



The
Treasury

STATEMENT OF UNCOMMITTED FUNDS

18 December 2014

Preface

I am releasing this statement in accordance with section 24 of the *Parliamentary Budget Officer Act 2010*. That section states:

The Secretary of the Treasury is to publicly release, at the same time as the public release of the pre-election half-yearly budget review, a statement of the amount of uncommitted funds that are available (within the revised estimates of recurrent and capital expenditures) to meet any future expenditure commitments for the General Government Sector for the period to which the review relates.

The intention of this statement is to provide parliamentary leaders with an indication of the funds available for new initiatives without having an impact on current Budget estimates. Any expenditure (or revenue) commitment during the 2015 State Election beyond this level would have an impact on the financial aggregates of the general government sector.

In preparing this statement I have completed a comprehensive review of funds held centrally and sought the advice of heads of other government agencies to identify any uncommitted agency funds. While every effort has been made to identify uncommitted funds, in some instances this has not been possible. These circumstances are outlined in the body of this statement.

Care should be exercised in relation to uncommitted funds held by agencies. While these funds may strictly fall within the definition of uncommitted funds, in some cases, these funds are notionally allocated to necessary programs or projects or may be required to address known risks in relation to existing levels of service provision.

In preparing this statement, I have paid regard to the requirements of the *Parliamentary Budget Officer Act 2010* and taken into account the approach taken in 2011.

Finally, it is my intention to update this statement should there be any significant change in the financial circumstances of the State prior to the 2015 State Election.

Philip Gaetjens
Secretary
NSW Treasury

18 December 2014

1.1 Relationship with the Half-Yearly Review

The 2014-15 Half-Yearly Review is released by the Treasurer in accordance with section 8 of the *Public Finance and Audit Act 1983*. The revised estimates include both committed and uncommitted funds.

1.2 Parliamentary Budget Officer

Section 23 of the *Parliamentary Budget Officer Act 2010* requires the Parliamentary Budget Officer to prepare, prior to the election, a separate budget impact statement for the respective policies submitted by each parliamentary leader.

In determining the budget impact of election promises, the Parliamentary Budget Officer will need to consider the extent to which uncommitted funds outlined in this statement are available to fund any new policy announcements.

1.3 Definition of Uncommitted Funds

Uncommitted funds are defined as those funds available for new initiatives within the general government sector that:

- will not have an impact on the budget result or net lending metrics if they are expensed
- do not affect existing services or previously announced projects if expensed
- do not require additional unbudgeted savings as at 12 December 2014.

Uncommitted funds cover the same period as the 2014-15 Half-Yearly Review (2014-15 to 2017-18).

1.4 Committed Funds

1.4.1 Centrally Held Provisions

Centrally held provisions are included in budget estimates to reflect the expected outcome of budget risks. These risk provisions are not considered to be uncommitted funds for the purposes of this statement. Any commitments against these provisions would therefore affect the financial aggregates of the general government sector.

General provisions for parameter and technical adjustments (both recurrent expense and capital) are held on a no policy change basis to maintain existing government services in terms of their nature, availability, quantity, quality or eligibility. These provisions also reflect an historic conservative bias in aggregate spending estimates. They are classified as committed funds for the purpose of this statement due to the strong likelihood that these costs will be fully used in future budgets.

Some centrally held provisions also exist for program re-profiling, depreciation and redundancies. For the purposes of this statement, these funds are also considered to be committed as they represent a contingency provision for a likely outcome.

The 'Treasurer's Advance' recurrent and capital provision is designed to meet urgent and unforeseen expenditure requirements that may arise during the course of a financial year. Whilst specific expenditure commitments against these funds are unknown at this time, these funds are not considered to be uncommitted for the purpose of this statement as any commitment of them would constrain the Government's ability to respond to an unforeseen situation in a timely manner. Furthermore, expensing these funds would adversely affect the budget result.

1.4.2 Agency Held Provisions

Some agencies have a service growth provision within their forward estimates. The potential exists for these growth funds to be used to announce new services. However, because the first call on these funds is to meet emerging demand for existing services and unit cost pressures, the quantum of funds available for new services (the uncommitted component) cannot be identified.

In determining the financial impact of election promises, the Parliamentary Budget Officer will be required to exercise judgement as to whether election announcements within these areas can be accommodated within available agency growth funds.

Agencies may also carry specific capital project contingencies. These provisions reflect project risks and are considered to be committed for the purpose of this statement.

1.4.3 Other Items

For clarification, the treatment of other specific items is detailed below:

- Agency cash balances: Cash balances represent accumulated funds held by agencies. Any further commitment of cash balances not already budgeted will impact budget aggregates and therefore these are not included as uncommitted funds.
- Incidental expenses: Agencies have funds budgeted for incidental expense items such as consultancies, travel and training. While these funds may not be committed to specific projects at this time, they are calibrated to expected service levels. For the purpose of this statement they are considered committed.
- Restart NSW funds: When the Government has announced that funds within Restart NSW have been 'committed' to various projects, the financial impact of these commitments is already included within the Budget aggregates.

The Government has also announced that Restart NSW funds have been 'reserved' for specific projects. The financial impact of these reservations is not included within current Budget aggregates, as further preparatory work, including business cases, is required before funds can be committed. In many cases, Restart

Reservations are subject to Infrastructure NSW assessment against established criteria before funding is formally committed (as set out in the updated State Infrastructure Strategy).

On this basis, any formal commitment to these projects or any commitment to additional projects funded from Restart NSW will result in an unbudgeted drawdown of cash balances and therefore impact on budget aggregates. Commitments will also need to meet Infrastructure NSW rules and meet the requirements of the *Infrastructure NSW Act 2011* and *Restart NSW Fund Act 2011*. Projects subject to a Restart reservation are outlined in *Appendix A*.

- National Education Reform Agreement and National Disability Insurance Scheme funding: Funding is committed to announced Agreement levels (with associated service and expenditure levels) and is treated as committed. Any growth or variation contingency not allocated to services will likely be drawn down and is also treated as committed.

1.5 Uncommitted Funds for Recurrent Initiatives

1.5.1 Centrally Held Provisions

There are no centrally held provisions for new recurrent initiatives in the 2014-15 Half-Yearly Review.

1.5.2 Agency Based Provisions

Agency funds are largely committed for specific purposes and programs. However, in some instances there is a degree of discretion over the application of funds.

The Secretaries and heads of all general government agencies were requested to identify any uncommitted funds available for new recurrent initiatives. The details of uncommitted recurrent funds reported by agencies are shown in Table 1. While funds identified will be potentially available for new policy announcements, any commitments may displace existing unannounced agency service delivery plans.

Discretionary grant programs where the allocation of funds to specific bodies has yet to occur (e.g. annual sports grants, unallocated community building funds) are considered to be uncommitted funds.

1.6 Uncommitted Funds for New Capital Works initiatives

1.6.1 Centrally Held Provisions

There are no centrally held provisions for new capital work initiatives in the 2014-15 Half-Yearly Review.

1.6.2 Agency Based Provisions

The Secretaries and heads of all general government agencies were requested to identify all uncommitted funds available for new capital works initiatives. The details of

uncommitted capital funds reported by agencies are shown in Table 2. While the funds identified will be potentially available for new capital works, any commitments may displace existing unannounced agency priorities.

Table 1: Uncommitted Recurrent Funds

Agency/Program	Purpose	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	Restrictions
Department of Education and Communities						
<i>Community Building Partnership Program</i>	<i>The Community Building Partnership Program provides direct funding for community groups, councils, not-for-profit and non-government organisations to deliver community infrastructure throughout the State.</i>	0.0	36.4	0.0	0.0	<i>Funds are notionally allocated to support community infrastructure but have yet to be allocated to individual projects. The Half-Yearly Review assumes these funds will be fully utilised for their intended purposes. Funding for the program concludes in 2015-16.</i>
Office of Environment and Heritage						
<i>Waste and Environment Levy Envelope (WELE) Funded Programs</i>	<i>These funds are for waste and environment-related expenditure. The Government's commitment on waste and environment-related expenditure expires at the end of 2016-17. Future funding from 2017-18 awaits a Government decision.</i>	0.0	0.0	0.0	110.6	N/A

Agency/Program	Purpose	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	Restrictions
Environmental Trust <i>Miscellaneous Grants</i>	<i>Grant funding provided by the Environmental Trust to support various environmental programs.</i>	6.1	5.6	5.0	9.0	<i>The trust is meeting in December 2014 to consider a new prospectus of major programs totalling around \$30 million. It is anticipated that most of these new programs will receive their funding over either four years or six years from these funds.</i>
Department of Family and Community Services <i>Seniors Week Grants</i>	<i>Provides grant funding to organisations that support active ageing and the support of seniors in the community.</i>	0.2	0.2	0.2	0.2	<i>Funds are notionally allocated to support seniors in the community but have yet to be allocated to individual projects. The Half-Yearly Review assumes these funds will be fully utilised for their intended purposes.</i>
<i>Ageing Grants</i>	<i>Provides grant funding to organisations that support active ageing in the community. These grants are allocated in an annual process.</i>	1.9	1.9	1.9	1.9	<i>Funds are notionally allocated to support the NSW Ageing Strategy but have yet to be allocated to individual projects. The Half-Yearly Review assumes these funds will be fully utilised for their intended purposes.</i>
<i>Social Innovation Fund</i>	<i>Grant funding to promote a social innovation approach to meeting the needs of the most vulnerable members of our community and break the cycle of disadvantage.</i>	3.0	3.0	3.0	3.0	<i>Funds are notionally allocated to promote social innovation but have yet to be allocated to individual projects. The Half-Yearly Review assumes these funds will be fully utilised for their intended purposes.</i>

Agency/Program	Purpose	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	Restrictions
Department of Premier and Cabinet						
<i>Premier's Miscellaneous Grant Fund</i>	<i>Provides the Premier of the day with funds to provide grants to community organisations for projects that do not fit naturally within grant programs administered by Ministers</i>	0.0	1.5	1.5	1.5	N/A
<i>Rural & Regional Miscellaneous Grant Fund</i>	<i>Provides the Premier of the day with funds to provide grants to rural and regional community organisations for projects that do not fit naturally within grant programs administered by Ministers</i>	0.0	0.8	0.8	0.8	N/A
<i>Community War Memorials Grant Fund</i>	<i>Provides the Minister for Veterans' Affairs with funds to provide grants for the restoration and conservation of war memorials in NSW. Funding is available for public monuments, memorial places, landscaped spaces, buildings and sculptures, as well as honour boards and plaques.</i>	0.0	0.3	0.3	0.3	N/A
<i>DPC Contingency Fund</i>	<i>Funds available to meet the cost of unanticipated and unbudgeted initiatives of the Executive Branch of government</i>	0.0	10.0	10.0	10.0	N/A

Agency/Program	Purpose	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	Restrictions
Restart NSW <i>Resources for Regions - Program 3</i>	<i>Funding to support regional and rural mining affected communities by addressing infrastructure constraints.</i>	12.2	20.0	40.0	0.0	<i>Funds are allocated to the Resources for Regions Program. As at 4th December 2014 Infrastructure NSW had not yet completed its assessment of projects to be recommended for funding within this program.</i>
Office of Sport <i>Sport and Recreation Fund Grants</i>	<i>Funding to support the sport and recreation industry as part of a Government commitment to promote participation in sporting activities.</i>	2.1	12.4	12.4	16.1	<i>Funds are notionally allocated to support the sport and recreation industry but have yet to be allocated to individual projects. The Half-Yearly Review assumes these funds will be fully utilised.</i>
Department of Trade and Investment, Regional Infrastructure and Services <i>Destination NSW</i>	<i>Funding is provided to market Sydney's and New South Wales' tourism and major events; to secure major sporting and cultural events; to work in partnership with Business Events Sydney to win major international conventions and incentivise travel reward programs.</i>	1.4	5.5	12.3	22.4	<i>Funds are notionally allocated to market New South Wales' tourism and major events but have yet to be allocated to individual projects. The Half-Yearly Review assumes these funds will be fully utilised for their intended purpose.</i>

Agency/Program	Purpose	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	Restrictions
<i>Research Attraction and Acceleration Program</i>	<i>Funding supports innovation and investment in the State's research and development capacity.</i>	5.1	5.0	13.8	13.7	<i>A large proportion of the funding is allocated as co-investment for NSW applicants for Commonwealth funded competitive grant rounds. Expenditure is conditional upon the success of NSW applicants. Funding remains unallocated to specific projects, pending announcement of a competitive grant round. The Half-Year Review assumes these funds will be fully utilised for their intended purpose.</i>
<i>Arts and Cultural Development Program</i>	<p><i>Funding is provided to promote:</i></p> <ul style="list-style-type: none"> ▪ <i>a creative and diverse arts and cultural sector</i> ▪ <i>sustainable arts and cultural organisations, services and infrastructure across the State</i> ▪ <i>increased access to arts and cultural activities across the State.</i> <p><i>Includes funding to promote and support Aboriginal arts and culture, culturally and linguistically diverse people, young people, regional and rural, people with a disability and Western Sydney.</i></p>	2.8	40.7	47.4	47.9	<i>Funds are notionally allocated to promote arts and cultural development but have yet to be allocated to individual projects. The Half-Yearly Review assumes these funds will be fully utilised for their intended purpose.</i>
<i>Screen NSW - Promotion of the Industry</i>	<i>Funding supports production finance, development of concepts and promotion of talent.</i>	2.0	5.9	7.5	7.6	<i>Funds are notionally allocated to support the film industry but have yet to be allocated to individual projects. The Half-Yearly Review assumes these funds will be fully utilised for their intended purpose.</i>

Agency/Program	Purpose	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	Restrictions
<i>State Investment Attraction Scheme</i>	<i>Funding supports creation and retention of NSW jobs by attracting investment that might otherwise occur in an alternative location.</i>	4.6	2.9	6.5	8.0	<i>Funds are notionally allocated to attract investment to the State but have yet to be allocated to individual projects. The Half-Yearly Review assumes these funds will be fully utilised for their intended purpose.</i>
<i>Australian Technology Showcase</i>	<i>Funding provided on a project basis for showcasing and exporting market development activities for innovative small and medium enterprises.</i>	0.1	0.3	0.8	0.8	<i>Funds are notionally allocated to support small and medium enterprises but have yet to be allocated to individual projects. The Half-Yearly Review assumes these funds will be fully utilised for their intended purpose.</i>
<i>Regional Industries Investment Fund</i>	<i>Funding supports business investment and economic infrastructure projects that generate investment and new jobs in regional New South Wales.</i>	8.8	7.8	12.9	10.6	<i>Funds are notionally allocated to support regional economic activity but have yet to be allocated to individual projects. The Half-Yearly Review assumes these funds will be fully utilised for their intended purpose.</i>
<i>Regional Communities Fund</i>	<i>Funding provides small grants to community projects in regional New South Wales.</i>	1.5	1.0	1.0	0.0	<i>Funds are notionally allocated to provide grants to community projects but have yet to be allocated to individual projects. The Half-Yearly Review assumes these funds will be fully utilised for their intended purpose.</i>
<i>Regional Development Assistance</i>	<i>Funding provides financial and other assistance to businesses expanding in, or relocating to, regional New South Wales.</i>	1.6	0.0	0.0	0.0	<i>Funds are notionally allocated to support regional businesses but have yet to be allocated to individual projects. The Half-Yearly Review assumes these funds will be fully utilised for their intended purpose.</i>

Note: References to the 'Half-Yearly Review' mean the 2014-15 Half-Yearly Review.

Table 2: Uncommitted Capital Funds

Agency/Program	Purpose	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	Restrictions
Department of Education and Communities <i>Capital Works Provision</i>	<i>Capital works for NSW Government education infrastructure</i>	0.0	17.0	120.5	178.3	<p><i>Amounts are notionally allocated to major new works programs or projects to meet planned service delivery growth and maintenance of NSW Government schools to meet requirements under the Education Act 1990.</i></p> <p><i>While individual projects have been nominated and amounts notionally set aside, they have not been formally approved and announced. Any election announcements of additional projects using these funds may require reprioritisation of the agency's service delivery plans.</i></p>
Ministry of Health <i>Capital Works Provision</i>	<i>Capital works for NSW Government health infrastructure</i>	0.0	273.3	488.3	540.8	<p><i>Amounts are notionally allocated to major new works programs or projects to meet planned service delivery growth and maintenance needs of the Ministry of Health.</i></p> <p><i>While individual projects have been nominated and amounts notionally set aside, they have not been formally approved and announced. Any election announcements of additional projects using these funds may require reprioritisation of the agency's service delivery plans.</i></p> <p><i>Excludes locally funded initiatives.</i></p>

Agency/Program	Purpose	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	Restrictions
NSW Police Force <i>Capital Works Provision</i>	<i>Capital works for NSW Government police infrastructure</i>	0.0	5.8	68.0	110.8	<p><i>Amounts are notionally allocated to major new works programs or projects to meet planned service delivery growth and maintenance needs of the NSW Police Force.</i></p> <p><i>While individual projects have been nominated and amounts notionally set aside, they have not been formally approved and announced. Any election announcements of additional projects using these funds may require reprioritisation of the agency's service delivery plans.</i></p>
Transport for NSW <i>Capital Works Provision</i>	<i>Capital works for NSW Government transport infrastructure</i>	0.0	119.6	228.3	258.7	<p><i>Amounts are notionally allocated to major new works programs or projects to meet planned service delivery growth and maintenance needs of Transport for NSW.</i></p> <p><i>While individual projects have been nominated and amounts notionally set aside, they have not been formally approved and announced. Any election announcements of additional projects using these funds may require reprioritisation of the agency's service delivery plans.</i></p> <p><i>In addition, some funding sources supporting these programs are restricted under relevant legislation to be applied towards specific transport objectives.</i></p>

Appendix A

Project	Restart reservation
Newcastle Urban Renewal	\$60 million
Parramatta Light Rail	\$400 million
Western Sydney Roads to Support Sydney's Second Airport at Badgerys Creek	\$389 million
Northern Beaches Hospital, Road Connectivity and Network Enhancement	\$348 million
Newcastle Urban Renewal – further investment from Port proceeds	\$340 million
Water Security for Regions – further investments	\$328.3 million
Regional Freight Pinch Point and Safety Program	\$200 million
Grafton Bridge	\$177 million
Newcastle Inner City Bypass Missing Link (Rankin Park to Jesmond)	\$150 million
Regional Tourism Infrastructure Program	\$110 million
Hunter Infrastructure and Investment Fund	\$100 million
South Western Sydney Housing Acceleration Fund	\$83 million
Regional Health Infrastructure	\$50 million
Western NSW Freight Productivity Program	\$50 million
Fixing Country Roads	\$37.5 million
Resources for Regions – further investments	\$17 million
Queanbeyan Bypass (Ellerton Drive extension)	\$12.5 million
Support for the delivery of the State Infrastructure Strategy	\$2,000 million
Additional support for tourism infrastructure	\$69 million
Total	\$4.9 billion