notes to Table 7.2

The amounts in this table are based on amounts quoted in Commonwealth Budget Paper 3, 1994-95 and corresponding volumes for earlier years. However, adjustments were applied to these payments to take into account various developments and to ensure comparability of data across years. (See notes below for specific adjustments made.) The growth rates in this table reflect those adjustments, and for this reason are not necessarily derivable from the amounts in the table.

- (1) General purpose and specific purpose payments exclude all payments for which the State only acts as an agent for the Commonwealth. These 'letterbox' items include the following -
 - *Recurrent Specific Purpose Payments:* Higher Education, Non-government Schools, cost escalation allowance for education, Research at Universities, Financial Assistance to Local Government and Local Government Identified Roads.
 - *Capital Specific Purpose Payments:* Higher Education, Non-government Schools.
- (2) Growth rates in General Capital and Specific Purpose Payments reflect the reclassification of the following items for the following reasons -
 - From 1992-93 onwards, grants relating to the Building Better Cities Program are classified as a specific purpose capital payment rather than as general purpose capital grants because for all intents and purposes they are more like the former than the latter. They are project-specific and cannot be used for purposes other than for BBC program expenditures.
 - In 1991-92 the Commonwealth reclassified Local Government road grants from capital to recurrent specific purpose payments. This item was therefore also reclassified for earlier years in order to obtain comparable numbers across the period.
- (3) Growth rates in Financial Assistance Grants, Total General Purpose Payments and Total Gross Payments take account of the transfer of taxing powers to the States over the period, which impacted on the level of financial assistance grants paid to the States. These tax changes include the transfer of debts tax in 1990-91; payroll taxes paid by Commonwealth Government Trading Enterprises in 1988-89; and other taxes paid by these enterprises in 1989-90.
- (4) Commonwealth payments to New South Wales in 1993-94 and 1994-95 to cover the Medicare guarantee is counted as Special Revenue Assistance (and is therefore part of General Purpose Payments) and not as specific purpose payments.
- (5) Growth rates in Repayments, Total Net Payments and Total Net Payments per capita take account of the following -
 - Tax changes mentioned in (3) as well as the one off payment of \$403 million in 1992-93 for GIO tax compensation.
 - Increased debt repayments in 1990-91, 1991-92 and 1992-93 resulting from the 1990 Loan Council decision on the takeover by the States of Commonwealth debt raised on the States' behalf.
- (6) Growth rates in Specific Purpose Payments were adjusted to take account of the 1992-93 one-off payment of \$403m for GIO tax compensation, in order to make the numbers comparable across years.
- (7) Beginning in 1994-95 payments for Technical and Further Education (TAFE) are treated by the Commonwealth as own-purpose expenditures rather than as specific purpose payments to States. Both recurrent and capital specific purpose payments were therefore adjusted in prior years to make them comparable with 1994-95.

Chapter 8:
FINANCIAL MANAGEMENT
REFORMS

8.1 Introduction

8.2 Responsible Financial Strategy

8.3 Improved Financial Systems and Reporting

8.4 Better Value for Money

8.1 INTRODUCTION

This Chapter focuses on Budget Sector financial reforms since 1988. Reforms in the Non Budget Sector will feature in "Performance of Government Businesses" - an annual Treasury publication.

The Budget Sector consists of agencies mainly funded from the public purse (the Consolidated Fund) rather than user charges. The agencies tend to be monopolistic or semi 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 (namely Treasury, Premier's Department and the Cabinet Office.

The financial reforms in the Budget Sector fall under four main categories as follows -

- responsible financial strategy;
- improved financial systems and reporting;
- devolution of authority; and
- better value for money.

Each of these areas is covered below.

8.2 RESPONSIBLE FINANCIAL STRATEGY

Prior to 1988, Governments in New South Wales did not adopt a financial strategy which extended beyond the Budget year.

The 1988-89 Budget was the first to outline a medium term financial strategy. That strategy has varied over the years. However, the broad approach remains.

The 1994-95 Budget restates the strategy in chapter one of this Budget Paper.

The Government's financial strategy has the following objectives -

- elimination of the Budget deficit and containment of debt and other liabilities;
- provision of client responsive, quality public services; and
- reduction of the call of the State on the community's resources by achieving better value for money.

Some of the reforms relating to this strategy are outlined below.

DEBT MANAGEMENT

In line with its program of debt containment, since 1989 the Government has required NSW agencies to actively manage their debt portfolios according to the liability management guidelines issued by the Treasury Function Advisory Committee. The main aim of the management strategy is to minimise debt costs.

The Budget Sector debt portfolio is managed by the NSW Treasury Corporation, which also provides advice and management services to some Non Budget Sector agencies.

Debt management strategies have -

- enabled adjustment of the average maturity of the Budget Sector debt portfolio in response to the changing interest rate environment; and
- resulted in a marked turnaround in Budget Sector debt charges.

SUPERANNUATION FUNDING

In response to growing unfunded superannuation liabilities and additional funding requirements imposed through the Commonwealth Government's Superannuation Guarantee Charge Legislation, the Government closed the previous State Authorities Superannuation Scheme in December 1992. A new scheme, First State Super, was established as an accumulation scheme with full funding of the entitlement of members.

In 1993-94 the Government implemented new funding arrangements to address unfunded liabilities accrued in respect of the Budget Sector.

Full funding of superannuation is being phased in for both the Budget and Non Budget Sectors with all new employees brought under the new fully funded accumulation scheme, First State Super.

In the absence of the 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.

EXPENDITURE REVIEW COMMITTEE

The Ministerial Expenditure Review Committee was established in 1988 in order to provide direction and authority to the medium term financial strategy.

The Committee oversees the budget process and strategy. Its focus is the Budget strategy and broad resource allocation decisions - not detailed spending choices.

FORWARD ESTIMATES SYSTEM

A vital part of the Government's medium term financial strategy is the Forward Estimates System. It sets the level of Consolidated Fund support for recurrent payments for a rolling three year period.

The system was introduced in the 1989-90 Budget. In the 1991-92 Budget the presentation was extended to include three year projections of revenue and the Budget result.

Prior to the Forward Estimates System, the Budget was constructed on a 'bid and review' basis, with Ministers each year submitting bids for funding which were reviewed by Treasury and decided on by the Treasurer.

Under the Forward Estimates System the 'bid and review' process has been replaced by a process under which agencies are advised of their allocations for recurrent payments on a rolling three year basis. The allocation for any given year is the base year plus an adjustment for any approved new initiatives less a productivity improvement factor.

Flexibility is maintained both through the ability of Ministers to seek funding for new initiatives (enhancement funding) and through a cycle of program reviews which can lead to the relocation of priorities and funding.

The Forward Estimates System has a number of important benefits. It -

- achieves control over the overall level of recurrent expenditure. Under the 'bid and review' process there was a tendency for expenditure to increase in real terms as agencies bid for funds in excess of requirements;
- provides greater certainty of funding to agencies. With a program of rolling three year allocations, agencies can plan with greater certainty than before;
- enables the assessment at a single point in time of all proposals for enhancement funding; and
- substantially removes the incentive for end of year spend ups, given that the base level of funding for each year is the forward estimate, not actual expenditure.

8.3 IMPROVED FINANCIAL SYSTEMS AND REPORTING

The Government has introduced revolutionary budgeting and accounting reforms since 1988.

PERFORMANCE STATEMENTS

Program Budgeting has been in place since 1984-85 and has led to an increased emphasis on programs or the goods and services produced by Government rather than a sole focus on the inputs or resources consumed.

The Office of Strategic Planning in Cabinet Office has been coordinating a project to develop measures of output and outcomes and the level of individual programs within agencies and linking them to the inputs absorbed. The results of this work have been used to reform the programs used in the Budget Estimates.

Inputs are the resources which agencies use to produce services, including employee payments, maintenance and working expense and grants and subsidies.

Outputs, in contrast, are the actual goods and services produced by agencies which can be conceptually divided into four categories: policy advice; administration of regulations; provision of goods and services; and administration of grants and benefits. The key dimensions of outputs are cost, quality and price. Examples of outputs in the police area could include offenders apprehended, number of random breath tests, police cautioning of juveniles etc. In the Health area relevant outputs would include hospital admissions and outpatient services.

Outcomes are the impact of the outputs on the community. Taking the Health area as an example, the outputs would include the number of operations performed in hospitals but the actual intended outcome is an improvement in the health status of the population. Possible measures of outcomes in the health area would include, at a broad level, mortality and morbidity rates and on a more specific level, the impact of particular medical procedures on the average life of patients.

GOVERNMENT FINANCE STATISTICS BUDGET PRESENTATION

Government Finance Statistics (GFS) describes the statistical standards for the presentation of public sector outlays, revenue and financing transactions. In effect, it is the public finance equivalent of accounting standards and is the basis on which the Australian Bureau of Statistics presents public finance information.

Since 1988-89 the NSW Budget Papers have provided supplementary information on the GFS presentation of State finances, covering not just the Budget Sector but the entire public sector. New South Wales was the sponsor of the proposal for all Australian Governments to provide such supplementary information to promote greater transparency and accountability between governments which was adopted by the May 1991 Premiers' Conference.

Since 1991-92 the NSW Government has presented the complete Budget on a full GFS basis. The only difference with the presentation provided in Budget Paper No. 6 and by the Australian Bureau of Statistics is in terms of coverage of agencies. The Budget, by definition, includes all agency which are predominantly funded by the Budget. The Australian Bureau of Statistics coverage is the general government sector, which is broader than the Budget Sector and includes self funded regulatory agencies not included in the Budget.

GLOBAL BUDGETING

Along with the Forward Estimates System in the 1989-90 Budget, greater flexibility was provided to Ministers and agencies to manage within their level of allocated resources.

Instead of providing a Budget allocation for each type of expenditure, specifying and controlling how funding should be spent, global budgeting provides substantial freedom to agencies to move funds between programs and types of expenditure.

By providing greater flexibility in the allocation of resources, the intention is to enable agencies to achieve greater effectiveness in the management of programs.

This flexibility was further enhanced in 1989-90 by allowing Ministers to transfer funds between years. Ministers and their agencies experiencing funding difficulties in a particular year can "borrow" up to 2 per cent (or greater as negotiated) of future allocations provided they repay them in future years. Conversely, where an agency has surplus funds at the end of a year it can carry forward up to 2 per cent of its allocation (or such higher amount that is agreed) to the following year. This, in combination with the fact that the base for each year is the forward estimate, not the actual expenditure, has removed the incentive for end of year spend ups.

PUBLIC ACCOUNTS

The 1993-94 Public Accounts will contain a number of major changes in line with the goal of improving the financial reporting framework for the NSW Public Sector.

The new form Public Accounts will also include -

- the financial statements for the "Crown" reporting entity;
- the Budget result for the year determined in accordance with the Government Finance Statistics (GFS) principles;
- a number of supplementary tables as disclosed in the old Public Accounts covering such matters as trust funds and loan liabilities owing to the Commonwealth; and
- information on financial assets and liabilities relating to the General Government Sector, the Public Trading Enterprises Sector and the two sectors combined.

The requirement to disclose financial assets and liabilities in the Public Accounts has arisen from a decision made at the May 1991 Premiers' Conference at which it was agreed that all jurisdictions should publish such information annually on a uniform basis.

In view of the more extensive nature of the information to be included in the Public Accounts for 1993-94, the timing for the tabling of the document in Parliament this year will be extended from 30 September to early December 1994. The intention, however, is to progressively reduce the preparation time for the Public Accounts with a view to re-establishing the 30 September as the tabling date, by no later than the 1997-98 financial year.

DEFINITION OF CAPITAL EXPENDITURE

On 1 July 1994 new guidelines were introduced requiring Budget and Non Budget Sector capital maintenance expenditures to be clearly differentiated in both their Budget allocation and presentation.

In the past, there has been confusion with some maintenance expenditure erroneously appearing as capital expenditure and some capital expenditure being wrongly denoted as recurrent expenditure.

In future, capital and maintenance expenditures will need to be categorised into -

- asset expenditure;
- routine maintenance; and
- major periodic maintenance.

The guidelines will -

- provide relevant and useful information on, and improved accountability for, resource allocation and asset management; and
- achieve a consistent treatment of capital and maintenance expenditures across the whole of the public sector.

They are complementary to the State's accrual accounting and budgeting system.

The guidelines will require agencies to develop management plans and strategies dealing with the acquisition, maintenance and disposal of physical non-current assets. In doing so, account should be taken of the Total Asset Management Policy issued in August 1993.

CONSOLIDATED FINANCIAL STATEMENTS

Unlike the private sector, governments have presented cash information on a portion of, rather than consolidating all, their operations.

Beginning with the year ending June 1988, the Treasury has produced each year Consolidated Financial Statements for the whole public sector.

They include a Statement of Financial Position, (presenting information on assets, liabilities and net worth) and an Operating Statement (showing, on an accrual basis, revenue and expenses and the operating result). This information is provided for the total State Public Sector, for the Budget and Non Budget Sectors separately and for each agency.

The NSW Government is believed to be the first Government in the world to have audited comprehensive Consolidated Financial Statements, putting it on a similar accounting basis to any large holding company owning several subsidiaries.

ACCRUAL ACCOUNTING AND BUDGETING

From 1990-91 accrual accounting and budgeting have been phased in for the Budget Sector.

The move to accrual accounting involves more than simply the proper timing and recognition of expenditure and income. It means the implementation of appropriate valuation practices for assets and liabilities and budgetary arrangements.

Accrual accounting means better asset management. A clear distinction is made between expenditure for current consumption, that is expenses, and those outlays which provide future service potential and ongoing economic benefits. Accrual accounting requires that long-life physical assets are accounted for, controlled and managed by the agencies.

Accrual accounting allows more effective management of liabilities.

More generally, the adoption of accrual accounting and budgeting ensures a clear presentation of the State's overall financial position.

The budget continues to be presented on a cash basis, in view of the need for comparability with other Australian Governments, the requirements for Parliament to appropriate cash support and the importance of focusing on the cash funding needs of the Budget. However, individual agencies prepare their financial reports on an accrual basis while Budget Paper No 3 provides information on a accrual basis for agencies and programs.

TOTAL ASSET MANAGEMENT PLANS

Total Asset Management seeks to establish an appropriate framework for asset planning.

In the past there was an excessive focus on capital expenditure to the exclusion of management of existing assets. For the Budget Sector annual capital expenditure is of the order of \$4 billion per annum whereas the stock of assets is \$65 billion. Clearly, it is vital that the prime emphasis be placed on the optimal use and management of the asset stock.

The Total Asset Management program has three key objectives -

- to place prime focus on asset management;

- to encourage agencies to evaluate the full range of alternatives to new capital works, including better use of existing assets; and
- to place both asset management and capital expenditure planning within the overall corporate planning framework. In the past, there was a tendency for capital projects to be handled quite separately and outside the corporate planning process.

Agencies are now required to develop -

- Strategic Capital Plans that cover a 5 to 10 year planning horizon and link to the corporate plan;
- Asset Maintenance Plans which set out how the stock of assets will be managed to achieve an optimal economic life and operating performance; and
- Asset Disposal Plans that set out the plans of the agency to divest surplus assets that are no longer performing to an appropriate standard.

INTERNAL AUDIT REFORM

Work is underway to develop new internal control and internal audit standards.

This follows a NSW Public Accounts Committee report tabled in Parliament in June 1993 on "Internal Auditing in the NSW Public Sector". Its 45 recommendations aimed at revamping internal audit activities in the NSW public sector.

Draft standards are planned to be circulated to all agencies for comment in October 1994. This will be followed by a series of explanatory seminars for senior executives as well as finance and non-finance officers.

The intention is to finalise the standards for uniform application across the NSW Public Sector in the early part of 1995.

Monitoring the project is a steering committee with representatives from the Treasury, the Office of Public Management, the Cabinet Office, the Audit Office, the Public Accounts Committee and key agencies.

The Government intends to re-engineer the internal audit process in the NSW public sector to give it a new focus directed at -

- improving public sector accountability and administration;
- providing a key management tool;
- supporting the service delivery/business strategy of the organisation; and
- adding real value to the achievement of corporate objectives.

The new standards will be supported by an appropriate legislative framework which will be incorporated in the Public Finance and Audit Act.

COMPREHENSIVE REVIEW OF FINANCIAL LEGISLATION

The NSW Government's reform program over the last five years has resulted in significant changes in the financial and resource management processes of the NSW public sector.

As a result, many parts of the Public Finance and Audit Act no longer reflect current practices.

Treasury has set up a Working Party with representatives from major agencies and the Auditor-General's Office to undertake a fundamental review of the legislation.

In redrafting the legislation we will -

- bring all current provisions into line with contemporary public finance, accountability, financial reporting and auditing standards;
- reorient the Act away from its somewhat prescriptive and detailed approach to one written, whenever possible, in broad terms with statements of principles, and supported by statements of best practice issued by the Treasurer; and
- adopt a 'Plain English' approach.

The Annual reports (Statutory Bodies) Act and the Annual Reports (Departments) Act will be combined and form part of the new omnibus legislation which will also incorporate the Public Authorities (Financial Arrangements) Act.

It is expected to circulate a draft document outlining proposed changes around December this year.

After taking account of input from agencies and other interested parties, proposals are to be submitted to Cabinet by June 1995.

The new legislation will then be placed before Parliament in the Autumn Session of 1996.

8.4 DEVOLUTION OF AUTHORITY

An important element of financial reform has been the emphasis of better management of available resources at all levels.

Accordingly, various initiatives have been taken to devolve certain responsibilities to the managers.

STAFF CONTROLS AND GRADING STRUCTURE

In 1991-92, formal staff number controls on Budget Sector agencies were abolished. Until that time agencies were required to adhere to a ceiling on the level of full time effective staff for each Budget year, in addition to adhering to funding constraints.

The view taken was that staff ceilings imposed an unnecessary level of restriction and inflexibility on agencies. The Forward Budget Estimates System is a more efficient brake on excessive forward expenditure commitments.

CEOs have also been given the authority to grade all staff positions within their departments providing that they can demonstrate that they have a job sizing and evaluation process in place.

ENTERPRISE AGREEMENTS

The NSW Government has strongly supported the reform of industrial relations. Industrial relations is seen as part of the broader process of human resource management. A key policy of the Government is the devolution of responsibility to individual enterprises for their employee relations. This commitment resulted in the passage of the Industrial Relations Act which places emphasis on parties accepting greater responsibility for industrial agreements at the enterprise level.

Consistent with this general approach, the Government is supporting the application of enterprise agreements in the public sector.

In the Budget Sector there has been a tradition of centrally determined industrial awards which have provided few opportunities for Chief Executive Officers to negotiate in a way specifically relevant to their agency.

Under new guidelines issued to Chief Executive Officers, all public sector agencies are to seek to negotiate enterprise agreements with their employees. Negotiations are to address the full range of employment policies and practices in order to achieve improved organisational productivity and performance. At the same time it is recognised that there needs to be certain sector wide requirements to maintain reasonable opportunity for mobility of staff and to reflect the broad approach by the Government to human resource management. These requirements include a common superannuation scheme with full portability, legislative requirements under the Public Sector Management Act, equal employment opportunity and occupational health and safety.

PERFORMANCE AGREEMENTS

The Government recognises that with devolution comes accountability.

An essential element of accountability is the Performance Agreement which operates at three levels. Firstly, Ministers and Chief Executive Officers meet with the Premier to review the year completed and assess the key strategic priorities for the coming year in each portfolio.

Secondly, Ministers and Chief Executive Officers enter into Performance Agreements each year which set out the key accountability and performance standards for the coming year. A key element of this is the successful implementation of the corporate plan implementation tasks for the coming year.

Thirdly, Chief Executive Officers enter into Performance Agreements with each of their Senior Executive Service officers on their specific performance and accountability requirements.

This framework sets out the objectives for the agencies for the coming year and provides the mechanism for proper accountability.

INSURABLE RISK MANAGEMENT SCHEME

Until 1989-90, Treasury had automatically fully funded from the Budget individual departmental insurance costs regardless of claims.

This system was replaced by a risk management scheme which provided for Budget funding on the basis of average departmental insurance costs.

The Treasury Managed Fund scheme was introduced in 1989-90 and has the following key features -

- covers all forms of insurable risk, including workers' compensation, comprehensive motor vehicle, public liability, personal accident, property risks, etc. (excludes only compulsory third party motor vehicle cover); and
- enables agencies to retain a portion of the self insurance risk and the resulting profit or loss that results from their management of that risk.

The scheme provides an opportunity for agencies to share in savings which arose from better risk management. Since the scheme's inception, savings of some \$73 million have been returned to agencies. In addition, agencies can now retain savings arising from annual premium reductions.

The new incentive based insurance encourages agencies to manage exposure more efficiently and thus maximise the amount of savings coming back to them.

CASH MANAGEMENT

Until 1992, Treasury's cash management system differed very little from the system of the 1920s.

It was like a large petty cash system: departments made payments from drawing accounts and they were regularly reimbursed by Treasury. There was no systematic way of matching cash inflows and outflows. This meant that cash surpluses could only be invested for a very short term.

The new system has devolved responsibility for projecting departmental cash receipts and payments was from the Treasury to departments, with Treasury maintaining responsibility for managing the Government's cash position overall.

Local knowledge enables agencies to better assess their own cash requirements in the short and medium term. The need to forecast enhances managers' understanding of their business and improves their control over debtors and creditors.

The new system also necessitates a review of administrative procedures in agencies to ensure that working capital is better managed and enable departments to earn interest on cash balances.

Better forecasts of departmental cash needs greatly assist Treasury in the efficient management of cash resources by optimising interest earned on cash balances or minimising interest cost where borrowings are required to fund day-to-day government operations. Financial incentives have been introduced to encourage departments to accurately forecast their cash flows.

Moreover by aligning cash information with the scope of Government Finance Statistics framework, the new system enhances the reliability of published financial reports to Parliament and the community.

NEW BANKING ARRANGEMENTS

Budget Sector agencies are now charged for all their banking services, an expense which was previously met centrally by Treasury. Thus departments are encouraged to rationalise their accounts and transactions so as to minimise banking fees and to actively seek automated solutions to banking needs. This will itself lead to improvements in cash management.

SERVICE WIDE CHARGING, USER CHARGES AND NET APPROPRIATION

In 1988-89, the Government implemented service wide charging for services provided between agencies. All Government agencies are now directly charged for the services provided by the Valuer General's Office, the Auditor General's Office, the Commercial Services Group and other central service agencies.

Individual agencies must now make their own provision for on costs such as superannuation, payroll tax and debt charges which were previously borne on their behalf by various central agencies.

This allows a more accurate costing of individual programs in order to improve decision making and encourage a more economical use of resources.

COMMERCIAL ACTIVITIES

Budget Sector agencies have been allowed to operate commercial activities separately from their Budget funded programs since 1989-90. Earnings from these self-funding activities are retained in a departmental working account and not paid into the Consolidated Fund. The activities are subject to full accrual accounting procedures and the payment of dividends on profits achieved.

The Public Finance and Audit Act has been amended to authorise and encourage Departments to establish new commercial activities and expand user charges in existing operations, where appropriate.

In order to assist, guidelines were issued on user charges in the Budget Sector. Agencies are able to retain the revenue generated from user charges and, hence, have an incentive to develop and maintain them.

In recognition of this, the Budget appropriation process was transferred to a net appropriation approach from 1991-92. Under net appropriation, Parliament only allocates revenue paid to the Consolidated Fund which is raised from taxes, fines and regulatory fees, with revenue raised from fees for services retained by agencies.

8.5 BETTER VALUE FOR MONEY

REVIEW OF COMMONWEALTH/STATE SERVICE PROVISION

The July 1993 Premiers' Conference established a Commonwealth/State Steering Committee to undertake a Review of Commonwealth/State Service Provision.

The review is targeting the priority areas of health, education, vocational training, police, courts, corrective services and community services.

The aim is to develop consistent output and outcomes measures to assess broad performance and to develop benchmarking measures of best practice. New South Wales is participating in this review.

In addition, as part of the review, New South Wales is undertaking a Pilot Study into the application of Data Envelopment Analysis for identifying production functions and benchmark partners for NSW hospitals, high schools and police patrols. This project provides the opportunity to help managers compare their level of efficiency with comparable units and develop strategies to improve performance.

The DEA Study Group is due to report to the Steering Committee in November 1994 on the feasibility of undertaking National DEA studies during 1995.

CONTRACTING

The NSW Government has encouraged greater competition through the use of private sector contractors and has developed a broad policy framework to ensure a consistent approach across the public sector.

The policy is set out in a document, 'Contracting and Market Testing Policy'. The policy is based on a six point plan as follows -

- all Government agencies/departments are to incorporate market-testing and contracting reviews as part of their formal business planning;
- agencies/departments making real savings through market-testing and/or contracting will be allowed to retain those savings for core priority services;
- a steering committee chaired by the Treasurer has been established to develop policy proposals and ensure that the policy is implemented;
- private sector firms with proposals for contracting of Government services will be welcomed and assessed on their merits - they will of course have to tender competitively and offer quality services;

- the Office of Public Management will act as a research and information provider to assist departments in planning their market testing and contracting initiatives; and
- Chief Executives are to drive the process.

The six point plan is supported by a number of principles which the Government has established for sound and proper processes. Detailed guidelines for Departmental Chief Executives, the business community and other members of the community are contained in the full policy paper which is available from the Office of Public Management and the NSW Treasury.

The use of contractors provides a clearer delineation of the role of Government between purchase and funder of services on the one hand and delivery of services on the other. The key obligation of the Government is to ensure services are provided and to fund them, not necessarily to supply them.

The Treasurer chairs a Contracting Steering Committee which has the role of encouraging and supporting agencies in contracting.

Already, contracting has been applied successfully in a number of NSW public sector areas including waste recycling and processing, hospital cleaning and catering services, SRA parcels and small freight business, funds management and government printing.

An extensive range of studies reveals that contracting can achieve savings of some 20 per cent and that these savings can accrue from contracting in-house or external providers, assuming there is full competition.

A survey conducted last year of all Budget Sector agencies identified savings to date of over \$100 million on contracts with a value of over \$500 million - that is, broadly 20 per cent savings.

PRIVATE SECTOR PARTICIPATION IN GOVERNMENT PROJECTS

"Guidelines for Private Sector Participation in Infrastructure Provision" were issued in July 1990 to facilitate private sector involvement. New South Wales was the first Australian State to provide such guidelines, with Victoria following in 1991. As part of this initiative, a Private Infrastructure Committee was formed to facilitate greater private sector investment in infrastructure projects.

The onus within Government is now for public sector Departments to demonstrate why the private sector cannot provide infrastructure - rather than the Departments themselves.

The Government stepped up the involvement of the private sector in the funding, design, building, ownership, maintenance and operation of new infrastructure. Examples include -

- toll roads (the F4 and F5 motorways);

- urban development (all water);
- sewerage and trunk drainage infrastructure in the new Rouse Hill urban release areas;
- water supply and sewerage (four water treatment plans valued at almost \$600m, including a \$310m plant for the Prospect Reservoir west of Sydney);
- storage and loading (a second bulk liquids berth at Port Botany, the management and operations of the Government supply warehouse);
- telecommunications (the management of the Government's telephone network was put out to private tender);
- electricity (six of the Department of Water Resources' dams are now used by private consortiums for power generation);
- health (Port Macquarie will provide public hospital beds under contract to the Department of Health);
- corrective services (a new 600 cell prison at Junee); and
- property management (the day to day lease and tenancy management activities for the government office accommodation portfolio was contracted out to three leading private sector property management agencies).

Experience with private projects to date shows that they are completed on budget and on time and their operations are user friendly.

CAPITAL WORKS APPRAISALS

Since the beginning of 1989-90 economic appraisal techniques have had to be applied to all major capital works proposals. This ensures that the expected benefits of a proposal exceed its estimated cost.

This means that agencies are required to undertake either cost benefit or cost effectiveness analysis of all capital works proposals with a total cost in excess of \$0.5 million in order to ensure that scarce capital funds are allocated to the most deserving projects.

In August 1992 the Public Works Department with the assistance of Treasury and Premier's Department produced a Total Assets Management Manual which besides including Treasury's Economic Appraisal guidelines, also includes guidelines for value management, private sector participation, post completion reviews, asset valuation etc. The purpose of the manual is to ensure Government agencies manage assets over their whole life - from identification of the need for an asset to its provision, maintenance and eventual disposal or replacement.

All members of State Parliament are given the opportunity to liaise with Local Councils and community groups and to submit a list of public works that will best serve their electorate. The Government no longer has to second-guess the local needs in capital works.

THE GUARANTEE OF SERVICE

Due to the monopoly position of the Budget Sector, it is possible to focus unduly on the needs of the organisation and not of the customer. While such a trait is understandable, it needs to be avoided.

The Government, in its "New South Wales - Facing the World" statement committed itself to adopting a customer focus, with all service agencies required to develop Guarantee of Service statements. This initiative is similar to the United Kingdom's Citizens' Charter.

In effect, the initiative implements accountability for performance, with customers identified as the most appropriate assessors of the performance.

Chapter 9:

DEBT AND LIABILITY MANAGEMENT

9.1 Introduction

9.2 Debt and Debt Management

9.3 Superannuation Liability Management

9.1 INTRODUCTION

This Chapter provides summary information on debt and other financial liabilities relating to the NSW Public Sector.

In recent years, a comprehensive debt and liability management framework has been implemented. The primary objectives are to -

- enhance the financial performance of the State; and
- reduce the burden of debt and other liabilities on current and future taxpayers.

The strategies to achieve this are to -

- contain growth in State debt by reducing the Budget deficit;
- minimise costs of servicing existing debt and to manage the associated interest rate exposure by actively managing the State's debt portfolio;
- cap growth in the State's unfunded superannuation liabilities through major reforms of public sector superannuation schemes; and
- eliminate accumulated past service unfunded liabilities through payments of previously deferred employer superannuation contributions.

The significant steps which have been undertaken by the Government towards achieving these goals are discussed here.

TOTAL LIABILITIES OF THE STATE PUBLIC SECTOR

Table 9.1 sets out major components of the State's total financial liabilities. Net of financial assets, the net liabilities of the State as at 30 June 1994 were estimated at \$42.7 billion and comprised -

- Budget Sector gross debt of \$17,601 million;
- Non Budget Sector gross debt of \$13,219 million;
- employer liabilities (mainly superannuation) of \$17,680 million;
- other Budget-supported liabilities of \$1,684 million;
- miscellaneous accruals of \$1,500 million.

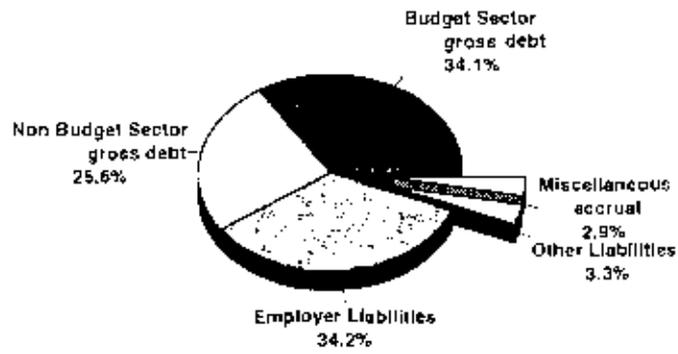
Table 9.1: Total Financial Liabilities and Assets - State Sector
(as at 30 June, \$ million)

	1990	1991	1992	1993	1994 (estimate)
Financial Liabilities					
Budget Sector Gross Debt	15,201	16,056	16,559	16,833	17,601
Non-Budget Sector Gross Debt	11,343	11,549	12,933	11,628	13,219
Non-Financial Public Sector					
Gross Debt	26,604	27,605	29,492	28,461	30,820
Employer Liabilities					
Employer Liabilities	16,488	17,473	17,679	18,004	17,680
Other Budget-Supported Liabilities	1,610	1,430	1,330	2,046	1,684
Miscellaneous Accruals	1,435	1,755	1,447	1,349	1,500
Total State Sector Financial Liabilities	46,137	48,263	49,899	49,860	51,684
Financial Assets					
Budget Sector Financial Assets	2,180	2,216	1,141	2,295	2,026
Non-Budget Sector Financial Assets	4,588	5,422	6,639	4,409	6,932
Total State Sector Financial Assets	6,768	7,638	7,780	6,704	8,958
Excess of Financial Liabilities over					
Financial Assets for State	39,369	40,625	42,116	43,156	42,726
Gross State Product (\$ billion)	128.8	132.4	135.8	139.0	147.6
Percent of GSP	30.5	30.7	31.0	31.0	28.9

Partially offsetting these gross liabilities are financial assets of \$8,958 million. Over the period 1990 to 1994, net financial liabilities have declined as a proportion of Gross State Product from 30.5 per cent to 28.9 per cent.

Figure 9.1
PUBLIC SECTOR FINANCIAL LIABILITIES

at 30 June 1994



Total = \$51,684m

9.2 DEBT AND DEBT MANAGEMENT

Table 9.2 shows the trend in public sector debt for the last five years.

The relevant measure of debt is net debt which is gross debt less holdings of financial assets. Net public sector debt of New South Wales has gradually fallen over the last five years from 15.1 per cent of Gross State Product (GSP) at June 1990 to 14.8 per cent at June 1994 (on the capital value basis).

Budget Sector net debt increased marginally from 10.1 per cent of GSP at June 1990 to 10.6 per cent of GSP at June 1994. The increase in Budget Sector net debt in 1993-94 was primarily due to borrowings to fund the Budget deficit and the continued financial support of the Transport Accident Compensation Fund. In spite of this, there has been a stable ratio of net debt to GSP of 10.6 per cent over the last two years.

Non Budget Sector net debt has also declined from 5.0 per cent of GSP at June 1990 to 4.3 per cent of GSP at June 1994.

Table 9.2: State Debt (Budget and Non-Budget Sectors) - Capital Value (a)
Outstanding Balances (\$ million) as at 30 June

	1990	1991	1992	1993	1994
Budget Sector Debt					
Indebtedness under Financial Agreement	5,855.1	5,485.6	4,618.3	3,529.3	3,175.2
Other Indebtedness to Commonwealth	2,185.4	2,153.8	2,055.3	2,018.2	1,985.5
Other	7,160.8	8,416.1	9,885.0	11,285.7	12,440.2
Total Budget Sector Debt (b)	15,201.3	16,055.5	16,558.6	16,833.2	17,600.9
Financial Assets	2,180.0	2,215.7	1,141.3	2,294.6	2,025.9
Net Budget Sector Debt	13,021.3	13,839.8	15,417.3	14,538.6	15,575.0
Non Budget Sector Debt					
Financial Assets	4,589.3	5,421.5	6,638.5	4,409.5	6,931.8
Net Non Budget Sector Debt	6,454.8	6,127.7	6,294.8	7,218.1	6,287.5
Gross State Debt					
Total Financial Assets (c)	6,768.3	7,637.2	7,779.8	6,704.1	8,957.7
Net State Debt (d)	19,476.1	19,967.5	21,712.1	21,756.7	21,862.5
Gross State Product (\$ billion)	128.9	132.4	135.8	139.0	147.6
Percent of Gross State Product					
- Gross Debt	20.4	20.8	21.7	20.5	20.9
- Net Debt (Total)	15.1	15.1	16.0	15.6	14.8
- Net Debt (Budget)	10.1	10.5	11.4	10.5	10.6
- Net Debt (Non Budget)	5.0	4.6	4.6	5.2	4.3

- (a) Non-Debt Obligations have been excluded from the figures contained in this Table. The debt statistics are based on a survey of the New South Wales public sector, using Australian Bureau of Statistics concepts and definitions.
- (b) Budget Sector has on-lent \$1,630.5 million (1993: \$1,861.4 million) to the Non Budget Sector in the form of advances.
- (c) Overdraft has been deducted from the Cash and Securities component of Financial Assets shown in this table in respect of the Treasury as this represents a mismatch of cashflows.
- (d) In line with ABS convention, the debt obligations of public sector financial institutions are excluded.

Budget Sector Debt Management

Since August 1989, NSW public authorities have been actively managing their debt portfolios in line with the liability management guidelines issued by the Treasury Function Advisory Committee (TFAC). The prime objective of the management strategy is to minimise the ongoing debt costs.

The debt portfolio of the Budget Sector is managed by the NSW Treasury Corporation which also provides strategic advice and management services to certain Non Budget Sector authorities.

Debt management strategies have seen the average maturity of the Budget Sector's debt portfolio adjusted in response to the changing interest rate environment.

The early half of 1994 was a period of volatility in the financial markets. This was due to concerns over the US and Japanese economy which carried into the Australian markets.

Interest rates rose some 2 per cent over the period. Compared with the neutral benchmark, there were notional market value losses of \$158.8 million. However, the shorter than neutral debt management strategy resulted in an estimated cash cost saving of about \$50 million given that the rise in interest rates during the financial year 1993-94 was at the longer end of the yield curve.

Budget Sector Debt Costs

Table 9.3 and Figure 9.2 show trends in the Budget Sector debt costs in recent years.

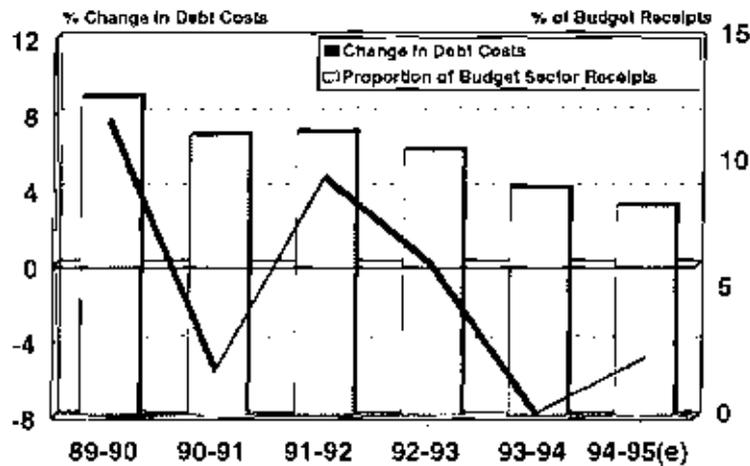
Reflecting the commitment to fiscal restraint, debt costs, as a proportion of Budget Sector receipts, decreased from 12.2 per cent in 1989-90 to 9.0 per cent in 1993-94. In 1994-95, the proportion of debt costs is estimated to be 8.3 per cent.

The Government continues to adhere to a program of debt containment as set down in its Medium Term Financial Strategy. This program is continuing to have a marked impact on the growth of Budget Sector debt charges with a significant turnaround in the growth of 7.7 per cent in 1989-90 to a decline of 4.9 per cent in 1994-95.

Table 9.3: Trends in Budget Sector Debt Interest Costs

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95 (Estimated)
Debt Costs -						
Commonwealth Loans \$m	819.2	808.9	738.7	647.1	507.0	482.7
Other Loans \$m	1,071.0	978.1	1,131.5	1,224.0	1,218.5	1,178.1
	1,890.2	1,787.0	1,870.2	1,871.2	1,725.5	1,640.8
Debt Cost as percent of -						
Budget Sector Receipts %	12.2	11.0	11.2	10.5	9.0	8.3
Gross State Product %	1.5	1.3	1.4	1.3	1.2	1.0
Growth of						
Debt Costs %	7.7	(5.5)	4.7	0.1	(7.8)	(4.9)

Figure 9.2
TRENDS IN DEBT SERVICING COSTS



Debt Maturity Profile

The State's debt maturity profile in Table 9.4 continues to undergo change, reflecting the dynamics of the domestic and international interest rate environments and the benefits of an active debt management program. Debt has been kept at the shorter end of the yield curve reflecting the expectation that the economic fundamentals are such that there will not be a repetition of the sharp rises in longer term interest rates as was the case in the late 1980s.

The majority of State debt is actively managed through NSW Treasury Corporation with maturities being concentrated in the Corporation's highly liquid benchmark bonds, ranging in maturity from 1 to 13 years.

**Table 9.4: State Debt Maturity Profile 30 June 1994
(Face Value)**

Maturity	Treasury	Commonwealth	Total
	Corporation	Debt	
	\$m	\$m	\$m
1994-95	9,777.0	674.5	10,451.5
1995-96	2,325.8	389.1	2,714.9
1996-97	2,247.2	458.1	2,705.3
1997-98	2,228.9	430.6	2,659.5
1998-99	2,932.8	49.4	2,982.2
1999-00	275.2	620.7	895.9
2000-01	1,863.4	598.0	2,461.4
2001-02	50.5	119.5	170.0
2002-03	1,425.5	42.5	1,468.0
2003-04	89.3	104.2	193.5
2004-05	0	44.1	44.1
2005-06	1,944.4	134.2	2,078.6
2006-07	38.5	45.2	83.7
2007-08	3.0	46.3	49.3
2008-09	1.2	47.5	48.7
2009-10	26.1	48.8	74.9
2010-11	466.2	49.9	516.1
2011-12	0.2	51.1	51.3
2012-13	61.7	52.4	114.1
Onwards	853.0	1,154.6	2,007.6
	26,009.9	5,160.7	31,770.6
Own Name Debt (data on maturity profile is not readily available)			1,101.2
			32,871.8

9.3 SUPERANNUATION LIABILITY MANAGEMENT

There are currently seven NSW public sector superannuation schemes to which employer contributions are made by the Budget. Six of these are wholly or partly defined benefit schemes and one is an accumulation style scheme.

A defined benefit scheme is one where the benefit to a member upon exit from the scheme is defined in terms of a multiple of final salary, or final average salary, over a prescribed period of service. An accumulation scheme is one where the employer financed component of the benefit to a member is a simple accumulation of employer contributions each year, calculated as a percentage of a member's salary, plus interest.

The State Authorities Superannuation Fund (SSF), the State Authorities Superannuation Scheme (SASS), State Authorities Non-contributory Superannuation Scheme (SANCS), otherwise known as the Basic Benefit Scheme and the Police Superannuation Fund (POLSF) are defined benefit schemes and are all closed to new members. The two other defined benefit schemes are the Judges Pension Scheme (JPS) and the Parliamentary Contributory Superannuation Fund (PCSF), which are open to new members.

The First State Superannuation Scheme (FSS) is an accumulation scheme requiring employer contributions to be fully funded and invested for the benefit of employees.

In the past, all employer financed public sector superannuation schemes have been defined benefit schemes which do not make employer funding mandatory until employee benefits emerge on retirement or other cessation of employment. Consequently, unfunded liabilities in most public sector superannuation schemes in New South Wales, as with most other public sectors in Australia, have grown to current levels as a conscious policy decision by successive Governments throughout most of this century.

Recent Changes

First State Superannuation Scheme was introduced in December 1992 after the closure of the SASS and the SANCS schemes to new members.

The closure of the previous schemes and the establishment of First State Super represents a significant change in public sector superannuation in New South Wales and achieves a number of important benefits -

- it meets the requirements of the Commonwealth's Superannuation Guarantee with all employees covered by superannuation;
- it introduces a modern accumulation scheme in which all members have a direct interest in its financial performance; and
- it enables the phase in of full funding of superannuation across the entire public sector, a major financial reform.

A revised funding policy was put into full effect in 1993-94 to help reduce the level of Budget Sector unfunded liabilities and short term fluctuations in cash flows, increase the predictability of funding requirements and contribute to the overall effective management of State liabilities over the long term.

Consistent with the Government's general aim of reviewing the appropriateness and cost of its public sector superannuation schemes, the Judges Pension Scheme is currently being reviewed. This will be followed by a review of superannuation cover for magistrates.

The taxation status of the public sector superannuation schemes is being addressed by both the State and Federal Governments. It is expected that the existing status of the schemes will continue.

Liabilities of New South Wales Public Sector Schemes

New South Wales public sector superannuation schemes have, like those in the Commonwealth and in other States, developed substantial unfunded liabilities. In 1988-89 the total public sector unfunded liability was \$10,562 million. Total public sector unfunded liability is estimated to have increased to \$14,335 million by 1993-94. Most of this increase can be attributed to the Budget Sector, which has increased from \$7,665 million in 1988-89 to \$12,259 million in 1993-94.

Figure 9.3 illustrates the growth in Budget Sector net unfunded liabilities for the period 1988-89 to 1993-94 and projected movements to 2003-04. It shows that the level of unfunded liabilities peaked in 1992-93 and will decline over the longer term. This is as a result of the strategy adopted by the Government to move toward full funding of employee entitlements, combined with an expected improvement in fund interest earnings.

Current estimates indicate that, by June 2004, unfunded liabilities for the Budget Sector will be about \$9.4 billion in 1993-94 dollars (discount rate consistent with assumed long term interest on employer contributions) representing a real decline of \$2.8 billion from the level as at June 1994.

Figure 9.3

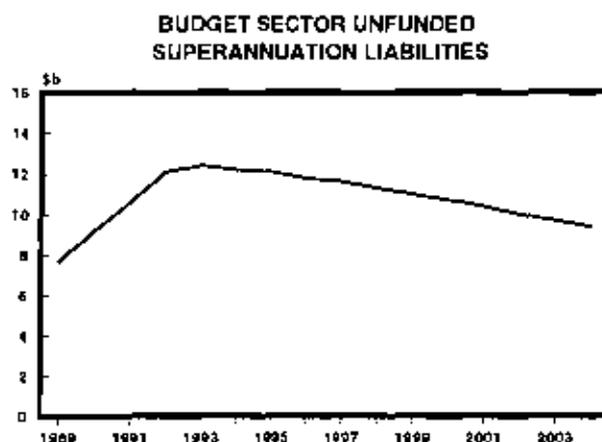


Table 9.5 shows the estimated employer unfunded liability, net of employer reserves in the various schemes. It should be noted that the 1994 figures take into account fund interest earnings, for both the 1993 and 1994 years. This is because the interest earnings for 1993 (about \$99 million) were not credited to the various fund reserve account balances until October 1993.

Table 9.5: Net Unfunded Liabilities of NSW Public Sector Superannuation Schemes (\$ Million) as at 30 June

	1992	1993	1994(a)
Budget Sector			
State Superannuation Fund (SSF)	7,281	7,328	7,118
State Authorities Superannuation Scheme (SASS)	700	810	923
Basic Benefit (SANCS) All schemes	335	494	462
Police Superannuation Fund (POLSF)	3,003	3,030	2,982
Judges Pension Scheme (JPS)	124	129	133
Parliamentary Contributory Super Fund (PCSF)	51	48	47
	<u>11,494</u>	<u>11,839</u>	<u>11,705</u>
Universities (b)	592	592	594
Total Budget Sector	<u>12,086</u>	<u>12,431</u>	<u>12,259</u>
Non Budget Sector			
State Superannuation Fund (SSF)	957	924	645
State Authorities Superannuation Scheme (SASS)	1,394	1,375	1,320
Basic Benefit (SANCS) All Schemes	107	116	111
	<u>2,458</u>	<u>2,405</u>	<u>2,076</u>
GRAND TOTAL	<u>14,544</u>	<u>14,836</u>	<u>14,335</u>
Gross State Product (\$ billion)	135.8	139	147.6
Percent of Gross State Product			
- Unfunded liabilities (Total)	10.7	10.7	9.7
- Unfunded liabilities (Budget)	8.9	8.9	8.3
- Unfunded liabilities (Non Budget)	1.8	1.7	1.4

(a) Unfunded liability figures are as per Government Actuary's 1994 estimate.

(b) Organisations that are excluded from the Public Sector Consolidated Financial Statements (eg. Universities, Local Government Councils) have not been included in the above table. It should be noted however, that about half of the unfunded liabilities of New South Wales Universities and CAEs was assumed by the State Government as a result of the cost sharing arrangements agreed between the State and the Commonwealth. It is estimated that as at 30 June 1994 the State's share of unfunded liabilities relating to employees of Universities and CAEs in New South Wales, who are members of the SSF, SASS or Basic Benefit schemes is about \$594 million. This is a broad approximation based on the relative share of emerging benefit payments. Steps are being taken to review the cost sharing arrangements and the level of the State's unfunded liabilities with respect to these employees.

The unfunded liabilities in State schemes are a consequence of the public sector schemes being previously designed to be unfunded (pay-as-you-go) or only partially funded. This has been compounded by improvements made to benefits without accompanying increases in employer or employee contributions. Table 9.6 shows the disparity in the average cost to employers of the major schemes.

Table 9.6: Employer Cost of Major Public Sector Superannuation Schemes

Scheme	Employer Cost as a Percentage of Salary *
First State Superannuation Scheme	5.0 to 9.0% -
State Authorities Superannuation Scheme	9.1 %
State Superannuation Fund	14.0%
Police Superannuation Scheme	22.0%

* Includes 3 per cent entitlement under Basic Benefit Scheme.

- Increases from the current 5.0 per cent, to 9.0 per cent by the year 2002.

FINANCING OF SUPERANNUATION

Budget Sector

Due to the additional cash requirements to establish the First State Superannuation Scheme in 1992-93, it was not possible to fully implement the new funding arrangements until 1993-94.

Under the current funding policy, the principles of which were outlined in the 1992-93 Budget Papers, significant year-to-year fluctuations in cash contribution requirements are avoided and the level of unfunded liabilities are reduced over the long term.

The total payment for superannuation in 1994-95 is projected to be \$993.0 million, including a \$18.7 million payment to the Commonwealth Government for the State's share of employer superannuation liabilities with respect to New South Wales Universities and CAEs. Table 9.7 provides a breakdown of these payments by scheme.

Table 9.7: Payments by the Crown into Public Sector Superannuation Schemes

	Actual 1992-93 \$m	Actual 1993-94 \$m	Estimate 1994-95 \$m
First State Superannuation	96.5	117.2	154.2
State Superannuation Fund	329.9	528.8	442.3
State Authorities Superannuation Scheme	182.0	137.4	136.5
Basic Benefit Scheme	98.1	51.4	61.8
Police Superannuation Fund	105.3	130.4	162.2
Judges Pension Scheme	7.2	7.6	8.5
Parliamentary Superannuation Scheme	7.3	7.3	8.8
Sub Total	826.3	980.1	974.3
Universities *	16.9	17.9	18.7
GRAND TOTAL	843.2	998	993

NOTE:

- 1) Figures for SASS, SSF and the Basic Benefit include payments made for the Department of Health and Public Hospitals.
 - 2) The actual 1992-93 figure of \$98.1 million for the Basic Benefit Scheme, includes a supplementary payment of \$37.0 million in payment of the liability for irregular employees for the period 1 April 1988 to 30 June 1992.
- * Under a cost sharing arrangement between the State and the Commonwealth Government, about half of the employer superannuation benefit payments is currently being paid by the State.

The current funding policy adopted as part of the Government's debt/liability reduction strategy is as follows -

First State Superannuation Scheme (FSS)

Over the period 1993-94 to 1995-96, about 19 percent of total Budget Sector superannuation contributions is projected to be in relation to FSS.

The FSS Scheme remains fully funded.

Closed Public Sector Superannuation Schemes (SASS, SANCS, SSF and POLSF)

Over the period 1993-94 to 1995-96, about 80 percent of total Budget Sector superannuation contributions is projected to be in relation to SASS, SANCS, SSF and POLSF.

To give effect to the strategy for the management of unfunded superannuation liabilities, the New South Wales Government Actuary has calculated that cash payments into the closed schemes will need to be greater than benefits payments by \$151.6 million in 1994-95 and by about \$1 billion (nominal) over the period 1993-94 to 2003-4. For the period 2004-05 to 2030-31, cash contributions will be less than benefit payments, allowing a progressive rundown in the cash reserves of the closed funds.

The effect of the current 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 fully meet emerging liabilities to the year 2031. After this date the level of benefits and cash payments will quickly reduce to negligible levels as the closed schemes move towards being extinguished.

The above long term forecasts will be reviewed in 1994-95 to take account of the results of the triennial review of the four schemes, which is currently in progress.

Other Superannuation Schemes (JPS and PCSF)

Over the period 1993-94 to 1995-96, about 1 percent of total Budget Sector superannuation contributions is projected to be in relation to the Judges Pension Scheme and the Parliamentary Contributory Superannuation Fund.

The current review of the JPS is not expected to have a material impact on its relative cost.

Non Budget Sector

Non Budget Sector agencies and commercial activities of Budget Sector agencies are required to fully fund their current/future service superannuation costs (i.e. the employer's obligation in respect of employees' service during the year).

They do this by making their employer superannuation contributions at rates equal to the full funding multiples which are actuarially determined. These funding multiples are derived from a full actuarial review carried out by the Government Actuary every three years (currently under way).

Commercial authorities are also required 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 as at 30 June 1994.

Chapter 10:
**INTERSTATE PUBLIC SECTOR
COMPARISONS**

10.1 Introduction

**10.2 Outlays, Revenue, Debt and Employment in
1993-94**

**10.3 Recent Trends in Outlays, Revenue, Debt and
Employment: 1988-89 to 1993-94**

10.4 Credit Ratings

10.1 INTRODUCTION

The emphasis of this Chapter is on measuring the relative cost of government in a budgetary sense, i.e. in terms of the resources used by State and Territory governments to finance their spending programs. This should not be confused with the broader question of overall economic impact of government, which would take account of the effects of government on incentives and other aspects of economic behaviour, and how this impacts on the efficiency of the economy by affecting the overall pattern of resource allocation.

The size of a government can be measured by relating its revenue, outlays, deficits and debt to Gross State Product (GSP), where GSP is the value of all goods and services produced within the boundaries of a State or Territory. Another measure is the proportion of public sector employment of the total State workforce.

This chapter provides a comparison of the size and growth of government on a total public sector basis as defined by the Australian Bureau of Statistics (ABS). This includes the general government sector and public trading enterprises (PTEs) but excludes public financial enterprises. Unless otherwise stated, reference to the States in this chapter includes States and Territories.

It should be noted that 1993-94 ABS data is based on estimates as presented in the respective State Budgets for 1993-94. In most cases the actual outcomes for 1993-94 differ significantly from these estimates. This is particularly pronounced this year due to the impact on State revenues of an unexpectedly strong upturn in economic activity in 1993-94. The respective State Budgets and Financial Statements should be consulted for more up to date information on 1993-94 outcomes.

Section 10.2 compares the size of the New South Wales total public sector and general government sector to that of other States for 1993-94 - the latest year for which the particular statistics are available.

Certain "one-off" extraordinary activities impact on the aggregates used. For example, the sale of government business assets reduce the deficit and total outlays of a jurisdiction but may not be representative of the underlying trends in government activity. These items are highlighted in the text but are not removed from the aggregates presented. In comparison to previous years, there has not been any attempt to adjust outlays presented in this chapter to an own purpose basis, that is, to exclude transfers to other levels of government. Such adjustments have only a marginal impact on the aggregates and therefore complicate the process unnecessarily.

Section 10.3 compares in real terms (using the non-farm GDP deflator) the trends in outlays, revenues and debt for the past five years, 1988-89 to 1993-94, for each State. The focus of this section is on the underlying policy stance in the States with a view to identifying the key influences which explain the differences in the statistics presented in Section 10.2.

Section 10.4 compares the credit rating status of the States. Reference to the States in this section does not include the Territories.

SOURCES OF INFORMATION

Outlays, revenues, deficit and debt servicing cost data have been sourced from *Government Financial Estimates, Australia, 1993-94*. ABS Catalogue No. 5501.0.

Employment data have been sourced from *Employed Wage and Salary Earners, Australia*, ABS Catalogue No. 6248.0 and *The Labour Force, Australia*, ABS Catalogue No. 6203.0.

Debt statistics were obtained from *Public Sector Financial Assets and Liabilities, 30 June 1992*, ABS Catalogue No 5513.0. The figures are as at 30 June each year.

Estimates of Gross State Product for the period up to 1992-93 were sourced from *Australian National Accounts, State Accounts, 1992-93*, ABS Catalogue No. 5220.0. Estimates for 1993-94 were made by NSW Treasury.

The estimate of the non-farm GDP deflator was sourced from *Quarterly Estimates of National Income and Expenditure*. ABS Catalogue No. 5206.0.

Estimates of resident population were sourced from *Australian Demographic Statistics*, ABS Catalogue No. 3101.0.

10.2 OUTLAYS, REVENUE, DEBT AND EMPLOYMENT IN 1993-94

OUTLAYS

Level of Outlays

A comparison of State public sector outlays, as a proportion of GSP, disaggregated to show the contributions of current and capital outlays is provided in Table 10.1. This distinction is important in that it shows the split for ongoing expenditures (current outlays) and those that are more permanent in nature, such as, the construction of public buildings and infrastructure (capital outlays).

Table 10.1: Total Public Sector Outlays (% of GSP), 1993-94

	Current Outlays		Capital Outlays		Total Outlays	
	General Govt	Total Public Sector	General Govt	Total Public Sector	General Govt	Total Public Sector
NSW	13.5	14.2	2.2	2.8	15.6	16.9
Vic	15.5	17.1	1.5	2.5	17.0	19.6
Qld	12.7	13.4	2.9	3.7	15.6	17.1
WA	12.3	13.7	1.7	3.2	13.9	16.8
SA	18.7	19.3	0.8	1.6	19.5	20.9
Tas	20.3	21.7	1.0	2.3	21.3	24.0
ACT	11.5	11.5	1.8	2.4	13.3	13.9
NT	29.2	29.2	4.6	5.3	33.8	34.5
All States (excl NSW)	14.9	16.0	1.8	2.9	16.7	18.9
All States	14.4	15.4	2.0	2.8	16.4	18.2

Notes: General government outlays include payments made to or on behalf of other governments and public trading enterprises. No adjustments have been made for the impact of extraordinary asset sales. Figures may not add due to rounding.

Against all indicators, other than general government capital outlays, New South Wales continued to record a lower ratio of outlays to GSP than the all State average in 1993-94. Other points to note from the public sector statistics include:

- Total outlays by all State governments rose from \$73.2 billion in 1992-93 to \$77.9 billion in 1993-94. This was mainly due to higher capital outlays in New South Wales and higher current and capital outlays in Victoria.
- Higher capital outlays in New South Wales in 1993-94 reflects the return to normal levels of funding following asset sales in 1992-93. (Asset sales are classified by the ABS as negative capital expenditures.)

- The increase in total public sector outlays in Victoria in 1993-94 can be attributed to the payment of deferred employer superannuation contributions (\$1.4 billion) and redundancy payments to government employees (\$1.3 billion), both of which increase current outlays; plus a return to a normal level of capital outlays following asset sales in 1992-93. Given the one-off nature of these current payments, a decrease in current outlays can be expected in Victoria in 1994-95.
- Total public sector outlays fell in 1993-94 in South Australia, despite higher than average current outlays growth resulting from the impact of the public sector redundancy program. This was mainly due to the offsetting impact from the receipt of \$417 million from the sale of the Government's shareholding in SAGASCO. In the absence of this receipt, total public sector outlays would have been 22.2 per cent of GSP.
- The Tasmanian result includes the impact of the sale of its Government Insurance Office (which reduced the percentage of capital outlays to GSP by 0.5 per cent), but does not include the impact of the sale of the Housing Loan Portfolio or the acquisition of the ferry *The Spirit of Tasmania*.
- The Queensland result includes an estimate for the proceeds from the sale of the Gladstone Power Station (\$753 million). In the absence of this transaction total public sector outlays would have been 18.2 per cent of GSP.
- The higher outlays relative to GSP in the Northern Territory are the result of the higher costs of providing services.

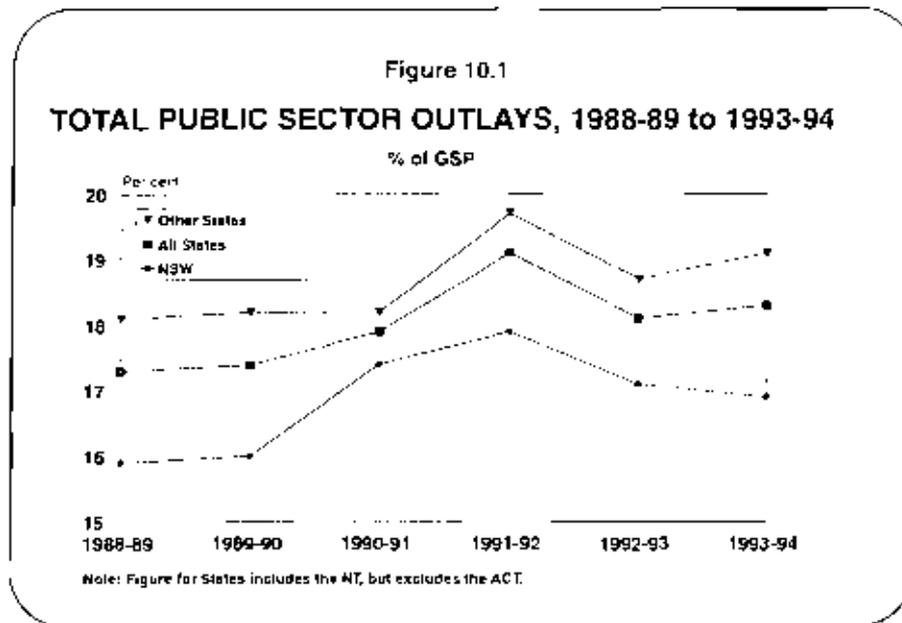
In summary, while the figures indicate an increase in outlays in 1993-94, they include a number of one-off factors and as a result outlays should decline in the future.

Changes in Outlays

A comparison of the movements in total outlays over the period 1988-89 to 1993-94 between New South Wales and the other States (excluding the Australian Capital Territory) is provided in Figure 10.1.

The proportion of outlays to GSP in New South Wales has remained lower than the all State average, at all times over the last five years. The higher levels for New South Wales in 1990-91 and 1991-92 are attributable to higher public sector redundancy and superannuation payments, higher than normal interest rates effecting debt costs and the commencement of funding of third party liabilities.

Outlays associated with workforce downsizing and assistance to State financial and commercial institutions explains the peak for all States in 1991-92. While such payments continued in some States in 1992-93, their impact on outlays was more than offset by asset sales which were higher in 1992-93 than in any other year to date.



Commonwealth Grants Commission Assessment of Outlays

In analysing the level of State outlays it is also useful to compare the actual expenditure of each State with that which the Commonwealth Grants Commission calculates as necessary to provide a national average standard of service. This assessment takes account of a range of factors including demographic characteristics, dispersion of population and economies of scale in the provision of public services. New South Wales does not fully accept the Commission's methodology, but it does provide one measure of expenditure across States after adjusting for expenditure "disability" factors.

According to the Commission's latest estimates, shown in Table 10.2, New South Wales' actual expenditure was 3.4 per cent lower than that which the Commonwealth Grants Commission assessed as necessary for it to provide an average national standard of service and 4.9 per cent lower than the average of the other States in 1992-93.

Table 10.2: Relative Expenditure Levels Index 1988-89 and 1992-93

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Other States
1992-93	98.6	114.0	87.5	91.4	107.1	106.0	113.7	98.7	101.5
1988-89	96.6	114.7	79.7	104.1	104.9	98.4	116.8	102.6	102.6

Source: Derived from Commonwealth Grants Commission, *Report on General Revenue Grant Relativities, 1994 Update*.

REVENUE

The main sources of State revenue are taxes raised within the jurisdiction, grants received from the Commonwealth and other revenue consisting mainly of dividends and tax equivalent payments from public trading enterprises (PTEs), plus royalty incomes. The reliance on revenue from these sources varies significantly between jurisdictions.

Level of Revenue and Tax Receipts

The level of revenue for each State, as a percentage of GSP, in 1993-94 is shown in Table 10.3.

Table 10.3: Revenue of Government by Sector, 1993-94 (% of GSP)

	Total Public Sector		General Government	
	Total Revenue	Commonwealth Grants	Total Revenue	Tax Revenue
NSW	15.6	6.6	14.9	6.6
Vic	15.4	6.4	13.7	6.3
Qld	18.3	8.4	16.2	5.0
WA	15.3	7.2	13.4	4.8
SA	20.5	10.1	19.8	5.9
Tas	22.7	12.3	21.4	6.4
ACT	12.9	6.3	12.7	5.5
NT	31.6	25.3	32.1	4.0
All States (excl NSW)	17.1	7.9	15.5	5.6
All States	16.6	7.5	15.3	6.0

Total Revenue

Total public sector revenue of the States in 1993-94 represented about 16.6 per cent of Gross Domestic Product or \$3,990 per capita. The two most populous States plus Western Australia and the Australian Capital Territory had below average revenue shares, while South Australia, Tasmania and the Northern Territory were above the average.

Taxation Revenue

Based on ABS data, New South Wales has historically raised the highest proportion of revenue from taxation (offset by lower grants) although the differences between the States in this area have narrowed in recent years. With the exception of Queensland, Western Australia and the Northern Territory, taxation revenue now represents around 6 per cent of GSP.

Grants from the Commonwealth

The differences between the States are most marked in this category of revenue and have shown no sign of narrowing. All of the States, with the exception of New South Wales and Victoria, remain more dependant on Commonwealth grants as a source of revenue than on own-source taxation revenue.

Changes in Revenue and Tax Receipts

The five year period 1988-89 to 1993-94 covered almost the whole of the revenue cycles of the States - from the peak year of 1988-89 to the depths of recession in 1990-91 and 1991-92. Almost all States to varying degrees were required to increase taxes during this period in order to meet revenue shortfalls associated with the collapse of asset prices and the property market, and cut-backs in Commonwealth funding.

In New South Wales, the financial taxes base (i.e. stamp duties and financial institutions duty (FID)) fell in 1989-90 and again in 1990-91. Over the five years, the contribution of financial taxes decreased from approximately 27 per cent of total own-source revenue to about 17 per cent.

Similarly in Victoria, the dependence on financial taxes was exposed when the economy moved into recession. However, unlike New South Wales and Queensland, Victoria (and the other States) had a general government sector deficit at the commencement of the recession. This placed greater pressure on other revenue sources.

The fall in revenue from financial taxes in Queensland was met by increasing gambling and motor vehicle taxes, and franchise fees. At one stage, gambling revenue accounted for over 10 per cent of total own-source revenue - the highest of any State or Territory. Other revenue, mainly royalties, maintained a fairly constant share of own-source revenue during this period and had a cushioning effect on total revenue.

Western Australia presented a slightly different picture to Queensland, due to high levels of royalty income (20 per cent) and other revenue, which have acted as a buffer during the recession.

South Australia's revenue base weathered the recession better than most States. However, increases in franchise fees and other revenue were introduced in the early 1990s in order to fund increased expenditure following the collapse of its State Bank.

Tasmania and the Northern Territory rely more heavily on franchise fees than the other States. Tasmania raises almost as much revenue from franchise fees as it does from pay-roll tax (20 per cent) and Northern Territory raises even more (nearly 30 per cent). Taxes of this nature tend to be more resilient in times of recession.

Finally, the ACT relies mainly on property taxes, which in its case includes municipal rates. For this reason, the revenue structure of the Territory has remained fairly stable over the period since self government.

Severity of Taxes

Table 10.4 compares New South Wales actual tax revenue with the revenue the State could have raised if it had imposed tax rates at the average national rate. This index has been adjusted to exclude the effects of roads-related taxes, specifically petroleum franchise fees and vehicle registration charges, which are hypothecated to roads expenditure. While New South Wales continues to levy higher than average tax rates, the difference has narrowed over time.

Table 10.4: Severity of Tax Rates Index 1988-89 and 1992-93

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Other States
1992-93	101.4	110.2	82.6	96.9	99.7	107.0	96.0	105.0	99.2
1988-89	101.7	104.9	84.4	104.7	99.1	114.6	86.0	95.8	98.9

Source: Derived from Commonwealth Grants Commission, *Report on General Revenue Grant Relativities, 1994 Update*

A detailed comparison of tax rates and charges can be found in the publication: *Interstate Comparison of Taxes 1994-95*, available from the Treasury.

DEFICITS, DEBT AND DEBT COSTS

Deficits, debt and debt costs are important measures of the financial position of the total public and general government sectors. They are also important intergovernmental indicators when measured in relation to the size of State economies, population and State revenue. The focus is on total public sector debt in order to avoid distortions associated with the allocation of debt between the general government and PTE sectors.

Deficits

The deficit of a government is equal to its total outlays less revenue and grants received net of increases in provisions. The change in the annual level of the public sector deficit provides a measure of the extent to which a government is increasing or decreasing its financial position.

Table 10.5 outlines the expected State total public sector deficits, as a proportion of GSP showing the contribution of the current and capital accounts.

The data has been presented on a total government basis as this figure encapsulates the deficits of both the PTE and general government sectors. In doing so it also provides a more stable aggregate, since the deficits of these two sectors can fluctuate dramatically from one year to the next and movements between them can be influenced easily by decisions as to the method of funding public services.

Table 10.5: Total Public Sector Deficits (% of GSP), 1993-94

	Current Deficit	Capital Deficit	Total Deficit
NSW	(-) 1.5	1.9	0.4
Vic	1.8	1.7	3.5
Qld	(-) 4.3	2.4	(-) 1.9
WA	(-) 1.3	2.1	0.7
SA	(-) 0.9	0.3	(-) 0.6
Tas	(-) 1.4	1.2	(-) 0.2
ACT	(-) 1.2	1.6	0.4
NT	(-) 0.1	2.2	2.1
All States (excl NSW)	(-) 0.7	1.7	1.0
All States	(-) 1.0	1.8	0.8

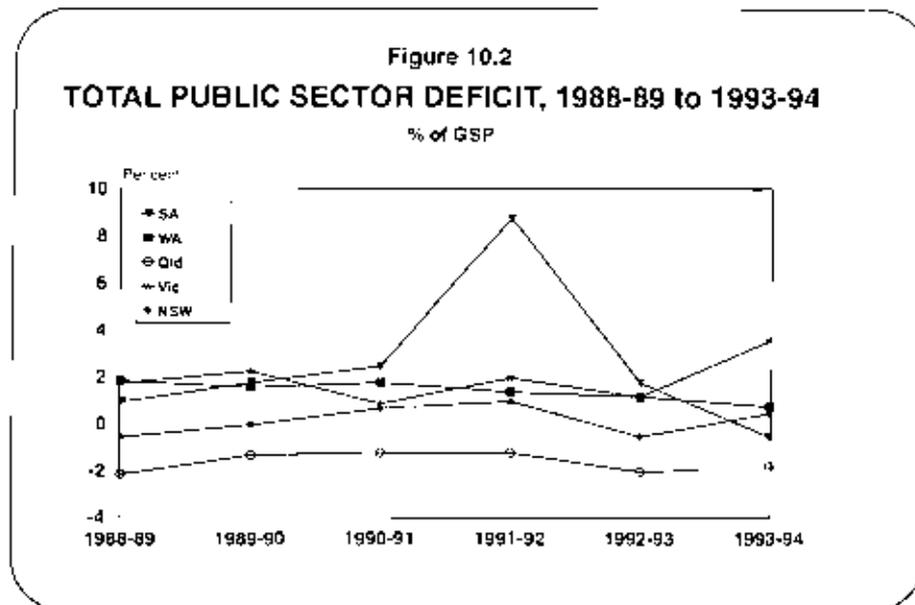
Note. Negative figures indicate a surplus

The main points from Table 10.5 and the public sector finance statistics include:

- The financing requirement of State Governments, as reflected by their combined deficits, was estimated by the ABS to turn from a slight surplus of \$94 million in 1992-93 to a \$3.4 billion deficit in 1993-94.
- The turnaround in the total deficit reflects a deterioration in both the current and capital side of the deficit. In particular, it comprises a fall in the surplus on the current account by \$1.1 billion and an increase in the capital deficit by \$2.4 billion.
- In addition to the impact of the recession, this deterioration can be attributed partly to the offsetting effects of major asset sales in New South Wales and Victoria in 1992-93 and expected higher outlays for redundancies and superannuation in Victoria in 1993-94.
- The low capital deficit in South Australia reflects the proceeds from the sale of SAGASCO. Adjusting for this transaction, the capital deficit to GSP ratio would have been 1.6 per cent.
- While the capital deficit in Queensland is the highest of all States, this figure has been decreasing as a percentage of GSP over the last three years and is supported by policies of funding social capital assets from recurrent revenue and borrowing only for assets that can effectively generate an income stream sufficient to meet debt servicing costs.

Change in Deficit

In terms of performance over the past five years, Figure 10.2 indicates that the fiscal position of the five largest States has varied considerably over this time.



Most States are implementing medium-term deficit reduction strategies, which will result in a convergence of their fiscal positions. The common thread contained in these strategies has been reducing the level of public sector employment (which has caused one-off increases in outlays); measures to improve the efficiency of public trading enterprises; reductions in capital expenditure and asset sales. Further details on the measures adopted in individual States is contained in Section 10.3.

Net Debt

Table 10.6 provides information on the level of total public sector net debt for each government both as a proportion of GSP and in per capita terms.

Table 10.6: Total Public Sector Net Debt, June 1993

	\$m	% GSP	Per Capita (\$)
NSW	20,964	15.1	3,507
Vic	32,073	30.0	7,192
Qld	1,926	3.0	627
WA	8,346	19.5	5,008
SA	8,486	28.2	5,811
Tas	3,180	36.1	6,754
ACT	59	0.7	199
NT	1,451	34.7	6,606
All States (excl NSW)	55,521	20.6	4,789
All States	76,485	18.9	4,353

Like most of the other governments the level of net debt as a proportion of GSP for New South Wales rose when the public sector moved into deficit in the late 1980s and early 1990s. The impact of superannuation liabilities for both the budget and non-budget sectors has been a significant contributing factor.

In the case in Victoria, the primary source of the growth in net debt has been the need to fund deficits in the general government sector. In the last year, this upward trend has been arrested through the use of business assets sales to retire debt.

The structural surpluses of recent years has seen Queensland's net debt position continue to improve relative to the other States. This 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.

Increasing general government deficits in the late 1980s has resulted in an increase in Western Australia's net debt position.

Payments to the State Bank of South Australia and the State Government Insurance Commission have had a major effect on South Australia's net debt position. Between June 1990 and June 1993, payments to these institutions amounted to \$3.2 billion - accounting for 67 per cent of general government net debt as at June 1993.

Tasmania's net debt position has increased in recent years because of the need to fund a series of deficits but has stabilised since 1991-92 due to the effect of asset sales.

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 has remained unchanged.

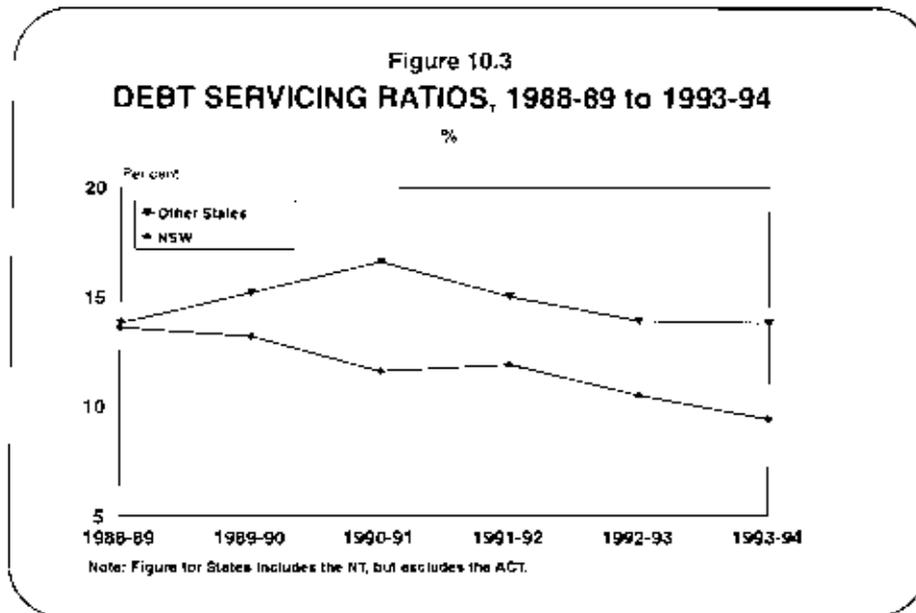
The Northern Territory has the highest net debt per capita, but unlike the other States, does not possess substantial revenue-producing assets which can be used to reduce that debt. The Territory's net debt position is closely linked to the level of Commonwealth grants.

Debt Costs

Debt costs are an indication of the recurrent burden created by past borrowings and the limitation these impose on budgetary flexibility.

Figure 10.3 shows movements in the debt servicing ratio for New South Wales and the other States. The New South Wales debt servicing ratio has been below the average of the other States for the last five years. From 1988-89 the debt servicing ratio in New South Wales has declined while the average of the other States has remained much the same.

With the exception of Queensland and the Australian Capital Territory, debt servicing costs represent a significant outlay for the States. However, lower interest rates since 1991-92 have had a dampening effect.



Victoria has the highest debt servicing costs in relative terms, but this has levelled out since 1991-92 due to the proceeds of asset sales. The debt servicing ratio for South Australia increased in the early 1990s with the need to support the State Bank but has been stabilised with the use of funds from asset sales.

EMPLOYMENT

State public sector employment can be measured as simply the number of employees. However, raw ABS data is usually adjusted for growth in the labour force or population, by expressing the level of employment as a per cent of the labour force or in terms of the number of public sector employees per 1,000 of population.

It is also possible to adjust for part-time employees by expressing employment in terms of equivalent full-time positions. This is outlined in Appendix C.

Level of Employment

In November 1993, there were an average of 62.4 State total public sector employees per 1,000 of population. The two most populous States were the only jurisdictions with less public sector employees than the national average - New South Wales (59.4), Victoria (56.6). The smaller States of Western Australia (72.1), South Australia (72.5) and Tasmania (73.3) as well as the Northern Territory (89.7) appeared to have larger public sectors compared to the size of their populations.

Expressing the above comparison in terms of public sector employees in the general government sector does not alter the relativities between the States.

The above analysis makes no allowance for the different levels of employment in each State. Public sector employment can also be expressed as a per cent of the total State labour force.

In November 1993, the State public sectors represented 12.8 per cent of the total labour force, comprising 10.9 per cent in the general government sector, 1.6 per cent in the PTE sector and the remainder in public financial enterprises. Again the most populous States of New South Wales (12.3 per cent) and Victoria (11.5 per cent), and the Australian Capital Territory (12.4 per cent) had the smallest public sectors when measured in this way.

Growth in Employment

All States, with the exception of Queensland and Western Australia, reduced the size of their total public sectors over the period November 1988 to November 1993. The largest reductions occurred in Victoria and Tasmania which experienced large public sector redundancy programs.

This was against the background of the Australia-wide recession evidenced by the fact that the proportion of the labour force employed in the private sector declined from 54.3 per cent to 47.8 per cent over the period November 1988 to November 1993.

Composition

Some explanation for the decline in the size of the State public sector over the last five years can be seen in an analysis of the composition in the public sector. Most of the decline in the public sector employment over this period was due to a contraction in the workforce employed in public trading enterprises. This was the case for New South Wales.

The decline in the size of the Victorian public sector was the result of a decline in all sectors. For example, the size of the public financial enterprises sector more than halved with the sale of the State Bank.

10.3 RECENT TRENDS IN OUTLAYS, REVENUE, DEBT AND EMPLOYMENT: 1988-89 TO 1993-94

SUMMARY

Comparisons of growth in major aggregates, over the period 1988-89 to 1993-94 for the total public and general government sectors are provided in Tables 10.7 and 10.8. As mentioned previously, the Australian Capital Territory cannot currently be included in five year growth tables.

During the period in question the States experienced increasing pressure on their revenues as Australia moved from high economic growth through recession to a period of restrained growth. This situation was further aggravated by the squeeze in Commonwealth grants, requiring increased State reliance on own-source funding. As a result tax revenue growth was higher than total revenue growth in the total public sector for all the States.

The combined deficits of the States grew significantly over the five years, reflecting the results of the two largest States. Victoria recorded a large deficit growth over this period while New South Wales shifted from a surplus to a modest deficit (in terms of GSP). However, as noted earlier, the actual figures for the 1993-94 deficits are likely to be lower than the estimates in this Chapter, especially in the case of Victoria.

The period 1988-89 to 1993-94 saw major shifts in financial management for a number of States, particularly Victoria, Tasmania and South Australia. These States addressed problems in their fiscal position through public sector reforms including redundancy programs. These programs are reflected in falls in public sector employment, which was particularly large in Tasmania and Victoria. However, while Tasmania's and Victoria's programs have largely been implemented, South Australia's redundancy program is set to continue strongly over the next few years. To a lesser degree, a similar story applies to both the Northern Territory and New South Wales which have also reduced employment through redundancy programs.

A notable feature of such schemes is that they involve large one-off costs. The real increase in current outlays over 1988-89 to 1993-94 for most States is partly a reflection of these programs, most of the savings of which will only be achieved over the longer term. This also applies to a number of the other public sector reforms implemented by the States during the period.

Queensland's position has been in sharp contrast to most of the other States. Its strong fiscal position allowed it to increase employment significantly. This was in part due to the capital works needed to meet its growing population, and in response to State macroeconomic problems, particularly unemployment.

However, in the main, 1988-89 to 1993-94 can be seen as a period where much of the States' fiscal management was aimed at fiscal responsibility with the aim of reducing deficits and containing debt.

**Table 10.7: Growth of Total Public Sector, Past Five Years,
(Average Annual Growth Rates, per cent)^{1,2}**

	Total Revenue	Tax Revenue ³	Total Outlays	Current Outlays	Capital Outlays	Deficit ⁴	Net Debt	Employment ⁵
NSW	1.5	2.2	2.5	1.9	6.1	n.a.	(-) 3.7	(-) 0.5
Vic	2.5	4.2	4.2	5.2	(-) 1.5	16.4	4.6	(-) 4.9
Qld	3.5	4.3	4.1	4.2	3.7	(-) 1.0	(-) 20.6	3.2
WA	1.4	2.0	3.7	1.9	(-) 3.9	(-) 13.6	3.4	3.2
SA	3.9	5.0	3.5	4.9	(-) 4.4	(-) 5.5	16.5	(-) 0.7
Tas	1.5	4.2	(-) 0.4	2.1	(-) 12.6	(-) 40.1	0.8	(-) 2.8
NT	0.9	6.9	0.5	0.4	1.5	(-) 1.3	9.7	(-) 0.9
All States excl NSW	2.7	4.0	3.2	4.2	(-) 1.3	13.2	3.9	(-) 0.8
All States	2.3	3.3	3.0	3.4	0.8	32.6	2.5	(-) 0.7

**Table 10.8: Growth of General Government Sector, Past Five Years,
(Average Annual Growth Rates, per cent)^{1,2}**

	Total Revenue	Tax Revenue ³	Total Outlays	Current Outlays	Capital Outlays	Deficit ⁴
NSW	2.2	2.2	3.8	3.2	7.6	n.a.
Vic	3.2	4.2	5.9	6.3	1.7	25.6
Qld	4.5	4.3	6.5	5.9	3.4	(-) 17.9
WA	1.3	2.0	0.8	2.1	(-) 6.6	(-) 10.2
SA	4.6	5.0	4.5	5.5	(-) 3.6	(-) 0.4
Tas	2.2	4.2	0.1	3.0	(-) 6.8	(-) 33.9
NT	1.1	6.8	1.1	0.9	2.5	0.4
All States (excl NSW)	3.3	4.0	4.6	5.1	0.9	31.7
All States	2.9	3.3	4.3	4.5	3.1	57.1

Notes: Tables 10.7 and 10.8

1. All growth rates are calculated from 1988-89 to 1993-94, except for net debt which is for the period 30 June 1989 to 30 June 1993 and employment which is for the period December 1988 to December 1993. These categories do not include the Australian Capital Territory as it did not become a self-governing entity until 11 May 1989.
2. Adjustments have been made for the impact of extraordinary items such as asset sales for the general government sector.
3. Tax revenue refers to taxes, fees and fines.
4. New South Wales moved from a surplus to a deficit over the five year period. Queensland's negative result reveals a fall in the surplus.
5. Employment figures for the total public sector include public financial enterprises.

NEW SOUTH WALES

New South Wales' revenues surged during the property boom of the late 1980s. The accumulation of a large current surplus during that period enabled New South Wales to weather the property market collapse, the subsequent recession, and the squeeze in Commonwealth grants. Current surpluses for the total public sector were able to be maintained through increases in taxes and improvements in the performance of PTEs.

The broad financial strategy adopted by the Government includes restructuring of the general government and PTE sectors. These changes did not require retrenchments of the scale seen in Victoria or Tasmania. Redundancies were concentrated in the PTE sector, particularly the State Rail Authority. Subsidies to the affected entities were increased temporarily to help cover this increase in expenditure.

Over the period 1988-89 to 1993-94, New South Wales PTEs exhibited the highest growth, in real terms, of any State, in net operating surpluses (7.4 per cent) after allowing for accounting adjustments and subsidies. This compares with a growth rate of 3.1 per cent for the other States.

New South Wales experienced a general government surplus in 1988-89, largely due to the unprecedented high stamp duties revenue for the year and a high level of asset sales. This has been followed by moderate deficits of under 1 per cent of GSP in most years except for 1992-93 when the sale of the Government Insurance Office resulted in a \$320 million surplus.

While the sustained deficits added to State debt, New South Wales had negative real growth in debt over the relevant period. Debt levels were consistently below the average levels of the other States. The only jurisdictions to have a lower level of debt as a percentage of GSP in 1993 are the Australian Capital Territory which inherited zero debt in 1989, and Queensland which was able to maintain budget surpluses throughout the period and significantly reduce its debt levels.

Increased expenditure on roads accompanied dedicated taxation increases in petroleum franchise fees and motor vehicle taxes. Taxation changes over the period were concentrated in the business franchise, financial and gambling areas.

The strategic focus in New South Wales is on the containment of debt and all liabilities, including superannuation liabilities. The containment of current outlays and a reduction in capital outlays, together with further increases in PTE efficiency are expected to bring the Budget back into balance. There is a belief that the State has reached the point at which the back-log of capital expenditure has been completed and a decline in expenditure in the out-years would be prudent. There is also a long term commitment to reducing the relative taxation burden in New South Wales to below the national average.

VICTORIA

Victoria also enjoyed the benefits of a property boom in the late 1980s. It was, however, running a current deficit at the height of the property boom. When the market fell away, the recession took hold, and the Commonwealth began reducing grants to the States, this deficit increased to unsustainable levels. The severity of the recession was particularly pronounced in Victoria's case, further impacting on the State's revenues.

Throughout this period, further deficits compounded the State's debt problem. Since 1991-92, Victoria's total public sector debt has been above 30 per cent of GSP, as compared to the all State average of less than 20 per cent for all of the last 5 years. Victoria's interest payments grew in real terms by approximately 9 per cent over the last five years and have become one of the driving forces of current outlays. Additionally, superannuation payments to retiring general government employees escalated over the period.

The early 1990s saw further pressures on outlays, associated with the failure of financial institutions and electricity tariff subsidies for aluminium smelters. The resultant pressures on debt and business confidence in the State impacted on the State Government's ability to manage its finances culminating in the downgrading of Victoria's credit rating in June 1990 and October 1992. This in turn further exacerbated the interest component of outlays.

During 1990-91 the Commonwealth Bank purchased the State Bank of Victoria, which significantly reduced the deficit for that year and relieved other financial strains associated with the Bank's collapse.

The change of Government in October 1992 saw a shift in financial policy, including a commitment to reduce State debt, improve business confidence and restore the State's AAA Credit Rating.

The initial focus was to reduce the deficit through a combination of revenue increases and expenditure reductions. Revenue measures included increases in tobacco franchise fees, stamp duties, vehicle registration fees and the introduction of a State Deficit Levy on rateable property. Expenditure reductions were targeted at departmental current operating costs. This involved a reduction in budget sector employment and short-term increases in outlays in order to finance redundancy packages. In addition to these deficit reducing measures, the Victorian Government announced that it would apply the proceeds of Government asset sales to debt retirement.

The estimated deficit for 1993-94 was inflated by two very large one-off items - \$1.4 billion to repay deferred employer superannuation liabilities and \$1.3 billion for redundancy payments.

As outlined in Section 10.1, the actual outcome for 1993-94 will differ significantly from the estimates recorded in the 1993-94 Budgets for the various jurisdictions. All States experienced an upturn in activity and an improvement in their financial position in 1993-94. The largest improvement was in Victoria where only \$732 million of the \$1.3 billion budgeted for workforce reductions was required, while the impact of the one-off superannuation payment of \$1.4 billion was offset by a post-Budget decision to repatriate \$1.2 billion from the Transport Accident Commission.

QUEENSLAND

Queensland had a strong debt position which improved further over 1988-89 to 1992-93 with its total public sector debt falling from only 8.6 per cent of GSP to 3.0 per cent. This improvement resulted from sustained high total public sector surpluses, averaging in excess of \$1 billion over 1988-89 to 1993-94.

Total public sector surpluses remained high due to returns in the PTE sector. The large PTE sector surplus in 1993-94 was mostly a result of the sale of the Gladstone Power Station for \$753 million. Prior to 1993-94, there was an increase in the PTE sector surplus largely due to a reduction in interest payments. In contrast, the general government sector experienced falls in its surpluses as a result of strong growth in outlays.

Adjusting for the sale of the Gladstone Power Station, Queensland's total public sector capital outlays increased, in real terms, at the relatively high average annual rate of 11.6 per cent over 1988-89 to 1993-94. This reflects employment initiatives such as the \$150 million jobs plan (funded by an increase in the tobacco franchise fee) and the need for the State to cater for its population growth which is currently twice the national average.

Queensland is a relatively low tax State and does not impose petroleum franchise fees or FID.

Queensland's fiscal results reflect the following features:

- low expenditure levels which are assessed by the Grants Commission to be less than required for a national average standard of service;
- maintenance of financial assets to meet future liabilities in superannuation, workers' compensation and motor vehicle third party insurance liabilities;
- the electricity supply industry providing large surpluses; and
- the strategy of borrowing only to fund projects where expected revenue streams cover interest costs.

Queensland expects to reach a position of no net debt by June 1995.

WESTERN AUSTRALIA

Western Australia, like New South Wales and Victoria, enjoyed a large increase in stamp duty revenue during the property boom of the mid to late 1980s. However, the subsequent recession and reductions in Commonwealth funding had an adverse revenue impact. Nevertheless, successive Governments resisted increasing taxes and government charges in order to mitigate some of the effects of the recession.

The reduction in the current surplus was further exacerbated by growth in Government consumption expenditure. The sustained total deficits therefore made a significant contribution to the State's debt.

State debt was already at a moderate level at the beginning of the period due to large borrowings for major resource developments and power projects in the early 1980s. In each of the five years in question, State debt remained close to the all State average. In 1991-92 Western Australia's domestic credit rating was downgraded by the credit rating agencies reflecting their concerns at the time about the State's rising debt burden and the impact of the slower economy on the State's budget position.

Capital outlays have declined in real terms on an annual average basis by 6.6 per cent in the general government sector and 2.6 per cent in the PTE sector over the period 1988-89 to 1993-94, which is particularly significant given the high population growth experienced in Western Australia during the period. The decline in the capital stock was countered slightly by an increase in capital infrastructure projects in the PTE sector in 1992-93. This short-term increase in expenditure was aimed at encouraging employment and economic activity.

When these projects are completed capital expenditure will again fall back to previous levels. The overriding downward trend over the period helped reduce the capital deficit on the general government sector from just under 2.0 per cent of GSP in 1988-89 to just under 1.0 per cent in 1993-94. This is the most dramatic turnaround of any of the States, and is especially significant given the capital deficit is a driving force in Western Australia's total deficit.

The change of Government in 1993 saw a shift in the fiscal strategy. Their priorities included; debt containment; the elimination of the deficit on the Consolidated Fund by early 1997; implementation of the recommendations for public sector reform of the Independent Commission to Review Public Sector Finances (the McCarrey Report); the elimination of borrowings for non-income generating general government services; and creating an environment conducive to economic activity.

An increase in the tobacco franchise fee from 50 to 100 per cent, increases in statutory levies on PTEs, and increased taxation revenue due to the economic upturn resulted in an increase in revenue in 1993-94.

The debt position of Western Australia while large, was not serious enough to necessitate the large cuts in public sector employment and trigger the associated short term outlays as was the practice in several other States.

SOUTH AUSTRALIA

South Australia's debt increased over the period 1988-89 to 1992-93, largely as a result of the South Australian Government's support package announced in February 1991 for the State Bank. This assistance included \$500 million at the time of the announcement with further payments of \$1.7 billion in 1991-92 and \$650 million in 1992-93. This contributed to a large increase in the general government deficit from \$342 million in 1989-90 to \$700 million in 1990-91 and \$2.5 billion in 1991-92. Added to this were financial problems with the State Government Insurance Commission (SGIC) which resulted in the State assuming SGIC debts of \$314 million in early 1992.

Consequently, South Australia's total public sector debt increased from \$4.3 billion in 1989-90 to \$8.5 billion in 1992-93, or from 15.2 to 28.2 per cent of GSP. Prior to that time, the State's debt had been declining in real terms since 1987.

In February 1993, the Commonwealth agreed to provide \$647 million of compensation for placing the State Bank under the Commonwealth's tax net from 1 July 1994. This compensation was to be provided over three years subject to the implementation of a debt management strategy.

The period following the announcement of the rescue package in 1991 saw relatively strong growth in current outlays, with general government sector current outlays increasing in real terms at an average annual rate of 7.5 per cent to 1993-94. This increase reflected additional outlays on redundancy packages through the Voluntary Separation Package Scheme and increases in interest payments. Excluding these items, the real average annual increase in general government sector current outlays over 1990-91 to 1993-94 would have been around 3.4 per cent.

South Australia had the highest average annual growth in total public sector revenue over 1988-89 to 1993-94 (3.9 per cent) of all the States. This reflected changes to FID and pay-roll tax and increases in liquor and tobacco licence fees and increases in Commonwealth grants associated with the State Bank.

In 1993-94, for the first time since 1990, the State Bank made a net contribution to the Government resulting in a better financial outcome. The total public sector surplus for 1993-94 reflects the proceeds of the sale of the Government's shares in SAGASCO Holdings, a company with interests in oil and gas production and reticulation.

The newly elected Government, in response to the recommendations of the Commission of Audit, has focused on the task of the management of the State's debt. This strategy includes additional public sector reforms in the non-commercial sector, including the full funding of superannuation liabilities and staged reductions in the size of the public sector workforce.

TASMANIA

Tasmania had the highest total public sector debt to GSP ratio over the period 1988-89 to 1992-93 of all the States. This reflected borrowing for hydro-electric development as well as a decrease in real Commonwealth grants of 23 per cent over the period 1984-85 to 1988-89. By 1988-89 the total public sector deficit had reached an unsustainable level of 3.0 per cent of GSP. The debt servicing ratio was also in danger of becoming untenable, reaching 20.6 per cent in that year.

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. An important part of this program was a public sector employment reduction program which saw 5,000 positions abolished over 1990-91 to 1993-94 at a cost of approximately \$239 million. This was partly funded by special Commonwealth assistance of \$40 million in 1990-91.

By 1993-94 the total public sector had achieved a surplus of \$22 million and although this included the receipts from the sale of the Government Insurance Office for \$42 million, there has been a notable reduction in the underlying deficit.

The surplus was achieved mainly through restraint in capital outlays. Adjusting for the effect of the sale of the Government Insurance Office, total public sector capital outlays fell at an average annual rate of 12.6 per cent in real terms over 1988-89 to 1993-94. The most notable decreases occurred in housing and community amenities (10.0 per cent), education (12.1 per cent), health (17.9 per cent) and transport and communications (19.0 per cent). There was also restraint in the growth of general government sector current outlays. The largest increases included an average annual increase in general public services of 4.4 per cent in real terms, which reflects the costs incurred in implementing the redundancy program.

There was relatively moderate growth in total public sector revenue over the period 1988-89 to 1993-94. This was despite a relatively high real average annual increase in tax revenue of 4.2 per cent reflecting a number of tax changes over this period, including a doubling of the tobacco franchise fee, an increase in the rate of pay-roll tax and FID, expansion of the base for petroleum licence fees and notable increases in the Electricity Consumption Levy. However, this increase in tax revenue was partly offset by real reductions in both interest received and in the net operating surpluses of PTEs.

Two major post Budget decisions were undertaken in 1993-94 and hence were not included in the ABS estimates:

- the sale of the Tasmanian Development Authority Housing Portfolio; and
- the acquisition of the ferry *Spirit of Tasmania*.

The State looks set to achieve the goals of the five year plan. The reduction of the net financing requirement to around \$40 million appears obtainable. Debt costs have been contained at least in terms of the debt servicing ratio which has fallen from 20.6 per cent in 1988-89 to 17.3 per cent in 1993-94. This reflects lower interest rates and increased revenue rather than lower total public sector debt which remained around 36 per cent of GSP from 1988-89 to 1992-93.

AUSTRALIAN CAPITAL TERRITORY

The Australian Capital Territory became a self-governing entity in May 1989. This placed the Territory in a unique position relative to the other States. It inherited zero debt in that year and is still receiving significant Commonwealth assistance during its transition to "State-type" funding. Therefore, at this point in time the Australian Capital Territory cannot be included in five year growth tables, nor would it be useful. The Australian Capital Territory Government has responsibility for territorial and local government functions. Given the Territories unique position, in both a financial and functional sense, a comparison of growth rates would paint a misleading picture.

The debt position of the Australian Capital Territory has not altered significantly over the period of self government. The Territory has been able to maintain a general government sector surplus for its first four years and a slight deficit in 1993-94.

The Australian Capital Territory's Budgetary strategy has been dominated by the need to adjust to "State-type" funding, which is now estimated to be completed by 1997-98. Own-source revenue and outlays are adjusting to the progressive decline in Commonwealth grants.

Taxation revenue has replaced most of the short-fall in grants so far. However, the Territory's limited taxation policy autonomy due to its close proximity to New South Wales, the limited nature of most of the taxes available, and its small tax base, will place limits on its policy freedom in this area. Taxation policy is heavily influenced by the need to maintain parity between its tax rates and those of New South Wales.

The sale of surplus land stocks has also helped to maintain the financial position of the Territory. As these sales decrease, revenue from this source will diminish. The PTE sector makes a relatively small contribution to the State's finances, given the absence of substantial enterprises.

NORTHERN TERRITORY

The Northern Territory is more reliant on Commonwealth funding than the other States due to the combination of a small tax base and high costs of service provision. This is evidenced by the fact that Commonwealth grants made up 80.2 per cent of the Northern Territory's total public sector revenue in 1993-94 compared with 44.4 per cent in the case of the other States.

Commonwealth financial assistance grants to the Northern Territory are based on the recommendations of the Commonwealth Grants Commission and have been falling in per capita terms relative to the other States in recent years. Over 1988-89 to 1993-94 per capita grants to the Northern Territory fell in real terms at an average annual rate of 0.2 per cent to \$6,639. This compares to the six States which all experienced real growth in per capita grants. Total per capita grants for the six States increased in real terms by 1.4 per cent to \$1,751.

As a result of the decline in the real level of Commonwealth funding, the Northern Territory's own-source revenue needs to grow at a relatively high rate to maintain total revenue levels comparable with the States. Against this background, tax revenue increased by average annual rate 6.8 per cent over 1988-89 to 1993-94, a rate higher for any of the States, largely attributable to changes to the structure of motor vehicle and financial taxes.

The increases in taxes were offset by a decline in other revenue reflecting real falls in surpluses from PTEs. Total public sector own-source revenue therefore increased in real terms by an average annual rate of 1.6 per cent, compared to the average for the States of around 2.3 per cent.

At the same time, there were also restraints placed on total outlays which grew at an average rate of less than 1 per cent in real terms. This reflected constrained growth in both current and capital outlays, despite the Territory's higher than average population growth. The large increase in outlays as a per cent of GSP over 1990-91 to 1991-92 as shown in Figure 10.4 was due to a decline in GSP. The growth in general government sector outlays over 1990-91 to 1991-92 was amplified by a large transfer to the PTE sector, recorded as a capital outlay.

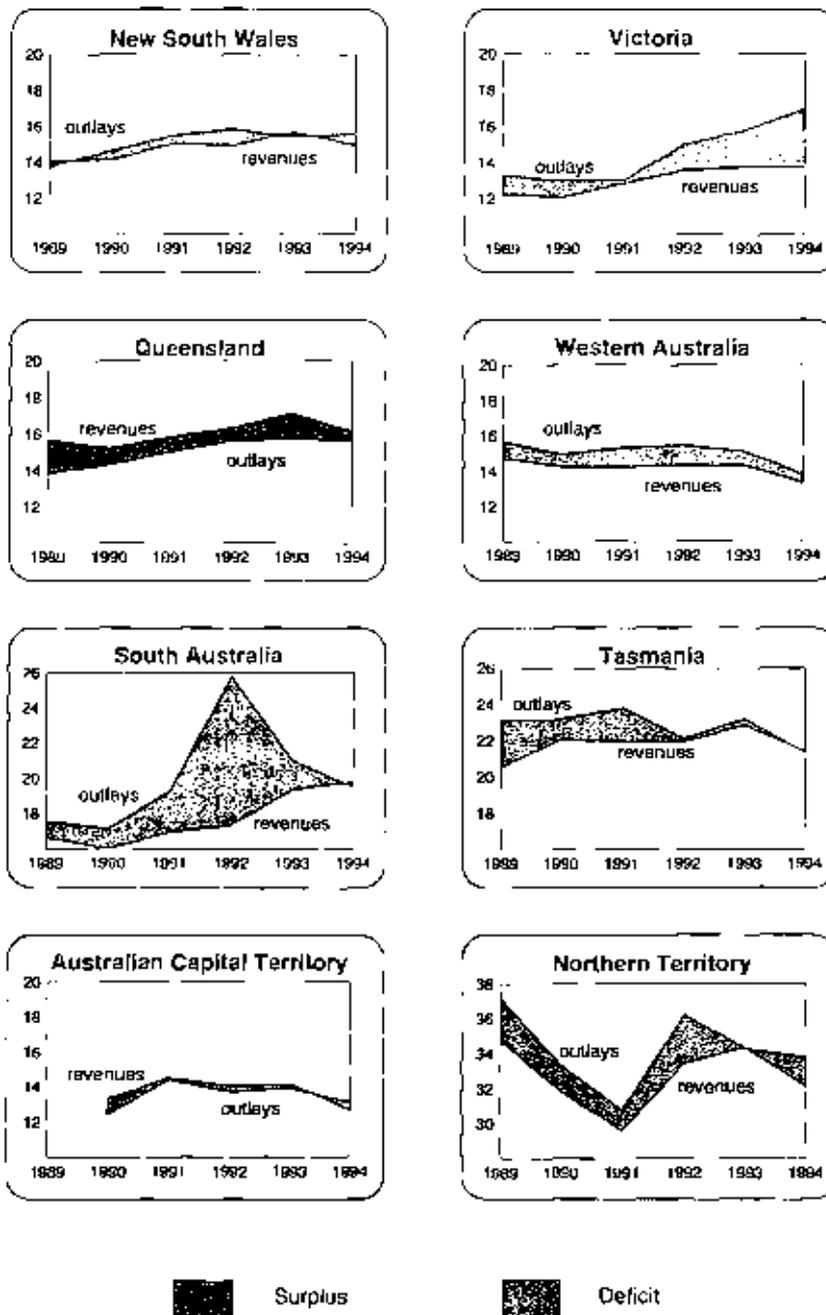
The Territory's total public sector deficits decreased as a per cent of GSP over the period 1988-89 to 1993-94.

In 1988-89, the Territory's total public sector debt was 26.1 per cent of GSP. This partly reflected borrowings associated with major capital works projects including the Channel Island power station and Yulara projects. This debt increased to 34.7 per cent of GSP in 1992-93.

The core strategies and fiscal targets set by the government which address the debt position include the following:

- interest payments will be maintained below the 1992-93 level;
- the increase in debt in any year will be no higher than 5.0 per cent of total expenditure; and
- by 1998, new borrowings will be undertaken only where there is sufficient economic return to cover debt servicing costs and redemption of borrowings involved.

**Figure 10.4 General Government Revenues, Outlays and Deficits *
1988-89 to 1993-94 (as a per cent of GSP)**



* increases in provisions have been offset against total outlays. No adjustments have been made for the impact of extraordinary asset sales.

10.4 CREDIT RATINGS

INTRODUCTION

The progressive opening and reform of the Australian economy since the early 1980's has allowed Australian financial markets to develop in size and complexity. In turn, this has increased the importance of credit ratings as a means of guiding investment decisions. The emphasis of this change is reflected at the State level and the importance of credit ratings has become particularly evident in the semi government bond market.

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 States' credit ratings following the publication of State Budget Papers.

Over this time, the States have grown increasingly attuned to the need to maintain the highest possible credit rating as a means of: containing and/or reducing borrowing costs; ensuring efficient and continued access to international capital markets; and also as a means of demonstrating to the general community the soundness of their financial management.

The ratios of net debt per capita and net debt as a proportion of GSP used in this section are based on the definition used by Standard & Poor's. This is broader than the definition of net debt used by the ABS, and used in Section 10.2. Standard & Poor's define net debt as gross State liabilities less gross State financial assets. State liabilities are those amounts outstanding at 30 June on liabilities (such as deposits held, advances received, borrowing, leases) of the non-financial public sector. Included are quasi-debt items and elements of hidden financial leverage such as debt guarantees and related contingent liabilities. Unfunded superannuation liabilities of government superannuation funds are also significant examples of accruing liabilities.

FACTORS AFFECTING CREDIT RATINGS

A variety of economic and financial performance indicators are used by major credit rating agencies to rank the credit worthiness of the States. Within this framework attention is paid to: the nature and functions of the States and the system of linkages within the Federal system; economic and revenue positions; financial policies and liability profile; and liability management policies, liquidity and financial flexibility.

As State credit ratings are an assessment of each Government's ability to meet debt servicing obligations in a timely fashion, particular importance is placed on the level of debt relative to the size of a State's economy and revenue base.

ASSESSING DIFFERENCES IN STATE ECONOMIC AND FINANCIAL PERFORMANCE

The States are with varying degrees of success, implementing institutional and procedural reforms that may underpin sustained improvement in the fiscal and financial fundamentals over the long term. The key outcomes in 1993 are shown in Table 10.9.

Table 10.9: Key Credit Indicators, June 1993

	NSW	Vic	Q'd	WA	SA	Tas	Total
Net Debt							
- \$ per capita	3,492.0	7,646.0	2,784.0	5,395.0	6,520.0	7,452.0	4,995.0
- % of GSP	15.3	32.2	13.3	21.1	31.0	40.8	22.1
- % of Budgetary revenue	63.5	145.3	43.2	84.8	100.2	126.4	66.3
- payback period (yrs)	6.1	28.5	2.1	9.7	12.4	11.1	8.0
Net Interest Payments							
- % of operating revenue	7.3	15.9	0.7	10.7	9.3	13.7	8.7
Contingent liabilities, % of GSP							
- State Financial Enterprises	13.3	0.2	8.2	27.1	67.4	0.6	14.3
- Unfunded govt liabilities	10.8	17.6	0.0	10.9	13.9	15.4	11.2

Source: Standard & Poor's Ratings Group

New South Wales had a net debt to GSP ratio of 15.3 per cent in June 1993, which compared favourably with Victoria's ratio of 32.2 per cent and South Australia's ratio of 31.0 per cent. Similarly, New South Wales net debt to revenue ratio was 63.5 per cent in June 1992, which compared well with Victoria's ratio of 145.3 per cent and South Australia's ratio of 100.2 per cent.

The ratings agencies also assess the relative performances of State general government and PTE sectors. This approach allows the agencies to separate out the various components of a State's financial management performance.

In the general government sector particular emphasis is placed on the adequacy of a Government's revenue base as well as its willingness to accept and bear the burden of raising sufficient funds to finance its operations.

Table 10.10: Operating Budget Indicators, General Government Sector 1992-93

	NSW	Vic	Qld	WA	SA	Tas	Total
Operating balance (\$m)*	600.0	(-)1,019.0	1,893.0	93.0	116.0	58.0	1,741.0
Operating balance (\$ per capita)	100.0	(-) 224.0	631.0	58.1	77.3	126.0	768.4
Operating balance / operating expenditure (%)*	2.8	(-) 6.4	20.0	1.5	1.9	3.0	22.9
Own-purpose operating expenditure (% change)*	2.5	6.2	9.5	7.2	8.0	5.5	38.9
Own-source operating revenue (% change)*	1.2	7.6	15.7	6.4	19.9	7.2	58.0
Net Interest coverage	1.4	0.5	5.4	1.2	1.2	1.4	0.3

* Excludes extraordinary transactions

Source: Standard & Poor's Ratings Group

In looking at the performance of the State PTE sectors, agencies place importance on the degree to which enterprises in this sector can successfully generate cash flows to service their debt and general operating expenses.

Table 10.11: Financial Indicators, PTE Sector 1992-93

	NSW	Vic	Qld	WA	SA	Tas	Total
Cost recovery ratio (%)	103.6	96.9	114.5	99.4	96.8	94.1	100.9
Net interest coverage	1.4	0.8	3.2	1.0	0.7	0.8	1.4
Internal financing ratio (%)	111.2	98.1	118.5	77.3	94.8	69.9	94.8
Debt payback period (years)	2.3	9.3	3.8	9.9	8.4	11.7	7.5
Dividends/operating income (%)	8.9	5.7	0.7	1.2	4.2	2.6	3.9

Source: Standard & Poor's Ratings Group

CURRENT STATUS OF CREDIT RATINGS

Over the course of 1993-94, the credit ratings profile of the States were adjusted further reflecting evidence of improved economic and financial management performance. In February 1994, Moody's Investors Service upgraded the rating assigned to Victoria to Aa3 from A1, while 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 10.12: State Domestic Credit Ratings, 30 June 1994

	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	Aa3	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-

CREDIT RATINGS AND THE COST OF DEBT

The emergence of a tiered credit structure between the States produced a pronounced divergence in debt costs. This variation in costs is a reflection of the higher yields faced by sub-triple A issuers.

During 1993-94 the average yield differential between triple A and double A rated securities was between 0.25 and 0.35 per cent. This implies that a down grade from triple A to double A would increase new debt costs by around 1/3 per cent per annum. This would add slightly under \$20 million to the New South Wales public sector interest bill in the first year, building up to over \$50 million after five years. However, these costs reflect a marked fall from the previous financial year, possibly reflecting a decline in investors' concerns about credit differentials.

Appendices:

- A. Guide to the Budget Papers, the Budget Process and Financial Documents**
- B. 1993-94 Budget Result - 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 policy" (i.e. non-commercial) programs.

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. Pacific Power, the Water Board), 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 Ministerial direction or 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, all Government receipts obtained by compulsion (i.e. taxes, fines and regulatory fees) are included, as well as all own source receipts of Budget Sector agencies (user charges, donations, industry contributions, etc). The latter are retained by the agency rather than paid into the Consolidated Fund and are not subject to Parliamentary appropriation and control.

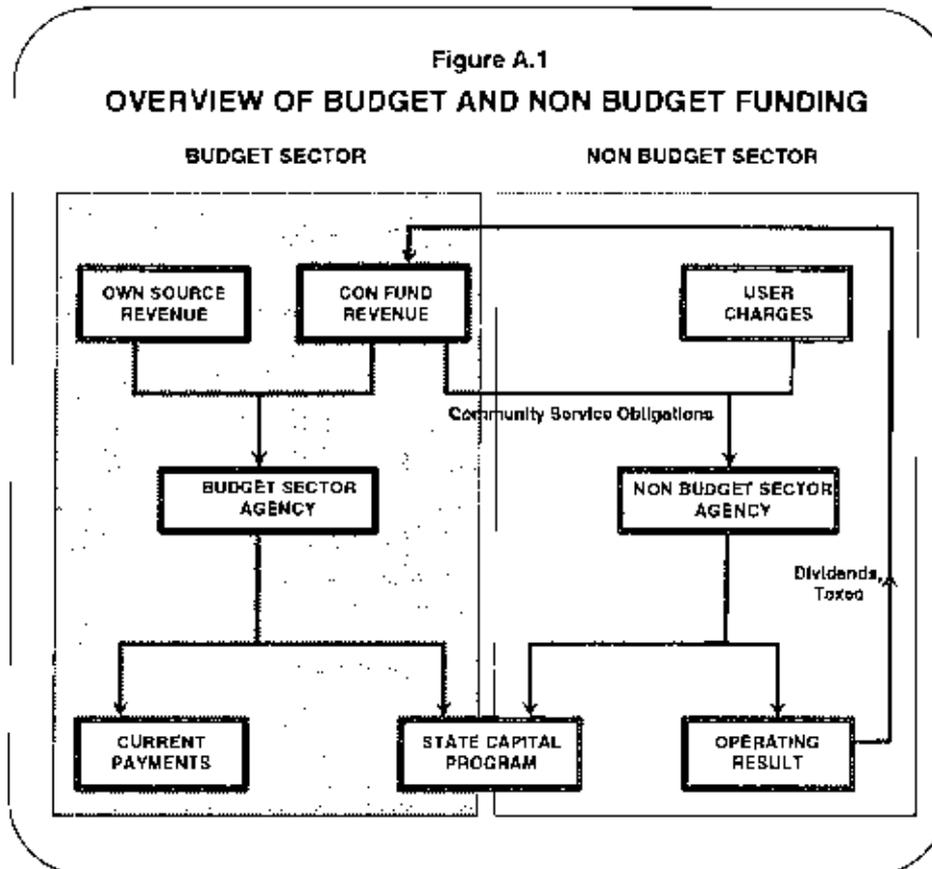
The financial transactions of Non Budget Sector agencies do not generally appear in the Budget. However, there are two exceptions -

- explicit payments for "social policy" 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; 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 source nevertheless has the characteristic of a tax in that it is 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 AND CAPITAL PROGRAM PROCESS

Both the Budget and Capital Program operate broadly on an annual cycle. The major milestones are summarised in the following table.

Budget and Capital Program Cycle

	Budget Cycle	Capital Program Cycle	Other Major Relevant Events
November/ December	Update forward Budget estimates (i.e. 3 year rolling budget allocation) and release to Ministers Meeting of ERC to review current year Budget position and forward estimates	Seek Capital Program proposals from Budget and Non Budget Sector agencies	
January	Receipt of Ministers' submissions detailing maintenance disputes and enhancement bids		CEO/Heads of Central agencies meeting
February	Review of Budget submissions	Receipt of Capital Program bids	Premier's Ministerial Meetings
March/June	Meetings of ERC to set Budget strategy, set targets for Budget Sector capital program and finalise Budget allocations	Meetings of Capital Works Committee to determine capital program	Premiers' Conference and Loan Council Meetings (March)
June	Issue Budget allocation letters	Issue Capital allocation letters	Revised Corporate Plans finalised by agencies
July			CEOs report on Performance Agreement
August	Final revenue review Finalise previous year's Budget result Meeting of ERC to review final Budget position and results for previous year		Agencies finalise annual reports
September	Presentation of Budget	Presentation of Capital Program in Budget Papers	

The Ministerial Expenditure Review Committee (ERC) has responsibility for developing Budget strategy, overseeing the budget preparation process and monitoring the budget position within the year. The Committee also sets the broad parameters for the Budget Sector Capital Program in order to assist the Ministerial Capital Works Committee.

The Ministerial Capital Works Committee (CWC) is 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.

While it focuses on the Budget, it also covers broadly the State Capital Program. 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.

- **Social Indicators**

Discussion of trends in social and demographic factors and their implications for government policies and expenditure.

- **Budget Receipts**

Detailed information on Budget measures, Budget year receipts by category, together with summary information for the two forward years.

- **Budget Current Payments**

Description of current payments both by policy area and by Minister/agency, covering recent trends, key issues and major measures and initiatives included in the Budget.

- **Budget Capital Payments**

Description of capital payments both by policy area and by Minister/agency, covering recent trends, key issues and major 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. Four main areas covered are - financial strategy, financial systems and reporting, devolution of authority and value for money.

- **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 Bill (Budget Paper No. 5).

State Capital Program (Budget Paper No. 4)

Works-in-progress and new capital works in the Budget Sector with a cost of \$500,000 or more are listed separately, 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 6 of Budget Paper No. 2.

Appropriation Bills (Budget Paper No. 5)

This Budget Paper contains two Bills - the Parliamentary Appropriation Bill and the (general) Appropriation Bill, the latter covering all Budget Sector agencies other than the Parliament.

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;
- payments from the Advance to Treasurer approved in the previous year;
- payments by the Treasurer in the previous year under Section 22 of the Public Finance and Audit Act 1983 approved by the Governor in anticipation of parliamentary approval; 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)

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 is 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 diagramatic form the key elements of the Budget; and
- Community Issues, which is a series of papers prepared by portfolio Ministers highlighting the major issues and initiatives in their portfolio.

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 this year will contain a number of major changes as part of the Government's initiative to improve the whole-of-government financial reporting framework for the NSW Public Sector. The most significant change is that the Public Accounts will comprise a Consolidated Statement of Financial Position, Operating Statement and Cash Flow Statement for the Budget Sector instead of the previous cash-based Statement of Receipts and Payments.

In addition, the new form Public Accounts will include -

- the financial statements for the "Crown" residual reporting entity (covering service-wide transactions of both core and commercial nature);
- the budget result for the current year determined in accordance with the Government Finance Statistics principles;
- information on financial assets and liabilities relating to the General Government Sector, the Public Trading Enterprises Sector and the two sectors combined; and
- a number of supplementary tables as disclosed in the old Public Accounts covering such matters as a Summary Statement of the Consolidated Fund, trust funds and loan liabilities owing to the Commonwealth.

New South Wales is the first and only jurisdiction in Australia to publish the actual Budget result in its audited whole-of-government financial report. The requirement to publish financial assets and liabilities information in the Public Accounts has arisen from a decision made at the May 1991 Premiers' Conference at which it was agreed that all jurisdictions should publish such information annually on a uniform basis. This was an initiative brought about by the NSW Government and is generally seen as a milestone in public sector financial management reform.

Consolidated Financial Statements for the New South Wales Public Sector

The Consolidated Statements is released each year around December and present comprehensive (i.e. accrual) information on the Budget, Non Budget and Total State Sectors. An Income and Expenditure Statement a Statement of Financial Position (i.e. balance sheet) and a Cash Flow Statement are produced.

The Auditor-General's Reports

The Public Finance and Audit Act 1983 requires the Auditor-General to audit the Public Accounts and provide an opinion thereon to the Treasurer.

Each year, the Auditor-General also submits to Parliament a comprehensive Report comprising three Volumes.

Volume II of the Report covers the Public Accounts and Budget Sector agencies and comments specifically on -

- Commonwealth payments to the State;
- the Consolidated Fund;
- the Special Deposits Account; and
- the State's debt.

Volume III of the report provides comments and reports on the financial statements of the State's statutory bodies. Volume I covers those statutory bodies with a non 30 June balance date.

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, where practicable, 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 administrative efficiency and reducing the costs of programs.

Appendix B: 1993-94 Budget - Summary of Variations

Category/Agency	Budget	Actual	Variation	Comment on Major Variations
	\$m	\$m	\$m	
CURRENT OUTLAYS				
Interest Payments				
Roads and Traffic Authority	144.1	120.2	(-) 23.9	Lower than expected interest rates.
Other	1,604.0	1,605.3	1.3	
Total	1,748.1	1,725.5	(-) 22.6	
Superannuation				
Crown Transactions	948.5	984.7	36.2	Due mainly to additional funding to reduce unfunded liabilities of the closed public sector superannuation schemes (\$30m)
Other	11.1	1.4	(-) 9.7	
Total	959.6	986.1	26.5	
Subsidies to Non Budget Sector Agencies - Redundancies				
Department of Transport	125.0	141.7	16.7	Increased funding to the State Rail Authority due to higher numbers of voluntary redundancies and an adjustment of payouts to staff who have previously taken up redundancy.
Other	12.3	12.5	0.2	
Total	137.3	154.2	16.9	

Appendix B: 1993-94 Budget - Summary of Variations

Category/Agency	Budget	Actual	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Subsidies to Non Budget Sector Agencies - Other				
Department of Housing	72.1	27.6	(-) 44.5	Savings on taxation concessions for housing activities (\$8.4m) and reclassification of expenditure to capital (\$36.1m).
Other	781.2	784.4	3.2	
Total	853.3	812.0	(-) 41.3	
Departmental Payments - Redundancies				
Department of Health	5.0	20.6	15.6	Higher than budgeted payments associated with Rural Health restructure, and the re-organisation of services associated with the integration of Concord Hospital and Prince of Wales/Prince Henry hospitals.
Roads and Traffic Authority	35.0	42.7	7.7	Higher than anticipated number of acceptances.
Other	6.0	5.8	(-) 0.2	
Total	46.0	69.1	23.1	
Departmental Payments - Other				
Rate Rebates for Pensioners	48.0	56.8	8.8	Introduction of transitional water rate rebates following the move to usage pricing.
Premier's Department	106.0	51.0	(-) 55.0	Reclassification of Olympics 2000 funds (\$60m), additional funding provided for Office of Olympic Co-ordination (\$1.6m), Olympic Games Bid (\$1.4m), increased assistance to industries (\$5m) and other general activities.

Appendix B: 1993-94 Budget - Summary of Variations

Category/Agency	Budget	Actual	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Department of Health	4,694.1	4,535.2	(-) 158.9	Reallocation to the capital program for plant and equipment purchases (\$43.6m) and other projects to improve hospitals (\$39m), savings in salaries to fund redundancies (\$15.6m), and underexpenditure on additional Commonwealth funds received late in year which have now been included in 1994-95 estimates (\$60m).
Crown Transactions	112.9	287.0	174.1	Mostly due to an increase in workers' compensation costs to fund a shortfall in premiums for the period 1991-92 to 1993-94 (\$63m), provision for past public liability claims (\$45m), additional funding for long service leave payments (\$18m), an increase in refunds and remissions due to exemption from stamp duties of Pacific Power's restructure (\$14m), the government's guarantee to the State Bank for Letona Co-operative Limited (\$9m), and a long service leave payout for Government Cleaning Service employees (\$20m).
Rural Assistance Authority	74.9	61.7	(-) 13.2	Less than anticipated expenditure on Commonwealth/State Rural Adjustment Scheme (\$13.4m), mainly due to fewer wool growers being able to meet the Commonwealth's 'exceptional circumstances' eligibility criteria.
Attorney General's Department	72.5	95.7	23.2	Mainly due to higher than expected payments from the Victims Compensation Tribunal (\$20m), and an increase in the work performed by the Crown Solicitor's Office (\$5.7m).
Police Service of NSW	813.5	781.2	(-) 32.3	Reclassification of plant and equipment items from current to capital (\$16.6m), savings on funding provided for enterprise agreements (\$7.3m) and other general savings.
Department of Corrective Services	244.9	253.7	8.8	Additional start up costs of new facilities and higher than anticipated inmate numbers.
Department of Water Resources	72.6	79.1	6.5	Increased payments funded by higher than expected user charges and Commonwealth (National Landcare) funding.
Department of School Education	3,210.3	3,197.8	(-) 12.5	Award costs in excess of Budget (\$4.9m) and additional grants to schools for computer technology (\$11m); offset by "demand driven" salaries savings (\$6.7m), reduced school cleaning costs (\$7.9m), savings in specific purpose programs (\$12m) and other net savings on initial Budget allocation (\$1.8m).

Appendix B: 1993-94 Budget - Summary of Variations

Category/Agency	Budget	Actual	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Department of Community Services	818.6	839.7	21.1	Mostly due to additional funding provided for special initiatives (\$9m), changed treatment of a grant to Department of Housing (\$8m), and the filling of vacant positions.
Department of Bush Fire Services	11.1	22.6	11.5	Increase has resulted from revised funding arrangements allowing increased reimbursements to councils for bushfire fighting costs (\$3.7m), and costs associated with the January bushfires (\$7.1m).
Department of Industrial Relations, Employment, Training and Further Education	112.5	104.4	(-) 8.1	Reclassification of some employment and training grants as relating to the Budget Sector (\$6m) and the transfer of current funds to capital (\$2m).
Department of Agriculture	167.4	176.8	9.4	Increase mainly due to additional funding provided for control of noxious weeds and animals (\$2.9m) and drought transport subsidies (\$0.8m), increased operating costs funded by industry (\$2.3m), and increased expenditure on research grants funded from cash balances (\$2.4m).
National Parks and Wildlife Service	63.8	72.3	8.5	Mainly due to bush fire fighting costs (\$4.6m), unbudgeted research studies and employment schemes (\$3.3m) and an inquiry into bushfires (\$0.4m).
Other	2,706.3	2,720.9	14.6	
Total, Departmental Payments - Other	13,329.4	13,335.9	6.5	
Treasurer's Advance	100.0	...	(-) 100.0	Although the Treasurer's Advance was fully expended, the expenditure is shown under the various relevant categories.
less User Charges				
Department of Health	816.8	778.9	(-) 37.9	Mainly due to a shortfall in patient fee revenue (\$29m) and an expected dividend from the Treasury Managed Fund not being received (\$14m).
Crown Transactions	28.5	43.6	15.1	Mostly due to an increase in rental income from Crown property.

Appendix B: 1993-94 Budget - Summary of Variations

Category/Agency	Budget	Actual	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Police Service of NSW	12.9	21.2	8.3	Mostly due to an unbudgeted Managed Fund dividend (\$3.5m).
Department of School Education	16.0	22.0	6.0	Largely relates to publication sales in excess of Budget.
Roads and Traffic Authority	62.8	77.4	14.6	Principally increased road toll collections (\$7.4m), default fines (\$2.1m) and plate fees (\$1.9m).
Other	357.7	389.5	21.8	
Total, User Charges	1,304.7	1,332.6	27.9	
TOTAL, CURRENT OUTLAYS	15,869.0	15,750.2	(-) 118.8	
CURRENT RECEIPTS				
Taxes, Fees and Fines				
Stamp Duty -				
Contracts and Conveyancing	924.4	1,169.1	244.7	Property sales higher than expected.
Loan Securities	103.5	121.0	17.5	Higher than expected level of residential lending
Share Transfers	210.0	280.3	70.3	Share market activity above anticipated level.
Motor Vehicle Registrations	241.0	264.0	23.0	Stronger than projected growth in vehicle sales.
Land Tax	477.0	519.2	42.2	Higher than expected collection rate for 1994 tax year and higher than projected issue of prior year assessments.
Debits Tax	296.0	306.1	10.1	Economic activity stronger than anticipated.

Appendix B: 1993-94 Budget - Summary of Variations

Category/Agency	Budget	Actual	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Motor Vehicle Weight Tax	590.0	599.6	9.6	Stronger than expected growth in the sale of motor vehicles.
Poker Machine Tax	310.0	347.7	37.7	Expanded betting options and strong marketing drives by clubs.
Lotteries and Lotto	229.2	246.6	18.4	Higher than expected revenue from anniversary draw and jackpot draws and additional dividend paid by NSW Lotteries.
Police Service of NSW	143.0	125.7	(-) 17.3	Issue of infringements below anticipated level.
Department of Bush Fire Services	10.7	28.1	17.4	Reflects changed funding arrangements approved by Parliament.
Other	5,699.8	5,719.0	19.2	
Total, Taxes, Fees and Fines	9,233.6	9,726.4	492.8	
Income from Government Trading Enterprises				
State Fleet Services	44.0	...	(-) 44.0	Negotiations with the private sector regarding the extension of the motor vehicle leasing arrangements were not completed by the end of June 1994.
Other	1,070.9	1,064.1	(-) 6.8	
Total, Income from Government Trading Enterprises	1,114.9	1,064.1	(-) 50.8	
Commonwealth Grants				
Financial Assistance Grant	4,004.1	3,959.7	(-) 44.4	Revised CPI affecting the total to be paid to the State.
Debt Redemption Assistance	19.2	36.9	17.7	Additional funding from the Commonwealth for prepaid loans.

Appendix B: 1993-94 Budget - Summary of Variations

Category/Agency	Budget	Actual	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Other	2,460.1	2,464.4	4.3	
Total, Commonwealth Grants	6,483.4	6,461.0	(-) 22.4	
Other Current Receipts				
Crown Receipts -				
Sale of Crown land	71.5	50.0	(-) 21.5	Delayed sale of homesites due to effect of 'Mabo' legislation.
Interest on Crown Accounts	27.0	39.0	12.0	Better return on higher than projected cash balances.
Other	343.4	357.2	13.8	
Agency Receipts -				
Department of Health	84.0	154.7	70.7	Mainly due to variations in budget projections for hospitals' own source revenues (\$30m), industry contributions (\$21m) and interest receipts (\$9.5m)
Department of Conservation and Land Management	41.3	58.1	16.8	Unanticipated revenue from long term lease arrears for the Intercontinental Hotel site (\$4.4m), and unforeseen appropriations of Crown land by Government agencies (\$10.2m).
Department of Community Services	3.0	14.5	11.5	Additional Commonwealth funding (\$5.6m) and contribution from the Department of Housing for hostel upgrading (\$2.1m)
National Parks and Wildlife Service	7.2	19.8	12.6	Additional funds received for Commonwealth funded employment schemes (\$6m), research studies, and firefighting costs recovered (\$3.7m).
Department of Industrial Relations, Employment, Training and Further Education	8.5	14.0	5.5	Unanticipated funding from the Australian National Training Authority to run the Career Start Traineeship Providers and Australian Vocational Certificate programs.

Appendix B: 1993-94 Budget - Summary of Variations

Category/Agency	Budget	Actual	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Department of Transport	...	4.6	4.6	Botany Bay landfill compensation (\$2.6m) and contributions by other Government agencies for various projects (\$2m).
Other	25.6	39.8	14.2	
Total, Other Current Receipts	611.5	751.7	140.2	
TOTAL, CURRENT RECEIPTS	17,443.4	18,003.2	559.8	
CURRENT FINANCIAL RESULT	(-)1,574.4	(-)2,253.0	(-) 678.6	

Appendix B: 1993-94 Budget - Summary of Variations

Category/Agency	Budget	Actual	Variation	Comment on Major Variations
	\$m	\$m	\$m	
CAPITAL OUTLAYS				
Gross Fixed Capital Payments				
Department of Health	310.2	385.2	75.0	Increase is due to plant and equipment purchases now accounted for in capital program offset by savings in current payments (\$43.6m), and additional expenditure financed from transfers from the current budget and internal funds (\$31.4m).
Police Service of NSW	31.4	51.7	20.3	Additional funding for plant and equipment and property purchases (\$5.7m) and reclassification of plant and equipment items from current to capital (\$16.6m).
Roads and Traffic Authority	1,381.2	1,467.4	86.2	Increases in the roads maintenance program as a result of a net increase in agency revenues (\$48.7m), and use of cash balances to fund natural disaster restoration and other urgent works (\$37.5m).
Other	760.2	760.4	0.2	
Total, Gross Fixed Capital Payments	2,483.0	2,664.7	181.7	
Movements in Inventories	(-) 1.7	(-) 1.9	(-) 0.2	
Capital Grants				
Department of Transport	601.0	586.1	(-) 14.9	Principally delays in the construction of commuter car parking and bus/rail interchanges (\$10m) and decreased capital grants to the State Rail Authority (\$6m).
Community Service Obligations -				
Property Services Group	59.3	100.7	41.4	Additional land purchases (\$51.2m) offset by a reduction in Commonwealth funding for Building Better Cities (\$12.8m).
Department of Housing	488.9	470.2	(-) 18.7	Reduction in Commonwealth funding (\$21m), overestimation of Budget estimates (\$20.4m) partly offset by expenditure transferred from recurrent (\$22.7m).

Appendix B: 1993-94 Budget - Summary of Variations

Category/Agency	Budget	Actual	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Office of the Minister for Public Works and Ports	131.8	151.2	19.4	Early payout of Alternate Funding Subsidy Scheme loans taken out by local government prior to the mid 1980's to fund the Government's share of Country Towns Water Supply and Sewerage Scheme projects.
Other	148.2	142.4	(-) 5.8	
Total, Capital Grants	1,429.2	1,450.6	21.4	
Advances Made to the Non Budget Sector				
Crown Transactions	13.5	6.0	(-) 7.5	Reclassification of an advance paid to the Home Care Service (\$4.3m) as being within the Budget Sector, and a Soil Business advance that was not taken up.
Other	14.3	12.1	(-) 2.2	
Total, Advances made	27.8	18.1	(-) 9.7	
TOTAL, CAPITAL PAYMENTS	3,936.3	4,131.5	193.2	
Less Advances repaid to the Budget Sector				
Office of Energy	116.1	79.9	(-) 36.2	Original estimate of the repayment of Electricity Development Fund advances revised on advice from Treasury Corporation and the rise in interest rates which has reduced the net present value of the refinanced loans.
Other	152.3	168.7	16.4	
Total, Advances repaid	268.4	248.6	(-) 19.8	

Appendix B: 1993-94 Budget - Summary of Variations

Category/Agency	Budget	Actual	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Less Asset Sales	109.3	105.1	(-) 4.2	
TOTAL, CAPITAL OUTLAYS	3,560.6	3,777.8	217.2	
CAPITAL RECEIPTS				
Commonwealth Grants				
Building Better Cities	72.8	60.0	(-) 12.8	Reduction in Commonwealth funding.
Technical and Further Education	72.2	79.4	7.2	Additional Commonwealth funding provided for calendar year 1994.
Other	939.6	945.1	5.5	
Total	1,084.6	1,084.5	(-) 0.1	
Other Capital Receipts	11.4	9.9	(-) 1.5	
TOTAL, CAPITAL RECEIPTS	1,096.0	1,094.4	(-) 1.6	
CAPITAL FINANCIAL RESULT	2,464.6	2,683.4	218.8	
TOTAL FINANCIAL RESULT	890.2	430.4	(-) 459.8	

Appendix C: Public Sector Employment

Sector	June 1989		June 1990		June 1991		June 1992		June 1993		June 1994	
	'000	% change	'000	% change	'000	% change	'000	% change	'000	% change	'000	% change
General Government -												
Budget	224.5	0.2	224.8	0.1	227.8	1.3	221.1	(2.9)	224.5	1.5	222.5	(0.9)
Non Budget	22.0	(1.7)	19.8	(10.0)	18.1	(8.4)	16.8	(7.1)	15.8	(6.3)	9.4	(40.6)
Public Trading Enterprises	66.1	(10.3)	60.1	(9.1)	55.6	(7.4)	52.4	(5.9)	48.3	(7.7)	44.1	(8.7)
Public Financial Enterprises	9.3	2.5	9.7	5.2	9.7	(0.5)	9.5	(2.3)	5.7	(40.2)	5.4	(5.4)
Total Public Sector	321.9	(2.2)	314.4	(2.3)	311.2	(1.0)	299.8	(3.7)	294.3	(1.8)	281.4	(4.4)
Total NSW Labour Force	2,751.5	1.7	2,804.4	1.9	2,827.3	0.8	2,873.4	1.6	2,867.2	(0.2)	2,916.5	1.7

Source: NSW Public Sector Employment Statistics; Labour Force: Australian Bureau of Statistics Catalogue No. 6203 0.

Appendix C: Public Sector Employment

Minister/Agency	June 1993			June 1994		
	Budget Sector	Non Budget Sector	Total	Budget Sector	Non Budget Sector	Total
The Legislature						
The Legislature	605	..	605	614	...	614
Total, Legislature	605	...	605	614	...	614
Premier and Minister for Economic Development						
Government Actuary	...	11	11	...	11	11
Auditor General	...	185	185	...	192	192
Cabinet Office	79	...	79	87	...	87
State Electoral Office	26	3	29	32	3	32
Independent Commission Against Corruption	144	...	144	124	...	124
Ombudsman's Office	69	...	69	69	...	69
Parliamentary Counsel's Office	48	...	48	39	...	39
Premier's Department	383	...	383	389	...	389
Government Pricing Tribunal	16	...	16	14	...	14
Total, Premier and Minister for Economic Development	765	199	964	753	206	956
Minister for Agriculture and Fisheries and Minister for Mines						
Department of Agriculture	3,216	...	3,216	2,973	...	2,973
Coal Compensation Board	41	...	41	43	...	43
Dairy Corporation	...	126	126	...	123	123
Fish Marketing Authority	...	48	48	...	45	45
New South Wales Fisheries	329	...	329	339	...	339
Sydney Market Authority	...	76	76	...	70	70
Meat Authority	...	21	21	...	20	20
Department of Minerals and Energy	417	...	417	409	...	409
Mines Subsidence Board	...	36	36	...	37	37
Rural Assistance Authority	75	...	75	68	...	68
Total, Minister for Agriculture and Fisheries and Minister for Mines	4,078	307	4,385	3,932	295	4,127
Attorney General and Minister for Justice						
Attorney General's Department	454	...	454	448	...	448
Barristers and Solicitors Admission Board	...	10	10	...	10	10
State Compensation Court	...	180	180	...	179	179
Department of Corrective Services	4,145	...	4,145	4,183	...	4,183
Department of Courts Administration	3,354	...	3,354	3,213	...	3,213
Judicial Commission	21	...	21	23	...	23
Department of Juvenile Justice	889	...	889	960	...	960
Legal Aid Commission	483	...	483	496	...	496
Motor Accident Authority	...	24	24	...	26	26
Office of the Director of Public Prosecutions	502	...	502	502	...	502
Registrar, Births, Deaths and Marriages	...	141	141	...	121	121
Public Trust Office	...	463	463	...	459	459
Total, Attorney General and Minister for Justice	9,848	618	10,666	9,825	795	10,620

Appendix C: Public Sector Employment

Minister/Agency	June 1993			June 1994		
	Budget Sector	Non Budget Sector	Total	Budget Sector	Non Budget Sector	Total
Chief Secretary and Minister for Administrative Services						
Casino Control Authority	14	...	14	16	...	16
Chief Secretary's Department	245	..	245	242	...	242
Office of the Chief Secretary and Minister for Administrative	17	...	17	17	...	17
Commercial Services Group	...	6,448	6,448	...	630	630
State Lotteries Office	...	256	256	...	245	245
Total, Chief Secretary and Minister for Administrative Services	276	6,704	6,980	275	875	1,150
Minister for Community Services, Minister for Aboriginal Affairs and Minister for the Ageing						
Department of Community Services	9,693	..	9,693	10,017	...	10,017
Social Policy Directorate	28	...	28	40	...	40
Office of Aboriginal Affairs	22	...	22	23	...	23
Total, Minister for Community Services, Minister for Aboriginal Affairs and Minister for the Ageing	9,743	...	9,743	10,080	..	10,080
Minister for Consumer Affairs						
Department of Consumer Affairs	503	...	503	504	...	504
Honour Fund Commissioner's Office	...	...	...	22	...	22
Motor Vehicle Repair Industry Council	..	34	34	...	32	32
Registrar of Encumbered Vehicles	...	47	47	...	45	45
Total, Minister for Consumer Affairs	503	81	584	526	77	603
Minister for Education, Training and Youth Affairs and Minister for Tourism						
School Furniture Complex	..	141	141	...	...	...
Ministry for Education and Youth Affairs	339	...	339	391	..	391
Department of School Education	66,969	...	66,969	62,634	...	62,634
TAFE Commission	19,309	...	19,309	18,583	...	18,583
Teacher Housing Authority	...	14	14	..	14	14
Tourism Commission	156	...	156	149	...	149
Total, Minister for Education, Training and Youth Affairs and Minister for Tourism	86,773	155	86,928	81,757	14	81,771
Minister for Energy and Minister for Local Government and Co-operatives						
Office of Energy	113	...	113	109	...	109
Department of Local Government and Co-operatives	175	..	175	175	...	175
Property Services Group	...	257	257	...	284	284
Total, Minister for Energy and Local Government and Co-operatives	288	257	545	284	284	568

Appendix C: Public Sector Employment

Minister/Agency	June 1993			June 1994		
	Budget Sector	Non Budget Sector	Total	Budget Sector	Non Budget Sector	Total
Minister for the Environment						
Environment Protection Authority	645	...	645	635	...	635
Lord Howe Is. and Board	...	46	46	...	113	113
National Parks and Wildlife Service	1,171	...	1,171	1,197	...	1,197
Royal Botanic Gardens	292	...	292	276	...	276
Urban Parks Agency	91	...	91	88	...	88
Waste Recycling and Processing	...	116	116	...	121	121
Zoological Parks Board	...	310	310	...	296	296
Total, Minister for the Environment	2,199	472	2,671	2,196	530	2,726
Minister for Health						
NSW Cancer Council	...	107	107	...	132	132
Department of Health	74,965	...	74,965	78,162	...	78,162
Medical Board	...	14	14	...	14	14
Pharmacy Board	...	6	6	...	6	6
Health Registration Boards	...	41	41	...	41	41
Total, Minister for Health	74,965	168	75,133	78,162	193	78,355
Minister for Industrial Relations and Employment and Minister for the Status of Women						
Adult Migrant Education Service	...	756	756	...	656	656
Building and Construction Industry Long Service Payments Corp.	...	72	72	...	50	50
Coal Miners Superannuation Fund	...	30	30	...	16	16
Department of Industrial Relations, Employment, Training and Further Education	792	...	792	842	...	842
Ministry for the Status and Advancement of Women	21	...	21	48	...	48
State Superannuation Management and Investment Corporation	...	578	578	...	555	555
Workcover Authority	...	827	827	...	859	859
Total, Minister for Industrial Relations and Employment and Minister for the Status of Women	813	2,253	3,076	890	2,136	3,026
Minister for Land and Water Conservation						
Broken Hill Water Board	...	87	87	...	84	84
Department of Conservation and Land Management	1,464	200	1,664	1,586	182	1,768
State Forests of New South Wales	...	1,525	1,525	...	1,513	1,513
Jenolan Caves Reserve Trust	...	41	41	...	37	37
Land Titles Office	...	734	734	...	695	695
Valuer General's Office	...	359	359	...	343	343
Department of Water Resources	1,023	604	1,627	1,007	566	1,573
Total, Minister for Land and Water Conservation	2,487	3,550	6,037	2,593	3,420	6,013

Appendix C: Public Sector Employment

Minister/Agency	June 1993			June 1994		
	Budget Sector	Non Budget Sector	Total	Budget Sector	Non Budget Sector	Total
Minister for Multicultural and Ethnic Affairs						
Ethnic Affairs Commission	90	..	90	103	...	103
Total, Minister for Multicultural and Ethnic Affairs	90	..	90	103	...	103
Minister for Planning and Minister for Housing						
Building Services Corporation	..	201	201	...	193	193
Sydney Cove Redevelopment	...	44	44	...	43	43
Darling Harbour Authority	..	58	58	...	69	69
Home Purchase Assistance Authority	..	40	40	..	48	48
Department of Housing	...	1,962	1,962	...	1,848	1,848
Hunter Water Corporation	...	908	908	...	775	775
Pacific Power	..	5,865	5,865	...	5,752	5,752
Department of Planning	393	..	393	413	..	413
Raa' Estate Services Council	...	60	60	...	59	59
Rental Bond Board	...	77	77	...	78	78
The Water Board	...	8,629	8,629	...	7,360	7,360
Total Minister for Planning and Minister for Housing	393	17,844	18,237	413	16,225	16,638
Minister for Police and Minister for Emergency Services						
Department of Bush Fire Services	53	...	53	58	...	58
NSW Crime Commission	81	..	81	69	...	69
State Emergency Service	81	...	81	78	...	78
Fire Brigades of NSW	3,282	..	3,282	3,276	...	3,276
Police Service of NSW	16,217	..	16,217	16,249	...	16,249
Ministry for Police and Emergency Services	30	..	30	33	...	33
Total, Minister for Police and Minister for Emergency Services	19,744	...	19,744	19,763	...	19,763
Minister for Public Works and Minister for Ports						
Office of the Minister for Public Works and Ports	20	..	20	22	...	22
Public Works Department	...	2,464	2,464	...	2,099	2,099
Total, Minister for Public Works and Minister for Ports	20	2,464	2,484	22	2,099	2,121
Minister for Small Business and Minister for Regional Development						
Department of Business and Regional Development	168	...	168	169	...	169
Total, Minister for Small Business and Minister for Regional Development	168	...	168	169	...	169

Appendix C: Public Sector Employment

Minister/Agency	June 1993			June 1994		
	Budget Sector	Non Budget Sector	Total	Budget Sector	Non Budget Sector	Total
Minister for Sport, Recreation and Racing						
Sydney Cricket Ground and Sports Ground Trust	..	43	43	..	52	52
Eastern Creek Raceway	...	14	14	..	14	14
Greyhound Racing Control Board	...	27	27	..	26	26
Harness Racing Authority of New South Wales	..	38	38	...	38	38
Department of Sport, Recreation and Racing	377	...	377	383	..	383
Sydney Sports Centre Trust	...	41	41	...	34	34
Totalizer Agency Board	...	768	768	...	771	771
Total, Minister for Sport, Recreation and Racing	377	931	1,308	383	935	1,319
Minister for Transport and Minister for Roads						
Maritime Services Board	...	1,120	1,120	...	615	615
State Rail Authority - Operations	...	22,406	22,406	...	20,896	20,896
State Rail Authority - Capital	...	392	392	...	371	371
Roads and Traffic Authority	7,970	..	7,970	7,492	...	7,492
State Transit Authority	...	3,950	3,950	...	3,740	3,740
Department of Transport	204	..	204	211	..	211
Total, Minister for Transport and Minister for Roads	8,174	27,868	36,042	7,703	25,622	33,325
Treasurer and Minister for Arts						
Museum of Applied Arts and Sciences	360	...	360	369	...	369
Archives Authority of New South Wales	52	32	84	49	31	80
Ministry for the Arts	46	...	46	45	...	45
Australian Museum	246	...	246	256	...	256
State Bank	...	5,196	5,196	...	4,893	4,893
Film and Television Unit	10	...	10	12	...	12
Art Gallery of New South Wales	166	...	166	156	...	156
Historic Houses Trust	82	...	92	101	...	101
Internal Audit Bureau	...	18	18	...	17	17
State Library	427	...	427	429	...	429
Sydney Opera House	...	376	376	...	440	440
NSW Treasury	772	...	772	786	...	786
Treasury Corporation	...	71	71	...	75	75
Total, Treasurer and Minister for Arts	2,170	6,693	7,863	2,203	5,457	7,660
TOTAL, ALL MINISTERS	220,401	69,467	289,868	218,714	58,868	277,579

Appendix D: Classification of Agencies

Agency/Activity	ABS Category		Budget Category	
	General Government	Public Trading Enterprise	Budget Sector	Non Budget Sector
Aboriginal Affairs, Office of	-		*	
Aboriginal Land Council, New South Wales	*			*
Adult Migrant English Service	-			*
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 (incl Victims Compensation Fund)	*		-	
Audit Office, NSW	*			*
Australian Museum	-		*	
Banana Industry Committee	-			*
Barristers Admission Board	*			-
Broken Hill Water Board		*		*
Building and Construction Industry Long Service Leave Payments Corporation	*			*
Building Services Corporation (b)	*			*
Bush Fire Services, Department of	*		*	
Business and Regional Development, Department of	*		*	
Cabinet Office	*		-	
Cancer Council of New South Wales	-			*
Capital Works Financing Corporation	-			*
Casino Control Authority	*		*	
Chief Secretary's Department	*		*	
Chief Secretary and Minister for Administrative Services, Office of	*		*	
Chipping Norton Lake Authority	-			*
City West Development Corporation	*			*
Coal and Oil Shale Mine Workers Superannuation Tribunal	*			*
Coal Compensation Board	*		*	
Coal Mining Industry Long Service Leave Trust Fund	-			*
Coal Miners Superannuation Fund (c)	*			*
Coastal Council of New South Wales	*			*
Cobar Water Board		*		-
Commercial Fishing Advisory Council	*			*
Commercial Services Group, all business units	*			*
- NSW Government Telecommunications Authority	*			*

Appendix D: Classification of Agencies (cont)

Agency/Activity	ABS Category		Budget Category	
	General Government	Public Trading Enterprise	Budget Sector	Non Budget Sector
Community Services Commission	*		*	
Community Services, Department of (incl Home Care Service of NSW)	*		*	
Conservation and Land Management, Department of	*		*	
- Land Titles Office	*			*
- Soil Business	*			*
- Surveyors Board	*			*
- Valuer General's Office	*			*
Consumer Affairs, Department of	*		*	
- Registrar of Encumbered Vehicles	*			*
- Financial Counselling Trust Fund	*			*
Corrective Services, Department of	*		*	
Courts Administration, Department of	*		*	
Crime Commission, New South Wales	*		*	
Crown Transactions	*		*	
Dairy Corporation	*			*
Dairy Industry Conference	*			*
Dam Safety Committee	*			*
Darling Harbour Authority	*			*
Dental Board	*			*
Oumaresq-Barwon Border Rivers Commission	*			*
Eastern Creek Raceway	*			*
Education and Youth Affairs, Ministry of	*		*	
Electricity Distribution Authorities -				
Central West Electricity		*		*
Illawarra Electricity		*		*
Monaro Electricity		*		*
Murray River Electricity		*		*
Murrumbidgee Electricity		*		*
Namoi Valley Electricity		*		*
New England Electricity		*		*
North West Electricity		*		*
Northern Riverina Electricity		*		*
Northern Rivers Electricity		*		*
Ophir Electricity		*		*
Oxley Electricity		*		*
Peel Cunningham Electricity		*		*
Prospect Electricity		*		*
Shortland Electricity		*		*
Southern Tablelands Electricity		*		*
Southern Mitchell Electricity		*		*
Southern Riverina Electricity		*		*
Sydney Electricity		*		*
South West Slopes Electricity		*		*
Tumut River Electricity		*		*

Appendix D: Classification of Agencies (cont)

Agency/Activity	ABS Category		Budget Category	
	General Government	Public Trading Enterprise	Budget Sector	Non Budget Sector
Electricity Distribution Authorities - (cont)				
Ulan Electricity		*		*
Western Power - Macquarie		*		*
Energy, Office of	*		*	
- Electricity Council of NSW	*			*
- Gas Council of NSW	*			*
Environment Protection Authority	*		*	
Ethnic Affairs Commission	*		*	
Film and Television Office, New South Wales	*		*	
Financial Institutions Commission, New South Wales	*			*
Fire Brigades, New South Wales	*		*	
Fisheries, New South Wales	*		*	
Fish Marketing Authority, NSW		*		*
Fish River Water Supply Authority		*		*
Geological and Mining Museum Trust	*			*
Government Actuary	*			*
Government Pricing Tribunal	*		*	
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 Boards	*			*
Heritage Conservation Fund	*			*
Historic Houses Trust	*		*	
Homebush Bay Development Corporation	*		*	
HomeFund Commissioner's Office	*		*	
Home Purchase Assistance Authority	*			*
Honeysuckle Development Corporation	*			*
Housing, Department of	*			*
Housing, Planning and Urban Affairs, Ministry of	*			*
Hunter Water Corporation		*		*
Hunter Catchment Management Trust	*			*
Independent Commission Against Corruption	*		*	
Industrial Relations, Employment, Training and Further Education, Department of (includes Board of Adult and Community Education, Board of Vocational Education and Vocational and Training Accreditation Board)	*		*	
Insurance Ministerial Corporation	*			*
Insurers Contribution Fund	*			*
Insurers Guarantee Fund	*			*

Appendix D: Classification of Agencies (cont)

Agency/Activity	ABS Category		Budget Category	
	General Government	Public Trading Enterprise	Budget Sector	Non Budget Sector
Internal Audit Bureau	*			*
Jenolan Caves Reserve Trust		*		*
Judicial Commission of New South Wales	*		*	
Juvenile Justice, Department of	*		*	
Lake Illawarra Authority	*			*
Law Reporting, Council of	*			*
Legal Aid Commission of New South Wales	*		*	
Legislature, The	*		*	
Local Government and Co-operatives, Department of	*		*	
Lord Howe Island Board	*			*
Lotteries, NSW		*		*
Marketing Boards -				
Central Coast Citrus	*			*
Dried Fruits	*			*
NSW Grains	*			*
Tobacco Leaf	*			*
Wine Grapes	*			*
Yellow Maize	*			*
Marketing Committees -				
Kiwifruit	*			*
MIA Citrus Fruit	*			*
Processing Tomato	*			*
Maritime Services Board		*		*
Meat Industry Authority NSW	*			*
Mineral Resources, Department of	*		*	
Mines Rescue Board	*			*
Mines Subsidence Board	*			*
Ministerial Development Corporation	*			*
Motor Accidents Authority	*			*
Motor Vehicle Repair Industry Council	*			*
Museum of Applied Arts and Sciences	*		*	
National Parks and Wildlife Service	*		*	
Newcastle International Sports Centre Trust		*		*
Newcastle Showground and Exhibition Centre Trust		*		*
Ombudsman's Office	*		*	
Pacific Power		*		*
Parliamentary Counsel's Office	*		*	
Parramatta Stadium Trust		*		*
Planning, Department of	*		*	
- Sydney Regional Development Fund	*			*
Police and Emergency Services, Ministry for	*		*	
Police Service, The New South Wales	*		*	
Premier's Department	*		*	
Premiums Adjustment Fund	*			*
Property Services Group		*		*
Protective Commissioner	*			*

Appendix D: Classification of Agencies (cont)

Agency/Activity	ABS Category		Budget Category	
	General Government	Public Trading Enterprise	Budget Sector	Non Budget Sector
Public Trustee	*			*
Public Prosecutions, Office of the Director of	*		*	
Public Works and Ports, Office of Minister for	*		*	
Public Works NSW	*			*
Real Estate Services, Office of (incl Rental Bond Board)	*			*
Registry of Births, Deaths and Marriages	*			*
Roads and Traffic Authority	*		*	
Royal Botanic Gardens and Domain Trust	*		*	
Rural Assistance Authority	*		*	
School Education, Department of	*		*	
Social Policy Directorate	*		*	
Solicitors Admission Board	*			*
Somersby Park Pty Ltd	*			*
South-West Tablelands Water Supply Authority		*		*
Sport, Recreation and Racing, Department of	*		*	
State Bank of New South Wales Limited (c)				*
State Electoral Office (includes Election Funding Authority of NSW)	*		*	
- Statutory and Industrial Ballots and Local Government Elections	*			*
State Emergency Service	*		*	
State Forests of NSW	*			*
State Library of NSW	*		*	
State Rail Authority		*		*
State Sports Centre	*			*
State Superannuation Investment and Management Corporation (c)		*		*
State Transit Authority	*			*
Status and Advancement of Women, Ministry for the	*		*	
Sydney Cove Redevelopment Authority	*			*
Sydney Cricket and Sports Ground Trust		*		*
Sydney Market Authority		*		*
Sydney Opera House Trust		*		*
Sydney Organising Committee for the Olympic Games	*			*
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	*			*
Transport, Department of	*		*	
Treasury	*		*	

Appendix D: Classification of Agencies (cont)

Agency/Activity	ABS Category		Budget Category	
	General Government	Public Trading Enterprise	Budget Sector	Non Budget Sector
Treasury Corporation of New South Wales	*			*
Upper Parramatta River Catchment Trust	*			*
Urban Parks Agency	*		*	
Veterinary Surgeons Board NSW	*			*
Waste Recycling and Processing Service		*		*
Water Board, The		*		*
Water Resources, Department of	*		*	
- Lachlan Region Irrigation District		*		*
- Lower Murray/Darling Region Irrigation Areas		*		*
- Murray Region Irrigation Area and Districts		*		*
- Murrumbidgee Region Irrigation Areas and Districts		*		*
Wild Dog Destruction Board	*			*
Wollongong Sportsground Trust		*		*
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 Commonwealth General Government Authority by the Australian Bureau of Statistics.

(b) Insurance Activities treated as a Public Financial Enterprise.

(c) Classified as Public Financial Enterprise by the Australian Bureau of Statistics.

Appendix E: Information by Policy Area and Sector

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
1. LAW, ORDER AND PUBLIC SAFETY				
1.1 Police				
50.1.1 Policy Advice, Co-ordination and Support	3,078	3,342	61	...
51.1.1 Crimes Against the Person	92,123	96,439	6,505	6,029
51.1.2 Crimes Against Property	211,420	221,247	15,030	14,018
51.1.3 Crimes of Vice	30,408	31,754	1,639	1,033
51.1.4 Maintaining Public Order	124,361	130,219	8,626	7,949
51.1.5 Traffic Supervision and Control	163,590	171,512	10,989	10,141
51.2.1 Personnel, Development and Education	46,694	60,798	870	...
51.2.2 Review	15,740	19,991	363	...
51.2.3 Operational Support	97,462	107,874	7,666	1,981
52.1.1 Combating Crime	5,705	7,563	6,501	401
Police	790,581	850,739	58,250	41,552
1.2 Law Courts and Legal Services				
14.1.1 Justice Policy and Planning	5,410	6,532	366	536
14.1.2 Legal Services	7,972	8,082	88	243
14.1.4 Information and Management Services	22,920	18,609	29	525
15.1.1 Judicial Commission of New South Wales	2,037	2,013	114	30
16.1.1 Legal Aid and Other Legal Services for Eligible Persons in Child Care and Protection Matters	2,797	2,238	22	33
16.1.2 Legal Aid and Other Legal Services for Eligible Persons in Criminal Law Matters	41,222	38,269	318	484
16.1.3 Legal Aid and Other Legal Services for Eligible Persons in Civil Law Matters	14,208	13,135	123	188
16.1.4 Legal Aid and Other Legal Services for Eligible Persons in Administrative Law Matters	3,382	3,818	33	51
16.1.5 Legal Aid and Other Legal Services for Eligible Persons in Proceedings relating to Mental Health	561	928	7	11
16.1.6 Legal Aid and Other Legal Services for Eligible Persons in Disputes Arising from Family Relationships	21,807	22,127	191	289
17.1.1 Crown Representation in Criminal Prosecutions	34,997	37,225	545	449

Appendix E: Information by Policy Area and Sector

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
1. LAW, ORDER AND PUBLIC SAFETY (cont)				
1.2 Law Courts and Legal Services (cont)				
18.1.1 Supreme Court Services	30,094	30,977	3,580	2,450
18.1.4 Land and Environment Court Services	5,003	5,173	27	20
18.1.5 District Court and Criminal Listing Services	38,362	41,229	649	700
18.1.6 Compensation Court	19,856	30,841	...	...
18.1.7 Local Courts Services	81,488	87,339	10,160	8,570
18.1.8 Community Justice Scheme	1,582	1,717	29	20
Law Courts and Legal Services	333,698	350,252	16,281	14,599
1.3 Corrective Services				
18.1.2 Probation Services	24,548	25,699	842	200
19.1.1 Containment and Care of Inmates	203,729	212,831	25,084	38,815
19.2.1 Assessment, Classification and Development of Inmates	51,954	54,412	1,173	1,127
20.1.1 Juvenile Justice	46,429	52,745	9,600	3,217
Corrective Services	326,660	345,687	36,699	43,359
1.4 Fire Protection Services				
53.1.1 Operation and Maintenance of Brigades and Special Services	171,103	198,388	25,048	16,395
53.1.2 Brigade Training and Development	5,592	6,230	241	13
53.1.3 Investigations, Research and Advisory Services	3,854	4,450	23	9
54.1.1 Funding and Administration of Rural Firefighting Services	21,839	21,459	20,641	31,102
54.1.2 Training of Volunteer Bush Fire Fighters	422	743	...	...
54.1.3 Public Education and Information Services	631	691	...	...
Fire Protection Services	203,441	231,961	45,953	47,519

Appendix E: Information by Policy Area and Sector

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
1. LAW, ORDER AND PUBLIC SAFETY (cont)				
1.5 Other - Law Order and Public Safety				
50.2.1 Planning and Co-ordination of Rescue Services and Emergency Management	1,084	1,008	...	...
55.1.1 Formation and Development of the Volunteer Organisation	9,857	9,003	2,760	2,088
55.1.2 Provision of District Emergency Management Officers	1,026	1,138	...	...
Other - Law Order and Public Safety	11,967	11,149	2,760	2,088
TOTAL, LAW, ORDER AND PUBLIC SAFETY	1,666,347	1,789,788	159,943	149,117
2. EDUCATION				
2.1 Primary and Secondary Education				
30.2.1 Board of Studies	46,279	49,925	392	338
31.1.2 Kindergarten to Year 6 Core Education in Government Schools	1,095,280	1,183,522	98,192	102,972
31.1.3 Years 7 to 10 Core Education in Government Schools	866,958	885,423	55,511	55,319
31.1.4 Years 11 and 12 Core Education in Government Schools	417,230	413,336	26,716	25,873
31.2.1 Special Education Program	233,358	238,569	2,997	5,686
31.2.2 Rural Education Program	42,342	43,723	1,255	1,448
31.2.3 Programs for Socio-Economically Disadvantaged Students	36,321	37,369	...	...
31.2.4 Aboriginal Education Programs	7,908	8,749	...	...
31.2.5 Programs for Students of Non-English Speaking Background	58,171	63,891	...	...
31.2.6 Other Equity Programs	8,498	6,272	19,538	...
31.4.1 Non-Government Schools Assistance	269,106	293,896	...	...
Primary and Secondary Education	3,081,451	3,222,675	204,601	191,636

Appendix E: Information by Policy Area and Sector

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
2. EDUCATION (cont)				
2.2 Tertiary and Vocational Education				
10.2.1 Agricultural Education	7,955	8,474	442	2,115
32.1.1 Courses in Engineering and Industrial Technology	323,185	329,732	43,239	50,001
32.1.2 Courses in Applied Sciences	173,745	180,455	23,382	27,039
32.1.3 Courses in Fine and Applied Arts	87,992	90,649	12,344	14,274
32.1.4 Courses in Commercial and General Studies	270,385	276,756	38,594	44,630
Tertiary and Vocational Education	863,262	886,066	118,001	138,059
2.3 Pre-School Education				
31.1.1 Pre-School Education in Government Schools	8,869	8,905	...	...
Pre-School Education	8,869	8,905	...	...
2.4 Transportation of Students				
31.2.1 Special Education Program	19,548	19,688	...	...
31.4.1 Non-Government Schools Assistance	1,580	1,809	...	...
59.2.2 Purchase of Passenger and Freight Transport Services	372,435	359,396	...	...
Transportation of Students	393,563	380,893	...	...

Appendix E: Information by Policy Area and Sector

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
2. EDUCATION (cont)				
2.5 Other Education (Including General Administration)				
30.1.1 Policy Support	17,677	24,605	50	1,067
30.1.2 Music Examinations Advisory Board	1,411	1,411	...	...
31.3.1 Strategic Plan Programs in Government Schools	142,731	163,567	4,398	7,118
42.2.2 Adult and Community Education	9,787	14,374	259	434
Other Education (Including General Administration)	171,606	203,957	4,707	8,619
TOTAL, EDUCATION	4,518,751	4,702,496	327,309	338,314
3. HEALTH				
3.1 Area Health Services and Other Health Services				
40.2.3 Support for Area Health Services and Public Hospitals	3,529,446	3,648,989	346,126	411,862
40.2.5 Support for Dental Services	70,726	88,477	892	200
40.2.8 Services Mainly for the Psychiatrically Ill	184,075	194,857	10,497	15,300
40.2.9 Services Mainly for the Aged and Disabled	330,161	340,667	...	...
40.2.10 Corrections Health Service	13,429	14,075	...	...
Area Health Services and Other Health Services	4,127,837	4,287,065	357,515	427,362
3.2 Community and Other Support Services				
40.2.1 Health Transport	127,938	135,886	10,760	8,996
40.2.7 Support for Community Services	12,959	13,334	...	...
Community and Other Support Services	140,897	149,220	10,760	8,996

Appendix E: Information by Policy Area and Sector

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94	1994-95	1993-94	1994-95
	Actual	Estimate	Actual	Estimate
	\$000	\$000	\$000	\$000
3. HEALTH (cont)				
3.3 Public Health (Including Inspection Services)				
40.1.1 Public Health Regulatory Services	16,495	21,940	247	200
40.1.2 Analytical, Clinical and Scientific Services	11,641	12,175	2,249	2,385
40.1.3 Health Promotion and Education	26,291	27,221	...	...
40.1.4 Blood Transfusion Service	20,881	31,303	5,504	7,065
40.1.5 External Research	7,382	7,103	13,076	13,500
40.2.2 Services Specifically for Drug and Alcohol Dependent Persons	48,288	49,428	...	...
40.2.6 Services Specifically for Aborigines	10,001	10,789	579	962
41.1.1 Health Care Complaints	...	3,234	...	...
Public Health (Including Inspection Services)	140,979	163,193	21,655	24,112
3.4 Other Health (Including General Administration)				
40.2.4 External Health Services	6,966	7,260	...	...
Other Health (Including General Administration)	6,966	7,260	...	...
TOTAL, HEALTH	4,416,679	4,606,738	389,930	460,470
4. SOCIAL AND COMMUNITY SERVICES				
4.1 Social and Community Support Services				
14.1.3 Human Rights Services	62,161	61,697	25	872
24.1.1 Child Abuse Investigation, Prevention and Education	39,657	42,198	1,111	1,573
24.1.2 Substitute Care	72,837	72,519	1,101	1,681
24.1.3 Child Care	63,839	80,634	8,097	6,961
24.1.4 Protection, Guardianship and Advocacy for Ageing Persons and Persons with a Disability	4,649	5,178	143	238
24.2.1 Crisis Support and Accommodation	81,953	80,275	376	673
24.3.1 Support for Families	66,162	54,409	594	965

Appendix E: Information by Policy Area and Sector

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94	1994-95	1993-94	1994-95
	Actual	Estimate	Actual	Estimate
	\$000	\$000	\$000	\$000
4. SOCIAL AND COMMUNITY SERVICES (cont)				
4.1 Social and Community Support Services (cont)				
24.3.2 Community Support Services for the Ageing, Persons with a Disability and Disadvantaged Groups	316,159	374,829	2,236	3,084
24.3.3 Supported Accommodation for Persons with a Disability	194,785	202,019	1,759	846
25.1.1 Co-ordination of Social Policy	6,393	6,586	...	...
26.1.1 Community Services Commission	...	2,432	...	...
27.1.1 Policy and Advisory Services on Aboriginal Affairs	226	3,259	44,402	36,450
30.3.1 Office of Youth Affairs	8,241	8,156	...	...
40.2.8 Services Mainly for the Psychiatrically Ill	82,538	88,264	..	...
40.2.9 Services Mainly for the Aged and Disabled	56,535	59,353	...	...
43.1.1 Ministry for the Status and Advancement of Women	2,833	4,517	158	45
46.1.1 Community Support Services	7,330	7,492	539	1,794
46.1.2 Interpreting and Translation Services	3,671	4,130	...	...
47.1.1 Promotion and Co-ordination of Environmental Planning and Assessment	6,078	6,960	...	...
Social and Community Support Services	1,076,047	1,164,907	60,541	55,182
4.2 Social Security				
34.1.1 Energy Utilisation and Management	10,021	11,099	...	...
35.1.2 Rate Rebates for Pensioners	30,389	52,032	...	...
49.4.1 Water and Sewerage Assistance	48,560	48,000	...	...
59.2.2 Purchase of Passenger and Freight Transport Services	206,745	226,788	...	...
Social Security	295,715	337,919	...	...
TOTAL, SOCIAL AND COMMUNITY SERVICES	1,371,762	1,502,826	60,541	55,182

Appendix E: Information by Policy Area and Sector

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
5. HOUSING, WATER AND SEWERAGE, AND THE ENVIRONMENT				
5.1 Housing and Homesite Development				
31.2.2 Rural Education Program	7,292	7,000	...	...
48.1.1 Urban Redevelopment	...	...	...	1,400
49.2.1 City West Development Corporation	...	...	80,480	72,280
49.2.2 Honeysuckle Development Corporation	...	...	20,200	26,000
49.5.1 Public and Community Housing	6,565	34,466	470,234	455,579
49.5.2 Mortgage and Rent Assistance Program	21,060	20,990	...	...
Housing and Homesite Development	34,917	62,456	570,914	555,259
5.2 Water and Sewerage				
49.4.1 Water and Sewerage Assistance	8,256	23,321	...	17,056
56.1.1 Country Towns Water Supply and Sewerage Schemes	17,275	13,385	100,475	85,360
Water and Sewerage	25,531	36,706	100,475	102,415
5.3 Protection of the Environment				
36.1.1 Monitoring and Reporting	15,268	15,653	4,676	3,272
36.1.2 Policy and Research	14,494	15,676	490	424
36.1.3 Education and Advice	12,103	13,881	128	347
36.1.4 Regulation and Enforcement	18,034	15,475	831	1,676
36.1.5 Economic Mechanisms	1,874	2,314	10	52
44.1.1 Soil Conservation Service	50,073	49,928	1,215	1,682
44.1.2 Crown Lands Service	32,478	32,429	10,336	4,424
47.1.1 Promotion and Co-ordination of Environmental Planning and Assessment	23,969	27,449	505	1,794
47.1.2 Provision of Land for Public Purposes (other than for Environmental Heritage and Coastal Conservation)	5,034	5,034	...	...
47.1.3 Conservation of State's Environmental Heritage	1,667	1,929	970	1,381
47.1.4 Protection and Conservation of the Coastal Region	1,781	2,060	932	3,131
56.2.1 Asset and Risk Management Services	16,236	16,318	20,294	19,040
Protection of the Environment	193,006	198,146	40,387	37,223

Appendix E: Information by Policy Area and Sector

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
5. HOUSING, WATER AND SEWERAGE, AND THE ENVIRONMENT (cont)				
5.9 Other Housing and Community Amenities				
29.1.1 Investigation of Complaints from HomeFund Borrowers	4,067	1,529	212	...
Other Housing and Community Amenities	4,067	1,529	212	...
TOTAL, HOUSING, WATER AND SEWERAGE, AND THE ENVIRONMENT	257,521	298,837	711,988	694,897
6 RECREATION AND CULTURE				
6.1 Recreation Facilities and Services				
4.2.1 Co-ordination of Major Community Projects	1,644	1,415	...	...
4.4.1 Sydney Olympics 2000 Bid	1,408	...	...	...
4.4.2 Office of Olympic Co-ordination	1,427	2,226	3,045	7,000
21.2.1 Liquor and Machine Gaming Compliance	4,826	6,363	40	74
21.2.2 Technology Services	2,039	2,270	62	379
21.3.1 Public Charity Fundraising Standards	1,489	1,533	19	18
21.4.1 Casino Surveillance Division	473	4,788	273	96
22.1.1 Casino Control	4,877	3,201	...	4,750
37.1.1 Conservation Policy, Assessment and Planning	7,136	12,181	428	1,134
37.1.2 Protection of Conservation Assets	25,631	33,107	13,260	15,912
37.1.3 Promotion of Conservation	40,362	44,552	14,739	14,595
39.1.1 Urban Parks Agency	4,725	7,447	3,329	5,099
44.1.2 Crown Lands Service	2,354	949	14,570	2,259
48.1.1 Urban Redevelopment	7,187	10,932	118,469	62,117
49.3.1 Subsidy to the Darling Harbour Authority	15,760	15,760	2,117	2,117
56.2.1 Asset and Risk Management Services	1,348	1,339	4,800	3,785
58.1.1 Participation in Sport and Recreation	19,844	23,188	5,841	5,491
58.1.2 Excellence in Sport	18,251	17,779	8,795	14,451

Appendix E: Information by Policy Area and Sector

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94	1994-95	1993-94	1994-95
	Actual	Estimate	Actual	Estimate
	\$000	\$000	\$000	\$000
6 RECREATION AND CULTURE (cont)				
6.1 Recreation Facilities and Services (cont)				
58.1.3 Safety and Ethics in Sport and Recreation	4,654	4,290	21	...
58.1.4 Development, Control and Regulation of the Racing Industry	4,333	5,570	15,983	22,248
Recreation Facilities and Services	169,768	198,890	205,591	161,524
6.2 Cultural Facilities and Support of the Arts				
36.1.6 Government Contributions	3,914	4,789	3,361	2,600
38.1.1 Royal Botanic Gardens and Domain Trust	16,436	15,893	1,176	2,316
56.2.1 Asset and Risk Management Services	...	...	12,299	4,732
63.1.1 Policy Formulation and Review and Support of Cultural Activities	30,324	32,408	15,315	21,588
64.1.1 State Library	40,371	38,879	763	5,571
65.1.1 Australian Museum	17,668	18,510	954	1,942
66.1.1 Museum of Applied Arts and Sciences	24,194	25,765	1,466	3,346
67.1.1 Historic Houses Trust	6,461	8,586	1,252	6,176
68.1.1 Art Gallery of New South Wales	14,129	14,681	2,273	2,279
70.1.1 New South Wales Film and Television Office	4,121	5,357	16	27
Cultural Facilities and Support of the Arts	157,618	164,868	38,875	50,577
TOTAL, RECREATION AND CULTURE	327,386	363,758	244,466	212,101
7. AGRICULTURE, FORESTRY AND FISHING				
7.1 Agriculture				
9.1.1 Assistance to Farmers	61,700	52,942	6,072	11,900
10.1.1 Plant Industries	70,003	66,727	3,751	2,400
10.1.2 Animal Industries	56,214	62,102	1,524	4,494
10.1.3 Agricultural Resource Management	16,865	17,516	179	175
10.1.4 Quarantine and Export Services	6,532	5,992	...	...
10.1.5 Support Services	19,313	21,793	1,551	2,094

Appendix E: Information by Policy Area and Sector

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94	1994-95	1993-94	1994-95
	Actual	Estimate	Actual	Estimate
	\$000	\$000	\$000	\$000
7. AGRICULTURE, FORESTRY AND FISHING (cont)				
7.1 Agriculture (cont)				
44.1.5 Office of Water	...	464	...	77
45.1.1 Measuring the State's Water Resources	9,004	7,322	1,335	1,397
45.1.2 Planning for Sustainable Water Development	4,123	4,273	2,158	3,896
45.2.1 Sharing the State's Water	10,551	9,980	2,185	2,391
45.2.2 Managing River Flows	21,902	24,178	22,108	20,818
45.2.3 Managing Water Environments	12,498	14,688	15,958	20,014
45.2.4 Mitigating Flood Damage	4,636	4,077	20,518	8,253
45.3.1 Allocations to Other Water Entities	31,886	29,313	596	2,426
Agriculture	325,230	321,367	77,935	80,335
7.2 Forestry				
44.1.4 Office of Forestry	17,960	20,514	36	47
Forestry	17,960	20,514	36	47
7.3 Fishing				
11.1.1 Fisheries Management	19,822	21,677	831	1,987
56.2.1 Asset and Risk Management Services	776	1,376	3,615	6,492
Fishing	20,598	23,053	4,446	8,479
TOTAL, AGRICULTURE, FORESTRY AND FISHING	363,788	364,934	82,417	88,861

Appendix E: Information by Policy Area and Sector

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
8. MINING, ENERGY AND CONSTRUCTION				
8.1 Mining and Energy				
12.1.1 Resource Assessment	10,642	11,288	506	11,005
12.1.2 Resource Allocation	5,556	5,302	94	81
12.1.3 Resource Management	17,990	13,654	211	624
12.1.4 Resource Policy and Promotion	1,614	2,455	19	15
13.1.1 Compensation for Repurchase of Property Rights	2,332	2,488	50,044	60,000
34.1.1 Energy Utilisation and Management	22,447	23,393	11,631	9,884
Mining and Energy	60,581	58,580	62,505	81,609
8.2 Construction				
56.2.1 Asset and Risk Management Services	40,147	32,121	3,580	263
Construction	40,147	32,121	3,580	263
TOTAL, MINING, ENERGY AND CONSTRUCTION	100,728	90,701	66,085	81,872
9. TRANSPORT AND COMMUNICATION				
9.1 Road Systems				
60.1.1 Enhancement of Road System	...	...	749,716	768,386
60.1.2 Maintenance of Road System	...	...	626,058	585,618
60.1.3 Use of Road System	150,927	208,809	91,644	118,112
Road Systems	150,927	208,809	1,467,418	1,472,116

Appendix E: Information by Policy Area and Sector

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
9. TRANSPORT AND COMMUNICATION (cont)				
9.2 Rail Transport				
59.1.1 Development, Co-ordination and Planning of Transport Services	...	2,000	...	..
59.2.1 Assistance to SRA to implement its Reform Program	200,246	146,300	572,859	505,867
59.2.2 Purchase of Passenger and Freight Transport Services	195,403	220,740	...	...
Rail Transport	395,649	369,040	572,859	505,867
9.3 Road and Water Transport				
56.2.1 Asset and Risk Management Services	632	693	...	...
59.2.2 Purchase of Passenger and Freight Transport Services	72,747	64,115	...	...
Road and Water Transport	73,379	64,808	...	...
9.4 Other Transport and Communication				
59.1.1 Development, Co-ordination and Planning of Transport Services	17,748	17,183	13,999	35,315
Other Transport and Communication	17,748	17,183	13,999	35,315
TOTAL, TRANSPORT AND COMMUNICATION	637,703	659,840	2,054,276	2,013,298

Appendix E: Information by Policy Area and Sector

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
10. OTHER ECONOMIC SERVICES				
10.1 Labour and Employment				
4.1.5 Equal Opportunity in Public Employment	1,511	1,539	...	...
18.1.3 Industrial Court Services	5,191	5,832	56	29
42.1.1 Private Sector Industrial Relations	10,054	10,732	611	610
42.1.2 Public Sector Industrial Relations	6,414	5,827	460	207
42.1.3 Conciliation and Arbitration	8,315	8,521	375	531
42.2.1 Vocational Training and Employment	70,986	95,652	2,673	3,223
Labour and Employment	101,571	128,103	4,175	4,600
10.2 State Development				
4.3.1 Development of the New South Wales Economy	22,159	35,605	2,817	...
57.1.1 Business Services and Regional Development	29,309	40,588	1,100	452
State Development	51,468	76,193	3,917	452
10.3 Tourism				
33.1.1 Strategic Planning	2,105	3,133	10	...
33.1.2 Marketing	30,835	35,147	87	...
Tourism	32,940	38,280	97	...
10.4 Consumer Affairs				
28.1.1 Registration and Licensing	5,719	6,079	1,172	2,272
28.1.2 Compliance	5,755	6,138	516	62
28.1.3 Client Services	12,040	12,739	834	575
28.1.4 Legal and Policy	4,643	5,749	216	37
28.1.5 Tribunals	4,031	4,222	121	21
Consumer Affairs	32,188	34,927	2,859	2,967

Appendix E: Information by Policy Area and Sector

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94	1994-95	1993-94	1994-95
	Actual	Estimate	Actual	Estimate
	\$000	\$000	\$000	\$000
10. OTHER ECONOMIC SERVICES(cont)				
10.5 Other - Other Economic Services				
8.1.1 Government Pricing Tribunal	1,783	1,989	...	...
35.2.1 Development and Regulation of Co-operative Type Organisations	4,377	3,846	278	33
44.1.3 Data Collection and Land Information Services	24,788	26,197	8,643	7,752
Other - Other Economic Services	30,948	32,032	8,921	7,785
TOTAL, OTHER ECONOMIC SERVICES	249,115	309,535	19,969	15,804
11. GENERAL PUBLIC SERVICES				
11.1 Legislative Services				
1.1.1 Parliamentary Representation - Legislative Council	7,096	7,315	164	126
1.1.2 Operation of the Legislative Council	1,794	1,869	10	...
1.1.3 Parliamentary Representation - Legislative Assembly	22,454	23,512	1,459	1,742
1.1.4 Operation of the Legislative Assembly	2,479	2,841	...	...
1.1.5 Executive Government	3,873	3,892	...	...
1.2.1 Parliamentary Library	2,092	2,114	34	160
1.2.2 Hansard	1,670	1,907	...	...
1.2.3 Building Services	2,927	3,181	153	155
1.2.4 Catering Services	1,916	1,992	...	...
1.2.5 Special Services	5,835	6,759	1,099	1,339
2.1.1 Services for the Premier and Cabinet	9,283	13,947	11	109
3.1.1 Drafting and Publishing of Government Legislation	3,232	3,515	91	249
4.1.1 Services for the Governor's Establishment	1,970	2,044	...	...
4.1.2 Protocol and Hospitality Services	1,425	1,334	...	...

Appendix E: Information by Policy Area and Sector

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
11. GENERAL PUBLIC SERVICES (cont)				
11.1 Legislative Services (cont)				
4.1.3 Services for the Leaders of the Opposition	1,287	1,283	...	...
7.1.1 Management and Administration of Parliamentary Elections	2,504	20,830	...	...
7.1.2 Funding of Parliamentary Election Campaigns	1,669	9,726	...	..
Legislative Services	73,506	108,061	3,021	3,880
11.2 Financial and Fiscal Services				
21.2.3 Liquor and Machine Gaming Revenue	1,724	1,422	7	...
30.1.1 Policy Support	17,933	18,740	...	...
61.1.1 Budgetary Strategy, Allocation, Monitoring, Reporting and Systems	5,518	5,649	453	531
61.1.2 Accounting and Finance Administration, Policy and Standards, Funding, Liability and Asset Management, Bank	4,980	5,514	344	391
61.1.4 Government Trading Enterprises Financial Monitoring and Shareholder Advice	2,632	3,646	190	323
61.2.1 Stamp Duties Collection	15,450	18,632	1,033	2,499
61.2.2 Pay-roll Tax Collection	7,155	6,588	348	714
61.2.3 Land Tax Collection	19,755	22,143	568	922
61.2.4 Business Franchise Licences	1,900	2,076	59	105
61.2.5 Tax Equivalents Collection	...	308	...	11
62.1.3 Other Service-wide Activities	1,277,035	1,122,982	13,252	66,470
Financial and Fiscal Services	1,354,083	1,207,700	16,254	71,966

Appendix E: Information by Policy Area and Sector

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
11. GENERAL PUBLIC SERVICES (cont)				
11.3 Debt Transactions				
40.2.3 Support for Area Health Services and Public Hospitals	1,438	425	...	...
60.1.1 Enhancement of Road System	120,218	115,200	...	...
62.1.1 Debt Servicing Costs	1,589,859	1,513,515	...	...
Debt Transactions	1,711,515	1,629,140	...	...
11.4 Natural Disaster Relief				
56.2.1 Asset and Risk Management Services	...	...	6,126	6,791
62.2.1 Natural Disasters Relief	...	...	6,458	8,000
Natural Disaster Relief	...	...	12,584	14,791
11.5 Other - General Public Services				
4.1.4 Oversight of Public Sector Management Performance	7,839	7,167	556	444
4.1.6 Implementation of Government's Commercialisation Policies	1,545	1,619	...	...
4.5.1 Office of State Administration	8,823	39,648	4,545	3,045
5.1.1 Investigation, Community Education and Prevention of Corruption	11,068	13,004	181	211
6.1.1 Investigation of Citizens' Complaints and Monitoring and Reporting on Telecommunications Interception Activities	4,252	4,265	...	536
21.1.1 Policy and Development	2,083	2,336	45	24
23.1.1 Policy Development and Co-ordination	14,000	12,422	3,102	11,001
35.1.1 Development, Oversight of and Assistance to Local Government	15,748	10,673	233	98
49.1.1 Property Management	4,260	693	...	2,120
61.1.3 Economic Advice, Taxation Policy and Advice on Intergovernmental Financial Relations	2,734	3,566	214	320

Appendix E: Information by Policy Area and Sector

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
11. GENERAL PUBLIC SERVICES (cont)				
11.6 Other - General Public Services (cont)				
62.1.2 Refunds and Remissions of Crown Revenue	22,230	11,585	...	...
69.1.1 Archives Authority of New South Wales	3,733	3,793	872	...
Other - General Public Services	98,315	104,771	9,748	17,799
TOTAL, GENERAL PUBLIC SERVICES	3,237,419	3,049,672	41,607	108,436
TOTAL BY POLICY AREA AND SECTOR	17,147,199	17,739,125	4,158,531	4,218,352
PLUS:				
Treasurer's Advance	...	200,000	...	...
LESS:				
Intrasector transactions eliminated for GFS purposes				
- Payroll Tax	...	...	21,836	22,640
- Other	5,414	10,691	3,315	640
Crown receipts offset for GFS purposes				
- Superannuation	15,146	6,908	...	...
- Repayment of previous years votes	23,960	18,069	...	...
TOTAL, RECURRENT PAYMENTS	17,102,679	17,903,457	...	...
BUDGET SECTOR CAPITAL PROGRAM			4,133,380	4,195,072
LESS:				
Movement in Inventories	...	...	1,934	(-) 170
TOTAL, CAPITAL PAYMENTS	...	...	4,131,446	4,195,242

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
THE LEGISLATURE				
The Legislature				
Parliamentary Representation - Legislative Council	7,096	7,315	164	126
Operation of the Legislative Council	1,794	1,869	10	...
Parliamentary Representation - Legislative Assembly	22,454	23,512	1,459	1,742
Operation of the Legislative Assembly	2,479	2,841	...	...
Executive Government	3,873	3,892	...	...
Parliamentary Library	2,092	2,114	34	160
Hansard	1,670	1,907	...	...
Building Services	2,927	3,181	153	155
Catering Services	1,916	1,992	...	...
Special Services	5,835	6,759	1,099	1,339
Total, The Legislature	52,136	55,382	2,919	3,522
Total, THE LEGISLATURE	52,136	55,382	2,919	3,522
PREMIER AND MINISTER FOR ECONOMIC DEVELOPMENT				
Cabinet Office				
Services for the Premier and Cabinet	9,283	13,947	11	109
Total, Cabinet Office	9,283	13,947	11	109
Parliamentary Counsel's Office				
Drafting and Publishing of Government Legislation	3,232	3,515	91	249
Total, Parliamentary Counsel's Office	3,232	3,515	91	249

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
PREMIER AND MINISTER FOR ECONOMIC DEVELOPMENT (cont)				
Premier's Department				
Services for the Governor's Establishment	1,970	2,044	..	..
Protocol and Hospitality Services	1,425	1,334	...	...
Services for the Leaders of the Opposition	1,287	1,283	...	..
Oversight of Public Sector Management Performance	7,839	7,167	556	444
Equal Opportunity in Public Employment	1,511	1,539	...	...
Implementation of Government's Commercialisation Policies	1,545	1,619	...	...
Co-ordination of Major Community Projects	1,644	1,415	...	...
Development of the New South Wales Economy	22,159	35,605	2,817	...
Sydney Olympics 2000 Bid	1,408	...	...	...
Office of Olympic Co-ordination	1,427	2,226	3,045	7,000
Office of State Administration	8,823	33,648	4,545	3,045
Total, Premier's Department	51,038	87,880	10,963	10,489
Independent Commission Against Corruption				
Investigation, Community Education and Prevention of Corruption	11,068	13,004	181	211
Total, Independent Commission Against Corruption	11,068	13,004	181	211
Ombudsman's Office				
Investigation of Citizens' Complaints and Monitoring and Reporting on Telecommunications Interception Activities	4,252	4,265	...	536
Total, Ombudsman's Office	4,252	4,265	...	536

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
PREMIER AND MINISTER FOR ECONOMIC DEVELOPMENT (cont)				
State Electoral Office				
Management and Administration of Parliamentary Elections	2,504	20,830	...	...
Funding of Parliamentary Election Campaigns	1,669	9,728	...	...
Total, State Electoral Office	4,173	30,556	...	...
Government Pricing Tribunal				
Government Pricing Tribunal	1,783	1,989	...	...
Total, Government Pricing Tribunal	1,783	1,989	...	...
Total, PREMIER AND MINISTER FOR ECONOMIC DEVELOPMENT	84,829	155,156	11,246	11,594
MINISTER FOR AGRICULTURE AND FISHERIES AND MINISTER FOR MINES				
Rural Assistance Authority				
Assistance to Farmers	61,703	52,942	6,072	11,900
Total, Rural Assistance Authority	61,703	52,942	6,072	11,900
Department of Agriculture				
Plant Industries	70,003	66,727	3,751	2,400
Animal Industries	56,214	62,102	1,524	4,494
Agricultural Resource Management	16,865	17,516	179	175
Quarantine and Export Services	6,532	5,992	...	...
Support Services	19,313	21,793	1,551	2,094
Agricultural Education	7,955	8,474	442	2,115
Total, Department of Agriculture	176,882	182,604	7,447	11,278

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
MINISTER FOR AGRICULTURE AND FISHERIES AND MINISTER FOR MINES (cont)				
New South Wales Fisheries				
Fisheries Management	19,822	21,677	831	1,987
Total, New South Wales Fisheries	19,822	21,677	831	1,987
Department of Mineral Resources				
Resource Assessment	10,642	11,288	506	11,005
Resource Allocation	5,556	5,302	94	81
Resource Management	17,990	13,654	211	624
Resource Policy and Promotion	1,614	2,455	19	15
Total, Department of Mineral Resources	35,802	32,699	830	11,725
Coal Compensation Board				
Compensation for Repurchase of Property Rights	2,332	2,488	50,044	60,000
Total, Coal Compensation Board	2,332	2,488	50,044	60,000
Total, MINISTER FOR AGRICULTURE AND FISHERIES AND MINISTER FOR MINES	296,541	292,410	65,224	96,890
ATTORNEY GENERAL AND MINISTER FOR JUSTICE				
Attorney General's Department				
Justice Policy and Planning	5,410	6,532	368	536
Legal Services	7,972	8,082	88	243
Human Rights Services	62,161	61,697	25	872
Information and Management Services	22,920	18,609	29	525
Total, Attorney General's Department	98,463	94,920	508	2,176

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
ATTORNEY GENERAL AND MINISTER FOR JUSTICE (cont)				
Judicial Commission				
Judicial Commission of New South Wales	2,037	2,013	114	30
Total, Judicial Commission	2,037	2,013	114	30
Legal Aid Commission				
Legal Aid and Other Legal Services for Eligible Persons in Child Care and Protection Matters	2,797	2,238	22	33
Legal Aid and Other Legal Services for Eligible Persons in Criminal Law Matters	41,222	38,269	318	484
Legal Aid and Other Legal Services for Eligible Persons in Civil Law Matters	14,208	13,135	123	188
Legal Aid and Other Legal Services for Eligible Persons in Administrative Law Matters	3,382	3,818	33	51
Legal Aid and Other Legal Services for Eligible Persons in Proceedings relating to Mental Health	561	928	7	11
Legal Aid and Other Legal Services for Eligible Persons in Disputes Arising from Family Relationships	21,807	22,127	191	289
Total, Legal Aid Commission	83,977	60,515	694	1,056
Office of the Director of Public Prosecutions				
Crown Representation in Criminal Prosecutions	34,997	37,225	545	449
Total, Office of the Director of Public Prosecutions	34,997	37,225	545	449
Department of Courts Administration				
Supreme Court Services	30,094	30,977	3,580	2,450
Probation Services	24,548	25,699	842	200
Industrial Court Services	5,191	5,832	56	29

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
ATTORNEY GENERAL AND MINISTER FOR JUSTICE (cont)				
Department of Courts Administration (cont)				
Land and Environment Court Services	5,003	5,173	27	20
District Court and Criminal Listing Services	38,362	41,229	649	700
Compensation Court	19,856	30,841	...	...
Local Courts Services	81,488	87,339	10,160	8,570
Community Justice Scheme	1,582	1,717	29	20
Total, Department of Courts Administration	206,124	228,807	15,343	11,989
Department of Corrective Services				
Containment and Care of Inmates	200,729	212,831	25,084	38,815
Assessment, Classification and Development of Inmates	51,954	54,412	1,173	1,127
Total, Department of Corrective Services	255,683	267,243	26,257	39,942
Department of Juvenile Justice				
Juvenile Justice	46,429	52,745	9,600	3,217
Total, Department of Juvenile Justice	46,429	52,745	9,600	3,217
Total, ATTORNEY GENERAL AND MINISTER FOR JUSTICE	727,710	763,468	53,061	58,859
CHIEF SECRETARY AND MINISTER FOR ADMINISTRATIVE SERVICES				
Chief Secretary's Department				
Policy and Development	2,083	2,336	45	24
Liquor and Machine Gaming Compliance	4,826	6,363	40	74
Technology Services	2,039	2,270	62	378
Liquor and Machine Gaming Revenue	1,724	1,422	7	...
Public Charity Fundraising Standards	1,489	1,533	19	18
Casino Surveillance Division	473	4,788	273	96
Total, Chief Secretary's Department	12,634	18,712	446	580

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
CHIEF SECRETARY AND MINISTER FOR ADMINISTRATIVE SERVICES (cont)				
Casino Control Authority				
Casino Control	4,877	3,201	...	4,750
Total, Casino Control Authority	4,877	3,201	...	4,750
Office of the Chief Secretary and Minister for Administrative Services				
Policy Development and Co-ordination	14,000	12,422	3,102	11,001
Total, Office of the Chief Secretary and Minister for Administrative Services	14,000	12,422	3,102	11,001
Total, CHIEF SECRETARY AND MINISTER FOR ADMINISTRATIVE SERVICES	31,511	34,335	3,548	16,341
MINISTER FOR COMMUNITY SERVICES, MINISTER FOR ABORIGINAL AFFAIRS AND MINISTER FOR THE AGEING				
Department of Community Services				
Child Abuse Investigation, Prevention and Education	39,657	42,198	1,111	1,573
Substitute Care	72,837	72,519	1,101	1,681
Child Care	63,839	80,634	8,097	6,961
Protection, Guardianship and Advocacy for Ageing Persons and Persons with a Disability	4,649	5,178	143	238
Crisis Support and Accommodation	81,953	80,275	376	673
Support for Families	66,162	54,409	594	965
Community Support Services for the Ageing, Persons with a Disability and Disadvantaged Groups	316,159	374,829	2,236	3,084
Supported Accommodation for Persons with a Disability	194,785	202,019	1,759	846
Total, Department of Community Services	640,041	912,061	15,417	16,021

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
MINISTER FOR COMMUNITY SERVICES, MINISTER FOR ABORIGINAL AFFAIRS AND MINISTER FOR THE AGEING (cont)				
Social Policy Directorate				
Co-ordination of Social Policy	6,393	6,586	...	...
Total, Social Policy Directorate	6,393	6,586	...	...
Community Services Commission				
Community Services Commission	...	2,432	...	...
Total, Community Services Commission	...	2,432	...	...
Office of Aboriginal Affairs				
Policy and Advisory Services on Aboriginal Affairs	226	3,259	44,402	36,450
Total, Office of Aboriginal Affairs	226	3,259	44,402	36,450
Total, MINISTER FOR COMMUNITY SERVICES, MINISTER FOR ABORIGINAL AFFAIRS AND MINISTER FOR THE AGEING	846,660	924,338	\$9,819	52,471
MINISTER FOR CONSUMER AFFAIRS				
Department of Consumer Affairs				
Registration and Licensing	5,719	6,079	1,172	2,272
Compliance	5,755	6,138	516	62
Client Services	12,040	12,739	834	575
Legal and Policy	4,643	5,749	216	37
Tribunals	4,031	4,222	121	21
Total, Department of Consumer Affairs	32,188	34,927	2,859	2,867

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
MINISTER FOR CONSUMER AFFAIRS (cont)				
Homefund Commissioner's Office				
Investigation of Complaints from HomeFund Borrowers	4,067	1,529	212	...
Total, Homefund Commissioner's Office	4,067	1,529	212	...
Total, MINISTER FOR CONSUMER AFFAIRS	36,255	36,456	3,071	2,967
MINISTER FOR EDUCATION, TRAINING AND YOUTH AFFAIRS AND MINISTER FOR TOURISM				
Ministry of Education and Youth Affairs				
Policy Support	35,610	43,345	50	1,067
Music Examinations Advisory Board	1,411	1,411	...	...
Board of Studies	46,279	49,925	392	338
Office of Youth Affairs	8,241	8,156	...	...
Total, Ministry of Education and Youth Affairs	91,541	102,837	442	1,405
Department of School Education				
Pre-School Education in Government Schools	8,869	8,905	...	...
Kindergarten to Year 6 Core Education in Government Schools	1,095,280	1,183,522	98,192	102,972
Years 7 to 10 Core Education in Government Schools	866,958	885,423	56,511	55,319
Years 11 and 12 Core Education in Government Schools	417,230	413,336	26,716	25,873
Special Education Program	252,906	256,257	2,997	5,686
Rural Education Program	49,634	50,723	1,255	1,448
Programs for Socio-Economically Disadvantaged Students	36,321	37,369	...	...
Aboriginal Education Programs	7,908	8,749	...	...
Programs for Students of Non-English Speaking Background	58,171	63,891	...	...

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94	1994-95	1993-94	1994-95
	Actual	Estimate	Actual	Estimate
	\$000	\$000	\$000	\$000
MINISTER FOR EDUCATION, TRAINING AND YOUTH AFFAIRS AND MINISTER FOR TOURISM (cont)				
Department of School Education (cont)				
Other Equity Programs	8,498	6,272	19,538	...
Strategic Plan Programs in Government Schools	142,731	163,567	4,398	7,118
Non-Government Schools Assistance	270,686	295,705	...	..
Total, Department of School Education	3,215,192	3,373,719	208,607	190,416
New South Wales Technical and Further Education Commission				
Courses in Engineering and Industrial Technology	323,185	329,732	43,239	50,001
Courses in Applied Sciences	173,745	180,455	23,382	27,039
Courses in Fine and Applied Arts	87,992	90,649	12,344	14,274
Courses in Commercial and General Studies	270,385	276,756	38,594	44,630
Total, New South Wales Technical and Further Education Commission	855,307	877,592	117,559	135,944
Tourism New South Wales				
Strategic Planning	2,105	3,133	10	...
Marketing	30,835	35,147	87	...
Total, Tourism New South Wales	32,940	38,280	97	...
Total, MINISTER FOR EDUCATION, TRAINING AND YOUTH AFFAIRS AND MINISTER FOR TOURISM	4,194,980	4,392,428	326,705	335,765
MINISTER FOR ENERGY AND MINISTER FOR LOCAL GOVERNMENT AND COOPERATIVES				
Office of Energy				
Energy Utilisation and Management	32,488	34,492	11,631	9,884
Total, Office of Energy	32,488	34,492	11,631	9,884

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
MINISTER FOR ENERGY AND MINISTER FOR LOCAL GOVERNMENT AND COOPERATIVES (cont)				
Department of Local Government and Co-operatives				
Development, Oversight of and Assistance to Local Government	15,748	10,673	233	98
Rate Rebates for Pensioners	30,389	52,032	...	...
Development and Regulation of Co-operative Type Organisations	4,377	3,846	278	33
Total, Department of Local Government and Co-operatives	50,514	66,551	511	131
Total, MINISTER FOR ENERGY AND MINISTER FOR LOCAL GOVERNMENT AND COOPERATIVES	82,982	101,043	12,142	10,015
MINISTER FOR THE ENVIRONMENT				
Environment Protection Authority				
Monitoring and Reporting	15,263	15,653	4,676	3,272
Policy and Research	14,494	15,676	490	424
Education and Advice	12,103	13,881	128	347
Regulation and Enforcement	18,034	15,475	831	1,676
Economic Mechanisms	1,874	2,314	10	52
Government Contributions	3,914	4,789	3,361	2,600
Total, Environment Protection Authority	65,682	67,788	9,496	8,371
National Parks and Wildlife Service				
Conservation Policy, Assessment and Planning	7,136	12,181	428	1,134
Protection of Conservation Assets	25,631	33,107	13,260	15,912
Promotion of Conservation	40,362	44,552	14,739	14,595
Total, National Parks and Wildlife Service	73,129	89,840	28,427	31,641

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94	1994-95	1993-94	1994-95
	Actual	Estimate	Actual	Estimate
	\$000	\$000	\$000	\$000
MINISTER FOR THE ENVIRONMENT (cont)				
Royal Botanic Gardens and Domain Trust				
Royal Botanic Gardens and Domain Trust	16,436	15,893	1,176	2,316
Total, Royal Botanic Gardens and Domain Trust	16,436	15,893	1,176	2,316
Urban Parks Agency				
Urban Parks Agency	4,725	7,447	3,329	5,099
Total, Urban Parks Agency	4,725	7,447	3,329	5,099
Total, MINISTER FOR THE ENVIRONMENT	159,972	180,968	42,428	47,427
MINISTER FOR HEALTH				
Department of Health				
Public Health Regulatory Services Analytical, Clinical and Scientific Services	16,495	21,940	247	200
Health Promotion and Education	11,641	12,175	2,249	2,385
Blood Transfusion Service	26,291	27,221	...	...
External Research	20,881	31,303	5,504	7,065
Health Transport	7,382	7,103	13,076	13,500
Services Specifically for Drug and Alcohol Dependent Persons	127,938	135,886	10,760	8,936
Support for Area Health Services and Public Hospitals	48,288	49,428	...	...
External Health Services	3,530,884	3,649,414	346,126	411,862
Support for Dental Services	6,966	7,260	...	...
Services Specifically for Aborigines	70,726	88,477	892	200
Support for Community Services	10,001	10,789	579	952
Services Mainly for the Psychiatrically Ill	12,959	13,334	...	...
Services Mainly for the Aged and Disabled	266,613	283,121	10,497	15,300
Corrections Health Service	386,696	400,020	...	...
	13,429	14,075	...	...
Total, Department of Health	4,557,190	4,751,546	389,930	460,470

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
MINISTER FOR HEALTH (cont)				
Health Care Complaints Commission				
Health Care Complaints	...	3,234	...	...
Total, Health Care Complaints Commission	...	3,234	...	...
Total, MINISTER FOR HEALTH	4,557,190	4,754,780	389,930	460,470
MINISTER FOR INDUSTRIAL RELATIONS AND EMPLOYMENT AND MINISTER FOR THE STATUS OF WOMEN				
Department of Industrial Relations, Employment, Training and Further Education				
Private Sector Industrial Relations	10,054	10,732	611	610
Public Sector Industrial Relations	6,414	5,827	460	207
Conciliation and Arbitration	8,315	8,521	375	501
Vocational Training and Employment	70,086	95,652	2,673	3,223
Adult and Community Education	9,787	14,374	259	434
Total, Department of Industrial Relations, Employment, Training and Further Education	104,656	135,106	4,378	5,005
Ministry for the Status and Advancement of Women				
Ministry for the Status and Advancement of Women	2,833	4,517	158	45
Total, Ministry for the Status and Advancement of Women	2,833	4,517	158	45
Total, MINISTER FOR INDUSTRIAL RELATIONS AND EMPLOYMENT AND MINISTER FOR THE STATUS OF WOMEN	107,489	139,623	4,536	5,050

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
MINISTER FOR LAND AND WATER CONSERVATION				
Department of Conservation and Land Management				
Soil Conservation Service	50,073	49,928	1,215	1,682
Crown Lands Service	34,832	33,378	24,906	6,683
Data Collection and Land Information Services	24,788	26,197	8,643	7,752
Office of Forestry	17,960	20,514	36	47
Office of Water	...	454	...	77
Total, Department of Conservation and Land Management	127,653	130,491	34,900	16,241
Department of Water Resources				
Measuring the State's Water Resources	9,004	7,322	1,335	1,397
Planning for Sustainable Water Development	4,123	4,273	2,158	3,896
Sharing the State's Water	10,551	9,980	2,185	2,391
Managing River Flows	21,902	24,178	22,108	20,818
Managing Water Environments	12,498	14,688	15,958	20,014
Mitigating Flood Damage	4,636	4,077	20,518	8,253
Allocations to Other Water Entities	31,886	29,313	596	2,426
Total, Department of Water Resources	94,600	93,831	64,858	50,195
Total, MINISTER FOR LAND AND WATER CONSERVATION	222,253	224,312	99,658	75,436
MINISTER FOR MULTICULTURAL AND ETHNIC AFFAIRS				
Ethnic Affairs Commission				
Community Support Services	7,330	7,492	539	1,794
Interpreting and Translation Services	3,671	4,130	...	...
Total, Ethnic Affairs Commission	11,001	11,622	539	1,794
Total, MINISTER FOR MULTICULTURAL AND ETHNIC AFFAIRS	11,001	11,622	539	1,794

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
MINISTER FOR PLANNING AND MINISTER FOR HOUSING				
Department of Planning				
Promotion and Co-ordination of Environmental Planning and Assessment	30,047	34,409	505	1,794
Provision of Land for Public Purposes (other than for Environmental Heritage and Coastal Conservation)	5,034	5,034	...	...
Conservation of State's Environmental Heritage	1,667	1,929	970	1,381
Protection and Conservation of the Coastal Region	1,781	2,060	932	3,131
Total, Department of Planning	38,529	43,432	2,407	6,306
Homebush Bay Development Corporation				
Urban Redevelopment	7,187	10,932	118,469	63,517
Total, Homebush Bay Development Corporation	7,187	10,932	118,469	63,517
Payments to Other Government Bodies Under the Control of the Minister				
Property Management	4,260	693	...	2,120
City West Development Corporation	...	...	60,480	72,280
Honeysuckle Development Corporation	...	...	20,200	26,000
Subsidy to the Darling Harbour Authority	15,760	15,760	2,117	2,117
Water and Sewerage Assistance	56,816	71,321	...	17,055
Public and Community Housing	6,565	34,466	470,234	455,579
Mortgage and Rent Assistance Program	21,060	20,980	...	...
Total, Payments to Other Government Bodies Under the Control of the Minister	104,481	143,230	573,031	575,151
Total, MINISTER FOR PLANNING AND MINISTER FOR HOUSING	150,177	197,594	693,907	644,974

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94	1994-95	1993-94	1994-95
	Actual	Estimate	Actual	Estimate
	\$000	\$000	\$000	\$000
MINISTER FOR POLICE AND MINISTER FOR EMERGENCY SERVICES				
Ministry for Police and Emergency Services				
Policy Advice, Co-ordination and Support Planning and Co-ordination of Rescue Services and Emergency Management	3,078	3,342	61	...
	1,084	1,008	...	...
Total, Ministry for Police and Emergency Services	4,162	4,350	61	...
The Police Service of New South Wales				
Crimes Against the Person	92,123	96,439	6,505	6,029
Crimes Against Property	211,420	221,247	15,030	14,018
Crimes of Vice	30,408	31,754	1,639	1,033
Maintaining Public Order	124,351	130,219	8,626	7,949
Traffic Supervision and Control	163,590	171,512	10,989	10,141
Personnel, Development and Education	46,694	60,798	870	...
Review	15,740	19,991	363	...
Operational Support	97,462	107,874	7,666	1,981
Total, The Police Service of New South Wales	781,798	839,834	51,688	41,151
New South Wales Crime Commission				
Combating Crime	5,705	7,563	6,501	401
Total, New South Wales Crime Commission	5,705	7,563	6,501	401
New South Wales Fire Brigades				
Operation and Maintenance of Brigades and Special Services	171,103	198,388	25,048	18,395
Brigade Training and Development	5,592	6,230	241	13
Investigations, Research and Advisory Services	3,854	4,450	23	9
Total, New South Wales Fire Brigades	180,549	209,068	25,312	16,417

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
MINISTER FOR POLICE AND MINISTER FOR EMERGENCY SERVICES (cont)				
Department of Bush Fire Services				
Funding and Administration of Rural Firefighting Services	21,839	21,459	20,641	31,102
Training of Volunteer Bush Fire Fighters	422	743	...	...
Public Education and Information Services	631	691	...	...
Total, Department of Bush Fire Services	22,892	22,893	20,641	31,102
State Emergency Service				
Formation and Development of the Volunteer Organisation	9,857	9,003	2,760	2,088
Provision of District Emergency Management Officers	1,026	1,138	...	...
Total, State Emergency Service	10,883	10,141	2,760	2,088
Total, MINISTER FOR POLICE AND MINISTER FOR EMERGENCY SERVICES	1,005,989	1,093,849	106,963	91,159
MINISTER FOR PUBLIC WORKS AND MINISTER FOR PORTS				
Office of the Minister for Public Works and Minister for Ports				
Country Towns Water Supply and Sewerage Schemes	17,275	13,385	100,475	85,360
Asset and Risk Management Services	59,139	51,847	50,714	41,103
Total, Office of the Minister for Public Works and Minister for Ports	76,414	65,232	151,189	126,463
Total, MINISTER FOR PUBLIC WORKS AND MINISTER FOR PORTS	76,414	65,232	151,189	126,463

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
MINISTER FOR SMALL BUSINESS AND MINISTER FOR REGIONAL DEVELOPMENT				
Department of Business and Regional Development				
Business Services and Regional Development	29,309	40,588	1,100	452
Total, Department of Business and Regional Development	29,309	40,588	1,100	452
Total, MINISTER FOR SMALL BUSINESS AND MINISTER FOR REGIONAL DEVELOPMENT	29,309	40,588	1,100	452
MINISTER FOR SPORT, RECREATION AND RACING				
Department of Sport, Recreation and Racing				
Participation in Sport and Recreation	19,844	23,188	5,641	5,491
Excellence in Sport	18,251	17,779	8,795	14,451
Safety and Ethics in Sport and Recreation	4,654	4,290	21	..
Development, Control and Regulation of the Racing Industry	4,333	5,570	15,983	22,248
Total, Department of Sport, Recreation and Racing	47,082	50,827	30,440	42,190
Total, MINISTER FOR SPORT, RECREATION AND RACING	47,082	50,827	30,440	42,190
MINISTER FOR TRANSPORT AND MINISTER FOR ROADS				
Department of Transport				
Development, Co-ordination and Planning of Transport Services	17,748	19,183	13,999	35,315
Assistance to SRA to Implement its Reform Program	200,246	146,300	572,859	505,867
Purchase of Passenger and Freight Transport Services	847,330	871,039	..	..
Total, Department of Transport	1,065,324	1,036,522	586,858	541,182

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
MINISTER FOR TRANSPORT AND MINISTER FOR ROADS (cont)				
Roads and Traffic Authority				
Enhancement of Road System	120,218	115,200	749,716	768,386
Maintenance of Road System	...	...	626,058	585,618
Use of Road System	150,927	208,809	91,644	118,112
Total, Roads and Traffic Authority	271,145	324,009	1,467,418	1,472,116
Total, MINISTER FOR TRANSPORT AND MINISTER FOR ROADS	1,336,469	1,360,531	2,054,276	2,013,298
TREASURER AND MINISTER FOR THE ARTS				
Treasury				
Budgetary Strategy, Allocation, Monitoring, Reporting and Systems	5,518	5,649	453	531
Accounting and Finance Administration, Policy and Standards, Funding, Liability and Asset Management, Banking and Financial Reporting	4,980	5,514	344	391
Economic Advice, Taxation Policy and Advice on Intergovernmental Financial Relations	2,734	3,566	214	320
Government Trading Enterprises Financial Monitoring and Shareholder Advice	2,632	3,646	190	323
Stamp Duties Collection	15,450	18,632	1,033	2,499
Pay-roll Tax Collection	7,155	6,588	348	714
Land Tax Collection	19,756	22,143	568	922
Business Franchise Licences	1,900	2,076	59	105
Tax Equivalents Collection	...	308	...	11
Total, Treasury	60,125	68,122	3,209	5,616
Crown Transactions				
Debt Servicing Costs	1,589,859	1,513,515	...	...
Refunds and Remissions of Crown Revenue	22,230	11,585	...	...
Other Service-wide Activities	1,277,035	1,122,982	13,252	66,470
Natural Disasters Relief	...	...	6,458	8,000
Total, Crown Transactions	2,869,124	2,548,082	19,710	74,470

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
TREASURER AND MINISTER FOR THE ARTS (cont)				
Ministry for the Arts				
Policy Formulation and Review and Support of Cultural Activities	30,324	32,408	15,315	21,588
Total, Ministry for the Arts	30,324	32,408	15,315	21,588
State Library				
State Library	40,371	38,879	763	5,571
Total, State Library	40,371	38,879	763	5,571
Australian Museum				
Australian Museum	17,668	18,510	954	1,942
Total, Australian Museum	17,668	18,510	954	1,942
Museum of Applied Arts and Sciences				
Museum of Applied Arts and Sciences	24,194	25,765	1,466	3,346
Total, Museum of Applied Arts and Sciences	24,194	25,765	1,466	3,346
Historic Houses Trust				
Historic Houses Trust	6,461	8,586	1,252	6,176
Total, Historic Houses Trust	6,461	8,586	1,252	6,176
Art Gallery of New South Wales				
Art Gallery of New South Wales	14,129	14,681	2,273	2,279
Total, Art Gallery of New South Wales	14,129	14,681	2,273	2,279

Appendix F: Financial Information by Minister and Agency

TOTAL PAYMENTS

	Current Payments		Capital Program	
	1993-94 Actual	1994-95 Estimate	1993-94 Actual	1994-95 Estimate
	\$000	\$000	\$000	\$000
TREASURER AND MINISTER FOR THE ARTS (cont)				
Archives Authority of New South Wales				
Archives Authority of New South Wales	3,733	3,793	872	...
Total, Archives Authority of New South Wales	3,733	3,793	872	...
New South Wales Film and Television Office				
New South Wales Film and Television Office	4,121	5,357	16	27
Total, New South Wales Film and Television Office	4,121	5,357	16	27
Total, TREASURER AND MINISTER FOR THE ARTS	3,090,250	2,864,183	45,830	121,215
TOTAL FOR ALL MINISTERS	17,147,199	17,739,125	4,158,531	4,218,352
TOTAL BY POLICY AREA AND SECTOR (Appendix E)	17,147,199	17,739,125	4,158,531	4,218,352