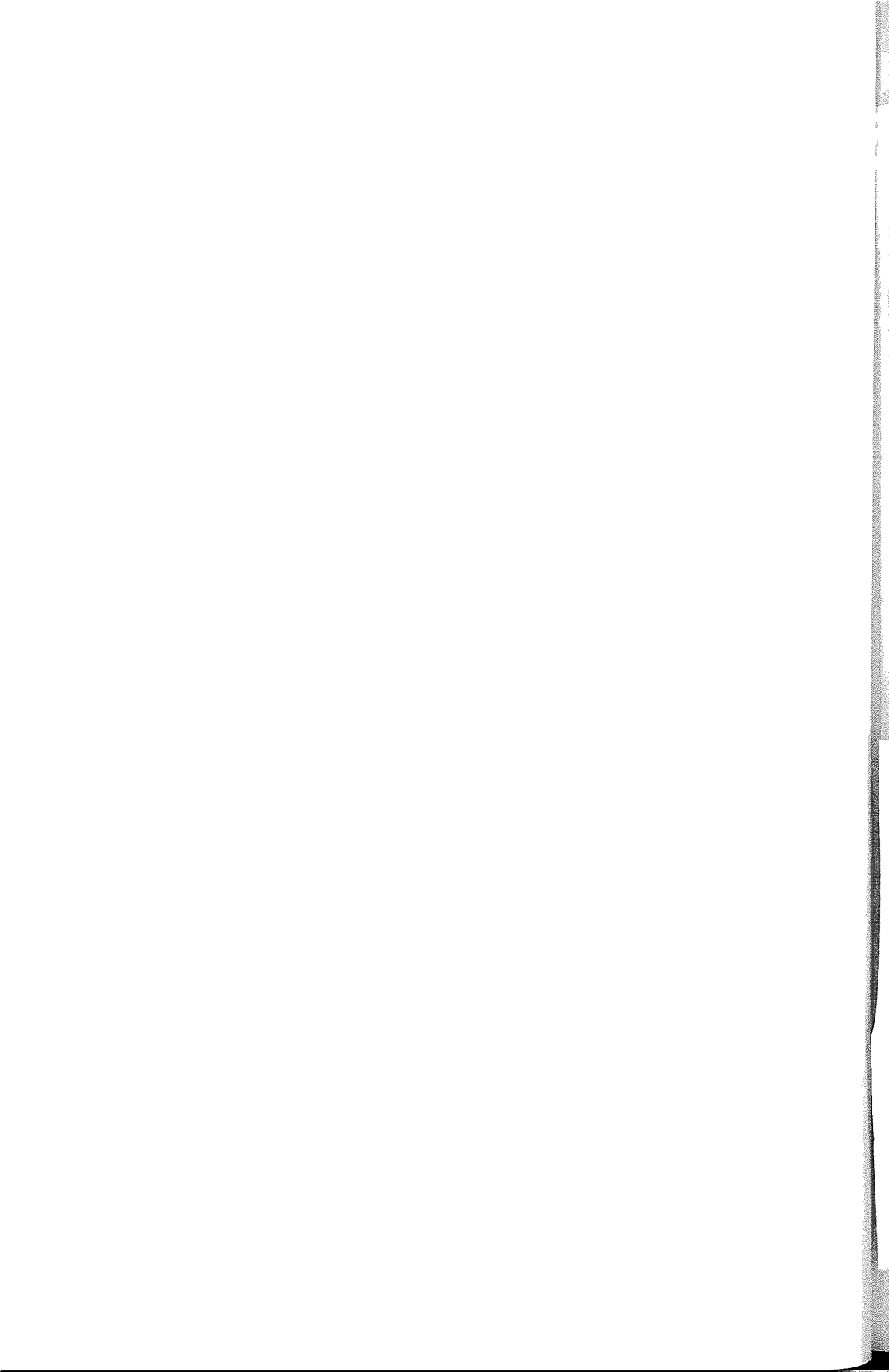




NEW SOUTH WALES

**BUDGET
INFORMATION
1989-90**

BUDGET PAPER No. 2



BUDGET PAPER No. 2 - SUPPLEMENTARY INFORMATION

Corrigenda

. p9 - Table 1.2

Replace existing figures with the following:

	1988-89	1989-90	% Change
Recurrent Payments -			
Departmental	10,278	11,123	+ 8.2
Debt Servicing Costs	1,102	1,157	+ 4.9

. p18 - Table 1.8

Replace existing figures with the following:

	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
Recurrent Payments -						
Departmental	7,276	8,105	8,879	9,693	10,278	11,123
Debt Servicing Costs	603	752	868	1,026	1,102	1,157
 Total Budget Result - plus Adjustment equals BUDGET RESULT		68 (241)	75	74		
 Financing--- (total)	\\	241				

. p96 - Table 3.4

Last line - figure for 1989-90 Capital Works and Services - Other should read 80,014.

. p115 - Table 3.4

Last line - second last figure should read 3,068,932.

. p116 - Table 3.4

Replace last 7 figures of "sub total" with the following:

3,036,427	2,576,065	3,259,050	14,618,746	4,178,389	16,136,535	4,434,549
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. p262 - Highlights of 1989-90 Program

First sentence should read "Following four years"

. p266

Last sentence should read "Conversely, internal and other funding (including"

. p272 - first paragraph

Last sentence should read "Economic infrastructure ..."

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Note: Tables may not add due to rounding.

CHAPTER 1: SUMMARY AND OVERVIEW

- 1.1 The Budget Environment**
- 1.2 Budget and Capital Program Strategy**
- 1.3 Budget and Capital Program Overview**
- 1.4 Budget Initiatives**
- 1.5 Summary of Past Consolidated Fund Budget Results**

1.1 THE BUDGET ENVIRONMENT

The 1989-90 Budget and Capital Program have been framed in the context of cutbacks in Commonwealth funding and a deteriorating economic environment, with resultant impact on the State's own source revenue.

At the same time community demands in the Government's high priority areas of health and law and order, as well as the Government's commitments in these and other areas, have placed pressure on the limited available funding.

These factors have required short-term trade-offs to be made in the Government's Medium Term Financial Strategy. In the area of taxation it has been necessary to defer taxation reforms and, indeed, increase certain taxes.

However, overall, the 1989-90 Budget and Capital Program are in broad conformity with the Medium Term Financial Strategy. In the key areas of recurrent expenditure restraint, borrowings and debt restraint and addressing the backlog in the State's social and economic infrastructure, the implementation of the strategy is on track.

Commonwealth Funding

Commonwealth funding in 1989-90 was again cut substantially in real terms, continuing a longer term trend.

Table 1.1: Commonwealth Payments and Loan Allocations to New South Wales

	1988-89	1989-90	Real Change		Year of Peak Real Level	Real Change from Peak Level
			\$m	%		
Financial Assistance Grants	3,665	3,666	(-)274	(-)7.0	1986-87	(-)482
General Capital Payments (1)	173	173	(-)13	(-)7.0	1975-76	(-)1,173
Recurrent Specific Purpose Payments (2)	1,629	1,818	+ 66	+ 3.8	1984-85	(-)155
Capital Specific Purpose Payments	765	910	+ 8	+ 1.0	1983-84	(-)304
Total Payments (3)	6,247	6,470	(-)246	(-)3.7	1984-85	(-)1,304
Global Borrowing Limit (4)	1,450	1,144	(-)415	(-)26.6	1982-83	(-)2,042

(1) In order to ensure conformity between the years, 1989-90 general purpose capital payments include the housing nomination which was transferred to the Commonwealth-State Housing Agreement in 1989-90.

(2) Excludes "letter box" payments (i.e. those for higher education, local government Financial Assistance Grants and non-Government schools, for which New South Wales acts only as paying agent for the Commonwealth).

(3) Includes special revenue assistance; excludes "letter box" payments.

(4) Actual borrowings in 1988-89 and estimated borrowings in 1989-90 are \$1,038 million and \$835million, respectively.

In 1989-90 Commonwealth payments in total will be some \$246 million less in real terms relative to 1988-89. This continues a longer term trend of real reductions which were initially concentrated in General Capital Payments, but had extended to all Commonwealth payments by the mid-1980's. Comparing Commonwealth payments to their past peak level (expressed in real terms), there has been a real decline of \$1,304 million per annum.

Similarly, the Loan Council global borrowing limit will be \$415 million less in real terms in 1989-90 compared to 1988-89 or \$2,042 million less (in real terms) relative to its peak real level, which was in 1982-83.

Commonwealth funding (recurrent and capital but excluding the global borrowing limit), now accounts for 40.2 per cent of total Consolidated Fund revenue compared with 47.3 per cent five years earlier. This trend reflects the deliberate strategy of the Commonwealth to achieve a significant part of its overall restraint in Commonwealth outlays through reductions in payments to the States. Over the five year period to 1989-90, Commonwealth own purpose outlays have increased 40.5 per cent while payments to the States increased by only 24.5 per cent.

The major feature of the Commonwealth's 1989-90 cutbacks was a virtually zero increase in dollar terms in the Financial Assistance Grant to be paid to New South Wales. This was the product of two factors, firstly a cut in the level of Financial Assistance Grants available to the States in total and, secondly, a reduction in New South Wales' share of the total.

Following a long history of linking Commonwealth payments either to the level of Commonwealth taxation receipts or inflation and growth factors, Commonwealth Financial Assistance Grants are now determined on an annual basis with no forward indication or commitment to the States. The 1989-90 Financial Assistance Grant for the six States and the Northern Territory was determined on the basis of a reduction on the estimate included in the Commonwealth forward estimates which resulted in the grant for the six States and the Northern Territory increasing by only 3.0 per cent.

The New South Wales share of the Financial Assistance Grant was reduced from 29.5 per cent in 1988-89 to 28.6 per cent in 1989-90. The reduction was the result of the updating of Commonwealth Grants Commission relativity factors for the latest revenue and expenditure data. The major cause of the reduction in the New South Wales share was that the Commonwealth Grants Commission's calculations took account, for the first time, of the buoyant 1987-88 revenue growth.

Details of Commonwealth funding are provided in Budget Paper No. 4.

Economic and Revenue Outlook

The Budget and Capital Program were framed within the context of an assumed downturn in economic activity, particularly in the interest sensitive areas of dwellings and business investment.

Despite the projected slowdown in economic activity, inflation, interest rates and the deficit on the balance of payments are projected to remain high. The major uncertainty in the economic outlook is wages growth. Whereas the Budget for the previous two years, 1987-88 and 1988-89, benefited from a decline in real wages, this factor will not assist the 1989-90 Budget and indeed, the risk is of a real increase in award wage costs. A wage tax trade-off has been negotiated by the Commonwealth Government with the ACTU and the August 1989 National Wage Case links award increases to the Structural Efficiency Principle. Nevertheless, there is the risk of an acceleration in wages growth. State Budgets are particularly exposed to wage increases as broadly two thirds of expenditure is on employee-related payments. Accordingly, caution is required in framing a Budget in such a context.

Another major linkage between the economic outlook and the Budget is the impact of a subdued property market on revenue, particularly contracts and conveyancing duty and asset sales. In 1989-90, contracts and conveyancing revenue is projected to decline by over \$500 million in real terms relative to 1988-89. While there are partial offsets from other State revenue such as payroll tax, the overall position is (excluding the 3 cent/litre fuel levy devoted to roads) a projected increase of only 6.0 per cent in own source State revenue, a real decline of nearly \$100 million over the previous year.

Finally, continuing high interest rates will impact directly on debt servicing costs. Despite the substantial reductions in the level of borrowings in 1989-90 and the overall containment of debt, debt costs are projected to increase in real terms in 1989-90.

Further details of the economic outlook are provided in Chapter 2, while the revenue position is set out in more detail in Chapter 4 (recurrent budget) and Chapter 5 (capital budget).

Community Demands and Government Commitments

Budget payments for health, education and law, order and public safety in aggregate account for 66 per cent of Consolidated Fund recurrent expenditure. Government commitments in these areas, combined with the impact of high interest rates on debt cost, mean that expenditure restraint has to fall primarily on the remaining 34 per cent of Budget expenditures.

Health is the Government's highest priority area. In 1988-89, public hospitals experienced a 7 per cent increase in admissions and further increases in demand will occur in 1989-90. Compounding the pressure on the health area are major cost increases in 1988-89 which will have flow through impacts in 1989-90.

Education is in the process of consolidation as the major resource reallocation initiatives of 1988-89, modified somewhat for decisions of the Industrial Commission, are implemented. In the area of schools education, the Government has endorsed in principle the objective of maintenance in real terms of resources for teaching as proposed in the Scott report.

Law and order, encompassing police, courts, corrective services and associated activities, is a complex, interrelated function in which demands in one area flow through to and impact on other areas. The Government's major commitment is to increase policing and reduce Court backlogs. The Budget has been framed to address these commitments.

Finally, in the transport area, the Budget and Capital Program are significantly affected by a range of factors. One factor is the accelerated road construction program, funded by a three cent per litre fuel levy. Another is the restructure of the transport authorities, which involves the funding of large redundancy payments, with resultant ongoing savings in the operating subsidies.

1.2 BUDGET AND CAPITAL PROGRAM STRATEGY

Medium Term Budget Strategy

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

The Government's Strategy consists of four elements –

1. Containment of Growth in Recurrent Payments

Consolidated Fund recurrent payments are to grow at no greater than inflation, with additional funding for priority areas such as health and law, order and public safety to be achieved by a combination of productivity savings and reallocation of priorities within portfolios.

A real decline in 1989-90 recurrent expenditure will be achieved and the forward estimates for 1990-91 and 1991-92 project a continuing real decline.

2. Debt Containment Program

The debt containment program is directed not at eliminating debt, but at reducing the State's exposure to a more prudent level. The specific elements of the program are as follows –

- ***Elimination of Borrowings to Fund the Budget***

The Budget is now presented with financing transactions shown "below the line" rather than the past practice of including loan funds as a receipt, "above the line". In 1988-89, a large surplus was achieved and this will be used to finance a projected deficit in 1989-90 without resort to borrowings. Beyond 1989-90, the projected Budget position indicates that the objective of not borrowing to fund the Budget will be achieved.

- ***Elimination of Borrowings to Fund Inner Budget Sector Capital Expenditure***

Traditionally a number of areas of the inner Budget sector have utilised off budget borrowings to assist in financing capital expenditure. The major areas are the Roads and Traffic Authority, Health Administration Corporation and the non commercial activities of the State Rail Authority.

In 1989-90, all fuel taxes will be dedicated to roads to achieve a substantial boost in the road construction program, thus alleviating the need for recourse to additional borrowings. Beyond 1989-90, every effort will be made to eliminate borrowings for these activities within the Medium Term Financial Strategy timetable.

- ***Capital Appraisal and Rate of Return Requirements***

In addition to the measures outlined above, there are a number of general measures directed at achieving restraint in borrowings by influencing decision making processes. All new capital projects are now required to be evaluated in terms of costs and benefits. In addition, for outer Budget sector authorities, rate of return performance targets are being developed that will provide a discipline on the level of borrowings at the organisation level. Similarly, the corporatisation process, with its establishment of commercially based debt to equity ratios, will reinforce this process.

Overall, the medium term target is to reduce gross debt as a proportion of Gross State Product from 25.6 per cent at June 1988 to 20 per cent at June 1993. As at June 1989 the proportion has been reduced to 22.6 per cent. This reduction has been achieved well ahead of target.

Details of borrowings, debt and debt servicing cuts are provided in Chapter 9.

3. Taxation Reform

Substantial reforms in taxation are planned to be implemented by 1991-92, with the exact mix of tax cuts and restructuring to be developed in the light of consideration of the Tax Task Force Report. It is planned to eliminate the level of excess taxation currently experienced by New South Wales residents relative to those of other States. Chapter 8 includes a comprehensive response by the Government to the Tax Task Force Report and an indication of the general approach to future reform.

In 1988-89, and also in the current Budget, there have been a number of increases in taxes, the most significant of which are temporary. These increases reflect a trade-off in the short term between one or more of the Medium Term Financial Strategies. The fuel levy and the environmental levy were both introduced as a means of funding high priority areas by broad application of user pays principles, without recourse to borrowings. The levies have sunset provisions and the funds raised will be applied to specific purposes. In these cases, the trade-off involves an emphasis on containment of debt and addressing the priority areas of roads and environment protection at the cost of increased taxation burden.

The increase in the tobacco franchise fee was undertaken both to provide an increased price incentive to further discourage smoking and to assist in providing real growth funding for health, an area responsible for the treatment of tobacco induced health disorders. In this case, the trade-off was to place greater emphasis on health funding at the expense of increased taxation.

4. Provision for Funding of Accruing Liabilities

The State does not adequately fund liabilities such as public sector superannuation, long service leave and insurable risks.

The first step in addressing this issue is to properly account for the liability. Accrual accounting is to be phased in for the inner Budget sector.

In regard to funding, priority is to be first accorded to addressing the level of debt. Once that has been contained to an appropriate level, a start will be made on addressing the unfunded non debt liabilities.

1989-90 Budget and Capital Program Strategy

The 1989-90 Strategy is consistent with the Medium Term Strategy but, in view of the difficult revenue outlook, revenue initiatives directed at reducing the taxation burden have had to be deferred.

The 1989-90 Budget and Capital Program Strategy involves the following -

- a real decline in Consolidated Fund recurrent expenditure both in 1989-90 and over the forward years, 1990-91 and 1991-92. In 1989-90 recurrent expenditure is projected to decline 0.5 per cent in real terms and over the period 1988-89 to 1991-92 the real decline is projected at 1.7 per cent on present policies.

- within the context of overall recurrent expenditure restraint, priority is being given to health and law and order. Real growth in funding has been achieved in these areas. In addition, both teaching and welfare have been given preferential treatment in terms of portfolio and productivity savings. Education expenditure is projected to increase in real terms in 1989-90 and be maintained in real terms over the forward estimate period. The welfare area is subject to only partial application of productivity savings and any portfolio savings are available for reallocation to other priority areas within welfare.
- productivity savings of broadly four per cent of recurrent operating expenditure have been applied, other than in designated priority areas, in order to achieve the overall zero growth in expenditure target and free up resources for allocation to higher priority areas.
- microeconomic reform, both in the State public sector and in the economy generally, is being assisted with funding provided for major redundancies in the transport area and for payments to facilitate deregulation of the egg industry.
- increased flexibility has been provided to Ministers to manage within their budgetary allocations, while tightening control on their overall spending.
- all fuel taxes have been dedicated, effective from 1 July 1989, to the roads program.
- debt and debt servicing costs have been restrained by elimination of borrowings within the Consolidated Fund and by minimising recourse to borrowings for the overall Capital Program.
- major progress will be made in addressing, in a cost effective way, the backlog in essential economic and social infrastructure by means of a record \$5.1 billion Capital Program, with borrowings constrained to a record low level of 16 per cent of the Program.
- a commencement is to be made on the Government's commitment to a phased approach to the introduction of accrual accounting and funding in the inner Budget sector.

1.3 BUDGET AND CAPITAL PROGRAM OVERVIEW

Budget Position

The Consolidated Fund Budget position for 1989-90 and a comparison with 1988-89 is set out in Table 1.2.

Table 1.2: Summary of Budget Position

	Consolidated Fund (a)		% Change %
	1988-89 (Actual) \$m	1989-90 (Budget) \$m	
RECURRENT			
Revenue			
State Taxation	7,042	7,551	+ 7.2
Other State Revenue	1,543	1,750	+ 13.4
Commonwealth Grants	5,296	5,412	+ 2.2
Total Revenue	13,881	14,713	+ 6.0
Payments			
Departmental	10,525	11,253	+ 6.9
Payments to Authorities	1,235	1,215	(-)1.6
Debt Servicing Costs	855	1,028	+ 20.2
Total Payments	12,615	13,495	+ 7.0
Recurrent Result	1,266	1,217	(-)3.9
CAPITAL			
Revenue			
State Capital Revenue	256	243	(-)5.1
Commonwealth grants	831	997	+ 20.0
Total Capital Revenue	1,087	1,240	+ 14.1
Payments			
Total Capital Payments	1,901	2,576	+ 35.5
Capital Result	(814)	(1,336)	+ 64.1
TOTAL BUDGET RESULT			
Revenue	14,968	15,953	+ 6.6
less Expenditure	14,516	16,072	+ 10.7
less adjustment (b)	24	—	
equals Budget Result	428	(119)	n.a.
FINANCING			
Borrowings	86	—	
less loan repayments	94	165	
plus transfer from Revenue Equalisation Account	—	284	
less transfer to Revenue Equalisation Account	420	—	
	(428)	119	

(a) For consistency, 1988-89 data (except for the Budget result) have been adjusted to reflect changes from 1 July 1989 in the range of organisations/activities operating on the Consolidated Fund.

(b) Net effect on 1988-89 Budget result of adjusting for organisations taken off-Budget from 1989-90.

Recurrent expenditure is projected to increase by 7.0 per cent, a real decline of 0.5 per cent relative to the Consumer Price Index. Expressed as a proportion of Gross State Product, recurrent expenditure is projected to decline from 10.9 per cent in 1988-89 to 10.5 per cent in 1989-90.

The overall Budget result is projected as a deficit of \$119 million, consisting of a recurrent surplus of \$1,217 million and a capital deficit of \$1,336 million.

Despite the projected deficit, there will be no recourse to borrowings in the Budget, the deficit being funded by the use of part of the 1988-89 surplus via the Revenue Equalisation Account.

A particular feature of the 1989-90 Budget is the very large increase in Consolidated Fund capital expenditure, which is projected to grow by \$675 million or 35.5 per cent over 1988-89. This has produced an 11.1 per cent increase in overall Consolidated Fund expenditure. The major factors contributing to the increase in Consolidated Fund capital expenditure are increased road funding, transport redundancies and egg industry payments.

Commencing in 1989-90, a three cent per litre fuel tax levy has been applied and dedicated to accelerate the road construction program. The levy is for a three year period. In addition, all petroleum licence fee revenue is now applied to the roads program. This has meant that in 1989-90, Budget funding for roads has increased by \$344 million relative to 1988-89.

Transport redundancy payments of \$250 million are provided in the Budget. These have been classified as a capital payment as they are directed at achieving a reduction in operating expenditure. Similarly, the payment for egg industry deregulation is classified as a capital payment as it involves the repurchase of property rights.

When adjustment is made for the above special factors, growth in Consolidated Fund capital payments is reduced to 7.4 per cent and overall Budget expenditure growth to 7.0 per cent. These factors have a "once-up" impact on expenditure growth in 1989-90. In addition, each of the measures is of a set duration which means that over the next three to five years there will be an offsetting decline in Budget expenditure as these arrangements terminate.

Productivity and Portfolio Savings

The 1989-90 Budget incorporates a comprehensive program of expenditure reductions directed at both achieving the recurrent expenditure restraint target and freeing up resources for reallocation to high priority areas.

The major savings initiatives are –

- a productivity savings target involving a 2.5 per cent reduction in employee related payments and a freeze on maintenance and working expenses, subject to partial or full exemption for certain priority areas;
- a freeze on a wide range of grants and subsidies;
- a major restructure of the transport authorities; and
- targeted portfolio savings in a large number of individual programs.

Productivity savings involve the provision of the same level of service at a lower cost by increased efficiency in the delivery of the services and reduced overheads. Strategies to achieve these savings are developed by Departments in the context of the Corporate Planning process. The Office of Public Management is available to assist Departments in developing strategies to achieve the target and will be developing a range of initiatives to assist generally in this objective. These savings are distinct from any reforms to be achieved as part of the Structural Efficiency Principle.

Productivity savings are equivalent to broadly 4 per cent of Departmental operating expenditure where the savings targets are fully applied. However, there are a number of areas where no or reduced productivity savings were required. The Health and Education areas, other than in respect of Head Office administration costs, are exempt from productivity saving requirements in 1989-90. Both areas have instituted their own internal productivity savings program which are targetted to freeing up resources for reallocation within the portfolio to higher priority areas. Productivity savings in the welfare area have been kept to a 1.5 per cent reduction in operating expenditure.

Portfolio savings, in contrast to productivity savings, involve reduction or elimination of services. Ministers were required to nominate portfolio saving options amounting to 3 per cent of recurrent expenditure. These were carefully reviewed by the Ministerial Expenditure Review Committee and a large number of specific savings effected across a wide range of portfolios. However, once again, teaching, health, police and welfare were exempt from these savings. In the case of welfare, a number of initiatives have been undertaken which involve reductions in resources in certain areas and their reallocation to high priority areas, such as the Home and Community Care, and Supported Accommodation Assistance Programs.

In aggregate, savings amount to \$284 million in 1989-90. This consists of \$65 million in productivity savings, a \$145 million real reduction in operating subsidies for the State Rail Authority and the State Transit Authority and \$74 million in portfolio and other savings.

In addition, the reform of the Government cleaning service, while not providing significant savings in 1989-90, will produce savings of \$70 million per annum in a full year.

When the savings achieved in 1989-90 are combined with the full year productivity savings achieved in 1988-89 of \$110 million, the total is \$394 million per annum.

Microeconomic Reforms

A feature of the 1989-90 Budget is the funding support provided to the Government's microeconomic reforms. An extensive review of these reforms, together with public sector financial and management reforms, is provided in Chapter 8 of this Budget Paper.

The Budget facilitates a number of microeconomic reforms -

- restructure of the transport authorities, particularly the State Rail Authority, by means of major reductions in staff levels in order to eliminate operating inefficiencies. While substantial emphasis is being placed on natural attrition to achieve these reductions, nevertheless there is the need for targetted redundancies. A provision of \$250 million has been made for redundancy payments in the transport sector. The payback for these payments is in terms of reduced operating expenditure, which should more than pay for the up-front costs in about 18 months to two years.
- the deregulation of the egg industry, which involves \$61 million in payments to the holders of egg quota licences. While the quota holders are being paid up-front by the Egg Corporation, the actual payment from the Budget will be spread over a three year period.
- conversion of \$95 million in borrowings to equity for the Grain Handling Authority in order to place the Authority on a solvent commercial basis prior to corporatisation and possible eventual privatisation.

Forward Estimates

Consolidated Fund forward estimates have been prepared for the period 1989-90 to 1991-92. Details of these are provided in a separate publication, "Forward Estimates of the Consolidated Fund Recurrent Expenditures of the New South Wales Government - 1989-90 to 1991-92", released in August 1989.

Minor revisions have been made to the August Forward Estimates. These are incorporated in Table 1.3.

Table 1.3: Recurrent Expenditure Estimates, 1989-90 to 1991-92

		1988-89 Actual	1989-90 Budget	1990-91 Estimate	1991-92 Estimate
Recurrent expenditure	\$m	12,615	13,495	14,142	14,848
Growth in recurrent expenditure	%	7.7	7.0	4.8	5.0
Real growth in recurrent expenditure	%	0.3	(-)-0.5	(-)-1.2	—
Recurrent expenditure as proportion of GSP	%	10.9	10.5	10.0	9.6

The forward estimates project a real decline in recurrent expenditure over the forward estimate period, such that by 1991-92 recurrent expenditure is projected to have declined by 1.7 per cent in real terms relative to 1988-89.

Total Payments

The Consolidated Fund Budget reflects transactions that pass through the Consolidated Fund. However, there are other payments financed by the use of Special Deposits Accounts, reserves and capital proceeds of outer budget sector authorities that are not reflected in the Consolidated Fund. The total payments position for 1988-89 and 1989-90, which takes account of funds from all sources, is set out in Table 1.4. Further details are provided in the "Blue Tables" in Chapter 3.3.

Table 1.4: Consolidated Fund and Total Payments

	Consolidated Fund			Total Payments		
	1988-89 \$m	1989-90 \$m	% Change	1988-89 \$m	1989-90 \$m	% Change
Recurrent payments	12,615	13,495	+ 7.0	13,547	14,541	+ 7.3
Capital payments	1,901	2,576	+ 35.5	4,340	5,161	+ 18.9
Total	14,516	16,071	+ 10.7	17,887	19,702	+ 10.1

Total recurrent payments reflect, in addition to Consolidated Fund expenditure, the drawdown of reserves and the use of user charges. Consideration is being given to moving to a full national accounts presentation of the Budget in future years, which would offset user charges against relevant expenditure.

Total recurrent payments are projected to increase by 7.3 per cent in 1989-90.

Capital Program, Borrowings and Debt

The Capital Program is the aggregation of Consolidated Fund capital expenditure and capital expenditure of outer budget sector authorities.

The 1989-90 Capital Program totals \$5,161 million, a record in money terms and an increase of 18.9 per cent or \$821 million over 1988-89 expenditure.

The major factors responsible for the large increase in capital expenditure are –

- an increase of roundly \$250 million in roads expenditure reflecting the full hypothecation of petroleum franchise fees and the imposition of a three cents per litre fuel levy. (Borrowings for road funding in 1988-89 were \$74 million. In 1989-90, the opportunity has been taken to eliminate borrowings for the roads program. While this reduces the program level by this amount, it avoids debt servicing costs displacing future road funds.)
- advances for staff redundancies totalling \$250 million.
- payments of \$61 million for purchase of hen quotas.
- increased funding of \$114 million for the Housing and Community Services component of the Capital Program, comprising housing and homesite development and water and sewerage and environmental protection works.

Despite the record Capital Program, borrowings are projected to account for only 16 per cent of Capital Program funding as can be seen from Tables 1.5 and 1.6.

Table 1.5: Borrowings for Capital Funding

	1988-89	1989-90	% Change
	\$m	\$m	
Inner Budget Sector –			
Commonwealth loans	86.3	—	(-)100.0
Global borrowings	497.7	476.2	(-) 0.7
	<hr/>	<hr/>	
	566.1	476.2	(-) 15.9
Outer Budget Sector –			
Global borrowings	472.3	358.7	(-) 24.1
Total –			
Commonwealth loans	86.3	—	(-)100.0
Global borrowings	952.0	834.9	(-) 12.3
	<hr/>	<hr/>	
Total	1,038.4	834.9	(-) 19.6

Details of the Capital Program are provided in Chapter 5.

A key part of the Government's Medium Term Financial Strategy is the containment of debt. The total elimination of debt is not an economically responsible strategy. Borrowings are clearly justified where a capital project generates a positive return. In many cases, a combination of internal funding and borrowings is an appropriate method of financing.

Thus, the objective is not to eliminate borrowings and debt. Rather, the objective is to reduce State debt relative to the size of the State economy, as measured by Gross State Product and to eliminate borrowings for non revenue generating capital works.

Major progress has been achieved in implementing this strategy as summarised in Table 1.6.

Table 1.6: Debt and Borrowings

		1985-86 Actual	1986-87 Actual	1987-88 Actual	1988-89 Actual	1989-90 Forecast
DEBT						
Gross State Debt as at June	\$m	22,296	24,422	25,508	26,249	27,100
Percent of Gross State Product	%	27.1	26.7	25.6	22.6	21.2
BORROWINGS						
Global Limit	\$m	2,060	1,845	1,540	1,450	1,142
Borrowings	\$m	2,258	2,103	1,832	1,240 (1)	835
Percent of Capital Program	%	51.8	45.7	42.0	28.6	16.2

(1) Gross borrowings shown for 1988-89 include borrowings drawn down, but not utilised in that year.

The global borrowing limit in 1989-90 is 21.3 per cent less than in 1988-89 and 25.9 per cent less than for 1987-88. Borrowings to fund the Capital Program are 54.4 per cent lower than in 1987-88.

Gross Debt, as a percentage of Gross State Product, has declined to 22.6 per cent at June 1989 from 25.6 per cent at June 1988 and is projected to further decline to 21.2 per cent by June 1990.

In 1989-90 special dividends of \$75 million received from the Sydney Cove Redevelopment Authority will be fully applied to reducing Darling Harbour debt. Should the budget outcome prove better than projected consideration will be given to further debt retirement.

1.4 BUDGET INITIATIVES

As indicated in Section 1.2, the Budget for 1989-90 has been framed both on the basis of addressing the Government's medium-term financial strategy and in the light of the severe downturn in the real level of revenues to be received.

In line with the new budgeting and forward estimates procedures, there is greater flexibility afforded to Ministers and their organisations to re-allocate available funds to achieve their overall objectives.

As a consequence both of the difficult funding position and the flexibility available to Ministers, enhancements sought by Ministers (i.e. new services or increased levels of existing services) are expected to be funded in the main by both productivity savings above the target level set in the Budget and by the reallocation of resource from lower priority areas.

Such re-ordering of priorities within a portfolio may range from minor shifts in emphasis to more substantial changes in the direction or missions of departments.

In addition to initiatives funded within portfolios, the 1989-90 Budget provides additional funding for a number of specific measures to reflect the priorities of Government. Table 1.7 lists these as well as revenue measures and Consolidated Fund capital initiatives. A more detailed discussion of recurrent and capital expenditure initiatives appears in Sections 4.4 and 5.3 of this Budget Paper.

Table 1.7: Major Budget Initiatives, 1989-90

	Impact on Consolidated Fund	
	1989-90 \$m	Full Year \$m
RECURRENT EXPENDITURE		
Premier		
Increase in funding level of Independent Commission Against Corruption	+ 11.0	+ 6.3
Minister for the Arts		
Increased funding for public libraries (to be phased in over 3 years)	+ 1.0	+ 3.1
Attorney General		
Funding for measures to reduce court delays	+ 5.0	+ 5.0
Minister for the Environment		
Budget support for "public good" component of the Zoo	+ 3.6	+ 3.5
Minister for Health		
Net real funding increase	+ 60.0	+ 60.0
Minister for Minerals and Energy		
Revised coal compensation assessment	—	+ 50.0
Minister for Planning		
Revised sharing of debt costs with local government for Sydney Region Development Fund	+ 2.3	+ 2.3
Minister for Police and Emergency Services		
Increase strength of Police Force by 400	+ 7.4	+ 14.8
Minister for State Development		
Economic Development Strategy	—	+ 17.0
RECURRENT REVENUE		
Treasurer		
Increase in rate of duty (from 30 to 35 per cent) for tobacco franchise licences	+ 29.8	+ 32.5
Increase from \$1 million to \$2 million in the threshold transaction level above which FID is payable at a flat rate (effective 1 December 1989)	+ 8.0	+ 16.0
Exemption from land tax for metropolitan boarding houses	(-)1.0	(-)2.0
Chief Secretary		
Restructure of licence fees for "approved amusement devices"	(-)7.1	+ 29.0
Introduction of "Keno" and licensing thereof	+ 25.0	+ 100.0
Minister for Education		
Increase in TAFE administrative charge	—	6.0
Minister for Transport		
Imposition of 3-year, 3 cents/litre additional duty for petroleum licence fees	+ 184.0	+ 200.0
CAPITAL EXPENDITURE		
Egg Industry Deregulation		
Payments to holders of hen quotas (funding over 3 years from Consolidated Fund)	+ 14.2	n.a.
Redundancies		
Provision of funding for redundancies in transport area to achieve on-going recurrent savings	+ 230.0	n.a.

1.5 SUMMARY OF PAST CONSOLIDATED FUND BUDGET RESULTS

The 1989-90 result is forecast to be a deficit of \$119 million, comprising a recurrent surplus of \$1,217 million and a capital deficit of \$1,336 million.

Table 1.8 shows prior years' budget results since 1984-85. Actual data for the years concerned have been adjusted to place them on a consistent basis with the 1989-90 presentation. Specifically -

- payments and receipts for entities that have been removed from the budget in 1988-89 and 1989-90 have been similarly excluded for the earlier years;
- borrowings and loan repayments have been treated as "below the line" financing;
- coverage of payments and receipts have been treated on a consistent basis over the full period.

Table 1.8: Consolidated Fund, 1984-85 to 1989-90 (a)

	1984-85 \$m	1985-86 \$m	1986-87 \$m	1987-88 \$m	1988-89 \$m	1989-90 \$m
RECURRENT						
Revenue						
State Taxation	3,917	4,418	5,010	6,025	7,042	7,551
Other State Revenue	1,031	1,101	1,156	1,331	1,543	1,750
Commonwealth Grants	3,875	4,426	4,845	5,174	5,296	5,412
Total Recurrent Revenue	8,824	9,945	11,011	12,530	13,881	14,713
Payments						
Departmental	7,356	8,201	8,997	9,826	10,525	11,253
Payments to Authorities	769	802	960	999	1,235	1,215
Debt Servicing Costs	523	656	750	893	855	1,028
Total Recurrent Payments	8,648	9,659	10,707	11,718	12,615	13,495
Recurrent Result	175	286	303	813	1,266	1,217
CAPITAL						
Revenue						
State Capital Revenue	26	33	29	36	256	243
Commonwealth Grants	882	908	928	846	831	997
Total Capital Revenue	908	941	957	882	1,087	1,240
Payments						
Total Capital Payments	1,345	1,536	1,818	1,899	1,901	2,576
Capital Result	(437)	(595)	(861)	(1,017)	(814)	(1,336)
TOTAL BUDGET RESULT						
Revenue	9,732	10,886	11,968	13,412	14,968	15,953
less Expenditure	9,993	11,195	12,525	13,617	14,516	16,072
plus Adjustment (b)	4	(-) 32	(-) 75	(-) 74	(-) 24	—
equals BUDGET RESULT	(257)	(341)	(482)	(130)	428	(119)
FINANCING						
Decrease in Consolidated Fund Balance	—	—	(-) 1	(-) 245	—	—
plus Transfer from Revenue Equalisation Account	—	—	—	—	—	284
less Transfer to Revenue Equalisation Account	—	—	—	56	420	—
plus Borrowings	337	325	550	502	86	—
less Loan Repayments	80	84	67	71	94	165
	257	341	482	130	(428)	119

(a) Revenue and payments have been adjusted to be on a consistent basis over the period.

(b) Net impact on earlier years' data of organisations/activities subsequently taken off-Budget. While the individual components of this table reflect these impacts, the Budget results have not been altered.

CHAPTER 2: THE ECONOMY

- 2.1 Overview**
- 2.2 1988-89 in Review**
- 2.3 Economic Prospects**

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2.1 OVERVIEW

The year 1989-90 will be a time of economic consolidation following 1988-89's surge in employment, investment and domestic demand.

1988-89 in Review

Strong world growth and trade expansion again provided large terms of trade benefits to Australia in 1988-89. Australia's growth was strengthened by easier money at the start of the year, reduced corporate taxes, and continued negative growth in real wages. National output increased a strong 3.3 per cent, with particularly rapid growth in investment (both in building and in plant and equipment). Employment increased a very strong 4.1 per cent.

The surge in domestic demand raised the rate of inflation to 7.4 per cent and spilled over into imports, which were further stimulated by a rising exchange rate during the first half of the year. With higher imports and weaker export growth, the current account deficit widened from \$11.8 billion to \$17.4 billion. The Federal Government's response was progressively tighter monetary policy (sharply raising home mortgage costs), and further cuts in public finance, particularly grants and borrowing authority for state and local governments.

Developments in the national economy generally were reflected in the New South Wales economy, and aggregate output growth was similar. Performance was strongest in building, finance and business services. Since growth was weakest in manufacturing and retail sales, which are more important in New South Wales than nationally, the State's employment grew more slowly than the national average. The State's property boom was the main factor responsible for the higher rate of inflation in New South Wales.

Outlook for 1989-90

The external economic environment is expected to remain favourable, with a 7 per cent increase in world trade and firm commodity prices. With a slowdown in domestic demand brought on by continued high interest rates and fiscal restraint, exports will contribute a larger portion of growth. But aggregate output is likely to slow to around 2¼ per cent, and employment growth will drop to around 2¼ per cent. With wage increases averaging 7 per cent, the inflation rate will remain about 7½ per cent. While the merchandise trade balance will improve, Australia's overall balance of payments deficit may widen to around \$19¼ billion due to increased interest charges on accumulated foreign debt. Interest rates will be held at current levels until the end of 1989 and then will be brought back down as economic growth slows.

New South Wales output is likely to expand at the same rate as Australia, but employment growth will remain marginally below the national average. On the other hand, inflation should come back in line with national performance. The slowdown in construction will be steeper in New South Wales.

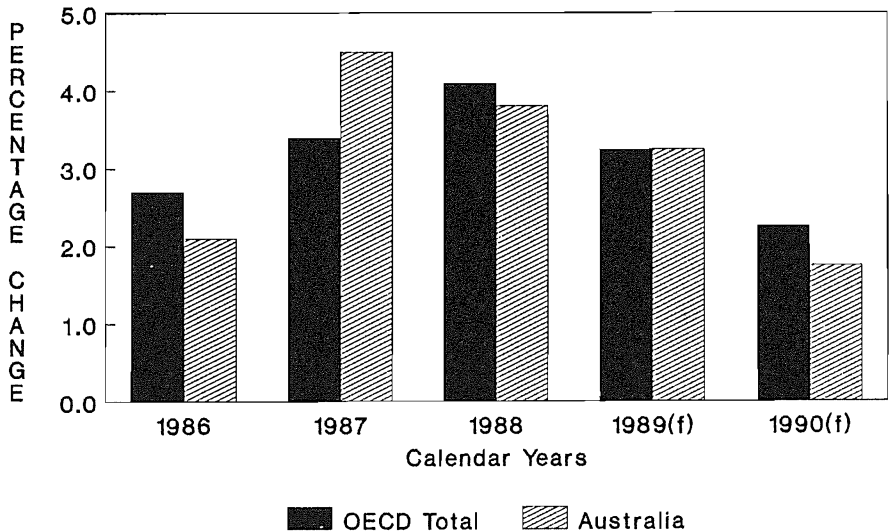
2.2 1988-89 IN REVIEW

The International Economy

A strong world economy provided a favourable external environment for Australia in 1988-89 – high growth, rapidly expanding international trade, and buoyant commodity markets characterised the year.

Economic growth in 1988 and early 1989 continued at a strong but moderating pace in the Organisation for Economic Cooperation and Development (OECD) area and the Newly Industrialising Asian Economies (NIEs), as the world entered a seventh year of uninterrupted expansion begun in 1983. OECD output rose by over 4 per cent in 1988, and industrial production continued to expand at 6 per cent in the half-year to June 1989. Employment grew rapidly (particularly in North America and Australia), while unemployment was further reduced in most OECD countries to the lowest average levels since 1981. Growth was driven by strong private non-residential investment, and by exports to non-OECD areas.

Figure 2.1
ECONOMIC GROWTH IN AUSTRALIA AND OECD
 Annual Percentage Change



Note: (f) forecast

Source: OECD Economic Outlook

Inflationary pressures increased as the expansion began to push against workforce and capital stock constraints, although strong productivity gains (except in the U.S. and Australia) allowed real output to continue to rise. Capacity utilisation ratios in 1988 returned to the peak levels of the 1970s in many countries. This contributed to a 30 per cent rise in non-oil commodity prices in the 18 months to December 1988 (but much less since then), followed by an Organisation of Petroleum Exporting Countries (OPEC) quota agreement and recovery in oil prices in early 1989.

Wage growth accelerated in the United States and the United Kingdom, but not yet in most other OECD countries. Because the non-OECD Newly Industrialising Economies (such as Hong Kong, Singapore, Taiwan and Korea) also faced capacity constraints, international competition had a less restraining effect on prices.

The 1988-89 inflationary surge was the first real test of monetary policy effectiveness in a deregulated financial system, and intervention by OECD governments therefore tended to be cautious and incremental, possibly delaying the adjustment. In the United States, the Federal Funds rate increased 3 per cent between March 1988 and March 1989; and Japan's central bank raised its discount rate by $\frac{3}{4}$ per cent in May. Fiscal policy was also more restrictive, and budget deficits were reduced throughout the OECD, but most of the reduction in budget deficits was due to cyclical factors.

The General Agreement on Trade and Tariffs (GATT) estimates that world trade increased by 8.3 per cent in 1988, faster than any year since the early 1970s. With faster demand growth in the developing countries (due to higher prices for their commodities as well as strong domestic growth), the overall OECD trade balance improved. The imbalances between the three largest economies increased, however, due to continued weakness in United States fiscal performance and renewed inflation, in contrast with Japan's very efficient adjustment to the higher value of the Yen, and Germany's success in using monetary policy to pre-empt inflationary pressures. Germany was particularly well positioned to benefit from the worldwide surge in capital equipment orders in the last 18 months.

The gradual deceleration in OECD growth contributed to a flattening of Australia's terms of trade in 1989. For the year as whole, the Reserve Bank of Australia (RBA) commodity index was up 12.1 per cent from 1987-88 in United States dollar terms. The principal commodity markets of interest in Australia reached peaks around the middle of 1988-89 in United States dollar terms, but continued to improve marginally in Australian dollar terms until May 1989 as the Australian Dollar moved downward in compensation.

Australia benefitted in 1988-89 from poor grain harvests in the Northern Hemisphere, which produced average 35 per cent increases in world wheat and corn prices. Despite a recovery in wool production in other countries, world wool prices remained almost constant, losing only 2 per cent from the record levels of 1987-88. Strong improvements also were recorded for average prices of steaming coal (up 13 per cent), base metals such as copper (up 32 per cent), and aluminium (up 6 per cent). These improvements offset declines for cotton, gold and iron ore.

There was substantial progress in 1988-89 in the current multilateral trade liberalisation talks known as the Uruguay Round. These talks aim to make further deep cuts in tariffs and non-tariff barriers to trade, including (for the first time) trade in services and intellectual property. Of major importance to Australia, agriculture and natural resources figure prominently in these talks. A preliminary agreement has already been reached to freeze existing United States and European Economic Community (EEC) agricultural subsidies and start cutting them back from 1990. Progress has been slower in other highly-protected resource sectors, however, such as coal.

Other pressures during 1988-89 tended toward a more restrictive trading system. While trading opportunities in Eastern Europe increased, political events in China delayed development of that country's markets. There was a movement towards the establishment of trading blocs, including the EEC Single Market from 1992, the United States-Canada free trade area, and possible trade preference schemes for the Pacific region. While Japan liberalised beef imports, access to most Japanese markets remained difficult. United States balance of payments problems and trade friction with Japan led to passage of a more restrictive 1988 Foreign Trade Act, while the United States Export Enhancement Program (aimed to counter EEC agricultural subsidies) added to distortions in international agricultural trade, particularly for Australia.

Although many banks had to further increase their provisions against Third World debt risk, there were no major defaults in 1988-89 threatening the structure of international payments.

The Australian Economy

OVERVIEW

Australia experienced strong economic growth during 1988-89, although it was accompanied by increased cost of living and balance of payments pressures.

On the positive side, Australia turned in a remarkable performance on employment by creating over 350,000 new jobs during the year as a whole and reducing unemployment to an average 6.6 per cent. Investment boomed ahead at more than double the previous year's rate (particularly in construction, but also in plant and equipment). Australia benefitted from a windfall 15.6 per cent improvement in its terms of trade. Despite high employment, workers accepted a fourth year of declining real wages. Progress was made in several areas of microeconomic reform, including domestic wheat market deregulation, lower external tariffs, and more uniform financial sector regulation. Finally, a strong economy plus tight control over expenditures produced a Commonwealth Budget surplus of \$5.9 billion, moving the Public Sector Borrowing Requirement into surplus for the first time in over thirty years.

On the negative side, strong growth of demand in excess of productive capacity led to a wider balance of payments deficit, and an escalation of interest rates. Demand pressures also prevented any improvement in the inflation rate, which rose slightly to 7.4 per cent. Australia's international competitiveness declined by some 20 per cent in 1988, contributing to stagnant export performance and surging imports. Finally, despite the "window of opportunity" afforded by buoyant external conditions, progress on microeconomic reform remained slow at the Federal level, particularly with respect to transport systems and industrial relations. The mooted privatisation of key Federal public sector enterprises did not proceed.

Macroeconomic policy in 1988-89 was inhibited by prior commitment to a wage tax tradeoff at end year. Given the Federal Government's forecast of a decline in the inflation rate to 5 per cent or below by June 1990, it considered that labour would accept a minimal 1989 wage increase in exchange for a reduction in taxes. This would reduce labour costs in the economy, and pave the road for further declines in inflation and cuts in interest rates believed necessary to stimulate investment.

This committed the Government simultaneously to achieving the inflation target and to renouncing use of taxation policy to achieve it. The only instrument remaining was monetary policy. Containment of price inflation was the primary motive behind the first escalation of interest rates, in order to push up the exchange rate and thereby reduce import costs. It then became the main defense against a blowout in the balance of payments.

The weaknesses in this approach were soon apparent: import price reductions flowed through to lower consumer prices only slowly and only partially; meanwhile the high exchange rate stimulated imports and stifled exports; and high interest rates imposed a severe direct burden on home mortgage holders. Ultimately, the pressures in the labour market precluded any wage-tax settlement without a substantial rise in nominal wages.

The Australian experience with monetary policy in 1988-89 revealed the same dilemmas facing other OECD governments in the newly deregulated financial systems of the late 1980s: the responsiveness of domestic demand to monetary policy was much more protracted and uncertain; and the strong effects of interest rates on exchange rates tended to delay rather than facilitate balance of payments adjustment. This increased the risk that monetary intervention alone (without supportive fiscal policy) might have to be so great as to produce "overkill" and recession.

AGGREGATE DEMAND

Real Gross Domestic Product (GDP) grew an estimated 3.3 per cent during 1988-89. Non-farm GDP also increased 3.3 percent. The **domestic demand** component of GDP rose by 5.9 per cent, almost twice as fast as output. The difference between demand and output was met by higher **net imports**, which increased \$10.5 billion in real terms.

Real Manufacturing output grew 3.7 per cent in the year to March 1989, with strongest performances in textiles, metal products and transport equipment. Contributing to output growth were higher requirements in resource transformation sectors, the release of new models by the two main vehicle producers and high demand for inputs in the building and construction sector. Manufacturing performance was assisted by a fourth year of decline in real wages and by the reduction in the company tax rate from 49 to 39 per cent. Expansion was hindered, however, by higher average exchange rates and interest rates, low initial capacity, and poor productivity growth.

Real Agricultural output increased by 1 per cent in 1988-89, following its 3 per cent decline the previous year. **Crop product output** rose 6 per cent on strong world wheat prices, while **livestock outputs** shifted from meat to wool on unchanged totals. **Forest product output** grew 3 per cent in response to high construction demand.

Real Mineral output, buoyed by strong output prices, was up 4.3 per cent in 1988-89 with major contributions from **gold** (up 38 per cent), **copper** (up 22 per cent) and **tungsten** (up 13 per cent). **Coal production** was up 10 per cent, reflecting strong prices as well as changes in work practices at some mines (but only after two quarters of decline due to industrial disputation). **Petroleum** output declined temporarily due to initially lower world prices as well as operational problems at offshore platforms. **Mineral sands** commodities (particularly zircon) rose only slightly despite sharply higher prices, due to capacity constraints. **Aluminum** output rose 14 per cent due to new capacity at Portland and a strong increase in export prices. Australian **iron ore** production rose 7 per cent to a record 96.7 million tonnes buoyed by strong demand from North Asian markets. **Steel** production was down temporarily pending improvements in furnaces at Port Kembla and Newcastle which will boost output next year.

INVESTMENT

Real fixed capital investment grew 12.9 per cent in 1988-89, more than twice as fast as the previous year. The main growth components were **private dwelling construction** (up 24.2 per cent, due to a higher migrant intake, the re-introduction of negative gearing, and initially lower interest rates), and **capital equipment** (up 19.3 per cent, encouraged by the high level of demand, the rapid spread of computerisation and the reduced cost of imports). While **general government** investment fell for the second year, **public enterprise** outlays were almost static, after a 16.5 per cent decline the previous year.

Figure 2.2
GROWTH IN PRIVATE CAPITAL EXPENDITURE
 Change on same quarter of previous year



Source: ABS Catalogue 5206.0

Improved business confidence led to strong rebuilding of **real inventories** (in both farm and non-farm sectors) which contributed over 1 full percentage point to GDP growth in 1988-89.

CONSUMPTION

Real private consumption grew by 3.7 per cent in 1988-89, exceeding the already high 3.4 per cent growth of the previous year. The underlying faster growth in income was due to higher wages (which grew 0.8 per cent faster than in 1987-88), much stronger employment (growing 1.2 per cent faster than the previous year) and a second big year for farm income (up a further 32 per cent in current prices in 1988-89). Australian households saved 6.6 per cent of their income, slightly less than the previous year, and much of these savings were used to underwrite housing investment rather than to increase production capacity.

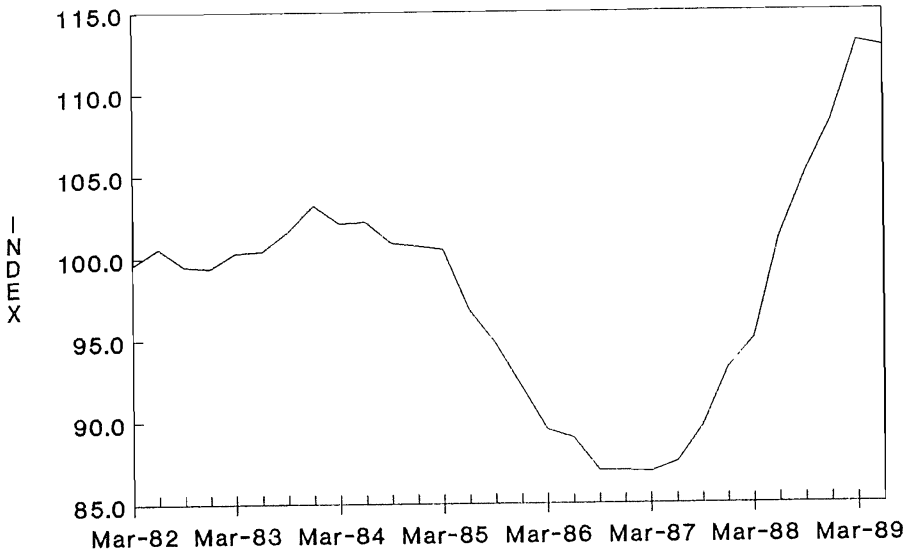
Real public sector consumption also grew more quickly in 1988-89 (3.6 per cent, compared to 3.0 in 1987-88).

EXTERNAL SECTOR

The balance of payments performance weakened severely in 1988-89, despite favourable external conditions. Merchandise exports of \$42.9 billion were up only \$2.4 billion on the previous year, while imports surged by \$6.6 billion to a level of \$47.0 billion. The balance on merchandise trade thus moved from a \$0.2 billion surplus in 1987-88 to a deficit of \$4.1 billion in 1988-89. This deterioration was compounded by a further widening in the services deficit (rising from \$2.5 to \$2.6 billion) and the deficit on income and transfers (rising from \$9.5 billion to \$10.7 billion).

Due to strong overseas demand, Australia's commodity market prices rose strongly, supporting a 6.2 per cent rise in export prices, while in contrast Australia's import prices fell 8.1 per cent, thereby giving the economy a 15.6 per cent terms of trade windfall. Unfortunately this benefit was overwhelmed by trade volume movements in the opposite direction.

Figure 2.3
TERMS OF TRADE INDEX
 Ratio of export prices to import prices



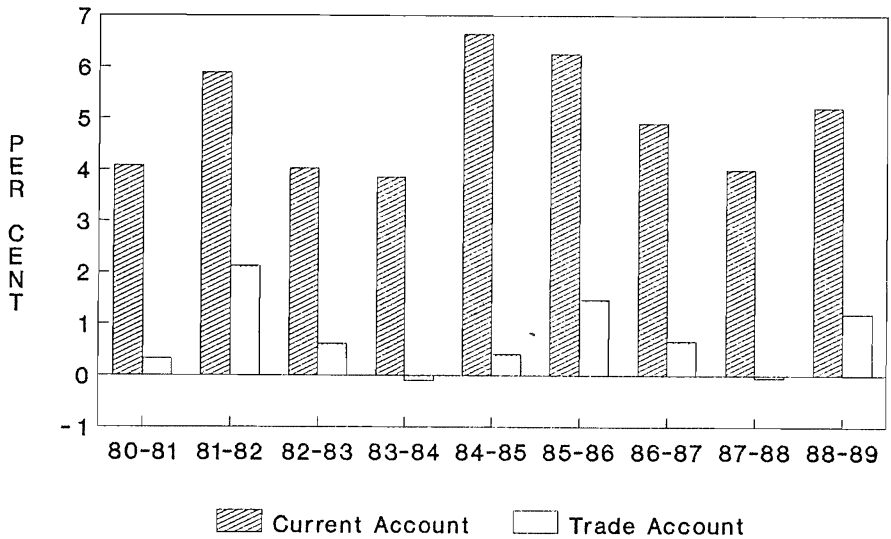
Source: ABS Catalogue 5206.0

Although strong world economic growth and buoyant commodity prices offered particularly favourable opportunities to Australian exporters, export volume growth was only a small 1 per cent in 1988-89, compared to 6.8 per cent the previous year. Merchandise exports increased \$2.4 billion or 5.9 per cent in current values, with only a \$0.6 billion (3.6 per cent) rise in rural exports (mainly cereals and sugar), and a \$1.8 billion (7.3 per cent) rise in non-rural exports. The main non-rural export increases were gold and other metals and ores, and manufactured products excluding machinery and transport equipment.

In relation to the growth in overseas markets, Australian exporters in calendar year 1988 turned in the weakest performance of any OECD country except New Zealand. The reasons for this poor outcome include initially high exchange rates, early depletion of stocks, long lead time to increase capacity (particularly in agriculture and minerals), competing domestic demand (construction steel, for example), and (to a minor extent) unfair foreign trading policies such as grain export subsidies. But it also reflected inadequate export initiative on the part of Australian business, inefficiencies in Australia's commodity marketing and transport systems, and high industrial disputation in key export industries such as coal.

The surge in domestic demand spilled over quickly into higher demand for imports, encouraged once again by high exchange rates, the slow response time of domestic supply, and (marginally) by the lower tariffs and other trade liberalising measures implemented in July 1988. The large investment component in 1988-89 demand growth also contributed to the import surge, since investment goods are particularly import-dependant. The import penetration ratio (percent of total sales supplied from imports) rose from just 10.6 per cent in 1987-88 to 12.7 per cent in 1988-89.

Figure 2.4
BALANCE OF PAYMENTS DEFICIT
 Ratio to GDP

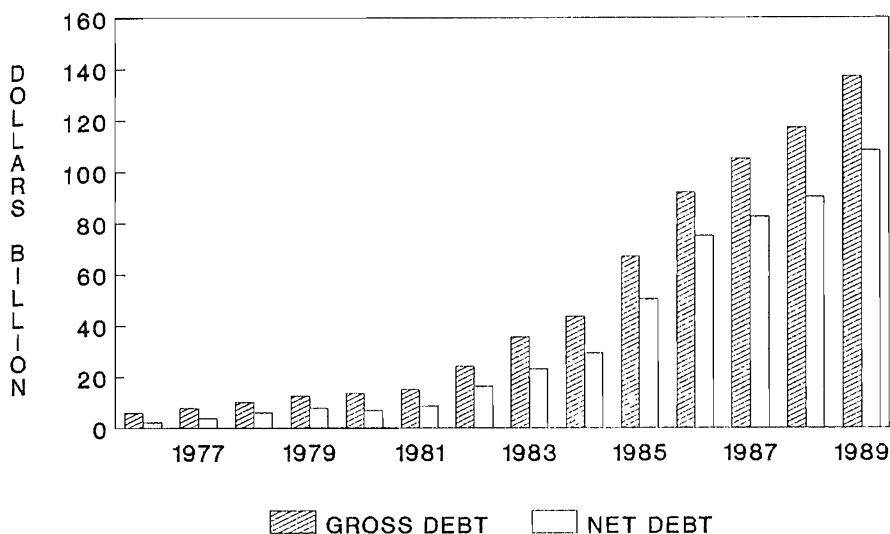


Source: ABS Catalogue 5302.0

The other components of the current account balance also weakened. While the balance on services improved in the first half of 1988-89 (with the conclusion of Bicentennial and World Expo tourism), this was not sustained in the final six months. Income and transfers (mainly debt service) continued to expand, corresponding to Australia's cumulatively higher net foreign borrowing.

Almost mirroring the \$17.4 billion current account deficit, Australia's net external debt rose by \$18.2 billion, from \$90.3 billion (or 30.4 percent of 1987-88 GDP) in June 1988, to \$108.5 billion (or 32.2 per cent of 1988-89 GDP) in June 1989. This will further widen the burden of interest charges on the balance of payments in years to come.

Figure 2.5
AUSTRALIA'S EXTERNAL DEBT
 Level as at 30 June, \$billion



Source: ABS Catalogue 5307.0
 RBA Occasional Paper 8A

PUBLIC SECTOR

The trends toward improved fiscal balance, together with a reduced government claim on total national output, were continued in 1988-89. **Government outlays as a percentage of GDP** have continued to trend downward, falling from 42.3 per cent in 1985-86 to 38.4 per cent in 1987-88 and only 36.5 per cent in 1988-89. **The Net Public Sector Borrowing Requirement (PSBR) as a percent of GDP** fell from 4.8 per cent in 1985-86 to negative 1.0 per cent in 1988-89. **Growth in Government outlays** was 7.9 per cent in 1988-89, equal to a 0.5 per cent increase in real (CPI-deflated) terms. Commonwealth outlays increased by 10.0 per cent, while State outlays increased 5.6 per cent. The **1989 Premiers' Conference and Loan Council Meeting** imposed further restrictions on state and local governments in 1989-90. This will result in the fifth successive year of real declines in Commonwealth payments and borrowing allocations to state and local governments.

LABOUR MARKETS

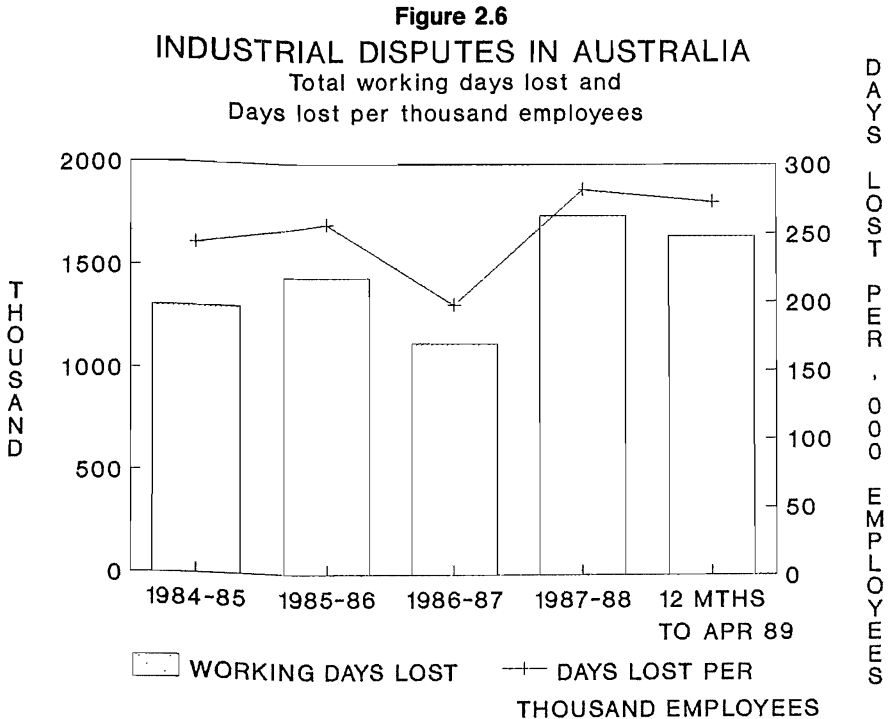
Employment increased by 4.1 per cent in 1988-89, compared to 3.0 per cent the previous year. Unemployment fell almost steadily from 7.3 per cent in June 1988 to 6.0 per cent in June 1989 (seasonally adjusted); the youth unemployment rate dropped from 18.7 per cent to 14.3 per cent in the same period. The rise in employment reflected the strong growth in output, as well as some substitution of labour for capital due to real wage restraint coupled with escalating interest rates.

All growth in employment in 1988-89 was in the private sector. Government sector employment declined at the state and local government level, although it was marginally higher at the Commonwealth level.

Although labour availability constraints developed during the year, particularly in skilled building trades, labour supply was assisted by higher migrant intake (rising to over 140,000), and sharply higher participation rates, particularly among women. Labour force participation (which has trended upward over most of the postwar period) was further strengthened in 1988-89 by better employment prospects, and the financial imperatives of higher home mortgage costs.

INDUSTRIAL DISPUTES

Both the total number of working days lost and the number of days lost per thousand employees fell slightly in the 12 months to April 1989, compared to 1987-88. While the level of disputation has increased from the mid-1980s, it remains well below the peak of 1981-82, when 4.2 million working days were lost.



Source: ABS Catalogue 6321.0

Historically, the coal mining industry has endured more industrial unrest than other industries. Despite the relatively small number it employs, coal mining accounted for 25 per cent of the days lost to disputation in the year to April 1989. Over that period, the coal mining industry lost an average 14,341 days per thousand employees in industrial disputes, compared to the average of 273 days for all industries. The metal, machinery and equipment manufacturing industry also experienced considerable disputation, losing 739 days per thousand employees, and contributing 21 per cent of the total number of working days lost to disputes.

PRICES AND INCOMES

The main factors underlying Australia's 1988-89 inflation rate of 7.4 per cent (as measured by the CPI) were costs of capital (interest rates), labour (growth in wages and benefits), imports (the terms of trade), and business conditions (capacity constraints and market competition).

Escalating housing prices and higher home mortgage interest rates pushed the CPI up in the September and December quarters. The Australian Bureau of Statistics then changed the Index computation procedures to better reflect the cost of mortgage debt servicing. This resulted in a one-off drop in the inflation rate in the March quarter. Poor weather affecting food prices plus further rises in mortgage interest rates drove the inflation rate back up again in the June quarter.

The price of imported goods dropped by 8.1 per cent during 1988-89 due to the higher Australian dollar exchange rate. Although there was little immediate effect on the CPI (due partly to flow-through delays and partly to increased profit margins), there was a clear impact on the cost of manufacturing inputs. From October 1988 to May 1989 the cost of imported manufacturing materials was less than a year previously, reducing increases in total material costs, which actually declined from December to February 1989 on an annual basis.

Without the higher exchange rate and lower import costs, the 1988-89 inflation outcome would have been far worse, as is clear from inspection of the principal national accounts deflators. Comparing average inflation in 1987-88 to 1988-89, prices for Domestic Final Demand decelerated from 6.5 per cent to 6.2 per cent (and similarly for Gross National Expenditure). By contrast, Australia's Gross Domestic Production costs (which exclude goods Australia imports rather than produces) accelerated from 8.1 per cent in 1987-88 to 9.4 per cent in 1988-89.

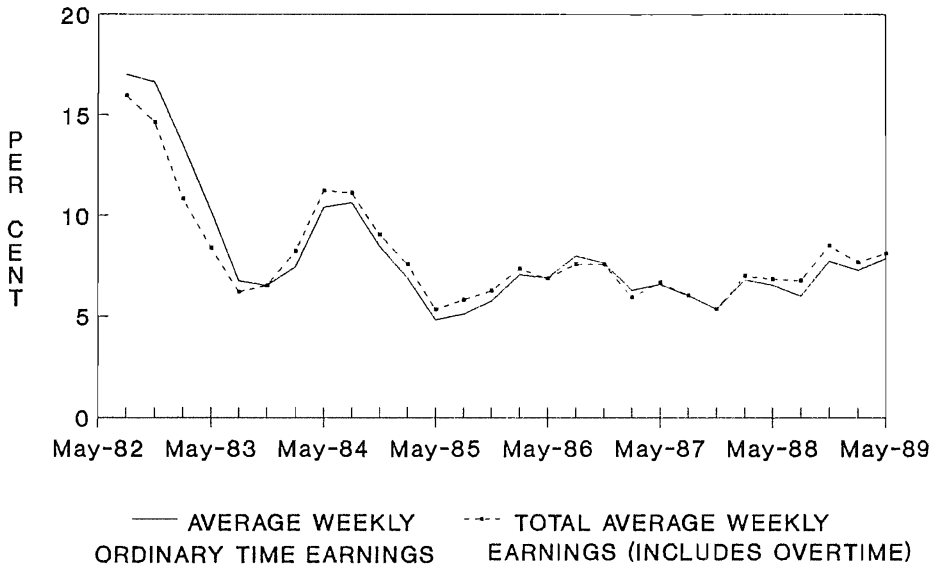
Australia's inflation rate in the year to March 1989 remained several percentage points higher than most OECD trading partners on a consumer prices basis - better than the U.K. (7.7 per cent), but far above Japan (0.8 per cent), Germany (2.6 per cent) or even the United States (4.9 per cent).

Labour costs (which account for some 60 per cent of Australia's total output costs) increased marginally faster in 1988-89 than the previous year. The 1988 National Wage Case provided general increases of 3 per cent in September and \$10 per week in March, or a total rise of about 6.3 per cent. The flow-through was very fast, and ordinary-time earnings for full-time employees increased 7.2 per cent in 1988-89.

With an average 5 per cent increase in overtime hours per worker in 1988-89, total average weekly earnings increased more than ordinary pay, growing 7.8 per cent for full-time employees. Average weekly earnings for all employees increased more slowly, growing 6.8 per cent. The Commonwealth Treasury has estimated, however, that unit labour costs, which include non-wage costs such as fringe benefits and payroll taxes, slowed (in nominal terms) from 5.5 per cent in 1987-88 to just 4.2 per cent in the first 3 quarters of 1988-89.

In real terms, unit labour costs actually fell by 1.9 per cent in 1987-88 and by a large 4.5 per cent in the nine months to March. However, on an internationally comparative basis (taking into account the higher average 1988-89 exchange rate) Australia's unit labour cost competitiveness deteriorated by 21.4 per cent in calendar year 1988 (and by an estimated 11.7 per cent in the first 6 months of 1989).

Figure 2.7
ORDINARY TIME AND AVERAGE EARNINGS
 Percentage Change Year on Year



Source: ABS Catalogue 6301.0

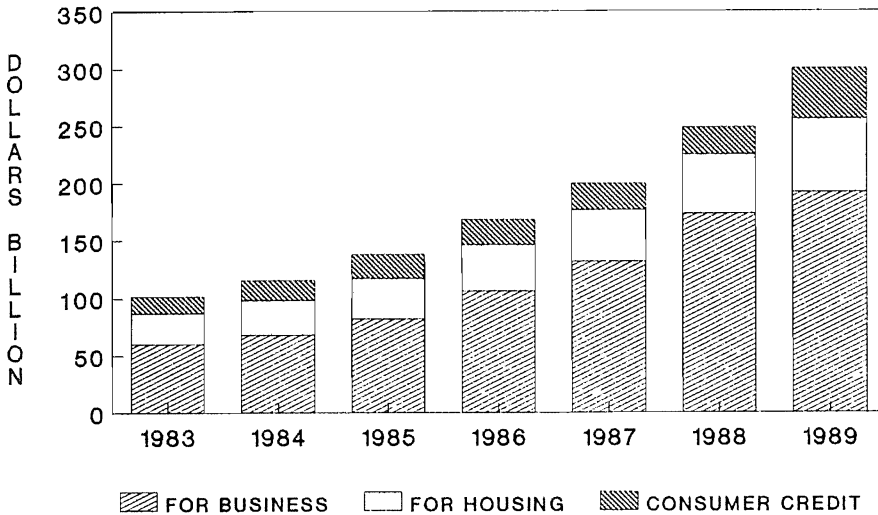
FINANCIAL MARKETS

Broad money increased by \$38.2 billion or 18.8 per cent in 1988-89 (June on June). This was nearly double the \$21.8 billion or 12.0 per cent increase in 1987-88.

With the Federal Budget's swing from deficit into surplus beginning in 1987-88, virtually all monetary expansion in the past two years was based on growth in credit by financial intermediaries to the private sector - by 24.4 per cent in 1987-88 and 20.8 per cent in 1988-89. While housing loans grew \$12 billion (or 23 per cent) in 1988-89, the bulk of private credit expansion last year was in personal loans (up 92 per cent or \$21.4 billion) and business loans (up 11 per cent or \$18.6 billion).

The accommodating role of monetary policy following the October 1987 stockmarket crash is shown by the acceleration in the average annual rate of private sector credit expansion, from 17.2 per cent in the quarter preceding the crash to 22.9 per cent in the second half of 1987-88 and an average 24.2 per cent in the first half of 1988-89, before being reined back to just 21.6 per cent in the last half of 1988-89.

Figure 2.8
PRIVATE CREDIT OUTSTANDING
FROM FINANCIAL INTERMEDIARIES
 Average for June of each year

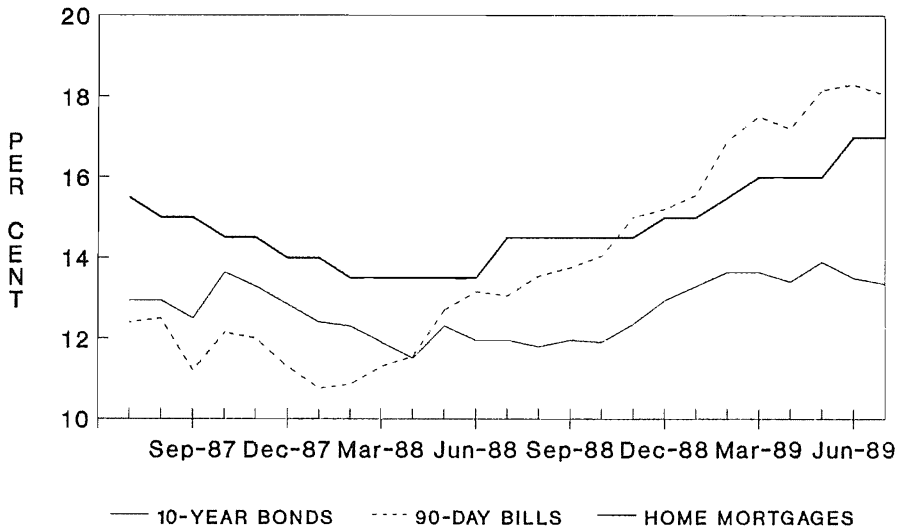


Source: RBA Bulletin

Australian interest rates were brought down to a trough in April 1988 by RBA intervention to ensure sufficient liquidity following the October 1987 crash. Rates thereafter were tightened progressively as the strength in the economy was confirmed and imports began to surge upwards. At the short end of the market, 90-day bills in June 1989 were about 5 percentage points higher than a year earlier; while ten-year Treasury Bonds were 1.5 percentage points higher.

Among the groups most severely affected by interest rate rises were small businesses dependent on debt capital, and prospective new home owners as average mortgage rates climbed from 13.5 per cent in June 1988 to 17 per cent in June 1989. Interest rates appeared less influential (in the short run) on investment in other sectors, which was driven by long-term commitments, strong consumer demand and rising corporate profit margins (helped by the drop in corporate tax rates to 39 per cent), or which benefitted from Federal tax deductibility provisions on interest costs.

Figure 2.9
INTEREST RATES
Per cent



Source: RBA Bulletin

Higher interest rates were partly a reflection of policies being implemented to combat inflation throughout the OECD in 1988-89. But the differential between Australian and overseas rates also widened markedly during the year in order to attract the capital flow needed to offset Australia's growing balance of payments deficit and the investor risk it entailed. In so doing, high interest rates combined with the continued strength in export commodity markets to bid up the value of the Australian dollar.

The more favourable exchange rate in turn encouraged more imports of cheaper foreign goods, reduced the competitiveness of Australian exporters, and further increased the balance of payments deficit. The Australian dollar reached a peak of US89c/\$A in January, and then declined again under the combined influence of softening export commodity prices, greater market preoccupation with the dimensions of the balance of payments deficit, and some reconsideration of the economic and political costs of tight monetary policy.

Equity markets were subdued during most of 1988-89 due to continued wariness in the aftermath of the October 1987 crash; strong competition from the surging property market, the dampening effects of high interest rates and a high exchange rate on expansion prospects, and finally the growing concern that monetary overkill at home and abroad might provoke a general downturn. There was a recovery in equity markets at the beginning of 1989-90 as investors perceived a plateauing in interest rates and continued strength in commodity markets.

The New South Wales Economy

OVERVIEW

The strength of the national economy over 1988-89 was largely duplicated in New South Wales. However, growth was uneven, the strongest industry sector being building and construction and the weakest retail sales.

Both commercial and residential building approvals boomed throughout the year, but growth rates slowed markedly in the last quarter of 1988-89, as tight monetary policy began to take effect. The State's property boom had a marked impact on the Sydney CPI, lifting it to an annual rate of over 9 per cent in December 1988.

Retail sales remained surprisingly weak for most of the year given the boom in building activity, achieving growth of 8.4 per cent on average over 1988-89, implying little real growth. By contrast, new motor vehicle registrations were much stronger, often growing at an annual rate well in excess of 20 per cent.

While employment growth was particularly strong throughout Australia over 1988-89, New South Wales lagged behind most of the other States in this respect. After a strong performance in the second half of 1987-88, employment growth in New South Wales has shown a downward trend. Nevertheless, employment grew by 2.8 per cent on average over the year, which is strong by historical standards.

ECONOMIC ACTIVITY AND INFLATION

New South Wales experienced a rapid rate of economic growth over 1988-89. Treasury's estimate of real Gross State Product (GSP) growth of 3.5 per cent over 1988-89 puts New South Wales in line with the growth rate for Australia as a whole.

Table 2.1: Real GSP and Real GDP, at Market Prices

	NEW SOUTH WALES		AUSTRALIA	
	Real GSP (a) \$m	Annual Percentage Increase	Real GDP (a) \$m	Annual Percentage Increase
1980-81	68,591	—	192,175	3.3
1981-82	70,883	3.3	195,677	1.8
1982-83	68,598	(-)3.2	192,935	(-)1.4
1983-84	71,288	3.9	203,112	5.3
1984-85	73,926	3.7	214,270	5.5
1985-86	77,183	4.4	223,403	4.3
1986-87	79,708	3.3	229,649	2.8
1987-88	82,915(b)	4.0	239,618	4.3
1988-89	85,809(b)	3.5	247,597	3.3

(a) 1984-85 prices

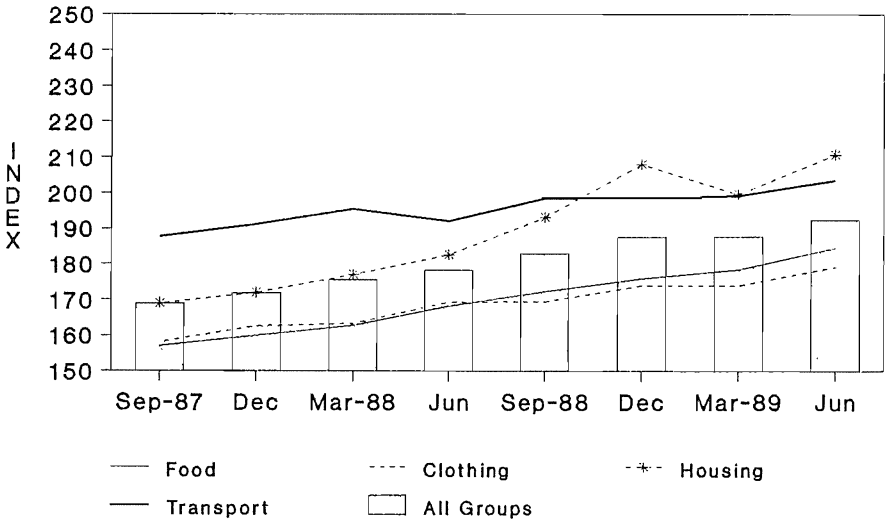
(b) New South Wales Treasury estimates

Source: ABS "Australian National Accounts, State Accounts", Catalogue No. 5220.0, 5206.0

Evidence to date suggests that major contributions to last year's growth came from private consumption and private fixed capital investment (especially in the building industry). Strong growth was exacerbated by the re-introduction of negative gearing, and by the Federal Government's reluctance to tighten monetary policy after the stockmarket collapse, while the economy grew more strongly than anticipated. Promises of a wage/tax package designed to significantly increase real wages over 1989-90 partially offset the impact of tight monetary policy on private consumption in the last quarter of 1988-89, maintaining the demand for imports.

As a result of the strength in aggregate demand, particularly for housing, inflation rose significantly over 1988-89. Mortgage interest charges influenced the Sydney CPI much more significantly than was the case in other States. This is evidenced by the large fall recorded in the March quarter of 1989 when the ABS altered its treatment of these charges to more closely reflect the mortgage profile existing in the community. Sydney's CPI was 8.1 per cent for 1988-89 as a whole, compared to the national figure of 7.4 per cent.

Figure 2.10
COMPONENTS OF THE SYDNEY CPI
Indices, 1980-81=100



Source: ABS Catalogue 6401.0

INVESTMENT

Investment grew strongly in New South Wales during 1988-89, and was a major contributing factor to growth in GSP. Data for the first three quarters show that in the nine months to March 1989 private new fixed capital expenditure was 33 per cent higher than for the same period a year earlier. This was the result of a 55 per cent increase in investment in new buildings and structures, and a 22 per cent increase in equipment, plant and machinery.

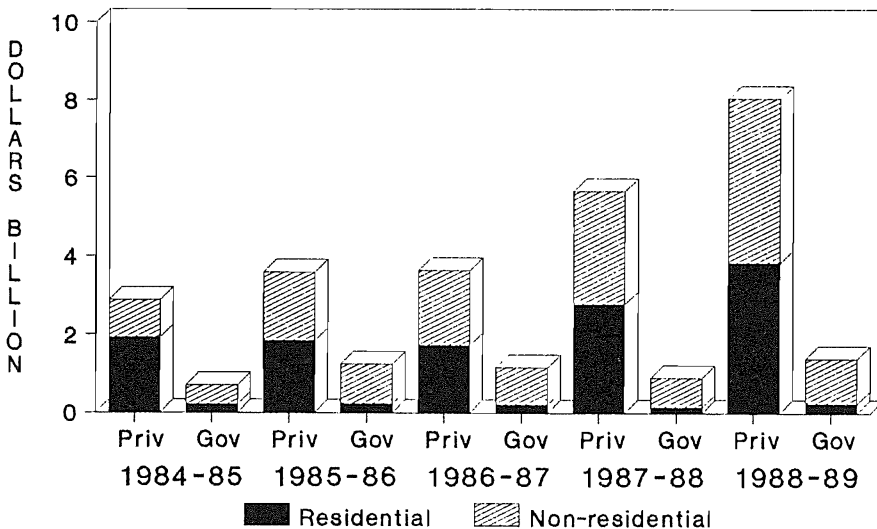
By industry, investment growth was strongest in the finance, property and business services sector (65 per cent), reflecting the expansion of these industries, and the growth in office development during 1988-89. Manufacturing was the weakest sector, growing only 10 per cent. After allowing for inflation over the period, this implies subdued real growth in manufacturing investment. To some extent these figures understate the level of investment expenditure directed to improving the competitiveness of manufacturing firms, because for many firms some in-house manufacturing activities are now provided by the finance and business services sector.

New Building and Structures

The business investment figures above show strong growth in investment in buildings and structures. However, these figures understate the strength of building activity because the capital expenditure survey does not include the construction industry, and so would omit much of the activity in residential building. In New South Wales, this constituted a major growth area in 1988-89.

Disaggregated data show that, in value terms, growth was strong in both residential and non-residential development. This was true of both the private and public sectors.

Figure 2.11
VALUE OF BUILDING APPROVALS IN NSW
 Private and Government Sectors



The value of private residential building approvals grew 37.6 per cent in 1988-89, with public residential investment experiencing strong growth of 61.4 per cent. In addition to strong growth in new residential building, 1988-89 saw record growth in the value of alterations and additions. This reflected both pent-up demand, and the decision of many home-owners with regulated loans to upgrade their home rather than move, which would require negotiating a new loan at the higher deregulated rate.

Investment in non-residential building grew 46.4 per cent in the private sector, and 53.9 per cent in the public sector. New South Wales growth far outstripped that in the other States. Building was centred on factory construction and office development. The surge in office commencements was more heavily concentrated in the Sydney Central Business District and fringe, rather than in the major suburban areas.

While building investment remained relatively strong throughout the year, it eased significantly in the residential sector in the second half of the year, as high interest rates (the result of the Federal Government's tight monetary policy) and rising real estate prices, dampened activity. Non-residential activity was more robust, maintaining considerable strength throughout the year.

Engineering Construction

Engineering construction commenced in New South Wales over the nine months to March 1989 was valued at \$2,498.8 million. This figure represents growth of only 4.5 per cent over the same period last year, a poor result in comparison to the booming building sector.

The public sector (including Commonwealth, State and Local Governments and their Authorities) undertook 69 per cent of this expenditure, with the remaining 31 per cent coming from the private sector. Roads, highways and subdivisions made by far the largest contribution, accounting for 45 per cent of total expenditure.

Equipment, Plant and Machinery

Investment in equipment, plant and machinery also strengthened in 1989, though it did not match the strength in buildings and structures.

The ability of the manufacturing sector to expand into overseas markets depends vitally on investment in equipment. Federal Government policy has focussed on reducing Australia's external indebtedness through expansion of the export base towards manufactured goods (where the prospects for growth are more stable, and prices less volatile than those of primary products). However, investment in manufacturing has been subdued relative to other sectors. A survey by the State Bank/Australian Chamber of Manufactures in June 1989 indicated that New South Wales manufacturing firms were largely investing to replace or update old equipment, rather than looking to expand capacity with a view to increasing the range of export and import-replacement goods. Nonetheless, replacement of old equipment is likely to increase competitiveness.

CONSUMER DEMAND

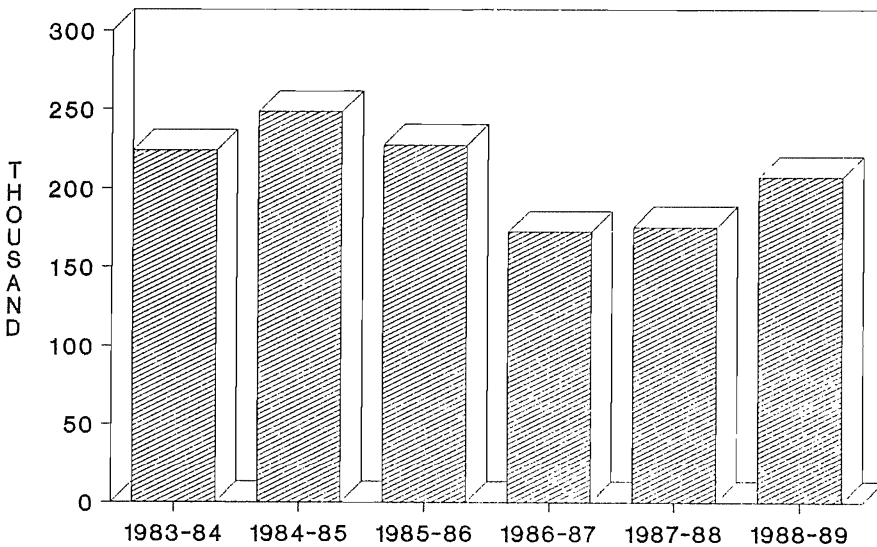
Overall, consumer demand grew strongly in New South Wales during 1988-89, exceeding expectations. The Federal Government's restrictive macroeconomic policies did not dampen demand in 1988-89 as quickly, or to the extent that was anticipated.

Nominal private final consumption expenditure was 11.8 per cent higher in 1988-89 than in the previous year. After allowing for price increases, this represented real growth of 3.7 per cent (the same as that achieved nationally).

While a full breakdown of consumer spending by State is not yet available, partial indicators suggest that demand grew strongly in some sectors (such as motor vehicles), but was more subdued in others (particularly some sectors of retail trade). In 1988-89, retail turnover was 8.4 per cent higher than in the previous year. Growth was strongest in pharmacy stores, as well as hardware, electrical goods and furniture stores (as would be expected in a housing boom, which creates associated furnishing needs).

The growth in New South Wales new motor registrations was particularly strong over 1988-89, after sluggish levels in the previous two years. Over 206,000 new motor vehicles were registered, 21.3 per cent more than in 1987-88, but still lower than levels existing prior to 1986-87.

Figure 2.12
NSW NEW MOTOR VEHICLE REGISTRATIONS
Thousand

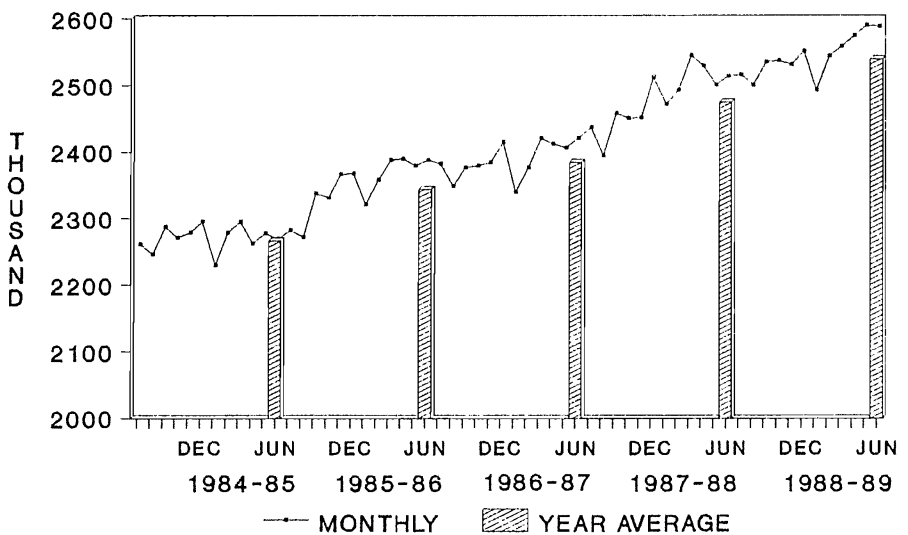


Source: ABS Catalogue 1305.1

LABOUR MARKET

On average, employment grew by 2.8 per cent over 1988-89 in New South Wales. While well below the national average of 4.1 per cent, it nevertheless represents quite a healthy rate of growth. After a strong performance in the second half of 1987-88, New South Wales employment growth declined during the course of 1988-89, before a slight pickup in the last two months of the year.

Figure 2.13
EMPLOYMENT IN NSW
 Thousands of Persons

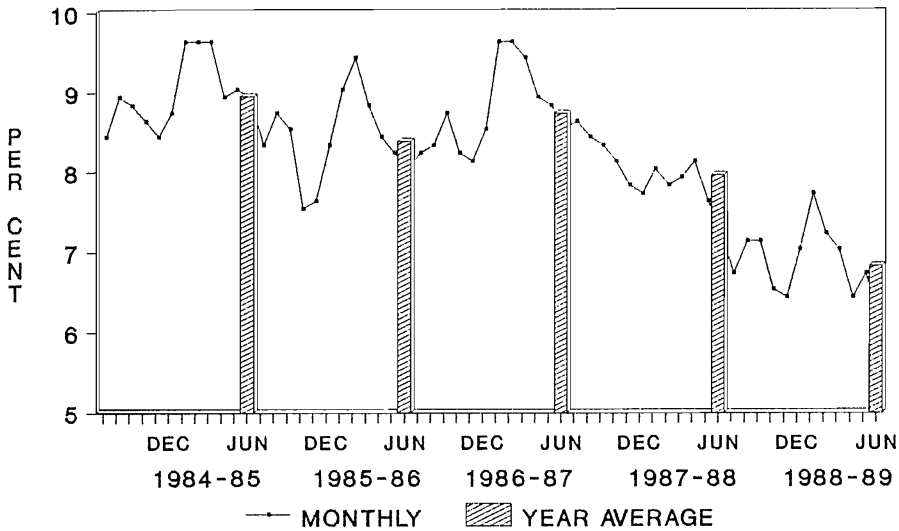


Source: ABS Catalogue 6202.0

Most of the growth occurred in part-time and female employment. During 1988-89, part-time employment increased by an average 4.5 per cent. Female employment rose 3.9 per cent, well above the figure for total employment growth.

Participation rates (that is, the percentage of the population aged 15 years and over in or seeking employment) rose to record levels over the year. The participation rate touched 63.3 per cent in May (seasonally adjusted) while for females it reached 51.4 per cent. Despite the large increase in job seekers reflected by these figures, New South Wales was able to record a reduction in the average rate of unemployment over the year. On average, unemployment rates fell by 1.2 per cent to 6.8 per cent over 1988-89. In June 1989 the unemployment rate fell to 6.1 per cent, the lowest level since April 1982.

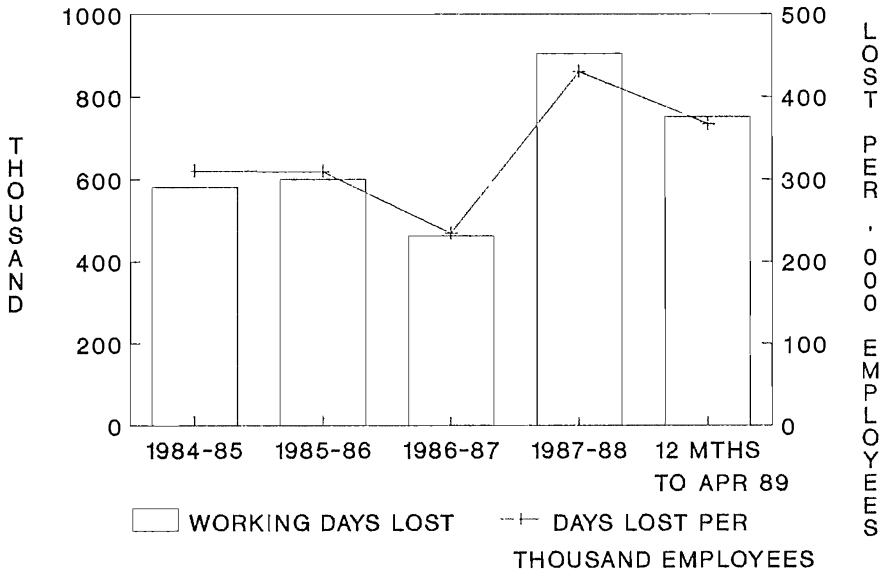
Figure 2.14
UNEMPLOYMENT IN NSW
 Percentage of labour force unemployed



Source: ABS Catalogue 6202.0

New South Wales lost 752,000 working days to industrial disputes in the 12 months to April 1989, contributing 45 per cent of total Australian disputes (in line with its historical contribution). This compares to 904,000 days during 1987-88. Industrial disputation in New South Wales has followed the national trend, having increased since the mid-1980s, but is still well below the peak of 1981-82, when 1.9 million working days were lost (about 990 days per thousand employees).

Figure 2.15
INDUSTRIAL DISPUTES IN NSW
 Total working days lost and
 Days lost per thousand employees



Source: ABS Catalogue 6321.0

The number of working days lost per thousand employees also declined, to an average 367.6 days in the year to April 1989, a fall of 15 per cent from the level of 1987-88.

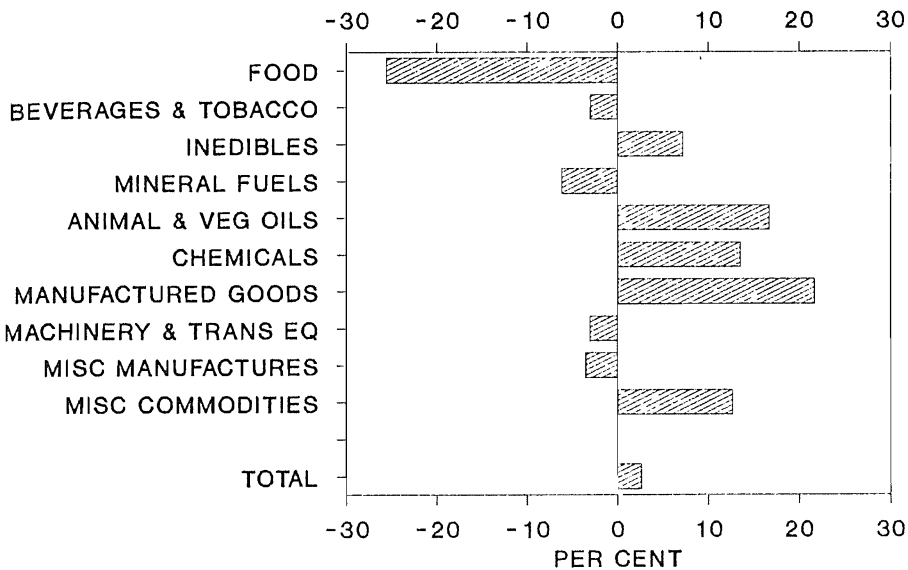
New South Wales continues to experience a higher level of disputation per employee than other States. To a large extent this reflects the concentration of coal mining in New South Wales, which contributed 32 per cent of days lost to disputes in the State last year. Other major disputes included the New South Wales teachers' strike in August 1988, and the Cockatoo Island dockyard dispute which commenced in February 1989.

FOREIGN TRADE

On a State basis, patterns in foreign trade displayed the same disturbing trends found in the national economy. Again, excessive growth in aggregate demand spilled over into imports and the more subdued growth in export receipts was not able to compensate adequately. Total exports from New South Wales grew by an estimated 2.6 per cent to \$1.1 billion during 1988-89, but this was more than offset by the estimated 14.6 per cent growth in imports to \$2.1 billion. Although the figure for imports is most likely overstated (because data is collected by port of entry and goods may be transported overland for consumption in other States), it nevertheless gives an indication of the size of the trade problem.

Major influences on the export side of the equation include food, mineral fuels and manufactured goods. Food exports were down about 26 per cent on the previous year, largely as a result of flooding. Mineral fuels, although dropping by a more modest 6 per cent, had a negative impact of \$136 million. Coal is responsible for a large slice of this, with exports falling substantially in 1988-89 due to closures and rationalisation within the industry, and weak world demand. A positive contribution came from manufactured goods, however, with exports increasing \$307 million or 22 per cent.

Figure 2.16
EXPORTS FROM NEW SOUTH WALES
 Percentage Change, 1987-88 to 1988-89

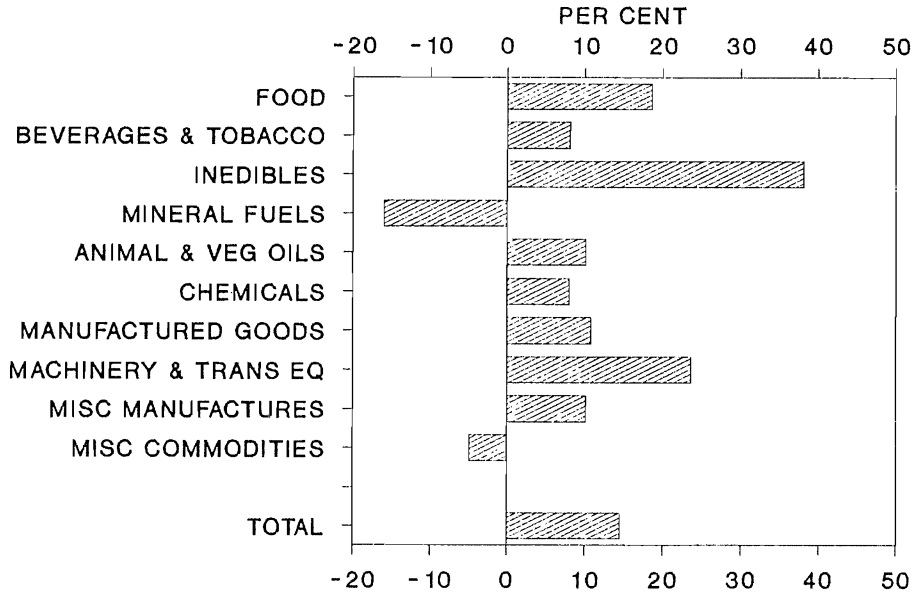


Source: Unpublished ABS data

The machinery and transport, manufactures, food and crude materials categories made major contributions to the explosive growth in imports. Machinery and transport equipment was by far the largest growth item in dollar terms, expanding by \$1.7 billion or 24 per cent. Undoubtedly much of this will be capital equipment, but judging by the new motor vehicle registration figures, private passenger vehicles also form a large proportion.

Food imports into the State grew an estimated 19 per cent in 1988-89, and again this would largely reflect poor domestic yields in certain areas. The bulk of the 38 per cent rise in inedibles came from the cork and wood category, much of which would have been soaked up by Sydney's building boom.

Figure 2.17
IMPORTS TO NEW SOUTH WALES*
 Percentage increase 1987-88 to 1988-89



* STATE OF LODGEMENT ONLY

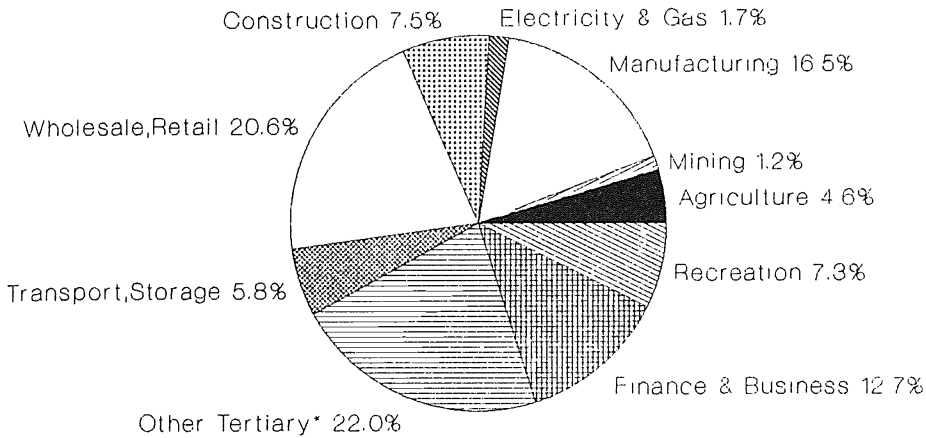
Source: Unpublished ABS data

PERFORMANCE OF SELECTED INDUSTRIAL SECTORS

New South Wales accounts for approximately 35 per cent of Australia's population and economic activity. While similar in most respects to the national economy, the structure of the New South Wales economy differs in several key industries.

Relative to most other States, New South Wales is less dependant on agriculture, but has a higher concentration of labour in manufacturing industries, particularly iron and steel, and chemicals. Services also account for a larger proportion of New South Wales employment, particularly in areas such as finance, business services and transport and storage. The relative importance of coal mining as a source of employment in this State has declined somewhat due to recent closures and rationalisations.

Figure 2.18
NSW EMPLOYMENT BY INDUSTRY
 MAY 1989, Percentage share



Includes: Community Services, Public Administration & Communications.

Source: ABS Catalogue 6201.1

Mining

Despite its decline, the coal mining industry still accounts for some 57 per cent of the 30,800 people employed in mining on average during 1988-89. Other mining activity includes metals such as lead, zinc, silver, copper, tin and gold; gemstones; and various minerals. Overall employment in mining decreased by 2,800 in 1988-89, the bulk of which came from coal mining which shed 2,600 jobs.

Production of saleable coal in New South Wales amounted to 65.4 million tonnes in 1988-89, an increase of 4.8 per cent over the previous year. It represents over 16 per cent of the State's export income.

Private new fixed capital expenditure in the mining industry is estimated to have been about \$432 million in 1988-89. This represents a substantial increase on last year's investment of \$321 million and probably reflects the general improvement in commodity prices, as well as the need to lower costs and improve productivity, particularly in coal mining.

Agriculture

The gross value of agricultural production in New South Wales increased by 11.0 per cent to \$6,548.9 million in 1988-89. Although smaller than the 23.0 per cent rise in 1987-88, it nevertheless represents substantial growth.

Most agricultural commodities benefitted from both increased output and higher prices. However, the increased value of livestock products was solely due to higher prices, since the number of slaughterings actually fell. This fall occurred mainly in beef and mutton production. Strong wool prices during the year have enticed pastoralists to keep sheep on to an older age and relatively good pasture has allowed them to do this. Herd rebuilding by cattle owners to take advantage of the newly opened Japanese and Korean beef markets has also reduced overall meat production.

Movements in the value of key agricultural products over the year are summarised in the table below.

Table 2.2: Gross Value of Key Agricultural Products, NSW 1988-89

	Value of Production \$m	Increase Over 1987-88 %	% of Total Australian Production
Rice	121.6	8	97
Cotton	364.2	20	80
Wool	2,144.1	13	37
Wheat	851.1	29	29
Livestock Slaughtering	1,524.1	4	31
Milk	261.6	0	16
Barley	96.3	(-12)	19
Total Agriculture	6,548.9	11	30

Source: ABS Catalogue No.7501.0, "Value of Principal Agricultural Commodities Produced, Australia".

Despite a significant easing in wool prices over the last quarter of 1988-89, prices remained high by historical standards. These high prices, together with a favourable outlook for 1989-90, saw sheep numbers rise rapidly, resulting in a 13 per cent increase in the value of wool production in New South Wales.

Wheat production throughout Australia increased by 16 per cent over 1988-89. This, together with the \$A37 per tonne rise in prices, accounted for the 29 per cent growth in returns from New South Wales wheat sales. The value of rice production increased by 8 per cent in New South Wales, despite lower domestic prices over 1988-89, reflecting this State's increased output.

Despite lower cotton prices and unfavourable weather conditions since Easter, New South Wales is expected to record a 20 per cent rise in the value of production to \$364.2 million. This apparent increase, however, occurred only after the value of last year's crop was revised downwards quite substantially by the ABS.

Manufacturing

New South Wales accounts for about 35 per cent of manufacturing in Australia, employing some 424,300 people on average during 1988-89. Principal products manufactured in New South Wales include – textiles, clothing and footwear; meat products; raw steel and electricity. A comparison of production levels appears in the table below.

Table 2.3: Production of Selected Manufactures, New South Wales

	1987-88	1988-89(e)	Unit	Percentage Increase
Footwear	6,025	6,613	'000 pairs	9.8%
Woven Fabric	81,979	82,797	'000 metres ²	1.0%
Shirts, Blazers and Trousers	16,329	12,881	'000	(-21.0%)
Raw Steel	4,728	5,319	'000 tonnes	12.5%
Electricity	49,702	51,083	M Kw Hrs	2.8%

(e) New South Wales Treasury estimate.

The sharp reduction in output from clothes manufacturing reflects the uncompetitive nature of the industry. With reductions in tariff levels, domestic clothes manufacturers are finding it increasingly difficult to compete with developing Asian nations which have not only lower labour costs, but also larger markets yielding further benefits from economies of scale. To the extent that footwear production increased over 1988-89, short term factors are believed to be largely responsible. While this industry is suffering from many of the same problems as clothing, it had excess capacity, and was therefore better placed to take advantage of the upsurge in consumer demand during 1988-89.

The growth in industrial activity in Australia and the world increased demand for iron and steel during 1988-89. The Australian industry operated at full capacity, with New South Wales production 12.5 per cent higher than the previous year, but this was not sufficient to satisfy domestic demand, resulting in an increase in imports and a decline in exports.

The industry has undergone substantial rationalisation over recent years. The Steel Plan, which has operated since January 1984, came to its planned conclusion in December 1988. Negotiations have begun at plant level, to agree on future productivity and investment goals to ensure ongoing reform of the industry.

BHP Steel, which dominates the industry, made substantial investments during 1988-89. Its major investment projects in New South Wales totalled over \$80 million. Projects begun in 1988-89 will expand BHP's productive capacity, enabling it to increase its export and import-replacement capability.

BHP employment declined steadily throughout 1988-89. Productivity improved, reaching 350 tonnes per employee per year in December 1988, a 30 per cent improvement on the previous year, and almost a doubling of productivity since 1983.

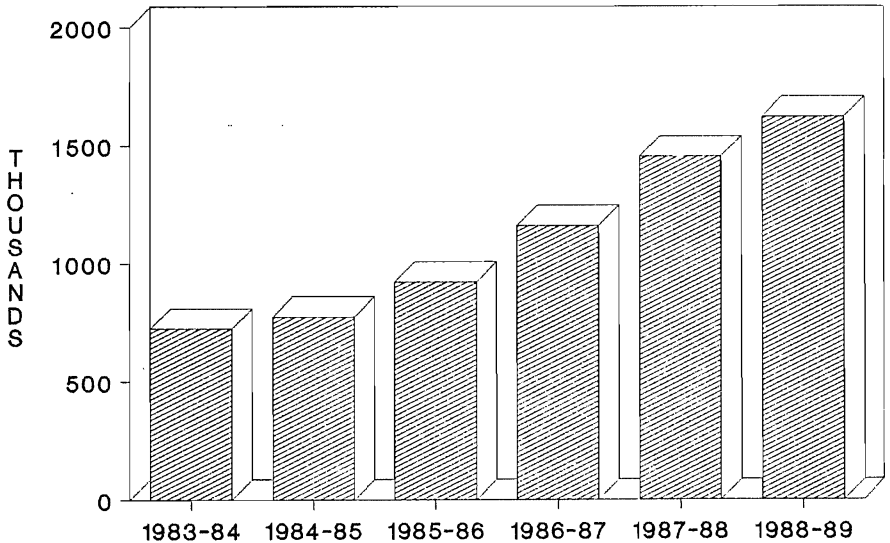
Tertiary

Tertiary sector employment in New South Wales grew by an average 3.5 per cent during 1988-89, representing some 60,000 new positions. Falls in transport and storage, public administration and defence, and electricity, gas and water were more than offset by increases in the other categories, particularly in finance, business and property services.

Employment in the finance, property and business services sector was 11.1 per cent higher on average in 1988-89 than it had been in 1987-88. As expected, property and business services displayed the strongest growth within this sector of 15.2 per cent. Growth in new capital expenditure from private firms is estimated to have exceeded 47 per cent over 1988-89, reflecting the booming property market experienced in Sydney over the past twelve months. Although a breakdown of figures is not available, most of this investment was probably in the form of new and expanded premises in line with the general trend observed in the national economy.

Another booming industry was recreation, which in May 1989 employed 189,300 people in this State alone, an average growth rate of 6.9 per cent over the year before. Total tourist expenditure in New South Wales during 1988-89 was estimated to be \$7.2 billion. While domestic tourism accounted for over 75 per cent of this, by far the strongest growth has come from international tourism.

Figure 2.19
INTERNATIONAL VISITORS TO NSW
 Thousands of persons



Source: Tourism Commission of NSW

The number of international tourists coming to New South Wales has been growing rapidly over the past five years, until in 1988-89 the number reached 1,621,000. This represents growth of 11.5 per cent over the previous year, and should continue to provide the State with growing employment and income opportunities.

Community services grew by a more modest 4.4 per cent, the majority coming from health which provided 10,200 new positions, an increase of 6 per cent.

Employment in public administration declined sharply again last year, reflecting the New South Wales Government's commitment to a more efficient public sector. Stringent funding cuts by the Federal Government at this year's Premiers' Conference reinforced the need to make productivity improvements in all areas of the New South Wales public sector in 1989-90.

INTERSTATE COMPARISONS

The table below summaries the performance of New South Wales compared with the other States and Australia for selected indicators. This State performed well in most areas of comparison (notably GSP, Investment and Consumption), but lagged behind some States in the various indicators of labour market activity.

Table 2.4: Annual Growth in Selected Indicators, 1988-89
(per cent unless otherwise specified)

INDICATOR	NSW	VIC	QLD	SA	WA	TAS	AUS
Gross State Product	3.5	3.2	3.1	3.3	3.5	3.5	3.3
Private Final Consumption	3.7	2.6	6.9	2.9	2.8	3.7	3.8
Private Fixed Investment ¹	33.3	15.8	(-7.8)	(-10.1)	(-1.8)	53.1	13.5
Residential Bldg Approvals	38.8	28.7	62.2	38.8	49.5	22.5	41.5
Non-Residential Bldg Approvals	48.0	10.4	6.9	19.6	(-8.9)	14.8	20.0
Engineering Work Commenced ¹	4.5	(-17.0)	(-4.7)	10.1	20.5	2.9	(-0.7)
Employment	2.8	3.3	7.3	4.2	5.9	0.1	4.1
Unemployment	6.8	5.4	7.1	7.9	6.2	9.7	6.6
Overtime ²	1.4	1.5	1.4	1.1	1.7	1.3	1.4
Industrial Disputes ³	349	216	309	104	283	108	267
Consumer Price Index ⁴	8.0	7.4	7.4	7.8	7.5	6.7	7.6
Average Weekly Earnings ⁵	8.1	5.5	6.1	7.8	5.6	8.5	6.8

¹ Percentage increase for 9 months to March 1989 compared with the same period in the previous year.

² Average weekly overtime hours per employee.

³ Working days lost per thousand employees, twelve months to April 1989.

⁴ June 1989 compared with the same quarter in 1988.

⁵ NSW Treasury Estimate for June Quarter 1989.

2.3 ECONOMIC PROSPECTS

International

The external economic environment is expected to remain favorable in 1989-90, with slower but still strong world growth, continued strong expansion of world trade, and firm commodity prices.

Economic growth in the OECD area is expected to slow moderately from 4.1 per cent in 1988 to 3¼ per cent in 1989 and 2¾ per cent in 1990, with slightly steeper declines in the United States and United Kingdom, and more sustained performance in Japan and Germany. The slowdown will not be sufficient to reduce inflation, which is expected to level out at around 4½ per cent. Interest rates are likely to peak in the second half of 1989 and decline in 1990.

After record growth in 1988, the volume of international trade is projected to increase by 7 per cent per annum through 1990, with a relatively larger contribution by countries outside the OECD. Average growth of OECD import prices for non-energy commodities is forecast to peak at 4 per cent in the first half of 1990, up from about 2½ per cent in the first half of 1989. Worldwide, commodity markets may be slightly less buoyant – as reflected in the Australian Bureau of Agricultural and Resource Economics (ABARE) projections that prices will fall an average 4 per cent in \$US terms during 1989-90.

Australia

National economic growth in 1989-90 is projected to average 2¾ per cent per annum, or about ½ per cent less than in 1988-89. Given the continued momentum of consumer spending and business investment at the start of the year, however, the risk of stronger policy intervention, and more severe economic correction, cannot be excluded.

These developments are summarised in Tables 2.5 and 2.6.

CONSUMPTION

As the 1988-89 investment boom winds down, and public expenditure remains moderate, most of the support for growth in 1989-90 will come from private consumption, sustained by higher social benefit payments and lower average income tax rates under the 1989-90 Federal Budget. Pre-tax income growth, on the other hand, will be slower, with less employment creation, slow implementation of the 1989 National Wage Case decision, less buoyant rural production prices, and lower distributed profits from business – although rental and interest income growth will be stronger.

Disposable household income therefore is likely to rise by about 11¼ per cent, or ¾ of a per cent faster than in 1988-89. Assuming an unchanged average savings ratio of 7 per cent, nominal consumption will grow about 1 per cent faster than last year, but given the higher average rate of inflation, this will raise constant-price consumption growth by only about half a percentage point, to 4¼ per cent.

INVESTMENT

Gross fixed capital expenditure is likely to increase by just 2 per cent, compared to 13 per cent last year.

Most of the slowdown will occur in the private sector, which led last year's boom. The Indicative Planning Council (IPC) and market analysts expect dwelling commencements to decline by over 20 per cent in 1989-90, but this will translate into only a 5¼ per cent drop in work done (the main impact will be felt in 1990-91). Private non-dwelling construction is forecast to increase by 2 per cent as estimated by the Construction Forecasting Committee (CFC) for total building and engineering construction.

Table 2.5: Forecast Summary

	1987-88 Actual	1988-89 Actual	1989-90 Commonwealth Budget Forecast	1989-90 NSW Treasury Forecast
(Average annual percentage increases)				
Economic Output				
- Aust (GDP)	4.2	3.3	2¾	2¾
- NSW (GSP)	4.0	3.5(e)		2¾
Employment				
- Australia	3.0	4.1	2¾	2¼
- NSW	4.1	2.8		2
Earnings				
- Award Pay	3.8	5.9		6
- AWE (Survey)	6.0	6.8	6½	7
Prices/Deflators				
- Aust CPI	7.3	7.4	7½	7½
- NSW CPI	7.7	8.1		7½
- Non-Farm GDP	7.5	9.1	6½	6¾
- GNE	6.7	5.9		7¼
(\$ billion)				
Balance of Payments				
- Exports	50.4	53.0		65
- Imports	52.7	60.7		70¾
Trade Balance	(-)2.3	(-)7.7		(-)5¾
- Net Income	(-)11.2	(-)13.0		(-)16¼
- Net Transfers	1.7	2.3		2¾
C/A Balance	(-)11.8	(-)17.4	(-)18½	(-)19¼
Ratio to GDP(%)	4.0	5.2	5	5¼
(Annual Average Levels)				
Interest rates:				
- 90 Day Bills	11.8	15.7		17
- 10 Year Bonds	12.5	12.9		12½
Exchange Rates				
- \$US (Cents)	72.9	81.0		72
- TWI (index)	59.8	61.3		56
(Levels as at June)				
Interest Rates				
- 90 Day Bills	13.2	18.3		14¾
- 10 Year Bonds	12.0	13.5		11¾
Exchange Rates				
- \$US (Cents)	79.4	75.5		69
- TWI (index)	59.8	59.4		53

(e) Estimate

**Table 2.6: Forecasts of Demand and Output
At average 1984-85 prices (a)**

	Commonwealth Budget	NSW Treasury
Private Final Consumption Expenditure	3½	4¼
Gross Fixed Capital Expenditure		
Dwellings	(-)8	(-)5¼
Non-Dwelling Construction	4	2
Plant and Equipment	6½	7½
Total Final Domestic Demand	3	3½
Private Final Domestic Demand	3	3¾
Public Final Domestic Demand	3¼	3¼
Increase in Stocks		
Private non-farm (b)	(-)1	(-)1¼
Farm and Public Authority (b)	—	½
Gross National Expenditure	2	2¼
Net Exports (b)	¾	¼
Exports of Goods and Services	7½	6
Imports of Goods and Services	3	3
Gross Domestic Product	2¾	2¾
Non-Farm Product	2¾	2½
Farm Product	2¼	3
Other Selected Indicators		
Unemployment (Average Rate)	6¼	7¼
Real Household Disposable Income	4	4¼
Household Savings (Average Ratio)	7¼	7
Terms of Trade	(-)3½	(-)¼

(a) Unless otherwise stated, figures are percentage increase on preceding year.

(b) Percentage points contribution to change in GDP.

Businesses surveyed by the ABS in the June quarter planned to increase their 1989-90 investment in equipment by 7 per cent, a realizations-adjusted increase of 20 per cent (in current prices). The present forecast, however, assumes that continued high interest rates and a slowdown in final demand will cause investors to cut growth in equipment investment to around 8 per cent in constant prices, or less than half last year's rate.

Public enterprise investment is expected to resume growth, though this will be from a low base after a sharp downturn in 1987-88 and sluggish performance in 1988-89. General government investment will rise marginally by 1 per cent in 1989-90, with higher outlays by the Commonwealth Government and the State of New South Wales offsetting sharp cut-backs by most other States.

Stockbuilding will be cut back sharply from \$2.6 billion in 1988-89 to just \$¾ billion in 1989-90, as business adjusts to slower demand. All of the net growth will occur in farm and public marketing authority stockpiles, reflecting higher rural production, and prices falling closer to marketing board intervention levels. Non-farm stocks will be drawn down by \$1 billion, partially offsetting the build-up which occurred during the preceding year.

FOREIGN TRADE AND BALANCE OF PAYMENTS

The poor 1988-89 performance in foreign trade should be stabilised and progressively improved during the course of 1989-90, reflecting the slowdown in domestic demand. Although the annual trade deficit (in constant prices) is expected to improve by only \$1 billion, it should fall from \$3½ billion in the June quarter 1989 to around \$1¼ billion in the June quarter 1990.

This improvement will be assisted by firm world prices for Australia's exports, coupled with only moderately higher world prices for our imports, and improved Australian competitiveness brought about by decelerating domestic inflation (as reflected by the Non-Farm GDP Deflator) plus a slow depreciation in the exchange rate. Australia's terms of trade (which improved a massive 15.6 per cent in 1988-89) are expected to stay virtually flat in 1989-90, with a slight decline in the final two quarters of the year.

Exports of goods and services are expected to increase by about 6 per cent in volume. The outcome could be higher if the export growth rates predicted by ABARE (6 per cent for rural exports and 13 per cent for mineral resources) are achieved.

Imports are expected to increase only ¾ per cent, compared to 2½ per cent in 1988-89. Import volumes should begin to fall in absolute terms starting in the December quarter.

Although the trade balance will improve from (-)\$7.4 billion to (-)\$5¾ billion, larger net income debits will still cause the overall current account deficit to widen to about \$19¼ billion. Higher net income deficits are the unavoidable consequence of rising external debt, high world interest rates, and a declining exchange rate. Provided that the growth in exports can be sustained, however, the current account deficit should narrow significantly in following years.

EMPLOYMENT

Job creation is expected to fall sharply in future months in line with the slowdown in investment and decline in aggregate demand. For the year as a whole, employment growth is likely to be only 2¼ per cent. Although labour force participation also is likely to fall in later months, the drop in employment growth will cause unemployment to rise from 6 per cent in June 1989 to as much as 7¾ per cent by June 1990, with a year average of around 7¼ per cent.

WAGES

Average weekly earnings (on the ABS Survey basis) are expected to rise 7 per cent for the year as a whole. This is based on the parameters set by the 1989 National Wage Case, providing for two increases of \$10 to \$15 or 3 per cent, subject to award restructuring agreements. The forecast assumes that the minimum rates provisions will have only a marginal impact on outcomes in 1989-90 and that discipline under the Accord will be maintained. In a broader sense, it also is assumed that wages drift will virtually disappear under slacker labour market conditions in 1989-90.

PRICES

Consumer prices are forecast to increase by 7½ per cent as predicted in the 1989-90 Federal Budget. A lower outcome might nonetheless be achieved if wages growth and import price increases can be moderated, and if interest rates come down well before the end of the year. The price deflator for domestic demand is expected to increase 7¼ per cent, or less than the Consumer Price Index, due to the sharper slowdown in investment activity compared with consumption. Since export prices are expected to grow more slowly than import costs, the Non-Farm GDP Deflator is projected to grow even more slowly at 6¾ per cent.

INTEREST RATES

On the basis of recent Commonwealth Government pronouncements on monetary policy, interest rates are forecast to remain at or above current levels until the end of 1989. Thereafter they are expected to decline to around 15 per cent (90 day bills) and 11.5 per cent (10 year bonds) by June 1990. Interest rates will drop sooner if economic activity and imports fall back earlier. But the yield curve is likely to remain inverted (i.e. shorter rates being higher than longer ones) well into 1990-91 if monetary policy is pursued as stated.

EXCHANGE RATES

The Australian Dollar is likely to decline by perhaps 5 to 7 per cent against the Trade-Weighted Index (TWI) between June 1989 and June 1990 reflecting the high balance of payments deficit, and weaker terms of trade. Given the tight monetary stance of the Government, however, the interest rate differential relative to overseas markets should attract sufficient capital inflows to prevent more extensive depreciation.

Prospects for the New South Wales Economy

OVERVIEW

The New South Wales economy in 1989-90 will largely mirror the national downturn. This is because of the large share of economic activity concentrated in this State.

Economic growth, as measured by GSP, is expected to be substantially lower as a result of negligible investment growth after the vigorous performance during 1988-89, and relatively subdued growth in consumption expenditure (particularly in the public sector).

As with the national forecast, employment growth in New South Wales will slow over 1989-90, particularly when the backlog of work currently in the building pipeline expires. Related industries will reduce their staff to compensate for this slowing in building activity, but this should be more than offset by modest employment growth elsewhere.

After Sydney's rapidly rising inflation rate over 1988-89, largely the result of a booming property market and rising interest costs, the Sydney CPI is expected to fall during 1989-90, closing the gap on the national index.

The table below details expected changes in the main State indicators over the year ahead.

Table 2.7: NSW Forecast Summary 1989-90

	Average Percentage increase over previous year	
	1988-89 Outcome	1989-90 Forecast
GSP	3.5(e)	2¾
Employment Growth	2.8	2
Sydney CPI	8.1	7½

(e) NSW Treasury estimate

Source: ABS Catalogue No.s 6203.0 "The Labour Force Australia" and 6401.0 "Consumer Price Index"

ECONOMIC ACTIVITY

Growth in GSP is forecast to slow in New South Wales during 1989-90 to 2¾ per cent, in line with the national moderation in growth. While this still represents a reasonable rate of economic growth, it is well below the strong growth of 3.5 per cent recorded last year.

Private consumption is expected to remain firm, buoyed by the the income tax cuts which came into effect on 1 July 1989. Falling interest rates later in the year will also increase consumption directly, and through spin-off purchases of consumer durables as the demand for housing improves. This is particularly relevant in New South Wales where property research company BIS-Shrapnel forecasts an underlying excess demand of approximately 54,000 dwellings by June 1990.

Recurrent expenditure in the New South Wales public sector will decline by 0.5 per cent in real terms over 1989-90, reflecting the NSW Government's commitment to smaller government, but this should be more than offset by the anticipated consumption growth in the private sector.

After strong growth last financial year, investment is forecast to flatten out in 1989-90. While it is anticipated that this will occur across all industry sectors, it should be most pronounced in the building industry, as high interest rates and looming over-supply of office space and hotel accommodation in Sydney take their toll.

INFLATION

Slower growth in GSP should restrain inflation over the coming year. The housing component of the CPI, which made a particularly strong contribution to the Sydney index over 1988-89, will be much more subdued this year; as will food prices which should decline as supply recovers from last year's floods. Nevertheless, household equipment and operation and transportation are expected to make substantial contributions to the Sydney CPI. The expected depreciation of the Australian dollar (which will raise the price of imported goods) and the growth in wages, following the recent National Wage Case decision, will also add to the Index.

It is anticipated that mortgage interest rates will fall over 1989-90 and housing prices will not be subject to the same rapid escalation as last year. The adoption of the new debt profile method for calculating mortgage interest charges, however, will lessen the impact of any change in housing costs on the CPI.

Food prices, after increasing by a substantial 3.4 per cent in the last quarter of 1988-89, are projected to grow more slowly over 1989-90. Lower vegetable prices (as supplies improve) should retard the food category's contribution to the Sydney CPI, but this is likely to be offset by stronger meat prices as supplies are held back for herd rebuilding, pending access to the Japanese and Asian markets.

The contribution from household equipment and operation is expected to increase in 1989-90, as expected dwelling commencements of around 140,000 in New South Wales, together with pent up demand for household appliances from the housing boom last year and the forecast depreciation of the currency, fuel price rises.

State and Local Government charges will contribute to the Sydney Index during the September quarter as Government Departments and Authorities implement their annual increases in charges. The Government is intent on reducing existing anomalies and cross subsidies to bring prices more into line with operating costs in areas such as electricity, water, ports, and public transport. This has caused increases in certain charges over the past year. In the coming year, increases in some charges will moderate the impact of the State and Local Government sector on the CPI. Indeed electricity charges, which account for over 40 per cent of total Government charges, are scheduled to increase by only 4.9 per cent. The State Rail Authority's passenger fares will increase by 6.5 per cent on average, while for the State Transit Authority the average increase will be 7.5 per cent.

Overall Government charges are projected to increase at slightly above the CPI. However, when the impact of the environmental levy is excluded, the increase, at 7.1 per cent is less than the projected increase in the CPI.

EMPLOYMENT GROWTH

Employment growth of 2 per cent is forecast for New South Wales over 1989-90. Steady growth is anticipated in the large industry sectors such as wholesale and retail trade, and health; but this trend is likely to be dampened by declines in mining, building and the public sector. Slower growth is also expected in the tourism industry after the boom associated with World Expo and the Bicentennial.

The New South Wales labour force is anticipated to grow strongly through immigration, which is estimated to be approximately 60,000 people in 1989-90. This should more than offset employment growth of 2 per cent and a slight decline in the workforce participation rate (as people become disillusioned with trying to find employment in a slowing labour market). Consequently, unemployment is projected to rise over the year ahead. The average unemployment rate should increase from 6.8 per cent in 1988-89 to over 7 per cent in 1989-90.

OUTLOOK FOR SELECTED INDUSTRIES

The outlook for industry sectors of the New South Wales economy is dependent on conditions in the world and domestic economies, as well as on specific developments within the State. The anticipated easing of economic growth is likely to result in a slowing in the growth of most sectors and their exports, rather than an actual decline.

Agriculture

World commodity prices are expected to ease slightly in 1989-90 following the strength of the past two years, which has lifted Australia's terms of trade and commodity export income. The forecast decline in Australia's exchange rate is expected to offset lower commodity prices, and ABARE forecast a rise in the value of Australian commodity exports of 11 per cent to \$40.5 billion in 1989-90, almost double 1988-89 export growth. While New South Wales can be expected to share in much of this growth, the outlook for some rural commodities is not as sound.

The State-wide rain received during early 1989 had a favourable impact on New South Wales wool growers, and the State Wool Forecasting Committee has forecast New South Wales wool production will increase 7.6 per cent to 331,300 tonnes in 1989-90. However, with world production expected to increase more rapidly than demand, prices are likely to decline. Although export volumes are expected to increase, this will be outweighed by the drop in price, reducing the value of wool exports compared to 1988-89.

Weather conditions have been less favourable for wheat producers. ABARE forecast approximately 2.4 million tonnes of wheat will be harvested in 1989-90 in New South Wales, a considerable decline from last year's achievement. Wet weather since this forecast was made has further reduced the likely harvest which, combined with lower world wheat prices, is likely to result in a significant fall in New South Wales earnings from wheat exports over the coming year.

An improved world outlook in 1989-90, together with an anticipated depreciation of the Australian dollar (a 8.6 per cent decline in the TWI for the year as a whole is forecast) will increase prices received by cotton growers, stimulating increased plantings throughout Australia. Rice and oilseed production are also expected to increase in New South Wales.

Mining

According to the ABS Capital Expenditure Survey for June 1989, Australian mining companies expect to invest \$4,262 million in 1989-90, a nominal rise of 19.4 per cent, and well exceeding growth of 2.6 per cent in 1988-89. This would appear to be in response to strong earnings growth over the past year, combined with good earnings potential in the year ahead.

A rise in domestic coal consumption is expected to be supplemented by strong world demand over the coming year, in both steaming coal (mainly for electricity generation in the OECD region) and coking coal (by the major steel producing regions). This increase in demand is likely to exceed growth in world supplies, resulting in a firming of coal prices and an increase in the value of New South Wales coal exports.

New South Wales coal output is also expected to increase as the industry benefits from an expansion of capacity, the considerable restructuring of the past year, and an expected reduction in the industrial disputes which characterised the industry during the first half of 1988-89.

Manufacturing

Although the manufacturing sector did not experience an expansion in investment to the same extent as other sectors during 1988-89, Australian firms anticipate a strong 16.2 per cent increase in nominal capital expenditure over the coming year, according to the ABS Capital Expenditure Survey. If past realisation ratios (the ratio of actual to anticipated investment) are maintained, this will result in an actual increase of 26.7 per cent.

Investment may be dampened, however, as the current high interest rates start to have an impact, and the anticipated depreciation of the Australian dollar increases the cost of capital equipment.

The Bureau of Industry Economics expects future manufacturing investment to be concentrated in two industry groups: Chemicals, petroleum and coal products; and Basic metal products. While a significant proportion of this investment is planned in other States, New South Wales will also benefit from investment for export enhancement (particularly in the processed metal products area), and import replacement (mainly in the chemicals and petroleum industries).

As a result of last year's capital expenditure and the strength of investment anticipated in 1989-90, manufacturing production is expected to grow strongly. Results from the latest Survey of Manufacturing Conditions in New South Wales conducted by the Australian Chamber of Manufactures and the State Bank indicate that eight out of the twelve industry sectors within manufacturing expect to increase production over the next 3 months.

Employment growth in the manufacturing sector is forecast to slacken somewhat over the coming year. Overtime is already slowing, and pressure for skilled labour should ease as the domestic economy slows.

New South Wales steel production is expected to increase significantly in 1989-90, with increased capacity due to the recommissioning of one of the blast furnaces at Port Kembla and improvements in furnace operation at Newcastle. Capacity will be further expanded by the construction by BHP of a minimill in Sydney. Exports, which have been limited by strong domestic demand, are forecast to increase in line with the expansion of capacity.

Tertiary

Many tertiary industries will be affected by the general economic slow-down expected during 1989-90.

Growth in the finance, property and business services sector is likely to ease after the rapid expansion of recent years. Firms from this sector surveyed by the ABS expect their nominal investment to increase 19.4 per cent, lower than the 24.4 per cent increase of 1988-89, but still a strong performance. Using past realisation ratios, this would be equivalent to an enormous increase in investment of over 50 per cent, but these realisation ratios were formed during a period of economic upswing and are unlikely to be maintained during an economic slow-down.

Expected investment is not available by State, but New South Wales is likely to experience a more severe slow-down in growth in this sector because it has achieved such strong growth over the recent past and, with the cooling of the real estate and property development markets, combined with a more general slow-down, these growth rates would be difficult to maintain.

The retail trade sector is unlikely to experience such a significant decline in growth because it has not shared the rapid expansion of some other areas, and the forecast decline in interest rates during 1989-90 may increase trade as consumer borrowing becomes more affordable and pent-up demand is satisfied.

Finally, the outlook for tourism in New South Wales is for far more subdued growth over 1989-90. Both overseas and domestic tourism are expected to suffer; the first as a consequence of waning interest after the Bicentennial and World Expo, and the second as a result of restrictive macroeconomic policies and recent industrial disputation.

Total tourist expenditure in New South Wales during 1988-89 was estimated at \$7.2 billion. While over 75 per cent of this comes from domestic tourism, international tourism is growing at an exceptional rate. Indeed, during 1988 Australia's receipts from international tourism grew by almost 30 per cent in real terms. This growth has a disproportionately large impact on New South Wales, which receives over 70 per cent of all international visitors to Australia.

Over 1988-89, it is estimated that New South Wales received approximately 1,600,000 tourists, an increase of 15 per cent over the previous year. During 1989-90, however, a lower growth rate closer to the long term trend of 7 per cent is expected.

The Economy and the Budget

BACKGROUND

The forecasting of economic variables is a key part of the Budget process. Assumptions about the economic conditions likely to prevail in the future underpin forward estimates of revenue and expenditure. The accuracy of these assumptions can significantly affect the accuracy of the resulting forecasts.

In the long-run, factors such as population growth, savings and capital formation shape the underlying demand for Government services, and the size of the tax base. In the shorter term, revenue and expenditure are affected, both directly and indirectly, by a variety of economic variables. In making forward estimates, the broad economic outlook is considered, as well as a range of economic variables, the major ones being –

- Gross State Product (GSP)
- Inflation
- Employment and Wages
- Interest Rates

GROSS STATE PRODUCT

Economic growth and its impact on employment affects virtually every Government responsibility. Expenditure related to social welfare tends to increase during recessionary periods, while expansions in economic activity increase the need for expenditure on infrastructure.

Growth in GSP also affects many State taxes. Generally, the higher economic growth, the higher most revenue items will be. For example, payroll tax will rise as employment increases; financial institutions duty revenue increases as transactions increase with economic activity; and revenue from business franchise licences on petroleum increases as consumption rises.

Revenue is also affected by the distribution of growth in the economy. For example, over 1988-89 activity was particularly vigorous in the real estate sector, which directly lifted revenue from stamp duty on contracts and conveyances.

INFLATION

Increased prices of goods and services are a major factor determining Government expenditure growth, given that expenditure on goods and services constitutes 30 per cent of Government recurrent expenditure. While no New South Wales expenditure items are directly indexed to the inflation rate, all procurement costs are affected eventually.

Variations in prices also affect Government revenue. In recent years, revenue has particularly been affected by variations in share market and real estate activity. Vigorous activity in the share market prior to the November 1987 share market collapse significantly lifted revenue from stamp duty on share transfers. Declining activity and values reduced revenue from that source by 29 per cent in 1988-89. Stamp duty on contracts and conveyances provide a major source of revenue. The Sydney real estate boom increased revenue from this source by \$459 million or 45 per cent in 1988-89.

Prices in the share and real estate markets are more volatile than consumer prices generally, so taxation estimates are based on more specific forecasts of price and turnover in these markets, rather than simply the CPI forecast.

The Budget is concerned both with revenue and expenditure magnitudes, and with the volume of resources these command. Inflation diminishes the command of money over resources. Price indices attempt to isolate the effect of inflation, so that the volume of goods and services can be compared through time. However, unlike other economic variables, there is no unique "inflation rate". Inflation encompasses increases in a wide variety of different price sets. Each of these is measured in a different way.

The CPI gives an indication of consumer price levels but, because it does not cover investment goods, may not accurately reflect general price inflation. Where desirable, more specific estimates may be used (for example, of wages costs and capital costs) in determining budget allocations.

A range of price indices is constructed by the ABS. Table 2.8 shows the principal alternatives available, and their growth in recent years. Growth in the various indices has varied significantly, because of the different items included in each index. As a consequence, deflating government expenditure by different price indices will lead to widely varied measures of the change in real expenditure.

Table 2.8: Comparison of Price Inflation Measures

Inflation Measure	Increase Over Previous Year Per cent						
	1984-85	1985-86	1986-87	1987-88	1988-89	1984-85 to 1988-89 (average)	1989-90 (f)
Consumer Price Index							
- Australia	4.3	8.4	9.3	7.3	7.4	7.3	7½
- New South Wales	3.9	8.5	9.4	7.7	8.1	7.5	7½
Final Consumption Expenditure							
- New South Wales Government							
- wages	—	5.4	6.3	2.9	3.9	4.6	—
- other costs	—	6.2	7.1	6.0	7.1	6.6	—
- total NSW consumption	—	5.8	6.7	4.1	4.7	5.3	—
- All Governments	5.8	6.5	6.3	4.9	4.9	5.7	—
Gross Fixed Capital Expenditure							
- New South Wales Government	—	8.2	7.6	7.6	7.8	7.8	—
- All Governments	—	8.9	7.7	6.2	5.4	7.1	—
Gross National Expenditure	6.0	8.5	8.2	6.5	6.2	7.1	7¼
Gross Non-farm Product	5.9	7.0	7.4	7.4	9.3	7.4	6¾
Gross Domestic Product	5.6	6.8	7.3	8.1	9.4	7.4	—

Note: (f) NSW Treasury forecast

Source: ABS Catalogues 5206.0, 6401.0, unpublished ABS data.

Estimates of real growth are used for a number of purposes –

- to measure the real purchasing power of government expenditure;
- to measure the demand of the public sector on real resources;
- to facilitate intergovernmental comparisons;
- to facilitate comparison of the stance of Budget policy over time.

However, no one index best serves all purposes.

- The **consumer price index**, which measures the price of a basket of representative consumer goods, is a widely used and well understood measure of the impact of inflation on household living standards. However, this does not reflect the basket of expenditures by the New South Wales Government.
- The ABS has recently estimated a **New South Wales Government** deflator series. This corresponds more closely to actual New South Wales Budget costs, but does not reflect the opportunity cost of these expenditures. These deflators are not generally available or widely understood, and currently there are no equivalent deflators constructed to enable comparisons with other Australian governments.
- The **gross domestic product** and **gross non-farm product** deflators measure the price of domestically produced goods and services. While they better measure the opportunity cost of government expenditure, and are widely used and understood, they do not reflect the cost of goods and services purchased by the New South Wales Government.
- The **gross national expenditure** deflator measures the price of products purchased by Australians, including both domestic products and imports. As such, it is a more accurate reflection of price variations in government purchases than the product deflators. However, both the product and expenditure deflators have been particularly volatile over recent years, because of the volatility of export and import prices.

During the Budget preparation process, specific deflators are used where available to estimate future real expenditure on particular items. However, in order to assess the overall trends in real terms, the CPI has been used in this Budget Paper as a widely used and well understood measure of inflation.

EMPLOYMENT AND WAGES

Wage costs are the major expenditure item in the New South Wales Budget, accounting for some 70 per cent of expenditure. Treasury estimates that a 1 per cent increase in wages flowing from a National Wage Case decision adds about \$60-\$65 million to Consolidated Fund costs. Estimates of public sector employment levels are also an important determinant of estimated wages expenditure.

Projections of revenue from payroll tax rely on expected variations in the overall level of employment in New South Wales, and the rise in average weekly earnings. Payroll tax revenue was lifted in 1988-89 from relatively strong employment growth. A general wage rise will also increase payroll tax revenue, assuming that there is not an accompanying decline in employment.

INTEREST RATES

Variations in interest rates have both a direct and indirect impact on the Budget.

Directly, tight monetary conditions such as those prevailing during 1988-89 increase the State's debt servicing charges through higher interest rates. Currently, a relatively high proportion of the State's debt is being held in short term instruments, to avoid being locked in to high long-term interest rates, because the general level of interest rates is expected to decline.

A rise in interest rates also raises revenue, as the State holds a large cash balance, invested in both short and long-term investments. However, debt costs far exceed revenue from investments, so the net budgetary impact of a rise in interest rates is negative.

Indirectly, interest rates influence activity in the real estate market and the share market, thereby affecting stamp duty revenue from these sources. An increase in interest rates will tend to dampen real estate activity as the cost of borrowing rises. Also, as interest rates rise securities become more attractive relative to shares, and as a result share market activity may decline.

THE OUTLOOK FOR 1989-90

The outlook for the New South Wales economy over the coming year suggests that Budget revenue and expenditure will vary significantly in several areas from the recent past.

On the revenue side, revenue from stamp duty on contracts and conveyances is forecast to decline by 26.7 per cent compared to 1988-89. Following a dramatic change in the latter half of 1988-89 after the boom conditions of the previous two years, the property market is expected to slow markedly, with a consequent adverse impact on contracts and conveyances revenue.

Despite a reduction in the growth of employment over the coming year as the economy slows, payroll tax revenue is expected to continue its steady upward trend due to a forecast increase in average weekly earnings in the vicinity of 7 per cent. Expenditure will also be significantly affected by the rise in wages, as they constitute the major expenditure item of the New South Wales public sector.

Although interest rates are forecast to decline over the course of 1989-90, on a yearly average basis they are expected to be higher than in 1988-89. This will adversely affect the Budget because, as noted above, interest payments on the State's debt far exceed interest receipts from investments.

CONCLUSION

The State's Budget depends critically on movements in a number of economic variables. The estimation of future revenue and expenditure requires forecasts of these economic variables. The forecasting task has become more difficult in the last few years as the mix of State taxes has changed. Stamp duty has overtaken payroll tax as the State's most important source of tax collections; in 1988-89 it constituted 45.1 per cent of tax revenue, compared to 27.3 per cent in 1978-79. Stamp duty on contracts and conveyances now contributes 26.8 per cent of total tax revenue, compared to only 9.2 per cent in 1978-79.

Stamp duty proceeds, particularly on property and share transactions, are far more volatile than payroll tax and therefore more difficult to accurately project. For example, revenue from stamp duty on contracts and conveyances increased 45.1 per cent in 1988-89, but is expected to decline 26.7 per cent in 1989-90. In contrast, payroll tax revenue increased 10.8 per cent in 1988-89, and is forecast to rise a further 10.8 per cent in 1989-90.

The New South Wales Treasury, with the assistance of BIS-Shrapnel, has developed an econometric model for forecasting contracts and conveyances duty revenue. However, even with the aid of such a model, stamp duty forecasting is still subject to major errors. Given the importance of this source of revenue, this means it is becoming increasingly difficult to project the State's overall Budget position.

CHAPTER 3: OVERALL BUDGET PAYMENTS

- 3.1 Introduction**
- 3.2 Trends in Budget Payments**
- 3.3 Total Payments by Policy Area and by
Minister
(The Blue Tables)**

3.1 INTRODUCTION

This section provides a summary of overall (i.e. recurrent and capital) payments, as well as detailed information on payments by Ministerial responsibility and by policy area.

The prime focus of the Budget is the Consolidated Fund which is the account through which most payments and revenue for the Inner Budget Sector (i.e. General Government) pass. Inner Budget Sector entities include departments such as Education, Health, Corrective Services and Public Works and central agencies such as Treasury and Premier's Department.

While Inner Budget Sector entities are predominantly funded from Consolidated Fund, some also have access to other sources of funds. In the main these would be special deposit account balances, which may reflect user charges or other income earned by the department or past transfers from the Consolidated Fund.

In contrast, the Outer Budget Sector consists of public sector entities which are largely self financing, although there may be some limited subsidy from the Consolidated Fund.

An overview of payments for the Inner and Outer Budget Sector, distinguishing between Consolidated Fund and other sources of payments is set out in Table 3.1.

Table 3.1: Budget Payments

	1987-88		1988-89		1989-90	
	\$m	\$m	Change %	\$m	Change %	
Consolidated Fund -						
Recurrent	11,718	12,615	+ 7.7	13,495	+ 7.0	
Capital	1,899	1,901	—	2,576	+ 35.6	
Total	13,617	14,516	+ 6.6	16,071	+ 10.7	
Total Payments -						
Recurrent	12,300	13,547	+ 10.1	14,541	+ 7.3	
Capital	4,360	4,340	(-)0.5	5,161	+ 18.9	
Total	16,660	17,887	+ 7.4	19,702	+ 10.1	

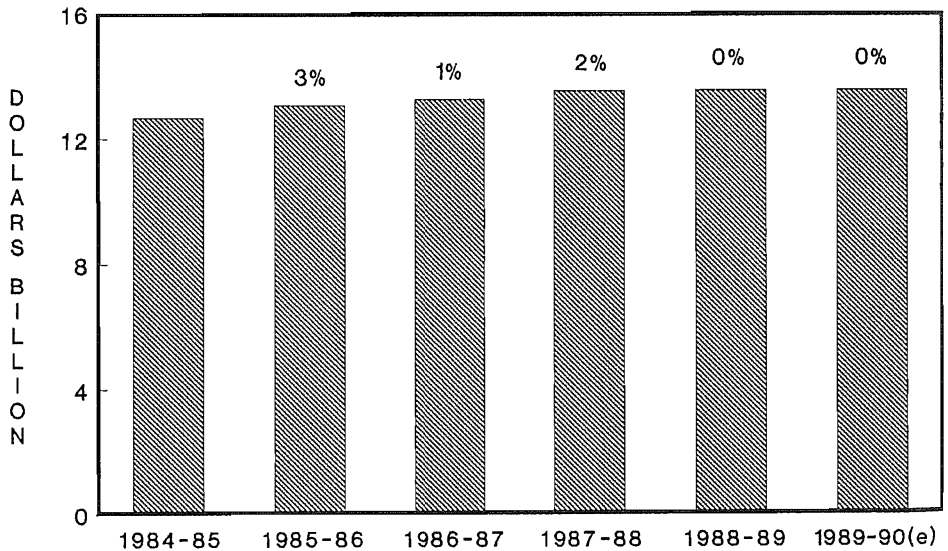
3.2 TRENDS IN BUDGET PAYMENTS

Consolidated Fund

Consolidated Fund recurrent payments increased on average by 9.9 per cent per annum between 1984-85 and 1988-89, compared with average inflation over the period of 8.1 per cent (see Figure 3.1). This translates to an average real growth rate of 1.8 per cent per annum.

For 1989-90, Consolidated Fund recurrent payments will increase by 7.0 per cent, a real decline of 0.5 per cent.

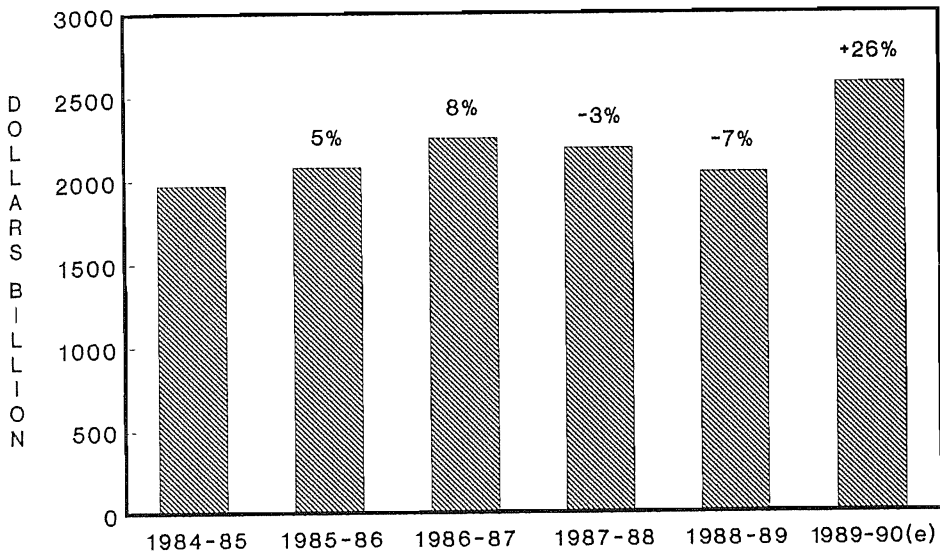
Figure 3.1
CONSOLIDATED FUND RECURRENT PAYMENTS
 (Payments expressed in real terms, 1989-90 base;
 Percentage change on previous year)



Capital payments from the Consolidated Fund have increased by 9.0 per cent per annum over the four years to 1988-89, an average real growth rate of 0.9 per cent per annum (see Figure 3.2). For 1989-90, payments will increase by 35.5 per cent, a real increase of 26.1 per cent. This substantial growth reflects a number of key Government initiatives, including -

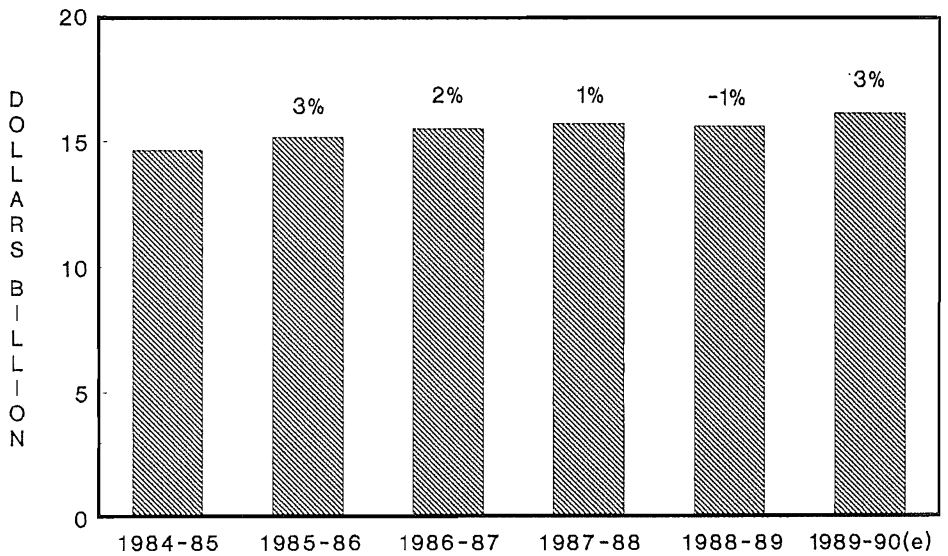
- a \$344 million increase in funding for the roads program, including revenue from the 3 cent per litre levy on fuel licence fees, with full dedication of all fuel licence fees to roads as from 1 July 1989;
- \$230 million in redundancy payments in the transport area; and
- \$14 million to be provided as the first instalment of the Consolidated Fund contribution towards acquisition of hen quotas from egg farmers.

Figure 3.2
CONSOLIDATED FUND CAPITAL PAYMENTS
 (Payments expressed in real terms, 1989-90 base;
 Percentage change on previous year)



Consolidated Fund payments, recurrent and capital, have increased by 9.8 per cent per annum over the four years to 1988-89, an average real growth rate of 1.7 per cent per annum (see Figure 3.3). For 1989-90, payments will increase by 10.7 per cent, a real increase of 3.0 per cent.

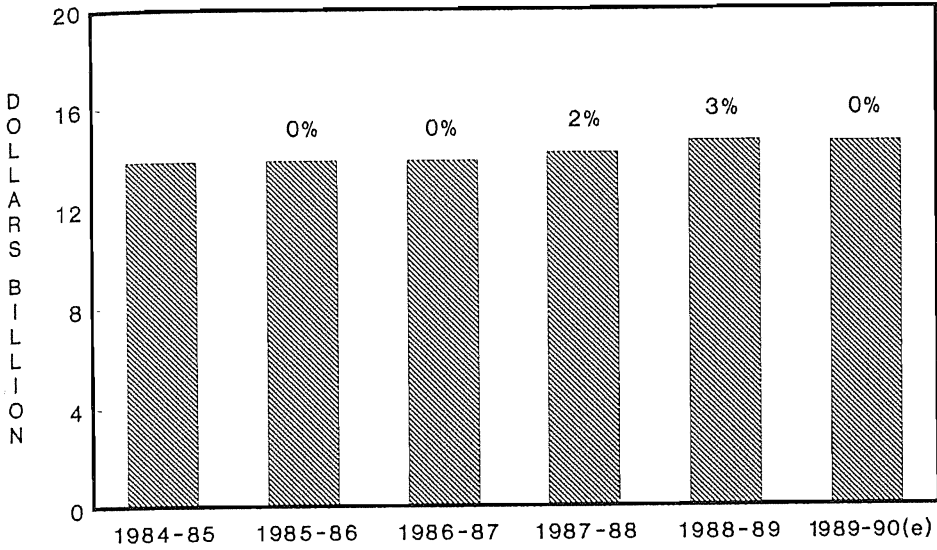
Figure 3.3
CONSOLIDATED FUND TOTAL PAYMENTS
 (Payments expressed in real terms, 1989-90 base;
 Percentage change on previous year)



Total Payments

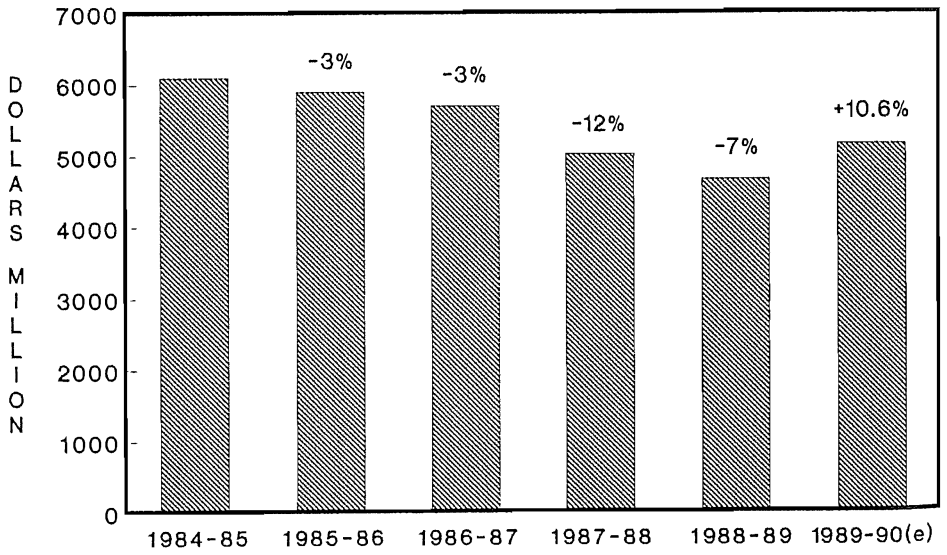
Total recurrent payments (funded from all sources) have increased by an average annual rate of 9.6 per cent over the past four years. For 1989-90, total recurrent payments are projected to increase by 7.3 per cent, a real decrease of 0.2 per cent.

Figure 3.4
TOTAL RECURRENT PAYMENTS
 (Payments expressed in real terms, 1989-90 base;
 Percentage change on previous year)



Total capital payments (i.e. the State Capital Program) have increased by 1.1 per cent per annum over the five years to 1988-89, a real decline of 6.5 per cent per annum (see Figure 3.5). For 1989-90, capital payments are projected to increase by 18.9 per cent, a real increase of 10.6 per cent.

Figure 3.5
STATE CAPITAL PROGRAM
(Payments expressed in real terms, 1989-90 base;
Percentage change on previous year)



3.3 TOTAL PAYMENTS BY POLICY AREA AND SECTOR

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

- all payments (both recurrent and capital) by departments and authorities included in the Consolidated Fund Estimates (those in the inner-Budget Sector); and
- the capital works programs of all other departments and authorities included in the State's overall capital works program (those in the outer-Budget Sector).

The policy area/policy sector classification is a means of grouping similarly oriented programs and expenditures in a way that is independent of the traditional Ministerial/departmental structure. This has two advantages -

- it enables consistency to be maintained when portfolio and departmental structures change; and
- it allows for the expenditures of multi-faceted departments to be dissected and aggregated with like expenditures in other organisations.

Policy areas represent the broadest areas of Government responsibility. Policy areas are aggregations of policy sectors, which are groups of related programs representing particular functions of Government.

Program costs are allocated to the policy sector/area which they are considered to be primarily serving. It is inevitable that there will be a degree of arbitrariness in this procedure. An example of a dual purpose program is the Department of Corrective Services program "Development and Education Services for Prisoners" which could be classified to either the Education or Law, Order and Public Safety functions.

Table 3-2: Total Payments by Policy Area and Policy Sector

All figures are expressed in \$m

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES					
	1988-89 ACTUAL			1989-90 ESTIMATE			1988-89 ACTUAL			1989-90 ESTIMATE		
	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total
LAW, ORDER AND PUBLIC SAFETY												
Police	833.0	6.6	839.6	926.7	1.7	928.3	29.7	5.1	34.8	26.2	7.2	33.4
Law Courts and Legal Services	268.7	15.7	284.4	298.5	17.5	316.0	49.9	7.0	56.9	52.2	7.6	59.8
Connective Services	192.0	1.1	193.1	213.3	...	213.3	46.9	1.1	48.0	77.4	...	77.4
Other (Including Fire Protection Services) - Law, Order and Public Safety	38.3	147.5	185.8	53.0	167.9	221.0	2.5	7.8	10.3	6.3	3.1	9.4
Total	1,332.0	170.9	1,502.9	1,491.5	187.1	1,678.6	129.0	21.0	150.0	162.1	17.9	180.0
EDUCATION												
Primary and Secondary Education	2,770.2	70.6	2,840.8	3,035.1	26.9	3,061.8	209.3	3.4	212.7	206.0	2.3	208.3
Tertiary and Vocational Education	592.7	12.5	605.2	655.2	12.2	667.4	96.1	1.0	97.0	124.6	2.0	126.6
Pre-School Education	8.2	...	8.2	9.4	...	9.5	...	...	...	...	...	...
Transportation of Students	251.4	13.3	264.7	287.0	3.0	290.0	...	...	...	...	...	...
Other Education (Including General Administration)	66.5	...	66.5	75.6	...	75.6	11.7	2.4	14.1	...	...	...
Total	3,689.0	96.4	3,785.4	4,062.3	42.1	4,104.3	317.0	6.8	323.9	330.5	4.3	334.9
HEALTH												
Area Health Services and Other Health Services	3,033.8	458.3	3,492.1	3,294.0	541.3	3,835.3	27.5	167.3	194.8	24.0	244.7	268.7
Community and Other Support Services	135.1	0.4	135.5	142.5	...	142.5	15.3	...	15.3	10.5	2.0	12.5
Public Health (Including Inspection Services)	73.2	...	73.2	74.3	...	74.3	2.6	...	2.6	2.2	...	2.2
Other Health (Including General Administration)	50.5	...	50.5	46.8	...	46.8	2.7	0.4	3.1	2.5	...	2.5
Total	3,292.6	458.7	3,751.3	3,557.6	541.3	4,098.9	48.1	167.7	215.8	39.1	246.8	285.9

Table 3.2: Total Payments by Policy Area and Policy Sector

All figures are expressed in \$m

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES					
	1988-89 ACTUAL			1989-90 ESTIMATE			1988-89 ACTUAL			1989-90 ESTIMATE		
	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total
WELFARE SERVICES												
Welfare Support Services	553.9	12.8	566.7	662.6	12.6	675.1	17.3	3.4	20.7	15.5	6.6	22.1
Social Security	205.1	...	205.1	232.3	...	232.3	...	...	...	...	...	...
Total	759.0	12.8	771.8	894.9	12.5	907.4	17.3	3.4	20.7	15.5	6.6	22.1
HOUSING AND COMMUNITY SERVICES												
Housing (including homesite Development)	19.0	...	19.0	21.8	...	21.8	335.7	342.0	677.6	367.9	346.0	714.0
Water and Sewerage	27.5	10.0	37.5	28.0	10.7	38.8	68.2	350.8	419.0	76.1	413.1	489.2
Protection of the Environment	60.2	1.6	61.8	72.9	7.8	80.7	12.9	29.3	42.2	16.9	39.0	55.9
Total	106.7	11.6	118.3	122.7	18.5	141.2	416.8	722.0	1,138.8	461.0	798.1	1,259.1
RECREATION AND CULTURE												
Recreation Facilities and Services	107.9	15.9	123.7	105.4	17.2	122.6	32.1	4.4	36.5	33.9	9.0	42.9
Cultural Facilities and support of the Arts	113.6	11.0	124.6	111.1	13.2	124.3	21.4	0.7	22.0	18.0	...	18.0
Total	221.5	26.9	248.4	216.5	30.4	246.9	53.5	5.0	58.5	51.9	9.0	60.9
ECONOMIC SERVICES												
Agriculture, Forestry and Fishing	270.3	59.9	330.2	295.5	61.1	356.5	31.2	118.3	149.6	73.1	120.5	193.6
Mining Manufacturing and Construction	62.0	53.7	115.6	61.9	76.2	138.1	1.9	3.7	5.6	4.4	4.2	8.6
Transport and Communication	1,304.0	17.1	1,321.1	1,222.7	20.6	1,243.4	859.0	630.3	1,489.4	1,404.2	616.2	2,020.4
Other Economic Services	201.4	1.0	202.4	199.2	39.7	238.9	7.6	485.7	473.3	5.0	491.3	496.3
Total	1,837.6	131.7	1,969.3	1,779.4	197.5	1,976.9	899.7	1,218.1	2,117.8	1,486.7	1,232.3	2,718.9

All figures are expressed in \$m

CAPITAL WORKS AND SERVICES

	RECURRENT SERVICES				CAPITAL WORKS AND SERVICES				
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		
	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	
GENERAL ADMINISTRATION (N.E.1)									
Legislative Services	62.4	8.3	62.4	62.6	62.6	0.7	0.7	0.6	0.6
Financial and Fiscal Services	1,098.4	...	1,066.7	967.2	967.2	0.7	7.2	0.1	4.9
Payroll and Fringe Benefits Tax	15.2	...	15.2	...	...	...	...	...	...
Superannuation	20.3	...	20.3	1.0	1.0	...	...	...	...
Other - General Administration	294.8	11.4	306.2	395.0	410.7	24.6	318.1	29.1	279.0
Total	1,451.0	19.7	1,470.7	1,425.7	1,441.5	25.4	326.0	29.2	284.5
OTHER PURPOSES									
Natural Disasters Relief	22.5	...	22.5	10.0	10.0	...	...	...	...
Sub Total	12,711.9	928.7	13,640.6	13,560.5	14,605.7	1,906.9	4,351.5	2,576.0	2,599.5
Plus/Less	...	...	...	100.0	100.0	...	...	...	...
- Financing Transactions	-94.0	...	-94.0	-165.0	-165.0	...	-1.4	...	-8.6
- Sundry double counting of expenditures	-2.9	...	...	...	...	...	...	...	...
- Adjustments on Reclassification of Plant and Equipment items	...	...	...	...	...	-6.0	-6.0	...	7.3
- Expenditures not traditionally classified as part of the state's capital program	...	...	...	...	...	...	-4.3	...	-4.8
TOTAL FOR BUDGET	12,615.0	928.7	13,546.6	13,495.5	14,540.7	1,900.9	4,339.8	2,576.0	2,586.1

Table 3.3: Total Payments by Policy Area, Policy Sector and Program
All figures are expressed in \$000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES					
	1988-89 ACTUAL			1989-90 ESTIMATE			1988-89 ACTUAL			1989-90 ESTIMATE		
	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total
Other Education(Including General Administration)												
Total, Education	66,479	0	66,479	75,600	0	75,600	11,694	2,447	14,141	23	0	23
3. HEALTH	3,688,972	96,434	3,785,406	4,062,232	42,044	4,104,276	317,029	6,845	323,874	330,526	4,346	334,872
3.1 Area Health Services and Other Health Services												
28. 2. 3 Support for Area Health Services and Public Hospitals	2,756,394	416,894	3,173,288	2,971,396	485,383	3,456,779	23,359	155,778	179,137	23,889	222,947	246,836
28. 2. 5 Support for the United Dental Hospital and remote dental services	14,251	309	14,560	15,032	329	15,361						
28. 2. 8 Services Mainly for the Psychiatrically Ill	165,363	976	166,339	166,675	14,649	181,324	4,106	5,790	9,896		18,417	18,417
28. 2. 9 Services Mainly for the Aged and Disabled	79,315	40,122	119,437	123,360	40,894	164,254		5,642	5,642		3,089	3,089
28. 2.10 Prison Medical Service	8,995		8,995	9,551		9,551						
45. 2. 3 Health Buildings	8,746		8,746	7,386		7,386						
45. 2. 8 Maintenance of Health Buildings	733		733	601		601						
Area Health Services and Other Health Services	3,033,797	458,301	3,492,098	3,294,001	541,255	3,835,256	27,494	167,273	194,767	23,957	244,745	268,702
3.2 Community and Other Support Services												
28. 2. 1 Health Transport	124,417	394	124,811	130,627		130,627						
28. 2. 7 Support for Community Services	10,637		10,637	111,902		111,902						
Community and Other Support Services	135,054	394	135,448	142,529	0	142,529	15,275		15,275	10,454		12,454
3.3 Public Health (Including Inspection Services)												
28. 1. 1 Public Health Regulatory Services	6,543		6,543	5,205		5,205						
28. 1. 2 Analytical, Clinical and Scientific Services	11,072		11,072	11,671		11,671	1,127		1,127	1,406		1,406
28. 1. 3 Health Promotion and Education	12,354		12,354	13,272		13,272						
28. 1. 4 Blood Transfusion and Research	13,834		13,834	14,483		14,483	1,066		1,066	744		744
28. 1. 5 External Research	3,050		3,050	3,370		3,370						
28. 1. 6 Other Public Health Services	578		578	326		326	436		436	58		58
28. 2. 2 Services Specifically for Drug and Alcohol Dependent Persons	20,976	4	20,980	20,917		20,917						
28. 2. 6 Services Specifically for Aborigines	4,763		4,763	5,077		5,077						

All figures are expressed in \$000

CAPITAL WORKS AND SERVICES

	1988-89 ACTUAL			1989-90 ESTIMATE			1988-89 ACTUAL			1989-90 ESTIMATE		
	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total
Public Health (Including Inspection Services)	73,210	4	73,214	74,321	0	74,321	2,649	0	2,649	2,208	0	2,208
3.4 Other Health (Including General Administration)	6,942	...	6,942	6,587	...	6,587	...	...	...	...	...	...
28. 2. 4 External Health Services	43,554	...	43,554	40,191	...	40,191	2,693	393	3,086	2,500	...	2,500
28. 3. 1 Administration, Finance, Planning and Policy Development	50,496	0	50,496	46,778	0	46,778	2,693	- 393	3,086	2,500	0	2,500
Other Health (Including General Administration)	3,292,557	458,699	3,751,256	3,557,629	541,255	4,098,884	48,111	167,666	215,777	39,119	246,745	285,864
Total, Health	31,795	280	32,075	34,025	...	34,025	412	192	604	2,822	1,041	1,041
4. WELFARE SERVICES	65,451	375	65,826	71,657	...	71,657	561	...	561	7,998	...	2,822
4.1 Welfare Support Services	34,483	...	34,483	39,648	...	39,648	3,885	360	4,245	7,998	3,012	11,010
27. 1. 1 Protection of Children	67,706	387	68,093	77,290	...	77,290	5,965	...	5,965	4,720	...	4,720
27. 1. 2 Substitute Care of Children	39,699	5	39,704	58,271	...	58,271	...	...	...	...	...	...
27. 1. 3 Juvenile Justice	37,902	225	38,127	53,374	...	53,374	...	...	...	...	...	...
27. 1. 4 Family and Children's Services	7,784	413	8,197	11,673	...	11,673	...	...	...	...	...	...
27. 2. 1 Services for Disadvantaged Groups and Communities	151,754	1,307	153,061	178,790	1,070	179,860	4,813	...	4,813	...	...	...
27. 2. 2 Supported Accommodation	27,330	...	27,330	29,178	...	29,178	1,689	2,837	4,526	...	...	2,517
27. 2. 3 Services Mainly for the Developmental Disabled	71,930	8,269	80,199	82,198	...	82,198	...	...	...	...	...	...
27. 2. 4 Youth Services	18,514	1,540	20,054	26,458	11,500	33,698	...	...	...	...	...	...
27. 2. 5 Organisational and Administrative Support Services	553,848	12,801	566,649	662,560	12,570	675,130	17,325	3,389	20,714	15,540	6,570	22,110
27. 3. 1 Home Care Service of New South Wales	...	...	...	...	...	...	...	...	...	...	...	...
27. 4. 1 Mortgage and Rent Relief Scheme	...	...	...	...	...	...	...	...	...	...	...	...
30. 1. 2 Mortgage and Rent Relief Scheme	...	...	...	...	...	...	...	...	...	...	...	...
Welfare Support Services	27,297	...	27,297	30,972	...	30,972	...	...	...	...	...	...
4.2 Social Security	41,172	...	41,172	46,000	...	46,000	...	...	...	...	...	...
24. 2. 1 Rate Rebates for Pensioners	136,679	...	136,679	155,346	...	155,346	...	...	...	...	...	...
24. 2. 2 Rate Rebates for Pensioners	205,148	0	205,148	232,318	0	232,318	0	0	0	0	0	0
32. 1. 2 Payments via the Ministry of Transport for Non-commercial Passenger Services	...	...	...	...	...	...	...	...	...	...	...	...
Social Security	...	...	...	...	...	...	...	...	...	...	...	...

Table 3.3: Total Payments by Policy Area, Policy Sector and Program

All figures are expressed in \$000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES					
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE	
	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total
Total, Welfare Services	758,996	12,801	771,797	894,878	12,570	907,448	17,325	3,389	20,714	15,540	6,570	22,110
5. HOUSING AND COMMUNITY SERVICES												
5.1 Housing (including homesite Development)												
9. 5. 1 Corporate Services	4,162	...	4,162	4,162	...	4,162	...	...	...	...	...	...
21. 1. 1 Policy and Administrative Support	8,137	...	8,137	8,017	...	8,017	...	...	...	...	...	367,892
30. 1. 1 Public and Community Housing	6,671	...	6,671	9,569	...	9,569	335,707	...	335,707	367,892	...	3,000
36. 1. 1 Crown Land Management and Administration	...	...	...	...	...	...	...	1,761	1,761	...	...	400
Public Servant Housing Authority	...	...	...	...	...	...	...	765	765	...	...	400
Teacher Housing Authority	...	...	...	...	...	...	...	6,800	6,800	...	...	6,000
Housing	...	...	...	...	...	...	...	330,220	330,220	...	...	335,508
Land Titles Office	...	...	...	...	...	...	...	2,394	2,394	...	...	1,125
Housing (including homesite Development)	18,970	0	18,970	21,748	0	21,748	335,707	341,940	677,647	367,892	346,033	713,925
5.2 Water and Sewerage												
45. 1. 1 Country Towns Water Supply and Sewerage Schemes	27,477	10,063	37,540	28,033	10,740	38,773	68,172	517	68,689	76,139	1,435	77,574
Hunter District Water Board	...	...	...	...	...	...	...	33,625	33,625	...	...	33,000
The Water Board	...	...	...	...	...	...	...	315,026	315,026	...	...	377,840
Broken Hill Water Board	...	...	...	...	...	...	...	1,629	1,629	...	...	825
Water and Sewerage	27,477	10,063	37,540	28,033	10,740	38,773	68,172	350,797	418,969	76,139	413,100	489,239
5.3 Protection of the Environment												
24. 1. 1 Policy Co-ordination and Support of Environmental Activities	905	7	912	5,597	40	5,637	90	118	208	355	...	607
26. 1. 1 Research and Policy Development	5,322	545	5,867	4,955	1,484	6,439	289	...	289	436	...	751
26. 1. 2 Operations	6,469	1,508	7,977	6,883	2,136	9,019	373	...	373	16	...	600
26. 1. 3 Administrative Support Services	2,625	178	2,803	2,852	341	3,193	9	78	87	...	...	...
33. 1. 1 Promotion and Co-ordination of Environmental Planning and Assessment	21,262	-1,180	20,082	23,189	2,469	25,658	103	...	103	94	...	94
33. 1. 2 Provision of Land for Public Purposes (other than For Environmental Heritage and Coastal Conservation)	4,276	...	4,276	6,827	...	6,827	16	14,245	14,261	17	24,500	24,517
33. 1. 3 Conservation of State's Environmental Heritage	4,926	312	5,238	4,592	1,010	5,602	563	...	563	565	...	565
33. 1. 4 Protection and Conservation of the Coastal Region	1,084	...	1,084	1,291	...	1,291	2,964	...	2,964	...	...	2,514
33. 1. 5 Administrative Support Services	5,070	...	5,070	5,857	...	5,857	49	782	831	521	...	521

Table 3.3: Total Payments by Policy Area, Policy Sector and Program
All figures are expressed in \$000

CAPITAL WORKS AND SERVICES

	1988-89 ACTUAL			1989-90 ESTIMATE			1988-89 ACTUAL			1989-90 ESTIMATE		
	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total
45. 1. 2 Coastline Hazards	3,032	...	3,032	3,720	20	3,740	1,757	56	1,813	1,446	147	1,593
45. 1. 3 Flood Plain Management	3,235	179	3,414	3,936	170	4,106	4,181	423	4,604	7,324	348	7,672
45. 1. 4 Estuary Management	2,000	...	2,000	3,168	110	3,278	2,523	...	2,523	3,452	1,354	4,766
Waste Management Authority	...	...	...	...	...	...	...	13,550	13,550	...	11,490	11,490
Protection of the Environment	60,206	1,549	61,755	72,867	7,780	80,647	12,917	29,252	42,169	16,920	38,970	55,890
Total, Housing and Community Services	106,653	11,612	118,265	122,648	18,520	141,168	416,796	721,989	1,138,785	460,951	798,103	1,259,054
6. RECREATION AND CULTURE												
6.1 Recreation Facilities and Services												
19. 1. 1 Provision Of Tourist Information and Sale Of Travel												
19. 1. 2 Promotion of Tourism	4,065	2,800	4,065	3,232	2,700	3,232	6,488	594	594	401	511	511
19. 1. 3 Administrative Support Services	12,028	3,562	14,828	9,920	...	12,160	6,488	...	6,488	401	...	401
25. 1. 1 Natural and Cultural Resource Management	30,793	5,704	36,497	5,395	6,951	34,195	13,832	862	14,694	13,828	629	14,457
25. 1. 2 Recreation Area Management	3,194	3,442	6,636	3,348	1,813	5,161	1,429	103	1,532	1,238	925	2,165
25. 1. 3 Administrative Support Services	8,073	1,619	9,692	6,951	1,725	8,676	627	631	1,258	628	36	664
25. 2. 1 Bicentennial Park	676	4	680	855	...	855	107	...	107	539	...	539
25. 2. 2 Royal Botanic Gardens	10,693	971	11,664	10,959	950	11,909	4,260	...	4,260	3,910	713	4,623
25. 2. 3 Centennial Park	2,001	...	2,001	2,038	80	2,118	633	...	633	562	...	562
36. 1. 1 Crown Land Management and Administration	19,665	435	20,100	20,406	879	21,285	1,000	1,567	2,567	1,000	1,700	2,700
43. 1. 1 Participation in Sport and Recreation	5,922	9	5,931	6,646	1,126	7,767	1,451	...	1,451	1,750	...	1,750
43. 1. 2 Excellence in Sport	901	804	1,705	1,090	937	2,027	1,407	...	1,407	4,225	...	4,225
43. 1. 3 Safety and Ethics in Sport and Recreation	5,039	...	5,039	6,252	...	6,252	150	...	150	220	...	380
43. 1. 5 Administrative Support Services	1,280	56	1,336	1,033	60	1,093	527	66	593	527	21	5,557
45. 1. 5 NSW Waterways Zoological Parks Board	...	...	...	...	...	...	...	555	555	536	4,390	4,390
Recreation Facilities and Services	107,892	15,844	123,736	105,369	17,221	122,590	32,131	4,378	36,509	33,837	9,085	42,922
6.2 Cultural Facilities and support of the Arts												
29. 1. 1 Policy Co-ordination and Support of Cultural Activities												
29. 1. 2 State Library	35,683	136	35,819	27,506	57	27,563	385	...	385	10,154	...	10,154
29. 1. 3 Australian Museum	29,745	1,244	30,989	32,157	1,490	33,647	5,598	160	5,758	2,737	...	2,737
29. 1. 4 Museum of Applied Arts and Sciences	10,500	3,290	13,790	11,368	3,290	14,658	3,073	516	3,073	2,299	...	2,299
	21,880	2,746	24,626	22,472	2,746	25,218	2,789	...	2,789	1,080	...	1,080

Table 3.3: Total Payments by Policy Area, Policy Sector and Program

All figures are expressed in \$000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES					
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE	
	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total
29. 1. 5 Historic Houses Trust	2,727	27	2,754	3,329	27	3,356	125	...	125	133	...	133
29. 1. 6 Archives Authority	3,590	...	3,590	4,302	...	4,302	60	...	60	...	...	...
29. 1. 7 Art Gallery	7,047	3,574	10,621	7,631	5,562	13,193	9,360	...	9,320	1,618	...	1,618
29. 1. 8 New South Wales Film and Television Office	2,444	...	2,444	2,313	...	2,313	...	...	...	...	...	...
Cultural Facilities and support of the Arts	113,616	11,017	124,633	111,078	13,172	124,250	21,350	676	22,026	18,021	0	18,021
Total, Recreation and Culture	221,508	26,861	248,369	216,447	30,393	246,840	53,481	5,054	58,535	51,858	9,085	60,943
7. ECONOMIC SERVICES												
7.1 Agriculture, Forestry, and Fishing												
10. 1. 1 Assistance To Farmers	20,492	7,568	28,060	23,638	6,000	29,638	1,607	...	1,607	3,672	...	3,672
11. 1. 1 Plant Industries	55,378	4,479	59,857	60,392	4,345	64,737	1,607	...	1,607	14,406	...	14,406
11. 1. 2 Animal Production Services	18,579	3,109	21,688	23,424	5,302	28,726	15,306	...	15,306	8,538	...	8,538
11. 1. 3 Animal Health Services	27,875	1,287	29,162	30,782	1,284	32,066	1,017	...	1,017	737	...	737
11. 1. 4 Fish Industries	13,562	1,748	15,310	15,182	1,950	17,132	1,548	1,864	2,412	625	589	1,214
11. 1. 5 Support Services	21,323	866	22,189	21,672	1,339	23,011	20	...	20	233	...	233
11. 3. 1 Administration	9,843	2	9,845	11,258	...	11,258	91	...	91	100	...	100
12. 1. 1 Information collection, interpretation and presentation	6,492	...	6,492	5,765	...	5,765	20	...	20	100	...	100
12. 1. 2 Community Advice and Assistance	11,193	13,082	24,275	12,178	12,850	25,028	6,337	415	6,752	9,224	918	10,142
12. 1. 3 Maintenance of a Specialist Arm of Government	7,355	...	7,355	8,335	...	8,335	3,091	3,091	6,752	...	65	65
37. 1. 1 Water Resource Management	18,818	...	18,818	17,275	...	17,275	138	7,860	7,998	16,239	462	16,761
37. 2. 1 Water Resource Development	12,288	...	12,288	15,376	...	15,376	14	2,528	2,542	...	2,778	2,778
37. 2. 2 Rural Water Supply and Associated Services	40,600	27,778	68,378	43,170	29,000	72,170	3,937	18,025	21,962	11,161	14,780	25,941
37. 2. 3 River Channel and Floodplain Protection	5,162	...	5,162	5,820	...	5,820	2,055	3,818	5,873	8,350	56	8,406
37. 3. 1 Subsidies to Other Water Supply Organisations	1,289	...	1,289	1,272	...	1,272	...	2,335	2,335	...	205	205
Dairy Corporation of N.S.W.	...	...	...	...	...	...	...	...	...	...	47,000	47,000
Hen Quota Committee	...	...	...	...	...	...	...	...	...	...	7,560	7,560
Sydney Market Authority	...	...	...	...	...	...	...	...	...	...	6,997	6,997
Fish Marketing Authority	...	...	...	...	...	...	...	...	...	...	7,205	7,205
Forestry Commission	...	...	...	...	...	...	...	...	...	...	29,855	29,855
Grain Handling Authority	...	...	...	...	...	...	...	...	...	...	...	...
Agriculture, Forestry and Fishing	270,249	59,919	330,168	295,449	61,070	356,519	31,231	118,314	149,545	73,135	120,470	193,605

Table 3.3: Total Payments by Policy Area, Policy Sector and Program

All figures are expressed in \$'000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES					
	1988-89 ACTUAL			1989-90 ESTIMATE			1988-89 ACTUAL			1989-90 ESTIMATE		
	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total
7.2 Mining Manufacturing and Construction												
35. 1. 1 Mineral Resources Development	22,281	35,105	57,386	24,690	48,735	73,425	369	...	369	308	...	308
35. 1. 2 Energy Utilisation and Management	10,490	15,044	25,534	1,400	25,960	27,360	...	...	...	...	...	...
35. 1. 3 Public Affairs and Corporate Management	9,170	1,803	10,973	10,250	1,260	11,510	1,176	2,664	3,840	3,913	3,617	7,530
45. 1. 7 Civil Engineering - Special Projects, Minor Works and other Engineering and Associated Services	4,669	81	4,750	4,419	25	4,444	44	29	73	26	43	69
45. 2. 5 Advisory Services	788	1,632	2,420	2,156	200	2,356	15	6	21	124	584	708
45. 3. 1 Administrative Support Services	14,542	...	16,174	...	...	...	296	1,018	1,314	...	...	...
Mining Manufacturing and Construction	61,940	53,665	115,605	61,915	76,180	138,095	1,900	3,717	5,617	4,371	4,244	8,615
7.3 Transport and Communication												
45. 1. 6 Fishing and Government Facilities	2,455	...	2,455	1,810	10	1,820	2,813	...	2,813	2,770	24	2,794
46. 1. 1 Contribution to the Transport Authorities for Operating Losses	458,917	...	458,917	347,865	...	347,865	...	...	...	...	...	...
46. 1. 2 Payments via the Ministry of Transport for Non-commercial Passenger Services	78,805	...	78,805	82,723	...	82,723	...	...	...	...	...	...
46. 1. 3 Payments via the Ministry of Transport for Freight Related Expenditure	20,000	...	20,000	25,000	...	25,000	...	...	...	...	...	...
46. 1. 4 Payments via the Ministry of Transport for Finance Charges and Other Costs	495,707	...	495,707	533,060	...	533,060	8,937	...	8,937	210,000	20,000	230,000
46. 2. 1 Co-ordination, Development and Implementation of Transport Policy	21,279	...	21,279	4,549	...	4,549	60	...	60	2,523	...	2,523
46. 2. 2 Development of Transport Plans and Improvement Programs	1,391	...	1,391	1,552	...	1,552	2,300	...	2,300	...	...	...
46. 2. 3 Regulation of Private Transport Services and the Administration of Subsidy Payments for Travel Concessions	11,117	...	11,117	12,786	...	12,786	120	...	120	100	...	100
47. 1. 1 Development of Road System	147,772	...	147,772	146,500	...	146,500	379,028	...	379,028	614,164	35,084	649,248
47. 1. 2 Unkeek of Roads	66,582	...	66,582	66,934	...	66,934	448,683	...	448,683	516,189	55,823	572,012
47. 1. 3 Safety and Traffic Management	...	17,103	83,685	...	20,600	87,534	17,100	15,178	32,278	58,487	10,253	68,740
State Rail Authority	...	...	...	...	...	...	...	53,023	53,023	...	30,352	30,352
State Transit Authority	...	...	...	...	...	...	...	352,705	352,705	...	423,000	423,000
Transport and Communication	1,304,025	17,103	1,321,128	1,222,779	20,610	1,243,389	859,041	630,325	1,489,366	1,404,233	616,204	2,020,437

Table 3.3: Total Payments by Policy Area, Policy Sector and Program

All figures are expressed in \$000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES					
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE	
	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total
7.4 Other Economic Services												
6. 1. 3 Management and Administration of Statutory and Industrial Balllots	318	...	318	2,507	2,587	387	...	...	...	...	...	...
13. 3. 2 Industrial Commission Services	2,507	8,101	49,954	40,411	17,390	57,801	...	...	...	...	...	...
17. 1. 1 Business Support	9,065	...	18,942	9,659	...	19,200	...	...	...	...	...	...
17. 1. 2 Compliance	2,421	...	2,421	1,990	...	1,990	...	...	...	...	...	...
17. 1. 3 Client Services	25,084	...	25,084	30,622	...	30,622	6,853	2,914	9,767	204	1,847	2,051
17. 1. 4 Policy Development	8,936	...	8,936	7,175	...	7,175	15	18	33	100	150	250
17. 1. 5 Management Support Services	2,850	...	2,850	2,705	...	2,705	...	...	...	...	...	...
31. 1. 1 Regulation of Employment and Industry	20,652	2,607	23,259	25,307	10,163	35,470	...	...	...	...	...	...
31. 1. 2 Conciliation and Arbitration Proceedings	13,831	-844	12,987	15,364	...	15,364	197	212	409	140	734	874
31. 1. 3 Human Resources Development	29,298	-8,874	20,424	13,591	12,103	25,694	...	...	...	50	...	50
31. 1. 6 Corporate Services and Policy Coordination	16,468	...	16,468	20,342	...	20,342	410	1,437	1,847	278	1,973	2,251
31. 1. 7 Special Schemes to Promote Youth Employment and Employment Generally	985	...	985	1,101	...	1,101	...	...	...	15	102	117
36. 2. 1 Land Information	4,493	...	4,493	6,238	...	6,238	24	1,024	1,039	4,075	...	4,075
36. 2. 2 Planning and Management for the State Land Information System	3,729	...	3,729	2,979	...	2,979	...	...	...	54	...	54
44. 1. 1 Development of the New South Wales Economy	...	...	...	...	...	...	...	...	...	...	9,000	9,000
44. 1. 2 Overseas Representation	...	...	...	...	...	...	...	...	...	...	22,728	22,728
44. 1. 3 Sydney Cove Redevelopment Authority	...	...	...	...	...	...	...	...	...	...	454,700	454,700
County Councils Borrowing Program	...	...	...	...	...	...	...	...	...	...	102	102
Electricity Commission	...	...	...	...	...	...	...	...	...	...	...	...
State Land Information Council	...	...	...	...	...	...	...	...	...	...	...	...
Other Economic Services	201,432	990	202,422	199,208	39,656	238,864	7,560	465,665	473,245	4,989	491,336	496,325
Total, Economic Services	1,837,646	131,677	1,969,323	1,779,351	197,516	1,976,867	899,732	1,218,041	2,117,773	1,486,728	1,232,254	2,718,982
8. GENERAL ADMINISTRATION (N.E.1)												
8.1 Legislative Services												
1. 1. 1 Parliamentary Representation - Legislative Council	7,273	...	7,273	7,950	...	7,950	...	...	...	...	...	...
1. 1. 2 Operation of the Legislative Council	1,946	...	1,946	2,241	...	2,241	...	...	...	...	...	...
1. 1. 3 Parliamentary Representation - Legislative Assembly	24,880	...	24,880	26,353	...	26,353	...	...	...	...	...	...
1. 1. 4 Operation of the Legislative Assembly	2,977	...	2,977	3,356	...	3,356	...	...	...	...	...	...
1. 1. 5 Executive Government	1,116	...	1,116	1,191	...	1,191	...	...	...	...	...	...

Table 3.3: Total Payments by Policy Area, Policy Sector and Program

All figures are expressed in \$000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES					
	1988-89 ACTUAL		1988-90 ESTIMATE		1988-89 ACTUAL		1988-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE	
	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total
1. 2. 1 Parliamentary Library	1,399	...	1,399	1,477	...	1,477	...	...	...	...	...	...
1. 2. 2 Hansard	3,791	...	3,791	3,654	...	3,654	...	...	...	...	...	...
1. 2. 3 Building Services	3,083	...	3,083	3,180	...	3,180	...	...	...	...	...	...
1. 2. 4 Catering Services	1,659	...	1,659	1,390	...	1,390	...	...	...	...	...	...
1. 2. 5 Special Services	2,439	...	2,439	3,242	...	3,242	...	...	...	...	...	...
3. 1. 1 Services for the Governor's Establishment	1,340	...	1,340	1,524	...	1,524	30	...	30	12	...	12
3. 1. 2 Services for the Leaders of the Opposition	862	...	862	933	...	933	...	...	...	...	...	...
6. 1. 1 Management and Administration of Parliamentary Elections	2,157	...	2,157	1,778	...	1,778	...	...	...	...	...	...
6. 1. 2 Funding of Parliamentary Election Campaigns	4,952	...	4,952	1,063	...	1,063	...	...	...	...	...	...
6. 1. 4 Management and Administration of Local Government Elections	198	...	198	299	...	299	...	...	...	...	...	...
13. 2. 2 Drafting of Government Legislation	2,253	...	2,253	2,836	...	2,836	9	...	9	...	...	...
46. 1. 2 Payments via the Ministry of Transport for Non-commercial Passenger Services	84	...	84	89	...	89	...	...	...	...	...	...
Legislative Services	62,409	0	62,409	62,556	0	62,556	39	677	716	12	611	623
8.2 Financial and Fiscal Services												
7. 1. 1 Budget Analysis, Preparation and Control	3,112	...	3,112	3,293	...	3,293	...	...	...	...	...	...
7. 1. 2 Financial Accounting and Funds Management	10,238	...	10,238	10,512	...	10,512	201	...	201	57	...	1,793
7. 3. 1 Stamp Duty Collection	8,717	...	8,717	8,443	...	8,443	...	...	...	...	...	1,831
7. 3. 2 Pay-roll Tax Collection	5,090	...	5,090	5,741	...	5,741	...	...	742	...	...	742
7. 3. 3 Land Tax Collection	12,335	...	12,335	14,293	...	14,293	...	...	730	...	...	730
7. 3. 4 Business Franchise Licences	4,742	...	4,742	1,133	...	1,133	...	...	12	...	...	12
7. 3. 5 Investigation Division	4,424	...	4,424	5,470	...	5,470	...	...	30	...	...	30
7. 4. 1 Relief from Taxation	20,952	...	20,952	4,710	...	4,710	...	...	...	...	...	...
7. 5. 2 Insurance and Compensation Payments	92,426	...	92,426	1,956	...	1,956	...	...	...	...	...	...
7. 5. 4 Administration of Government Agency Accounts	879	...	879	1,057	...	1,057	...	...	...	...	...	...
7. 6. 1 Assistance to Authorities and Other Bodies	754	...	754	729	...	729	...	...	...	...	...	...
7. 7. 1 Liability for Commonwealth General Purpose Loans	623,270	...	623,270	636,800	...	636,800	...	...	...	...	...	...
7. 7. 2 Liability for Commonwealth Specific Purpose Advances	69,370	...	69,370	67,049	...	67,049	...	...	...	...	...	...
7. 7. 3 Liability for Debt Charges on Departmental Works Programs	140,259	...	140,259	135,441	...	135,441	...	...	...	...	...	...
7. 7. 4 Liability for Debts Assumed from Various Authorities	22,012	...	22,012	21,908	...	21,908	...	...	...	...	...	...
7. 7. 5 Water-Board Rates	31,700	...	31,700	33,000	...	33,000	...	...	...	...	...	...
7. 9. 1 Administrative Support Services (Office of Financial Management)	2,274	...	2,274	3,409	...	3,409	47	...	47	57	...	57

Table 3-3: Total Payments by Policy Area, Policy Sector and Program
All figures are expressed in '000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES					
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE	
	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total	Con Fund	Other	Total
5. 1. 1 Investigation of Citizens' Complaints and Monitoring and Reporting on Telecommunications Interception Activities	3,431	...	3,431	4,164	...	4,164	101	...	101	22	...	22
7. 2. 1 Economic and Statistical Analysis and Advice and Inter-Governmental Financial Relations	1,591	...	1,591	1,486	...	1,486	18	...	18	14	...	14
7. 9. 3 Administrative Support Services (Office of State Revenue)	6,244	...	6,244	8,259	...	8,259	...	581	...	41	1,267	1,308
8. 1. 1 Services for Ethnic Communities	6,652	...	6,652	835	...	835	...	24	...	...	...	...
9. 1. 2 Government Information Services	3,503	...	3,503	4,236	...	4,236	...	35	...	...	107	107
9. 2. 3 Property Management	5,231	...	5,231	632	...	632	...	187	...	...	4	4
9. 4. 1 Centralised Supply Services and Contracts	18,885	...	18,885	5,994	...	5,994	89	...	396	95	51	146
9. 5. 1 Corporate Services	1,754	...	1,754	30,364	...	30,364	10,164	...	10,164	18,322	...	18,322
18. 9. 1 Administration, Planning and Policy Development	835	...	835	994	...	994	19	...	19	20	...	20
23. 1. 3 Charities Administration	145	...	145	145	...	145	...	30	...	...	355	355
23. 2. 3 Administrative Support Services Affecting the Status of Women	1,374	...	1,374	1,556	...	1,556	...	...	...	50	...	50
31. 1. 8 Public Sector Industrial Relations	4,107	...	4,107	4,936	...	4,936	...	...	...	...	...	...
32. 1. 1 Development, Oversight of and Assistance to Local Government	11,784	16	11,800	10,881	74	10,955	...	325	325	...	15	15
34. 1. 1 Management of Tourism and Recreation Facilities	73,783	4,913	78,696	149,070	7,210	156,280	...	79,063	79,063	...	12,552	12,552
36. 1. 1 Crown Land Management and Administration	21,581	1,684	23,185	22,976	...	22,976	1,627	...	1,684	1,727	14	1,741
36. 1. 2 Management and Preservation of Western Lands	23,521	...	23,521	4,025	...	4,025	49	...	100	417	70	487
36. 3. 1 Administrative and Financial Support Services	18,636	...	18,636	21,243	...	21,243	1,756	287	2,043	64	168	232
45. 2. 4 Other Public Buildings	14,090	4,688	18,778	9,770	6,000	15,770	10,450	4,312	14,762	8,058	269	8,327
45. 2. 9 Maintenance of Public and Other Buildings	...	...	...	28,421	...	34,421	17	29	46	42	67	109
Capital Works - Financing Corporation	...	...	...	...	...	...	...	0	...	...	75,000	75,000
CPFC Consultants	...	...	...	...	...	...	...	122	...	...	0	0
Administrative Services Department	...	...	...	...	...	...	...	9,843	9,843	...	10,514	10,514
Local Government Borrowing Program	...	...	...	...	...	...	...	197,500	197,500	...	178,550	178,550
Other - General Administration	294,768	11,403	306,171	394,933	15,810	410,743	24,604	293,520	318,124	29,082	279,003	308,085
Total, General Administration (n.e.r.)	1,451,048	19,699	1,470,747	1,425,747	15,810	1,441,557	25,366	300,674	326,040	29,221	284,562	313,743

Table 3.3: Total Payments by Policy Area, Policy Sector and Program
 All figures are expressed in \$'000

	RECURRENT SERVICES				CAPITAL WORKS AND SERVICES			
	1988-89 ACTUAL	1989-90 ESTIMATE	1988-89 ACTUAL	1989-90 ESTIMATE	1988-89 ACTUAL	1989-90 ESTIMATE	Other	Total
9. OTHER PURPOSES								
9.1 Natural Disasters Relief								
7. 8. 1 Natural Disasters Relief								
Sub Total	22,472	10,000	10,000	10,000	2,444,649	4,351,542	2,599,526	5,175,591
Plus/Less								
- Treasurers Advance		100,000		100,000				
- Financing Transactions		-165,000		-165,000				
- Sundry double counting of expenditures								
- Adjustments on Reclassification of Plant and Equipment items								
- Expenditures not traditionally classified as part of the state's capital program								
TOTAL FOR BUDGET	12,614,953	13,495,470	1,045,173	14,540,643	1,906,893	4,339,706	2,576,065	5,161,016

Table 3.4: Total Payments by Minister, Organisation, Program Area and Program

All figures are expressed in \$000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES						TOTAL			
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE	
	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other
PREMIER'S DEPARTMENT																
Services for the Governor's Establishment	1,340	...	1,524	...	45	...	12	...	1,385	...	1,536	...	1,385	...	1,536	...
Protocol and Hospitality Services	2,015	...	1,509	...	...	...	...	...	2,015	...	1,509	...	2,015	...	1,509	...
Services for the Leaders of the Opposition	862	...	933	...	...	...	...	...	862	...	933	...	862	...	933	...
oversight of Public Sector Management Performance	6,354	72	7,826	712	94	...	...	...	6,648	72	7,826	712	6,648	72	7,826	712
Equal Opportunity in Public Employment	1,233	110	1,318	100	13	...	15	...	1,266	110	1,333	100	1,266	110	1,333	100
Public Sector Actuarial Services	980	...	1,097	...	12	...	...	...	992	...	1,097	...	992	...	1,097	...
Services for Administration of Government	13,004	182	14,207	812	164	0	27	0	13,168	182	14,234	812	13,168	182	14,234	812
Co-ordination of Services for the Aged and the Disabled																
Co-ordination of Major Community Projects	1,401	...	2,027	100	13	...	...	...	1,414	...	2,027	100	1,414	...	2,027	100
Policy and Advisory Services on Aboriginal Affairs	3,266	...	618	...	...	...	...	...	3,266	...	618	...	3,266	...	618	...
Implementation of Freedom of Information Policies	31,576	...	37,343	...	3	...	34	...	31,579	...	37,377	...	31,579	...	37,377	...
	702	...	698	...	...	...	...	...	702	...	698	...	702	...	698	...
Co-ordination of Community Relations	36,945	0	40,685	100	16	0	34	0	36,961	0	40,720	100	36,961	0	40,720	100
Administrative Support Services	20,293	0	18,608	0	144	753	140	0	20,437	753	18,748	0	20,437	753	18,748	0
Total, PREMIER'S DEPARTMENT																
	70,242	182	73,501	912	324	753	201	0	70,566	935	73,702	912	70,566	935	73,702	912
INDEPENDENT COMMISSION AGAINST CORRUPTION																
Investigation, Community Education and Prevention of Corruption	2,881	...	14,470	...	28	...	107	...	2,909	...	14,577	...	2,909	...	14,577	...
OMBUDESMAN'S OFFICE																
Investigation of Citizens' Complaints and Monitoring and Reporting on Telecommunications Interception Activities	3,431	...	4,164	...	101	...	22	...	3,532	...	4,186	...	3,532	...	4,186	...

All figures are expressed in \$000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES						TOTAL	
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL	1989-90 ESTIMATE
	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other
STATE ELECTORAL OFFICE														
Management and Administration of Parliamentary Elections	2,157	...	1,778	...	...	...	...	...	...	...	...	2,157	...	1,778
Funding of Parliamentary Election Campaigns	4,952	...	1,063	...	...	...	...	...	...	...	...	4,952	...	1,063
Management and Administration of Statutory and Industrial Ballots	318	...	387	...	...	...	...	...	...	...	...	318	...	387
Management and Administration of Local Government Elections	198	...	299	...	...	...	...	...	...	...	...	198	...	299
Total, STATE ELECTORAL OFFICE	7,625	0	3,527	0	0	0	0	0	0	0	0	7,625	0	3,527
TREASURY														
Budget Analysis, Preparation and Control	3,112	...	3,293	...	...	...	...	...	...	...	...	3,112	...	3,293
Financial Accounting and Funds Management	10,238	...	10,512	...	201	...	...	...	...	...	...	10,439	...	10,512
Central Financial Management Services	13,350	0	13,805	0	201	0	0	0	0	0	0	13,551	0	13,805
Economic and Statistical Analysis and Advice and Inter-Governmental Financial Relations	1,591	...	1,486	...	18	...	14	...	14	...	1,609	1,609	...	1,500
Economic Policy and Advice	1,591	0	1,486	0	18	0	14	0	14	0	1,609	1,609	0	1,500
Stamp Duty Collection	8,717	...	8,443	...	...	...	552	...	1,736	...	8,717	552	...	8,500
Pay-roll Tax Collection	5,499	...	5,741	...	...	...	742	...	831	...	5,499	742	...	5,741
Land Tax Collection	12,335	...	14,293	...	...	...	730	...	975	...	12,335	730	...	14,293
Business Franchise Licences	742	...	1,133	...	...	...	12	...	742	...	742	12	...	1,133
Investigation Division	4,424	...	5,470	...	...	...	30	...	...	...	4,424	30	...	5,470
Revenue Collection	31,717	0	35,080	0	0	2,066	57	3,542	57	3,542	31,717	2,066	35,137	3,542
Relief from Taxation	20,952	0	4,710	0	0	0	0	0	0	0	20,952	0	4,710	0
Superannuation Costs	20,280	...	1,034	...	...	...	...	...	...	...	20,280	...	...	1,034
Insurance and Compensation Payments	92,426	...	1,956	...	...	...	...	...	...	...	92,426	...	...	1,956
Pay-roll Tax	15,163	...	...	...	...	...	...	...	...	...	15,163	...	...	...
Administration of Government Agency Accounts	879	...	1,057	...	...	...	...	...	...	...	879	...	...	1,057

Table 3.4: Total Payments by Minister, Organisation, Program Area and Program

All figures are expressed in \$000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES						TOTAL			
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE	
	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other
Service-wide Payments and Services	128,748	0	4,047	0	0	0	0	0	128,748	0	4,047	0	0	0	4,047	0
Assistance to Authorities and Other Bodies	754	...	729	...	...	...	...	...	754	...	729	...	...	...	729	...
Liability for Commonwealth Purpose Loans	623,270	8,296	636,800	...	...	...	...	...	623,270	8,296	636,800	...	...	...	636,800	...
Liability for Commonwealth Specific Purpose Advances	69,370	...	67,049	...	...	...	...	...	69,370	...	67,049	...	...	...	67,049	...
Liability for Debt Charges on Departmental Works Programs	140,259	...	135,441	...	...	...	...	...	140,259	...	135,441	...	...	...	135,441	...
Liability for Debts Assumed from Various Authorities	22,012	...	21,908	...	...	...	...	...	22,012	...	21,908	...	...	...	21,908	...
Water Board Rates	31,700	...	33,000	...	...	...	...	...	31,700	...	33,000	...	...	...	33,000	...
Service-wide Payments and Services	886,611	8,296	894,198	0	0	0	0	0	886,611	8,296	894,198	0	0	894,198	0	0
Natural Disasters Relief	22,472	...	10,000	...	...	...	...	...	22,472	...	10,000	...	...	...	10,000	...
Administrative Support Services (Office of Financial Management)	2,274	...	3,409	...	47	...	...	...	2,321	...	3,466	...	...	...	3,466	...
Policy and Planning (Office of State Revenue)	344	...	506	...	...	...	...	...	344	...	506	...	...	...	506	...
Administrative Support Services (Office of State Revenue)	6,244	...	8,259	...	...	...	...	...	6,244	...	8,300	...	...	...	8,300	...
Internal Review (Office of State Revenue)	794	...	835	...	...	...	...	...	794	...	835	...	...	...	835	...
Administrative Support Services	9,656	0	13,009	0	47	653	98	1,267	9,703	653	13,107	1,267	...	13,107	1,267	...
Total, TREASURY	1,115,851	8,296	977,064	0	266	2,719	169	4,809	1,116,117	11,015	977,233	4,809	...	977,233	4,809	...
ETHNIC AFFAIRS COMMISSION	6,652	0	6,425	0	0	35	0	107	6,652	35	6,425	107	...	6,425	107	...
Services for Ethnic Communities	-	-	-	-	-	170	-	98	-	170	-	98	...	-	98	...
AUDITOR-GENERAL'S OFFICE	-	-	-	-	-	-	-	75,000	-	-	-	75,000	...	-	75,000	...
CAPITAL WORKS FINANCING CORPORATION	-	-	-	-	-	122	-	0	-	122	-	0	...	-	0	...
MISCELLANEOUS	-	-	-	-	-	-	-	-	-	-	-	-	...	-	-	...
Total, OUTER BUDGET SECTOR	-	-	-	-	-	292	-	75,098	-	292	-	75,098	...	-	75,098	...
Total, PREMIER, TREASURER AND MINISTER FOR ETHNIC AFFAIRS	1,211,337	8,478	1,085,479	912	739	3,799	520	79,907	1,212,076	12,277	1,085,999	80,926	...	1,085,999	80,926	...

All figures are expressed in \$000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES						TOTAL					
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE			
	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other		
MINISTER FOR ADMINISTRATIVE SERVICES																		
DEPARTMENT OF ADMINISTRATIVE SERVICES																		
Government Information Services	3,503	0	4,236	0	0	0	0	0	0	0	0	0	0	3,503	0	4,236	0	
Government Real Estate Administration	693	...	1,044	...	...	...	...	...	...	...	...	...	...	693	...	1,044	...
Property Management	456	...	632	...	187	...	...	...	...	...	...	...	...	456	187	632	...
Property Administration	1,149	0	1,676	0	0	187	0	4	4	1,149	187	1,676	4	1,149	187	1,676	4	
Centralised Supply Services and Contracts	5,231	0	5,994	0	89	307	95	51	51	5,320	307	6,089	51	5,320	307	6,089	51	
Corporate Services	23,047	0	34,826	0	10,164	0	18,322	0	0	33,211	0	52,848	0	33,211	0	52,848	0	
Administration, Planning and Policy Development	1,754	0	1,139	1,614	0	0	0	0	0	1,754	0	1,139	1,614	1,754	0	1,139	1,614	
Total, DEPARTMENT OF ADMINISTRATIVE SERVICES	34,684	0	47,571	1,614	10,253	494	18,417	55	44,937	494	65,988	1,669	1,669	34,684	494	65,988	1,669	
DEPARTMENT OF ADMINISTRATIVE SERVICES OFF BUDGET ORGANISATIONS																		
NSW PUBLIC SERVANT HOUSING AUTHORITY	-	-	-	-	-	9,843	-	10,514	-	9,843	-	10,514	-	-	9,843	-	10,514	-
	-	-	-	-	-	765	-	400	-	765	-	400	-	-	765	-	400	-
Total, OUTER BUDGET SECTOR	-	-	-	-	-	10,608	-	10,914	-	10,608	-	10,914	-	-	10,608	-	10,914	-
Total, MINISTER FOR ADMINISTRATIVE SERVICES	34,684	0	47,571	1,614	10,253	11,102	18,417	10,969	44,937	11,102	65,988	12,583	12,583	34,684	11,102	65,988	12,583	
MINISTER FOR AGRICULTURE AND RURAL AFFAIRS																		
RURAL ASSISTANCE AUTHORITY																		
Assistance To Farmers	20,492	7,568	23,638	6,000	0	0	0	0	0	20,492	7,568	23,638	6,000	20,492	7,568	23,638	6,000	

Table 3.4: Total Payments by Minister, Organisation, Program Area and Program

All figures are expressed in \$000

	CAPITAL WORKS AND SERVICES												TOTAL	
	RECURRENT SERVICES						TOTAL							
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE			
Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	
DEPARTMENT OF AGRICULTURE AND FISHERIES														
Plant Industries	55,378	4,479	60,392	4,345	1,607	...	3,672	...	56,985	4,479	...	64,064	4,345	
Animal Production Services	18,579	3,109	23,424	5,302	161	...	14,406	...	18,740	3,109	...	37,830	5,302	
Animal Health Services	27,875	1,287	30,732	1,284	15,306	...	8,538	...	43,181	1,287	...	39,270	1,284	
Fish Industries	13,562	1,748	15,142	950	1,017	...	737	...	14,579	1,748	...	15,879	950	
Support Services	21,323	866	21,622	1,339	548	...	625	589	21,871	2,730	589	22,297	1,928	
Agriculture and Fisheries Services	136,717	11,489	151,362	13,220	18,639	1,864	27,978	589	155,356	13,353	589	179,340	13,809	
Education	4,362	...	4,974	...	657	...	844	...	5,019	...	...	5,818	...
Administrative Support Services	9,843	2	11,258	0	20	0	23	0	9,863	2	0	11,281	0	
Total, DEPARTMENT OF AGRICULTURE AND FISHERIES	150,922	11,491	167,594	13,220	19,316	1,864	28,845	589	170,238	13,355	589	196,439	13,809	
SOIL CONSERVATION SERVICE														
Information collection, interpretation and presentation	6,492	...	5,765	...	91	...	100	...	6,583	...	...	5,865	...
Community Advice and Assistance	11,193	13,082	12,178	12,850	6,337	415	9,224	918	17,530	13,497	65	21,402	13,768	
Maintenance of a Specialist Arm of Government	7,355	...	8,335	...	...	3,091	...	65	7,355	...	...	8,335	65
Conservation of the State's Soil Resources	25,040	13,082	26,278	12,850	6,428	3,506	9,324	983	31,468	16,588	983	35,602	13,833	
Total, SOIL CONSERVATION SERVICE	25,040	13,082	26,278	12,850	6,428	3,506	9,324	983	31,468	16,588	983	35,602	13,833	
DAIRY CORPORATION OF NSW														
HEU QUOTA COMMITTEE	-	-	-	-	-	2,335	-	-	205	-	2,335	-	205	
SYDNEY MARKET AUTHORITY	-	-	-	-	-	956	-	-	47,000	-	956	-	47,000	
FISH MARKETING AUTHORITY	-	-	-	-	-	13,010	-	-	7,560	-	13,010	-	7,560	
Total, OUTER BUDGET SECTOR	-	-	-	-	-	16,301	-	-	63,762	-	16,301	-	63,762	
Total, MINISTER FOR AGRICULTURE AND RURAL AFFAIRS	196,454	32,141	217,510	32,070	25,744	21,671	38,169	65,334	222,198	53,812	65,334	255,679	97,404	

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES						TOTAL			
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE	
	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other
ATTORNEY GENERAL																
ATTORNEY GENERAL'S DEPARTMENT																
Registry Services for Births, Deaths and Marriages	6,631	0	7,022	0	31	2,592	15	3,241	6,662	2,592	7,037	3,241				
Legal Advice and Representation on behalf of the Crown (other than Criminal Prosecution)	12,705	...	12,496	...	24	...	...	...	12,729	...	12,496	...				
Drafting of Government Legislation	2,263	...	2,836	...	9	...	...	...	2,262	...	2,836	...				
Legal and Law Reform, and Law Reporting	2,806	...	2,800	...	30	...	10	...	2,836	...	2,830	...				
Protection of Privacy	438	...	465	...	21	...	...	...	465	...	465	...				
Legal Aid Services (Public Defenders)	1,856	...	1,955	...	24	...	...	...	1,880	...	1,955	...				
Legislative and Legal Services	20,058	0	20,572	0	108	0	10	0	20,166	0	20,382	0				
Supreme Court Services	16,137	752	17,450	790	285	807	317	773	16,422	1,959	17,767	1,963				
Industrial Commission Services	2,507	...	2,587	...	13	...	...	...	2,520	...	2,587	...				
Land and Environment Court Services	3,514	...	3,943	...	44	...	...	...	3,558	...	3,943	...				
District Court Services	15,232	...	17,173	...	34,528	655	46,032	730	49,760	655	63,205	730				
Local Courts Services	55,609	...	58,331	...	9,431	2,308	3,865	2,280	65,040	2,308	62,196	2,280				
Court Reporting, Recording and Transcription Services	19,041	...	20,882	...	488	95	60	107	19,529	95	20,942	107				
Security, Jury and Court Process Services	17,047	...	18,966	...	1,746	...	1,648	...	18,793	...	20,614	...				
Community Justice Scheme	969	...	1,050	...	21	...	10	...	990	...	1,060	...				
Legal Library Services	2,500	...	2,554	...	29	2	...	98	2,569	2	2,554	98				
Criminal Listing Directorate Services	1,105	...	1,353	...	22	...	...	...	1,127	...	1,353	...				
Courts and Court Administration	133,701	752	144,289	790	46,607	3,867	51,932	3,988	180,308	4,619	196,221	4,778				
Specific Purpose Tribunals	25,538	234	37,005	270	95	0	10	0	25,633	234	37,015	270				
Administrative Support Services	18,027	0	21,661	0	2,825	301	134	21	20,852	301	21,795	21				
Total, ATTORNEY GENERAL'S DEPARTMENT	203,955	986	230,549	1,060	49,666	6,760	52,101	7,250	253,621	7,746	282,650	8,310				
JUDICIAL COMMISSION																
Judicial Commission of New South Wales	1,140	0	1,499	0	30	166	0	241	1,170	166	1,499	241				

Table 3.4: Total Payments by Minister, Organisation, Program Area and Program

All figures are expressed in \$000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES						TOTAL	
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE			
	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other
LEGAL AID COMMISSION														
Legal Aid and Other Legal Services for Eligible Persons in Child Welfare Matters	1,660	353	1,734	53	...	1	1,660	354	1,734	53	
Legal Aid and Other Legal Services for Eligible Persons in Criminal Law Matters	17,218	2,398	17,652	2,794	...	31	...	30	17,218	2,429	17,652	2,824		
Legal Aid and Other Legal Services for Eligible Persons in Civil Law Matters	7,130	7,884	6,508	8,839	...	18	...	22	7,130	7,902	6,508	8,861		
Legal Aid and Other Legal Services for Eligible Persons in Administrative Law Matters	1,877	363	1,689	448	...	6	...	5	1,877	369	1,689	453		
Legal Aid and Other Legal Services for Eligible Persons in Mental Health Hospitals and Mental Health Units	804	115	478	315	...	4	...	3	804	119	478	318		
Legal Aid and Other Legal Services for Eligible Persons in Disputes arising from Family Relationships	13,265	3,205	14,063	3,015	...	19	...	21	13,265	3,224	14,063	3,036		
Administrative and Legal Support Services	4,513	405	5,039	937	...	15	...	18	4,513	420	5,039	955		
Legal Aid and Other Legal Services	46,467	14,723	47,163	16,401	0	94	0	99	46,467	14,817	47,163	16,500		
Total, LEGAL AID COMMISSION	46,467	14,723	47,163	16,401	0	94	0	99	46,467	14,817	47,163	16,500		
OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS														
Crown Representation in Criminal Prosecutions	21,804	0	24,722	0	200	0	107	0	22,004	0	24,829	0		
Total, ATTORNEY GENERAL	273,366	15,709	303,933	17,461	49,896	7,020	52,208	7,590	323,262	22,729	356,141	25,051		
MINISTER FOR BUSINESS AND CONSUMER AFFAIRS														
BUSINESS AND CONSUMER AFFAIRS														
Business Support	41,853	8,101	40,411	17,390	...	...	...	...	41,853	8,101	40,411	17,390
Compliance	9,065	...	9,609	...	...	...	...	...	9,065	...	9,609	...
Client Services	18,942	...	19,200	...	...	...	...	...	18,942	...	19,200	...
Policy Development	2,421	...	1,690	...	...	...	...	...	2,421	...	1,690	...
Management Support Services	25,084	...	30,822	...	6,853	2,914	204	1,847	31,937	2,914	30,826	1,847		
Encouragement of Business Development and Growth and Observance of Fair Trading Principles	97,365	8,101	101,432	17,390	6,853	2,914	204	1,847	104,218	11,015	101,636	19,237		

Table 3.4: Total Payments by Minister, Organisation, Program Area and Program
 All figures are expressed in \$000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES						TOTAL	
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		Con Fund	Other
	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other		
Total, BUSINESS AND CONSUMER AFFAIRS	97,365	8,101	101,432	17,390	6,853	2,914	204	1,847	104,218	11,015	101,636	19,237		
Total, MINISTER FOR BUSINESS AND CONSUMER AFFAIRS	97,365	8,101	101,432	17,390	6,853	2,914	204	1,847	104,218	11,015	101,636	19,237		
CHIEF SECRETARY AND MINISTER FOR TOURISM														
CHIEF SECRETARY'S DEPARTMENT														
Licensing and Control of Poker Machines, Certain Amusement Devices and Premises Supplying and Servicing Liquor	5,887	...	7,038	...	368	...	...	...	6,255	...	7,038	...		
Charities Administration	835	...	994	...	19	...	20	...	854	...	1,014	...		
Revenue Collection and Charities Administration	6,722	0	8,032	0	387	0	20	0	7,109	0	8,052	0		
Co-ordination and Development of Liquor and Gaming Policy	1,167	0	2,068	0	107	0	13	0	1,274	0	2,081	0		
Total, CHIEF SECRETARY'S DEPARTMENT	7,889	0	10,100	0	494	0	33	0	8,383	0	10,133	0		
TOURISM COMMISSION														
Provision of Tourist Information and Sale of Travel	4,065	...	3,232	...	...	594	...	511	4,065	594	3,232	511		
Promotion of Tourism	12,028	2,800	9,920	2,700	6,488	...	401	...	18,516	2,800	10,321	2,700		
Administrative Support Services	3,562	...	5,395	...	220	...	...	...	3,782	...	5,395	...		
Total, TOURISM COMMISSION	19,655	2,800	18,547	2,700	6,708	594	401	511	26,363	3,394	18,948	3,211		
STATE LOTTERIES OFFICE														
Total, OUTER BUDGET SECTOR	-	-	-	-	-	3,467	-	1,268	-	3,467	-	1,268	-	
Total, CHIEF SECRETARY AND MINISTER FOR TOURISM	27,544	2,800	28,647	2,700	7,202	4,061	434	1,779	34,746	6,861	29,081	4,479		

Table 3.4: Total Payments by Minister, Organisation, Program Area and Program
 All figures are expressed in \$'000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES						TOTAL	
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1989-90 ESTIMATE	
	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other
MINISTER FOR CORRECTIVE SERVICES														
DEPARTMENT OF CORRECTIVE SERVICES														
Pre-Sentence Assessment of Offenders	4,946	...	5,204	...	17	...	...	...	...	4,963	...	...	5,204	...
Supervision of Convicted Offenders	13,728	...	14,663	...	308	...	...	52	...	14,036	...	...	14,715	...
Alternatives to Prison	18,674	0	19,867	0	325	0	52	0	18,999	0	19,919	0	19,919	0
Containment of Prisoners	96,617	1,095	113,314	...	46,046	1,095	73,467	3	142,663	2,190	186,781	3	186,781	3
Care and Welfare Services for Prisoners	16,270	...	19,184	...	191	...	...	...	16,461	...	19,184	...	19,184	...
Development and Education Services for Prisoners	30,353	...	34,759	...	363	...	3,900	...	30,716	...	38,659	...	38,659	...
Custody of Prisoners	143,240	1,095	167,257	0	46,600	1,095	77,367	3	189,840	2,190	244,624	3	244,624	3
Post-Custodial Services	5,020	0	5,359	0	12	0	0	0	5,032	0	5,359	0	5,359	0
Policy Advice and Co-ordination	4,155	...	3,215	...	...	...	...	...	4,155	...	3,215	...	3,215	...
Internal Management Services	20,957	...	17,573	...	...	...	...	...	20,957	...	17,573	...	17,573	...
Support and Administration	25,112	0	20,788	0	0	0	0	0	25,112	0	20,788	0	20,788	0
Total, DEPARTMENT OF CORRECTIVE SERVICES	192,046	1,095	213,271	0	46,937	1,095	77,419	3	238,983	2,190	290,660	3	290,660	3
Total, MINISTER FOR CORRECTIVE SERVICES	192,046	1,095	213,271	0	46,937	1,095	77,419	3	238,983	2,190	290,660	3	290,660	3
MINISTER FOR EDUCATION AND YOUTH AFFAIRS														
MINISTRY OF EDUCATION AND YOUTH AFFAIRS														
Policy and Administrative Support	32,257	...	34,273	...	11,684	...	23	...	43,951	...	34,296	...	34,296	...
Advising and Co-ordinating Authority for Higher Education	1,862	...	5,334	...	21	...	...	...	1,883	...	5,334	...	5,334	...
Other Education Authorities	5,242	...	22,900	...	...	...	...	...	5,242	...	22,900	...	22,900	...
Adult Migrant English Education	23,638	...	...	...	...	...	...	...	23,638	...	...	...	23,638	...
Development and Evaluation of Education and Youth Policy and Administration of Specific Education and Youth Services	62,999	0	61,907	0	11,715	0	23	0	74,714	0	61,930	0	61,930	0

Table 3.4: Total Payments by Minister, Organisation, Program Area and Program

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES						TOTAL	
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		Con Fund	Other
	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other
Tertiary Music Education	5,257	...	5,313	...	30	...	32	...	5,297	...	5,345	...	5,345	...
Non-tertiary Music Education	4,545	...	5,943	...	1,127	...	21	...	5,672	...	5,964	...	5,964	...
State Conservatorium of Music	9,812	0	11,256	0	1,157	0	53	0	10,969	0	11,309	0	11,309	0
Total, MINISTRY OF EDUCATION AND YOUTH AFFAIRS	72,811	0	73,163	0	12,872	0	76	0	85,683	0	73,239	0	73,239	0
DEPARTMENT OF EDUCATION	1,039,385	40,550	1,140,841	15,202	85,029	...	88,162	...	1,124,414	40,550	1,229,003	15,202	1,229,003	15,202
General Primary Education in Government Schools	132,211	...	147,858	...	...	...	...	...	132,211	...	147,858	...	147,858	...
Education of Children with Disabilities in Government Primary Schools	8,207	...	9,446	...	...	...	...	...	8,207	...	9,446	...	9,446	...
Pre-School Education in Government Schools	69,096	...	87,228	...	...	...	...	...	69,096	...	87,228	...	87,228	...
Direct State Government Assistance to Non-Government Primary Schools and Pupils	1,248,899	40,550	1,385,373	15,202	85,029	0	88,162	0	1,333,928	40,550	1,473,535	15,202	1,473,535	15,202
Pre-School and Primary Education in Government and Non-Government Schools	1,232,499	30,020	1,345,364	11,685	122,551	...	117,016	...	1,355,050	30,020	1,462,380	11,685	1,462,380	11,685
General Secondary Education in Government School	18,900	...	21,775	...	...	...	...	...	18,900	...	21,775	...	21,775	...
Education of Children with Disabilities in Government Secondary Schools	102,754	...	112,814	...	...	...	...	...	102,754	...	112,814	...	112,814	...
Direct State Government Assistance to Non-Government Secondary Schools and Pupils	1,354,153	30,020	1,479,953	11,685	122,551	0	117,016	0	1,476,704	30,020	1,596,969	11,685	1,596,969	11,685
Secondary Education in Government and Non-Government Schools	128,441	0	134,207	0	516	3,415	586	1,755	128,957	3,415	134,793	1,755	134,793	1,755
Administrative, Professional and General Support Services	2,731,493	70,570	2,999,533	26,887	208,096	3,415	205,764	1,755	2,939,589	73,985	3,205,297	28,642	3,205,297	28,642
Total, DEPARTMENT OF EDUCATION	235,766	4,145	282,684	3,939	39,257	917	50,941	756	275,023	5,062	313,625	4,695	313,625	4,695
DEPARTMENT OF TECHNICAL AND FURTHER EDUCATION	88,843	3,055	100,765	3,043	13,480	...	18,142	270	102,823	3,055	118,907	3,313	118,907	3,313
Courses in Engineering and Industrial Technology	68,515	1,191	76,049	1,114	11,369	...	14,749	216	79,884	1,191	90,798	1,350	90,798	1,350
Courses in Applied Sciences	178,112	4,070	199,757	4,061	30,734	...	39,835	558	208,846	4,070	239,592	4,619	239,592	4,619
Courses in Fine and Applied Arts	571,236	12,461	639,255	12,157	95,340	917	123,667	1,800	666,576	13,378	782,922	13,957	782,922	13,957
Courses in Commercial and General Studies														
Course of Instruction														

All figures are expressed in 000

Table 3.4: Total Payments by Minister, Organisation, Program Area and Program

All figures are expressed in \$000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES						TOTAL				
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		
	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	
Support Services to Teachers and Students	13,726	...	19,105	...	...	...	...	...	...	...	...	...	13,726	...	19,105	...
Administrative Support Services	23,391	...	24,905	...	2,447	...	...	...	2,447	...	...	...	23,391	2,447	24,905	...
Centralised Support Services	37,117	0	44,010	0	2,447	0	0	0	2,447	0	0	0	37,117	2,447	44,010	0	
Total, DEPARTMENT OF TECHNICAL AND FURTHER EDUCATION	608,353	12,461	683,265	12,157	95,340	3,364	123,667	1,800	703,693	15,825	806,932	13,957	6,800	6,800	6,800	6,000	
TEACHER HOUSING AUTHORITY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total, OUTER BUDGET SECTOR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total, MINISTER FOR EDUCATION AND YOUTH AFFAIRS	3,412,657	83,031	3,755,961	39,044	316,308	13,579	329,507	9,555	3,728,965	96,610	4,085,468	48,599	6,800	6,800	6,800	6,000	
MINISTER FOR THE ENVIRONMENT																	
MINISTRY FOR THE ENVIRONMENT																	
Policy Co-ordination and Support of Environmental Activities	905	7	5,597	40	90	118	995	125	5,597	40
Rate Rebates for Pensioners	27,297	...	30,972	27,297	...	30,972
Total, MINISTER FOR THE ENVIRONMENT	28,202	7	36,569	40	90	118	0	0	28,292	125	36,569	40

All figures are expressed in \$000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES						TOTAL	
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1989-90	ESTIMATE
	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other
NATIONAL PARKS AND WILDLIFE SERVICE														
Natural and Cultural Resource Management	30,793	5,704	27,244	6,951	13,832	862	13,828	629	44,625	6,566	41,072	7,580		
Recreation Area Management	3,194	3,348	1,813	1,429	1,238	103	1,238	925	4,623	3,545	4,586	2,738		
Administrative Support Services	8,218	1,619	7,096	1,725	661	661	628	391	8,845	2,280	7,724	2,116		
Conservation of Natural and Cultural Resources	42,205	10,765	37,688	10,489	15,888	1,626	15,694	1,945	58,093	12,391	53,382	12,434		
Bicentennial Park	676	4	855	...	107	...	539	...	783	4	1,394	...		
Royal Botanic Gardens	10,693	971	10,959	950	4,260	...	3,010	713	14,953	971	14,869	1,663		
Centennial Park	2,001	...	2,038	80	633	...	562	...	2,634	...	2,600	80		
Other Associated Bodies for which the Service has responsibility	13,370	975	13,852	1,030	5,000	0	5,011	713	18,370	975	18,863	1,743		
Total, NATIONAL PARKS AND WILDLIFE SERVICE	55,575	11,740	51,540	11,519	20,888	1,626	20,705	2,658	76,463	13,366	72,245	14,177		
STATE POLLUTION CONTROL COMMISSION														
Research and Policy Development	5,322	545	4,955	1,484	289	...	355	252	5,611	545	5,310	1,736		
Operations	6,469	1,508	6,883	2,136	373	...	436	315	6,842	1,508	7,319	2,451		
Administrative Support Services	2,625	178	2,852	341	9	78	16	584	2,634	256	2,868	925		
Pollution Control and Environmental Management	14,416	2,231	14,690	3,961	671	78	807	1,151	15,087	2,309	15,497	5,112		
Total, STATE POLLUTION CONTROL COMMISSION	14,416	2,231	14,690	3,961	671	78	807	1,151	15,087	2,309	15,497	5,112		
ZOOLOGICAL PARKS BOARD	-	-	-	-	-	555	-	4,390	-	555	-	4,390		
HUNTER DISTRICT WATER BOARD	-	-	-	-	-	33,625	-	33,000	-	33,625	-	33,000		
WATER BOARD	-	-	-	-	-	377,840	-	377,840	-	377,840	-	377,840		
WASTE MANAGEMENT AUTHORITY	-	-	-	-	-	13,550	-	11,490	-	13,550	-	11,490		
Total, OUTER BUDGET SECTOR	-	-	-	-	-	362,756	-	426,720	-	362,756	-	426,720		
Total, MINISTER FOR THE ENVIRONMENT	98,193	13,978	102,799	15,520	21,649	364,578	21,512	430,529	119,842	378,556	124,311	446,049		

Table 3.4: Total Payments by Minister, Organisation, Program Area and Program
All figures are expressed in \$000

	RECURRENT SERVICES				CAPITAL WORKS AND SERVICES				TOTAL			
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE	
	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other
MINISTER FOR FAMILY AND COMMUNITY SERVICES												
DEPARTMENT OF FAMILY AND COMMUNITY SERVICES												
Protection of Children	31,795	280	34,025	...	412	192	32,207	1,041	472	34,025	1,041	472
Substitute Care of Children	65,451	375	71,657	...	561	...	66,012	2,822	375	74,479	3,012	375
Juvenile Justice	34,483	...	39,648	...	3,885	360	38,868	7,998	360	47,866	3,012	360
Family and Children's Services	67,706	387	77,290	...	5,965	...	73,671	4,720	387	82,010	...	387
Child and Family Welfare	199,435	1,042	222,820	0	10,823	552	210,258	15,540	1,994	238,160	4,053	1,994
Services for Disadvantaged Groups and Communities	39,699	5	58,271	...	...	...	39,699	...	5	58,271	...	5
Supported Accommodation	37,402	225	53,374	...	...	...	37,402	...	225	53,374	...	225
Policy Development and Projects Affecting the Status of Women	1,374	...	1,556	...	...	...	1,374	...	...	1,556	...	...
Youth Services	7,784	413	11,673	...	...	...	7,784	...	413	11,673	...	413
Services Mainly for the Developmentally Disabled	151,754	1,307	178,790	1,070	4,813	...	156,567	...	1,307	178,790	1,070	1,307
Community Welfare	238,013	1,950	303,664	1,070	4,813	0	242,826	0	1,950	303,664	1,070	1,950
Organisational and Administrative Support Services	27,330	...	29,176	...	1,689	2,837	29,019	...	2,517	29,176	...	2,837
Home Care Service of New South Wales	71,930	8,269	82,198	11,500	...	...	71,930	...	8,269	82,198	...	8,269
Total, DEPARTMENT OF FAMILY AND COMMUNITY SERVICES	536,708	11,261	637,658	12,570	17,325	3,389	554,033	15,540	6,570	653,198	19,140	14,650
Total, MINISTER FOR FAMILY AND COMMUNITY SERVICES	536,708	11,261	637,658	12,570	17,325	3,389	554,033	15,540	6,570	653,198	19,140	14,650
MINISTER FOR HEALTH AND MINISTER FOR THE ARTS												
DEPARTMENT OF HEALTH												
Public Health Regulatory Services	6,543	...	5,205	...	1,127	...	6,543	1,406	...	5,205	...	...
Analytical, Clinical and Scientific Services	11,072	...	11,671	...	...	...	12,199	...	...	13,077	...	...
Health Promotion and Education	12,354	...	13,272	...	1,086	...	14,354	744	...	15,272	...	...
Blood Transfusion Service	13,834	...	14,483	...	...	...	14,920	...	...	15,227	...	...
External Research	3,090	...	3,370	...	436	...	3,090	58	...	3,370	...	...
Other Public Health Services	578	...	326	...	...	...	1,014	...	...	384	...	...
Public Health Services	47,471	0	48,327	0	2,649	0	50,120	2,208	0	50,535	0	0

Table 3.4: Total Payments by Minister, Organisation, Program Area and Program

All figures are expressed in \$000

	CAPITAL WORKS AND SERVICES												TOTAL
	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES						
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		
Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other
Health Transport	124,417	394	130,627	...	15,275	...	10,454	2,000	139,692	394	141,081	2,000	2,000
Services Specifically for Drug and Alcohol Dependent Persons	20,976	4	20,917	...	...	...	...	...	20,976	4	20,917	...	...
Support for Area Health Services and Public Hospitals	2,756,304	416,894	2,971,396	485,383	23,359	155,778	23,889	222,947	2,779,753	572,672	2,995,285	708,330	708,330
External Health Services	6,942	...	6,587	...	...	...	...	...	6,942	...	6,587	...	...
Support for the United Dental Hospital and remote dental services	14,251	309	15,032	329	...	...	...	...	14,251	309	15,032	329	329
Services Specifically for Aborigines	4,763	...	5,077	...	...	...	...	...	4,763	...	5,077	...	...
Support for Community Services	10,637	...	11,902	...	...	...	...	...	10,637	...	11,902	...	...
Services Mainly for the Psychiatrically Ill	165,363	976	166,675	14,649	4,106	5,790	...	18,417	169,469	6,766	166,675	33,066	33,066
Services Mainly for the Aged and Disabled	79,315	40,122	123,360	40,894	5,942	...	...	3,089	79,315	49,764	123,360	43,983	43,983
Prison Medical Service	8,995	...	9,551	...	...	...	...	...	8,995	...	9,551	...	...
Delivery of Health Services	3,192,053	458,699	3,461,124	541,255	42,740	167,210	34,343	246,453	3,234,793	625,909	3,495,467	787,708	787,708
Administration, Finance, Planning and Policy Development	43,554	...	40,191	...	2,693	393	2,500	...	46,247	393	42,691	...	...
Total, DEPARTMENT OF HEALTH	3,283,078	458,699	3,549,642	541,255	48,082	167,603	39,051	246,453	3,331,160	626,302	3,588,693	787,708	787,708
MINISTRY FOR THE ARTS													
Policy Co-ordination and Support of Cultural Activities	35,683	136	27,506	57	385	...	10,154	...	36,058	136	37,660	57	57
State Library	29,745	1,244	32,157	1,490	5,598	160	2,737	...	35,343	1,404	34,894	1,490	1,490
Australian Museum	10,500	3,290	11,368	3,290	2,789	...	2,299	...	13,657	3,290	13,657	3,290	3,290
Museum of Applied Arts and Sciences	21,880	2,746	22,472	2,746	2,789	516	1,080	...	24,699	3,282	23,552	2,746	2,746
Historic Houses Trust	2,727	27	2,727	27	125	...	133	...	2,852	27	2,852	27	27
Archives Authority	3,590	...	4,302	60	...	...	...	...	3,650	...	4,302	60	60
Art Gallery	7,047	3,574	7,047	3,574	9,320	...	1,618	...	16,367	3,574	9,249	5,562	5,562
New South Wales Film and Television Office	2,444	...	2,313	...	...	...	...	...	2,444	...	2,313	...	...
Support of Cultural Activities	113,616	11,017	111,078	13,172	21,350	676	18,021	0	134,966	11,693	129,099	13,172	13,172
Total, MINISTRY FOR THE ARTS	113,616	11,017	111,078	13,172	21,350	676	18,021	0	134,966	11,693	129,099	13,172	13,172
Total, MINISTER FOR HEALTH AND MINISTER FOR THE ARTS	3,396,694	469,716	3,660,720	554,427	69,432	168,279	57,072	246,453	3,466,126	637,995	3,717,792	800,880	800,880

Table 3.4: Total Payments by Minister, Organisation, Program Area and Program
 All figures are expressed in \$000

	RECURRENT SERVICES				CAPITAL WORKS AND SERVICES				TOTAL			
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE	
	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other
MINISTER FOR HOUSING												
DEPARTMENT OF HOUSING												
Public and Community Housing	6,671	1,540	9,569	...	335,707	...	367,892	...	342,378	...	377,461	...
Mortgage and Rent Relief Scheme	18,514	1,540	26,458	...	...	...	...	...	18,514	...	1,540	26,458
Community Aid	25,185	1,540	36,027	0	335,707	0	367,892	0	360,892	1,540	403,919	0
Outer Budget Sector Activities	0	0	0	0	0	330,220	0	335,508	0	330,220	0	335,508
Total, DEPARTMENT OF HOUSING	25,185	1,540	36,027	0	335,707	330,220	367,892	335,508	360,892	331,760	403,919	335,508
Total, MINISTER FOR HOUSING	25,185	1,540	36,027	0	335,707	330,220	367,892	335,508	360,892	331,760	403,919	335,508
MINISTER FOR INDUSTRIAL RELATIONS AND EMPLOYMENT												
DEPARTMENT OF INDUSTRIAL RELATIONS AND EMPLOYMENT												
Regulation of Employment and Industry	8,936	...	7,175	...	15	18	100	150	8,951	18	7,275	150
Cconciliation and Arbitration Proceedings	2,850	...	2,705	...	2	...	23	...	2,852	...	2,728	...
Human Resources Development	20,652	2,607	25,307	10,163	31	...	50	...	20,683	2,607	25,357	10,163
Corporate Services and Policy Coordination	13,831	-844	15,364	...	197	212	140	734	14,028	-632	15,504	734
Special Schemes to Promote Youth Employment and Employment Generally	29,298	-8,874	13,591	12,103	...	...	50	...	29,298	-8,874	13,641	12,103
Public Sector Industrial Relations	4,107	...	4,936	...	...	...	50	...	4,107	...	4,986	...
Industrial Relations and Employment	79,674	-7,111	69,078	22,266	245	230	413	884	79,919	-6,881	69,491	23,150
Total, DEPARTMENT OF INDUSTRIAL RELATIONS AND EMPLOYMENT	79,674	-7,111	69,078	22,266	245	230	413	884	79,919	-6,881	69,491	23,150
Total, MINISTER FOR INDUSTRIAL RELATIONS AND EMPLOYMENT	79,674	-7,111	69,078	22,266	245	230	413	884	79,919	-6,881	69,491	23,150

Table 3.4: Total Payments by Minister, Organisation, Program Area and Program

All figures are expressed in \$'000

	RECIPIENT SERVICES						CAPITAL WORKS AND SERVICES						TOTAL			
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE	
	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other
MINISTER FOR LOCAL GOVERNMENT AND MINISTER FOR PLANNING																
DEPARTMENT OF LOCAL GOVERNMENT																
Development, Oversight of and Assistance to Local Government	11,784	16	10,891	74	...	...	325	...	...	15	11,784	341	10,891	89	...	...
Rate Rebates for Pensioners	41,172	...	46,000	...	...	...	...	...	...	...	41,172	...	46,000	...	...	...
Total, DEPARTMENT OF LOCAL GOVERNMENT	52,956	16	56,891	74	0	325	0	15	52,956	341	56,891	89	56,891	89	56,891	89
DEPARTMENT OF PLANNING																
Promotion and Co-ordination of Environmental Planning and Assessment	21,262	-1,180	23,189	2,469	103	...	94	...	...	...	21,365	-1,180	23,283	2,469	...	...
Provision of Land for Public Purposes (other than for Environmental Heritage and Coastal Conservation)	4,276	...	6,827	...	16	14,245	17	24,500	4,292	14,245	6,844	24,500	5,157	1,010	...	...
Conservation of State's Environmental Heritage	4,926	312	4,592	1,010	563	...	...	...	5,489	312	5,157	...	3,805	...	...	...
Protection and Conservation of the Coastal Region	1,034	...	1,291	...	2,564	782	521	...	4,048	782	3,805	...	6,378	...	...	...
Administrative Support Services	5,070	...	5,857	...	49	...	...	...	5,119	...	6,378	...	...	...	...	...
Total, DEPARTMENT OF PLANNING	36,618	-868	41,756	3,479	3,695	15,027	3,711	24,500	40,313	14,159	45,467	27,979	45,467	27,979	45,467	27,979
DEPARTMENT OF PLANNING																
Total, DEPARTMENT OF PLANNING	36,618	-868	41,756	3,479	3,695	15,027	3,711	24,500	40,313	14,159	45,467	27,979	45,467	27,979	45,467	27,979
DARLING HARBOUR AUTHORITY																
Management of Tourism and Recreation Facilities	73,783	79,913	149,070	15,210	...	79,068	...	12,552	73,783	158,981	149,070	27,762	149,070	27,762	149,070	27,762
LOCAL GOVERNMENT BORROWING PROGRAM	-	-	-	-	-	197,500	-	178,550	-	197,500	-	178,550	-	178,550	-	178,550
SYDNEY GOV. REDEVELOPMENT AUTHORITY	-	-	-	-	-	6,356	-	9,000	-	6,356	-	9,000	-	9,000	-	9,000
Total, OUTER BUDGET SECTOR	-	-	-	-	-	203,856	-	187,550	-	203,856	-	187,550	-	187,550	-	187,550
Total, MINISTER FOR LOCAL GOVERNMENT AND MINISTER FOR PLANNING	163,357	79,061	247,717	18,763	3,695	298,276	3,711	224,617	167,052	377,337	251,428	243,360	251,428	243,360	251,428	243,360

Table 3.4: Total Payments by Minister, Organisation, Program Area and Program
 All figures are expressed in \$000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES						TOTAL			
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE	
	Con	Other	Con	Other	Con	Other	Con	Other	Con	Other	Con	Other	Con	Other	Con	Other
MINISTER FOR MINERALS AND ENERGY																
DEPARTMENT OF MINERALS AND ENERGY																
Mineral Resources Development	22,281	35,105	24,690	48,735	369	...	308	...	22,650	35,105	24,998	48,735	22,650	35,105	24,998	48,735
Energy Utilisation and Management	10,490	15,044	1,400	25,960	...	...	...	...	10,490	15,044	1,400	25,960	10,490	15,044	1,400	25,960
Public Affairs and Corporate Management	9,170	1,803	10,250	1,260	1,176	2,664	3,913	3,617	10,346	4,467	14,183	4,877	10,346	4,467	14,183	4,877
Minerals and Energy	41,941	51,952	36,340	75,955	1,545	2,664	4,221	3,617	43,486	54,616	40,561	79,572	43,486	54,616	40,561	79,572
Total, DEPARTMENT OF MINERALS AND ENERGY	41,941	51,952	36,340	75,955	1,545	2,664	4,221	3,617	43,486	54,616	40,561	79,572	43,486	54,616	40,561	79,572
COUNTY COUNCILS BORROWING PROGRAM																
ELECTRICITY COMMISSION	-	-	-	-	-	31,400	-	22,728	-	31,400	-	22,728	-	31,400	-	22,728
Total, OUTER BUDGET SECTOR	-	-	-	-	-	452,700	-	477,428	-	452,700	-	477,428	-	452,700	-	477,428
Total, MINISTER FOR MINERALS AND ENERGY	41,941	51,952	36,340	75,955	1,545	455,364	4,221	481,045	43,486	507,316	40,561	557,000	43,486	507,316	40,561	557,000
MINISTER FOR NATURAL RESOURCES																
DEPARTMENT OF LANDS																
Crown Land Management and Administration	21,581	1,604	22,976	...	2,627	3,385	2,727	4,714	24,208	4,989	25,703	4,714	24,208	4,989	25,703	4,714
Management and Preservation of Western Lands	3,676	...	4,025	...	49	60	417	70	3,725	60	4,442	70	3,725	60	4,442	70
Public Land Management	25,257	1,604	27,001	0	2,676	3,445	3,144	4,784	27,933	5,049	30,145	4,784	27,933	5,049	30,145	4,784
Land Information	16,468	...	20,342	...	410	1,437	278	1,973	16,878	1,437	20,620	1,973	16,878	1,437	20,620	1,973
Planning and Management for the State Land Information System	985	...	1,101	...	15	1,024	15	102	1,000	1,024	1,116	102	1,000	1,024	1,116	102
Land Information	17,453	0	21,443	0	425	2,461	293	2,075	17,878	2,461	21,736	2,075	17,878	2,461	21,736	2,075
Administrative and Financial Support Services	23,521	0	21,243	0	1,756	287	64	168	25,277	287	21,307	168	25,277	287	21,307	168
Total, DEPARTMENT OF LANDS	66,231	1,604	69,687	0	4,857	6,193	3,501	7,027	71,088	7,797	73,188	7,027	71,088	7,797	73,188	7,027

Table 3.4: Total Payments by Minister, Organisation, Program Area and Program

All figures are expressed in \$000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES						TOTAL		
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1989-90 ESTIMATE		
	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	
DEPARTMENT OF WATER RESOURCES															
Water Resource Management	18,818	0	17,275	0	138	7,860	16,299	462	18,956	7,860	33,574	462			
Water Resource Development	12,288		15,376		14	2,528		2,778	12,302	2,528	15,376	2,778			
Rural Water Supply and Associated Services	40,600	27,778	43,170	29,000	3,937	18,023	11,161	14,780	44,537	45,803	54,331	43,780			
River Channel and Floodplain Protection	5,162	...	5,820	...	2,055	3,818	8,350	56	7,217	3,818	14,170	56			
Rural Water Supply and Associated Services	58,050	27,778	64,366	29,000	6,006	24,371	19,511	17,614	64,056	52,149	83,877	46,614			
Subsidies to Other Water Supply Organisations	1,289	0	1,272	0	0	0	0	0	1,289	0	1,272	0			
Total, DEPARTMENT OF WATER RESOURCES	78,157	27,778	82,913	29,000	6,144	32,231	35,810	18,076	84,301	60,009	118,723	47,076			
DEPARTMENT OF LANDS															
VALUER-GENERAL'S DEPARTMENT	-	-	-	-	-	1,024	-	-	-	-	1,024	-	102		
FORESTRY COMMISSION	-	-	-	-	-	726	-	-	-	-	726	-	0		
BROKEN HILL WATER BOARD	-	-	-	-	-	18,160	-	7,205	-	18,160	-	7,205			
LAND TITLES OFFICE	-	-	-	-	-	1,629	-	825	-	1,629	-	825			
Total, OUTER BUDGET SECTOR	-	-	-	-	-	2,394	-	1,125	-	2,394	-	1,125			
Total, MINISTER FOR NATURAL RESOURCES	144,388	29,382	152,600	29,000	11,001	62,357	39,311	34,360	155,389	91,739	191,911	63,360			
MINISTER FOR POLICE AND EMERGENCY SERVICES															
POLICE DEPARTMENT															
Crimes Against the Person	74,245	745	81,479	...	2,110	371	2,462	952	76,355	1,116	83,941	952			
Crimes Against Property	153,685	1,573	167,842	1,211	6,163	788	5,203	2,011	159,248	2,361	173,045	2,011			
Crimes of Vice	47,831	1,882	52,303	1,211	1,691	229	1,231	486	49,822	1,911	53,534	1,697			
Maintaining Public Order	123,494	1,231	135,594	...	2,869	615	4,071	1,573	126,363	1,846	139,665	1,573			
Traffic Supervision and Control	120,092	1,162	132,201	...	4,816	584	5,269	1,482	124,508	1,726	137,470	1,482			
Policing Services - Detection, Apprehension, Deterrence and Community Education	518,747	6,393	569,419	1,211	17,949	2,567	18,236	6,504	536,696	8,960	587,655	7,715			

Table 3.4: Total Payments by Minister, Organisation, Program Area and Program

All figures are expressed in \$000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES						TOTAL
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		
	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	
Personnel, Development and Education Review	181,201	...	206,436	...	5,195	259	3,805	67	186,396	259	210,241	67	
Corporate Services	8,981	...	9,767	...	101	76	8,982	20	8,982	76	9,767	20	
Operational Support	95,807	...	110,286	...	1,082	1,957	726	509	96,889	1,957	111,012	509	
	24,587	273	26,784	455	5,405	224	3,469	58	29,992	497	30,253	513	
Education, Review and Support Services	310,476	273	353,273	455	11,783	2,516	8,000	654	322,259	2,789	361,273	1,109	
Total, POLICE DEPARTMENT	829,223	6,666	922,692	1,666	29,732	5,083	26,236	7,158	858,955	11,749	948,928	8,824	
STATE DRUG CRIME COMMISSION	5,310	0	5,995	0	0	533	64	650	5,310	533	6,059	650	
State Drug Crime Commission of New South Wales													
BOARD OF FIRE COMMISSIONERS													
Operation and Maintenance of Brigade and Special Services	17,150	121,029	18,164	133,496	2,400	7,174	5,850	2,500	19,550	128,203	24,014	135,996	
Brigade Training Development	527	4,295	586	4,196	...	...	...	...	527	4,295	586	4,196
Investigations, Research and Advisory Services	404	2,743	433	3,122	...	...	...	...	404	2,743	433	3,122
Management and Administration	942	7,990	1,309	8,628	...	86	150	...	942	8,076	1,459	8,628	
Prevention and Suppression of Fire and Provision of Other Emergency and Rescue Services	19,023	136,057	20,492	149,442	2,400	7,260	6,000	2,500	21,423	143,317	26,492	151,942	
Total, BOARD OF FIRE COMMISSIONERS	19,023	136,057	20,492	149,442	2,400	7,260	6,000	2,500	21,423	143,317	26,492	151,942	
BUSH FIRE COUNCIL													
Funding and Administration of Rural Fire Fighting Services	5,398	11,419	5,799	18,496	0	0	0	0	5,398	11,419	5,799	18,496	
STATE EMERGENCY SERVICES AND CIVIL DEFENCE													
Public Education, Planning and Development of the Volunteer Organisation	1,729	...	1,892	...	...	...	...	...	1,729	...	1,892	...
Preparation for Emergencies and Co-ordination of Operations	1,464	...	1,652	...	82	...	88	...	1,546	...	1,740	...	
Administrative Support Services	2,521	...	2,734	...	...	...	...	...	2,521	...	2,734	...
Provision of Emergency Services and Civil Defence	5,714	0	6,278	0	82	0	88	0	5,796	0	6,366	0	

All figures are expressed in \$000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES						TOTAL	
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		Con Fund	Other
	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other		
Total, STATE EMERGENCY SERVICES AND CIVIL DEFENCE	5,714	0	6,278	0	82	0	88	0	5,796	0	6,366	0	0	
Total, MINISTER FOR POLICE AND EMERGENCY SERVICES	864,668	154,142	961,256	169,604	32,214	12,876	32,388	10,308	896,882	167,018	993,644	179,912		
MINISTER FOR SPORT, RECREATION AND RACING														
DEPARTMENT OF SPORT, RECREATION AND RACING														
Participation in Sport and Recreation	19,665	435	20,406	879	1,451	...	1,750	...	21,116	435	22,156	879		
Excellence in Sport	5,922	9	6,646	1,126	1,407	...	4,225	...	7,329	9	10,871	1,126		
Safety and Ethics in Sport and Recreation	901	804	1,090	937	...	...	...	...	901	804	1,090	937	
Development, Control and Regulation of the Racing Industry	1,374	...	1,624	...	150	...	...	...	1,374	...	1,624	...	
Administrative Support Services	5,039	...	6,252	...	...	...	220	...	5,189	...	6,472	...	
Sport and Recreation in the Community	32,901	1,248	36,018	2,942	3,008	66	6,195	160	35,909	1,314	42,213	3,102		
Total, DEPARTMENT OF SPORT, RECREATION AND RACING	32,901	1,248	36,018	2,942	3,008	66	6,195	160	35,909	1,314	42,213	3,102		
Total, MINISTER FOR SPORT, RECREATION AND RACING	32,901	1,248	36,018	2,942	3,008	66	6,195	160	35,909	1,314	42,213	3,102		
MINISTER FOR STATE DEVELOPMENT AND MINISTER FOR PUBLIC WORKS														
DEPARTMENT OF STATE DEVELOPMENT														
Development of the New South Wales Economy	4,493	...	6,238	...	24	...	4,075	...	4,517	...	10,313	...		
Overseas Representation	3,729	...	2,979	...	...	...	54	...	3,729	...	3,033	...	
State Development	8,222	0	9,217	0	24	0	4,129	0	8,246	0	13,246	0		
Total, DEPARTMENT OF STATE DEVELOPMENT	8,222	0	9,217	0	24	0	4,129	0	8,246	0	13,246	0		

Table 3.4: Total Payments by Minister, Organisation, Program Area and Program

All figures are expressed in \$000

	TOTAL											
	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES					
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE	
Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	
PUBLIC WORKS DEPARTMENT												
Country Towns Water Supply and Sewerage Schemes	27,477	10,889	28,033	11,566	68,172	61,535	76,139	64,238	95,649	72,424	104,172	75,804
Coastline Hazards	3,032	...	3,720	20	1,757	56	1,446	147	4,789	56	5,166	167
Flood Plain Management	3,235	179	3,936	170	4,181	423	7,524	348	7,416	1,460	11,460	518
Estuary Management	2,000	...	3,168	110	2,523	1,500	3,432	1,904	4,523	1,500	6,600	2,014
NSM Waterways	1,280	56	1,033	60	527	4,903	5,536	1,771	1,807	4,959	6,569	831
Fishing and Government Facilities	2,455	...	1,810	10	2,813	...	2,770	24	5,268	...	4,580	34
Civil Engineering - Special Projects, Minor Work and other Engineering and Associated Services	4,669	4,505	4,419	2,025	44	38,025	26	35,143	4,713	42,530	4,445	37,168
Civil Engineering	44,148	15,629	46,119	13,961	80,017	106,442	96,873	102,575	124,165	122,071	142,992	116,536
School Buildings	14,360	...	12,426	...	23	179,936	121	178,297	14,383	129,936	12,547	178,297
Tertiary Education Buildings	9,070	...	4,904	...	18	51,724	20	63,864	9,088	51,724	4,533	63,864
Health Buildings	8,746	...	7,386	...	18	115,608	65	119,160	8,764	115,608	7,461	119,160
Other Public Buildings	18,636	...	9,770	...	10,450	143,464	8,058	200,165	29,086	143,464	17,828	200,165
Advisory Services	788	81	...	...	15	6	...	...	803	87	...	...
Maintenance of School Buildings	4,386	72,827	4,190	72,500	13	18	20	102	4,399	72,845	4,210	72,602
Maintenance of Tertiary Education Buildings	925	13,345	860	12,000	10	16	5	40	935	13,361	865	12,040
Maintenance of Health Buildings	733	3,002	601	3,000	11	36	3	35	744	3,038	604	3,035
Maintenance of Public and Other Buildings	14,090	48,416	28,421	38,000	17	29	42	67	14,107	48,445	28,463	38,067
Design, Construction, Maintenance and Management of Buildings	71,734	137,671	68,458	125,500	10,575	490,837	8,343	561,720	82,309	628,508	76,801	687,220
Administrative Support Services	14,542	1,632	21,156	200	296	1,018	124	584	14,838	2,650	21,280	784
Total, PUBLIC WORKS DEPARTMENT	130,424	154,932	135,733	139,661	90,888	598,297	105,340	664,679	221,312	753,229	241,073	804,540
Total, MINISTER FOR STATE DEVELOPMENT AND MINISTER FOR PUBLIC WORKS	138,646	154,932	144,950	139,661	90,912	598,297	109,469	664,879	229,558	753,229	254,419	804,540
MINISTER FOR TRANSPORT												
MINISTRY OF TRANSPORT												
Contribution to the Transport Authorities for Operating Losses	458,917	...	347,865	...	...	...	...	...	458,917	...	347,865	...
Payments via the Ministry of Transport for Non-commercial Passenger Services	470,717	13,403	529,223	3,000	...	...	...	...	470,717	13,403	529,223	3,000
Payments via the Ministry of Transport for Freight Related Expenditure	20,000	...	25,000	...	...	...	...	...	20,000	...	25,000	...

Table 3-4: Total Payments by Minister, Organisation, Program Area and Program

All figures are expressed in \$000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES						TOTAL	
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE			
	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other
Payments via the Ministry of Transport for Finance Charges and Other Costs	495,707	...	533,060	...	8,937	...	210,000	20,000	504,644	...	743,060	20,000		
Payments for Transport Services	1,445,341	13,403	1,435,148	3,000	8,937	0	210,000	20,000	1,454,278	13,403	1,645,148	23,000		
Co-ordination, Development and Implementation of Transport Policy	21,279	...	4,549	...	60	...	100	...	21,339	...	4,649	...		
Development of Transport Plans and Improvement Programs	1,391	...	1,552	...	2,300	...	...	...	3,691	...	1,552	...		
Regulation of Private Transport Services and the Administration of Subsidy Payments for Travel Concessions	11,117	...	12,786	...	120	...	2,523	...	11,237	...	15,309	...		
Private Transport Services	33,787	0	18,887	0	2,480	0	2,623	0	36,267	0	21,510	0		
Total, MINISTRY OF TRANSPORT	1,479,128	13,403	1,454,035	3,000	11,417	0	212,623	20,000	1,480,545	13,403	1,666,658	23,000		
ROADS AND TRAFFIC AUTHORITY														
Development of Road System	147,772	...	146,500	...	379,028	111,068	614,164	35,084	526,800	111,068	760,664	35,084		
Upkeep of Roads	66,582	17,103	66,934	20,600	17,100	448,683	70,010	516,189	55,823	448,683	70,010	516,189	55,823	
Safety and Traffic Management	214,354	17,103	213,434	20,600	844,811	196,256	1,188,840	101,160	1,059,165	213,359	1,402,274	121,760		
Total, ROADS AND TRAFFIC AUTHORITY	214,354	17,103	213,434	20,600	844,811	196,256	1,188,840	101,160	1,059,165	213,359	1,402,274	121,760		
GRAIN HANDLING AUTHORITY														
MARITIME SERVICES BOARD OF NEW SOUTH WALES	-	-	-	-	-	46,262	-	29,855	-	46,262	-	29,855		
STATE RAIL AUTHORITY	-	-	-	-	-	53,023	-	30,362	-	53,023	-	30,362		
STATE TRANSIT AUTHORITY	-	-	-	-	-	382,705	-	423,000	-	382,705	-	423,000		
Total, OUTER BUDGET SECTOR	-	-	-	-	-	480,321	-	524,875	-	480,321	-	524,875		
Total, MINISTER FOR TRANSPORT	1,693,482	30,506	1,657,469	23,600	856,228	676,577	1,401,463	646,035	2,549,710	707,083	3,066,509	669,635		

Table 3.4: Total Payments by Minister, Organisation, Program Area and Program

All figures are expressed in \$000

	RECURRENT SERVICES						CAPITAL WORKS AND SERVICES						TOTAL	
	1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		1988-89 ACTUAL		1989-90 ESTIMATE		Con Fund	Other
	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other	Con Fund	Other		
Sub total	12,711,853	1,141,962	13,560,470	1,175,499	1,906,928	3,036,392	2,568,744	3,257,930	14,618,781	4,178,354	16,129,214	4,433,429		
Less:														
Major Expenditures between Consolidated Fund Departments	-	213,233	-	130,326	-	591,778	-	659,524	-	805,011	-	789,850		
Payments by Policy Area, Policy Sector, Program and Source of Funds (Table 3.3)	12,711,853	928,729	13,560,470	1,045,173	1,906,893	2,444,649	2,576,065	2,599,526	14,618,746	3,373,378	16,136,535	3,644,669		

Table 3.5: Total recurrent Payments by Minister, Organisation and Class of Expenditure

All figures in \$000

	Employee Related Payments		Maintenance and Working Expenses		Grants and Subsidies		Other Services		TOTAL	
	1988-89	1989-90	1988-89	1989-90	1988-89	1989-90	1988-89	1989-90	1988-89	1989-90
	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate
THE LEGISLATURE										
Consolidated Fund	14,462	16,642	12,295	12,441	0	0	23,806	24,951	50,563	54,034
Other Sources	0	0	0	0	0	0	0	0	0	0
Total Payments	14,462	16,642	12,295	12,441	0	0	23,806	24,951	50,563	54,034
PREMIER, TREASURER AND MINISTER FOR ETHNIC AFFAIRS										
Consolidated Fund	3,474	4,600	1,157	1,667	0	0	24	61	4,655	6,328
Other Sources	0	0	0	0	0	0	0	0	0	0
Total Payments	3,474	4,600	1,157	1,667	0	0	24	61	4,655	6,328
PREMIER'S DEPARTMENT										
Consolidated Fund	17,551	19,759	11,054	12,609	1,298	848	40,339	40,285	70,242	73,501
Other Sources	0	0	0	0	0	0	182	912	182	912
Total Payments	17,551	19,759	11,054	12,609	1,298	848	40,521	41,197	70,424	74,413
OMBUDSMAN'S OFFICE										
Consolidated Fund	2,292	2,909	1,139	1,255	0	0	0	0	3,431	4,164
Other Sources	0	0	0	0	0	0	0	0	0	0
Total Payments	2,292	2,909	1,139	1,255	0	0	0	0	3,431	4,164
STATE ELECTORAL OFFICE										
Consolidated Fund	987	1,082	532	696	0	0	6,106	1,749	7,625	3,527
Other Sources	0	0	0	0	0	0	0	0	0	0
Total Payments	987	1,082	532	696	0	0	6,106	1,749	7,625	3,527

Table 3.5: Total recurrent Payments by Minister, Organisation and Class of Expenditure

All figures in '000

	Employee Related Payments		Maintenance and Working Expenses		Grants and Subsidies		Other Services		TOTAL
	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	
	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	
TREASURY									
Consolidated Fund Other Sources	42,281 0	32,972 0	18,903 0	21,801 0	754 0	729 0	1,053,913 8,296	921,562 0	1,115,851 8,296
Total Payments	42,281	32,972	18,903	21,801	754	729	1,062,209	921,562	1,124,147
ETHNIC AFFAIRS COMMISSION									
Consolidated Fund Other Sources	2,875 0	3,072 0	961 0	1,154 0	1,219 0	1,339 0	1,597 0	860 0	6,652 0
Total Payments	2,875	3,072	961	1,154	1,219	1,339	1,597	860	6,652
INDEPENDENT COMMISSION AGAINST CORRUPTION									
Consolidated Fund Other Sources	642 0	5,402 0	1,385 0	3,368 0	0 0	0 0	854 0	5,700 0	2,881 0
Total Payments	642	5,402	1,385	3,368	0	0	854	5,700	2,881
TOTAL, PREMIER, TREASURER AND MINISTER FOR ETHNIC AFFAIRS									
Consolidated Fund Other Sources	70,102 0	69,796 0	35,131 0	42,550 0	3,271 0	2,916 0	1,102,833 8,478	970,217 912	1,211,337 8,478
Total Payments	70,102	69,796	35,131	42,550	3,271	2,916	1,111,311	971,129	1,219,815
MINISTER FOR ADMINISTRATIVE SERVICES									
Consolidated Fund Other Sources	6,226 0	8,008 1,238	5,354 0	7,022 376	0 0	0 0	23,104 0	32,541 0	34,684 0
Total Payments	6,226	9,246	5,354	7,398	0	0	23,104	32,541	34,684
MINISTER FOR AGRICULTURE AND RURAL AFFAIRS									
Consolidated Fund Other Sources	1,710 0	2,375 0	3,290 0	4,570 0	0 0	0 0	15,492 7,568	16,693 6,000	29,492 7,568
Total Payments	1,710	2,375	3,290	4,570	0	0	23,060	22,693	28,060
RURAL ASSISTANCE AUTHORITY									
Consolidated Fund Other Sources	1,710 0	2,375 0	3,290 0	4,570 0	0 0	0 0	15,492 7,568	16,693 6,000	29,492 7,568
Total Payments	1,710	2,375	3,290	4,570	0	0	23,060	22,693	28,060

Table 3.5. Total recurrent Payments by Minister, Organisation and Class of Expenditure

All figures in \$000

	Employee Related Payments		Maintenance and Working Expenses		Grants and Subsidies		Other Services		TOTAL
	1988-89	1989-90	1988-89	1989-90	1988-89	1989-90	1988-89	1989-90	
	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	
DEPARTMENT OF AGRICULTURE AND FISHERIES									
Consolidated Fund	104,477	113,698	40,301	43,759	3,835	4,591	2,309	5,546	150,922
Other Sources	4,517	6,361	334	998	0	0	6,640	5,661	11,491
Total Payments	108,994	120,259	40,635	44,757	3,835	4,591	8,949	11,207	162,413
SOIL CONSERVATION SERVICE									
Consolidated Fund	18,018	19,123	6,852	6,977	0	0	170	178	25,040
Other Sources	5,060	4,729	8,022	8,121	0	0	0	0	13,082
Total Payments	23,078	23,852	14,874	15,098	0	0	170	178	38,122
TOTAL, MINISTER FOR AGRICULTURE AND RURAL AFFAIRS									
Consolidated Fund	124,205	135,196	50,443	55,306	3,835	4,591	17,971	22,417	196,454
Other Sources	9,577	11,290	8,356	9,119	0	0	14,208	11,661	32,141
Total Payments	133,782	146,486	58,799	64,425	3,835	4,591	32,179	34,078	228,595
ATTORNEY GENERAL									
ATTORNEY GENERAL'S DEPARTMENT									
Consolidated Fund	121,696	131,647	40,438	44,023	0	0	41,821	54,879	230,549
Other Sources	0	0	0	0	0	0	985	1,060	985
Total Payments	121,696	131,647	40,438	44,023	0	0	42,807	55,939	231,609
LEGAL AID COMMISSION									
Consolidated Fund	0	0	0	0	0	0	46,467	47,163	47,163
Other Sources	16,991	17,959	5,003	5,360	1,308	1,399	-8,579	-8,317	16,401
Total Payments	16,991	17,959	5,003	5,360	1,308	1,399	37,888	38,846	61,190
JUDICIAL COMMISSION									
Consolidated Fund	570	807	552	685	0	0	18	7	1,140
Other Sources	0	0	0	0	0	0	0	0	0
Total Payments	570	807	552	685	0	0	18	7	1,140
OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS									
Consolidated Fund	15,985	17,018	3,918	5,583	0	0	1,901	2,121	21,804
Other Sources	0	0	0	0	0	0	0	0	0
Total Payments	15,985	17,018	3,918	5,583	0	0	1,901	2,121	21,804

Table 3.5: Total recurrent Payments by Minister, Organisation and Class of Expenditure

		All figures in \$000									
		Employee Related Payments		Maintenance and Working Expenses		Grants and Subsidies		Other Services		TOTAL	
		1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate
TOTAL, ATTORNEY GENERAL											
Consolidated Fund		138,251	149,472	44,908	50,291	0	0	90,207	104,170	273,366	303,933
Other Sources		16,991	17,959	5,003	5,360	1,308	1,399	-7,593	-7,257	15,709	17,461
Total Payments		155,242	167,431	49,911	55,651	1,308	1,399	82,614	96,913	289,075	321,394
MINISTER FOR BUSINESS AND CONSUMER AFFAIRS											
Consolidated Fund		37,168	40,273	16,269	18,400	7,392	2,506	36,536	-40,253	97,365	101,432
Other Sources		0	0	0	0	0	0	8,101	17,390	8,101	17,390
Total Payments		37,168	40,273	16,269	18,400	7,392	2,506	44,637	57,643	105,466	118,822
CHIEF SECRETARY AND MINISTER FOR TOURISM											
TOURISM COMMISSION											
Consolidated Fund		5,489	7,037	8,708	9,060	1,763	1,763	3,695	687	19,655	18,547
Other Sources		0	0	1,600	1,500	1,200	1,200	0	0	2,800	2,700
Total Payments		5,489	7,037	10,308	10,560	2,963	2,963	3,695	687	22,455	21,247
CHIEF SECRETARY'S DEPARTMENT											
Consolidated Fund		5,557	6,982	2,332	3,113	0	0	0	5	7,889	10,100
Other Sources		0	0	0	0	0	0	0	0	0	0
Total Payments		5,557	6,982	2,332	3,113	0	0	0	5	7,889	10,100
TOTAL, CHIEF SECRETARY AND MINISTER FOR TOURISM											
Consolidated Fund		11,046	14,019	11,040	12,173	1,763	1,763	3,695	692	27,544	28,647
Other Sources		0	0	1,600	1,500	1,200	1,200	0	0	2,800	2,700
Total Payments		11,046	14,019	12,640	13,673	2,963	2,963	3,695	692	30,344	31,347

Table 3.5. Total recurrent Payments by Minister, Organisation and Class of Expenditure

		All figures in \$'000									
		Employee Related Payments		Maintenance and Working Expenses		Grants and Subsidies		Other Services		TOTAL	
		1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate
MINISTER FOR CORRECTIVE SERVICES											
DEPARTMENT OF CORRECTIVE SERVICES											
Consolidated Fund		142,258	157,395	33,863	39,957	971	1,002	14,954	14,917	192,046	213,271
Other Sources		0	0	1,095	0	0	0	0	0	1,095	0
Total Payments		142,258	157,395	34,958	39,957	971	1,002	14,954	14,917	193,141	213,271
MINISTER FOR EDUCATION AND YOUTH AFFAIRS											
MINISTRY OF EDUCATION AND YOUTH AFFAIRS											
Consolidated Fund		33,601	33,027	7,656	8,277	10,723	4,228	20,831	27,631	72,811	73,163
Other Sources		0	0	0	0	0	0	0	0	0	0
Total Payments		33,601	33,027	7,656	8,277	10,723	4,228	20,831	27,631	72,811	73,163
DEPARTMENT OF EDUCATION											
Consolidated Fund		2,063,468	2,153,881	361,778	441,685	24,165	28,013	282,082	375,954	2,731,493	2,999,533
Other Sources		0	0	57,880	13,810	0	0	12,690	13,077	70,570	26,887
Total Payments		2,063,468	2,153,881	419,658	455,495	24,165	28,013	294,772	389,031	2,802,063	3,026,420
DEPARTMENT OF TECHNICAL AND FURTHER EDUCATION											
Consolidated Fund		475,351	525,541	132,201	152,529	156	159	645	5,036	608,353	683,265
Other Sources		3,314	4,100	9,147	8,057	0	0	0	0	12,461	12,157
Total Payments		478,665	529,641	141,348	160,586	156	159	645	5,036	620,814	695,422
TOTAL											
Consolidated Fund		2,572,420	2,712,449	501,635	602,491	35,044	32,400	303,558	408,621	3,412,657	3,755,961
Other Sources		3,314	4,100	67,027	21,867	0	0	12,690	13,077	83,031	39,044
Total Payments		2,575,734	2,716,549	568,662	624,358	35,044	32,400	316,248	421,698	3,495,688	3,795,005
MINISTER FOR THE ENVIRONMENT											
STATE POLLUTION CONTROL COMMISSION											
Consolidated Fund		10,539	10,889	3,474	3,306	0	0	0	403	495	14,416
Other Sources		494	969	1,743	2,992	0	0	0	-6	0	3,961
Total Payments		11,033	11,858	5,217	6,298	0	0	0	397	495	18,647

Table 3.5: Total recurrent Payments by Minister, Organisation and Class of Expenditure

		All figures in \$000										TOTAL	
		Employee Related Payments		Maintenance and Working Expenses		Grants and Subsidies		Other Services					
		1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate
NATIONAL PARKS AND WILDLIFE SERVICE													
Consolidated Fund		36,473	34,191	17,414	16,045	1,647	1,214	41	90	55,575	51,540		
Other Sources		3,374	2,646	6,838	7,911	1,493	962	35	0	11,740	11,519		
Total Payments		39,847	36,837	24,252	23,956	3,140	2,176	76	90	67,315	63,059		
MINISTRY FOR THE ENVIRONMENT													
Consolidated Fund		388	1,062	311	543	27,371	34,813	132	151	28,202	36,569		
Other Sources		0	0	0	0	0	0	7	40	7	40		
Total Payments		388	1,062	311	543	27,371	34,813	139	191	28,209	36,609		
TOTAL, MINISTER FOR THE ENVIRONMENT													
Consolidated Fund		47,400	46,142	21,199	19,894	29,018	36,027	576	736	98,193	102,799		
Other Sources		3,868	3,615	8,581	10,903	1,493	962	36	40	13,978	15,520		
Total Payments		51,268	49,757	29,780	30,797	30,511	36,989	612	776	112,171	118,319		
MINISTER FOR FAMILY AND COMMUNITY SERVICES													
DEPARTMENT OF FAMILY AND COMMUNITY SERVICES													
Consolidated Fund		204,343	222,333	43,725	51,063	139,468	186,351	149,172	177,911	536,708	637,658		
Other Sources		67,494	73,788	12,100	19,910	1,040	0	-70,348	-81,128	10,286	12,570		
Total Payments		271,837	296,121	55,825	70,973	140,508	186,351	78,824	96,783	546,994	650,228		
MINISTER FOR HEALTH AND MINISTER FOR THE ARTS													
DEPARTMENT OF HEALTH													
Consolidated Fund		308,193	201,651	64,869	43,282	25,253	29,547	2,884,763	3,275,162	3,283,078	3,549,642		
Other Sources		1,326	0	0	0	0	0	457,373	541,255	458,699	541,255		
Total Payments		309,519	201,651	64,869	43,282	25,253	29,547	3,342,136	3,816,417	3,741,777	4,090,897		
MINISTRY FOR THE ARTS													
Consolidated Fund		40,797	44,838	23,900	25,537	39,110	35,970	9,809	4,733	113,616	111,078		
Other Sources		589	589	932	932	0	246	9,405	11,017	13,172	13,172		
Total Payments		41,386	45,427	24,832	26,469	39,110	36,216	19,305	16,138	124,633	124,250		

Table 3.5: Total recurrent Payments by Minister, Organisation and Class of Expenditure

All figures in \$000

	Employee Related Payments		Maintenance and Working Expenses		Grants and Subsidies		Other Services		TOTAL
	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	
DARLING HARBOUR AUTHORITY									
Consolidated Fund	0	0	0	0	0	0	73,783	149,070	73,783
Other Sources	1,637	2,421	7,176	7,859	0	0	71,100	4,930	79,913
Total Payments	1,637	2,421	7,176	7,859	0	0	144,883	154,000	153,696
TOTAL, MINISTER FOR LOCAL GOVERNMENT AND MINISTER FOR PLANNING									
Consolidated Fund	25,308	26,778	9,212	12,399	43,449	46,250	85,388	162,290	163,357
Other Sources	1,795	2,640	7,229	7,993	0	0	70,037	8,130	79,061
Total Payments	27,103	29,418	16,441	20,392	43,449	46,250	155,425	170,420	242,418
MINISTER FOR MINERALS AND ENERGY									
DEPARTMENT OF MINERALS AND ENERGY									
Consolidated Fund	24,386	22,236	11,934	9,854	2,480	1,485	3,141	2,765	41,941
Other Sources	5,231	6,850	3,452	5,279	9,023	14,148	34,246	49,678	51,952
Total Payments	29,617	29,086	15,386	15,133	11,503	15,633	37,387	52,443	93,893
MINISTER FOR NATURAL RESOURCES									
DEPARTMENT OF LANDS									
Consolidated Fund	34,780	38,733	11,874	14,236	13,300	14,165	6,277	2,553	66,231
Other Sources	1,215	0	389	0	0	0	0	0	1,604
Total Payments	35,995	38,733	12,263	14,236	13,300	14,165	6,277	2,553	67,835
DEPARTMENT OF WATER RESOURCES									
Consolidated Fund	23,289	21,960	11,659	10,798	1,308	4,091	41,901	46,064	78,157
Other Sources	22,222	23,200	5,556	5,800	0	0	0	0	27,778
Total Payments	45,511	45,160	17,215	16,598	1,308	4,091	41,901	46,064	105,935
TOTAL, MINISTER FOR NATURAL RESOURCES									
Consolidated Fund	58,069	60,693	23,533	25,034	14,608	18,256	48,178	48,617	144,388
Other Sources	23,437	23,200	5,945	5,800	0	0	0	0	29,382
Total Payments	81,506	83,893	29,478	30,834	14,608	18,256	48,178	48,617	173,770

Table 3.5: Total recurrent Payments by Minister, Organisation and Class of Expenditure

All figures in \$'000

	Employee Related Payments		Maintenance and Working Expenses		Grants and Subsidies		Other Services		TOTAL	
	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate		
	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate		
MINISTER FOR POLICE AND EMERGENCY SERVICES										
STATE DRUG CRIME COMMISSION										
Consolidated Fund	2,815	3,413	2,483	2,502	0	0	12	80	5,310	5,995
Other Sources	0	0	0	0	0	0	0	0	0	0
Total Payments	2,815	3,413	2,483	2,502	0	0	12	80	5,310	5,995
POLICE DEPARTMENT										
Consolidated Fund	541,254	594,576	137,763	156,527	282	284	149,924	171,305	829,223	922,692
Other Sources	1,583	1,666	5,083	0	0	0	0	0	6,666	1,666
Total Payments	542,837	596,242	142,846	156,527	282	284	149,924	171,305	835,889	924,358
STATE EMERGENCY SERVICES AND CIVIL DEFENCE										
Consolidated Fund	2,945	3,149	2,528	2,830	0	0	241	299	5,714	6,278
Other Sources	0	0	0	0	0	0	0	0	0	0
Total Payments	2,945	3,149	2,528	2,830	0	0	241	299	5,714	6,278
BOARD OF FIRE COMMISSIONERS										
Consolidated Fund	83	85	0	0	0	0	18,940	20,407	19,023	20,492
Other Sources	126,786	138,050	25,482	27,153	0	0	-16,211	-15,761	136,057	149,442
Total Payments	126,869	138,135	25,482	27,153	0	0	2,729	4,646	155,080	169,934
BUSH FIRE COUNCIL										
Consolidated Fund	164	181	15	15	597	690	4,622	4,913	5,398	5,799
Other Sources	1,037	1,573	1,271	2,175	0	0	9,111	14,748	11,419	18,496
Total Payments	1,201	1,754	1,286	2,190	597	690	13,733	19,661	16,817	24,295
TOTAL, MINISTER FOR POLICE AND EMERGENCY SERVICES										
Consolidated Fund	547,261	601,404	142,789	161,874	879	974	173,739	197,004	864,668	961,256
Other Sources	129,406	141,289	31,836	29,328	0	0	-7,100	-1,013	154,142	169,604
Total Payments	676,667	742,693	174,625	191,202	879	974	166,639	195,991	1,018,810	1,130,860

Table 3-5: Total recurrent Payments by Minister, Organisation and Class of Expenditure

All figures in \$000

	Employee Related Payments		Maintenance and Working Expenses		Grants and Subsidies		Other Services		TOTAL
	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	1988-89 Actual	1989-90 Estimate	
MINISTER FOR SPORT, RECREATION AND RACING									
DEPARTMENT OF SPORT, RECREATION AND RACING									
Consolidated Fund	9,975	11,100	9,872	10,574	5	7	13,049	14,337	36,018
Other Sources	416	806	819	839	7,555	9,907	-7,542	-8,610	2,942
Total Payments	10,391	11,906	10,691	11,413	7,560	9,914	5,507	5,727	38,960
MINISTER FOR STATE DEVELOPMENT AND MINISTER FOR PUBLIC WORKS									
DEPARTMENT OF STATE DEVELOPMENT									
Consolidated Fund	3,828	4,543	4,345	4,408	0	61	49	205	8,222
Other Sources	0	0	0	0	0	0	0	0	0
Total Payments	3,828	4,543	4,345	4,408	0	61	49	205	8,222
PUBLIC WORKS DEPARTMENT									
Consolidated Fund	65,593	59,363	26,745	28,618	13,955	14,532	24,131	33,220	135,733
Other Sources	2,015	2,115	2,649	2,892	2,705	2,993	147,563	131,661	159,661
Total Payments	67,608	61,478	29,394	31,510	16,660	17,525	171,694	164,881	275,394
TOTAL, MINISTER FOR STATE DEVELOPMENT AND MINISTER FOR PUBLIC WORKS									
Consolidated Fund	69,421	63,906	31,090	33,026	13,955	14,593	24,180	33,425	144,950
Other Sources	2,015	2,115	2,649	2,892	2,705	2,993	147,563	131,661	159,661
Total Payments	71,436	66,021	33,739	35,918	16,660	17,586	171,743	165,086	284,611
MINISTER FOR TRANSPORT									
MINISTRY OF TRANSPORT									
Consolidated Fund	9,555	13,089	3,130	5,625	490,160	525,726	976,283	909,595	1,454,035
Other Sources	0	0	0	0	13,403	3,000	0	0	3,000
Total Payments	9,555	13,089	3,130	5,625	503,563	528,726	976,283	909,595	1,457,035

CHAPTER 4: RECURRENT BUDGET

- 4.1 Introduction**
- 4.2 Consolidated Fund Recurrent Revenue**
- 4.3 Consolidated Fund Recurrent Payments**
- 4.4 Total Recurrent Payment by Functional Area**
 - 4.4.1 Law, Order and Public Safety**
 - 4.4.2 Education**
 - 4.4.3 Health**
 - 4.4.4 Welfare Services**
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 - 4.4.6 Recreation and Culture**
 - 4.4.7 Economic Services**
 - 4.4.8 General Administration**
 - 4.4.9 Other Purposes**
 - 4.4.10 Advance to the Treasurer**
- 4.5 Tax Expenditures**

4.1 INTRODUCTION

The term Recurrent Budget refers to the recurrent expenditure and revenue of the inner Budget sector, defined as being those organisations funded by the Consolidated Fund to the extent of 50 per cent or more. While these organisations operate predominantly on the Consolidated Fund, some also have access to other sources of funds. These funds may be derived from revenues earned by the organisations and which are not required to be paid into the Consolidated Fund, or they may represent moneys paid out of Consolidated Fund in earlier periods or through other organisations' votes.

Sections 4.2 and 4.3 of this Chapter deal with the recurrent revenues and payments of the Consolidated Fund, which accounts for the major share of inner Budget sector transactions. Section 4.4 however brings together payments from the Consolidated Fund and other sources to show total expenditure on a functional basis.

Information on the revenues available to inner Budget sector organisations other than through the Consolidated Fund, is not available on a consistent basis although in the main these revenues consist of user charges (such as public hospital fees paid by private patients). The detailed program expenditure statements for each organisation in Budget Paper No. 3, however, provide an indication of the level of revenues not passing through the Consolidated Fund, but available to support those programs.

4.2 CONSOLIDATED FUND RECURRENT REVENUE

Introduction

Table 4.1 provides detail of Consolidated Fund recurrent revenue for 1988-89 and 1989-90 and shows changes between last year's actual revenue and this year's estimates. The table is supported by a later section commenting on the principal Consolidated Fund revenue items. To the extent possible, the 1988-89 figures shown in the following table have been adjusted to make them comparable with 1989-90.

Table 4.1: Consolidated Fund Recurrent Revenue

	Actual 1988-89	Estimates 1989-90	Change	
			Amount	Per cent
	\$m	\$m	\$m	
State Taxation				
Stamp Duties -				
Contracts and Conveyances.....	1,496.2	1,087.0	(-)409.2	(-)27.3
Insurance.....	187.7	210.0	+ 22.3	+ 11.9
Loan Securities.....	126.2	107.0	(-)19.2	(-)15.2
Share Transfers.....	143.6	150.0	+ 6.4	+ 4.5
Motor Vehicle Registration				
Certificates.....	182.0	203.0	+ 21.0	+ 11.5
Cheques.....	26.1	27.0	+ 0.9	+ 3.4
Financial Institutions Duty.....	212.9	248.0	+ 35.1	+ 16.5
Other.....	117.3	132.0	+ 14.7	+ 12.5
	2,492.0	2,164.0	(-)328.0	(-)13.2
Pay-roll Tax.....	2,052.2	2,282.0	+ 229.8	+ 11.2
Land Tax.....	497.3	668.0	+ 170.7	+ 34.3
Health Insurance Levies.....	41.0	43.0	+ 2.0	+ 5.0
Racing.....	266.1	301.3	+ 35.2	+ 13.2
Keno.....	—	25.0	+ 25.0	—
Poker Machine Tax.....	239.4	261.0	+ 21.6	+ 9.0
Motor Vehicle Taxation.....	675.3	768.4	+ 93.1	+ 13.8
Business Franchise Licences				
(Petroleum Products).....	241.0	430.5	+ 189.5	+ 78.7
Business Franchise Licences				
(Tobacco).....	203.8	265.0	+ 61.2	+ 30.0
Liquor Licences.....	188.4	205.3	+ 16.9	+ 8.9
Lotto.....	106.6	109.1	+ 2.5	+ 2.4
Approved Amusement Devices.....	27.2	18.9	(-)8.3	(-)30.4
Other.....	11.3	9.6	(-)1.7	(-)15.0
	4,549.6	5,387.1	+ 837.5	+ 18.4
Total State Taxation.....	7,041.6	7,551.1	+ 509.5	+ 7.2
Mining and Lands				
Mining.....	103.1	137.5	+ 34.4	+ 33.4
Lands.....	93.3	90.0	(-)3.3	(-)3.5
	196.5	227.5	+ 31.0	+ 15.8

Table 4.1: Consolidated Fund Recurrent Revenue (cont.)

	Actual 1988-89	Estimates 1989-90	Change	
			Amount	Per cent
	\$m	\$m	\$m	
Receipts for Services Rendered				
Business and Consumer Affairs.....	64.8	69.0	+ 4.2	+ 6.5
Health	78.0	73.1	(-)4.9	(-)6.3
Other	175.9	202.2	+ 26.3	+ 15.0
	318.7	344.3	+ 25.6	+ 8.0
State Instrumentalities Contributions				
State Bank	55.5	55.9	+ 0.4	+ 0.7
Government Insurance Office	106.0	94.5	(-)11.5	(-)10.8
Maritime Services Board	16.5	15.5	(-)1.0	(-)6.1
Other	83.3	187.8	+ 104.5	+ 125.4
	261.4	353.7	+ 92.3	+ 35.3
State Lotteries	60.8	59.6	(-)1.2	(-)2.0
Other Receipts				
Fines and Forfeitures	122.2	124.3	+ 2.1	+ 1.7
Unclaimed Moneys	14.8	7.0	(-)7.8	(-)52.7
Interest.....	213.3	212.5	(-)0.8	(-)0.4
Repayments - Previous years' votes	29.3	114.3	+ 85.0	+ 290.1
Recoupment by Commonwealth - Administration Expenses of Migrant Education	21.4	23.2	+ 1.8	+ 8.4
Principal Repayments in respect of Loans made under Natural Disaster Relief Schemes	13.5	13.0	(-)0.5	(-)3.7
First Home Purchase Scheme - Payments of Deferred Stamp Duty	24.6	25.2	+ 0.6	+ 2.3
Collections from prison industries..	10.2	13.1	+ 2.9	+ 28.4
Other	256.8	232.0	(-)24.8	(-)9.7
	706.1	764.6	+ 58.5	+ 8.3
Sub-total - Non Taxation Receipts	1,543.5	1,749.7	+ 206.2	+ 13.4

Table 4.1: Consolidated Fund Recurrent Revenue (cont.)

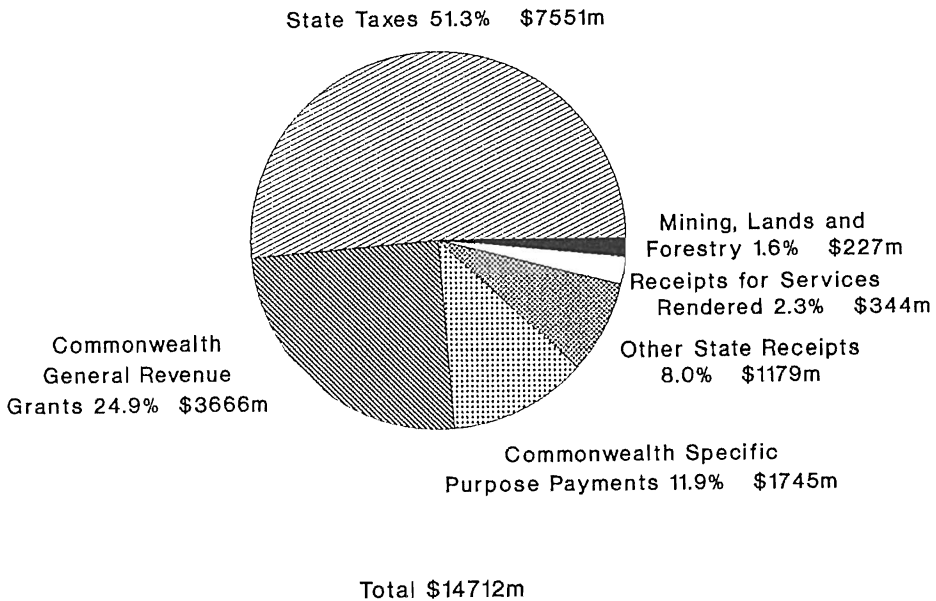
	Actual 1988-89	Estimates 1989-90	Change	
			Amount	Per cent
	\$m	\$m	\$m	
Commonwealth General Revenue Grants				
Financial Assistance Grant	3,665.1	3,666.1	+ 1.0	—
Special Revenue Assistance	12.4	—	(-)12.4	(-)100.0
	3,677.5	3,666.1	(-)11.4	(-)0.3
Commonwealth Payments for Specific Recurrent Purposes				
Schools	236.4	261.4	+ 25.0	+ 10.6
Technical and Further Education ...	43.7	47.0	+ 3.3	+ 7.6
Hospital Funding Grant	1,085.3	1,185.7	+ 100.4	+ 9.3
Medicare/Waiting List Reductions .	10.0	—	(-)10.0	(-)100.0
Home and Community Care	94.0	86.3	(-)7.7	(-)8.2
Supported Accommodation Assistance	18.2	27.1	+ 8.9	+ 48.9
Legal Aid	28.7	29.1	+ 0.4	+ 1.4
Mortgage and Rent Relief	9.3	15.8	+ 6.5	+ 69.9
Natural Disaster Relief	25.4	2.0	(-)23.4	(-)92.1
Rural Adjustment Scheme	14.7	16.1	+ 1.4	+ 9.5
Other	52.3	75.0	+ 22.7	+ 43.4
	1,618.0	1,745.5	+ 127.5	+ 7.9
Sub-total - Commonwealth Payments	5,295.5	5,411.6	+ 116.1	+ 2.2
TOTAL, RECURRENT REVENUE	13,880.6	14,712.4	+ 831.8	+ 6.0

1989-90 Estimates

Estimated Consolidated Fund recurrent revenue in 1989-90 is \$14,712 million, an increase of \$832 million or 6.0 per cent on the adjusted 1988-89 figures.

Approximately 37 per cent of budgeted revenue will be in the form of general or specific purpose payments from the Commonwealth, with the other 63 per cent coming from taxation revenue and other State sources.

Figure 4.1
RECURRENT BUDGET RECEIPTS, 1989-90



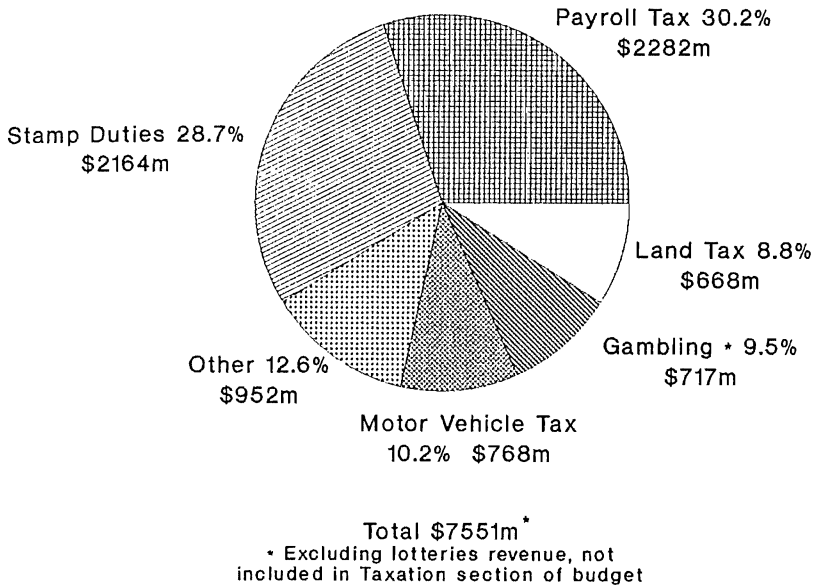
The relativity between revenue from the Commonwealth and that from State sources has been changing over time, reflecting both Commonwealth funding cuts and the impact of economic conditions on the State's revenue. This trend is demonstrated in Table 4.2.

Table 4.2: Recurrent Revenue – Major Categories

CATEGORY	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
	\$m	\$m	\$m	\$m	\$m	\$m
State-sourced –						
Taxation	3,917	4,418	5,010	6,025	7,042	7,551
Mining and Lands	164	162	184	172	197	228
Receipts for Services Rendered	246	249	286	318	319	344
Other	621	690	686	841	1,027	1,178
Total, State-sourced	<u>4,948</u>	<u>5,519</u>	<u>6,166</u>	<u>7,356</u>	<u>8,585</u>	<u>9,301</u>
Commonwealth-sourced –						
General Revenue Grants	2,699	3,013	3,350	3,595	3,678	3,666
Specific Purpose Payments	1,176	1,413	1,495	1,579	1,618	1,746
Total, Commonwealth-sourced	<u>3,875</u>	<u>4,426</u>	<u>4,845</u>	<u>5,174</u>	<u>5,296</u>	<u>5,412</u>
TOTAL, RECURRENT RECEIPTS	<u>8,824</u>	<u>9,945</u>	<u>11,011</u>	<u>12,530</u>	<u>13,881</u>	<u>14,713</u>
	%	%	%	%	%	%
State-sourced –						
Taxation	44.4	44.4	45.5	48.1	50.7	51.3
Mining and Lands	1.9	1.6	1.7	1.4	1.4	1.6
Receipts for Services Rendered	2.8	2.5	2.6	2.5	2.3	2.3
Other	7.0	6.9	6.2	6.7	7.4	8.0
Total, State-sourced	<u>56.1</u>	<u>55.5</u>	<u>56.0</u>	<u>58.7</u>	<u>61.8</u>	<u>63.2</u>
Commonwealth-sourced –						
General Revenue Grants	30.6	30.3	30.4	28.7	26.5	24.9
Specific Purpose Payments	13.3	14.2	13.6	12.6	11.7	11.9
Total, Commonwealth-sourced	<u>43.9</u>	<u>44.5</u>	<u>44.0</u>	<u>41.3</u>	<u>38.2</u>	<u>36.8</u>
TOTAL, RECURRENT RECEIPTS	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Within State-sourced revenue, the strongest growth has been in the taxation area, reflecting the impact of strong economic growth and (until recently) generally buoyant conditions in the real estate and share markets.

Figure 4.2
STATE TAX RECEIPTS, 1989-90

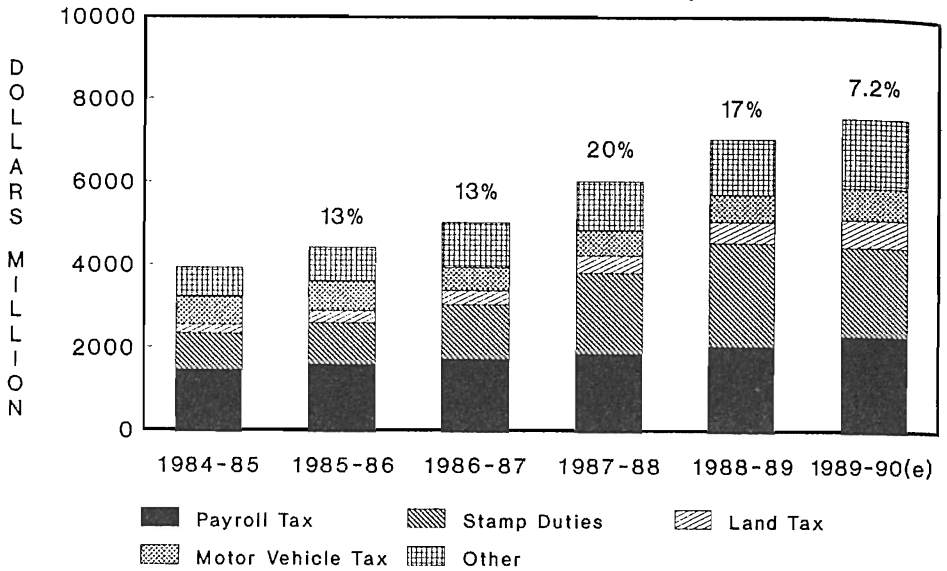


The principal items contributing to the State's recurrent revenues are commented on in the following sections -

TAXATION

The two major sources of taxation are pay-roll tax and stamp duties, together contributing 70 per cent of the State's tax collections. While pay-roll tax is a relatively stable tax, the total stamp duties collected varies significantly from year to year as its components are affected by various business cycles. In recent years, the strong growth in stamp duty collections has been mainly attributable to the share market boom (until October 1987) and the real estate boom (until late 1988).

Figure 4.3
TAXATION RECEIPTS
 (Percentage change on previous year)



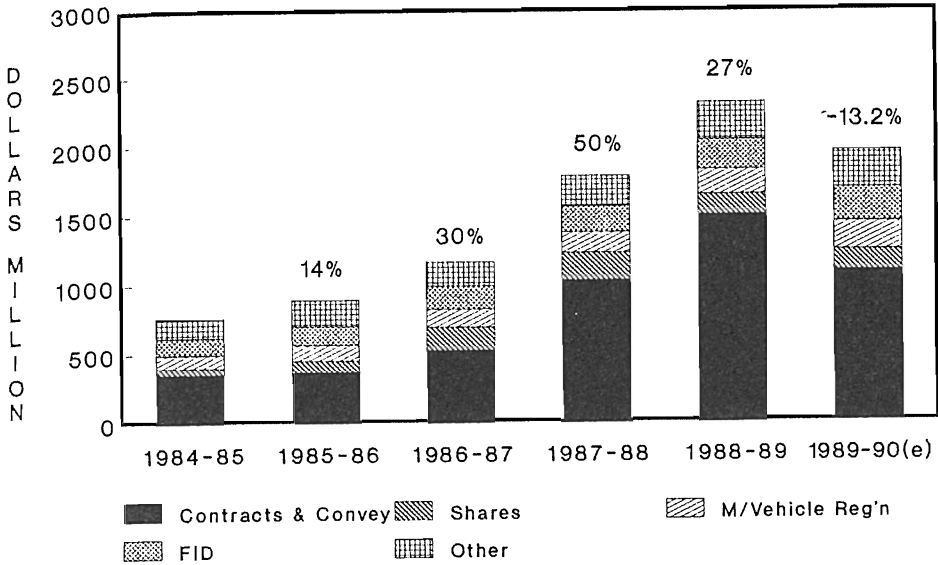
Details of the bases, rates and concessions for the principal tax items are shown in Table 4.3 at the end of this section.

Stamp Duties - Estimate \$2,163.8 million. Decrease 13.2 per cent.

The main components are as follows -

	1988-89 Actual \$m	1989-90 Estimate \$m	Change %
Contracts and Conveyances	1,496.2	1,087.0	(-) 27.3
Insurance	187.7	210.0	+ 11.9
Loan Securities	126.2	107.0	(-) 15.2
Share Transfers	143.6	150.0	+ 4.5
Motor Vehicle Registration Certificates	182.0	203.0	+ 11.5
Financial Institutions Duty	212.9	248.0	+ 16.5
Leases	46.0	53.0	+ 15.2
Other	6.4	105.8	+ 9.1
	<u>2,491.5</u>	<u>2,163.8</u>	<u>(-) 13.2</u>

Figure 4.4
STAMP DUTY RECEIPTS
 (Percentage change on previous year)



• **Contracts and Conveyances**

The first half of 1988-89 was characterised by record levels of monthly revenues, associated with the property boom in general, and the Sydney Central Business District and residential markets in particular. The latter half of the year was severely affected by the sharp increases in interest rates (particularly in domestic mortgages) which caused collections to fall heavily.

The 1989-90 estimate assumes subdued property market activity due to a continuation of high interest rates until at least the end of calendar 1989, with some resurgence of real estate demand (although at a level well below that of calendar 1988) occurring in the later months of the financial year as interest rates ease.

A concession scheme operates whereby eligible persons are able to defer duty on first home purchases up to a specified value. Since June 1988, this value has been \$125,000. Deferred duty under this scheme is payable by 5 annual instalments on an interest-free basis. The total amount of duty to be deferred in 1989-90 is expected to be approximately \$25 million.

• **Loan Securities**

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

The very strong growth in revenue in 1988-89 was largely associated with the real estate boom.

The 1989-90 estimate is based on the assumption of interest rates remaining high at least until the end of 1989, with resultant diminished demand in the real estate market (particularly the residential sector).

- **Shares**

The low level of collections from stamp duty on share transfers in 1988-89 was largely a function of the reduced level of activity in the share market since the October 1987 crash.

The 1989-90 forecast assumes a marginal increase over last year's collections, based on a higher share price level but with trading volumes remaining subdued.

- **Financial Institutions Duty**

The estimate shown for 1989-90 reflects both an expected continuation of the strong growth shown in 1988-89 and the decision to increase (from \$300 to \$600) the maximum duty payable on any single transaction. This increase takes effect from 1 December 1989.

- **Motor Vehicles**

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

The 1989-90 estimate assumes a modest increase in the number of new vehicle registrations, partly as a result of general growth in the economy and partly flowing from the meeting of backlog orders associated with strong demand in the latter part of 1988-89.

Pay-roll Tax – Estimate \$2,282.0 million. Increase 11.2 per cent.

The projected increase in revenue reflects the Budget assumptions of employment and average weekly earnings growth for 1989-90 of approximately 2.0 per cent and 7.4 per cent respectively.

The estimate is also affected to an extent by the collection of a full 12 months' tax from Commonwealth authorities (principally Telecom and Australia Post) which became subject to pay-roll tax from 1 July 1988. Because pay-roll tax is payable in the month following the liability being incurred, only 11 months' collections were received from these authorities in 1988-89.

Land Tax – Estimate \$668.0 million. Increase 34.3 per cent.

For the 1990 land tax year (based on property held on 31 December 1989), the statutory exemption limit below which land tax is not payable is \$135,000.

The increase in estimated collections over 1988-89 reflects the forecast increases in market values of property in the main taxpaying categories as well as further improvements in the timing of issue of assessments by the Office of State Revenue (thus resulting in a greater proportion of the 1990 Land Tax Year revenue being received by 30 June 1990).

In addition, the tax yield will be influenced by the Commonwealth's decision to render a number of its business enterprises (particularly Telecom and Australia Post) liable to land tax. This move is expected to raise approximately \$7 million in 1989-90.

To encourage the increased supply of rental residential accommodation, investors in new rental projects are given a 5 year land tax "holiday". The cost of this measure introduced from the 1989 Land Tax Year, is estimated at \$0.8 million in 1989-90 and \$2 million when fully operational.

In addition, to encourage the availability of low cost accommodation, owners of metropolitan boarding houses will be exempt from land tax from the 1990 Land Tax Year. The cost of this measure is estimated to be \$1 million in 1989-90 and \$2 million in a full year.

Taxes on Motor Vehicle Ownership and Operation – Estimate \$768.4 million. Increase 13.8 per cent.

This is a new grouping of taxes for the Budget presentation, representing the first stage of a process of re-classifying State taxes according to international conventions for categorising public sector taxation.

The group comprises –

- motor vehicle "weight" tax and related items;
- driver's and rider's licence fees; and
- motor vehicle registration fees.

The first component is being passed through the Consolidated Fund for the first time, reflecting the formation of the Roads and Traffic Authority and its classification as an inner Budget sector organisation. This component is fully dedicated to the roads program.

The increase shown for this group overall relates largely to the second category – driver's and rider's licences – and reflects the first full year of the new photographic licence scheme.

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

Health Insurance Levies – Estimate \$43.0 million. Increase 5.0 per cent.

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

Racing – Estimate \$301.3 million. Increase 13.2 per cent.

The strong growth forecast for this item continues the pattern experienced in 1988-89. The major part of the increase is expected to be derived from off-course totalisator operations, reflecting continued growth in patronage as well as the impact of "Sky Channel" telecasts of race meetings.

Poker Machine Tax – Estimate \$261.0 million. Increase 9.0 per cent.

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

Approved Amusement Devices – Estimate \$18.9 million. Decrease 30.4 per cent.

The decrease shown for this item results from changes in the licensing system.

Annual licence duty has in the past, been paid by hoteliers on a per machine basis (site fee). The basic duty has been \$4,000 per machine per annum with a reduction applying in respect of the first machine purchased by smaller hotels.

From 1 October 1989 the duty will be assessed on a turnover basis with the rate of duty being –

- 3% on the first \$2 million of turnover per hotel;
- 4% on any turnover in excess of \$2 million.

The duty will be payable quarterly with the first payment being made during January 1990.

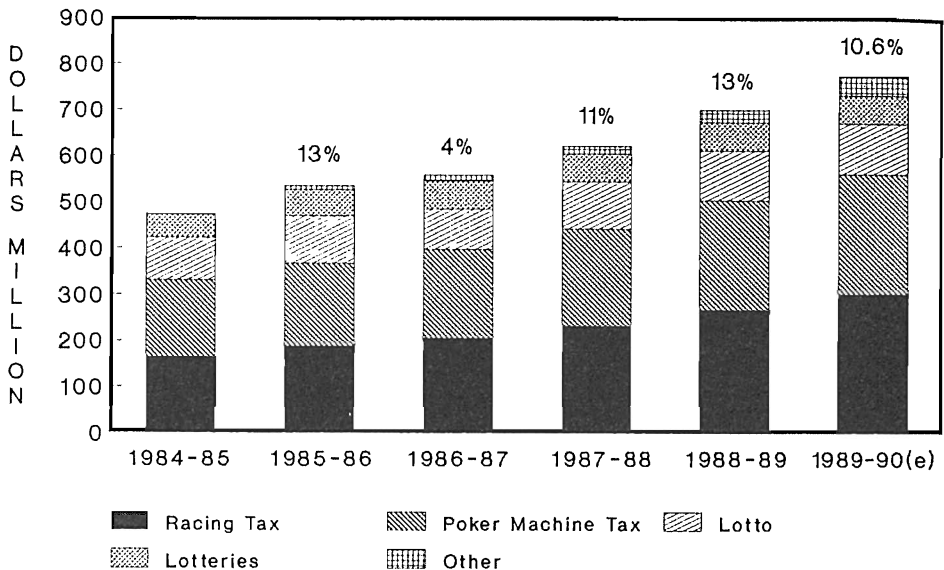
It is estimated that in a full year, the Government will earn \$55 million from this source. However, during 1989-90 only two quarterly instalments will be made. In addition, hoteliers will receive a credit for payments made in advance under the existing "site fee" scheme.

Keno – Estimate \$25.0 million.

The estimate of \$25 million for 1989-90 from the introduction of the game Keno in registered clubs is based on an anticipated commencement date of 1 March 1990. Full year revenue is forecast to be in the order of \$100 million.

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

Figure 4.5
GAMBLING REVENUE
(Percentage change on previous year)



Business Franchise Licences (Petroleum Products) – Estimate \$430.5 million. Increase 78.7 per cent.

The 1989-90 estimate includes \$184 million raised from the temporary 3-year levy of 3 cents/litre introduced to provide a substantial upgrading to the State's road system. Over the 3-year period, approximately \$600 million will be raised under this initiative. As from 1 July 1989 the total amount raised from petroleum licence fees is dedicated to the roads program.

Business Franchise Licences (Tobacco) – Estimate \$265.0 million. Increase 30.0 per cent.

The strong growth in this item for 1989-90 largely reflects the increase from 30 to 35 per cent in the rate of duty payable by licence holders (effective from 28 August 1989) and the full year effect of the increased revenues following the introduction of a 30 per cent tobacco duty in Queensland (from 1 January 1989), which substantially removed the opportunities for evasion/avoidance of the New South Wales duty.

Liquor Licences – Estimate \$205.3 million. Increase 8.9 per cent.

The estimate is based upon forecast liquor purchases by licensees during the calendar year 1989. Licence fees are based on calendar year purchases and are payable in instalments in the following six month period.

Lotto – Estimate \$109.1 million. Increase 2.4 per cent.

With the State Lotteries Office moving "off-Budget" from 1 July 1989, revenue paid into Consolidated Fund from this source now reflects the net position after deducting the Office's costs incurred in Lotto operations.

On a comparable basis of presentation with last year, net revenue in 1989-90 is projected to increase slightly above the level of 1988-89.

MINING AND LANDS

Mining – Estimate \$137.5 million. Increase 33.3 per cent.

The increase shown reflects the impact of the cessation of the temporary further reduction in the base royalty rate for coal. The estimate assumes a modest increase in sales of coal in 1988-89.

Lands Revenue – Estimate \$90.0 million. Decrease 3.6 per cent.

The estimate for this category reflects the expectation of a slight fall in revenues from home site sales, plus a decrease in receipts from other Crown land sales following a number of large "one-off" sales in 1988-89.

RECEIPTS FOR SERVICES RENDERED

This category represents a large number of items covering a variety of revenues earned from the provision of departmental services.

With the progressive establishment by departments of "working accounts" to record the operations of commercialised activities, there has been a diminution in recent years of the amount of revenue reflected under this heading. (A comparable decrease in Consolidated Fund expenditures has occurred concurrently.)

Court Fees – Estimate \$27.2 million. Increase 17.5 per cent.

Fees are charged up front for Court services based on the filing of legal processes such as Statements of Claim and Praecipes for Trial and on applications for various orders such as the execution of writs and warrants.

The "Report on a Review of the New South Wales Court System" recommended, among other things, that a study should be conducted of the fees currently charged with a view to developing a cost related basis for recoveries which more closely related to the quantum of the service provided. The Attorney General's Department is currently reviewing all court fees on this basis.

Allowance has been made at this stage for a 15 per cent increase in all Court fees from 1 January 1990, pending final decisions being taken on appropriate future charges to apply for this purpose.

Corporate Affairs Fees – Estimate \$69.0 million. Increase 6.5 per cent.

This item represents fees charged by Business and Consumer Affairs for company registration, registration of business names, lodgement fees for annual returns, etc.

TAFE Revenues – Estimate \$50.6 million. Increase 75.8 per cent.

This item consists of two principal components – revenue earned from the provision of specific courses on behalf of the Commonwealth; and the administration charge first introduced in 1989.

Revenue from the administration charge is available to the TAFE area to fund enhancements, including growth in enrolment numbers and the operating costs of new TAFE colleges. Revenue is initially credited to a Special Deposits Account and only transferred to the Consolidated Fund as the cost of the enhancements arises.

As this charge only operated from the 1989 college year, limited enhancement costs applied in 1988-89. Transfers to the Consolidated Fund in 1989-90 will be in the order of \$27.4 million. This also reflects the increase in the charge to \$120 for the 1990 college year.

STATE INSTRUMENTALITIES CONTRIBUTIONS – Estimate \$353.7 million. Increase 35.3 per cent.

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

Payments from the GIO and the State Bank will total \$150.4 million in 1989-90 (down 6.9 per cent on last year) reflecting projected profits and tax and dividend receipts. Contributions from other authorities are forecast to be \$165.7 million (up 88.6 per cent on last year), the increase being mainly due to a large initial dividend to be received from the Sydney Cove Redevelopment Authority. The capacity of other commercial organisations previously funded from the Consolidated Fund to pay a dividend will reflect in future years' estimates.

STATE LOTTERIES – Estimate \$59.6 million. Decrease 2.0 per cent.

As with Lotto, Consolidated Fund revenue from this source now (from 1 July 1989) reflects the net return to the State after allowing for the cost of operations by the State Lotteries Office.

OTHER RECEIPTS – Estimate \$764.6 million. Increase 8.3 per cent.

The main items comprise –

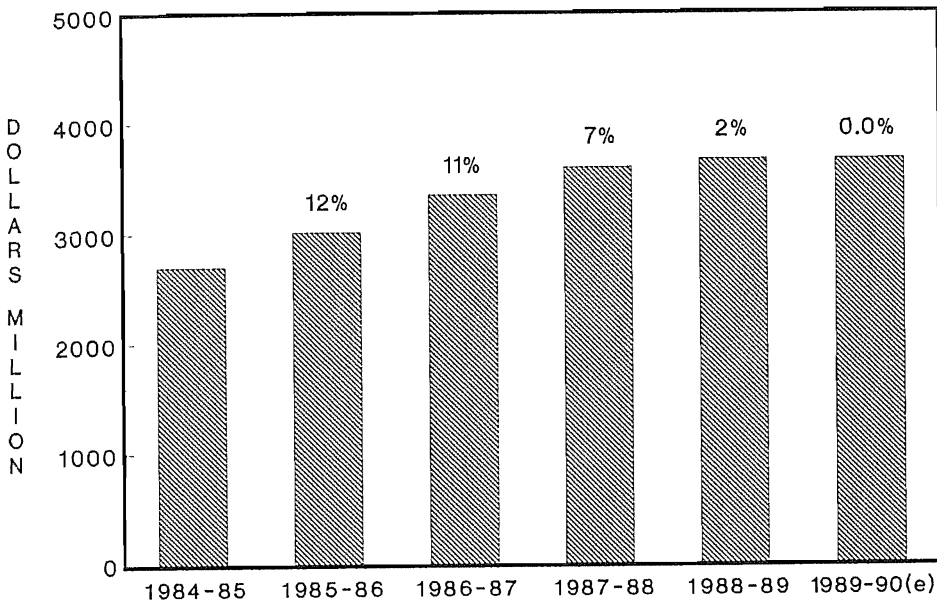
- Interest – decrease of \$0.8 million or 0.4 per cent. The major component of this item is Interest on Term Deposits and the Treasurer's Bank Accounts. While cash balances available for investment and market interest rates are expected to fall in the second half of the year, the total interest earnings over the year are expected to be largely in line with 1988-89. Last year's revenue was also boosted by a receipt of \$9.7 million from the Darling Harbour Authority in respect of an advance from Consolidated Fund in 1987-88.
- Fines and Forfeitures – increase of \$2.1 million or 1.7 per cent. Transport and traffic fines, comprising \$113.4 million are the largest component of this item. Revenue in 1988-89 was boosted to some extent by the campaign of licence cancellation where outstanding fines remained unpaid.
- First Home Purchase – Stamp Duty Deferred Payment Scheme – increase of \$0.6 million. The estimate of \$25.2 million represents the repayments of annual instalments of duty deferred for eligible first home purchasers.

COMMONWEALTH GENERAL REVENUE GRANTS

Financial Assistance Grant – Estimate \$3,666.1 million. Nil percentage increase on 1988-89.

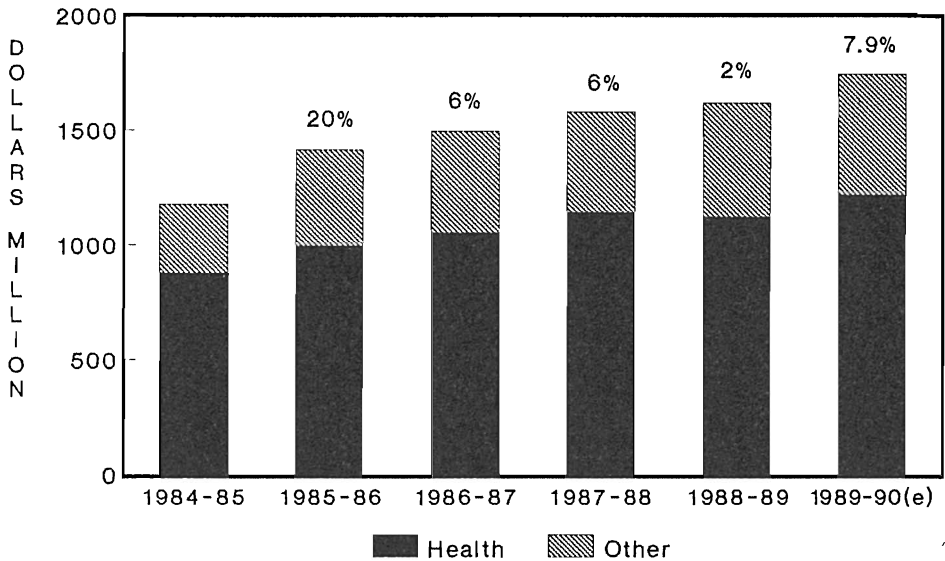
The lack of any increase in the Financial assistance Grant to be paid to New South Wales in 1989-90 reflects (i) the decrease in real terms in the size of the "pool" available for distribution to the States and Northern Territory; (ii) the cut in the New South Wales share of the pool as a result of the recommendations of the Commonwealth Grants Commission; and (iii) the reductions made by the Commonwealth as an offset to its decision to make certain of its authorities (particularly Telecom and Australia Post) liable for a range of State taxes.

Figure 4.6
COMMONWEALTH FINANCIAL ASSISTANCE GRANTS
(Percentage change on previous year)



COMMONWEALTH PAYMENTS FOR SPECIFIC RECURRENT PURPOSES – Estimate
\$1,745.5 million. Increase 7.9 per cent.

Figure 4.7
COMMONWEALTH SPECIFIC PURPOSE PAYMENTS
(Percentage change on previous year)



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

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

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

The principal recurrent specific purpose payments relate to health and education. Full details of all Commonwealth payments to New South Wales are shown in Budget Paper No. 4.

Table 4.3: Principal Rates of Tax

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

Tax Item	Base	Rates	Major Exemptions/Concessions
Pay-roll Tax	Total pay-roll (as defined) Rates shown effective 1 January 1989	Up to \$432,000 p.a. \$432,001 to \$1,512,000 \$1,512,000 to \$2,268,000 Over \$2,268,000	Local government (except trading undertakings). Charitable institutions, religious bodies, non- profit private health and educational facilities.
Stamp Duty - Contracts and conveyances	Transfer of real property, chattels, and associated goodwill	Up to \$14,000 \$14,001 to \$30,000 \$30,001 to \$80,000 \$80,001 to \$300,000	Transfer to joint ownership between spouses and transfer to sole ownership for divorcees of principal place of residence. Eligible first home purchasers able to defer duty and pay over 5 years.
		- nil - 7% of amount in excess of \$432,000 - \$75,600 plus 8% of amount in excess of \$1,512,000 - \$136,080 plus 6% of amount in excess of \$2,268,000	
		- \$1.25 per \$100 (minimum duty \$10) - \$175 plus \$1.50 per \$100 of amount in excess of \$14,000 - \$415 plus \$1.75 per \$100 of amount in excess of \$30,000 - \$1,290 plus \$3.50 per \$100 of amount in excess of \$80,000	

Table 4.3: Principal Rates of Tax (cont)

Tax Item	Base	Rates	Major Exemptions/Concessions
Mortgages and Loan Securities	Sum secured	\$300,001 to \$1,000,000 - \$8,990 plus \$4.50 per \$100 of amount in excess of \$300,000 Over \$1,000,000 - \$40,490 plus \$5.50 per \$100 of amount in excess of \$1,000,000	Duty waived on mortgages for eligible first home purchases.
	Sum insured	\$500 to \$15,000 - \$5 Over \$15,000 - \$5 plus 40c per \$100 of amount in excess of \$15,000	
Insurance - Life	Sum insured	\$100 to \$2,000 - 10c per \$200 Over \$2,000 - \$1 plus 20c per \$200	Annuities are exempt.
	Sum insured	7c per \$100 subject to maximum duty not exceeding 25% of premium	
Cheques	Per cheque	10c	Religious and charitable institutions.
FID	Receipts (credits) of financial institutions	0.03% subject to maximum duty of \$300 (\$600 from 1 December 1989) in respect of any one transaction	Concessional rate for short term money market dealers. Directly credited Commonwealth social security payments.

Table 4.3: Principal Rates of Tax (cont)

Major Exemptions/Concessions

Tax Item	Base	Rates	Major Exemptions/Concessions
Motor Vehicle Registration	Value of vehicle being newly registered or transferred	\$2 per \$100	
Share Transfers	Value of shares transferred	7c per \$25 up to \$100 and 30c per \$100 thereafter payable by buyer and seller	
Leases	Value of lease of land or premises	35c per \$100	Residential (5A) leases exempt.
Hiring Arrangements	Amount charged (includes motor vehicle leases)	Up to \$6,000 p.a Over \$6,000 p.a	- nil - 1.5% subject to maximum duty of \$10,000
Land Tax	Adjusted land values Rates shown effective 1 January 1989	Up to \$135,000 Over \$135,000	- nil - \$100 plus 2% of amount in excess of \$135,000 Principal place of residence exempt. Rural land generally exempt. Religious, charitable and education land exempt. Five year 'tax holiday' for investors in new rental projects. Exemption for metropolitan boarding houses as from 1990 Land Tax Year.
Health Insurance Levy	Contributions to health insurance funds	Equivalent to 44 per contribution	
Liquor Licences	Expenditure on liquor in preceding year	10% of amount expended	

Table 4.3: Principal Rates of Tax (cont)

Tax Item	Base	Rates	Major Exemptions/Concessions
Business Franchise Licences - Petrol	Retailer purchase of petrol Wholesaler purchase of petrol	Nil if all purchases are from licensed wholesalers - otherwise \$10 per month \$10 per month plus - 15.5% of declared value (44.02 c/litre) of motor spirit - 27.7% of declared value (25.5 c/litre) of diesel fuel sold for on-road purposes only	Off-road use of diesel fuel is generally exempt.
Tobacco	Retailer purchase of tobacco from unlicensed sources Wholesaler purchase of tobacco from unlicensed sources	Fixed \$10 per month plus 35% of purchases from unlicensed sources Fixed \$10 per month plus 35% of value of sales (except to other licensees)	
Racing Tax - Bookmakers Totalisator	Value of bets Value of bets	1% of turnover Off-course On-course	- 6.5% to 8% depending on type of bet - 8% to 9.5% depending on type of bet Rates 3% lower in respect of smaller racecourses.
Poker Machines	Number and type of machine and net revenue	Tax per machine ranging from \$100 p.a. to \$2,500 p.a. depending on type (denomination) and total number owned by club. Supplementary and additional supplementary tax based on club's net revenue.	

Table 4.3: Principal Rates of Tax (cont)

Tax Item	Base	Rates	Major Exemptions/Concessions
Approved Amusement Devices	Turnover on machines per hotel (effective 1 October 1989)	3% on first \$2 million turnover p.a per hotel. 4% on turnover in excess of \$2 million	For 1989-90, a rebate will be made for payments made in advance under the prior licensing scheme.
Motor Vehicle Tax	Weight and type of motor vehicle and whether the vehicle is for private or non-private use	<p>Motor cycles: \$28.35</p> <p>Motor vehicles (not exceeding 2,500 kg): \$92.85 - \$293.45</p> <p>Motor vehicles (exceeding 2,500 kg and not exceeding 7,100 kg) not being for private use or a motor omnibus: \$499.60 - \$1,413.80</p> <p>Motor vehicles exceeding 7,110 kg: \$1,413.80 + \$51.15 for each 254 kg or part thereof over 7,110 kg</p> <p>60% of relevant rate above</p>	Pensioners, State Government and Declared Authorities, local councils, primary producers, mobile plant, trailers.
	Rates shown effective 1 July 1988		
		<p>Buses/private-use vehicles over 2,500 kg: 50% of relevant rate above</p> <p>Primary Producers vehicle being a motor lorry (not a station wagon), tractor or trailer:</p>	

Table 4.3: Principal Rates of Tax (cont)

Tax Item	Base	Rates	Major Exemptions/Concessions
Tractors - not primary producer's vehicle:			shall not exceed \$499.60
- primary producer's vehicle:			shall not exceed \$284.65
Additional Tax - vehicles over 3,560 kg not used for private purposes:			\$115.85 (motor vehicle) \$ 69.50 (motor omnibus)

4.3 CONSOLIDATED FUND RECURRENT PAYMENTS

Introduction

Consolidated Fund recurrent spending in 1989-90 will increase by 7.0 per cent to \$13,495 million. This represents a real decline of 0.5 per cent as measured against the forecast CPI.

This decline is in contrast with the general experience of recent years as indicated in Table 4.4.

Table 4.4: Recurrent Expenditure, 1984-85 to 1988-89

		1984-85	1985-86	1986-87	1987-88	1988-89
Recurrent expenditure	\$m	8,648	9,659	10,707	11,718	12,615
Growth in recurrent expenditure	%		11.7	10.8	9.4	7.7
Real growth in recurrent expenditure	%		3.0	1.4	2.0	0.3
Recurrent expenditure as % of GSP		11.8	11.8	11.8	11.4	10.9

Forward Estimates

Following the 1988-89 Budget, a review was undertaken of the procedures involved in formulating the State Budget.

As a result, an extensive range of changes was introduced under the general title of "target and global budgeting". The major changes in the Budget process are:

- the integration of forward estimates into the Budget cycle;
- greater flexibility for Ministers in allocating expenditure within their portfolios;
- a revised and formalised process of assessing "enhancement" proposals (i.e. proposals for new or increased services involving additional expenditure);
- a targeted approach to identification and assessment of "portfolio savings" (i.e. savings from the elimination or reduction of lower priority activities);
- a facility for Ministers to seek to "borrow" from following years' allocations or "lend" forward to following years up to 2 per cent of their allocations.

The key aspect of the changes is the preparation and publication on a rolling three year basis of forward estimates for recurrent expenditure. These estimates provide a medium term budget perspective and benchmark against which the Government can assess specific proposals as well as the general direction of its expenditure. The first set of forward estimates, covering the period 1989-90 to 1991-92, was released in a Treasury document on 1 August 1989 in conjunction with the Treasurer's Financial Statement of the same date.

Based on the forward estimates, the Government's commitment to zero real growth in recurrent expenditure is fully met over the period to 1991-92. Between 1988-89 and 1991-92, real recurrent expenditure is forecast to decline by 1.7 per cent. In summary the projections are as follows -

Table 4.5: Summary of the Forward Estimates

		1988-89	1989-90	1990-91	1991-92
		Actual	Budget	Forward Estimates	
Recurrent expenditure	\$m	12,615	13,495	14,142	14,848
Growth in recurrent expenditure	%	7.7	7.0	4.8	5.0
Real growth in recurrent expenditure	%	0.3	(-) 0.5	(-) 1.2	...
Recurrent expenditure as % of GSP		10.9	10.5	10.0	9.6

Relative to the State economy, recurrent expenditure is projected to decline as a proportion of Gross State Product from 10.9 per cent in 1988-89 to 9.6 per cent in 1991-92.

The forward estimates, as updated to reflect changes made since the 1 August publication, are shown by portfolio, organisation and expenditure category in Table 4.6.

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89	1989-90		1990-91		1991-92	
	ACTUAL \$m	\$m	% change	\$m	% change	\$m	% change

THE LEGISLATURE

	50.6	54.0	6.9	55.7	3.1	58.1	4.3
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TOTAL FOR MINISTER

	50.6	54.0	6.9	55.7	3.1	58.1	4.3
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ESTIMATES BY EXPENDITURE CATEGORY :-

Employee Related Payments	14.5	16.6	15.1	17.2	3.6	18.1	4.8
Maintenance and Working Expenses	12.3	12.4	1.2	12.8	3.0	13.5	5.6
Grants and Subsidies	0.0	0.0		0.0		0.0	
Other Expenses	23.8	25.0	4.8	25.7	2.9	26.6	3.5

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89	1989-90		1990-91		1991-92	
	ACTUAL \$m	\$m	% change	\$m	% change	\$m	% change
PREMIER, TREASURER AND MINISTER FOR ETHNIC AFFAIRS							
CABINET OFFICE	4.7	6.3	35.9	6.7	5.3	7.0	5.0
PREMIER'S DEPARTMENT	70.2	73.5	4.6	75.0	2.0	82.2	9.7
INDEPENDENT COMMISSION AGAINST CORRUPTION	2.9	14.5	402.3	11.8	-18.7	12.8	9.2
OMBUDSMAN'S OFFICE	3.4	4.2	21.4	4.1	-1.2	4.3	3.5
STATE ELECTORAL OFFICE	7.6	3.5	-53.7	2.6	-26.8	22.9	789.1
TREASURY	1,115.9	977.1	-12.4	965.1	-1.2	958.1	-0.7
ETHNIC AFFAIRS COMMISSION	6.7	6.4	-3.4	6.7	4.9	7.0	4.1
TOTAL FOR MINISTER	1,211.3	1,085.5	-10.4	1,071.9	-1.3	1,094.4	2.1
=====							
ESTIMATES BY EXPENDITURE CATEGORY :-							
Employee Related Payments	70.1	69.8	-0.4	72.9	4.4	76.1	4.5
Maintenance and Working Expenses	35.1	42.6	21.1	42.4	-0.4	44.1	4.0
Grants and Subsidies	3.3	2.9	-10.9	3.0	3.9	3.1	3.3
Other Expenses	1,102.8	970.2	-12.0	953.6	-1.7	971.1	1.8

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89	1989-90		1990-91		1991-92	
	ACTUAL \$m	\$m	% change	\$m	% change	\$m	% change
MINISTER FOR ADMINISTRATIVE SERVICES							
DEPARTMENT OF ADMINISTRATIVE SERVICES	34.7	47.6	37.2	42.8	-10.0	43.8	2.2
TOTAL FOR MINISTER	34.7	47.6	37.2	42.8	-10.0	43.8	2.2
=====							
ESTIMATES BY EXPENDITURE CATEGORY :-							
Employee Related Payments	6.2	8.0	28.6	8.1	0.8	8.0	-0.4
Maintenance and Working Expenses	5.4	7.0	31.2	6.1	-12.6	6.2	0.3
Grants and Subsidies	0.0	0.0	-10.9	0.0	3.9	0.0	3.3
Other Expenses	23.1	32.5	40.8	28.6	-12.0	29.6	3.4

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89 ACTUAL \$m	1989-90		1990-91		1991-92	
		\$m	% change	\$m	% change	\$m	% change
MINISTER FOR AGRICULTURE AND RURAL AFFAIRS							
RURAL ASSISTANCE AUTHORITY	20.5	23.6	15.4	29.5	24.6	33.8	14.8
DEPARTMENT OF AGRICULTURE AND FISHERIES	150.9	167.6	11.0	188.4	12.4	198.2	5.2
SOIL CONSERVATION SERVICE	25.0	26.3	4.9	27.5	4.7	28.5	3.7
TOTAL FOR MINISTER	196.5	217.5	10.7	245.4	12.8	260.5	6.2
ESTIMATES BY EXPENDITURE CATEGORY :-							
Employee Related Payments	124.2	135.2	8.8	141.4	4.6	147.0	3.9
Maintenance and Working Expenses	50.4	55.3	9.6	57.5	3.9	59.5	3.5
Grants and Subsidies	3.8	4.6	19.7	5.3	16.3	5.3	0.0
Other Expenses	18.0	22.4	24.7	41.2	83.7	48.8	18.4

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89	1989-90		1990-91		1991-92	
	ACTUAL \$m	\$m	% change	\$m	% change	\$m	% change
ATTORNEY GENERAL							
ATTORNEY GENERAL'S DEPARTMENT	204.0	230.5	13.0	242.9	5.4	252.0	3.7
JUDICIAL COMMISSION	1.1	1.5	31.5	1.6	4.8	1.6	3.8
LEGAL AID COMMISSION	46.5	47.2	1.5	45.9	-2.7	44.4	-3.2
OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS	21.8	24.7	13.4	25.9	4.8	26.9	3.7
TOTAL FOR MINISTER	273.4	303.9	11.2	316.2	4.0	324.9	2.7
=====							
ESTIMATES BY EXPENDITURE CATEGORY :-							
Employee Related Payments	138.3	149.5	8.1	157.0	5.0	161.9	3.2
Maintenance and Working Expenses	44.9	50.3	12.0	52.3	4.1	54.4	4.0
Grants and Subsidies	0.0	0.0	19.7	0.0	16.3	0.0	0.0
Other Expenses	90.2	104.2	15.5	107.0	2.7	108.5	1.5

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89 ACTUAL		1989-90		1990-91		1991-92	
	\$m	% change	\$m	% change	\$m	% change	\$m	% change
MINISTER FOR BUSINESS AND CONSUMER AFFAIRS								
BUSINESS AND CONSUMER AFFAIRS	97.4		101.4	4.2	83.1	-18.1	84.6	1.8
TOTAL FOR MINISTER	97.4		101.4	4.2	83.1	-18.1	84.6	1.8
ESTIMATES BY EXPENDITURE CATEGORY :-								
Employee Related Payments	37.2		40.3	8.4	42.2	4.8	43.7	3.5
Maintenance and Working Expenses	16.3		18.4	13.1	15.1	-18.2	15.1	0.0
Grants and Subsidies	7.4		2.5	-66.1	1.0	-61.7	1.0	5.0
Other Expenses	36.5		40.3	10.2	24.9	-38.2	24.8	-0.1

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89	1989-90		1990-91		1991-92	
	ACTUAL \$m	\$m	% change	\$m	% change	\$m	% change
CHIEF SECRETARY AND MINISTER FOR TOURISM							
CHIEF SECRETARY'S DEPARTMENT	7.9	10.1	28.0	10.7	5.7	11.1	3.9
TOURISM COMMISSION	19.7	18.5	-5.6	19.2	3.7	19.9	3.3
TOTAL FOR MINISTER	27.5	28.6	4.0	29.9	4.4	30.9	3.5

ESTIMATES BY EXPENDITURE CATEGORY :-							
Employee Related Payments	11.0	14.0	26.9	14.9	6.2	15.5	3.8
Maintenance and Working Expenses	11.0	12.2	10.3	12.6	3.2	13.0	3.8
Grants and Subsidies	1.8	1.8	0.0	1.8	0.0	1.8	0.0
Other Expenses	3.7	0.7	-81.3	0.7	0.4	0.7	-0.3

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89	1989-90		1990-91		1991-92	
	ACTUAL \$m	\$m	% change	\$m	% change	\$m	% change
MINISTER FOR CORRECTIVE SERVICES							
DEPARTMENT OF CORRECTIVE SERVICES	192.0	213.3	11.1	226.8	6.3	237.0	4.5
TOTAL FOR MINISTER	192.0	213.3	11.1	226.8	6.3	237.0	4.5
=====							
ESTIMATES BY EXPENDITURE CATEGORY :-							
Employee Related Payments	142.3	157.4	10.6	166.9	6.1	174.5	4.5
Maintenance and Working Expenses	33.9	40.0	18.0	43.2	8.0	45.2	4.7
Grants and Subsidies	1.0	1.0	3.2	1.0	2.9	1.1	2.5
Other Expenses	15.0	14.9	-0.2	15.6	4.8	16.3	4.1

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89	1989-90		1990-91		1991-92	
	ACTUAL \$m	\$m	% change	\$m	% change	\$m	% change
MINISTER FOR EDUCATION AND YOUTH AFFAIRS							
MINISTRY OF EDUCATION AND YOUTH AFFAIRS	72.8	73.2	0.5	73.1	-0.1	75.9	3.8
DEPARTMENT OF EDUCATION	2,731.5	2,999.5	9.8	3,203.5	6.8	3,390.3	5.8
DEPARTMENT OF TECHNICAL AND FURTHER EDUCATION	608.4	683.3	12.3	735.9	7.7	778.4	5.8
TOTAL FOR MINISTER	3,412.7	3,756.0	10.1	4,012.5	6.8	4,244.5	5.8
ESTIMATES BY EXPENDITURE CATEGORY :-							
Employee Related Payments	2,572.4	2,712.4	5.4	2,904.1	7.1	3,063.2	5.5
Maintenance and Working Expenses	501.6	602.5	20.1	640.6	6.3	673.1	5.1
Grants and Subsidies	35.0	32.4	-7.5	36.9	13.9	40.6	10.1
Other Expenses	303.6	408.6	34.6	430.9	5.5	467.6	8.5

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89	1989-90		1990-91		1991-92	
	ACTUAL \$m	\$m	% change	\$m	% change	\$m	% change
MINISTER FOR THE ENVIRONMENT							
MINISTRY FOR THE ENVIRONMENT	28.2	36.6	29.7	38.7	5.8	40.4	4.5
NATIONAL PARKS AND WILDLIFE SERVICE	55.6	51.5	-7.3	54.0	4.7	55.9	3.6
STATE POLLUTION CONTROL COMMISSION	14.4	14.7	1.9	14.3	-2.6	14.8	3.6
TOTAL FOR MINISTER	98.2	102.8	4.7	107.0	4.1	111.2	3.9
ESTIMATES BY EXPENDITURE CATEGORY :-							
Employee Related Payments	47.4	46.1	-2.7	47.6	3.2	49.3	3.6
Maintenance and Working Expenses	21.2	19.9	-6.2	20.7	3.9	21.4	3.7
Grants and Subsidies	29.0	36.0	24.2	38.1	5.8	39.8	4.5
Other Expenses	0.6	0.7	27.8	0.6	-20.1	0.6	4.5

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89 ACTUAL		1989-90		1990-91		1991-92	
	\$m	% change	\$m	% change	\$m	% change	\$m	% change
MINISTER FOR FAMILY AND COMMUNITY SERVICES								
DEPARTMENT OF FAMILY AND COMMUNITY SERVICES	536.7		637.7	18.8	656.2	2.9	690.3	5.2
TOTAL FOR MINISTER	536.7		637.7	18.8	656.2	2.9	690.3	5.2
ESTIMATES BY EXPENDITURE CATEGORY :-								
Employee Related Payments	204.3		222.3	8.8	316.5	42.4	331.9	4.9
Maintenance and Working Expenses	43.7		51.1	16.8	14.7	-71.2	15.4	5.0
Grants and Subsidies	139.5		186.4	33.6	153.0	-17.9	163.6	6.9
Other Expenses	149.2		177.9	19.3	171.9	-3.4	179.3	4.3

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89	1989-90		1990-91		1991-92	
	ACTUAL \$m	\$m	% change	\$m	% change	\$m	% change
MINISTER FOR HEALTH AND MINISTER FOR THE ARTS							
DEPARTMENT OF HEALTH	3,283.1	3,549.6	8.1	3,874.8	9.2	4,141.6	6.9
MINISTRY FOR THE ARTS	113.6	111.1	-2.2	113.6	2.3	117.1	3.1
TOTAL FOR MINISTER	3,396.7	3,660.7	7.8	3,988.4	9.0	4,258.7	6.8
ESTIMATES BY EXPENDITURE CATEGORY :-							
Employee Related Payments	349.0	246.5	-29.4	418.3	69.7	439.2	5.0
Maintenance and Working Expenses	88.8	68.8	-22.5	96.6	40.4	100.4	4.0
Grants and Subsidies	64.4	65.5	1.8	67.3	2.6	69.6	3.5
Other Expenses	2,894.6	3,279.9	13.3	3,406.3	3.9	3,649.5	7.1

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89 ACTUAL		1989-90		1990-91		1991-92	
	\$m	% change	\$m	% change	\$m	% change	\$m	% change
MINISTER FOR HOUSING								
DEPARTMENT OF HOUSING	25.2		36.0	43.0	33.1	-8.1	33.1	0.0
TOTAL FOR MINISTER	25.2		36.0	43.0	33.1	-8.1	33.1	0.0
=====								
ESTIMATES BY EXPENDITURE CATEGORY :-								
Employee Related Payments	0.8		0.4	-46.9	0.4	0.0	0.4	0.0
Maintenance and Working Expenses	0.2		0.1	-46.7	0.1	6.0	0.1	5.0
Grants and Subsidies	3.8		4.9	29.4	4.9	0.0	4.9	0.0
Other Expenses	20.4		30.6	50.1	27.6	-9.5	27.6	0.0

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89	1989-90		1990-91		1991-92	
	ACTUAL \$m	\$m	% change	\$m	% change	\$m	% change
MINISTER FOR INDUSTRIAL RELATIONS AND EMPLOYMENT							
DEPARTMENT OF INDUSTRIAL RELATIONS AND EMPLOYMENT	79.7	69.1	-13.3	78.2	13.2	79.6	1.8
TOTAL FOR MINISTER	79.7	69.1	-13.3	78.2	13.2	79.6	1.8
ESTIMATES BY EXPENDITURE CATEGORY :-							
Employee Related Payments	27.2	29.3	7.7	20.8	-29.0	21.2	1.8
Maintenance and Working Expenses	15.8	16.5	4.5	26.7	62.1	27.9	4.3
Grants and Subsidies	22.1	22.0	-0.7	29.9	36.1	29.9	0.0
Other Expenses	14.6	1.3	-90.8	0.8	-39.8	0.7	-18.2

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89	1989-90		1990-91		1991-92	
	ACTUAL \$m	\$m	% change	\$m	% change	\$m	% change
MINISTER FOR LOCAL GOVERNMENT AND MINISTER FOR PLANNING							
DEPARTMENT OF LOCAL GOVERNMENT	53.0	56.9	7.4	57.9	1.7	58.3	0.7
DEPARTMENT OF PLANNING	36.6	41.8	14.0	40.1	-4.0	41.4	3.2
DARLING HARBOUR AUTHORITY	73.8	149.1	102.0	72.5	-51.3	72.5	0.0
TOTAL FOR MINISTER	163.4	247.7	51.6	170.5	-31.2	172.2	1.0
ESTIMATES BY EXPENDITURE CATEGORY :-							
Employee Related Payments	25.3	26.8	5.8	27.5	2.8	28.6	3.8
Maintenance and Working Expenses	9.2	12.4	34.6	11.7	-5.4	12.1	3.5
Grants and Subsidies	43.4	46.3	6.4	47.7	3.0	47.7	0.0
Other Expenses	85.4	162.3	90.1	83.6	-48.5	83.8	0.3

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89	1989-90		1990-91		1991-92	
	ACTUAL \$m	\$m	% change	\$m	% change	\$m	% change
MINISTER FOR MINERALS AND ENERGY							
DEPARTMENT OF MINERALS AND ENERGY	41.9	36.3	-13.4	37.7	3.6	39.0	3.4
TOTAL FOR MINISTER	41.9	36.3	-13.4	37.7	3.6	39.0	3.4
ESTIMATES BY EXPENDITURE CATEGORY :-							
Employee Related Payments	24.4	22.2	-8.8	23.3	4.6	24.1	3.6
Maintenance and Working Expenses	11.9	9.9	-17.4	10.2	3.1	10.6	4.5
Grants and Subsidies	2.5	1.5	-40.1	1.5	0.0	1.5	0.0
Other Expenses	3.1	2.8	-12.0	2.8	-0.3	2.8	0.0

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89	1989-90		1990-91		1991-92	
	ACTUAL \$m	\$m	% change	\$m	% change	\$m	% change
MINISTER FOR NATURAL RESOURCES							
DEPARTMENT OF LANDS	66.2	69.7	5.2	71.8	3.1	74.6	3.8
DEPARTMENT OF WATER RESOURCES	78.2	82.9	6.1	81.3	-1.9	82.7	1.7
TOTAL FOR MINISTER	144.4	152.6	5.7	153.2	0.4	157.3	2.7
=====							
ESTIMATES BY EXPENDITURE CATEGORY :-							
Employee Related Payments	58.1	60.7	4.5	64.1	5.6	66.4	3.5
Maintenance and Working Expenses	23.5	25.0	6.4	25.0	0.0	26.0	3.9
Grants and Subsidies	14.6	18.3	25.0	16.3	-10.7	17.1	4.6
Other Expenses	48.2	48.6	0.9	47.7	-1.8	47.9	0.3

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89 ACTUAL \$m		1989-90		1990-91		1991-92	
	\$m	% change	\$m	% change	\$m	% change	\$m	% change
MINISTER FOR POLICE AND EMERGENCY SERVICES								
POLICE DEPARTMENT	829.2		922.7	11.3	951.8	3.2	991.0	4.1
STATE DRUG CRIME COMMISSION	5.3		6.0	12.9	6.2	2.9	6.4	3.6
BOARD OF FIRE COMMISSIONERS	19.0		20.5	7.7	21.7	5.8	22.7	4.8
BUSH FIRE COUNCIL	5.4		5.8	7.4	6.1	5.6	6.4	4.7
STATE EMERGENCY SERVICES AND CIVIL DEFENCE	5.7		6.3	9.9	6.6	4.5	6.8	3.6
TOTAL FOR MINISTER	864.7		961.3	11.2	992.4	3.2	1,033.3	4.1
ESTIMATES BY EXPENDITURE CATEGORY :-								
Employee Related Payments	547.3		601.4	9.9	620.8	3.2	651.8	5.0
Maintenance and Working Expenses	142.8		161.9	13.4	171.9	6.2	180.4	5.0
Grants and Subsidies	0.9		1.0	10.8	1.0	2.7	1.0	2.2
Other Expenses	173.7		197.0	13.4	198.6	0.8	200.1	0.7

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89	1989-90		1990-91		1991-92	
	ACTUAL \$m	\$m	% change	\$m	% change	\$m	% change
MINISTER FOR SPORT, RECREATION AND RACING							
DEPARTMENT OF SPORT, RECREATION AND RACING	32.9	36.0	9.5	36.7	1.8	37.5	2.3
TOTAL FOR MINISTER	32.9	36.0	9.5	36.7	1.8	37.5	2.3
ESTIMATES BY EXPENDITURE CATEGORY :-							
Employee Related Payments	10.0	11.1	11.3	11.8	6.0	12.4	5.0
Maintenance and Working Expenses	9.9	10.6	7.1	10.5	-0.4	10.8	2.1
Grants and Subsidies	0.0	0.0	40.0	0.0	6.0	0.0	5.0
Other Expenses	13.0	14.3	9.9	14.4	0.1	14.4	0.2

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89	1989-90		1990-91		1991-92	
	ACTUAL \$m	\$m	% change	\$m	% change	\$m	% change
MINISTER FOR STATE DEVELOPMENT AND MINISTER FOR PUBLIC WORKS							
DEPARTMENT OF STATE DEVELOPMENT	8.2	9.2	12.1	9.5	2.6	9.9	4.4
PUBLIC WORKS DEPARTMENT	130.4	135.7	4.1	136.4	0.5	139.9	2.6
TOTAL FOR MINISTER	138.6	145.0	4.5	145.9	0.6	149.8	2.7
ESTIMATES BY EXPENDITURE CATEGORY :-							
Employee Related Payments	69.4	63.9	-7.9	65.3	2.1	67.0	2.7
Maintenance and Working Expenses	31.1	33.0	6.2	31.9	-3.3	33.2	4.0
Grants and Subsidies	14.0	14.6	4.6	14.3	-2.1	14.0	-2.1
Other Expenses	24.2	33.4	38.2	34.4	2.8	35.5	3.4

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89	1989-90		1990-91		1991-92	
	ACTUAL \$m	\$m	% change	\$m	% change	\$m	% change
MINISTER FOR TRANSPORT							
MINISTRY OF TRANSPORT	1,479.1	1,454.0	-1.7	1,375.1	-5.4	1,298.6	-5.6
ROADS AND TRAFFIC AUTHORITY	214.4	213.4	-0.4	212.5	-0.4	234.4	10.3
TOTAL FOR MINISTER	1,693.5	1,667.5	-1.5	1,587.6	-4.8	1,533.0	-3.4
ESTIMATES BY EXPENDITURE CATEGORY :-							
Employee Related Payments	9.6	13.1	37.0	13.7	4.4	14.4	5.3
Maintenance and Working Expenses	3.1	5.6	79.7	6.0	6.1	6.0	1.3
Grants and Subsidies	490.2	525.7	7.3	567.7	8.0	611.5	7.7
Other Expenses	1,190.6	1,123.0	-5.7	1,000.3	-10.9	901.1	-9.9

Table 4.6: Consolidated Fund Forward Estimates by Minister and Organisation

MINISTER ORGANISATION	1988-89		1989-90		1990-91		1991-92	
	ACTUAL \$m	% change	\$m	% change	\$m	% change	\$m	% change
TOTAL FOR BUDGET								
TOTAL CONSOLIDATED FUND ESTIMATE	12,711.9		13,560.5	6.7	14,071.1	3.8	14,673.8	4.3
TOTAL ESTIMATES BY EXPENDITURE CATEGORY :-								
Employee Related Payments	4,488.8		4,647.1	3.5	5,154.8	10.9	5,414.5	5.0
Maintenance and Working Expenses	1,112.2		1,255.4	12.9	1,308.6	4.2	1,368.5	4.6
Grants and Subsidies	876.6		967.2	10.3	990.6	2.4	1,053.5	6.4
Other Expenses	6,234.2		6,690.7	7.3	6,617.2	-1.1	6,837.2	3.3
	12,711.9		13,560.5	6.7	14,071.1	3.8	14,673.8	4.3
Plus amounts not yet allocated to portfolios -								
• Treasurer's Advance	0.0		100.0		206.0		316.3	
• New computer financing arrangements	0.0		0.0		18.0		18.0	
• Savings from Cleaning Service restructuring	0.0		0.0		(-)63.0		(-)70.0	
• Sundry double counting of expenditures	(-) 2.9		0.0		0.0		0.0	
Less financing transactions	(-)94.0		(-)165.0		(-)90.0		(-)90.0	
Adjusted Recurrent Outlays	12,614.9		13,495.5	7.0	14,142.1	4.8	14,848.1	5.0

Reconciliation to Forward Estimates Publication

Changes in forward estimates for a particular year may occur over time 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 total expenditure at the organisation, portfolio or aggregate levels 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 outlays 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.

Thus in next year's Budget Papers, a table will be shown reconciling the 1990-91 recurrent Budget expenditure with the forward estimates for 1990-91 published in this (1989-90) document.

For this year however, being the first time that forward estimates have been formally prepared and released, the reconciliation is between the Budget estimates and the forward estimates for 1989-90 published on 1 August.

Given the comparatively short time space, the difference between the two figures in total is fairly small in overall terms, as shown in Table 4.7. Within that small overall variation however, there are a number of larger charges, but with offsetting effect.

Table 4.7: Reconciliation of Forward Estimates to Budget

Item	\$m
Estimate for 1989-90 as per "Forward Estimates" document	13,540.4
Subsequent Variations	
Department of Agriculture - Administration/debt servicing charges for payments to egg farmers	+ 4.5
Department of Education - Adjustment to costing of teacher salaries	+ 4.0
Ministry of Education and Youth Affairs - Additional Commonwealth funding; rental for new accommodation for Conservatorium, etc	+ 2.6
Department of Housing - New Commonwealth funding for rental subsidy Additional Commonwealth funding for Mortgage and Rent Relief Scheme	+ 2.2 + 7.9
Department of Industrial Relations and Employment - Reduced assessment of savings to Budget from transfer of Occupational Health and Safety to WorkCover Authority Re-assessment of funding requirements for employment programs	+ 2.5 (-9.2)
NSW Superannuation Office - Move off-Budget	(-)18.2
Department of Family and Community Services - Funding for payroll tax liability on Developmentally Disabled services (transferred from Health Department) Additional Budget support for child care projects Additional Commonwealth funding for Supported Accommodation Assistance Program and Home and Community Care Program	+ 7.2 + 4.0 + 5.5
Darling Harbour Authority - Increase in operating subsidy	+ 1.5
Department of Health - Additional Commonwealth funding	+ 17.9
Treasury - Re-assessment of 1989-90 debt costs	(-)9.6
Department of Water Resources - Increased subsidy for Irrigation Areas and Districts Reduction in Level of Employee Related Payments	+ 2.8 (-1.5)
Rural Assistance Authority - Decrease in Commonwealth funding for Rural Adjustment Scheme	(-)1.4
Department of Technical and Further Education - Adjustment of enhancement expenditure	+ 1.9
Public Works Department - Extension of policy of charging architectural fees direct to client projects	(-)13.1
Treasurer's Advance - Decrease following review of likely timing of wage increases from National Wage Case	(-)50.0
Other Minor Variations (net)	(-)6.5
Budget Estimate, 1989-90	13,495.5

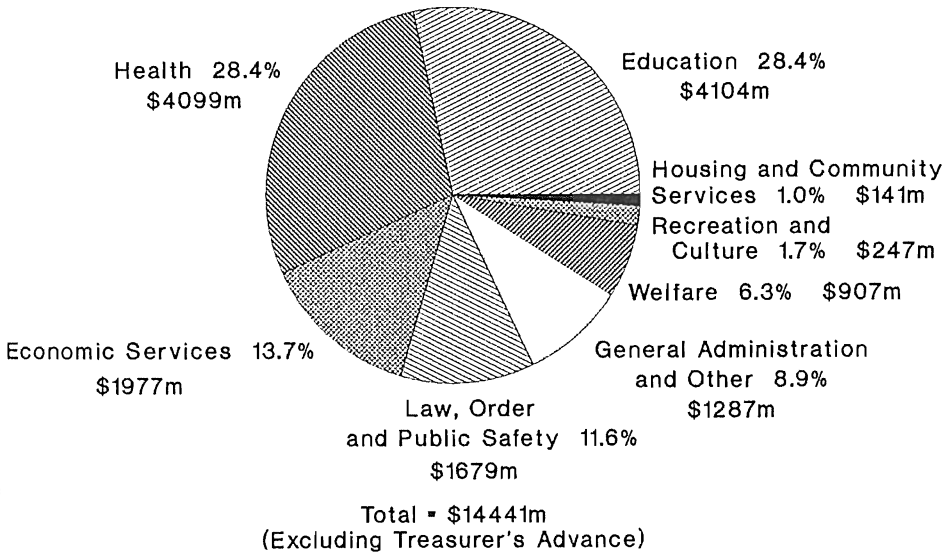
4.4 TOTAL RECURRENT PAYMENTS BY FUNCTIONAL AREAS

Total recurrent payments, which include payments from sources other than the Consolidated Fund, are projected to increase by 7.0 per cent in 1989-90, well below the anticipated inflation rate of around 7.5 per cent.

Unlike the situation which often arose in previous years, this growth rate does not differ substantially from that for Consolidated Fund recurrent expenditures. This stems from the Government's commitment to avoid transfers to Special Deposits Accounts as a means of disguising the true Consolidated Fund result for the year. Such transfers have the effect of distorting inter-year growth rates, as expenditure is shown to have occurred in one year from the Consolidated Fund and in later years on a "Total Payments" basis as the Special Deposits Account balances are expended.

Nevertheless, there are significant recurrent revenues (some \$1.2 billion in 1989-90) available to inner Budget sector bodies from sources other than the Consolidated Fund, to support their recurrent programs. Any proper analysis of the level of resources devoted to the various expenditure areas needs to take such other sources into account. Total payments for recurrent services on a broad functional basis (by policy area) are shown in Figure 4.8 together with the share of the total budget for the respective areas.

Figure 4.8
TOTAL RECURRENT PAYMENTS, 1989-90
BY POLICY AREA



The following statements in respect of recurrent payments within the various functional (policy) areas refer to trends in the level of total payments over recent years. They include a comparison in real terms since 1984-85, the Government's strategies and commitments and other factors relating to expenditure in the respective areas. Highlights of the 1989-90 Budget allocations for each policy sector are also briefly outlined.

In 1989-90, payments will noticeably increase in the areas of Law and Order and Health, in accordance with the Government's priorities, while in areas such as General Administration and Economic Services, payments will decline in real terms.

4.4.1 LAW, ORDER AND PUBLIC SAFETY

Background

INTRODUCTION

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

The policy area, at least in respect of police, courts and corrective services, is interrelated with increased police numbers producing flow through impacts on courts and corrective services. An important commitment of the Government is to increase the number of police. At the same time there are substantial backlogs in the hearing of court cases and pressures on prison facilities.

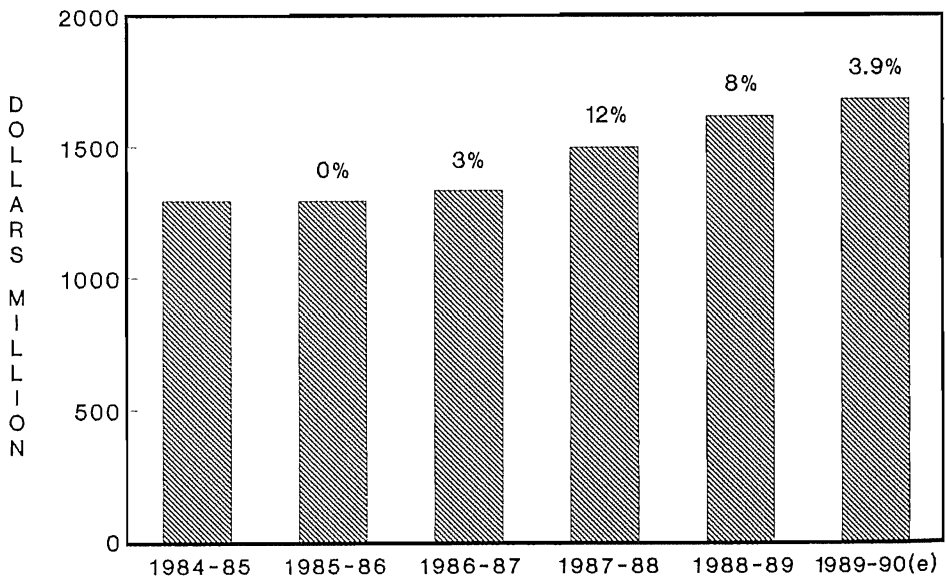
An extensive review of the court system undertaken last year produced a wide range of reform proposals. The Government is strongly committed to improvements in this area to reduce court backlogs in a cost effective manner.

In addition, a large prison construction program has begun which is described in Chapter 5. This program will have significant recurrent cost requirements.

EXPENDITURE TRENDS

There has been significant real growth in funding for the law, order and public safety area over the last five years as illustrated in Figure 4.9. This trend reflects the past result of demographic changes, the hardening in community attitudes towards law and order with demands for a greater application of resources, and the propensity for increased litigation.

Figure 4.9
LAW, ORDER AND PUBLIC SAFETY
 (Payments expressed in real terms, 1988-89 base;
 Percentage change on previous year)



Total payments for law, order and public safety have increased by 25 per cent in real terms over the five year period to 1988-89. This trend will continue into the current year with a further real increase of 4 per cent projected.

RECENT DEVELOPMENTS

The major task confronting this area is the further development of more cost effective and efficient approaches to the operations of both courts and prisons which will address court backlogs and prison overcrowding in a manner which is properly integrated, consistent and affordable. A major review of Courts administration was undertaken during 1988-89 to assist in identifying strategies to reduce Court delays. The consultants engaged for this task made a total of 75 recommendations for improvements covering the following broad areas -

- management information
- caseload management
- legal policy and procedures
- organisation and management
- recovery of costs

Many of the recommendations are now being implemented by the Attorney General's Department. The Government is also currently considering major reforms to court procedures and legal processes.

Over the past year a variety of factors have impacted on the already serious overcrowding problem in the State's prisons. These include increased levels of police activity which have resulted in a higher arrest rate for offences involving gaol sentences, changes to criminal law and life sentence release decisions as well as changes to Court and sentencing procedures.

Two new prisons are under construction and approval has been given for the construction of a third. Various suitable alternatives to full-time imprisonment are also being examined and the Department of Corrective Services is actively pursuing the development of prison industries with a view to giving every prisoner the opportunity to undertake meaningful work and education whilst in prison.

Within the Police Service, considerable productivity improvements have been achieved over the past year. Further improvements are expected following the recent implementation of regionalisation of the Service, the introduction of community based policing patrols and the expanded use of telecommunications interceptions to aid in crime detection. These initiatives, together with the ongoing implementation of the four-year program for expansion of the Police Force and the further release of police from extraneous duties, will continue to substantially increase the number of police available for active duties.

Drug law enforcement arrangements within the State have been re-organised and upgraded over the past year to ensure that they are totally integrated and effective. A new multi-disciplinary Drug Enforcement Agency has been established within the Police Department and the role and powers of the State Drug Crime Commission have been expanded to also cover organised crime.

The rescue and emergency services provided by Police, State Emergency Services, the Ambulance Service, various volunteer rescue services and the Fire Brigades were also the subject of a review during 1988-89. Under proposed new arrangements responsibility for the co-ordination of all rescues will be vested in the Police.

The establishment of a new organisation, the State Rescue and Emergency Services Board, is also proposed. This new organisation will be responsible for the overall co-ordination of rescue organisations, with additional responsibilities for planning and the conduct of emergency management. An implementation group has been established to design the specific overall model for the new arrangements for rescue and emergency services during the coming year.

In respect of legal aid, the Government has introduced legislation which will allow the Legal Aid Commission to take into account the means of certain persons associated with an applicant for legal aid, rather than being based solely on the applicant's means. This will ensure that the future costs of legal aid are contained while at the same time ensuring that assistance is provided to those most in need.

The Independent Commission Against Corruption formally commenced operations during March 1989 and will continue its recruitment program directed at increasing staff to 120 by June 1990. Major functions such as Corruption Prevention will also be developed during the current year.

1989-90 Budget

OVERVIEW

Policy Sector	Total Payments		
	Actual 1988-89 \$m	Estimate 1989-90 \$m	Variation %
Police	839.6	928.3	10.6
Law Courts and Legal Services	284.4	316.0	11.1
Corrective Services	193.1	213.3	10.5
Other (including Fire Protection Services)	185.8	221.0	18.9
Total	1,502.9	1,678.6	11.7

A total sum of \$1,678.6 million has been provided for this policy area in 1989-90, an increase of \$175.7 million or 11.7 per cent over actual expenditure last year.

The major thrust of initiatives being undertaken in 1989-90 are focused on the Government's commitment to increase the strength of the Police Force and the introduction and further development of strategies aimed at overcoming the current problems of Court arrears and prison overcrowding. Details of both Budget funded and other initiatives being undertaken by individual organisations within this policy area follow.

POLICE

Within the Police policy sector, the Police Department's budget allocation has been increased by 10.6 per cent to \$924.4 million in 1989-90 and provides for both the full-year effect of the 400 additional police recruited last year and for the appointment of a further 400 this year. This is in accordance with the Government's commitment to increase the strength of the Police Force by 1,600 over a four year period.

The Government is also committed to release the equivalent of a further 500 police for active police duties over this period by relieving them of clerical and other extraneous duties. This objective is being undertaken through re-organisations, progressive civilianisation and the introduction of improvements in technology.

A "user pays" scheme is under consideration for crowd control at major sporting and entertainment events where the presence of more than 4 police officers is required. Under the proposed arrangements off-duty police will be available to provide extra supervision, with the costs involved being met through the imposition of fees for this service. This will also have the effect of releasing on-duty police from crowd supervision duties for more active police work.

The existing Police Regulation Act and various other related Acts are expected to be updated and consolidated into a single new piece of legislation during 1990. A Police Senior Executive Service, oversighted by the Police Board, will also be established.

Special "once off" arrears of maintenance funding of \$5.1 million provided to the Police Department in 1988-89 has now been permanently added to the Department's budget allocation. As a result an overall sum of \$12 million will be available for building maintenance this financial year. In addition, funding has been provided to enable the further upgrading of information technology throughout the Department, including -

- the addition of 350 terminals to the existing network;
- an extension of word processing facilities to all police patrols; and
- the development of an intelligence system for use by District/Patrol Intelligence Officers.

The new multi-disciplinary Drug Enforcement Agency, recently established as part of the re-organisation and upgrading of the State's Drug Law enforcement arrangements, has been achieved within existing resources.

Other initiatives to be undertaken by the Department include -

- the establishment of a specialist Victims of Crimes Unit to assist victims of crime, rather than the police concentrating exclusively on apprehending and prosecuting the offenders involved;
- the progressive introduction of audio/video recording of police interviews, in conjunction with the Attorney General's Department and the Office of the Director of Public Prosecutions, to provide more reliable and accurate evidence for the Courts; and
- a review of current arrangements for the Neighbourhood Watch Program to achieve broader community support, provide increased education to co-ordinators and upgrade the overall central co-ordination of the scheme.

LAW COURTS AND LEGAL SERVICES

A major review of Courts administration was undertaken during 1988-89 to identify the main causes of delay in the system and develop strategies to both address the problem of current Court backlogs and reduce arrears to an acceptable level. An additional sum of \$5 million has been allocated in the current year and each of the forward estimate years to enable the implementation of a number of initiatives designed to overcome the immediate backlog problem.

This increased funding will enable the appointment of additional acting Judges and Magistrates, increases in staffing in key areas and the extension of arbitration and mediation schemes. In addition, the further development of information systems during the course of the current year will establish a firm base for future management decisions and assist in the extension of caseflow management techniques throughout the Court system. Changes to the internal management structure of the Attorney General's Department will also aid in focusing maximum effort on the challenge of reducing current delays and implementing measures to contain Court arrears.

It is expected that these initiatives, together with the other major reforms in court procedures and legal processes recommended by consultants and currently under consideration by the Government, will substantially improve the capacity of the Courts to cope with increasing workloads in a cost effective manner while maintaining the rights of the individual to a fair and equitable legal system.

Other features of the allocation provided for this policy sector include -

- \$63.6 million for the Legal Aid Commission to provide legal assistance over a wide range of Court proceedings;
- the provision of \$24.7 million to support the operations of the Office of the Director of Public Prosecutions - an increase of \$2.9 million or 13.4 per cent over actual expenditure incurred last year;
- a Consolidated Fund contribution of \$33 million (up \$12 million on expenditure in 1988-89) towards the payment of compensation to victims of crime; and
- an allocation of \$1.5 million for the Judicial Commission of New South Wales.

CORRECTIVE SERVICES

Apart from increasing the number of prisons, the Department of Corrective Services is reviewing a number of strategies to overcome the current problem of overcrowding. These include an expansion in the number of Periodic Detention Centres and the development of procedures for the possible home detention of offenders. As well as providing possible sentencing options, these measures will permit the more cost effective punishment of offenders. As an integral part of the Government's commitment to provide for the effective rehabilitation of prisoners, the Department will also be pursuing the expansion of prison industries over the current year.

The following additional funding has been included in the Department's 1989-90 allocation for these purposes -

- \$0.7 million (\$1 million in a full year) for the operation of new periodic detention centres on the Central Coast, in Lithgow and Campbelltown, and in the Illawarra region;
- \$1.9 million (increasing to \$6 million in 1991-92) to meet operating costs associated with the creation of additional cell accommodation at various prisons;
- \$1.7 million for the new prison at St Heliers, Muswellbrook;
- \$0.8 million (\$1.3 million in a full year) for new prison industry facilities at various country and suburban prisons; and
- \$1.3 million (\$2.6 million in a full year) to meet operating costs of the Mulawa Training and Detention Centre for Women.

OTHER

State Drug Crime Commission

An allocation of \$6.0 million has been provided for the activities of the Commission this year. The powers of the Commission have now been extended to include investigations into organised crime, rather than being limited solely to drug related offences.

The Commission is in the process of carrying out a major review of its role, structure and activities to take account of the broadening of its powers and to develop strategies and action plans to provide for more efficient and effective operation.

State Emergency Services

An amount of \$6.3 million has been provided for State Emergency Services and Civil Defence, up \$600,000 or 9.9 per cent on 1988-89. This allocation includes provision for training of volunteers, purchase of rescue and communication equipment and contributions towards volunteers' out-of-pocket expenses.

Following the study by Major General R.A. Grey of all rescue services in New South Wales, and as a result of a report by the Office of Public Management, the Service is to be restructured. A group has been established to implement this reorganisation during 1989-90.

Board of Fire Commissioners

Total funding of \$169.9 million will be available to the Board this year. Legislation is proposed during 1989-90 to bring the Board into the Inner Budget Sector as a Consolidated Fund organisation - the effective date is anticipated to be January 1990.

The effect of this change will be to pass future revenues from insurance companies, local councils and other sources through the Consolidated Fund rather than the Board receiving these monies direct. This will subject the Board of Fire Commissioners to the same Ministerial budgetary controls and accountabilities as the Police Department. In return for stricter budgetary control, the Treasury will retire the Board's outstanding debt thus eliminating its debt charges and reducing the future contributions required of Insurance Companies, Local Government and the State Government.

Other initiatives to be undertaken during 1989-89 are -

- an increase in the level of fire protection in the Campbelltown, Kellyville and Riverstone areas;
- the implementation of Stage I of an upgrade of communication systems; and
- the completion of a review aimed at rationalising the deployment of firefighting resources in the Metropolitan area.

Bush Fire Council

An amount of \$24 million will be available to the Bush Fire Council to help maintain rural firefighting services throughout the State.

The payment to the Bush Fire Council from the Consolidated Fund will be \$5.8 million. This includes the State contribution of \$4.8 million (25 per cent) towards costs of the Bush Fire Fighting Fund. Councils also contribute 25 per cent to the Fund while insurance companies contribute the balance. As with the Board of Fire Commissioners, consideration is being given to bringing the Council into the Inner Budget Sector.

The allocation to the Bush Fire Council includes \$690,000 for the control and prevention of bush fires and assistance to emergency and community organisations.

Independent Commission Against Corruption

The allocation for the Independent Commission Against Corruption is \$14.5 million, an increase of \$11.6 million or 402 per cent over actual expenditure incurred last year.

The Commission formally commenced operation in March 1989 and the substantial increase in funding provided for 1989-90, in addition to including a "once off" amount of \$4.7 million for accommodation fitouts, reflects the full year effect of its operations and the further development of functions and strategies since its inception. The Commission will ultimately have a total staff complement of 140.

4.4.2 EDUCATION

Background

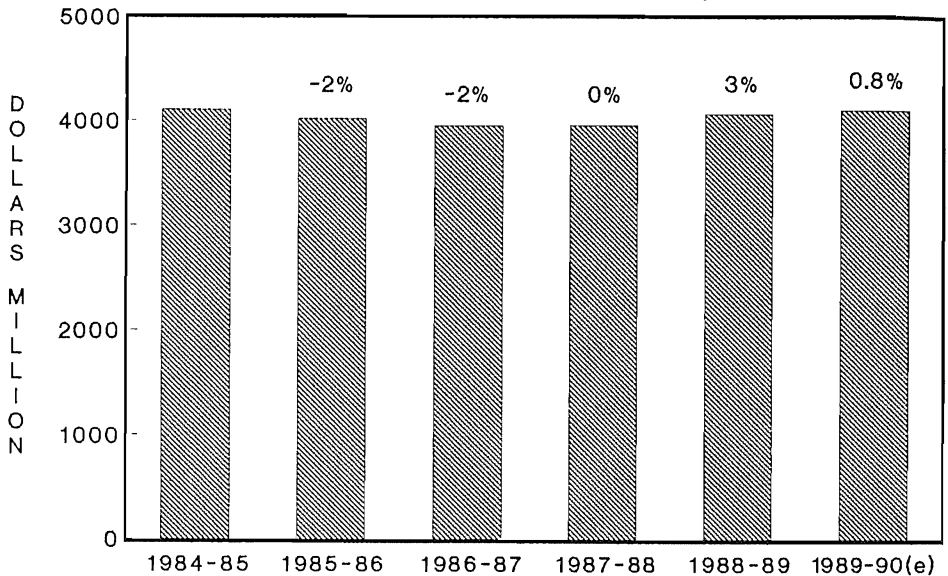
INTRODUCTION

Funding is provided under this policy area to meet the cost of State run pre-schools, primary and secondary schools and financial assistance to non-government schools. The area also includes funding for the operation of Technical and Further Education Colleges, the Conservatorium of Music, and Adult Migrant Education Centres.

EXPENDITURE TRENDS

Figure 4.10
EDUCATION

(Payments expressed in real terms, 1988-89 base;
Percentage change on previous year)



Over the five years to 1988-89 total payments on education have decreased by 0.9 per cent in real terms.

In line with the general population trend for school age persons, overall student numbers in Government schools declined gradually from 1978 until 1987, before marginally increasing in 1988 and 1989. Over recent years, the resources released by falling student numbers have been used to implement various education initiatives. During 1988-89, there was a re-allocation of resources which focussed directly on student needs.

There was a decline in TAFE enrolments in 1989, which resulted in savings being achieved in the 1988-89 financial year. However, in areas of high priority (apprenticeship courses, etc.) and other key areas of economic activity, such as computing courses, there has been a major increase in enrolments. Enrolments have also increased in areas of population growth in Sydney's West and South West.

In 1989, an Administration charge and new enrolment procedures were introduced. As a consequence non-vocational student numbers declined relative to previous years. The new enrolment procedures reduced the number of course applicants who traditionally drop out in the first few weeks of term.

The net effect of these changes is a rationalisation of vocational education and the redirection of resources to key areas of skill shortages.

RECENT DEVELOPMENTS

Schools

The Government is awaiting the final reports and recommendations of a number of major reviews which will have significant impact on the quality and structure of education in New South Wales. They include – the Management Review of the NSW Education Portfolio (Scott Report); the Committee of Review of NSW Schools (Carrick Committee); and a White Paper on the Curriculum in New South Wales Schools.

The Management Review is looking at the operational structures within the Education Portfolio, in terms of their efficiency and effectiveness in achieving their objectives and Government goals.

The Management Review has issued an interim report, "Schools Renewal – A Strategy to Revitalise Schools Within the New South Wales State Education System." The Government has supported the general thrust of the report's recommendations and has guaranteed to maintain education spending per student in real terms over the five year implementation period. The revised structures make the students and teachers in schools the focus of all activities with the administration serving and supporting schools.

The Carrick Committee is giving attention to all aspects of the Education and Public Instruction Act 1987 and is considering the areas of the registration of non-state schools, membership and functions of the Board of Secondary Education, means to guarantee and extend effective freedom of choice by parents in choosing government or non-government schools and improving the quality of education in schools.

The White Paper on the Curriculum in New South Wales Schools will address a broad range of key issues relating to the formal school curriculum, particularly at the secondary level. The focus of the Paper will be on providing students with sound basic skills; a strong, respected core curriculum; and access to courses of high quality and relevance. The review is to be undertaken in the context of providing students with a balanced range of courses for personal achievement, growth and self-esteem, while encouraging the pursuit of excellence.

The Interest Subsidy Scheme to non-Government schools has grown from \$3.1 million in 1980-81 to \$17.5 million in 1988-89, an increase of over 460 per cent or 179 per cent in real terms. This level of growth can no longer be sustained in the current economic climate and the Scheme is to be modified with effect from 1st October, 1989.

Under the revised arrangements all eligible loans raised by non-state schools for approved capital projects will receive some subsidy. However, as the value of a loan increases, the application of a limited number of thresholds will reduce the proportion of the loan attracting subsidy. Once a loan passes the highest threshold, only 5 per cent of the excess loan value will attract subsidy. Smaller loans will be substantially unaffected by these new arrangements. The revised Scheme should reduce the future growth of the Scheme by roundly \$0.5 million in 1989-90 and some \$9.5 million in 2000-2001.

All applicants approved under the existing Scheme will continue to receive assistance under the prevailing conditions.

TAFE

The Government is committed to strengthening and streamlining technical and further education. A few days ago the recommendations of the Scott Review were released; these foreshadow major changes to ensure TAFE is more efficient and responsive to industry needs. Program apportionments shown in Budget Paper No. 3 for TAFE are not based on recommendations of the review and will be subject to variation.

With the State's economic future dependent on the quality and extent of its commitment to training, greater efforts need to be made by TAFE and industry in co-operating to develop innovative and flexible skills packages. Joint ventures with private enterprise, new modular programs to increase multiskilling of workers and fast responses to new industry needs will be central to TAFE provision in the 1990's.

High technology facilities in colleges are essential for the training of today's workforce. This area will also be given emphasis in coming years.

1989-90 Budget

OVERVIEW

Policy Sector	Total Payments		
	Actual 1988-89 \$m	Estimate 1989-90 \$m	Variation %
Primary and Secondary Education	2,840.8	3,061.8	7.8
Tertiary and Vocational Education	605.2	667.4	10.3
Pre-School Education	8.2	9.4	14.6
Transportation of Students	264.8	290.0	9.5
Other (including General Administration)	66.5	75.6	13.7
Total	3,785.5	4,104.2	8.4

The allocation for Education in 1989-90 shows a 0.8 per cent real term increase over 1988-89 expenditure levels. Funding for primary and secondary education will be maintained in real terms, while expenditure on tertiary and vocational education is expected to increase 3.0 per cent in real terms.

A slight decline in Government school numbers is expected in 1990, reflecting the net effect of a reduction in junior high school numbers and an increase in primary school numbers and increased retention of senior high school students. In line with the Government's undertaking, per pupil funding in Government schools has been maintained in real terms.

The Government has dedicated the revenue raised from the Administration charge to the betterment of TAFE services. Revenue derived from this source has been used to support an increase in funding for TAFE in 1989-90 of 4.2 per cent in real terms.

In 1990 the Administration charge will be increased to \$400 for higher level education courses and \$120 for all other course enrolments in order to generate revenue to further expand existing provisions.

In addition, the criteria for granting exemptions from the charge will be reviewed to ensure that all genuinely needy students receive assistance. Such criteria will be based on existing Commonwealth AUSTUDY eligibility requirements and the 1989 target level of 70,000 exemptions will be maintained.

A Needy Students Scheme will be provided to assist students in need who fall outside the exemption guidelines.

DEPARTMENT OF EDUCATION

The 1988-89 Budget saw the introduction of a broad range of major initiatives to enhance the quality of education in this State. The foundations of reform established during 1988-89 will be built upon in 1989-90 to further improve the quality of education in New South Wales, by providing schools characterised by excellence, equity and diversity.

The Budget focus for the schools area includes -

- continued implementation and consolidation of programs commenced in 1988-89, to ensure that the maximum benefit is derived by students, teachers and the community;
- promotion and reward of excellence in all aspects of schooling and the provision of increased choice in schooling;
- provision of increased opportunities for specific groups of students to benefit more from their education;
- increased emphasis on the professional skills and career opportunities of teachers;
- greater application of information technology to school curriculum, teaching methods, management information systems and administrative processes;
- improvements in management structures, processes and accountability procedures.

Major initiatives planned for 1989-90 to support the objectives outlined above and other areas of emphasis within the Department of Education are set out hereunder.

Initiatives associated with the promotion of excellence and choice include -

- the provision of technology high schools, additional selective high schools, de-zoning of schools and the introduction of centres of excellence. Links with TAFE colleges and business/industry will also be strengthened.
- a review of the breadth and focus of school curriculum to ensure that it enhances basic skills, as well as being responsive to the needs of students in today's society. In conjunction with this review, there is to be broader monitoring of student performance, including basic skills testing of Years 3 and 6 and the inclusion of a science reference test in the School Certificate Moderator. An additional \$3.7 million has been provided for the testing of students in 1989-90.

Initiatives relating to specific groups of students in 1989-90 will include -

• **Special Education**

An additional \$10.7 million will be allocated to Special Education in 1989-90. Emphasis will be placed on the extension of services to students with disabilities and students with learning difficulties. There will be additional Special Education Support Centres, an extension of professional development for special education teachers and expanded assistance for students in the transition from school to work.

• **Multicultural Education**

A comprehensive Multicultural Education Plan will provide greater scope for the study of languages and ongoing support for English as a Second Language. The Plan will also focus on increasing intercultural understanding and combating racism. Additional funding of \$1.3 million in 1989-90 will be provided for this purpose.

• **Rural Education**

The Rural Education Plan will be strengthened by an additional \$4.4 million which will be used to increase the use of information technology, introduce teacher home visits and mini schools for isolated students and to decentralise aspects of the Correspondence School.

• **Aboriginal Education**

The New South Wales Aboriginal Education Plan will include programs designed to increase Aboriginal student participation and retention rates, with particular attention to acquisition of the basics by younger students and to HSC studies in senior schools. A total of \$6.5 million has been included in the allocation for Aboriginal education programs.

• **Joint School/TAFE Program**

The NSW Secondary Schools/TAFE Program will continue to make efficient use of the joint resources of the Department of Education and TAFE to enhance the curriculum of secondary students. A further development in 1989-90 will be the provision of Board of Secondary Education determined courses which will lead to both HSC and TAFE credentials.

• **Western Sydney Education and Training Plan**

This is a multi-initiative program aimed at improving retention rates, student achievement and the provision of appropriate courses in Western Sydney. In 1989-90, teacher scholarships will continue to be offered to students in Western Sydney. There will also be a continuation of programs to place leading teachers in schools with low retention rates and to extend Schools/TAFE courses. An additional \$2.7 million will be devoted to this important area in 1989-90.

Professional opportunities for teachers will be enhanced by –

- the provision of additional staff development funds of \$4.3 million in 1989-90. These funds will be provided for teachers to gain in-service in the areas of curriculum development, implementation and evaluation, classroom management strategies, learning theory, student welfare and educational leadership.
- the appointment of an additional 50 leading teachers in 1990 to assist with the development of curriculum and to achieve excellence in teaching practices. A further \$1.1 million will be set aside for this purpose.

Developments in computer and information technology education include –

- an additional \$15.9 million for Computer Education in 1989-90. Computer technology will enhance the teaching environment in all areas of the curriculum; it is an essential component of education in an increasingly technological society.
- the introduction of information technology, management information systems and administrative processes into schools. OASIS ("Office Automation and School Information System") will be established in schools to assist in administration.

Other aspects of the 1989-90 Budget include -

- improvements in management structures, processes and accountability procedures to provide a lean but highly professional central administration and allow greater autonomy and direction over resource allocation by schools and regions. The School's Renewal strategy prepared by Dr Brian Scott will provide the framework for these changes.
- Establishment of close links with business and industry in relation to curriculum and increased involvement with schools. Links between schools and the business community will be strengthened through the School Industry Links and Visits to Industry Programs.
- the provision of \$100,000 to assist in setting up school councils to facilitate greater community and parent involvement in decision making at the local level.
- the scheduling by the Department of Education of a \$90 million school building maintenance program in 1989-90, which includes the continuation of the special provision for arrears of maintenance. Additionally, electronic surveillance equipment will continue to be installed as part of the four year \$40 million program to reduce the incidence of vandalism in schools. Other key elements in the security plan include increased police presence in schools and increased night patrols.
- fulfilment of the Government's promise to double secondary textbook allowances over two years. During 1989-90 an additional \$6.2 million will be provided for this purpose.
- increased assistance for the non-government school sector. In 1990 the Government will continue to implement its stated policy to gradually increase per capita allowances to non-government schools from an average 20 per cent (in 1988) to 25 per cent of the equivalent cost to the State of educating a student in a Government school. The implementation of this initiative, to be staged over four years, will continue with an increase to 22 per cent from the 1990 school year and rising to 25 per cent by 1992. An additional \$22.7 million has been provided for non-government school per capita allowances in 1989-90.

DEPARTMENT OF TECHNICAL AND FURTHER EDUCATION

The recurrent budget allows for ongoing costs of 107 colleges and over 200 other teaching centres throughout New South Wales and a growth in student numbers.

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

- roundly \$37 million for Commonwealth funded general and particular purpose programs.
- continuation of the Start-to-Life initiative at a cost of \$10.75 million.
- \$7 million for arrears of maintenance at colleges.
- commencement of a number of joint ventures with private companies including those designed to increase the number of skilled (TAFE graduate) personnel available to the Computer Industry, to supplement courses provided by TAFE's School of Computing and Information Systems and development of new courses in conjunction with Industry for delivery in the work place of the student.
- development and introduction of Computer Managed Learning to eight teaching disciplines in five colleges and industrial work places.

- introduction of technology, including the use of satellites in the delivery of distance education, primarily for external studies purposes.
- the special provision of funding for electronic surveillance systems in TAFE colleges will continue in 1989-90.
- bringing into operation a number of new facilities including those at Boggabilla, Campbelltown, Hamilton, Kurri Kurri, Lidcombe, Macquarie Fields and Tamworth.

MINISTRY OF EDUCATION AND YOUTH AFFAIRS

The 1989-90 allocation provides for -

- \$22.3 million for the Adult Migrant Education Program.
- \$750,000 for English in the Workplace ("Skillmax") program in 1989-90. The program targets migrants with overseas qualifications and experience and provides English language courses to assist them to secure access to the local workforce.
- \$223,000 for Aboriginal Assistance in 1989-90. This amount covers cost of salaries and operating expenses of the Aboriginal Consultative Group, which is an independent community based organisation providing advice and policy direction to meet educational needs for Aboriginal communities.

4.4.3 HEALTH

Background

Health Care can be categorised into three areas, primary care, secondary care and long term and permanent care. Primary care refers to the provision of medical, dental, pharmaceutical and community health services. Secondary care requires referrals from the primary care level and involves hospital services and specialised medical services. Long term and permanent care refers to nursing homes and domestic support services.

While the States are involved in all three sectors, the primary focus of the State's health effort is on secondary care through the operation of public hospitals. State involvement in the provision of primary care occurs through Community health services and outpatient services.

The total State health allocation is \$4.1 billion, of which \$3.8 billion or 92.7 per cent is funding for Area Health Services and hospitals. Integrally related to this activity, but administered separately, are health transport services which encompass land and air based ambulance services which account for a further 3.2 per cent of health funding.

The Department of Health, in addition to its oversight of Area Health Services and hospitals, operates a number of State wide services and regulatory functions. Additional to community health services administered by Area Health Services and hospitals, the Department manages a number of state-wide community health services with emphasis on women's health and grants to voluntary health organisations.

The Department of Health also undertakes a number of public health services centrally, including public health regulatory services, health promotion and education, the blood transfusion service and grants to foster external health research.

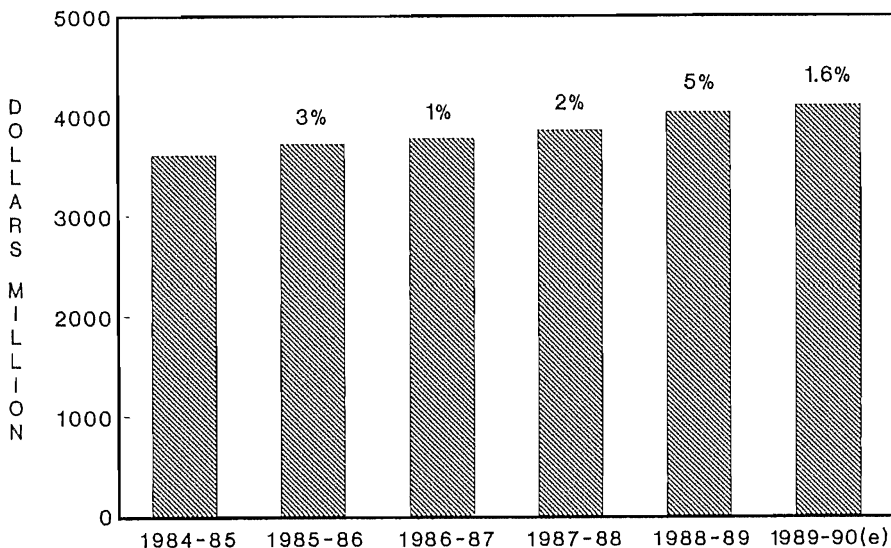
EXPENDITURE TRENDS

Over the five years to 1988-89, payments in the Health area increased by 11.7 per cent in real terms.

Figure 4.11

HEALTH

(Payments expressed in real terms, 1988-89 base;
Percentage change on previous year)



There have been a number of demand and cost factors impacting on the health area that have produced both the need for real growth in funding and contributed to the level of excess demand as expressed in terms of waiting time for admission to public hospitals. These demand and cost factors are in fact being experienced in all advanced countries and relate to population growth, ageing of the population, the greater number and cost of treatments made possible by advances in medical technology and the growing demands of an increasingly well informed population.

Major trends in health activity are shown below. The 1972 to 1981 period shows the long term trend while the 1985 to 1989 period shows the more recent trends. The 1982 to 1985 period has been excluded because of the distortions resulting from the doctors' dispute and its aftermath -

Factor	1985-86 to 1988-89 % p.a	1972-73 to 1980-81 % p.a.
Population growth	1.3	1.2
Adjusted admissions per capita	5.1	2.8
Average length of stay	(-) 2.3	(-) 2.2
Real cost per bed day	3.4	5.8
Total	7.5	7.6

The New South Wales public hospital system has been experiencing rapid expansion in activity since 1984-85, following the doctors dispute.

In 1988-89 admissions grew by 2.5 per cent and non inpatient occasions of service by 4 per cent, while there were significant real increases in costs. These pressures were accommodated by a combination of continued improvement in management, reduced lengths of stay, and increased productivity.

RECENT DEVELOPMENTS

A review of the Department and its relationship with the rest of the health care system is currently being undertaken. The recommendations of this review are expected to lead to the devolution of more functions to Area Health Services and hospitals from Central Office, so that decision making takes place as close to the service provider as possible.

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

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

For 1989-90, total line item flexibility for budgetary purposes has been given to all health managers, so that the appropriate level of health services can be delivered within the context of the global allocation provided. This move to full global budgeting will give managers freedom to manage by saving funds in one area and spending these in other, higher priority areas. The Government is encouraging managers to spend more on direct care services by making savings in non-service delivery areas, such as cleaning and catering.

Allocations were generally advised in mid July to senior health managers to enable proper planning of service delivery. This represented the earliest ever advice of recurrent allocations.

Following a review of Mental Health and Developmental Disability Services by a committee headed by Dr William Barclay in 1988-89, Developmental Disability Services have been transferred to the Department of Family and Community Services with effect from 1 July 1989. This recognises that the developmentally disabled are not ill. Fifth Schedule Hospitals for the psychologically ill in urban New South Wales were transferred to Area Health Service administration from 1 July 1989 to provide for a more integrated and efficient delivery of mental health care services. Further consideration is being given to the transfer of other Fifth Schedule Hospitals to Area administration.

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

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

1989-90 Budget Highlights

OVERVIEW

The 1989-90 Health allocation is a record \$4.1 billion. It represents in financial terms the Government's commitment to upgrading and restoring public hospitals and community health services.

When account is taken of special factors distorting the last two years, additional funds of \$90 million have been provided for Health in 1989-90 over and above the level required for maintaining activity. This increase is funded \$60 million from Consolidated Fund and the balance from real increases in bed and other charges.

Policy Sector	Total Payments		
	Actual 1988-89 \$m	Estimate 1989-90 \$m	Variation %
Area Health Services and Other Hospital Services	3,492.1	3,835.3	9.8
Community and Other Support Services	135.4	142.5	5.2
Public Health Services	73.2	74.3	1.5
Other	50.5	46.8	(-) 7.3
Total	3,751.2	4,098.9	9.3

A restoration of basic services and the redistribution of funds to high growth, underfunded areas are the major initiatives. Other initiatives include special increases in wages and conditions for some health professionals and the funding of significant new state-wide services.

In previous budgets, new services have been added to a narrow foundation of basic services, which has become increasingly inadequate. This problem will be addressed by directing most of the real increases in funding to upgrade basic services and to provide acute services in growth areas of the State. The main recipients will be the Western (Parramatta / Westmead / Blacktown / Mt Druitt), South Western (Bankstown / Liverpool / Campbelltown) and Wentworth (Penrith / Blue Mountains / Hawkesbury) Areas in Sydney and the Central, North and South Coast regions.

1989-90 is the first year of a funding redistribution program to align funding to population for the provision of primary and secondary health services. The redistribution of funds to the Western Sydney Areas and the North, South and Central Coast regions over the next ten years will start to overcome the inequitable distribution of health funds which was allowed to develop over the previous decade. The redistribution will be accompanied by an overall increase in the health allocation so that 15 of the 16 Regions and Areas will be better off in real terms after the redistribution has been completed.

The gradual redistribution of funds will be co-ordinated with the opening of new or expanded hospitals in these growth areas. These new facilities will be built under a new hospital reconstruction programme with funds generated by asset sales. This year capital works spending will increase by 30 per cent from \$219 million to \$285 million.

The other main feature of the budget is the funding of new statewide services which will allow patients to benefit from the latest advances in technology. Superspecialty services provided at teaching hospitals will be provided with separate funding so that they can maintain the highest standards, as centres of excellence.

An additional \$130 million is being provided to fund increased wage costs and special increases for nurses who are receiving professional pay rates and resident medical officers who are receiving improved wages and conditions.

AREA HEALTH SERVICES AND OTHER HOSPITAL SERVICES

The \$3,835 million allocation, up 9.8 per cent over last year's payment, provides for \$90 million to upgrade basic services and to allow a redistribution of resources to growth areas. In addition, productivity savings of \$33.1 million will be able to be retained by the health system to fund new services. Some specific areas for which funding is provided include –

Basic Service Upgrading and Enhancement – Public Hospitals

- \$3.5 million to upgrade the Level III Dedicated Trauma Service, Westmead Hospital.
- \$1.5 million for haematology services to provide treatment for leukaemia, bone marrow transplants and other acute blood disorders, Westmead Hospital.
- \$2.1 million will be used to provide improved care for elderly patients with acute medical problems and to improve access to general surgical beds and operating theatres, Westmead Hospital.
- \$2.0 million will be provided to open 28 medical and surgical beds, expand the intensive care unit, fully commission a 17 bed acute rehabilitation unit and upgrade cardiology equipment, Blacktown Hospital.

- \$1.0 million to extend general surgery, to open an 8 bed coronary care step-down unit, establish a dental unit, develop an on site ultra-sound service and establish new primary care facilities in the Accident and Emergency Department, Mt Druitt Hospital.
- \$1.1 million to open a 15 bed plastic surgery unit, establish a 6 bed rehabilitation unit, an occupational therapy unit, to increase staffing in existing coronary care and intensive care units and to upgrade basic equipment in the Accident and Emergency and X-Ray Departments, Auburn Hospital.
- \$0.5 million to staff a new palliative day care centre for terminally ill patients and to open extra beds, St Joseph's Hospital, Auburn.
- \$0.5 million to expand Western Sydney Areas Health Promotions Program targeting child injury prevention, reduction in health disease and smoking and improved community nutrition.
- \$2.3 million to upgrade the trauma service from Level 2 to Level 3, Liverpool Hospital.
- \$1.1 million to fund an adolescent health service, and expanded obstetric and paediatric services, Campbelltown and Fairfield Hospitals.
- \$0.9 million to open additional medical and surgical beds, Bankstown Hospital.
- \$0.2 million to open 10 surgical beds, Fairfield Hospital.
- \$0.4 million to establish a paediatric outreach service, rehabilitation geriatric services and general rehabilitation services, Liverpool Hospital.
- \$2.0 million for restoration and upgrading of basic services, including upgrading for ICU/CCU, operating suite, physiotherapy and endoscopy services and commissioning team Psychiatric Unit, Nepean Hospital.
- \$1.0 million to upgrade basic services and maternity services, Hawkesbury Hospital.
- \$0.8 million for specialist services, staffing accident and emergency and maternity services, Blue Mountains Hospital.
- \$2.1 million for improvement of services within the Central Coast Area Health Service hospitals, including angiography service, VMO specialist appointments, IV therapy clinical services, accident and emergency and family medicine staff specialists, Gosford Hospital and acute rehabilitation services, Wyong Hospital.
- \$2.2 million for the expansion of oncology and inpatient services, coronary angioplasty, a second catheter laboratory, five new outpatient clinics and a rheumatology laboratory unit and a second ultra-sound unit, St George Hospital.
- \$1.1 million for a geriatric assessment and rehabilitation service and increased acute medical and surgical orthopaedic beds, Canterbury Hospital.
- \$3.0 million to open new operating theatres and beds, St Vincent's Hospital, Darlinghurst.
- \$0.3 million to expand the Clinic 18 Linear Accelerator, Prince of Wales Hospital.
- \$1.0 million to open 20 acute surgical beds, Royal Prince Alfred Hospital.
- \$0.9 million for a second mobile van for the breast X-ray program, Rachel Foster Hospital.
- \$1.1 million for cardiac surgery and expansion of trauma service, Royal North Shore Hospital.

- \$0.5 million to staff accident and emergency stage II, Ryde Hospital.
- \$1.0 million for oncology services, Mater Hospital, Newcastle.
- \$1.0 million to facilitate the commissioning of the new Rankin Park Teaching Hospital for the Hunter Area Health Service.
- \$0.7 million for orthopaedic services, opening additional beds and a recovery ward, Royal Newcastle Hospital.
- \$0.6 million for orthopaedic services and stage 2 of the acute rehabilitation unit, Port Kembla Hospital.
- \$1.2 million for the High Dependency Unit, Wollongong Hospital
- \$1.4 million for the maintenance of clinical services and career medical officers in the Illawarra Area.
- \$0.6 million to upgrade basic services and to increase inpatient levels, Manning Valley Hospital.
- \$1.3 million for neonatal, paediatric, general and orthopaedic surgical services, Hastings Hospital.
- \$0.5 million to upgrade basic services and expand orthopaedic services, Coffs Harbour Hospital.
- \$0.5 million to upgrade basic services and provide increased staff for enlarged Accident and Emergency Department, Tweed Heads Hospital.
- \$0.2 million to establish an ophthalmology service and expand the orthopaedic service, Murwillumbah Hospital.
- \$0.5 million to upgrade basic services and to provide assistance during the stage two redevelopment, Lismore Hospital.
- \$1.2 million to upgrade basic services provided by other hospitals in the North Coast Region.
- \$0.4 million for specialist and clinical services, Dubbo Base Hospital.
- \$0.6 million to improve orthopaedic, ophthalmology and gynaecology services, Goulburn and Bowral Hospitals.
- \$0.2 million for upgraded accident and emergency services, supervised renal dialysis services and a diabetic education programme, Albury Hospital.
- \$0.2 million for upgraded accident and emergency services, an asthma educator and sexual assault services, Wagga Wagga Hospital.
- \$0.7 million for new nursing home type beds, Holbrook and Cowra Hospitals.
- \$0.4 million for new intensive care unit, Bathurst Hospital.
- \$1.9 million to upgrade basic services and develop a paediatric cochlear implant service at the Royal Alexandra Hospital for Children.

Basic Service Upgrading and Enhancements – Community Health Service

- \$0.7 million for recruitment of additional community nurses, extension of speech pathology, counselling, physiotherapy and podiatry services and upgrading community based services at Blacktown, Mt Druitt, Auburn, Parramatta and Baulkham Hills.
- \$0.9 million for recruitment of additional community health staff to provide services, including sexual assault, nutrition, community nursing, psychiatry, occupational health, child and family support, drug and alcohol counselling and rehabilitation at Bankstown, Yagoona, Liverpool, Fairfield, Cabramatta, Prairiewood, Ingleburn, Campbelltown, Camden and Picton.
- \$0.2 million for the expansion of community health services in the St George area.
- \$0.6 million for the establishment of a diabetic service and the upgrading of dietetic and community nursing services in the Blue Mountains, Penrith and Hawkesbury areas.
- \$0.8 million to increase the level of community services in the North Coast Region.

STATE-WIDE SERVICES

State-wide services to be funded throughout the year amount to \$15.7 million and include enhancements in the areas of maternity, breast cancer screening, neonatal intensive care and epidemiology and the establishment of a Chair of Pharmacy Practice at Sydney University.

In addition the following state-wide services will be funded –

- \$1.2 million for the National Pancreas Transplantation Unit, Westmead Hospital.
- \$1.7 million for a Gynaecological Oncology Unit, Royal Hospital for Women.

The State will also be funding the former Commonwealth/State "waiting list" program in full, following the Commonwealth withdrawal of \$12 million in real terms, resulting in a total requirement of \$24 million.

OTHER SPECIAL PROVISIONS

- \$43 million (up 43 per cent on 1988-89) to prevent the spread of the disease AIDS and to treat AIDS patients in the public health system. Roundly 50 per cent is being provided by the Commonwealth.
- \$13.4 million to ease the shortage of nurses mainly by training of additional enrolled nurses, providing career development courses for graduate nurses and post basic courses for enrolled nurses.
- Close to \$28.6 million (up 8.4 per cent) for Home and Community Care funding principally for home nursing services. Further funds will be made available through the HACC program for any approved growth in services in 1989-90.
- Roundly \$4.8 million for the cardiac and liver transplantation program.
- Some \$181 million to provide ongoing services for the psychiatrically ill including \$32.4 million for community based services. The provision includes \$5 million to commence implementation of the Barclay Report.
- \$164 million for services mainly for the aged and disabled. Of this amount roundly \$41 million is provided by patients in approved nursing homes and by the Commonwealth in the form of nursing home benefits. Included in this allocation are the HACC program and the provision of aids and appliances to disabled persons.

- Roundly \$9.6 million for medical and surgical services to inmates in State prisons.
- \$102 million to meet the debt servicing costs of the Department's capital works program.
- \$51.1 million (up 20 per cent) for the education of nurses by colleges of advanced education.
- The Area Health Services/Public Hospital revenue budget of \$513 million includes \$15 million for the supply of pharmacy prescriptions and it also reflects a 12.6 per cent increase for private patient charges to \$170 per day for shared ward accommodation. The pharmacy and patient fee component over CPI is a source of funds to provide additional growth/enhancement services referred to above.

COMMUNITY AND OTHER SUPPORT SERVICES

\$142.5 million (up 5.2 per cent on 1988-89) has been provided under this heading and comprises –

- \$130.6 million for health transport.
- \$11.9 million for complementary services to those provided by area health services/public hospitals, including \$9.7 million to non government organisations.

PUBLIC HEALTH SERVICES

The following provisions have been made for public health services –

- Over \$5 million to maintain and improve public health and environmental health standards.
- Some \$11.6 million to improve detection, prevention and control of diseases.
- Close to \$13.3 million to improve the level of awareness of individuals and the community concerning the benefits of a healthy lifestyle.
- Approximately \$14.5 million to ensure that an adequate supply of blood and blood related products is available to meet medical requirements through the Red Cross Blood Transfusion Service. Included in the allocation is some \$2.3 million to combat the spread of the disease AIDS, most of which will be spent on screening blood donations to detect the presence of the AIDS virus.
- Roundly \$3.3 million for grants to foster medical and health research.
- \$20.9 million for services specifically for drug and alcohol dependent persons including –
 - \$8.5 million for the joint State/Commonwealth program against drug abuse.
 - \$7.1 million in grants to non-government organisations engaged in education, counselling and treatment of drug and alcohol addicted persons.
 - \$1.9 million for services provided by Area Health Services/Public Hospitals specifically aimed at combating drug and alcohol abuse.
- Roundly \$5.1 million for the provision of supplementary health services to Aborigines including \$2.1 million in grants to non-government organisations for the provision of dental and drug and alcohol services and to conduct public health awareness programs.

OTHER

- \$1.6 million for various grants to external health services and \$4.6 million for the Isolated Patients Travel and Accommodation Assistance Scheme.
- \$40.2 million to maintain an effective administration and planning service in support implementation and review of Government health policy and programs.
- \$7.5 million for the improvement of management information systems within the health system.

4.4.4 WELFARE SERVICES

Background

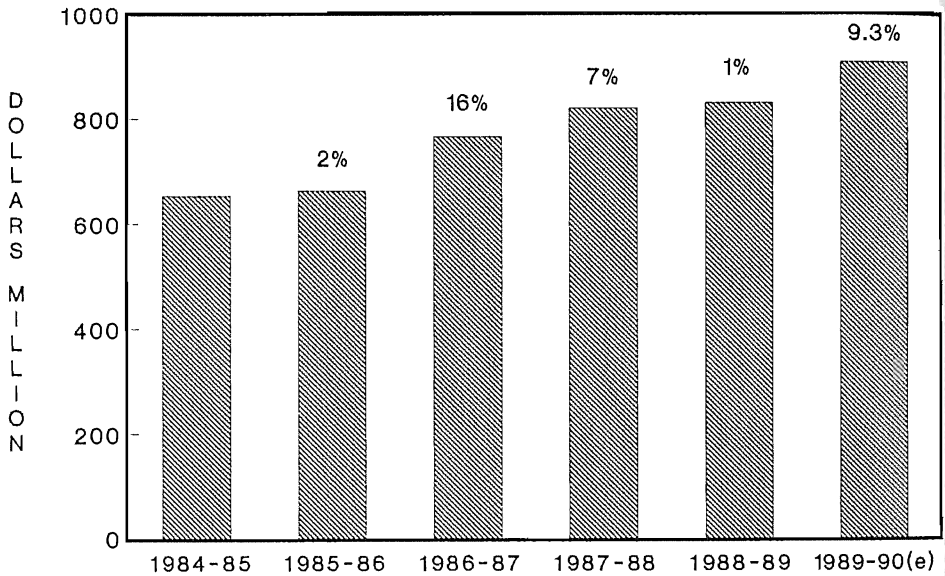
INTRODUCTION

Welfare expenditure essentially covers the operation of the Department of Family and Community Services and social security concessions to the needy which are provided through a range of programs in a number of portfolios, including rate rebates for pensioners and transport concessions. Commencing from 1 July 1989 the Department of Family and Community Services has assumed responsibility for Developmental Disability Services, which were previously administered by the Department of Health.

EXPENDITURE TRENDS

Figure 4.12
WELFARE

(Payments expressed in real terms, 1988-89 base;
Percentage change on previous year)

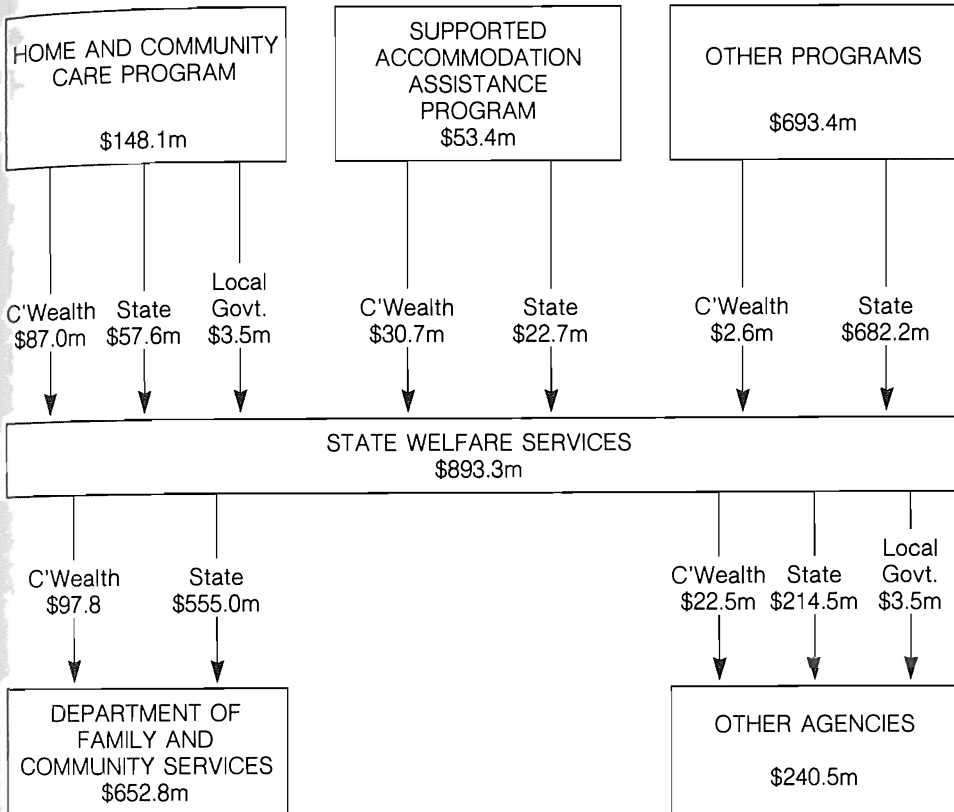


Over the five years to 1989-90, welfare service payments have increased by roundly 20 per cent in real terms. The 1989-90 allocation represents further real growth of 9.4 per cent.

The increase in funding largely reflects the Home and Community Care (HACC) Program and the Supported Accommodation Assistance Program (SAAP). The transfer of Disability Services from the Department of Health, Women's Housing Program from Department of Housing and funds to pay for services previously paid by other Departments has added significantly to the budget expenditure for 1989-90. For comparison purposes previous years figures have been appropriately adjusted.

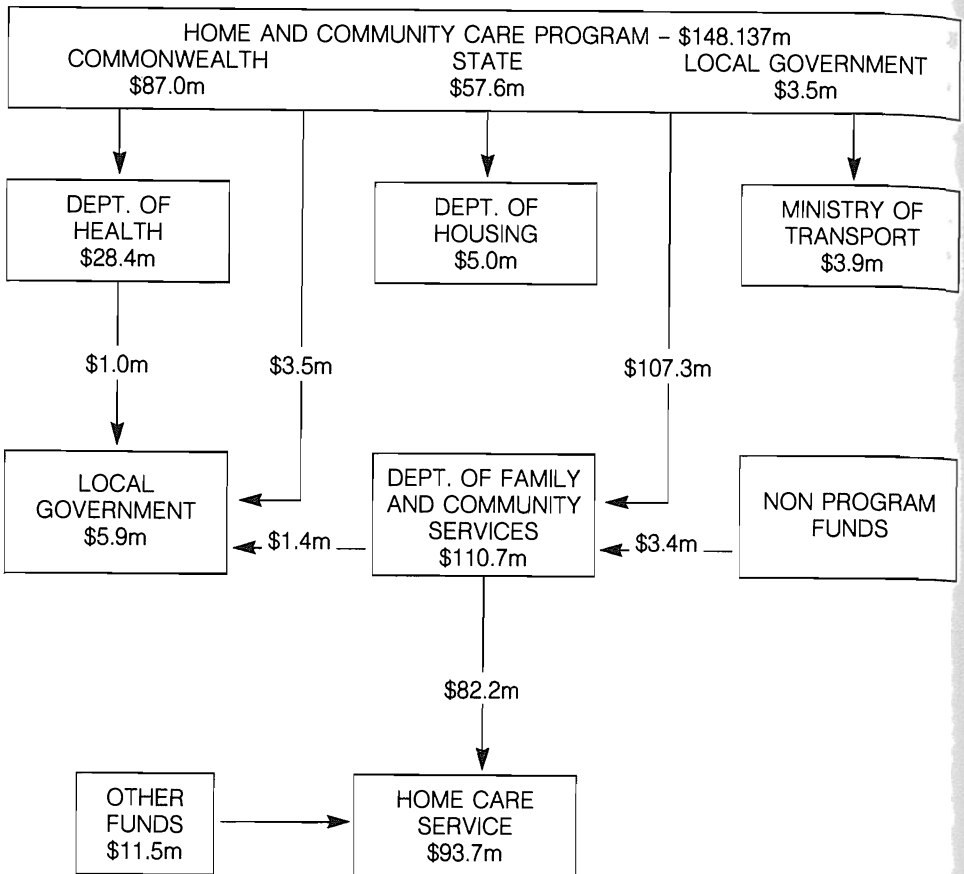
OVERVIEW OF WELFARE SPENDING AREAS

Welfare funding involves a mixture of Commonwealth and State funds. A variety of agencies deliver the services – primarily the Department of Family and Community Services, the Home Care Service and a wide range of voluntary organisations which are provided with grants. The structure of welfare funding and delivery is summarised below –



	\$m
• Protection of Children	34.0
• Substitute Care of Children	74.5
• Juvenile Justice	47.6
• Family and Children's Services	82.0
• Services for Disadvantaged Groups and Communities	58.3
• Supported Accommodation	53.4
• Youth Services	11.7
• Disability Services	179.9
• Organisational Support	29.2
• Home Care Service	82.2
TOTAL	652.8

The following Chart shows the disbursement of Home and Community Care Program funds -



DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

Recent Developments

- In 1988-89 the Department was re-organised. This achieved a smaller central administration, fewer regions and a leaner statewide organisational support structure.
- In 1989-90 the Department will provide new and/or expanded services for children, the aged and the disabled. It will fund these programs from savings in administration and by holding the majority of grants and subsidies to 1988-89 levels.
- The 1989-90 budget has been significantly increased to cover the absorption of costs associated with administrative expenses previously met by other departments/agencies (e.g. superannuation, rent) and programs from other departments (e.g. Disability Services, Women's Housing Program). In addition, increased funding for grants and subsidies has been necessary to implement the full year cost of quarterly funding.

- The Department is anticipated to effect substantial additional savings in 1989-90 in particular programs and these savings, combined with similar savings carried forward from the previous year, will be redirected into enhancing the Home and Community Care Program, the Supported Accommodation Assistance Program and aspects of Children's Services.
- Except for productivity savings of 1.5 per cent (well below the percentage expected of most other departments), all expenditure savings achieved by FACS will be retained within the Department for the provision of welfare services.

Details of budget and program initiatives are contained in the following Program Summaries.

1989-90 Budget

OVERVIEW

Policy Sector	Total Payments		
	Actual 1988-89 \$m	Estimate 1989-90 \$m	Variation %
Welfare Support Services	566.7	675.1	+ 19.1
Social Security	205.2	232.3	+ 13.2
Total	771.9	907.4	+ 17.6

PROTECTION OF CHILDREN

Funding of \$34.0 million (up \$1.8 million or 6 per cent on 1988-89 expenditure) for projects associated with the protection of children from abuse and exploitation, including child protection projects (\$1.9 million), financial assistance (\$1.2 million) and Child Sexual Assault Program (\$0.7 million).

SUBSTITUTE CARE OF CHILDREN

An amount of \$74.5 million (up \$8.5 million or 13 per cent on 1988-89 expenditure) for services involving the care of children separated from their parents. Programs funded include grants to community based residential care organisations (\$11.2 million) child support allowances, etc. for foster parents (\$12.6 million) and family group homes (\$1.7 million).

JUVENILE JUSTICE

Funds to the extent of \$47.6 million (up \$9.3 million or 24 per cent on 1988-89 expenditure) to reduce recidivism and harmful effects of intervention in those cases where children come into conflict with the law and to provide secure facilities for dangerous offenders. The budget allocation also provides \$1.4 million towards the cost of a new high security facility to replace the existing one at Tamworth. In addition, an amount of \$6.6 million has been provided for upgrading detention centres.

FAMILY AND CHILDREN'S SERVICES

Funding of \$82.0 million (up \$8.3 million or 11 per cent on 1988-89 expenditure) to assist the community to provide a range of children's services, including pre-school and day care services (\$52.2 million), vacation care (\$2.4 million) and early childhood projects (\$3.0 million). The allocation will enable all subsidies to be maintained at 1988-89 levels. An amount of \$4 million has been transferred from the Women's Employment Company to provide child care assistance for working women.

An amount of \$9.1 million is provided to assist community organisations working with families to overcome difficulties relating to stress, lack of social support and other factors. The allocation also includes \$4.7 million of State funds for the 1989-90 construction cost of children's day care centres. This is a joint Commonwealth/State program.

SERVICES FOR DISADVANTAGED GROUPS AND COMMUNITIES

An amount of \$58.3 million (up \$18.6 million or 47 per cent on 1988-89 expenditure) for services to disadvantaged groups and communities with the accent on access to services, integration, independence and equality in community life. Specific provisions include assistance to the disabled (\$6.2 million), community development projects (\$9.0 million) and financial assistance (\$4.6 million).

Funds have been included for the following initiatives in 1989-90 –

- Expansion of the Guardianship Board (\$0.8 million), to ensure that the rights of people with disabilities who are unable to make major informed decisions about their life or circumstances, are respected and secured.
- All disability grants to be maintained at real dollar levels.

HOME AND COMMUNITY CARE PROGRAM (HACC)

In 1989-90 the Government will provide an increase in recurrent funds of 13.3 per cent. In addition, funds will be provided for a contributory superannuation scheme in the Home Care Service of New South Wales and for one-off capital projects. Total estimated expenditure in 1989-90 amounts to \$148.1 million (includes Community Options Programme of \$7.2 million). The New South Wales State Government contribution will be \$57.6 million.

Estimated expenditure by the following agencies is –

Department of Family and Community Services	28.5
Home Care Service	82.2(a)
Department of Health	28.4
Department of Housing	5.0
Ministry of Transport	3.9
Department of Local Government	3.5

(a) Includes \$3.4 million for fully funded insurance.

The Home and Community Care Program is jointly funded by the Commonwealth and State Governments.

The Program is targeted at frail aged people and people with disabilities and their carers, who live in their own homes.

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

The co-ordinating Minister in New South Wales is the Minister for Family and Community Services.

The Program is administered through the Departments of Family and Community Services, Health, Housing, the Ministry of Transport and the Home Care Service of New South Wales. The Program is co-ordinated regionally in the seven regions of the Department of Family and Community Services.

These funds will enable the maintenance of all existing approved services as well as continued growth in new services. Services include –

- housekeeping and personal care services
- community nursing and paramedical services
- food services, including meals on wheels
- modification and maintenance of homes
- respite care services
- neighbour aid services
- information/co-ordination and consumer advocacy projects

Non-recurrent funds have been provided for the construction and development of capital facilities in co-operation with local government authorities, the acquisition of community transport vehicles and for a range of equipment requirements for new and existing projects.

SUPPORTED ACCOMMODATION

An amount of \$53.4 million (up \$15.8 million or 42 per cent on 1988-89 expenditure) for the State/Commonwealth Supported Accommodation Assistance Program, \$50.6 million, and the Women's Housing Program, \$2.8 million.

- *Supported Accommodation Assistance Program (SAAP)*

The Supported Accommodation Assistance Program (SAAP) is a joint Commonwealth/State Program which provides assistance to community groups to operate a variety of supported accommodation services and related support services to homeless people in crisis.

The program was established on 1 January 1985. New South Wales entered into a new five year agreement with the Commonwealth on 1 July 1989, to continue this program.

SAAP will receive funding of \$50.6 million in 1989-90, increased from \$34.8 million in 1988-89.

This program provides funding to 251 projects, 105 under the Youth Supported Accommodation Program for crisis youth refuges, medium term supported houses and medium to long term multi-house schemes for young people 12-25 years of age.

The Women's Emergency Services Program funds 63 services statewide. The majority of these services are women's refuges which provide support for women and children escaping domestic violence. The other services provide accommodation and support for homeless women and children.

The remaining sub-program, the General Supported Accommodation Program provides, a range of accommodation services to men, women and their dependents. A total of 89 services are funded.

SAAP will receive growth funds in 1989-90 of \$3.2 million. The Government is keen to pursue new objectives for SAAP over the next five years. These objectives include developing and expanding models of services to improve the effectiveness and efficiency of existing services, the development of innovative models of service for homeless young people, and to establish and evaluate new services to serve isolated and rural areas and to rectify gaps in service delivery.

Five new services will be included in SAAP in 1989-90. These are the large inner city men's hostels, Mathew Talbot, Edward Eagar Lodge, Campbell House, Foster House and Swanton Lodge. In this financial year, \$10.1 million in capital and recurrent funding will be available to commence a long term planned devolution of these services into smaller more homelike services.

An amount of \$0.8 million in recurrent funding will be provided to the St Vincent de Paul Society to run a family crisis service at their Lewisham site. The Centre can accommodate approximately 70 women and children.

- *Women's Housing Program (WHP)*

The Women's Housing Program (WHP) will receive \$2.8 million in 1989-90. It was established by the Department of Housing in 1984. The Program provides medium term housing (3 to 12 months) and a range of support services to homeless women and their dependent children. It aims to assist these women in developing independent living skills, securing permanent accommodation and subsequent re-integration into local communities.

Presently there are twenty-two Women's Housing Program schemes located throughout New South Wales, of which, four provide specialised support for special need groups. Individual schemes are incorporated bodies and are managed by community based management committees.

POLICY DEVELOPMENT AND PROJECTS AFFECTING THE STATUS OF WOMEN

An amount of \$1.6 million (up \$0.2 million or 13 per cent on 1988-89 expenditure) for the Women's Co-ordination Unit including \$0.5 million for special projects for the development of a series of indicators to monitor programs in improving women's social and economic status in New South Wales.

YOUTH SERVICES

Funds of \$11.7 million (up \$3.9 million or 50 per cent on 1988-89 expenditure) has been provided for the co-ordination and improvement of welfare support services and facilities for young people. Major items are the community youth projects and adolescent support programs (\$7.4 million) and the National Campaign Against Drug Abuse (\$1.3 million).

DISABILITY SERVICES

Funds to the extent of \$179.9 million (up \$23.3 million or 15 per cent on 1988-89 expenditure) has been provided for the provision of residential and other services for the treatment and care of persons with developmental disabilities.

This program was transferred from the Department of Health to the Department of Family and Community Services on 1 July 1989.

ORGANISATIONAL SUPPORT

An amount of \$29.2 million (up \$0.2 million or less than 1 per cent on 1988-89 expenditure) to provide executive and administrative support for the Department's welfare programs. Reorganisation of the Department has kept administrative support cost to a minimum level.

HOME CARE

The Home Care Service of New South Wales is a statutory authority responsible to the Minister for Family and Community Services through the Director-General of the Department of Family and Community Services.

The objective of the Home Care Service is to provide consistent, high quality, cost efficient household based support services to three groups of consumers, the medically fit, medically stable or medically supported. Older people are the major client group.

The Home Care Service is funded by the State and Commonwealth Governments under the Home and Community Care Program. Estimated total expenditure by the Home Care Service in 1989-90 is \$93.7 million (up \$10.3 million or 14 per cent on 1988-89 expenditure) of which the two governments will provide \$84.7 million. The State contribution will be \$39.7 million.

Total funding includes \$2.0 million for the introduction of a contributory superannuation scheme and \$2.5 million for continued development of the Service's computerisation program.

During 1989-90 services will be provided to approximately 42,000 households at anyone time. Of these, 54 per cent are older, single people living alone and 21 per cent are older couples.

The proportion of hours worked in each type of service in 1989-90 is likely to be -

General Housework	68.3 per cent
Personal Care	18.0 per cent
Respite Care	6.0 per cent
Handyperson Service	2.5 per cent
Live-in Housekeeper	1.1 per cent
Other	4.1 per cent

In 1989-90 the Home Care Service will maintain its focus on the provision of services to older persons. During this year services will be extended with increases in the area of personal care to this group. Specialist integrated services for frail older Aboriginal people will also be developed together with specialist respite care services.

SOCIAL SECURITY

The social security provision of \$232.3 million includes the following -

- \$46.0 million for payment to Councils in respect of the State's share of concessions on Council rates payable by pensioners.
- \$39.0 million for payment of subsidies to the Sydney, Hunter District and Broken Hill Water Boards in respect of rebates on pensioners' water rates and the waiving of the Environmental Levy. The \$22.5 million increase in expenditure in 1989-90 is due to an increase in the number of eligible pensioners and compensation to the Water Boards for the waiving of the Environmental Levy.
- \$213.1 million (up \$64.0 million on 1988-89) for the cost of travel concessions, including drivers' licence concessions, abolition of registration fees and third party premiums for pensioners of \$84.3 million and other minor concessions.

4.4.5 HOUSING AND COMMUNITY SERVICES

Background

INTRODUCTION

Funding is provided under the Water and Sewerage sector to assist local government in providing safe and adequate water supply and sewerage schemes and associated services in areas not serviced by Water Boards. Within the Protection of the Environment sector funding is provided to the Department of Planning to enable the Department to fulfill its important role in planning future land use within the State.

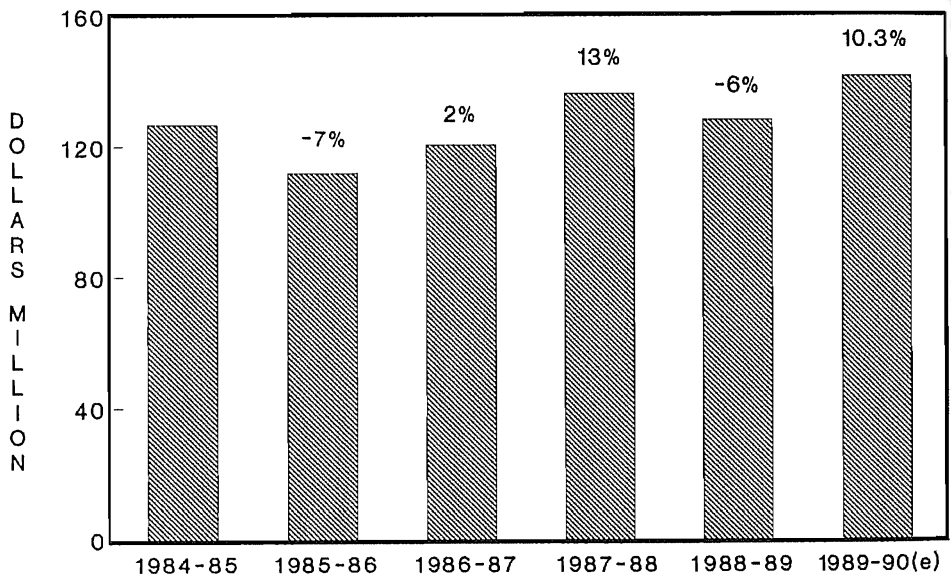
Funding for Housing mainly reflects the on-passing of Commonwealth recurrent payments, principally for Mortgage and Rent Relief. In the past total payments of the Department of Housing have reflected the operating costs of public rental housing, including the financing of rental rebates. The Classification Task Force report identified the Department as an outer budget sector entity which is predominantly self-funding in terms of its recurrent budget. Accordingly total payments now only reflect Consolidated Fund support.

EXPENDITURE TRENDS

Figure 4.13

HOUSING AND COMMUNITY SERVICES

(Payments expressed in real terms, 1988-89 base;
Percentage change on previous year)



Over the five years to 1988-89 recurrent payments in the Housing and Community Services Policy Sector have increased by 1.1 per cent in real terms. The 1989-90 allocation represents further real growth of 3.3 per cent.

RECENT DEVELOPMENTS

Recent developments in the Housing area have focused on the Department's capital operations. Following the May 1989 Premiers' Conference the Commonwealth has proposed a new Commonwealth State Housing Agreement effective from 1 July 1989. Details of this and other initiatives in the Housing area are outlined in Section 7.4 of this document.

Following a review in 1988-89 by the Public Accounts Committee of the operations of the Heritage Council the Department of Planning has now formulated a revised financial assistance program for heritage conservation. The program is designed to target areas of greatest need, to properly integrate with other heritage programs and to be accountable in terms of overall performance.

The Government has recently issued Coastal Development Guidelines, and consistent with these the Department of Planning has established a Coastal Committee. This Committee will assist in the implementation of the Coastal Protection Scheme, which acquires key parcels of coastal land for public use and enjoyment.

1989-90 Budget

OVERVIEW

Policy Sector	Total Payments		
	Actual 1988-89 \$m	Estimate 1989-90 \$m	Variation %
Housing	18,970	21,748	(+) 14.6
Water and Sewerage	37,540	38,773	(+) 3.3
Protection of the Environment	62,504	80,647	(+) 29.0
Total	119,014	141,168	(+) 18.6

HOUSING

An amount of \$36 million has been made available to the Department of Housing to meet expenditures including the Mortgage and Rent Relief Program which is funded jointly by the State and the Commonwealth and which this year includes a special Commonwealth allocation of \$5.16 million. Provision has also been made for the Department's share of expenditures on the Home and Community Care Program.

WATER AND SEWERAGE

An amount of \$13.28 million has been provided as subsidy payments towards the capital debt charges of various water supply schemes.

DEPARTMENT OF PLANNING

Expenditure of \$25.6 million for the promotion and co-ordination of environmental planning and assessment, including \$8.0 million for Area Assistance Schemes is planned for 1989-90. The Area Assistance Schemes operate in Western Sydney, Hunter, Illawarra, Macarthur and Central Coast areas of the State. Additionally, the Budget includes provision of roundly \$4.1 million to meet the ongoing costs of projects initially established under these schemes in previous years.

Increased funding of \$2.3 million has been provided for the program Provision of Land for Public Purposes to meet an increase in the Government's share of debt servicing for the Sydney Region Development Fund (which is the Government's major land acquisition instrument for planning purposes). An amount of \$4.5 million has also been provided under this program to meet the costs of administration of land acquisition financed from capital resources.

The Department will be undertaking additional planning responsibilities in 1989-90 as a result of the Director and the Minister becoming the consent authority for a number of major developments in the Sydney area. Additionally, the Department will provide advice on planning issues related to all surplus Government sites, namely White Bay, Glebe and numerous other individual sites.

4.4.6 RECREATION AND CULTURE

Background

INTRODUCTION

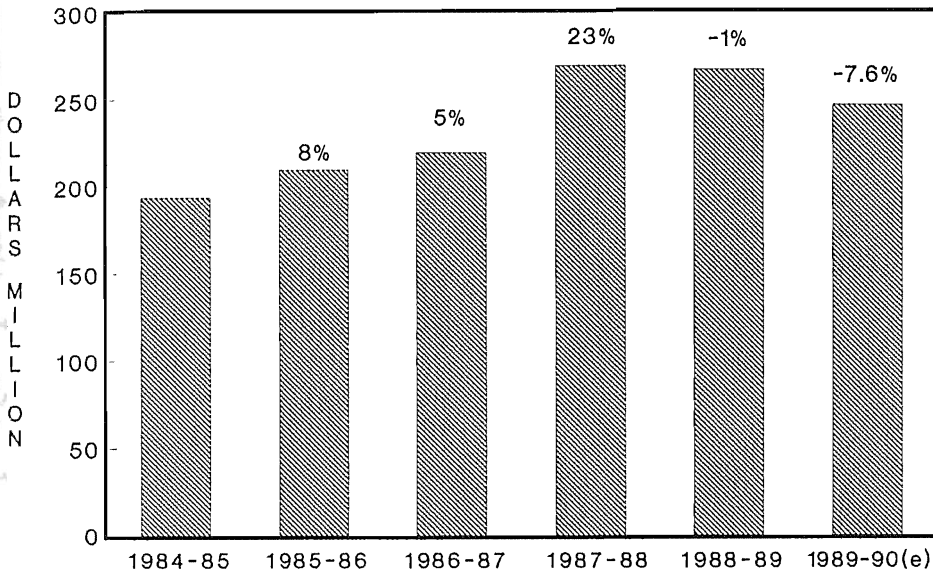
Funding is provided under this policy area to meet the cost of Recreation Facilities and Services together with Cultural Facilities and Support of the Arts. The area includes funding for the Department of Sport, Recreation and Racing, the Tourism Commission, the National Parks and Wildlife Service, Royal Botanic Gardens, Bicentennial Park, Centennial Park, and the Ministry for the Arts inclusive of the State's cultural institutions.

EXPENDITURE TRENDS

Figure 4.14

RECREATION AND CULTURE

(Payments expressed in real terms, 1988-89 base;
Percentage change on previous year)



Total payments for Recreation and Culture have increased by 38 per cent in real terms over the five year period to 1988-89.

Payments peaked in 1987-88 with an increase in staffing and operating costs following the redevelopment of a number of cultural institutions. Funding in that year reflects substantial costs for the purchase, restoration and display of exhibits associated with the opening of Stage II of the Power House Museum.

RECENT DEVELOPMENTS

Department of Sport, Recreation and Racing

A scheme to encourage the conduct of International Sporting Events in New South Wales has been implemented. As a result of this scheme events such as the World Women's Gold Cup Hockey Championship have been attracted to New South Wales.

The Sports Scholarship Scheme provides financial support for training and coaching for athletes with demonstrated potential for international success. Increased funding has been injected into the scheme from both the Government and corporate contributors.

Under the Kay Cottee Sailing Encouragement Program New South Wales Youth are introduced to sailing under expert tuition. The first intake for this scheme took place in January 1989.

A major Sports Safety campaign has been developed which focuses on the prevention and first aid treatment of head and neck injuries and soft tissue injuries.

A staff restructure to amalgamate operations at the Academy of Sport has allowed for improved administration and increased usage of the Academy.

A further initiative includes the establishment of a management advisory service to assist administration of race clubs.

Tourism Commission

The Commission has commenced the preparation of a New South Wales Tourism Strategy in conjunction with the State's Economic Development Strategy being co-ordinated by the Department of State Development.

It has also sought to rationalise a number of its activities with a view to possible privatisation. These projects involve Jenolan Caves House and the Air Reservations Bureau.

Other significant initiatives include –

- the State's first Chair of Tourism established at the University of New South Wales (Commerce Faculty);
- opening of an additional office in Singapore to serve trade in the growing Asian market; and
- amalgamation of the Sydney Convention and Visitors Bureau and the Sydney Tourism Marketing Board into one body.

National Parks and Wildlife Service

The Service has continued to place high priority on the maintenance and redevelopment of National Parks and associated areas.

The Metropolitan Parks Redevelopment Program will continue to provide the public with improved recreational opportunities and facilities.

Ministry for the Arts

New South Wales' first Ministry for the Arts was established in June 1988, raising the profile of the arts in the State and bringing together the cultural institutions under a single Ministry, thus facilitating greater co-ordination of policy and accountability.

A streamlined and more cost-effective Film and Television Office was established on 1 July 1988 to replace the New South Wales Film Corporation. The change has resulted in savings of over \$2.7 million a year.

A new Arts Advisory Council, with a wide brief to advise on all aspects of arts support and policy, was convened in August 1988 and has replaced the former Cultural Grants Advisory Council. New appointments have been made to the boards and trusts of all the cultural institutions.

Through savings in other areas, the Government provided special grants totalling \$303,000 (matched by the Australia Council) to help meet substantial increases in award payments to actors and other performers whose rewards have traditionally been among the lowest in the Australian workforce. Economies in other areas also enabled the Ministry to allocate \$200,000 to a ministerial discretionary fund to support worthy projects in the arts.

As part of the Government's strategy to reduce the State's debt burden, it has repaid the \$44 million outstanding debt of the Sydney Entertainment Centre.

The Government has actively promoted the redevelopment of the Capitol Theatre in lengthy negotiations with Sydney City Council; a successful tenderer was announced by Council on 4 September 1989. Redevelopment of the site will include restoration of the Capitol Theatre as a lyric theatre with over 2,000 seats.

1989-90 Budget

OVERVIEW

Policy Sector	Total Payments		
	Actual 1988-89 \$m	Estimate 1989-90 \$m	Variation %
Recreation Facilities and Services	123.8	122.6	(-) 1.0
Cultural Facilities and Support of the Arts	124.6	124.2	(-) 0.3
Total	248.4	246.8	(-) 0.6

Total payments in 1989-90 are projected to decrease by 7.6 per cent in real terms compared to the level of expenditure in 1988-89.

This decrease reflects savings on debt charges following repayment of the outstanding debt of the Sydney Entertainment Centre, the transfer of funding for major refurbishment of the Opera House to its capital program, as well as the various productivity and portfolio savings targetted in this area.

DEPARTMENT OF SPORT, RECREATION AND RACING

The Department of Sport, Recreation and Racing through its Central Office and its decentralised administration of ten (10) regional offices and eleven (11) residential outdoor sport and recreation centres and the Academy of Sport will, amongst other services, provide the following key services –

	\$M	Estimated Participation
Vacation Learn to Swim	1.3	75,000 children
Outdoor Recreation Education	8.2	283,000 participant/days
Adult Sport/Recreation skill development	0.6	2,800 separate courses
Capital Assistance for the development of sport and recreation facilities	4.2	300 sports facilities
Country Athlete Scheme	0.1	350 participants
Sports Scholarships	0.7	211 scholarships
Talented Athlete Programme	0.1	140 potential elite sportspeople
Vacation Play Centres	0.8	630 centres

TOURISM COMMISSION

A total amount of \$18.4 million will be available for the purpose of Promoting and Developing Tourism to and within New South Wales, and also for co-ordinating the development of ventures relating to tourism. Major features of the Tourism Commission 1989-90 allocation include –

- \$3.8 million for advertising and publicity campaigns to attract tourists to New South Wales from other States and overseas.
- \$1.3 million for the Sydney Convention Visitors Bureau for the purpose of promoting Sydney to domestic and international markets.
- \$0.5 million for the provision of grants to approved regional tourist associations for information centre services.
- \$3.0 million for the provision of Tourist Information and Sale of Travel.
- \$0.7 million for the Tourist Development Fund to facilitate development of the industry throughout the State.
- \$1.1 million for the Commission's overseas operations for the purpose of promoting New South Wales as a tourist destination.

NATIONAL PARKS AND WILDLIFE SERVICE

An estimated amount of \$48.2 million will be available to meet the operating costs of the Service in 1989-90. This amount includes funding generated by the Service from entry fees, rents, permits and other charges.

The majority of these funds will be used to meet the costs of on-going maintenance works, fire control, and management of pest, plant and animal control in park areas.

An amount of \$5.2 million will be available for management of the State wide system of parks in the form of State Recreation Areas managed by persons appointed locally as trustees.

BICENTENNIAL PARK

An amount of \$855,000 has been made available for the maintenance and development of Bicentennial Park.

ROYAL BOTANIC GARDENS

Funding of roundly \$12 million has been provided for maintenance of the Royal Botanic Gardens, the National Herbarium, the Domain, and Mount Tomah and Mount Annan Gardens.

CENTENNIAL PARK

An amount of roundly \$2 million has been made available for the management of Centennial Park.

CULTURAL FACILITIES AND SUPPORT OF THE ARTS

Additional resources have been allocated to the State's cultural institutions to allow for the full year cost of operating expanded facilities completed during the Bicentennial program.

Funds of \$33.6 million have been provided for the State Library. This includes an additional amount of \$1.0 million for subsidies and grants to local government libraries in 1989-90 and a total commitment of \$3.0 million over three years.

The Historic Houses Trust has been provided with an additional \$602,000 over its 1988-89 recurrent expenditure to consolidate its management and administration.

Total funding of \$124.3 million has been provided in this area and further includes \$14.7 million for the Australian Museum, \$25.2 million for the Museum of Applied Arts and Sciences, \$4.3 million for the Archives Authority, \$13.2 million for the Art Gallery, \$2.3 million for the New South Wales Film and Television Office and \$11.5 million for the Sydney Opera House.

4.4.7 ECONOMIC SERVICES

Background

The Economic Services policy area is divided into four industry sectors –

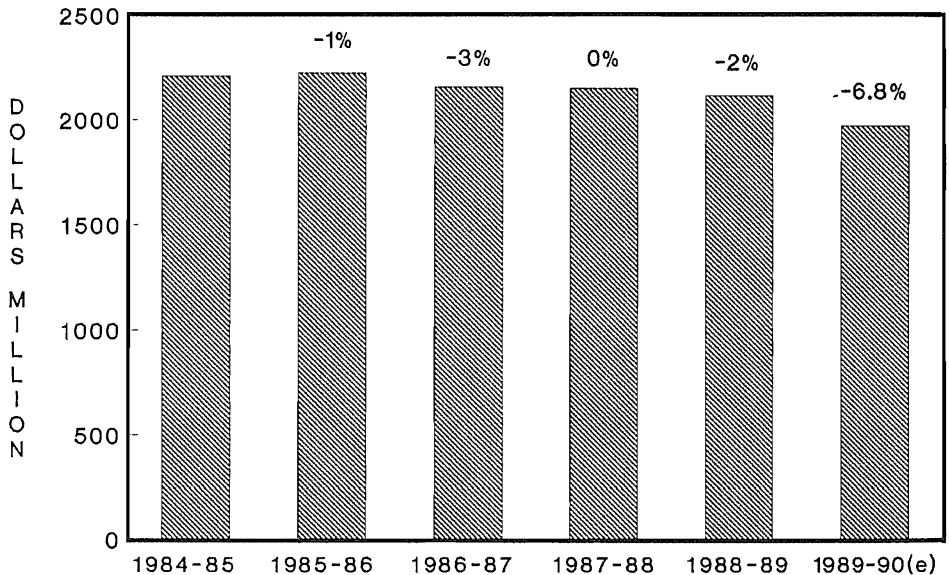
- The Agriculture, Forestry and Fishing Sector consists of the Department of Agriculture and Fisheries, Soil Conservation Service, Department of Water Resources, Dairy Corporation, Fish Marketing Authority and Sydney Market Authority.
- The Mining Manufacturing and Construction Sector encompasses minerals policy, licensing activities, engineering and construction services to the community.
- Transport and Communication, includes the Roads and Traffic Authority, Ministry of Transport and the various transport authorities.
- Finally, there are a number of other activities such as the Department of Industrial Relations and Employment, energy policy, State Development and Business and Consumer Affairs.

EXPENDITURE TRENDS

Figure 4.15

ECONOMIC SERVICES

(Payments expressed in real terms, 1988-89 base;
Percentage change on previous year)



Over the last five years payments in the Economic Services area have decreased by 10.6 per cent in real terms.

By definition the Economic Services area, given that it is providing economic services to specific areas of the community, is capable of greater application of the user pays principle and hence a higher level of self financing. Already initiatives have commenced in this area to place certain activities on a more commercial basis by the application of user charges, with receipts paid to working accounts.

Both the Department of Agriculture and Fisheries and the Soil Conservation Service, amongst other bodies, are introducing more self funding arrangements. Accordingly, while total payments for Economic Services may increase in real terms in future, Consolidated Fund allocations are likely to decline reflecting greater financial self-sufficiency in these areas.

RECENT DEVELOPMENTS

Business and Consumer Affairs

The agency is significantly upgrading its computer system. The 23 regional service centres will be linked in a computer network which will enable a full range of services to be provided to customers across the State.

The Register of Encumbered Vehicles has been moved off-Budget and will operate on a commercially oriented basis. The Registry is in the process of up-grading its computer system to provide a quicker and more reliable service for its clients.

The agency is also establishing a Central Business Licence Information Centre to provide assistance to people wishing to start businesses.

Department of Industrial Relations and Employment

The most significant issue affecting the Department is the reform of labour market policies and the New South Wales industrial relations system. The Green Paper on Industrial Relations in New South Wales was commissioned by the Minister for Industrial Relations and Employment and aimed at identifying the options for change. Released in February 1989, Volume 1 of the Green Paper provides a framework within which the necessary changes can be identified and evaluated prior to implementation. The final Volume is due to be released before December 1989.

Consistent with the recommendations of the recent Management Review of the Department, an organisation restructure which separates operations from service delivery, and a staffing review, is currently being undertaken. For efficiency reasons and to achieve an integrated service, the Management Review also recommended that responsibility for occupational health and safety be transferred off-Budget to the new WorkCover Authority which has overall responsibility for the Government's new workers compensation and rehabilitation scheme. The transfer will place prevention, rehabilitation and compensation with one body and assist in targeting unsafe workplaces and the control of rehabilitation costs.

Another recent development is the Department's continuing involvement in the new Start to Life program which will boost education, training and employment opportunities for the young people of New South Wales. Expenditure on this program will increase significantly this financial year, reflecting the carry forward cost from delayed commencement of schemes in 1988-89.

Agriculture, Forestry and Fishing

An important phase of Government policy in this area is to enhance its performance by combining the efforts of specialist public and private sector personnel to co-ordinate management and marketing research programs. These programs provide information to producers which enables them to more readily adjust production of various rural products in line with changes in rural conditions. This will lead to more efficient and profitable farm enterprises.

Transport Authorities

In 1988-89 there have been major reforms in the transport sector, directed at creating a more commercial culture, separating regulatory and commercial activities and eliminating inefficiencies in the delivery of services.

Each of the authorities under the responsibility of the Minister for Transport has been restructured. Details of the restructure are provided in section 8.3.

The major focus of the Government's efforts to improve efficiency and effectiveness has been with the State Rail Authority (SRA) and the State Transit Authority (STA), both of which were the subject of review by the Audit Commission.

The presentation in the Budget of financial support provided to these organisations and public transport in general has been changed to more properly reflect the commercial charter provided to these organisations.

The reality is that the SRA and STA operate a range of separate businesses, some of which are not capable of full commercial operation. This does not mean that such activities should not be operated as efficiently and effectively as possible but rather that there will be an ongoing need for a Budget subsidy.

In the past the distinction between commercial and non commercial activities was not clearly recognised and no attempt was made to assess the level of Budget subsidy required to operate the services on an efficient basis as distinct from the subsidy actually provided which included payment for operating inefficiencies.

Following the Booz Allen and Hamilton review of the SRA there are now three separate identified businesses –

- City Rail, which provides metropolitan and interurban passenger services
- Country Passenger Service which provides passenger services for intra and interstate travel
- Freight Service.

The Government has provided a commercial charter to the SRA but has determined that in respect of City Rail and Country Passenger Services a broader range of services for lower than full economic cost are to be provided. The Government has accepted the need, on economic, social and environmental grounds, for providing a Budget subsidy to allow the SRA and STA to charge less than full cost recovery fares for these non commercial activities.

Capital expenditure in the non commercial area will be provided by a Government capital grant, in recognition of the inability to service debt costs. This treatment is consistent with the provision of capital to other general Government (ie non commercial) services within the New South Wales public sector.

Freight Service is capable of operating on a commercial basis. Bulk freight such as coal and wheat can operate on a fully commercial basis. General freight, however, is not capable of operating on a fully commercial basis. In recognition that the SRA's general freight operations do yield considerable social and environmental benefits to the community and that the competing road freight services are not fully paying for social costs generated, a bounty payment will be made by the Government to enable general freight service to operate. Over the next three to five years it is intended that the SRA and STA will eliminate all identified operating inefficiencies and that subsidies for operating losses will decline to zero.

Subsidy details are set out under the heading "Payments for Transport Services".

Coal Compensation

On 1 January 1982, the previous administration resumed all private coal rights in New South Wales. A provision was made to pay compensation at 50 cents per tonne to the previous owners, but the mechanism to pay this compensation (the Coal Compensation Board) was not put in place until 1985.

As part of its election commitment, the Government promised to provide where practicable, restitution of coal rights or fair and equitable compensation to previous owners. Total restitution would cost the Government in excess of \$700 million in foregone royalty between now and the year 2000.

Following extensive reviews covering the legal, financial and administrative aspects of the Coal Compensation scheme, the Government has decided to pay fair and equitable compensation by increasing the rate from 50 cents to 90 cents per tonne. Additionally, for claimants whose previously owned coal lies outside colliery holding, the Government will offer the option of restitution of rights or compensation.

However given the need for budgetary constraint, it has been decided that claims in excess of \$20 million will be "capped". There are three claims in this category, from –

- BHP
- Coal and Allied
- Durham Holdings (Renison Gold Fields)

An amount of \$60 million will be distributed among these three claimants pro rata to the size of their claims.

Provision of \$100 million for compensation has been made so far. The Government plans to provide a further \$250 million at the rate of \$50 million per annum, commencing in the 1990-91 financial year.

Other Economic Services

The Government has announced an economic development package, which will consist of two schemes. The first scheme, the Strategic Economic Development Package will provide financial assistance in a variety of forms through negotiations with business. The concessions will include tax concessions, provision of infrastructure, assistance with Government charges, access to Government purchasing and assistance with meeting Government regulations.

Funds for the scheme will commence from 1990-91.

The former Department of Mineral Resources and the Department of Energy have been amalgamated into a new Department of Minerals and Energy, in accord with the Government's policy to create a more conducive business climate where private enterprises can operate competitively, to eliminate overlapping Government functions and to provide efficient and effective management of the State's mineral and energy resources at a lower cost. A major thrust in this financial year will be to overhaul the legislation for the mining industry so as to incorporate the principles and philosophies of the Government in this regard.

A major development in the Department of Lands is the implementation of the major legislative changes enacted during 1988-89 in the area of Crown land management and administration. The new legislation modernises the whole spectrum of Crown Land administration by repealing over twenty existing pieces of legislation and providing a streamlined framework and simplified approach to the management of the Crown Lands based on sound commercial principles.

In recognition of the importance of rural water supply and its protection and development, Cabinet has recently established a joint funding program to rehabilitate the ageing water distribution infrastructure in the Irrigation Areas and Districts with a view to commercialising the rural water distribution system in the future.

1989-90 Budget

OVERVIEW

Policy Sector	Total Payments		
	Actual 1988-89 \$m	Estimate 1989-90 \$m	Variation %
Agriculture, Forestry and Fishing	330.2	356.5	8.0
Mining, Manufacturing and Construction	115.6	138.1	19.5
Transport and Communication	1,321.1	1,243.3	- 5.9
Other Economic Services	202.4	238.9	18.0
Total	1,969.3	1,976.8	0.38

The large variations in the Mining sector and Other Economic Services sector are mainly due to increased coal compensation payments and the carry forward costs of employment schemes which were delayed in 1988-89.

The reduction in the Transport sector is due to the Government's commercialisation reforms.

AGRICULTURE, FORESTRY AND FISHING

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

- \$64.7 million for plant industry programs which are concerned with pastures and all field and horticultural crops, and including the regulation of plant imports and exports. The allocation provides for the costs of research into crop diseases, pests, nitrogen deprivation in soils and other applied research, including safety and quality standards for fertilisers and cereals;
- \$60.7 million for animal industry programs, including the modified cattle tick control program and the Tuberculosis and Brucellosis Eradication campaigns. The State's involvement in these schemes is continuing to decrease due to the success of the eradication campaigns and the implementation of new control procedures;
- \$39.2 million for Support Services which comprises advisory services, grants to promote the advancement of agriculture and agricultural education, marketing services to improve efficiency by advice on commodity prospects, economic conditions and the development of agricultural prospects overseas;
- An amount of \$600,000 will be provided in 1989-90 under a State Rural Adjustment Scheme which is specially for cereal growers, i.e. growers of wheat, barley, triticale, rye-corn or rice crops;

- \$16.1 million for fish industry programs including \$380,000 for shark meshing of beaches;
- \$39.1 million for the Soil Conservation Service to provide services for the benefit of the community directed to the conservation of soil and farm water resources and rehabilitation of degraded lands;
- \$112.0 million for the recurrent costs of the Department of Water Resources management of the State's water resources, including maintenance and operation of major water storages, monitoring and regulation of stream flows and administration of irrigation areas (excluding pensioner rebates). The allocation includes –
 - \$1.6 million for administration of supply of water to irrigators from regulated streams;
 - \$3.3 million as the State's share of the cost of maintenance and administration of the River Murray Commission;
 - \$400,000 towards the costs involved in relocation of administrative services to regional offices;
 - \$39.0 million for debt servicing costs of the Department of Water Resources capital borrowings;
 - \$72.2 million for rural water supply and associated services, which includes administration and operation of Irrigation Areas and Districts water supply scheme.
- Public good contribution to the Forestry Commission in 1989-90 will be \$14.165 million. The Forestry Commission has been moved to the outer Budget sector and is now responsible for funding most of its commercial activities. The Government has undertaken to provide financial support to meet the Commission's "public good" activities, that is activities provided on non-commercial grounds. The public good services are –
 - Wood technology services
 - Wildlife and flora reserves
 - Catchment management
 - Recreational use of Forests
 - Community fire protection and other emergency services
 - Advisory services
 - Environment enhancement

PAYMENTS FOR TRANSPORT SERVICES

	1988-89		1989-90	%
	Estimate \$m	Actual \$m	Estimate \$m	Change
Operating Subsidies				
• STA	73.3	73.3	39.4	(-) 46.2
• SRA	397.0	385.6	308.5	(-) 20.0
Freight Subsidies	20.0	20.0	25.0	(+) 25.0
Payment to Ministry for Non Commercial Services				
• SRA (1)	198.0	198.0	212.0	(+) 7.1
• STA (1)	82.0	82.0	97.1	(+) 18.4
• MOT (1)	195.4	204.1	223.2	(+) 9.4
Finance Charges and Other				
• Finance charges (2)	692.7	705.7	743.0	(+) 5.3
• State redundancy payments	-	10.0	230.0	(+) 2,200.0
Total	<u>1,658.4</u>	<u>1,678.7</u>	<u>1,878.2</u>	(+) 11.9

(1) Includes subsidies for specific user groups reflected in other policy areas as follows:-

Education \$290 million, Welfare \$155.4 million and Law, Order and Public Safety \$4 million.

(2) Includes a notional \$210 million of former Public Transport Commission debt.

Over time the operating subsidy will be eliminated.

Payment for non Commercial Services will over time reflect Government policy on cost recovery for transport services and the level of concession provided to specific groups.

Finance charges will increase over time to the degree that the Government resorts to borrowings to fund capital grants for Capital expenditure for non commercial transport services.

Redundancy payments will remain at a relatively high level for the next three years until the SRA and STA staffing levels are reduced to a level consistent with commercial operating standards.

OTHER TRANSPORT AND COMMUNICATION

The activities of the former departments of Main Roads and Motor Transport and the Traffic Authority of New South Wales were merged last year with the formation of the Roads and Traffic Authority. Total payments by the new Authority are projected at \$1,524 million in 1989-90, including \$234 million for recurrent services, i.e., \$87.5 million for vehicle registration and driver licensing services and \$146.5 million to meet debt servicing costs.

Provision has also been made within the Ministry of Transport of \$18.9 million to meet the ongoing costs of co-ordinating, developing and implementing transport policy including \$12.8 million for the regulation of private transport services and the administration of subsidy payments for transport concessions.

OTHER ECONOMIC SERVICES

A number of State agencies are involved in various aspects of economic development in New South Wales. The overall co-ordination of these agencies' roles is undertaken by the Department of State Development. The Department's 1989-90 allocation is \$9.2 million, up 12 per cent on 1988-89.

The Department of State Development is responsible for co-ordinating major project developments and liaising between the private sector and the other Government agencies. The Department is also co-ordinating the Government's initiative of actively encouraging private sector participation in the provision of public infrastructure.

In addition, State Development is charged with responsibility for attraction of international investment to New South Wales. The Department has recently taken control of the Government's overseas offices and will focus the efforts of these offices on the task of attracting investment to the State.

The Government recently announced a new Strategic Economic Development Package which provides incentives to encourage development of key industries throughout New South Wales. Refer to Section 7.7 "Industry and Small Business" for further details on this new package.

The Business and Consumer Affairs agency's role is to facilitate business growth throughout the State while maintaining integrity and fair trading. The 1989-90 recurrent allocation is \$101.4 million. The agency is focusing on -

- the promotion of integrity and fair trading in business activity;
- the reduction of Government imposed costs and restrictive regulation of business;
- improved efficiency and effectiveness of service delivery to the community and business clients.

Some of the major initiatives of the Business and Consumer Affairs agency in 1989-90 will be -

- payments in excess of \$17 million from the Industries Assistance Fund to help companies improve their performance and provide New South Wales with a stronger industrial base;
- assistance through the National Industry Extension Service to firms with potential to improve their performance and thus boost exports. Payments in excess of \$11 million are anticipated in 1989-90;
- provision of some \$1.6 million to Australian companies to assist them to up-grade their quality assurance programs;
- establishment of the new centre to implement Stage I of the Government's one stop shop concept for business licences;
- encouragement of the use of domestic products in local manufacturing through the activities of the Industrial Supplies Office;
- payment of rebates amounting to \$18 million in respect of payroll tax paid by eligible firms last financial year. This scheme is being phased out by the Government and the savings achieved will be used to fund the new Strategic Economic Development Package and a Small Business and Regional Development Scheme.

DEPARTMENT OF INDUSTRIAL RELATIONS AND EMPLOYMENT

An allocation of \$86.4 million has been provided in 1989-90 up 26 per cent on 1988-89. Major features of the allocation include –

- \$25.2 million to meet operating costs associated with the regulation of employment and industry;
- \$61.2 million for promotion of employment and training in general (including administration costs) with an emphasis on youth employment. (For further details refer to Section 7.3 in this paper on "Employment and Training".)

DEPARTMENT OF MINERALS AND ENERGY

The integration of the mineral and energy administrations into one Department has resulted in increased efficiency and hence lower cost. As a result, the Department has achieved portfolio savings to the extent of \$9.3 million. The major features of the 1989-90 Budget allocation of \$112.3 million are –

- \$40 million to provide for compensation payable to the former coal owners;
- \$5.0 million for the scheme established to help underprivileged families, unemployed and low income earners meet electricity charges;
- \$4.75 million for payment of claims for mine subsidence;
- \$3.8 million for the traffic route lighting scheme;
- \$3.4 million for the remote area power assistance scheme;
- \$2.8 million to County Councils in respect of the State's share of concessions on electricity charges to pensioners;
- \$2.2 million for an expanded program of research and development of energy sources and electricity industry performance studies;
- \$2.2 million for the State's share of the costs of administration of the Joint Coal Board;
- \$1.1 million for electricity safety campaign;
- \$380,000 to further encourage geological prospecting, resource assessment activities and mineral exploration; and
- \$120,000 for primary and emergency rehabilitation of mined areas to eliminate danger to the public.

DEPARTMENT OF LANDS

The Department has taken major initiatives to contain growth of expenditure and to achieve productivity savings goals without impairing efficiency or reducing levels of service. The 1989-90 Budget allocation is \$69.7 million, up 3.0 per cent on 1988-89. Major features of the 1989-90 program are –

- \$20.3 million for the mapping and related surveying programs;
- \$4.9 million to continue the development of computer systems required for the State Land Information System and the Crown Land Assessment and status system.
- \$1.1 million for payment into the Public Reserves Management Fund for improvements to local parks and reserves, walking tracks and for assistance to trustees of showgrounds.

4.4.8 GENERAL ADMINISTRATION

Background

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

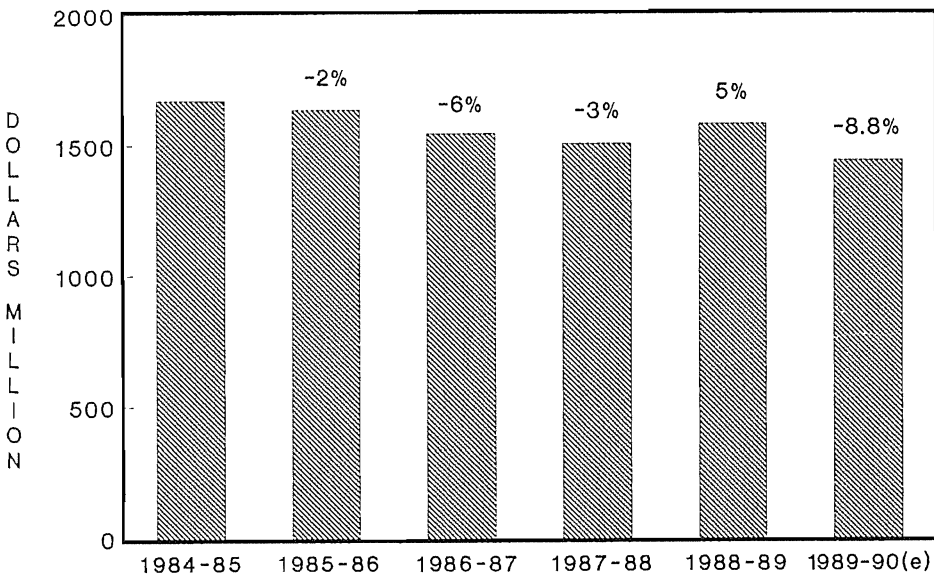
- legislative services;
- debt charges for Consolidated Fund entities;
- operations of the Treasury, consisting of the Offices of State Revenue and Financial Management;
- Department of Administrative Services activities, including Government purchasing, information services, office relocations and certain other property administration functions;
- operations of the Cabinet Office and Premier's Department;
- operations of the Chief Secretary's Department.

EXPENDITURE TRENDS

Figure 4.16

GENERAL ADMINISTRATION

(Payments expressed in real terms, 1988-89 base;
Percentage change on previous year)



RECENT DEVELOPMENTS

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

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

In 1988-89, user charges were introduced for payroll tax, cleaning and technical services and certain of the superannuation costs.

For 1989-90 user charges have been extended to include all accommodation costs, including imputed rent on Government owned multi occupancy office blocks, superannuation contributions to the State Superannuation Fund, the Government Courier Service, Branch Printing Offices in the former Government Printing Office, translating and interpreting services of the Ethnic Affairs Commission and Government advertising functions.

The Government Supply Office and the Government Printing Office were integrated into the Department of Administrative Services in April 1989. A program of devolution of Head Office functions to business units commenced at the same time and will be completed in 1989-90.

Consultants have been engaged by the Department of Administrative Services to review nine of its business units and advise on a range of issues with a view to improving their efficiency and effectiveness.

Following a review of the Government Printing Office the Office was closed in July 1989 and replaced with a small, specialised unit, the Government Printing Service. The closure will result in a capital recovery of \$30 million and an annual recurrent saving of \$9 million.

The Government Cleaning Service is being progressively restructured as from July 1989 to achieve annual savings of \$70 million by 1991-92. Upon completion of the restructure the Government Cleaning Service will be a competitive, commercially-oriented operation.

Two units within the Department of Administrative Services, Government Advertising Agency and Office Accommodation Bureau, were moved off-Budget on 1 July 1989. Consideration is being given to the option of corporatisation of the Department of Administrative Services with businesses operating within a holding company structure.

Legislation has been enacted to enable the game of Keno to be conducted in registered clubs and funding has been provided to the Chief Secretary's Department for development and overseeing costs.

From 1 October 1989, a new duty on approved amusement devices will be assessed on a turnover basis, payable quarterly, in lieu of the annual licence duty on a per machine basis.

1989-90 Budget

OVERVIEW

Policy Sector	Total Payments		
	Actual 1988-89 \$m	Estimate 1989-90 \$m	Variation %
Legislative Services	62.4	62.6	(+)0.3
Financial and Fiscal Services	1,066.7	967.2	(-)9.3
Payroll and Fringe Benefits Tax	15.1	—	—
Superannuation	20.3	1.0	(-)95.1
Other	306.2	410.7	(+)34.1
Total	1,470.7	1,441.5	(-) 2.0

LEGISLATIVE SERVICES

The allocation for legislative services is \$62.6 million, up 0.3 per cent. An amount of \$9.0 million has been provided to meet the cost of payments to the Parliamentary Superannuation Fund.

An amount of \$1.9 million has been made available to meet the operating costs of Parliamentary Committees.

FINANCIAL AND FISCAL SERVICES

Office of State Revenue (NSW Treasury)

The Office of State Revenue's functions include -

- the assessment, collection and recovery of stamp duty and financial institutions duty. The allocation for 1989-90 to meet expenditure in this regard is \$8.4 million, a decrease of 6.7 per cent on 1988-89 expenditure of \$9.0 million.

From 1 July 1989, the first home purchase stamp duty deferred payments scheme will be administered by the Office. The funds provided in 1989-90 represent an estimate of the administrative costs incurred by the State Bank of NSW in administering the Scheme for 1988-89. As a result of this initiative it is anticipated, after some initial set up costs (\$458,000 in 1989-90) are incurred, that savings in administrative and other costs will be made.

- the collection and recovery of payroll tax. Estimated expenditure in 1989-90 is \$5.7 million, an increase of 1.8 per cent on the 1988-89 cost of \$5.6 million;
- the assessment, collection and recovery of land tax. In 1989-90, \$14.3 million has been provided for this purpose - an increase of 16.2 per cent on 1988-89 expenditure of \$12.3 million;

- relief from certain State taxes by remission and refund as follows –

	Actual 1988-89 \$m	Estimate 1989-90 \$m	Variation %
Remissions and refunds – stamp duty on certain instruments	17.4	0.8	(-)95.4
Remissions and refund – petroleum licence fees in certain cases	0.9	1.0	(+)11.1
Other remissions and refunds	0.6	0.5	(-)16.7
Total	18.9	2.3	(-)87.8

An amount of \$4.1 million has been provided to enable continuation of the Office's extensive computerisation project, enabling the enhancement of revenue by the increased capacity to quickly identify lack of compliance and at the same time improve its dealing with clients through speedy replies to enquiries and automated correspondence.

Office of Financial Management (NSW Treasury)

The Office of Financial Management is responsible for Government budgeting, accounting, banking, economic advice and debt and funds management. Major outlays include –

Debt Charges

- \$636.8 million (up \$13.5 million or 2.2 per cent on 1988-89) to meet liability for Commonwealth General Purpose Loans (including principal repayments).
- \$67.0 million (down \$2.3 million or 3.3 per cent on 1988-89) to meet the repayments on Commonwealth Specific Purpose Advances.
- \$124.7 million (down \$8.0 million or 6.1 per cent on 1988-89) for interest charges and fees payable to the New South Wales Capital Financing Corporation.
- \$17.6 million (down \$4.3 million or 19.8 per cent on 1988-89) for debts assumed from various authorities.

Other

- \$10 million for natural disasters relief (down \$12.5 million or 55.5 per cent on 1988-89);
- \$33 million for payments to the Water Board in respect of certain rate revenue foregone (up \$1.3 million or 4.1 per cent on last year).

State Lotteries Office

- Pursuant to the Government's commercialisation policy the Office was transferred to the Outer Budget Sector from 1 July 1989. Funding for the Office's 1989-90 operating costs would be by way of a notional allocation which will be deducted from Lotto and Lotteries subscriptions net of prizes (and for Lotto, net of duty and commission as well). Net revenue to the State is not to be reduced.

OTHER - GENERAL ADMINISTRATION**Department of Administrative Services**

Allocations for the various areas of activity within this Department are as follows -

	Actual 1988-89 \$m	Estimate 1989-90 \$m	Variation %
Government Communications	3.5	4.2	20.0
Property Administration	1.1	1.7	54.5
Corporate Services	23.0	34.5	50.0
Centralised Supply Services and Contracts .	5.2	6.0	15.4
Administrative Support Services	1.8	1.1	(-38.9)

The above allocations encompass the following operations -

- Government Information Service (\$4.2 million 1989-90), providing the public with ready access to Acts, Regulations etc.
- Government Real Estate Administration (\$1.1 million 1989-90), providing general property management services to various government bodies.
- Property Management (\$0.6 million 1989-90), primarily designed to achieve cost economies and realise the full economic benefits of the government's property holdings.
- Corporate Services (\$34.5 million 1989-90), which oversees the department's overall operations, providing management support and ensuring corporate goals are achieved. Includes government offices relocation program.
- Contracts and Purchasing (\$6 million 1989-90), administering contracts and providing customer departments with supplies and technical services.
- Administrative Support Services (\$1.1 million 1989-90)

The major variations on last year's outlays are attributable to the following -

- The Government Printing Office was abolished in July 1989, funding for the Government Gazette and general service printing is now within the Government Information Service allocation.
- Funds for Government office relocations and servicing of the Blacktown Office Block debt are now allocated in the Corporate Services program (previously within Office Accommodation Bureau allocation).

OTHER

An amount of \$23 million (down \$0.2 million or 1 per cent on 1988-89) has been provided to meet costs associated with the management and administration of Crown Lands. The allocation allows for a \$1.1 million payment into the Public Reserves Management Fund for improvements to local parks and reserves, walking tracks and for assistance to Showground Trusts.

Funds to the extent of \$4.2 million (up \$0.7 million or 21.4 per cent) have been made available to the Ombudsman for the investigation of citizens' complaints, monitoring and reporting on Telecommunications Interception activities and the internal review of appeals under the Freedom of Information Act.

The allocation of \$6.4 million for the Ethnic Affairs Commission's costs of providing services for ethnic committees represents a 7.0 per cent real decline on 1988-89 actual expenditure and reflects the reduced funding requirements for interpreters and translators following the introduction of charges for users.

An amount of \$0.3 million has been provided within the allocation of the Department of Local Government to provide for a public inquiry into the present rating system for local government.

Funding of \$75 million has been provided for the Darling Harbour Authority to reduce debt associated with the Darling Harbour redevelopment.

4.4.9 OTHER PURPOSES

Natural Disasters Relief

Background

Expenditure on natural disaster relief measures provided by Inner Budget Sector Departments is funded by Treasury.

EXPENDITURE TRENDS

Expenditure in recent years has mainly related to restoration of flood damage. In April 1988 the Government made a special allocation of \$25 million for restoration of road and bridge damage and this was reflected in 1987-88 expenditure.

1989-90 Budget

An amount of \$10 million is included in the recurrent estimates to meet expenditure in 1989-90 associated with relief of personal hardship and distress, freight subsidies for movement of stock and fodder and loans to primary producers and small businesses.

Additional provisions have been made in the capital program to provide for costs associated with restoration of major assets such as roads, railways and buildings which were severely damaged by the widespread storms and floods which hit the State in 1988 and again in April 1989.

Overall it is estimated that the Government will incur expenditure in excess of \$30 million this year on costs associated with natural disasters.

4.4.10 ADVANCE TO THE TREASURER

Background

An amount is set aside each year to be allocated by the Treasurer to meet supplementary charges and expenses of a contingency nature. Details of how the Advance was applied are shown in the following year's Appropriation Bill.

1989-90 Budget

An amount of \$100 million has been allocated to provide for supplementary charges and expenses of a contingency nature during the financial year. This compares with \$50 million allocated for this purpose in 1988-89. (Details of the programs and items to which this allocation was applied in 1988-89 are shown in Schedule 1 of the Appropriation Bill 1989 – Budget Paper No. 6.)

4.5 TAX EXPENDITURES

Introduction

Where tax liability is lowered by concessions or reliefs in the tax system, the effect on the Government's budgetary position is similar to a direct budget expenditure. Such concessions are termed tax expenditures. Tax expenditures may take the form of tax exemptions, creation of thresholds and/or tapers within rate scales, concessional rates of taxation, rebates or deductions. The choice of the term tax expenditures not only stresses the similarity between tax expenditures and direct expenditures by government, but also emphasises the need to subject tax expenditures to review along lines similar to the review of expenditures.

Estimates of tax expenditure for the years 1986-87, 1987-88 and 1988-89 are presented for New South Wales for the first time in the Budget Papers in order to assist such review. The information is presented, by tax base, by programs and by broad categories of community recipients.

Measurement of Tax Expenditure

MEASUREMENT OF BASE

Measuring a tax expenditure involves estimating the cost of exempting certain activities or assets from a tax. There are two conceptual difficulties with the exercise. The first is in deciding whether certain activities or assets should be considered as part of the base for a given tax and, therefore, whether failure to levy a tax is a tax expenditure, or whether the activity or asset is not properly part of the tax base and therefore should not be included in calculating the tax expenditure. It was decided, for example, that the Commonwealth Government was not part of the tax base as the Constitution prevents the State levying taxes on the Commonwealth. Accordingly, the Commonwealth Government has not been included in tax expenditure calculations. On the other hand, tax exemptions for local government bodies were considered to be tax expenditures.

New South Wales, unlike Victoria and Tasmania, does not levy land tax on the principal place of residence of a landowner. It was decided to include the principal place of residence in the tax base for the tax expenditure study. Conceptually, the broadest base for a land tax is the value of all land in the State. The exemption of any class of landholding is a policy decision, which should be included as a tax expenditure. The total tax expenditures are dominated by the exemption of land used for owner-occupied dwellings.

The State costing of land tax expenditures is facilitated by the single marginal land tax rate, a point highlighted by the relative ease of this exercise as compared with the difficulty of any Commonwealth costing of concessions for home ownership. The Commonwealth's presentation of tax expenditures does not include an amount for the exemption of the owner-occupied home from both imputed rental income and capital gains tax. It is likely that, were this done, this tax expenditure would form as large a proportion of the Commonwealth's total tax expenditures as for New South Wales.

There were several cases of activities which had not been taking place in the State because they were subject to tax. A decision to try to encourage such activity by exempting them from tax was not considered a tax expenditure since the tax, when applied, had not raised any revenue.

VALUING TAX EXPENDITURES

The second conceptual problem was in determining the value of the tax expenditure. The approach used was to apply the current rate of tax to the current volume of exempt activities or assets. This does not measure the revenue foregone by implementing the exemptions for two reasons.

Firstly, if the tax were applied there might well be a different level of activity or volume of taxable assets.

Secondly, some of the tax expenditures overlap. Thus there is an exemption from land tax for the taxpayer's principal place of residence and there is also an exemption for land holdings valued at less than \$135,000 in the year 1988-89. For many taxpayers, lifting one of these exemptions would have no effect on their tax liability. On the other hand, lifting both exemptions would not involve a double tax liability for those taxpayers. In addition, if there were no exemptions, the revenue collected at the current tax rates would far exceed the revenue needed by the Government and tax rates would almost certainly be lowered. It should be noted the problem of changed taxpayer behaviour is probably less significant for State taxation than Federal taxation because of the inherent complexity of the Federal taxation system.

Thus the figures presented as tax expenditures do not represent the concept which springs to mind when the phrase "tax expenditure" is used. They are only in a broad way a measure of revenue given up or of the resources that could be applied in other directions if the tax expenditure had not occurred. In the case of land tax, the tax expenditure is very high relative to the amount of land tax collected. In this case, the size of the land tax expenditure makes it difficult to comprehend the magnitude involved (\$2,021 million in 1988-89). An alternative way to comprehend the magnitude is to calculate the required land tax rate as if there were no exemptions. This would be 0.39 per cent relative to the current rate of 2 per cent.

No attempt has been made to estimate the worth to the community of any tax expenditure. In at least one case, the exemption from Financial Institutions Duty (FID) of social security payments credited directly to a bank account, it is clear that the economic benefits to the community far exceed the revenue foregone. In addition to the cost savings in not having to print and mail cheques, there is also the saving in not having to handle the problems of lost and stolen cheques, the costs of investigating and prosecuting thefts and related costs. There may also be many non-economic benefits to the community. The problem of calculating the benefits of the various tax expenditures extends beyond the problem of measuring their magnitude.

BENCHMARKS USED

Benchmarks for the tax expenditures were considered to be an inclusive rate scale without exemptions, such as the contracts and conveyancing scale which commences at zero. In regard to gambling, the (risk-adjusted) benchmark chosen for tax expenditures was the Totalisator Agency Board (TAB) rate of 6.5 per cent.

SOURCES OF TAX EXPENDITURE

The exemptions from tax which were identified as tax expenditures are listed below, classified broadly by the type of tax involved.

Payroll Tax

- small businesses
- charitable, educational and religious bodies
- non-commercial local government employees
- hospitals, non-profit bodies

Land Tax

- owner-occupied dwellings
- non-company owned farms
- councils, charitable, educational and religious bodies
- clubs, friendly societies, unions, employer bodies
- general exemption (threshold)
- new rental residential accommodation – 5 year land tax holiday

Stamp Duties

- charitable, educational and religious bodies but not transactions involving land, cars or borrowing
- health insurance
- hiring where revenue is less than \$6,000/month
- local government cars, borrowings and insurance
- purchase and sale of mining company shares
- transfer of half the family home to spouse
- transfer of property (divorce)
- transfer of motor vehicle (divorce)
- guarantees
- futures market (temporary exemption from FID)
- direct credited pensions (exemption from FID)
- charitable, educational and religious bodies (exemption from FID)
- public and non-profit hospitals (exemption from FID)

Business Franchises

- State boundary exemptions
- off-road use of diesel fuel
- liquid petroleum gas (LPG)
- domestic gas
- aviation fuel

Liquor and Gambling

- amusement devices in small hotels
- clubs with low turnover
- new clubs
- welfare expenditure by clubs
- bookmakers' turnover

In addition to the foregoing tax expenditures, there are several exemptions from tax which were not identified as tax expenditures, because the tax, when applied, had discouraged the activity and raised no revenue. These activities were seen as desirable and were made exempt from tax in an effort to encourage them. Those exemptions which were identified as non-tax expenditure initiatives are -

- purchase and sale of corporate debt instruments
- purchase and sale of mortgages
- mortgage backed securities
- annuities
- marine and transport of goods insurance

Cost of Tax Expenditures by Tax Bases

Table 4.8 below summarises the main results of the study, showing the tax revenue from each of the main types of tax, the estimated tax expenditure for each type of tax, and tax expenditure as a percentage of tax revenue, for the financial years 1986-87 to 1988-89. Figure 4.17 provides a breakdown of tax expenditure by type of tax for 1988-89. Owner-occupied dwellings and non-corporate farms account for almost 80 per cent of land tax expenditure.

Table 4.8: Estimated Tax Expenditures

1986-87			
TYPE OF TAX EXPENDITURE	TAX REVENUE \$m	TAX EXPENDITURE \$m	TAX EXPENDITURE (% OF REVENUE)
Payroll	1,724	538	31.2
Stamp Duty	1,307	97	7.4
Land	346	1,780	514.5
Business Franchises	382	103	27.0
Liquor and Gambling	676	75	11.1
TOTAL TAX EXPENDITURES	4,435	2,593	58.4

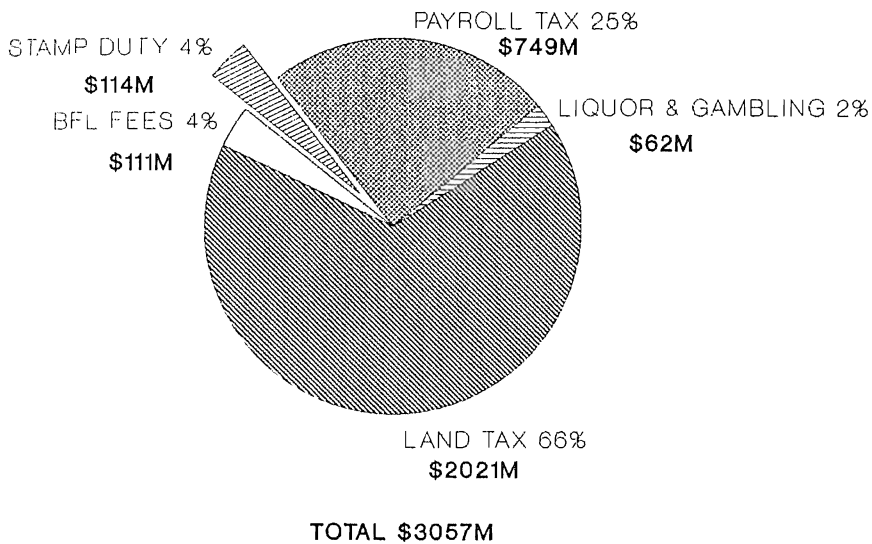
1987-88			
TYPE OF TAX EXPENDITURE	TAX REVENUE \$m	TAX EXPENDITURE \$m	TAX EXPENDITURE (% OF REVENUE)
Payroll	1,853	629	33.9
Stamp Duty	1,958	108	5.5
Land	413	1,922	465.4
Business Franchises	402	109	27.1
Liquor and Gambling	747	64	8.6
TOTAL TAX EXPENDITURES	5,373	2,832	52.7

1988-89

TYPE OF TAX EXPENDITURE	TAX REVENUE \$m	TAX EXPENDITURE \$m	TAX EXPENDITURE (% OF REVENUE)
Payroll	2,052	749	36.5
Stamp Duty	2,492	114	4.6
Land	497	2,021	406.6
Business Franchises	445	111	24.9
Liquor and Gambling	841	64	7.6
TOTAL TAX EXPENDITURES	6,327	3,059	48.3

Figure 4.17

TAX EXPENDITURE 1988-89 BY TYPE OF TAX
\$ Million and percentage share



Trends in Tax Expenditures, 1986-87 to 1988-89

PAYROLL TAX

Payroll tax expenditure is the only tax expenditure that has increased over the period in terms of proportion of tax revenue and share of tax expenditures. The tax expenditure as a proportion of payroll tax revenue has increased from 31.2 per cent in 1986-87 to 36.5 per cent in 1988-89. The contribution of payroll tax expenditure to total tax expenditure has risen from 20.7 per cent in 1986-87 to 24.5 per cent in 1988-89.

The rise in payroll tax expenditure has been mainly due to the marked increase in the exemption threshold level. The number of employers subject to payroll tax in New South Wales has shown a steady decline since June 1986, with sharp falls recorded in January 1988, reflecting the much higher threshold introduced at that time.

LAND TAX

The share of land tax expenditure and the proportion of land tax revenue has declined over the period. The land tax share of tax expenditure has declined from 68.6 per cent in 1986-87 to 66.1 per cent in 1988-89, however, it still remains the main source of tax expenditure. The trends reported partially reflect rising land values, but an increase in the speed of processing land tax returns has meant a bringing forward of revenue from the next year. The fall in tax expenditure on non-corporate farms reflects a decrease in certain types of farm land values commencing in 1985.

STAMP DUTY

This tax expenditure has also declined as a proportion of stamp duty revenue over the period, influenced by the large rise in revenue from the property boom in 1987-88 and 1988-89. It declined from 7.4 per cent in 1986-87 to 4.6 per cent in 1988-89. However its share of tax expenditures has remained fairly static over the period.

BUSINESS FRANCHISE LICENCES

This tax expenditure has remained largely unchanged over the period, with the proportion of revenue and share of tax expenditures falling slightly in 1988-89 compared with the two prior years. This is associated with the rise in tobacco revenue stemming from Queensland's introduction of a licence fee for tobacco from 1 January 1989.

LIQUOR AND GAMBLING

Both the share of tax expenditure and proportion of revenue have declined over the period. The proportion of revenue has declined from 11.1 per cent in 1986-87 to 7.6 per cent in 1988-89 and the share of tax expenditures has declined from 2.9 per cent to 2.1 per cent. This decline in tax expenditure has been mainly due to a downturn in the turnover of bookmakers.

Tax Expenditures by Program and Community Recipients

In Table 4.9 an attempt has been made to show the breakdown of tax expenditure by budget program for each of the three years. While the allocation was generally straightforward, in certain areas judgement had to be used in allocating tax expenditure across programs and community recipients.

Table 4.10 presents an estimate of total tax expenditure for each of the three years by the group or activity which gained the benefit of the exemption.

An examination of the totals, by programs (in Table 4.9) indicates that housing and community services programs benefit most. That result comes overwhelmingly from the land tax concession which exempts house owners from taxation. Balancing this result, the other major tax expenditure is in relation to economic services to business. Small businessmen, who benefit from the payroll tax concession, and farmers gain the major proportion of the tax expenditure. Owners of land also benefit, but to a lesser extent. The remaining programs to benefit substantially are health, general administration and education. The treatment of the turnover tax on bookmakers assumes the tax expenditure accrues to them as small businessmen. However, the competitive nature of the gambling market may result in the gains being shifted to their customers (punters). When community recipients are identified, families benefit most from the land tax exemption, while small business accounts for the second largest tax expenditure. The similarity of the results displayed in both tables indicate tax expenditures are allocated principally to housing families and assisting small business.

Table 4.9: Tax Expenditure by Budget Program and Type of Exemption

1986-87

EXEMPTION	BUDGET PROGRAM						
	Education	Health	Welfare Services	Housing & Community Services	Recreation and Culture	Economic Services	General Administration & Other
				\$ million			
PAYROLL TAX:							
local government non-commercial employees							54
health employees public & private		120					
welfare & community private			20		7		
private education, library, museum employees	27					309	
small business							
LAND TAX:							
farms							
dwellings							
general exemption (threshold)				1,059		362	
registered clubs							
other	90	22		22	4 25	108	89
STAMP DUTY:							
health insurance							
futures market		89					
social security							
divorce -			2				
transfer of property				4.5			
marriage -				0.2			
transfer of property							

Table 4.9: Tax Expenditure by Budget Program and Type of Exemption (cont)

1986-87

EXEMPTION	BUDGET PROGRAM						General Administration & Other
	Education	Health	Welfare Services	Housing & Community Services	Recreation and Culture	Economic Services	
LICENCES & CHARITIES				\$ million			
domestic gas				11		39	
aviation fuel						4	
road use of LPG						17	
boundary exemptions						32	
off road diesel							
LIQUOR AND GAMBLING							
amusement devices					3.6	1.3	
small clubs							
welfare expenditure			0.1			69.8	
bookmaker's turnover							
ALL TAXES	117	231	22.1	1,096.7	39.6	948.1	143

Table 4.9: Tax Expenditure by Budget Program and Type of Exemption (cont)

1987-88

EXEMPTION	BUDGET PROGRAM						
	Education	Health	Welfare Services	Housing & Community Services	Recreation and Culture	Economic Services	General Administration & Other
				\$ million			
PAYROLL TAX:							
local government non-commercial employees							57
health employees public & private		135	21		8	375	
welfare & community, private	33						
private education, library, museum employees							
small business							
LAND TAX:							
farms						351	
dwellings				1,131		152	
general exemption (threshold)					5		
registered clubs		26		26	28		101
other	102						
STAMP DUTY:							
health insurance		96	2.2				
futures market						10	
social security							
divorce -							
transfer of property				6.1			
marriage -							
transfer of property				0.3			
tenant purchase scheme				0.1			

Table 4.9: Tax Expenditure by Budget Program and Type of Exemption (cont)

1987-88

EXEMPTION	BUDGET PROGRAM						
	Education	Health	Welfare Services	Housing & Community Services	Recreation and Culture	Economic Services	General Administration & Other
				\$ million			
LICENCES & CHARITIES				11		46	
domestic gas						5	
aviation fuel						16	
road use of LPG						31	
boundary exemptions							
off road diesel							
LIQUOR AND GAMBLING					3.1	1.0	
amusement devices							
small clubs			0.1				
welfare expenditure						58.5	
bookmaker's turnover							
ALL TAXES	135	257	23.3	1,174.5	44.1	1,045.5	158

Table 4.9: Tax Expenditure by Budget Program and Type of Exemption (cont)

EXEMPTION	BUDGET PROGRAM						
	Education	Health	Welfare Services	Housing & Community Services	Recreation and Culture	Economic Services	General Administration & Other
	\$ million						
PAYROLL TAX:							
local government non-commercial employees		143	24		8	477	61
health employees public & private							
welfare & community private	34						
private education, library, museum employees							
small business							
LAND TAX:				1,281		337	
farms							
dwellings							
general exemption (threshold)					5	165	
registered clubs	84	21		21	23		83
other							
STAMP DUTY:		104	2.4				
health insurance							
futures market							
social security							
divorce -							
transfer of property				10.2			
marriage -							
transfer of property				0.5			
tenant purchase scheme				2.5			

Table 4.9: Tax Expenditure by Budget Program and Type of Exemption (cont)

1988-89

EXEMPTION	BUDGET PROGRAM						
	Education	Health	Welfare Services	Housing & Community Services	Recreation and Culture	Economic Services	General Administration & Other
				\$ million			
LICENCES & CHARITIES				12		50	
domestic gas						5	
aviation fuel						13	
road use of LPG						31	
boundary exemptions							
off road diesel							
LIQUOR AND GAMBLING						0.7	
amusement devices					2.6		
small clubs			0.2				
welfare expenditure						58.1	
bookmaker's turnover							
ALL TAXES	118	268	26.6	1,327.2	38.6	1,144.8	144

Table 4.10: Tax Expenditure by Community Recipients

1986-87

EXEMPTION	COMMUNITY RECIPIENTS						
	Education	Health	Pensioners	Families \$ million	Small Business	Local Government	Economic Environment
PAYROLL TAX: local government non-commercial employees health employees public & private welfare & community private private education, library, museum employees small business	34	120	10	10	309	54	
LAND TAX: farms dwellings general exemption (threshold) registered clubs other	90	22		1,059 4 47	362 108	89	
STAMP DUTY: health insurance futures market social security divorce - transfer of property marriage - transfer of property		89	2	4.5 0.2			6

Table 4.10: Tax Expenditure by Community Recipients (cont)

1986-87

COMMUNITY RECIPIENTS

EXEMPTION	Education	Health	Pensioners	Families \$ million	Small Business	Local Government	Economic Environment
LICENCES & CHARITIES							
domestic gas				11			39
aviation fuel							4
road use of LPG					17		
boundary exemptions							
off road diesel							32
LIQUOR AND GAMBLING							
amusement devices					1.3		
small clubs			0.1		3.6		
welfare expenditure					69.8		
bookmaker's turnover					870.7		
ALL TAXES	124	231	12.1	1,135.7		143	81

Table 4.10: Tax Expenditure by Community Recipients (cont)

1987-88

EXEMPTION	COMMUNITY RECIPIENTS						
	Education	Health	Pensioners	Families \$ million	Small Business	Local Government	Economic Environment
PAYROLL TAX: local government non-commercial employees health employees public & private welfare & community, private private education, library, museum employees small business	41	135	10	11	375	57	
LAND TAX: farms dwellings general exemption (threshold) registered clubs other	102	26		1,131 5 54	351 152	101	
STAMP DUTY: health insurance futures market social security divorce - transfer of property marriage - transfer of property tenant purchase scheme		96	2.2	6.1 0.3 0.1			10

Table 4.10: Tax Expenditure by Community Recipients (cont)

1987-88

EXEMPTION	COMMUNITY RECIPIENTS						
	Education	Health	Pensioners	Families \$ million	Small Business	Local Government	Economic Environment
LICENCES & CHARITIES				11			46
domestic gas							5
aviation fuel							31
road use of LPG					16		
boundary exemptions							
off road diesel							
LIQUOR AND GAMBLING							
amusement devices					1.0		
small clubs			0.1		3.1		
welfare expenditure					58.5		
bookmaker's turnover					956.6		
ALL TAXES	143	257	12.3	1,218.5		158	92

Table 4.10: Tax Expenditure by Community Recipients (cont)

EXEMPTION	1988-89						
	Education	Health	Pensioners	Families	Small Business	Local Government	Economic Environment
				\$ million			
PAYROLL TAX:							
local government non-commercial employees						61	
health employees public & private		143	12	12	477		
welfare & community private	42						
private education, library, museum employees							
small business							
LAND TAX:							
farms							
dwellings				1,281	337		
general exemption (threshold)					165	83	
registered clubs				5			
other	84	21		44			
STAMP DUTY:							
health insurance							
future market							
social security							
divorce -			2.4				
transfer of property							8
marriage -							
transfer of property				10.2			
tenant purchase scheme				0.5			
				2.5			

Table 4.10: Tax Expenditure by Community Recipients (cont)

1988-89

EXEMPTION	COMMUNITY RECIPIENTS						
	Education	Health	Pensioners	Families	Small Business	Local Government	Economic Environment
LICENCES & CHARITIES				\$ million			
domestic gas				12			50
aviation fuel							5
road use of LPG					13		
boundary exemptions							
off road diesel							31
LIQUOR AND GAMBLING							
amusement devices					0.7		
small clubs			0.2		2.6		
welfare expenditure					58.1		
bookmaker's turnover							
ALL TAXES	<u>126</u>	<u>268</u>	<u>14.6</u>	<u>1,367.2</u>	<u>1,053.4</u>	<u>144</u>	<u>94</u>

Tax Expenditure by Individual Tax

PAYROLL TAX

Exemptions from payroll tax which were identified and costed were for –

- local government – Section 10(1), Pay-roll Tax Act 1971
- private schools – Section 10(1), Pay-roll Tax Act 1971
- churches & charities – Section 10(1), Pay-roll Tax Act 1971
- small business – Section 9B(1), Pay-roll Tax Act 1971
- public and private not-for-profit hospital employees – Section 10(1), Pay-roll Tax Act 1971.

The tax expenditure was estimated as follows –

EXEMPT BODY	TAX EXPENDITURE \$m		
	1986-87	1987-88	1988-89
Hospital Employees, Public & Private not-for-profit	120	135	143
Local government (non-commercial)	54	57	61
Private Education, Libraries, Museums	34	41	42
Welfare and Religious, private	20	21	24
Small business	309	375	477
TOTAL TAX EXPENDITURES	538	629	749

The Pay-roll Tax Act gives exemptions for a number of welfare activities, when provided by the private sector, for which no equivalent exemption is available to public sector bodies. Public hospitals are exempt, but the Department of Family and Community Services, which is the public equivalent of a charity, is liable for payroll tax. The private sector was exempted at a time when all State Government bodies were exempt from tax, so the exemption was a concession to the private bodies. The inclusion of public welfare activities in the tax base has no practical effect, since all departmental budgets are supplemented by the amount of payroll tax paid.

LAND TAX

Section 10(1) of the Land Tax Management Act 1956 provides for various exemptions from land tax. These include –

- the landowner's principal place of residence
- land not owned by public companies used for primary production
- land owned by charitable, educational or religious bodies
- non-profit societies, clubs and associations

- sporting clubs, including those for horse racing, trotting racing and greyhound racing
- agricultural showgrounds, marketing and pastures protection boards, and registered rural societies
- hospitals and child care centres
- employer and employee organisations and friendly societies
- fire brigade, ambulance and mines rescue stations
- gas and electricity supply authorities, local councils and public authorities
- Aboriginal Land Council.

In addition Section 10H to 10L of the Land Tax Management Act 1956 provides a five year Land Tax holiday for new rental residential accommodation.

Land owned by the Commonwealth Government is not taxable by the State, and has not been included in the base for NSW tax expenditures.

Schedule 3 to the Land Tax Act 1956 provides in 1989 a complete exemption for land holdings valued at less than \$135,000, with the exception of land held by special trusts and non-concessional companies, and a concessional rate of tax for the first \$135,000 of taxable land holdings where the total value exceeds \$135,000.

The tax expenditure was calculated for exemptions from land tax of non-corporate farms; owner-occupied dwellings; the first \$135,000 concessional rate; registered clubs; and other exemptions. The tax expenditure for the general exemption includes the benefit of the threshold both to existing taxpayers and to potential taxpayers whose landholding falls below the threshold. The latter class includes only landholding zoned as commercial and industrial. That is, rural and residential landholdings below the exemption are included in the tax expenditures for those categories.

The results are as follows –

TYPE OF EXEMPTION	EXPENDITURE \$m		
	1986-87*	1987-88	1988-89
Non-corporate farms	362	351	337
Owner-occupied dwellings	1,059	1,131	1,281
General exemption (threshold)	108	152	165
Registered clubs	4	5	5
Other	248	283	232
TOTAL TAX EXPENDITURES	1,780	1,922	2,021

* The estimates for this year have been based on a revised classification of NSW land prepared by the Valuer-General at the request of the Commonwealth Grants Commission.

In 1986-87, the total expenditure was equal to 514 per cent of the tax actually collected. With no exemptions a tax rate of 0.33 per cent would raise as much revenue as was raised by the 2 per cent rate actually levied in 1986-87. In 1987-88 and 1988-89, rates of 0.35 and 0.39 per cent respectively would be required for revenue neutrality.

BUSINESS FRANCHISES

Five different tax expenditures were identified in the area of business franchises. These were the exemptions from tax of –

- domestic gas
- aviation fuel
- on-road use of LPG
- off-road use of diesel
- boundary exemptions

The tax expenditures on these exemptions has been estimated as follows –

TYPE OF EXEMPTION	EXPENDITURE \$m		
	1986-87**	1987-88	1988-89
Domestic gas	11	11	12
Aviation fuel	39	46	50
Road use of LPG	4	5	5
Off-road use of diesel	32	31	31
Boundary exemptions**	17	16	13
TOTAL TAX EXPENDITURES	103	109	111

* The figures presented here are different from those presented in the Tax Task Force Report (1988) Ch.10. The current set of tax expenditures are based on actual consumption figures whereas the previous estimates were based on preliminary figures.

** Boundary exemptions include both petrol and tobacco with the share of tobacco expenditure being \$0.9m, \$0.8m and \$0.3m over the three years.

STAMP DUTY

Several tax expenditures arising from exemptions from stamp duty were identified and costed. These were –

- the exemption from stamp duty of health insurance policies
- the exemption from FID of futures market transactions
- the exemption from FID of direct credited social security payments
- the exemption from stamp duty on property transfers between divorced parties
- the exemption from stamp duty on Housing Commission tenant purchasers.

No specific legislative provision exists for the exemption from stamp duty for health insurance policies. The exemption for futures market transactions is contained in Clause 9G of the Stamp Duties (Financial Institutions Duty) Regulation while the exemption for direct credited social security pensions is provided for in Clause 9A of the same Regulation.

The costs of these exemptions in 1986-87 through to 1988-89 were estimated to be –

TYPE OF EXEMPTION	TAX EXPENDITURE \$m		
	1986-87	1987-88	1988-89
Health insurance	89	96	104
Futures market	6	10	8
Social security payments	2	2	2
Property transfers between divorced parties	4.5	6.1	10.2
Housing Commission tenant purchasers	n.a	0.1	2.6
TOTAL TAX EXPENDITURES	97	108	114

LIQUOR AND GAMBLING TAXES

No tax expenditures in the area of liquor taxes were identified. The tax expenditures in respect of gambling which were identified and costed were –

- A concessional licence fee on approved amusement devices (electronic poker machines) for smaller hotels
- A rebate of up to 95 per cent of the poker machine licence tax for clubs with net revenue from poker machines of less than \$300,000
- A rebate of up to 50 per cent of the poker machine licence tax for new clubs with less than 250 members
- A tax rebate of 33.3 per cent of approved welfare expenditures for clubs which spent at least 1.5 per cent of net poker machine revenues on such expenditures in a year
- The 1.25 per cent concessional tax rate on bookmakers' turnover (compared to the rate of 6.5 per cent on equivalent bets placed with the TAB).

The estimated tax expenditures were as follows –

TYPE OF EXEMPTION	TAX EXPENDITURE \$m		
	1986-87	1987-88	1988-89
Amusement devices in small hotels	1.3	1.0	0.7
Clubs with low turnover	3.6	3.1	2.6
Welfare expenditure	0.1	0.1	0.2
Bookmakers' turnover	69.8	58.5	58.1
TOTAL TAX EXPENDITURES	74.8	62.7	61.6

CHAPTER 5: CAPITAL PROGRAM

- 5.1 Introduction**
- 5.2 Funding of Capital Program**
- 5.3 Capital Payments by Functional Areas**
 - 5.3.1 Law, Order and Public Safety**
 - 5.3.2 Education**
 - 5.3.3 Health**
 - 5.3.4 Welfare Services**
 - 5.3.5 Housing and Community Services**
 - 5.3.6 Recreation and Culture**
 - 5.3.7 Economic Services**
 - 5.3.8 General Administration and Other**

5.1 INTRODUCTION

Institutional Framework

AUSTRALIAN LOAN COUNCIL

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

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

CAPITAL WORKS COMMITTEE OF CABINET

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

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

Following decisions taken by the Australian Loan Council in May 1989 the Committee met to finalise the capital program for the current financial year.

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

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

Broadly speaking, the Capital Works Unit is responsible for assessing and monitoring individual major projects with a view to ensuring efficiency and effectiveness, while Treasury advises on the allocation and funding of resources for the overall capital program and monitors the outcome of the program at the macro level.

PRIVATE SECTOR PARTICIPATION

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

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

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

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

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

Currently, firm tenders are being evaluated for the construction and operation of tollroads by the private sector. This is a prime example of the scope to bring forward major projects through the greater involvement of the private sector.

In addition the Government has given a mandate to a leading Bank to arrange for private sector investors to purchase and construct rental housing units which will be available for tenants qualifying for public rental subsidies. This initiative will convert the public sector from an owner of public rental accommodation to a provider of a rental subsidy. While planned as a complement rather than a substitute for public rental housing, it nevertheless provides a mechanism for delivering subsidised housing on a very cost effective basis through participation by the private sector.

1989-90 Capital Program

COMPOSITION OF PROGRAM

Until this year no clear definition existed of which items of plant and equipment should be acquired as capital items and which should be charged to the recurrent budget allocations of inner budget sector agencies. In compiling the 1989-90 Capital Budget it was determined that items of plant and equipment should be included as capital items where the item -

- (a) has a purchase price of more than \$5,000; and
- (b) is expected to provide future service of more than 12 months.

Items not classified as capital under this definition will be charged to the maintenance and working expenses allocations provided under the recurrent budget.

The adoption of this approach allows a more rational comparison of capital and recurrent payments from year to year. Payments in previous years have been adjusted to allow a valid comparison to be made with budget payments for 1989-90.

HIGHLIGHTS OF 1989-90 PROGRAM

Following five years of real decline in the Capital Program, the 1989-90 Program of \$5161 million represents an increase of \$821 million or 18.9 per cent, a real increase of 11 per cent.

In money terms this is the largest Capital Program in the State's history and represents a major re-focus on a number of key priority areas. In line with the Government's priorities, expenditures on law, order and public safety, health, roads, transport and the environment have been significantly increased.

A notable feature of the 1989-90 Program is the increase in the proportion of the program directed at developing economic infrastructure. Economic infrastructure is projected to account for 52.9 per cent of the Program, compared to 48.6 per cent in 1988-89. This reverses the downward trend evident since the 1980's.

The major growth area in 1989-90 is in roads which is projected to account for 25 per cent of the overall program. Other areas which are projected to increase as a proportion of the overall program are law, order and public safety and health.

The Capital Program also reflects advances for SRA redundancies and payments to facilitate the deregulation of the egg industry.

The Premier and Treasurer's Financial Statement of 1 August 1989 referred to a preliminary 1989-90 Capital Program of \$5,077 million. The final program of \$5,161 million, an increase of \$84 million on the initial estimate, reflects the inclusion of additional computer funding and some significant increases in capital allocations in 1989-90 to such organisations as the State Rail Authority, the Grain Handling Authority and the Fish Marketing Authority.

Notwithstanding the major increase in the program, borrowings as a funding source have declined from 42 per cent in 1987-88 and 23.9 per cent in 1988-89 to 16.2 per cent in 1989-90. This has been possible through substantial increases in support for the program from the Consolidated Fund and in the level of asset sales and long-term leases.

Consolidated Fund support will fund 30.6 per cent of the program in 1989-90 compared to 22.6 per cent in 1988-89. The large increase reflects the increase in fuel levies to fund acceleration of the roads program and the Government's commitment to reduce borrowings for funding social infrastructure.

Overall, the estimated funding from asset sales and long-term leases totals \$898.8 million, representing increases of 40 per cent and over 400 per cent in funding provided from this source in 1988-89 and 1987-88 respectively. This is in line with the Government's commitment to more effective asset management and realisation of surplus properties.

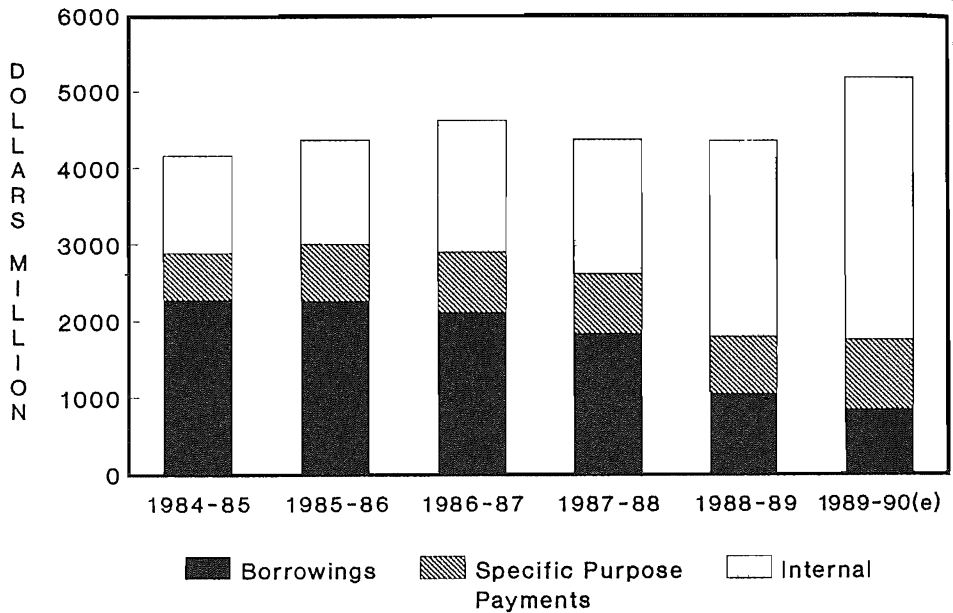
5.2 FUNDING OF CAPITAL PROGRAM

Overview

The most significant trend in the funding of the Capital Program has been the decline in the level of recourse to borrowings to fund the Program.

Between 1984-85 to 1987-88, borrowings steadily declined from 55 per cent of capital funding to 42 per cent.

Figure 5.1
STATE CAPITAL PROGRAM - SOURCE OF FUNDS



An important distinction is between organisations funded predominantly by the Budget which are classified as Inner Budget Sector and those that are predominantly self funding, termed Outer Budget Sector. Inner Budget Sector capital expenditure, as a proportion of the overall program, increased from 49.6 per cent in 1984-85 to 55.2 per cent in 1988-89 and in 1989-90 is estimated to be 58.7 per cent (refer to Figure 5.2).

Table 5.1: Funding Sources for Capital Program, 1984-85 to 1989-90

	1984-85		1985-86		1986-87		1987-88		1988-89		1989-90 (Estimate)	
	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%
INNER BUDGET SECTOR(1)												
Borrowings	337.2	16.4	325.3	15.0	250.4	11.2	114.5	5.6	86.4	3.6	—	—
- Governmental loan (2)	799.9	38.8	779.6	35.9	973.3	43.6	859.9	41.8	479.7	20.0	476.2	15.7
- Other												
Commonwealth Specific Purpose Payments	400.2	19.4	514.1	23.7	536.4	24.1	543.9	26.4	515.9	21.6	603.7	19.9
Asset Sales/Leases	)	)	)	)	)	)	8.4	0.4	304.5	12.7	355.0	11.7
Recurrent Budget Support and Other	)	)	553.0	25.4	470.1	21.1	530.7	25.8	1,007.0	42.1	1,595.1	52.7
Total	2,060.9	100.0	2,172.0	100.0	2,230.2	100.0	2,057.4	100.0	2,393.5	100.0	3,030.0	100.0
OUTER BUDGET SECTOR												
Borrowings	1,137.9	54.3	1,153.5	52.7	879.3	37.0	857.3	37.2	472.3	24.3	358.7	16.8
Commonwealth Specific Purpose Payments	207.5	9.9	231.8	10.6	251.8	10.6	236.8	10.3	229.1	11.8	306.7	14.4
Internal Funds))))))))))))
- Asset Sales/Leases	)	)	803.5	36.7	1,245.2	52.4	1,044.3	45.4	908.4	46.7	921.8	43.3
- Other))))))))))))
Total	2,094.9	100.0	2,188.8	100.0	2,376.3	100.0	2,302.9	100.0	1,946.2	100.0	2,131.0	100.0
TOTAL	4,155.8	100.0	4,360.8	100.0	4,606.5	100.0	4,360.3	100.0	4,339.7	100.0	5,161.0	100.0
Borrowings	2,275.0	54.8	2,258.4	51.8	2,103.0	45.7	1,831.7	42.0	1,038.4	23.9	834.9	16.2
Commonwealth Specific Purpose Payments	607.7	14.6	745.9	17.1	788.2	17.1	780.7	17.9	745.0	17.2	910.4	17.6
Asset Sales/Leases	(3)	(3)	(3)	(3)	(3)	(3)	172.9	3.9	640.9	14.8	898.8	17.4
Other Authority Internal Funds	749.5	18.0	803.5	18.4	1,245.2	27.0	1,044.3	24.0	908.4	20.9	921.8	17.9
Recurrent Budget Support and Other	523.6	12.6	553.0	12.7	470.1	10.2	530.7	12.2	1,007.0	23.2	1,595.1	30.9

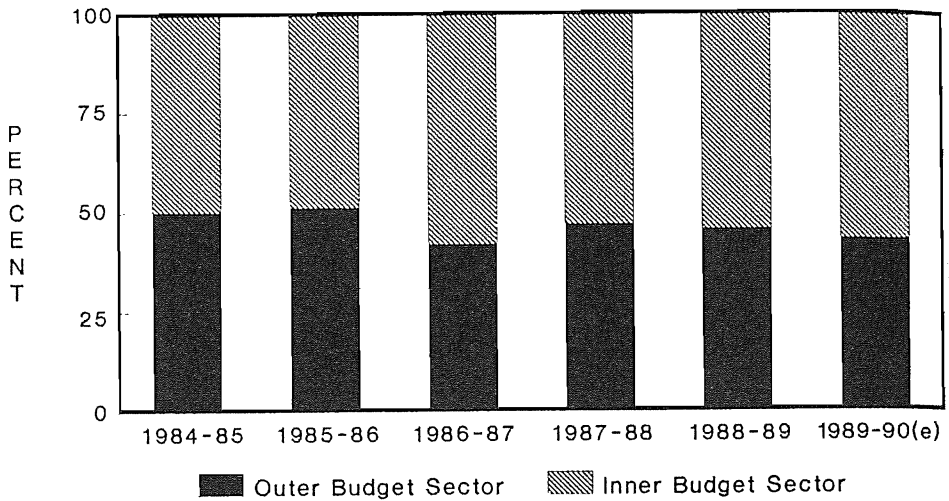
(1) Inner Budget Sector includes all non-commercial, budget funded organisations. The State Rail Authority at present has a mixture of commercial (freight) and non-commercial (Cityrail and Country Passenger lines) businesses. It is intended to establish freight as a separate commercial business unit but at this stage, in view of the fact that the great bulk of borrowings of the SRA are for capital expenditure for the non-commercial areas, all SRA borrowings have been included in the Inner Budget Sector.

(2) Only the governmental loan component of the general purpose capital payment is shown here. That portion of the grant component applied to the capital program is shown in "Recurrent Budget Support and Other." For 1989-90 the governmental loan component has been converted into a grant under the Commonwealth/State Housing Agreement.

(3) Details not available. Asset sales/leases prior to 1987-88 included in Authority Internal Funds and Recurrent Budget Support and Other.

(4) Figures for 1984-85 to 1988-89 inclusive have been adjusted to place on comparable basis to 1989-90.

Figure 5.2
STATE CAPITAL PROGRAM - COMPOSITION OF
BORROWINGS, BY BUDGET SECTOR



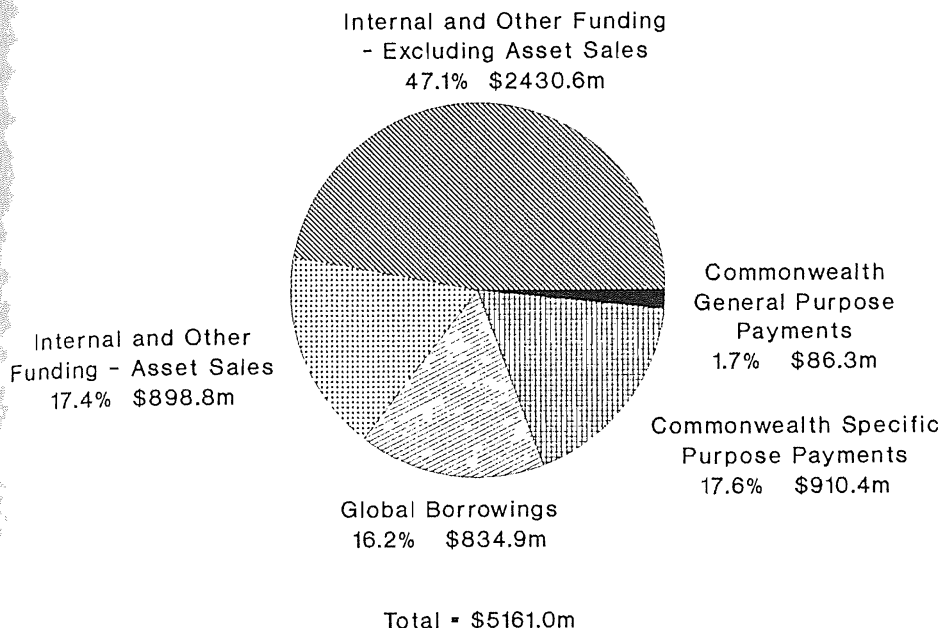
Note: Inner Budget Sector includes all non-commercial, budget funded organisations. As the bulk of State Rail Authority borrowings are for its non-commercial operations (City and Passenger Lines) they are included in the Inner Budget Sector.

While the overall use of borrowings declined, an increasing proportion of borrowings was applied to social rather than economic infrastructure. Social infrastructure is not revenue generating and associated debt servicing costs are met by the Budget. Accordingly, over the same period, borrowings for social infrastructure increased from 50 per cent to 53 per cent of total borrowings. Associated with this trend was a rapid increase in debt servicing costs for the Budget, which increased by an average annual rate of 19.3 per cent over that period.

Since 1987-88 the decline in overall use of borrowings has accelerated and there has been a reduction in the reliance on borrowings for social infrastructure.

The overall source of funds for the 1989-90 Program is shown in Figure 5.3. Borrowings have declined from 42 per cent in 1987-88 to 16.2 per cent projected for 1989-90. Conversely, internal funding (including asset sales and long-term leases) has increased from 38.6 per cent to 64.5 per cent.

Figure 5.3
STATE CAPITAL PROGRAM, 1989-90 (Estimate)
Source of Funds



A notable feature is the increase in proceeds from asset sales and long-term leases which have increased as a percentage of capital funding from 3.9 per cent in 1987-88 to 17.4 per cent in 1989-90.

GENERAL PURPOSE CAPITAL PAYMENTS

Under the Financial Agreement of 1927, the Commonwealth at Loan Council each year sets the level of general purpose capital payments.

The moneys paid under the program are raised by the Commonwealth and previously were provided to the States in the form of both grants and loans. In 1988-89 grants were increased to one-half of the overall allocation, compared to approximately one-third in previous years. For 1989-90, nominated housing funds, which represent 50 per cent of general purpose capital payments, have been converted from loan funds at a concessional interest rate into a grant under the Commonwealth/State Housing Agreement.

General purpose capital payments, including the housing grant, were kept constant in dollar terms in 1989-90, a real decline of 7 per cent. There has been a steady real decline in the size of the payments since 1975-76. The amount provided in 1989-90 is some \$1,173 million less in real terms than the amount provided in 1975-76.

GLOBAL BORROWING LIMIT

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

In 1987 the New South Wales Capital Works Financing Corporation was established under the Public Authorities (Financial Arrangements) Act to borrow from the Treasury Corporation and on pass funds to the Consolidated Fund to finance social infrastructure, which traditionally had not had access to semi-government borrowings. Such borrowings were raised under the global limit to finance capital works.

The Government, as part of its medium term financial strategy, has the objective of phasing out the use of borrowings for social infrastructure. In 1987-88 \$387.4 million of the global borrowing limit of \$1,539.7 million was on-passed to the Consolidated Fund. However, in 1988-89 no such borrowings were undertaken, consistent with the Government's overall Budget strategy. No provision has been made for borrowings under this arrangement to finance social infrastructure in 1989-90 either, despite the difficult overall budget position this year.

In previous years major computer acquisitions have been funded through allocations from the Consolidated Fund. However, consistent with commercial practices, a finance facility will be established in 1989-90 through the New South Wales Capital Works Financing Corporation, under which departments will be able to finance the acquisition of computer hardware and software. Borrowings of \$75 million will be raised by the Corporation in 1989-90 for this purpose.

COMMONWEALTH SPECIFIC PURPOSE PAYMENTS

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. Budget Paper No. 4 provides details of these payments.

Commonwealth specific purpose capital payments in 1989-90 are estimated at \$910.4 million, including \$86.3 million in housing grants to be received under the new Commonwealth State Housing Agreement. Allowing for the changed treatment of the moneys to be received for housing, the estimated payments represent an increase of \$79.1 million or 10.6 per cent.

INTERNAL FUNDING

Internal funding from the State's own funding sources includes payments from the Consolidated Fund and funds generated by agencies from the sale of assets and long-term leases, revenue and drawdowns from reserves.

Consolidated Fund

Consolidated Fund support for the capital program will increase from \$983.2 million in 1988-89 to \$1,579.3 million in 1989-90, an increase of over 60 per cent.

As from 1 July 1989 all proceeds from State fuel levies will be dedicated to the roads program, including \$184 million expected to be raised from the additional 3 cent levy to accelerate roadworks. Overall, funding from fuel levies will increase from \$121 million in 1988-89 to \$430 million in 1989-90.

For the first time, revenue from motor vehicle taxation will be passed through the Consolidated Fund. While it is appropriate for all taxation revenue to be passed through the Budget, the Government has a firm commitment to the dedication of all motor vehicle taxation revenue to the roads program.

Included in the Consolidated Fund figure is \$215 million estimated to be received from the sale of assets and long-term leases. This compares with revenue of \$213 million in 1988-89.

The remainder of the Consolidated Fund allocation is to be appropriated from general recurrent revenue and represents an increase of \$261.7 million over the support provided from general recurrent revenue in 1988-89. The increased support from recurrent revenue reflects the Government's commitment to reduce the use of borrowings for expenditure on social infrastructure.

ASSET SALES AND LONG-TERM LEASES

Under arrangements introduced in 1987-88 departments within the Inner-Budget Sector are permitted to retain 50 per cent of the net proceeds from the sale or lease of assets. Funds retained may be applied towards funding capital program expenditure or the maintenance of existing assets and are regarded as internal funding available to the departments. The remaining 50 per cent is paid to the Consolidated Fund and applied as a funding source for the overall capital program. Outer Budget Sector authorities retain 100 per cent of proceeds from sale of assets, which may be applied to funding their capital programs.

Asset sales, excluding capital repayments to the Consolidated Fund, will total \$683.7 million in 1989-90 as a source of funding for the capital program compared with \$427.7 million last year. The strategy of using the proceeds from asset sales in substitution for borrowings makes a significant contribution to containing debt servicing costs.

The proceeds from asset sales and long-term leases can be summarised as follows –

	Asset Sales and Long-Term Leases		
	1987-88 \$m	1988-89 \$m	1989-90 \$m
Outer Budget Sector	164.5	336.4	543.8
Inner Budget Sector –			
– proceeds retained by Agencies	—	91.3	139.9
– proceeds paid to Treasury	8.4	213.2	215.1
Total	<u>172.9</u>	<u>640.9</u>	<u>898.8</u>

OTHER INTERNAL FUNDING

A significant source of funding for the capital program is the income and accumulated reserves of authorities. In 1989-90 funding from this source will amount to \$1,066 million and represent 20.7 per cent of overall funding requirements.

Included in the income of authorities is the Water Board environmental protection levy of \$80 per annum, expected to raise \$40 million in 1989-90 and \$88 million in a full year. All income received from the levy will be dedicated to a special program of environmental protection works.

5.3 CAPITAL PAYMENTS BY FUNCTIONAL AREAS

During the early 1980's the State's Capital Program grew substantially in real terms. The program reached a peak in 1984-85 and since that time has declined each year in real terms until the current financial year. (See Figure 5.4).

Figure 5.4

STATE CAPITAL PROGRAM
(Payments expressed in real terms, 1989-90 base;
Percentage change on previous year)

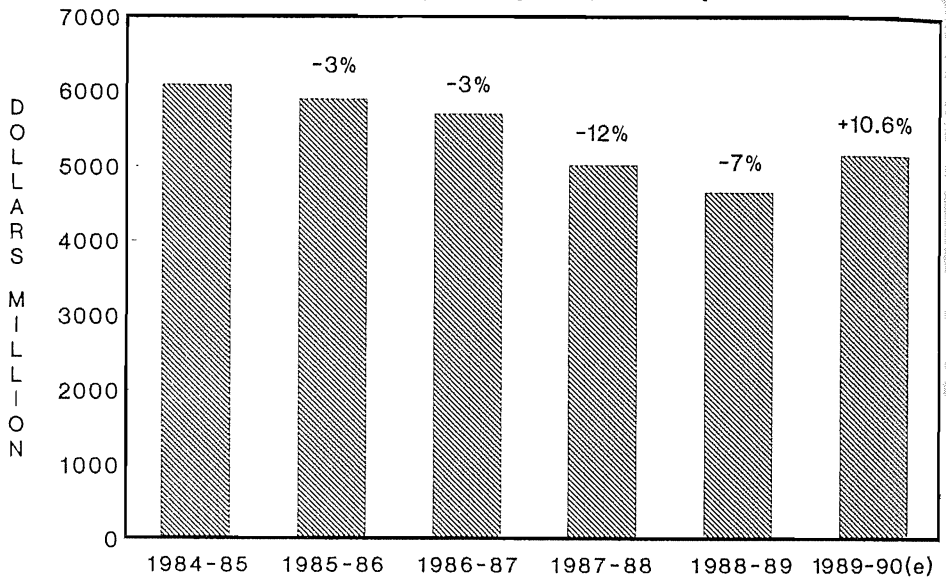


Table 5.2: Functional Classification of Capital Program Expenditure, 1984-85 to 1989-90*

	1984-85		1985-86		1986-87		1987-88		1988-89		1989-90 (Estimate)	
	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%
1. Law, Order and Public Safety	72.7	1.7	94.2	2.2	76.5	1.7	59.1	1.4	134.5	3.1	170.5	3.3
2. Education	227.5	5.5	227.7	5.2	245.3	5.3	244.0	5.6	317.8	7.3	332.0	6.4
3. Health	106.1	2.6	119.6	2.8	165.7	3.6	175.8	4.0	218.8	5.1	285.5	5.5
4. Welfare	15.7	0.4	20.9	0.5	17.4	0.4	14.8	0.3	13.3	0.3	19.6	0.4
5. Housing and Community Services	828.2	19.9	896.0	20.5	992.5	21.5	1,050.7	24.1	1,125.8	25.9	1,239.5	24.0
- Housing and Homesite Development	420.7	10.1	460.4	10.5	510.5	11.1	561.3	12.9	673.5	15.5	710.3	13.7
- Water and Sewerage	381.9	9.2	407.1	9.3	451.6	9.8	442.6	10.1	420.1	9.7	488.7	9.5
- Protection of Environment, NEI	25.6	0.6	28.5	0.7	30.4	0.6	46.8	1.1	32.2	0.7	40.5	0.8
6. Recreation and Culture	62.2	1.5	75.0	1.7	158.3	3.4	118.6	2.7	53.7	1.2	53.0	1.0
7. Economic Services	2,537.0	61.0	2,477.9	56.8	2,361.2	51.3	2,108.7	48.4	2,108.2	48.6	2,728.8	52.9
- Agriculture, Forestry and Fishing	85.6	2.1	110.9	2.5	140.5	3.1	165.1	3.8	144.0	3.3	190.4	3.7
- Mining, Manufacturing and Construction	6.8	0.2	6.6	0.2	4.6	0.1	0.8	—	2.5	0.1	7.4	0.1
- Public Transport	457.4	11.0	465.7	10.7	451.9	9.8	437.6	10.1	390.0	9.0	464.7	9.0
- Roads	915.0	22.0	936.9	21.5	948.1	20.6	924.5	21.2	1,042.8	24.0	1,290.0	25.0
- Other Transport and Communication	42.9	1.0	53.9	1.2	60.2	1.3	61.1	1.4	68.2	1.6	285.2	5.5
- Community and Regional Development	52.1	1.2	49.2	1.1	58.3	1.3	1.3	—	6.5	0.2	13.1	0.3
- Electricity	968.2	23.3	837.8	19.2	683.8	14.8	515.1	11.8	452.7	10.4	477.4	9.3
- Industry Assistance	9.0	0.2	16.9	0.4	13.8	0.3	3.2	0.1	1.5	—	0.6	—
8. General Administration, NEI	306.4	7.4	449.5	10.3	589.6	12.8	588.6	13.5	367.6	8.5	332.1	6.5
- Local Government	272.6	6.6	289.0	6.6	253.2	5.5	211.4	4.8	197.5	4.6	178.9	3.5
- Public Buildings and other	33.8	0.8	160.5	3.7	336.4	7.3	377.2	8.7	170.1	3.9	153.2	3.0
TOTAL PROGRAM	4,155.8	100.0	4,360.8	100.0	4,606.5	100.0	4,360.3	100.0	4,339.7	100.0	5,161.0	100.0
Change on previous year												
- actual (%)		8.0		4.9		5.6		-5.3		-0.5		18.9
- real (%)		3.6		-3.2		-3.4		-11.8		-7.2		10.6

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

Note: Figures for 1984-85 to 1988-89 inclusive have been adjusted to place on a comparable basis to 1989-90.

From 1984-85 to 1987-88 there was a major shift in the program from an emphasis on economic infrastructure, such as electricity development, railway infrastructure and ports, to social infrastructure, such as housing and homesite development, recreation and culture, public buildings and health. Social infrastructure accounted for 52 per cent of the program in 1987-88 compared to 39 per cent in 1984-85.

In 1988-89 economic services remained relatively constant as a proportion of the overall program. However, in 1989-90 this area of the program will increase to 53 per cent, mainly as a result of an accelerated roads program and a significant investment in upgrading and streamlining public transport services.

The roads program represents the largest single component of the overall capital program. Acceleration of the program has been made possible by the temporary 3 cent fuel levy.

Substantial investment has occurred in previous years in the public transport areas. However, the Booz, Allen and Hamilton study found that much of the expenditure was in fact not strictly capital expenditure and a significant proportion was misdirected in terms of the priority of operating an efficient and effective rail system. The major part of future capital expenditure will be on City Rail to improve the safety and reliability of the system.

The social infrastructure areas of health and law, order and public safety, and education increased significantly in 1988-89 reflecting the high priority accorded by the Government to these areas. In 1989-90 it is projected that further real increases will occur in the health and law, order and public safety programs. A substantial increase is also projected this year in the welfare program.

In 1989-90 significant declines will occur in the areas of recreation and culture, and public buildings. This is attributable to the substantial finalisation of payments in 1988-89 for the major cultural projects undertaken as bicentennial projects and the projects at Darling Harbour.

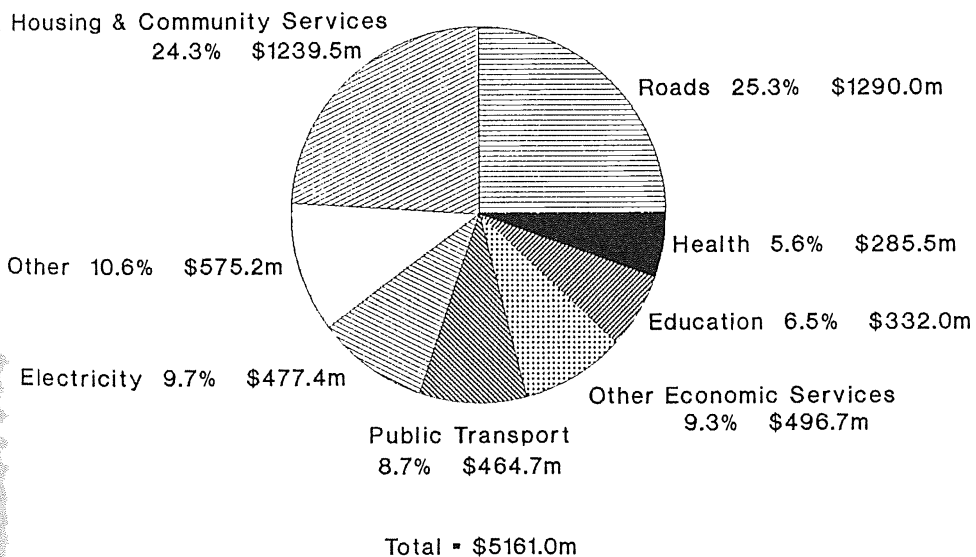
Figure 5.5 provides a functional break down of the 1989-90 Capital Program.

Major features of the 1989-90 program are –

- A major boost in the roads program of nearly 24 per cent. Total expenditure is estimated at \$1,290 million, including \$184 million of accelerated works to be financed from the 3 cent fuel levy. This record program does not include the construction of tollroads, tenders for which are currently being evaluated.

- A 20 per cent increase in the State Rail Authority's program to \$423 million. Following the Booz, Allen and Hamilton study a major re-direction of expenditure is planned to focus on the priority areas of safety and reliability.
- A significant increase of 30 per cent in the health program to \$285.5 million. The accelerated program will be funded in part by the sale or long term lease of existing underutilised health properties to enable resources to be redirected to locations more appropriate to the needs of the community.
- An increase of nearly 27 per cent on law, order and public safety taking the program to \$170.5 million. The major area of growth will be in expenditure on prisons with a projected increase of roundly 65 per cent, while expenditure on both courts and police facilities and equipment will be maintained at the increased levels established last year.
- A 20 per cent increase in the Water Board's program to \$377.84 million. Major expenditure will be incurred on the sewerage ocean outfalls and an additional program of environmental protection works will be commenced with an estimated expenditure of \$40 million in 1989-90.
- A provision of \$250 million for staff redundancy payments by the public transport authorities. Rationalisation of staffing levels has already been announced by the Government and will lead to significant future savings in operating costs.
- A provision of \$61 million for the acquisition of egg quotas, to compensate egg farmers for the deregulation of the egg producing industry.

Figure 5.5
STATE CAPITAL PROGRAM, 1989-90 (Estimate)
Functional Classification of Expenditure



5.3.1 LAW, ORDER AND PUBLIC SAFETY

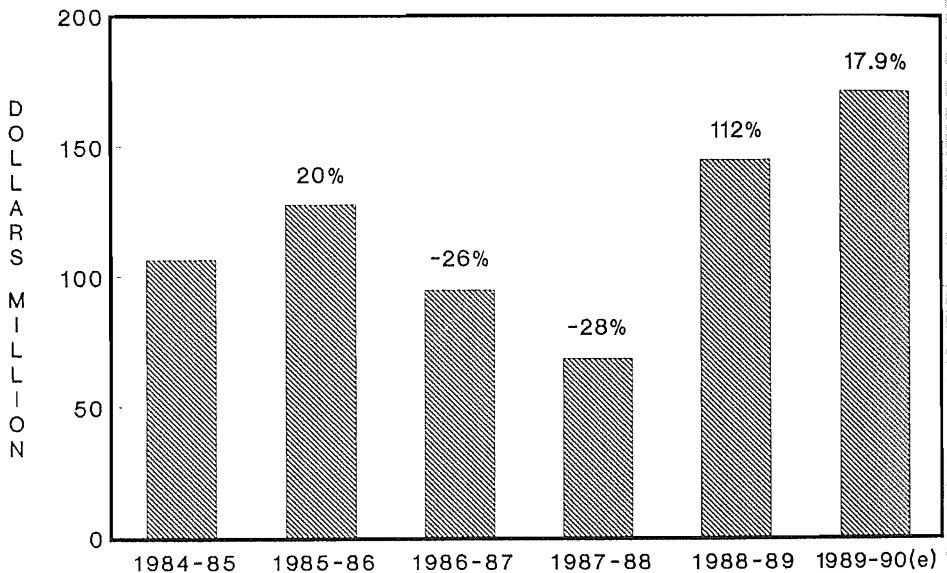
Overview

This policy area covers the upgrading and expansion of the courts system, increasing the capacity of the prisons system, refurbishing and upgrading police buildings, as well as providing improved police equipment, works on fire stations and plant and equipment for Fire Brigades.

EXPENDITURE TRENDS

Figure 5.6

LAW, ORDER AND PUBLIC SAFETY
(Payments expressed in real terms, 1989-90 base;
Percentage change on previous year)



Following the decrease in expenditure for this policy area in 1986-87 and 1987-88, expenditure increased by 112 per cent in real terms last year. The substantial growth in expenditure for the area in 1988-89 reflected the major program of works underway for the upgrading and expansion of the Courts system; expansion of the capacity of the prison system; and the upgrading and refurbishment of police buildings and the provision of improved police equipment. Total combined expenditure for these purposes in 1988-89 was \$124.6 million (an increase of \$63.7 million or 50 per cent in real terms over equivalent expenditure in 1984-85).

1989-90 CAPITAL PROGRAM OVERVIEW

Policy Sector	Total Payments		
	Actual 1988-89 \$m	Estimate 1989-90 \$m	Variation %
Police	29.7	32.1	(+) 8.1
Law Courts and Legal Services	47.9	52.2	(+) 9.0
Corrective Services	47.0	77.4	(+) 64.7
Other (including Fire Protection Services)	9.9	8.8	(-) 11.1
Total	134.5	170.5	(+) 26.8

Total capital payments for Law, Order and Public Safety in 1989-90 are projected to increase by 26.8 per cent (18 per cent in real terms) over actual expenditure incurred last year. Major growth in expenditure on prisons is projected while expenditures on both Courts and police facilities and equipment are expected to remain at last year's high levels.

Recent growth in expenditure in this area primarily reflects the expansion of the capacities of both the Court and prison systems. There are substantial commitments in place for additional court and prison facilities and further facilities are planned as part of the forward Capital Program. Accordingly, capital expenditure in the area can be expected to be maintained in real terms in future years.

1989-90 Capital Program Highlights

POLICE

The allocation of \$32.1 million includes \$23.7 million for police buildings, \$7.4 million for equipment and services and \$1.0 million for police housing.

The program of \$23.7 million for police buildings includes \$13.0 million for the continuation of works-in-progress at the Goulburn Police Academy, the Sutherland and Castle Hill Divisional Headquarters and police stations at Katoomba, Bossley Park, Wollongong, Hornsby and Hay.

Provision has been made for new works, as follows –

- \$0.9 million for additions to Port Macquarie Police Station at an estimated total cost of \$3.4 million.
- \$0.9 million for construction of the Riverwood Police Station at an estimated total cost of \$2.5 million.
- \$1.0 million for construction of the Bathurst Police Station at an estimated total cost of \$7.1 million.

The \$7.4 million provided for equipment and services includes \$3.3 million for the helicopter replacement program.

LAW COURTS AND LEGAL SERVICES

An amount of \$52.1 million has been allocated to the Attorney General's Department. Major works being funded from the allocation constitute an integral part of the overall strategy to reduce delays in the District Court jurisdiction, and include –

- \$43.1 million for the continuation of the fit-out of the Sydney District Court in the Downing Centre at an estimated total cost of \$83.2 million.
- \$2.3 million for the construction of a new Court House at Campbelltown at an estimated total cost of \$14.1 million.
- \$1.4 million for the construction of a new Court House at Burwood at an estimated total cost of \$11.4 million.

Provision has also been made for the commencement of construction on new court houses at Wyong and Byron Bay, while planning for the Sydney Western District Court complex at Parramatta will continue.

CORRECTIVE SERVICES

The main thrust of the Corrective Services program is the provision of additional cells to relieve the overcrowding in prisons.

The funding also provides for the expansion of prison industries to help ensure that prisoners undertake meaningful work and education while in gaol.

The current year's allocation of \$77.4 million provides an amount of \$4.7 million for new works, including \$2 million for the commencement of work on a new maximum security prison at Junee.

Provision has also been made for the following major works-in-progress –

- \$30 million for a 300 cell maximum security prison that is under construction at Lithgow.
- \$8 million for a 250 cell special purposes maximum security prison to be constructed at South Windsor (John Morony Correctional Centre).
- \$6.5 million to meet the cost of providing 60 new cells and facilities for prison industries at Goulburn.
- \$2 million for the new prison officers training academy at Brush Farm.
- \$3.9 million to provide specific facilities for prison industries at various gaols.
- \$4.4 million for a 96 cell block with facilities for prison industries at Parklea.
- \$4.5 million for an additional 64 cells at Mulawa Women's prison.

OTHER

The Board of Fire Commissioner's program is \$8.5 million and provides for expenditure of \$2.4 million on the relocation of Parramatta Fire Station, \$3.6 million on major Works-in-Progress, including the Breathing Apparatus Complex at Fivedock, and \$2.5 million for vehicles, major plant and equipment.

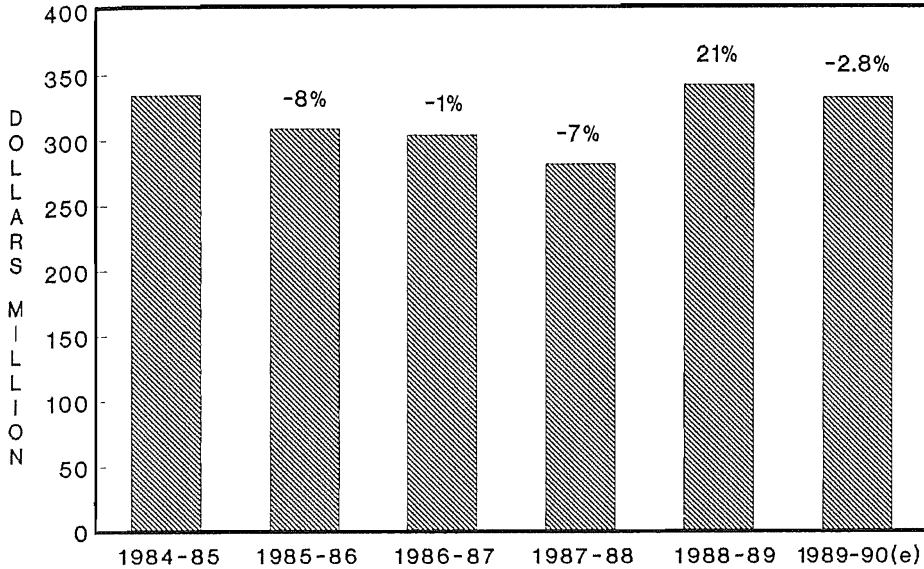
5.3.2 EDUCATION

Overview

EXPENDITURE TRENDS

Figure 5.7
EDUCATION

(Payments expressed in real terms, 1989-90 base;
Percentage change on previous year)



Over the five years to 1988-89, Education capital payments increased 2.4 per cent in real terms. During the same period capital payments for primary and secondary education increased 4.4 per cent in real terms, while payments for technical and vocational education declined 11.7 per cent.

1989-90 CAPITAL PROGRAM OVERVIEW

Policy Sector	Total Payments		
	Actual 1988-89 \$m	Estimate 1989-90 \$m	Variation %
Primary and Secondary Education	208.7	206.4	(-) 1.1
Technical and Vocational Education	96.3	125.5	(+)30.3
Other (including General Administration)	12.8	0.1	(-)99.2
Total	317.8	332.0	(+) 4.5

After a steep rise of 21 per cent in real terms in 1988-89, overall capital funding for Education is expected to decline by 2.8 per cent in real terms in 1989-90. However, the 1988-89 expenditure base includes a "one-off" payment for the establishment of Western Sydney University, which explains the significant reduction in other payments in 1989-90. After allowing for this factor, total Education capital funding for the current financial year has been maintained in real terms.

Capital expenditure on primary and secondary education in 1988-89 was some \$9 million more than forecast. This was due largely to the good progress made on the construction of a new permanent high school at Kincumber. After allowing for the additional payments on Kincumber High School and other one off payments, the 1989-90 capital allocation for Primary and Secondary Education shows a 3 per cent real increase over the 1988-89 level. The maintenance of funding at close to 1988-89 levels, notwithstanding the difficult budget position and declining student numbers, indicates the Government's strong commitment to this area. In particular, the allocation reflects the commitment to upgrade existing facilities and provide specialist facilities in response to initiatives such as technology and senior high schools. It also provides for schools in growth areas, especially in the north and south coast regions of the State and the west and south west of Sydney.

Capital funding for technical and vocational education has increased 21.2 per cent in real terms over 1988-89 expenditure levels. This reflects increased funding for the acquisition of sites for new or expanded facilities and an increase in the Commonwealth funded component of the program. The increase also reflects the ongoing building and equipment program in the TAFE area.

1989-90 Capital Program Highlights

STATE SCHOOLS

The provision of \$205.8 million (which includes \$63.0 million from Commonwealth Specific Purpose Grants) is for construction of 25 new or replacement schools, 15 of which are expected to be completed during 1989-90, upgrading and additions to over 70 existing schools, manufacture and refurbishment of demountable classrooms, site acquisitions, school furniture and other general items.

Expenditure of \$22.8 million will be incurred this year on major new works, including new permanent primary schools at Rogans Hill, Vincentia and West Pennant Hills, replacement primary schools at Eleebana and Byron Bay, new permanent high schools at Cherrybrook and Ambarvale and replacement high schools at Mountview (Cessnock) and Forster. Major upgrading projects will also be undertaken at Randwick and St. Marys high schools.

New primary and secondary facilities at Boggabilla Central School, to cost \$1.1 million in 1989-90, will be closely integrated with TAFE provisions and funded jointly by the State and Commonwealth.

To allow expansion of the schools electronic surveillance program and permit extension of the system to all high risk schools, construction of a new school security base station will commence this year at Blacktown. The project, to be completed in 1990-91, will cost \$1.8 million.

An amount of \$14.5 million will be expended on a wide range of minor works in 1989-90 while roundly \$71 million will be spent during the year on school furniture and equipment, site acquisitions, asbestos removal and other miscellaneous items.

TECHNICAL AND FURTHER EDUCATION

The allocation of \$125.5 million includes \$65.3 million from Commonwealth Specific Purpose Capital Grants.

Major developments are to be undertaken at Bankstown, Dubbo, Kogarah, Maclean, Moruya, Petersham, Wollongong West and Young.

The Young development will provide joint high school and TAFE facilities enabling an expansion of joint Secondary Schools/TAFE programs.

Funds have been provided for the continuation of a program of upgradings to existing College facilities at a number of locations.

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

DEPARTMENT OF AGRICULTURE AND FISHERIES (Colleges)

The Commonwealth has provided \$215,000 to construct a new training dairy at the C. B. Alexander Agricultural College, Patterson, to replace the present outmoded facility.

5.3.3 HEALTH

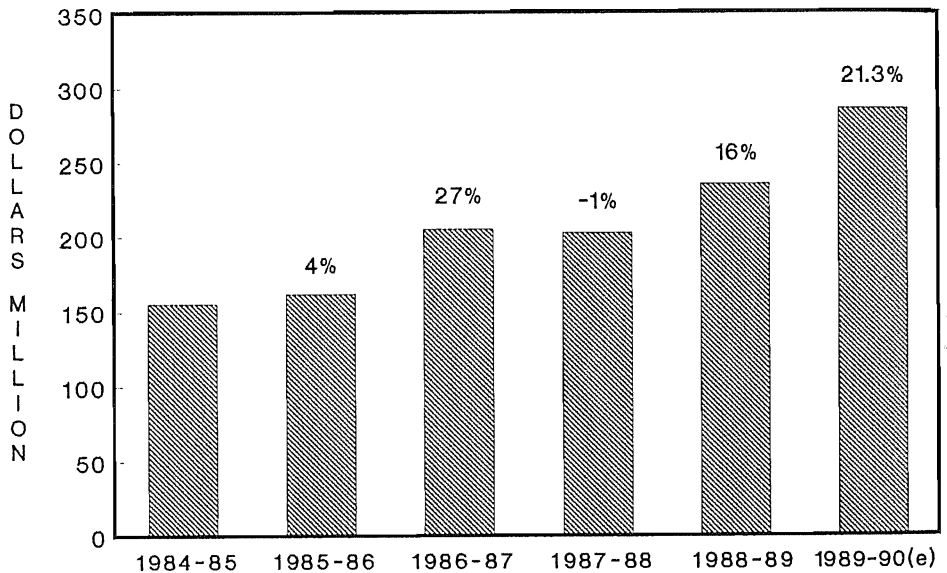
Overview

The Health Capital program has as its aim the replacement and upgrading of existing capital stock and the relocation of health facilities to areas of need within existing bed capacity. This process will be considerably accelerated by a 5 year program of works totalling roundly \$650 million to be entirely funded from surplus health asset disposals under long term lease or sale. This program is additional to the base capital program funded by borrowings and budget revenue. Under the asset funded program it is planned to relocate major health facilities such as the Prince Henry Hospital and the Children's Hospital at Camperdown to areas of greatest need and to upgrade severely run down health facilities. Considerable expenditure will also occur on replacement and introduction of new technology in the public health system.

EXPENDITURE TRENDS

Figure 5.8
HEALTH

(Payments expressed in real terms, 1989-90 base;
Percentage change on previous year)



In 1988-89 the Government increased the capital program on Health over the previous year by 16 per cent in real terms after there had been a reduction in 1987-88. In 1989-90 there will again be a further real increase with the greater part of the total to be used to upgrade existing hospital facilities. The trend in capital expenditure on Health is illustrated in the above chart. Except for the decrease in 1987-88 there has been an annual increase in expenditure on the Health Capital program since 1984-85.

1989-90 CAPITAL PROGRAM OVERVIEW

Policy Sector	Total Payments		
	Actual 1988-89 \$m	Estimate 1989-90 \$m	Variation %
Area Health Services and Other Health Services	194.7	264.0	+ 35.6
Community and Other Support Services	19.2	16.8	(-)12.5
Public Health (Including Inspection Services) ..	2.6	2.2	(-)15.4
Other Health (Including General Administration)	2.3	2.5	+ 8.7
Total	218.8	285.5	30.5

The 1989-90 capital program includes a substantial commitment (\$196 million) to works in progress. The amount provided for new works (\$58.7 million) includes a component (\$52.3 million) which will be entirely funded from surplus asset disposals and is the main reason for the 30.5 per cent increase in budgeted expenditure.

1989-90 Capital Program Highlights**AREA HEALTH SERVICES AND OTHER HEALTH SERVICES****Works in Progress**

The provisions for major works in progress in 1989-90 together with the estimated total cost of the projects are as follows -

	\$m
Albury New Hospital - preliminary planning for provision of a new base hospital with full clinical support services (estimated total cost \$78 million)	5.2
Campbelltown Hospital, Stage II - provision of new facilities including a maternity unit and a day surgery unit and the refurbishment of selected facilities (estimated total cost \$24 million)	0.5
Fairfield Hospital - construction of a new 200 bed hospital (estimated total cost \$45.7 million)	0.6
Gosford District Hospital Stage 3 - major redevelopment of services (estimated total cost \$44.6 million)	4.0
Lismore Services Block - provision of a new ward block to accommodate a range of services (estimated total cost \$32.3 million)	3.0

	\$m
Liverpool Hospital – wards and services (estimated total cost \$31.1 million)	1.1
Mater Misericordiae Hospital, Newcastle – completion and fitting out of Level 3 of the Clinical Sciences Building (estimated cost \$2.8 million)	2.4
Nepean Hospital – provision of a new kitchen block and a psychiatric unit (estimated total cost \$8.1 million)	2.7
New Teaching Hospital, Newcastle – provision of a new 490 bed teaching and referral hospital (estimated total cost \$187.6 million)	35.9
Port Kembla Hospital – provision of a new rehabilitation unit (estimated total cost \$3.9 million)	2.0
Royal Newcastle Hospital – refurbishment of kitchen facilities (estimated total cost \$2.7 million)	1.7
St. George Hospital, Kogarah – onstruction of clinical services building including pathology facilities and cardiac intensive care facilities (estimated total cost \$51.7 million)	11.5
St. Joseph's Hospital, Auburn – construction of a day care hospital and refurbishment of adjoining ward area (estimated total cost \$ 8 million)	0.8
Sydney Hospital – major redevelopment of services (estimated total cost \$47.3 million)	4.0
Wollongong Hospital – provision of a new diagnostic services block (estimated total cost \$73.7 million)	13.2
Acquisition of major hospital plant and equipment – X-rays, computers, new technology (estimated total cost \$103 million)	27.5
St. George Hospital, Kogarah – construction of carpark and relocation of industrial services to facilitate a private hospital development (estimated total cost \$33.1 million)	15.6
Other works will continue at St. Vincents, Sutherland, Royal Newcastle, Bulli, Garrawarra and Queanbeyan hospitals and Sacred Heart Hospice.	

New Works

A range of new works will commence or will involve preliminary planning expenditure in 1989-90. All major projects are subject to cost effectiveness appraisal.

	\$m
Wyong – major hospital redevelopment including the addition of 100 beds, theatres, obstetrics and an enlarged accident and emergency department (estimated total cost \$16.7 million)	1.1
Hawkesbury – planning, design and construction of a new 150 bed hospital (estimated total cost \$70 million)	1.3
Port Macquarie – construction of a new 220 bed hospital (estimated total cost \$79 million)	0.5

	\$m
Nepean – stage 1 of a major redevelopment and upgrading of the hospital (estimated total cost \$80 million)	0.5
Health Services Computers (estimated total cost \$28.1m)	2.5
The Government has also approved in principle a \$650 million program of upgrading, relocating and expanding existing health facilities to be funded out of surplus asset disposals. Projects will be announced as surplus assets are realised and projects have been approved by the Ministerial Capital Works Committee	50.2

Other Initiatives

"Hospital Services Improvement Program" begun in 1984-85 and directed to improving community utilised facilities such as maternity, geriatrics, paediatrics and emergency care	7.9
Upgrading of Mental Health services facilities	13.5
Upgrading of the infrastructure of public hospitals, replacing the Teaching Hospital Capital Equipment Program which terminated in 1987-88	25.9
Transfer of nurse education facilities from teaching hospitals to Colleges of Advanced Education	2.1

COMMUNITY AND OTHER SUPPORT SERVICES

\$12.5 million has been provided for ambulance services which includes provision for six new ambulance stations to be funded out of surplus asset disposals and \$7.2 million for replacement ambulance vehicles.

\$4.3 million has been allocated for the upgrading and relocation of facilities for the developmentally disabled, responsibility for which has been transferred to the Department of Family and Community Services.

5.3.4 WELFARE SERVICES

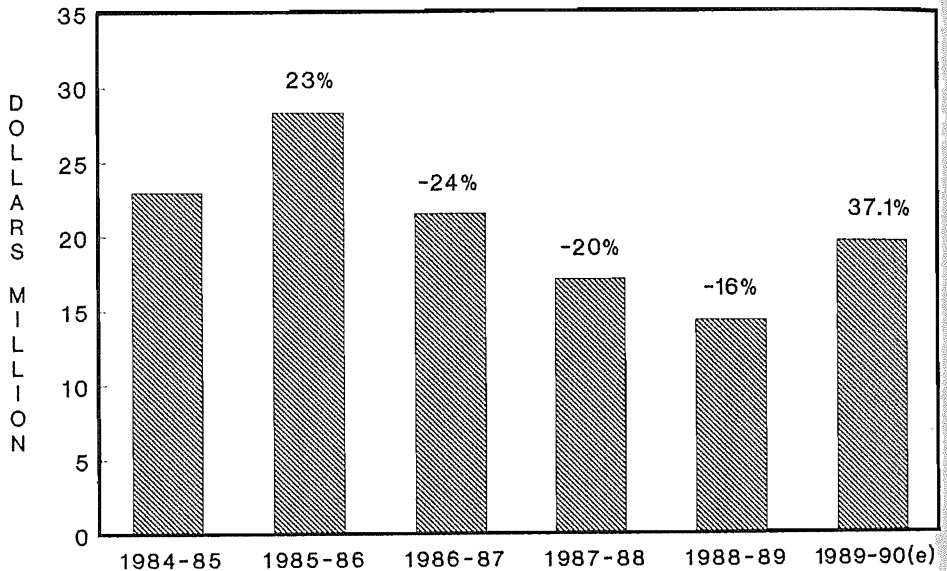
Overview

The Department of Family and Community Service's capital program encompasses the provision and maintenance of residential premises for wards, etc, the construction of Long Day Care centres for children, accommodation for administration and detention facilities.

EXPENDITURE TRENDS

Figure 5.9
WELFARE

(Payments expressed in real terms, 1989-90 base;
Percentage change on previous year)



Since 1985-86 the capital payments in the welfare area have declined significantly in real terms. However in 1989-90 there will be a substantial increase in expenditure.

Expenditure is expected to increase substantially in 1990-91 due to the construction of the High Security Unit at Mt Penang and the continuation of the Long Day Care program which is to be carried out over four years.

1989-90 CAPITAL PROGRAM OVERVIEW

Policy Sector	Total Payments		
	Actual 1988-89 \$m	Estimate 1989-90 \$m	Variation %
4.1 Welfare support services	13.3	19.6	+ 47.4
Total	13.3	19.6	+ 47.4

The increase in 1989-90 substantially reflects construction of Long Day Care centres in accordance with the agreement with the Commonwealth.

1989-90 Capital Program Highlights

The capital allocation of \$19.6 million is largely for construction of long day care centres for children under the joint Commonwealth/State program and the upgrading of youth detention centres and other facilities.

WORKS-IN-PROGRESS

Specific works-in-progress provisions are -

- \$0.2 million Campbelltown Detention Centre.
- \$1.1 million security upgrade of detention centres.
- \$1.0 million Yasmar Children's Courts.
- \$2.0 million Cobham Detention Centre.

The Yasmar and Cobham projects are being funded from proceeds of sale of surplus assets.

NEW WORKS

Specific new works allocations are -

- \$4.7 million Long Day Care/Occasional Care Centres.
- \$1.4 million Mt Penang High Security Unit.
- \$0.8 million Ormond Youth Centre - improvements.
- \$0.8 million Keelong Detention Centre - improvements.
- \$2.3 million cyclical upgrading of Detention Centres.

ANNUAL PROVISIONS

An amount of \$2.2 million has been included for minor works at numerous locations and a provision of \$1.0 million has been made for furniture and equipment for various centres. Also, finalisation payments involving an overall \$0.5 million will be made in 1989-90 in respect of various projects completed in earlier financial years.

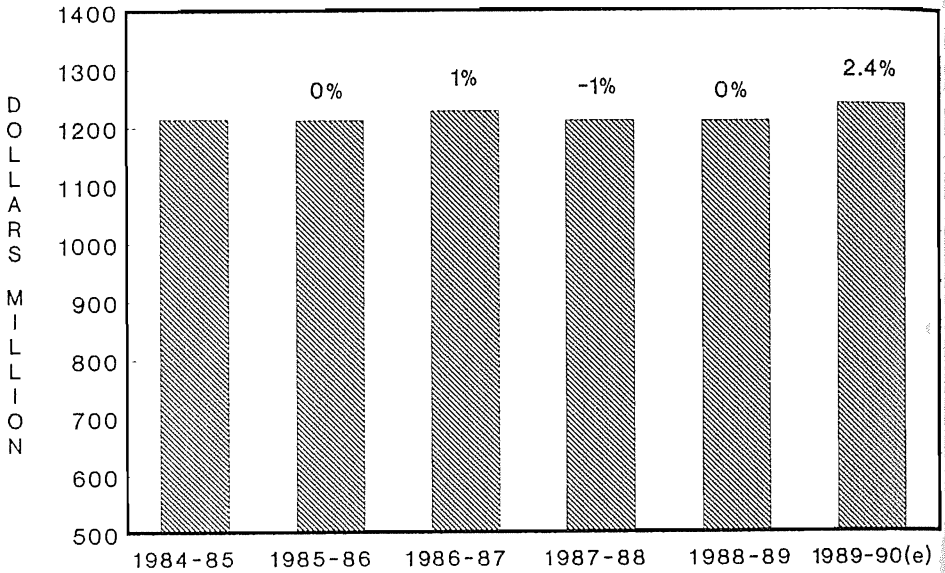
The balance of the allocation for annual provisions includes an amount of \$0.3 million to cover costs of preliminary planning, design, etc. for other new works planned to be introduced into this program in a later year.

5.3.5 HOUSING AND COMMUNITY SERVICES

Overview

EXPENDITURE TRENDS

Figure 5.10
HOUSING AND COMMUNITY SERVICES
 (Payments expressed in real terms, 1989-90;
 Percentage change on previous year)



Over the five years to 1988-89 capital payments in the Housing and Community Services Policy Area have decreased by 0.3 per cent in real terms. Within the Area, expenditure on Housing has increased by 27.7 per cent in real terms over the corresponding period. This reflects, in part, the increasing level of State support to public housing programs in recent years.

1989-90 CAPITAL PROGRAM OVERVIEW

Policy Sector	Total Payments		
	Actual 1988-89 \$m	Estimate 1989-90 \$m	Variation %
Housing	574.5	606.9	(+) 5.6
Homesite Development	99.0	103.4	(+) 4.4
Water and Sewerage	420.1	488.7	(+) 16.3
Protection of the Environment	32.2	40.5	(+) 25.8
Total	1,125.8	1,239.5	(+) 10.1

For 1989-90 capital payments for the Housing and Community Services Sector are estimated to increase by 10.1 per cent on the preceding year. Additional funding in the Water and Sewerage area reflects the special environmental program, full details of which will be announced later in 1989. In the area Protection of the Environment funding has been provided to continue the policy of acquisition of properties nominated under environmental plans.

Financial assistance to the States and Territories for public housing is provided under the Commonwealth State Housing Agreement. The current Agreement, the 1984 Agreement, was due to operate for ten years from 1 July, 1984. Following the May 1989 Premiers' Conference, the Commonwealth has proposed a new ten year Agreement to operate with effect from 1 July, 1989.

Under the proposed new Agreement revised financial arrangements provide for the replacement of concessional loans for public housing, previously referred to as nominated funds, with additional grants made under the Commonwealth State Housing Agreement. Previous and proposed financial arrangements provide for the States to match the untied component of Commonwealth grants. New South Wales matching requirement for 1989-90 is \$61.2 million which will be made available as a grant from the Consolidated Fund.

Details of the proposed 1989 Commonwealth State Housing Agreement are currently under review between the Commonwealth and State Housing Ministers. Refer to Section 7.4 of this document for a further explanation.

1989-90 Capital Program Highlights

HOUSING

Rental Housing Program

Public housing is a scarce resource. A key strategy is therefore to increase the overall availability of stock and to ensure that housing opportunities are maximised within available funds.

The proposed new Commonwealth State Housing Agreement focuses on a capital construction method of delivering housing services. In view of the shortage of total housing stock in New South Wales and the extent of the public housing waiting list, other mechanisms for providing public rental housing are being formulated. An alternative strategy has been developed which will increase the stock of available dwellings for those eligible for public housing assistance and which will more closely involve the private sector in the provision of housing services. An initial target of 1,000 units has been set for a Rental Housing private sector vehicle which will supplement the ongoing construction activities of the Department of Housing.

The overall allocation for public housing for 1989-90 is \$600 million, an increase of some \$58 million over 1988-89. Key features of the program include -

- the completion of approximately 4,500 new dwellings which were in progress at 30 June 1989 or which will be committed and completed during the year;
- the commencement of 2,173 new dwellings to be supplemented by a target of 1,000 new dwellings within the rental housing trust proposal;
- commencement of 1,075 units of accommodation for aged people;
- provision of housing in country areas especially in the major regional centres of Newcastle, Wollongong, Dubbo, Tamworth and Tweed Heads;

- an upgrading program of \$45 million funded from the capital budget (an additional \$55 million of maintenance expenditure is funded from the operating budget);
- commencement of 266 units of accommodation through the Local Government and Community Housing program.

Teacher Housing Authority and Public Servant Housing Authority

The Teacher Housing Authority's program includes the construction of additional dwellings for teachers in country areas and the upgrading of its existing housing stock. Planned expenditure of \$6.0 million will be funded from borrowings (\$5.0 million) and internal sources (\$1.0 million).

The Public Servant Housing Authority's allocation of \$400,000 will enable the Authority to continue its housing stock upgrading program.

Cabinet has recently approved of changes in the administration of public sector staff housing, including the disposal of dwellings surplus to requirements and the setting of rentals at 100 per cent of the assessed market rent.

HOMESITE DEVELOPMENT

A total amount of \$103.4 million (including \$15.0 million for Crown land homesites in metropolitan areas) has been allocated to the Department of Housing. Lot production will be geared to providing sufficient blocks over a wide range of prices to meet the needs of home builders, but with an emphasis to the middle and lower range price markets.

In addition, an amount of \$3.0 million will be available to the Department of Lands for development of Crown land homesites in country areas.

WATER AND SEWERAGE

Water Board

The Water Board's \$377.8 million capital program in 1989-90 will be funded from reserves (\$244.8 million), asset sales (\$40 million) contributions from developers (\$53 million) and the special environment protection levy (\$40 million).

The Board's ongoing program for 1989-90 includes provision for -

- continuation of Beach Protection works, including commissioning of Malabar Submarine Ocean Outfall with expenditure of \$57 million in the year;
- sewerage services to 2,800 existing urban lots, predominantly in Hornsby Heights, Berowra, Kurnell, Church Point, Bilgola Plateau, Taylors Point, Clareville, Careel Bay, Whale Beach, Winmalee, Springwood and Wentworth Falls;
- water and/or sewerage services to 8,000 urban consolidation and new release lots;
- commencement of flood protection measures at Nepean Dam to ensure safety of the dam and water supply against floods;

- completion of interim flood protection measures at Warragamba Dam;
- commencement on installation of a package filtration plant at Greaves Creek Dam in the Blue Mountains;
- acceleration of the sewer/stormwater separation program to reduce sewage overflows to Sydney Harbour;
- gross pollutant traps at the Botany Wetlands and on the Cooks River and Waverley-Penkovil Street stormwater systems;
- substantial progress on Stage 2 of the amplification of the Ryde Water Pumping Station to Pymble Reservoir Rising Main to enable initial servicing of the Rouse Hill Development Area;
- provision of watermains to amplify servicing of Riverstone Scheduled Lands;
- completion of Stage 3 of Quakers Hill Sewage Treatment Plant to service new urban release lots and provide upgraded treatment to existing urban release and other lots within its catchment;
- commencement of Stage 3 of St Marys Sewage Treatment Plant to upgrade and amplify treatment facilities;
- near completion of upgrading nutrient removal and treatment facilities at West Camden Sewage Treatment Plant;
- commencement of the amplification of sewage treatment facilities at Winmalee to cater for the additional sewerage services being provided in the Blue Mountains.

Hunter District Water Board

The Hunter District Water Board's program, totalling \$33.0 million, will be funded from the Board's revenue, reserves and contributions by developers.

The allocation makes provision for the continuation of work on the following major projects in 1989-90 -

- the construction of the Burwood Beach Waste Water Treatment Works Shaft and Ocean Outfall Tunnel (\$1.3 million in 1989-90).
- the Hunter Fringe Area Sewerage Scheme (\$9.6 million contribution by the Board for 1989-90). The Scheme is funded on a 50:50 basis between the Board and the Government, with the Public Works Department, acting as the project manager.
- completion of sewerage schemes at Heddon Greta-Cliftleigh, Minmi, Killingworth, East Branxton-Greta, Nulkaba and Corlette.

The remainder of the program is for new and continuing general water, sewerage and drainage works.

Broken Hill Water Board

The allocation of \$825,000 includes provision for commencement of work on Imperial Lake Main construction, Mica Street upgrading and continuation of work on the augmentation of No. 1 Sewerage Pumping Station.

Country Town Water Supply and Sewerage Schemes

The overall program includes two components, one involving dollar for dollar subsidies for Council operated water supply and sewerage schemes and the other the operation of Government water supply undertakings. The overall allocation for the schemes in 1989-90 is \$77.0 million, \$69.4 million for direct Government subsidies and \$7.6 million for Government operated schemes for the South-West Tablelands and Fish River.

A large number of projects are proceeding under the subsidy arrangements available to local councils in country areas to undertake water supply and sewerage schemes.

Expenditure on major works in the program includes -

- Gosford-Wyong Regional Water Supply - (\$4.9 million);
- Gosford Regional Sewerage Scheme - (\$14.3 million);
- St. Georges Basin Sewerage - (\$2.5 million);
- Wyong Sewerage Scheme - (\$6.2 million); and
- Hunter Sewerage Scheme - (\$7.5 million).

Other works are continuing at Bathurst, Berrigan, Berrima, Braidwood, Camden Haven, Coffs Harbour/Sawtell, Crookwell, Gundagai, Howlong, Kempsey, Manilla, Merimbula, Narooma/Tuross, Pacific Palms, Nowra/Bomaderry, Port Macquarie, South Shoalhaven, Tamworth, Tantawanglo, Tweed, Wentworth, Wingham, and Yass.

Provision has also been made for a number of new works to commence in 1989-90 subject, in a number of cases, to consideration by the councils concerned. The total cost of these works is estimated at \$35.7 million of which roundly \$2.6 million could be required in 1989-90. The locations of the major works proposed include Evans Head, New Berrima, Currawarna, Pleasant Hill.

PROTECTION OF THE ENVIRONMENT

Water Board

The Water Board is in the process of developing a special environmental program which has been established to help stem pollution of the beaches and waterways of Sydney and Wollongong, streams of the Blue Mountains and the environment generally. The program, which will involve expenditure of \$440 million over the next five years, is being funded by the special environmental protection levy of \$80 per annum. Full details of the program will be announced later in 1989.

Department of Planning

An allocation of \$28.2 million has been made to the Department in 1989-90. The program includes -

- \$1.6 million for further land acquisitions at the Western Sydney University site;
- \$1.5 million for restoration and landscaping works at Little Manly Point and Kelly's Bush;
- \$0.7 million for open space development works;

- \$2.5 million for land acquisitions under the Coastal Lands Protection Scheme;
- \$2.0 million for inner city open space land acquisitions; and
- other land acquisitions and development in the Sydney Region for planning purposes and open space of \$19.9 million.

State Pollution Control Commission

The allocation of \$807,000 includes \$700,000 for the purchase of scientific and technical equipment required in pollution monitoring and \$107,000 for other plant and equipment.

Waste Management Authority of New South Wales

The allocation of \$11.5 million, to be funded entirely from authority revenues, will enable the Authority to develop and expand facilities for waste disposal in the Sydney metropolitan area.

5.3.6 RECREATION AND CULTURE

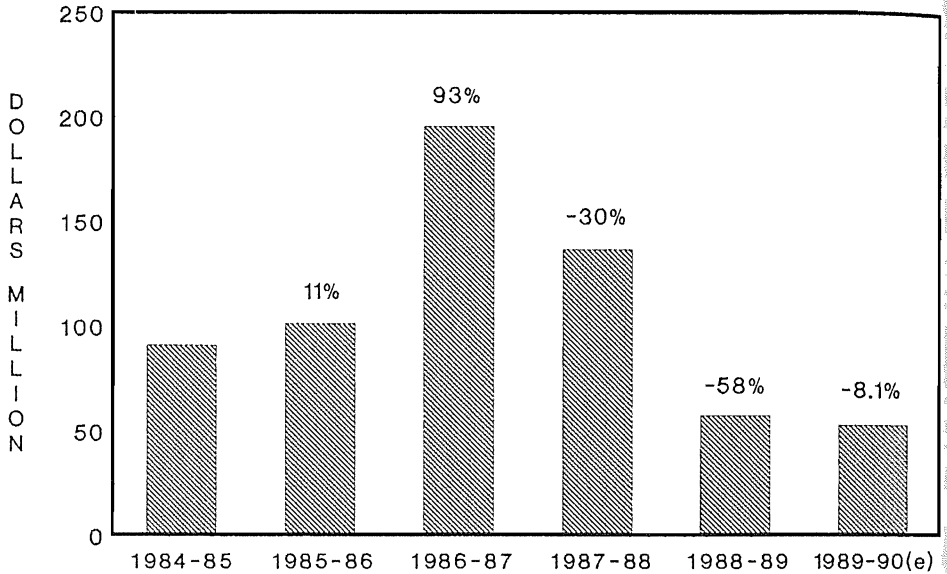
Overview

EXPENDITURE TRENDS

Figure 5.11

RECREATION AND CULTURE

(Payments expressed in real terms, 1989-90 base;
Percentage change on previous year)



Over the past five years to 1988-89 capital payments in real terms for Recreation and Culture have declined by 36.7 per cent. This trend will continue in 1989-90 with payments decreasing in real terms by a further 8.1 per cent.

The relatively high level of capital expenditure in recent years reflects outlays on the Art Gallery, State Library, Australian Museum, Power House Museum, the Sydney Football Stadium, and the development of the Royal Botanic Gardens, including Mount Tomah and Mount Annan.

The coming on stream of these major facilities has resulted in a decline in capital expenditure.

1989-90 CAPITAL PROGRAM OVERVIEW

Policy Sector	Total Payments		
	Actual 1988-89 \$m	Estimate 1989-90 \$m	Variation %
Recreation Facilities and Services	32.3	35.0	+ 8.4
Cultural Facilities and Support of the Arts	21.4	18.0	(-) 15.9
Total	53.7	53.0	(-) 1.3

For 1989-90 allocations amount to roundly \$53.0 million, as follows -

	\$M
Recreation Facilities and Services-	
Department of Sport, Recreation and Racing	6.2
Tourism Commission of New South Wales	0.4
National Parks and Wildlife Service	17.3
Bicentennial Park	0.5
Royal Botanic Gardens	4.6
Centennial Park	0.6
Zoological Parks Board	4.4
Public Reserves Management Fund	1.0
	35.0
Cultural Facilities and Support of the Arts-	
Ministry for the Arts - Policy Co-ordination and support of cultural activities	0.2
Art Gallery	1.6
State Library	2.7
Australian Museum	2.3
Sydney Opera House	10.0
Museum of Applied Arts and Sciences	1.1
Preservation of Historic Houses	0.1
	18.0
Total	53.0

1989-90 Capital Program Highlights**RECREATION FACILITIES AND SERVICES****Department of Sport, Recreation and Racing**

The allocation of \$6.2 million includes \$3.3 million to provide for the ongoing construction of an International Standard Rowing Course at Penrith Lakes. Other works to be undertaken include -

- improvements at the State Hockey Centre, to prepare the Centre for the Women's World Gold Cup Event (\$465,000);
- improvements to the office and catering facilities at Parramatta Stadium (\$450,000);
- upgrading the power and water supply to Milson Island Sport and Recreation Centre (\$820,000);
- strength training facilities at the NSW Academy of Sport (\$100,000); and
- various other improvements at the State Sports Centre, the Academy of Sport, and Sport and Recreation Centres at Borambola, Little Wobby, Newnes Forest, Lake Ainsworth, Broken Bay, Point Wolstoncroft, Myuna Bay, Lake Keepit and Lake Jindabyne.

Tourism Commission

The allocation of \$0.4 million represents funding from the Commonwealth Government for the completion of the RAAF Williamtown Fighter World Display Centre under the Steel Regions Assistance Program.

National Parks and Wildlife Service

The allocation of \$17.3 million includes \$14.2 million for development works and land acquisitions in National Parks and State Recreation Areas. Provision has been made for the following projects –

- further development works in Blue Mountains National Parks;
- road and facilities upgrading in Myall Lakes National Parks;
- establishment works in Yengo National Park and Parr State Recreation Area at Wiseman's Ferry;
- Oxley Wild Rivers development;
- fire suppression and communication equipment;
- Ku-ring-gai Chase National Park development and restoration works; and
- road maintenance and reconstruction in Kosciusko National Park.

The allocation also includes \$3.1 million for the acquisition of plant and equipment.

Bicentennial Park

An amount of \$392,000 has been allocated for construction of a Visitor Information Centre and \$147,000 for plant and equipment.

Royal Botanic Gardens

The allocation of \$4.6 million provides for the maintenance and development of the Royal Botanic Gardens, Mount Tomah Gardens and Mount Annan Gardens.

An amount of \$1.4 million has been provided for the development of facilities at Mount Annan Gardens, \$546,000 for Mount Tomah Gardens, \$500,000 for the Royal Botanic Gardens Glass House, \$254,000 for the Electronic Security System in Sydney, \$180,000 for the Royal Botanic Gardens Glass House landscaping, \$84,000 for the Royal Botanic Gardens plant propagation program and \$692,000 for plant and equipment.

Centennial Park

An amount of \$562,000 has been allocated towards the maintenance and development of Centennial Park.

Zoological Parks Board

The Board is to commence a major upgrading and restoration program in 1989-90 at both Taronga and Western Plains Zoos. The program of roundly \$4.4 million provides for the commencement of a number of major new works viz. reptile complex, Australian Habitats aviary and Orang-utan enclosure at Taronga Park Zoo. In addition major upgrading of the electrical and water supply is to commence at Western Plains Zoo as a prerequisite to further development.

Other amounts are included for upgrading of other exhibits, roads, paths and the like.

Public Reserves Management Fund

The allocation of \$1.0 million to the Fund will support a continuing program to assist in the upgrading and management of showgrounds, caravan parks and other reserves.

CULTURAL FACILITIES AND SUPPORT OF THE ARTS

A program of planned and catch up maintenance at the Sydney Opera House costing \$103 million over a ten year period will commence in 1989-90. An amount of \$10 million has been provided this year towards the program.

The overall 1989-90 allocation of \$18.0 million for cultural facilities also includes provision for further upgrading of facilities and restoration on the following projects -

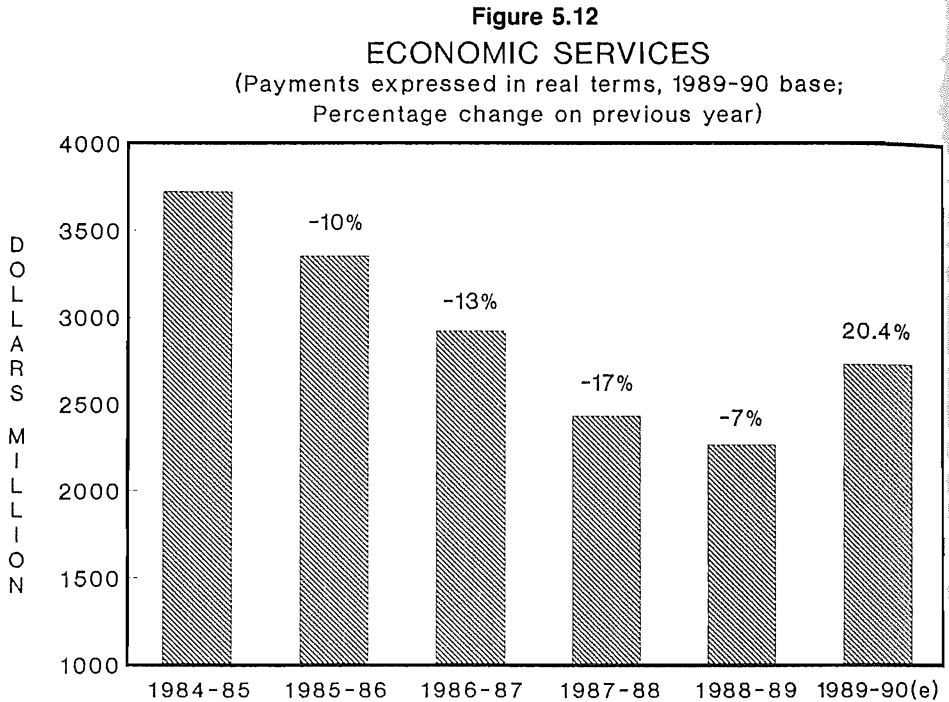
	\$m
• Art Gallery - Upgrading Air Conditioning	0.5
• State Library - Rewiring Mitchell Wing	0.3
- Revamping Existing Air Conditioning	1.2
- Upgrading Sprinkler System (Mitchell Wing)	0.8
• Australian Museum - Painting and Carpeting	
- Public Areas	0.2
- Refit of Vacated Areas following completion of New Wing Project	0.6

Funds of roundly \$1.15 million have been allocated towards plant and equipment for the cultural institutions.

5.3.7 ECONOMIC SERVICES

Overview

EXPENDITURE TRENDS



Over the five years to 1988-89 Capital payments in the Economic Services area declined by 39.1 per cent in real terms. This is projected to be reversed in 1989-90 with a real increase of 20.4 per cent. The allocations in this area in 1989-90 include significant one-off payments for acquisition of egg quotas (Hen Quota Committee) and staff redundancy payments (Ministry of Transport) as well as the substantial additional road funding made possible through the introduction of the 3 cent fuel levy. Excluding the one-off payments, expansion in this area is projected to increase by 15.6 per cent or 7.5 per cent in real terms.

Within public transport the implementation of the recommendations of the Booz Allen and Hamilton review of the SRA will require increased capital expenditure, particularly for CityRail to address deficiencies in safety and operating standards of infrastructure. The allocation in 1989-90 is an increase of 20.2 per cent over 1988-89. It is the intention to invest some \$2,000 million over broadly the five years in order to remedy the rundown condition of CityRail. Lesser capital expenditure is required in Country Passenger Service and Freight.

Expenditure on the roads program, after declining in real terms over earlier years increased to \$1,041 million in 1988-89, an increase of \$123.4 million or 13.4 per cent over equivalent expenditure in 1987-88. The 1989-90 allocation provides for acceleration of the program and represents an increase of 23.9 per cent over the previous year.

Capital expenditure by the Electricity Commission peaked in real terms in 1983-84 and has been progressively wound down in the light of excess generating capacity in the system. It is anticipated that expenditure will continue at around the current level until the Mount Piper Power Station is commissioned in 1993-94.

1989-90 CAPITAL PROGRAM OVERVIEW

Policy Sector	Total Payments		
	Actual 1988-89 \$m	Estimate 1989-90 \$m	Variation %
Agriculture, Forestry and Fishing	144.0	190.4	+ 32.2
Transport and Communication	1,501.0	2,039.9	+ 35.9
Other Economic Services	463.2	498.5	+ 7.6
Total	2,108.2	2,728.8	+ 29.4

The allocation for the Roads Program this year is \$1,290 million (an increase of \$248.9 million or 23.9 per cent over equivalent expenditure in 1988-89). This substantial increase largely reflects the additional funding of \$184 million which is expected to be available from the proceeds of the additional fuel levy to accelerate roadworks during the current year

Expenditure by the State Rail Authority in 1989-90 will be \$423 million an increase of \$70 million or 19.8 per cent over 1988-89. In addition, an amount of \$250 million has been provided to fund the redundancy packages being offered to the staff of the State Rail Authority and the State Transit Authority.

The Electricity Commission has undertaken a detailed review of its electricity generation capacity and as a result has announced the closure of its Tallawarra Power Station and the associated Huntley coal mine. The Commission is continuing with its program of rehabilitating the older power stations while the State has excess generating capacity so that the performance of equipment will be significantly improved. The Commission is also planning on commissioning the Mount Piper Power Station in 1993-94.

The various allocations in the Economic Services area amount to \$2,728.8 million as follows -

	\$m
Agriculture, Forestry and Fishing -	
Forestry Commission	6.0
Department of Water Resources	52.4
Sydney Market Authority	7.6
Soil Conservation Service	10.2
Department of Agriculture and Fisheries	13.9
Grain Handling Authority	29.9
Dairy Corporation of N.S.W.	0.2
Fish Marketing Authority	9.0
Hen Quota Committee	61.2
	190.4

	\$m
Transport and Communication –	
State Rail Authority	423.0
Ministry of Transport – Interchanges	2.4
– Other	230.2
State Transit Authority	41.7
Roads and Traffic Authority	1,290.0
Maritime Services Board	30.3
Public Works Department –	
Coast and Rivers (including Waterways)	22.3
	<u>2,039.9</u>
Other Economic Services –	
Electricity Commission	454.7
Electricity County Councils	22.7
Department of Minerals and Energy	7.4
Sydney Cove Redevelopment Authority	9.0
Department of State Development	4.1
Department of Industrial Relations and Employment	0.4
Business and Consumer Affairs	0.2
	<u>498.5</u>
Total	<u>2,728.8</u>

1989-90 Capital Program Highlights

AGRICULTURE, FORESTRY AND FISHING

Forestry Commission

The allocation makes provision for the construction of the Commission's new Head Office and several locations are under consideration. The Commission's reforestation program is now excluded from the State's capital program as the output is more in the nature of "stock-in-trade" than capital.

Department of Water Resources

The allocation of \$52.4 million includes the following –

- \$4 million for the Murray Valley Salinity and Drainage project;
- \$4.7 million for flood security works at Burrinjuck Dam;
- \$5 million for urban flood plain protection;
- \$6.4 million in contributions to the Murray Darling Basin Commission including \$2.7 million to meet the State's share of an approved capital program and a further \$3.7 million to meet the costs associated with the Salinity and Drainage Strategy and the Natural Resources Management Strategy;
- \$1.2 million in contributions to Dumaresq Barwon Border Rivers Commission to meet the State's share of an approved program of works;
- \$3 million including State funds of \$1.5 million and a matching contribution to be paid by irrigators for asset refurbishment within Irrigation Areas and Districts; and
- \$3.6 million received from the Commonwealth Government under the Federal Water Resources Assistance Program for floodplain management and salinity reduction.

Sydney Market Authority

It is estimated that \$7.6 million will be expended by the Sydney Market Authority to complete construction of additional carparking facilities, a child care centre, purchase of plant and equipment and several minor new works including a new materials handling system for the flower market.

Soil Conservation Service

The allocation of \$10.2 million represents a 32.4 per cent increase on the 1988-89 allocation and includes provision for –

- care, control and management of approximately 84,000 hectares of foreshore lands surrounding many of the States major water supply dams;
- protection and rehabilitation of soil and water resources and community assets by reducing the onsite and offsite costs of land degradation.

Department of Agriculture and Fisheries

The Department of Agriculture and Fisheries has been allocated \$13.9 million in 1989-90 including the following –

- \$7.9 million towards relocation of the Glenfield Veterinary Research Station to historic Camden Park (estimated total cost \$34.5 million);
- \$2.5 million for fire hazard prevention works at the Biological and Chemical Research Institute, Rydalmere.

A further \$685,000 has been allocated for the Agricultural Colleges under the Department's administration.

Grain Handling Authority

The Authority's allocation of \$29.9 million provides for completion of work on the new Grain Terminal at Port Kembla (\$22 million), upgrading of the Newcastle Grain Terminal (\$0.1 million) purchase of land at Port Kembla for the terminal (\$6 million) and annual provisions (\$1.7 million).

The Port Kembla Terminal is expected to be completed prior to 1 October 1989, when the Authority is to be corporatised.

Dairy Corporation

The Corporation will spend about \$200,000 this year completing extension work at the Corporation's Northern Regional Office, Lismore.

Fish Marketing Authority

The Authority is to spend a total amount of \$9 million in 1989-90 completing the first stage of the redevelopment of the Sydney Fish Markets. Stage I includes new computer facilities for the sale of fish under the "Dutch Auction" method and provides much improved access for fishermen and the public. Stage II will commence shortly and will be totally funded by the private sector.

Hen Quota Committee

The \$61.2 million provides for acquisition of egg quotas from egg farmers following deregulation of the egg industry. The payment is treated as a capital item as it involves the repurchase of a property right. The Consolidated Fund will in conjunction with asset sales fund the borrowings undertaken to meet the up front payments over a three year period.

TRANSPORT AND COMMUNICATION

State Rail Authority

• City Rail

City Rail will spend \$287.4 million this year on Capital Works, the significant items being –

• *Passenger Rolling Stock – Tangara*

Provision of \$106 million allows for the continuation of the deliveries of Tangara cars at the rate of 60 cars per annum. Already 48 Tangaras are in service.

• *Passenger Infrastructure*

An allocation of \$9 million has been made for continuation of work already underway on refurbishment of Sydney Terminal operations control and commuter tunnel. Another \$7.5 million has been provided to start work on projects such as the Automatic Fare Collection and North Strathfield Junction.

• *Station Upgrading*

City Rail is embarking on a massive modernisation program with an estimated expenditure of \$7 million in this financial year.

• *Train Servicing Facilities*

A total of \$3 million will be expended with the bulk of the allocation going towards improving the workshop at Chullora.

• *Signalling*

In order to improve the integrity and reliability of the system, City Rail has commenced a massive \$500 million modernisation program of which \$62 million will be expended this year.

• *Electrical*

An amount of \$19.5 million is included for upgrading of electrical infrastructure, overhead wiring conversion and substation improvements.

• *Track Upgrading*

An allocation of \$55 million is provided for continuation of the upgrading program throughout the City Rail network. Major items are –

- track strengthening, replacing timber sleepers with concrete sleepers (\$45 m)
- embankment and cutting remedial work (\$9 m)

• **Freight and Country Passenger Service**

Freight and Country Passenger Service will spend \$95.3 million in 1989-90 on capital upgrading and improvement.

• *Freight Infrastructure*

Provision of \$27 million has been made for completion of existing projects, including –

- duplication of Moss Vale – Port Kembla line (\$7 m)
- Infrastructure changes at Port Kembla Grain Terminal (\$4.m)
- Hunter Valley coal infrastructure improvements (\$7 m)
- Signal upgrading, Port Waratah (\$1 m)

• *Bridges*

An allocation of \$8 million has been made for replacement of timber underbridges and overbridges throughout the Country Rail network.

• *Signalling*

An allocation of \$2.8 million has been made for pole line upgrading, renewal of cabling and replacement of upper quadrant signals throughout the Country Rail network.

• *Track Restoration*

Expenditure of \$4.5 million is projected on upgrading of the North Coast line.

• **Infrastructure Support**

An allocation of \$40.3 million has been provided, including \$32.2 million for improving the communications network.

• *Communications*

The following major projects are included in the allocation for communications –

- train radios (\$7.6m)
- upgrading of telephone systems (\$6.2m)
- improvements to radio, communications and microwave systems (\$8.4m)

Ministry of Transport

• *Interchanges*

The amount of \$2.4 million provided from the Consolidated Fund will be managed by the Ministry of Transport for certain Interchange programs formerly administered by the State Transit Authority. Funds have been allocated for improved bus/rail/ferry interchange facilities, including \$300,000 for the proposed Western Sydney University and \$1.2 million from the Commonwealth (Australian Centennial Road Development Program).

- *Other – Redundancies*

Provision of \$250 million has been made for funding redundancy packages.

The standard retrenchment package is to apply to all redundancy payments.

State Transit Authority

The \$41.7 million allocation includes provision for the following –

- *Bus Services*

The delivery of 90 buses in 1989-90 under the Bus Replacement Program (\$16.2 million) will allow for the continuing improvements in operating efficiency, with potential increased patronage and reduced maintenance costs.

Other capital allocations include funding for projects such as various modifications to collection facilities, the installation of ticket issuing machines and the ongoing work on the Authority's Information Systems Strategic Plan.

- *Ferry Services*

Provision has been made for the introduction of high speed catamaran vessels to replace the ageing hydrofoil fleet for the Manly to Circular Quay service. The first of the three approved vessels is due to be commissioned in early 1990.

Funding has been provided for the additional docking and slipway facilities incorporating a ship lift mechanism adjacent to the existing maintenance complex at Balmain.

Roads and Traffic Authority

The Roads and Traffic Authority was established in 1988-89 by the amalgamation of the former Department of Main Roads, Traffic Authority of New South Wales and the Department of Motor Transport. Total payments by the new Authority in 1989-90 are projected at \$1,524 million, including \$1,290 million for capital works (an increase of 23.9 per cent over expenditure in 1988-89). The capital program is to be funded as follows –

	\$m
Commonwealth Specific Purpose Payments	435.3
Motor Vehicle Taxation	323.5
Fuel Taxes	430.0
Authority Revenues	101.2
	<u>1,290.0</u>

The 1989-90 allocation reflects fulfilment of the Government's commitment to dedicate all proceeds from State fuel taxes to the Roads Program, including the additional fuel levy which is expected to raise roundly \$184 million this year. Moreover, for the first time in 30 years, no new borrowings are to be raised to support the program. This will have future benefits as the containment of debt servicing costs allows for increased support of works.

The program of road works being undertaken this year includes -

Description of Project	Estimated Expenditure 1989-90 \$000
SYDNEY MAJOR ROUTES	
Sydney Newcastle Freeway - Construction of Hornsby Bypass from Pennant Hills Road, Wahroonga to Berowra	2,000
Glebe Island Arterial Route - Construction from Darling Harbour Goods Yard to Victoria Road, White Bay	15,946
City West Link Road - Construction of City West Link Road from Victoria Road, White Bay to Strathfield	11,111
Southern Arterial Route - Construction of Southern Arterial Route between Harris Street, Pyrmont and Botany Road, Waterloo	7,877
State Route No 33 - Reconstruction and widening to six lane divided carriageway between Penshurst Avenue, Penshurst and Stoney Creek Road, Beverly Hills	2,340
State Route No 33 - Upgrading to provide six lane divided carriageways, including bridgeworks, between Punchbowl Road, Greenacre and Hume Highway, Chullora	1,696
State Route No 33 - Construction of four lane dual carriageways between Marlborough Road, Flemington and Concord Road, Rhodes - Homebush Bay deviation	1,000
State Route No 33 - Widening to six lane divided carriageway between Alfred Street, Concord West and Cavell Avenue, Rhodes	1,908
State Route No 33 - Construction & extension of right turn bays, Ryde to Mona Vale Road	1,071
State Route No 33 - Improvements to intersection with McCarrs Ck Road	2,385
Menai - Dundas - Reconstruction, widening and realignment of Old Illawarra Road from Menai Road to Alford's Point Road	6,932
Menai - Dundas - Widening to six lane divided carriageway from Boorea Street to Hilliers Road, Lidcombe	2,400
Gore Hill Freeway - Construction of four lane carriageways and associated bridgeworks from F1 Freeway to Pacific Highway, Lane Cove	19,980
Castlereagh Freeway - Construction of four lane divided carriageway and associated bridgeworks from Pennant Hills Road to Abbott Road Seven Hills	4,000
Western Freeway - Construction of four lane divided carriageway and bridgeworks - Russell Street, Emu Plains to Lapstone including interchange at Russell Street	9,000

Description of Project	Estimated Expenditure 1989-90 \$000
Cumberland Highway - Upgrading to 4/6 lanes from Prospect Creek (Kenyons Bridge), Smithfield to Cabramatta Creek, Cabramatta West	8,479
Cumberland Highway - Upgrading to four lanes from Old Prospect Road, South Wentworthville to (Kenyons Bridge), Smithfield	3,500
Cumberland Highway - Widen to 6 lane divided carriageway from Mahers Road to Thompsons Corner, West Pennant Hills	6,200
Windsor Road - Reconstruction and widening to four lanes, Intersection of Windsor Road and Merindah Road, Baulkham Hills	1,186
Boundary Road - Widening and strengthening between Pennant Hills Road, and Old Northern Road, Rogans Hill	2,800

OTHER SYDNEY ROADS

Pennant Hills Road - Widening to six lane divided carriageway between Beecroft Road and Pearces Corner, Wahroonga	1,000
Epping Road - Duplication of bridge and approaches, Stringy Bark Creek, Lane Cove West	1,506
Pacific Highway - Intersection improvements between Mowbray Road, Chatswood and Clareville Road Roseville	1,291
Punchbowl Road - Widen to six lane dual carriageways, (Punchbowl Road) from King Georges Road, Lakemba to Coronation Parade, Enfield	1,676
Forest Way - Reconstruction and widening to six lanes from Adams Street, Frenchs Forest to Mona Vale Road, Terry Hills	2,906
Captain Cook Drive - Reconstruction of Captain Cook Drive	1,314

CENTRAL COAST AND NEWCASTLE AREAS

Sydney - Newcastle Freeway - Divided carriageways including structures from 127 km to 134.0km Palmers Road to Wakefield	16,858
Sydney - Newcastle Freeway - Construction of dual carriageways including structures - Wakefield to George Booth Drive from 134.00km to 141.00km North of Sydney	2,449
Sydney - Newcastle Freeway - Divided carriageway from George Booth Drive to Lenaghans Drive 141.0km to 146.0km North of Sydney	1,000
Pacific Highway - Construction of northbound carriageway, including bridgeworks, from MR225 to MR349 (near Gosford)	1,587
Pacific Highway - Construction of dual carriageway, between Northern Boundary of Wyong Shire and Padbury Road, Swansea	7,152

Description of Project	Estimated Expenditure 1989-90 \$000
Pacific Highway - Construction of dual carriageways - Parbury Road to Swansea Channel including duplication of bridge and approaches	1,239
Tuggerah - Noraville Road - Construction, reconstruction and upgrading, including Bridgeworks, between F3 Freeway, Tuggerah and Killarney Street, Tumbi Umbi	2,524
Entrance Road - Reconstruction of junction with Berkeley Road, Berkeley Vale	1,293
Charlestown-Sandgate Highway - Construction of North-South Newcastle Bypass from Rankin Park to Pacific Highway (SH 10)	10,450
Newcastle Road - Reconstruction and widening from Blue Gum Road to Lake Road, Wallsend	1,612
Toronto - Mulbring Road - Upgrading, including rehabilitation and bridgeworks, between Toronto and Cessnock City Boundary	1,855
Broadmeadow - Kurri Kurri Road - Reconstruction and widening from freeway interchange 6.00 km north of Cardiff	1,266

WOLLONGONG AREA

Southern Freeway Construction of dual carriageways, including bridges between Northcliffe Drive, Berkeley and Railway, Yallah 10.5km to 18.2km South of Wollongong	2,110
Princes Highway - Construction of 2nd carriageway and bridgeworks including junction with F6 Freeway, between rail line, Yallah and Macquarie Rivulet	2,150
Northern Distributor - Construction of Northern Distributor, Wollongong	1,950
Picton Road - Provision of grade separated junction at MR513 including duplication of existing road to "The Cuttings", 9.2km to 15.9km West of Wollongong	2,770

BLUE MOUNTAINS AREA

Great Western Highway - Reconstruction, widening and sealing between Springwood and Linden from 75.6km to 83.3km West of Sydney	2,954
Great Western Highway - Widening to four lanes and associated rail and bridgeworks between Honour Avenue, Lawson and Bowling Green Avenue, Katoomba	3,925

Description of Project	Estimated Expenditure 1989-90 \$000
COUNTRY AREAS	
Princes Highway - Rehabilitation and widening including provision of overtaking lanes and improvement to junctions, 13.1km and 108.0km South of Nowra	2,990
Princes Highway - Construction of new bridge and approaches - Carrowar and Yackingurrah Creeks, between 9.0 km and 55.1 km south of Nowra	3,418
Princes Highway - Rehabilitation and widening including associated bridgeworks at Stephens, Cockwhy, Hapgood and Higgins Creeks between 88.0km and 109.5km South of Nowra	2,545
Princes Highway - Upgrading, including construction of Tilba Tilba deviation and bridgeworks, between 84.96km and 88.40km South of Batemans Bay	2,120
South Western Freeway - Construction of Mittagong Bypass between 105.2km and 112.0km South of Sydney	20,330
Hume Highway - Construction of Goulburn By-Pass	6,888
Hume Highway - Construction of deviation over Cullarin Range from 20.0km to 51.5km south of Goulburn	6,983
Hume Highway - Construction of dual carriageways from Coppabella Road to Reedy Creek, 38.5km to 48.3km South of Yass	8,725
Hume Highway - Construction of dual carriageways, including bridgeworks between 2.33km and 11.32km South of Gundagai	3,600
Hume Highway - Upgrading to dual carriageways, structures and rehabilitation Snowy Mountains Highway to Kyeamba Creek South of Gundagai	3,300
Hume Highway - Upgrading and rehabilitation between The Olympic Way, North of Albury and Victorian Border	5,729
Great Western Highway - Reconstruction between 28.5 km and 35.7 km west of Katoomba	1,375
Great Western Highway - Upgrading and rehabilitation from 9.6km to 24.5km West of Lithgow, including replacement of bridge over railway, Lidsdale .	6,641
Great Western Highway - Construction of bridge and approaches - Macquarie River, Bathurst (Denison Bridge)	3,270
New England Highway - Construction of dual carriageways, upgrading and rehabilitation 63.0km to 84.7km North of Maitland	2,544

Description of Project	Estimated Expenditure 1989-90 \$000
New England Highway - Construction of new bridges and approaches - railway and Seven Mile Creek between 11.0km and 13.0km North of Tamworth	1,294
New England Highway - Construction and rehabilitation of between 43.0km to 55.6km north of Tamworth	1,755
New England Highway - Construction of Stage I of traffic relief route between 107.0km and 115.0km North of Tamworth (near Armidale)	1,330
New England Highway - Upgrading between 78.1km & 81.2km north of Armidale, including new bridgework over railway and widening bridge over Williams Creek	1,641
Pacific Highway - Construction of dual carriageway, including bridgeworks between 18.6km and 25.5km north of Newcastle	1,435
Pacific Highway - Construction from Failford Road to Rainbow Flats, including bridges over Bunwahl and Talawahl Creeks - 145.2km to 154.2km north of Newcastle	1,000
Pacific Highway - Construction of Herons Creek deviation from Bonny Hill Road to Oxley Highway, including bridgeworks, between 66.3km and 74.3km north of Taree	2,363
Pacific Highway - Widen and overlay existing pavement to provide four lanes between 106.10km and 108.40km from Kempsey towards Coffs Harbour	1,283
Pacific Highway - Widening of road to four lanes south of Kororo Hill, 2.45km to 4.70km from Coffs Harbour towards Grafton	1,773
Pacific Highway - Reconstruction including deviation north of Swan Creek between 0.96km and 11.2km North of Grafton including overtaking lane at Swan Creek	1,670
Pacific Highway - Construction of Twin Bridge over Terranora Inlet on Tweed Heads bypass	2,796
Pacific Highway - Construction of Tweed Heads bypass, including Bridgeworks, between 101.6km north of Ballina and the Queensland border ...	6,320
Federal Highway - Upgrading to dual carriageways, including bridgeworks at Brook's Creek, 43.0km to 63.0km (Bungendore Road) South of Goulburn	4,900
Mitchell Highway - Restoration of access over the Macquarie River at Wellington following collapse of the existing structure	4,188

Description of Project	Estimated Expenditure 1989-90 \$000
Barrier Highway - Construction of new bridge and approaches - Darling River at 260.00km west of Cobar (near Wilcannia)	1,470
Oxley Highway - Construction of bridges and approaches - railway line and Warral Road, West Tamworth	1,400
Oxley Highway - Reconstruction, realignment and bridgeworks between 2.3km and 13.1km West of Coonabarabran	1,862
Gwydir Highway - Rehabilitation and upgrading between 71.4km and 123.0km West of Moree (near Collarenebri)	1,716
Barton Highway - Construction of passing lanes, Barton Highway 23.20km to 53.20km from Canberra towards Yass	1,060
Castlereagh Highway - Reconstruction from 2.0km to 9.8km north of Walgett including bridges - two mile and five mile Warrambool, Pagan Creek & Barwon River	1,414
Monaro Highway - Upgrading and rehabilitation between 49.17km and 82.0km south of Canberra including widening of bridge over Lenanes Creek at 49.17km	1,166
Monaro Highway - Creeks Reconstruction and sealing from 24.8km to 32.0km south of Bombala including construction of new bridge over Genoa River	2,757
Illawarra Highway - Upgrading of selected sections between Macquarie Pass and Hume Highway	2,960

Maritime Services Board

The Maritime Services Board will finance its capital program entirely from internal funds. The program is directed at continued improvement in the efficiency of the operation of ports and the provision of services for recreational boating.

Of the \$30.3 million Capital Program, \$24.1 million will be expended on works in progress whilst \$6.2 million will be allocated to minor new works and annual provisions.

Features of the program include the following major works-in-progress -

- \$3.6 million for the redevelopment of wharves 6/7, Darling Harbour;
- \$7.1 million for the purchase of a replacement dredge and associated facilities for the maintenance of channels and berthing basins in the Port of Newcastle;
- \$3.0 million for a new oil berth at Newcastle.

Coast and Rivers

An allocation of \$22.3 million has been provided to the Public Works Department for the coast and rivers program.

This will provide funding for the following areas -

	\$m
Coastline Hazard (including beach protection)	1.4
Floodplain Management	7.5
Estuary Management	5.0
Fishing Ports and Government Facilities	2.7
Waterways Improvements	5.5
Other	<u>.2</u>
	<u>22.3</u>

The Government has significantly increased funding for flood mitigation programs this year (up 63 per cent from \$4.6 million in 1988-89) despite the Commonwealth declining to provide for any real increase in this area.

Major works being undertaken by the Department in 1989-90 include flood mitigation work on the Georges River, work on the Clarence River levees at South Grafton and environmental repair work at Tuggerah Lakes.

OTHER ECONOMIC SERVICES

Electricity Commission

The capital program to be undertaken by the Electricity Commission and its associated colliery company subsidiaries in 1989-90 amounts to \$454.7 million. This compares with expenditure in 1988-89 of \$421.3 million.

The Commission is aiming to fund its 1989-90 program from internal sources (including asset sales estimated at \$54 million) in line with its strategy of reducing the level of outstanding debt. However, a standby borrowing facility will be available to the Commission during the year should it be required.

Expenditure will be incurred on the following major projects in 1989-90 -

- *Mount Piper Power Station*

Expenditure on this two 660 megawatt units station near Portland will be \$105 million. The first unit is due for completion in mid-1993 and the second unit one year later. The estimated total cost of the project is \$1,895 million.

- *Power Station Rehabilitation*

Expenditure of \$129 million will be incurred on work on existing power stations to improve their performance and extend their normal servicable life. Major work to be undertaken includes -

	\$ million
Munmorah	46.5
Liddell	27.8
Vales Point	20.3
Wallerawang	11.4

Improved performance and life extension work will allow the deferment of construction of the next new power station.

- *Power Supply*

The program provides for a large number of projects to be carried out in various parts of New South Wales to ensure that the State has a reliable overall electricity supply system. Major works include –

	\$ million
Inverell – Moree Transmission Line	2.2
Bunnerong Substation	3.5
Kemps Creek Static Var Compensators	9.3
Dubbo – Nyngan Transmission Line	3.9
Coffs Harbour – Koolkhan Transmission Line	8.3

Electricity County Councils

In common with the treatment of Local Government only borrowings undertaken under the global limit are reflected in the State's Capital Program.

The borrowing allocation for these authorities is \$22.7 million compared with \$31.4 million in 1988-89. The reduction in borrowings reflects a move towards greater reliance on internal funding of capital works projects.

Department of Minerals and Energy

The allocation of \$7.4 million provides for further works on the redevelopment of the Mining Museum (\$6.7 million), upgrading of gas and dust analysis equipment (\$0.1 million), and for the purchase of major plant and equipment (\$0.6 million).

Sydney Cove Redevelopment Authority

Capital expenditure of \$9.0 million includes provision of \$5.8 million for restoration and renovation of various properties, \$2.8 million for upgrading of roads and footpaths and minor maintenance of \$0.4 million.

Department of State Development

The Government recently announced a new Strategic Economic Development Package. The package provides incentives to encourage development of key industries throughout New South Wales.

In 1989-90 the Department of State Development will provide some \$4 million to Tamworth City Council to assist in the provision of certain airport infrastructure work which is required in connection with the establishment of the new Ansett/British Aerospace Flying College.

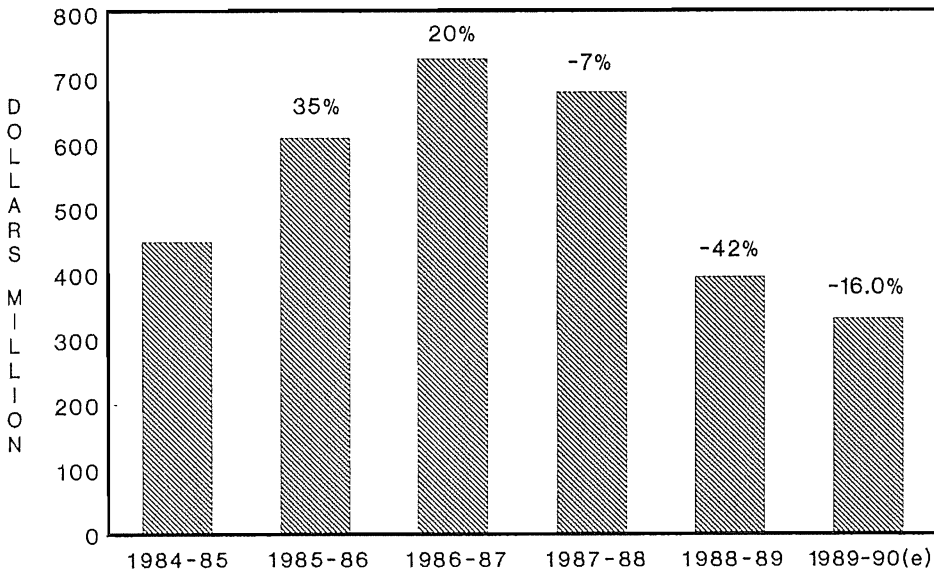
5.3.8 GENERAL ADMINISTRATION AND OTHER

Overview

Capital programs in this policy area relate to funding for computers for Departments, office accommodation and fit-out, the provision of public buildings, the Darling Harbour Complex, borrowing programs for Local Government, Lands Department activities and works undertaken by the Lord Howe Island Board.

EXPENDITURE TRENDS

Figure 5.13
GENERAL ADMINISTRATION
 (Payments expressed in real terms, 1989-90 base;
 Percentage change on previous year)



The substantial expenditure incurred in the years 1985-86 to 1987-88 reflects the construction costs associated with the Darling Harbour complex and various Bicentennial projects, such as the Macquarie Street upgrading and work on Circular Quay.

It should be noted that only the borrowing component of the Local Government capital program is reflected in the program. As a separate tier of Government the practice has been to only show that portion of capital funds that is met by Loan Council approved global borrowings.

1989-90 CAPITAL PROGRAM OVERVIEW

Policy Sector	Total Payments		
	Actual 1988-89 \$m	Estimate 1989-90 \$m	Variation %
Local Government -			
General Borrowing Allocation	197.5	178.6	(-) 9.6
Treasury	64.0	107.7	(+) 68.3
Administrative Services Department	10.2	12.2	(+) 19.6
Other -			
Public Buildings Generally	12.6	15.1	(+) 19.8
Darling Harbour Authority	79.1	12.6	(-) 84.1
Building Additions and Improvements (Lands Department)	3.8	2.5	(+) 19.0
Lord Howe Island .....	...	0.4	...
Miscellaneous Activities	0.4	3.0	(+) 675.0
Total	367.6	332.1	(-) 9.7

The allocation for 1989-90 totalling \$332.1 million represents a decrease of 9.7 per cent on the expenditure in 1988-89. The major components comprise the Local Government borrowings program, Treasury for computers for Departments, works for the Department of Administrative Services, Public Buildings Generally and the Darling Harbour project.

1989-90 Capital Program Highlights**LOCAL GOVERNMENT**

The overall borrowing allocation of \$178.6 million to councils is a decrease of 9.6 per cent on 1988-89 expenditure.

In previous years the allocation has been directly linked to the global borrowing limits which in 1989-90 have been decreased by 21 per cent.

To assist councils with their finances, the effect of the global borrowing limit decrease has been deferred until the commencement of their financial year, that is 1 January 1990. This will restrict the impact of the decrease in 1989-90 to 9.6 per cent, compared with a decrease in the State's own global borrowing limits of 21 per cent.

TREASURY

Included under the Treasury allocation of \$107.7 million is the total provision for computer acquisitions for the Inner Budget Sector in 1989-90.

Major computer acquisitions in previous years have been funded through recurrent allocations from the Consolidated Fund. However, consistent with commercial practices a financial facility has been established in 1989-90 through the New South Wales Capital Works Financing Corporation by which departments will be able to finance the acquisition of computer hardware and software. Borrowings of \$75 million will be raised by the Corporation in 1989-90 for this purpose.

A further \$32.5 million has been carried forward from the 1988-89 allocation and will be available to help fund computer acquisitions in the Inner Budget Sector.

The Treasury allocation also provides for expenditure of \$169,000 for plant and equipment transferred from recurrent services under the new arrangements.

ADMINISTRATIVE SERVICES DEPARTMENT

The allocation of \$12.2 million covers funding for government office accommodation and fit-out, minor and major PABX works and the purchase of plant and equipment transferred from recurrent allocations.

OTHER

Public Buildings Generally

An allocation of \$15.1 million has been made for expenditure on public buildings in 1989-90, including the following major works -

	Estimated Total Cost \$m	1989-90 \$m
MSB Building Circular Quay	5.6	5.0
77-78 Hunter St Newcastle (restoration)	2.2	1.5
Stonework restoration	7.0	1.0
State Dockyard Demolition	2.4	2.4
Government Office Block Wollongong	22.1	1.3

Darling Harbour Authority

An amount of \$12.6 million has been allocated in 1989-90 to enable completion of major projects. These include the Convention Centre, the Exhibition Centre and the National Maritime Museum.

Funding for the program will come from internal resources as a result of asset sales.

Lands Department

The allocation of \$2.5 million mainly provides for fire safety related works in the Department of Lands building at Bridge Street, Sydney (\$0.9 million), upgrade of Tibooburra Aerodrome (\$0.4 million), purchase of plant and equipment (\$0.6 million) and a special allocation for the acquisition of a Crown lease at Port Macquarie (\$0.6 million).

Lord Howe Island Board

In 1989-90 it is proposed to commence upgrading of the airport terminal and island roads. Provision has also been included in the allocation for other minor works.

Miscellaneous Activities

Allocations under this item represent funding transferred from recurrent allocations for the purchase of computers and other plant and equipment.

Table 5.3: Functional Classification of Capital Program by Source of Funds, 1988-89 and 1989-90

Classification	(1)		(2)				(3)		(4)	
	Total Program		From Consolidated Fund				From Borrowings and other Financial Accommodation		From Internal and Other Sources	
	1988-89	Estimate 1989-90	Commonwealth Specific Purpose Payments		Other		1988-89	Estimate 1989-90	1988-89	Estimate 1989-90
			\$m	%	1988-89	Estimate 1989-90					$m	$m
Law, Order and Public Safety	134.5	170.5	—	26.8	127.2	162.2	5.7	—	1.6	8.3
Education	317.8	332.0	112.6	4.5	204.3	201.2	—	—	0.9	1.8
Health	218.8	285.5	6.8	30.5	44.8	21.4	134.4	146.3	32.8	100.2
Welfare	13.3	19.6	—	47.4	12.7	15.5	—	—	0.6	4.1
Housing and Community Services -										
Housing and Homesite Development	673.5	710.3	220.2	5.5	115.5	61.2	91.5	55.0	246.3	287.4
Water and Sewerage	420.1	488.7	1.6	16.3	66.5	74.5	3.7	—	348.3	412.7
Protection of the Environment NEI	32.2	40.5	0.7	25.8	3.7	4.0	—	—	27.8	36.0
Recreation and Culture	53.7	53.0	2.4	(1.3)	50.3	45.7	—	4.3	1.0	2.3
Economic Services -										
Agriculture, Forestry and Fishing	144.0	190.4	5.2	32.2	27.1	65.4	94.6	82.1	17.1	35.0
Mining, Manufacturing and Construction	2.5	7.4	—	196.0	1.6	4.2	—	—	0.9	3.2
Public Transport	390.0	464.7	9.0	19.2	—	—	252.8	240.0	128.2	224.7
Roads	1,042.8	1,290.0	384.3	23.7	462.3	753.6	74.0	—	122.2	101.1
Other Transport and Communication	68.2	285.2	1.3	318.2	13.0	230.2	—	—	53.9	51.9
Community and Regional Development	6.5	13.1	—	101.5	0.1	4.1	—	—	6.4	9.0
Electricity	452.7	477.4	—	5.5	1.5	—	97.9	53.7	354.8	423.7
Industry Assistance	1.5	0.6	—	(60.0)	—	0.6	—	—	—	—
General Administration NEI	367.6	332.1	—	(9.7)	26.1	30.0	197.5	253.5	144.0	48.6
Total	4,339.7	5,161.0	744.1	18.9	1,156.7	1,673.8	952.1	834.9	1,486.8	1,750.0

Column 1 Capital program expenditure financed from all sources

Column 2 Consolidated Fund financing is from two sources, Commonwealth Specific Purpose Capital Payments and Other. Commonwealth specific purpose payments are shown on a receipts basis here in contrast to Table 5.1 where these payments are shown on an expenditure basis. Consolidated Fund - Other includes Commonwealth general purpose capital payments (for 1988-89 both loans and grants; for 1989-90 grants only as the loans component has been converted into grants under the new Commonwealth-State Housing Agreement), repayments arising from previous years' loans and disposal of assets and miscellaneous items.

Column 3 Borrowings and other financial accommodation for all authorities as specified under the Loan Council's global borrowing resolution.

Column 4 Financing from revenue and reserves of authorities and other sources including developers' contributions and proceeds from sale or long term leases of assets.

Note: Figures for 1988-89 adjusted to place on comparable basis to 1989-90

Table 5.4: Capital Program - 1989-90

Administrative Unit by Functional Group	Ministry	Type of work			Total	Source of Funding			
		Works-in- Progress	Annual Provisions (a)	New Works		Consolidated Fund		Borrowings and other Financial Accommodation	Internal and Other Sources (c)
						C with S.P.P. (b)	Other		
Law, Order and Public Safety -		\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Police - Buildings	Police and Emergency Services	12,968	7,820	2,895	23,683	—	17,847	5,836	
- Equipment	Police and Emergency Services	726	3,399	3,264	7,389	—	7,389	—	
- Housing	Police and Emergency Services	—	1,000	—	1,000	—	1,000	—	
Board of Fire Commissioners	Police and Emergency Services	3,584	2,516	2,400	8,500	—	6,000	2,500	
Courts	Attorney-General	49,680	2,421	—	52,101	—	52,101	—	
Director of Public Prosecutions	Attorney-General	67,702	5,000	4,717	77,419	—	77,419	—	
State Drug Crime Commission	Police and Emergency Services	—	107	—	107	—	107	—	
State Emergency Services	Police and Emergency Services	—	64	—	64	—	64	—	
Independent Commission Against Corruption	Emergency Services Premier	—	107	—	107	—	107	—	
Total - Law, Order and Public Safety ..		134,660	22,522	13,276	170,458	—	162,122	8,336	
Education -									
Schools (Department of Education)	Education	97,367	85,586	22,811	205,764	63,000	142,764	—	
Technical Colleges (TAFE)	Education	53,372	62,365	9,730	125,467	65,252	58,415	1,800	
Ministry of Education	Education	—	76	—	76	—	76	—	
Agriculture (Colleges) ..	Agriculture	—	470	215	685	685	—	—	
Total - Education ..		150,739	148,497	32,756	331,992	128,937	201,255	1,800	

Table 5.4: Capital Program - 1989-90 (cont.)

Administrative Unit by Functional Group	Ministry	Type of work				Total	Source of Funding		
		Works-in- Progress	Annual Provisions (a)	New Works	Consolidated Fund		Borrowings and other Financial Accommodation	Internal and Other Sources (c)	
					C with S.P.P (b)				Other
Health -		\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Department of Health	Health	—	2,500	—	2,500	—	2,500	—	
Hospitals	Health	194,000	14,393	56,190	264,583	17,237	2,893	98,258	
Community Health	Health	1,437	1,100	100	2,637	—	2,637	—	
Dental Services	Health	107	615	400	1,122	—	1,122	—	
Miscellaneous Health Services	Health	—	2,208	—	2,208	372	1,836	—	
Ambulance Services	Health	254	10,200	2,000	12,454	—	10,454	2,000	
Total - Health		195,798	31,016	58,690	285,504	17,609	21,442	100,258	
Welfare -									
Family and Community Services	Family and Community Services	5,430	4,049	10,114	19,593	—	15,540	4,053	
Housing and Community Services -									
Housing and Homesite Development -									
Department of Housing -									
Public Rental Housing	Housing	232,500	169,000	198,500	600,000	306,674	61,218	232,108	
Homesites - LandCorn	Housing	—	88,400	—	88,400	—	—	38,400	
Crown Lands - Homesites	Housing	—	15,000	—	15,000	—	—	15,000	
Land Titles Office	Natural Resources	—	—	475	475	—	—	475	
Teacher Housing Authority	Education	—	6,000	—	6,000	—	—	1,000	
Public Servant Housing Authority	Administrative Services	—	400	—	400	—	—	400	
Total - Housing and Community Services		232,500	278,800	198,975	710,275	306,674	61,218	287,363	

Table 5.4: Capital Program - 1989-90 (cont.)

Administrative Unit by Functional Group	Ministry	Type of work			Total	Source of Funding			
		Works-in- Progress	Annual Provisions (a)	New Works		Consolidated Fund		Borrowings and other Financial Accommodation	Internal and Other Sources (c)
						C'with S.P.P. (b)	Other		
Water and Sewerage - The Water Board	Environment	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Hunter Water Board	Environment	142,954	42,400	192,486	377,840	—	—	377,840	
Broken Hill Water Board	Natural Resources ..	16,672	9,048	7,280	33,000	—	—	33,000	
Country Towns Water Supply and Sewerage	State Development and Public Works	825	—	—	825	—	—	825	
		70,730	3,750	2,557	77,037	1,540	74,497	1,000	
		231,181	55,198	202,323	488,702	1,540	74,497	412,665	
Protection of the Environment - Department of Planning	Local Government and Planning	5,550	21,986	675	28,211	550	3,161	24,500	
State Pollution Control Commission	Environment	—	807	—	807	—	807	—	
Waste Management Authority ..	Environment	4,850	455	6,185	11,490	—	—	11,490	
		10,400	23,248	6,860	40,508	550	3,968	35,990	
		474,081	357,246	408,158	1,239,485	308,764	139,683	736,038	
Total - Housing and Community Services									
Recreation and Culture - Recreation Facilities and Services - Bicentennial Park	Environment	392	147	—	539	—	539	—	
Department of Lands - Public Reserves Management Fund	Natural Resources Environment	—	1,000	167	1,000	270	1,000	—	
National Parks and Wildlife Service Department of Sport, Recreation and Racing	Sport, Recreation and Racing	9,823	7,294	668	17,284	—	15,424	1,590	
	Chief Secretary and Tourism	4,617	910	—	6,195	—	6,195	—	
Tourism Commission	Tourism	401	—	401	401	401	—	51	
Zoological Parks Board	Environment	2,848	382	1,160	4,390	—	—	4,339	
Royal Botanic Gardens	Environment	2,931	892	800	4,623	—	3,910	713	
Centennial Park	Environment ..	520	42	—	562	—	562	—	
		21,532	10,667	2,795	34,994	671	27,630	2,354	

Table 5.4: Capital Program - 1989-90 (cont.)

Administrative Unit by Functional Group	Ministry	Type of work			Total	Source of Funding				
		Works-in- Progress	Annual Provisions (a)	New Works		Consolidated Fund			Borrowings and other Financial Accommodation	Internal and Other Sources (c)
						C'with S.P.P. (b)	Other	\$000		
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cultural Facilities and Support of the										
Arts -	Arts	—	154	—	154	—	154	—	—	—
Arts Policy Co-ordination Unit	Arts	10,000	—	—	10,000	—	10,000	—	—	—
Opera House	Arts	2,492	245	—	2,737	—	2,737	—	—	—
State Library	Arts	1,465	153	—	1,618	—	1,618	—	—	—
Art Gallery	Arts	1,315	320	664	2,299	—	2,299	—	—	—
Australian Museum	Arts	799	281	—	1,080	—	1,080	—	—	—
Museum of Applied Arts and Sciences ..	Arts ..	—	133	—	133	—	133	—	—	—
Historic Houses	Arts ..	16,071	1,286	664	18,021	—	18,021	—	—	—
		37,603	11,953	3,459	53,015	671	45,651	4,339	2,354	
Total - Recreation and Culture										
Economic Services -										
Agriculture, Forestry and Fishing -										
Department of Agriculture	Agriculture	10,333	3,606	—	13,939	—	13,939	—	—	—
Dairy Corporation of NSW	Agriculture	205	—	—	205	—	—	—	205	—
Fish Marketing Authority	Agriculture	8,997	—	—	8,997	—	—	—	8,997	—
Soil Conservation Service	Agriculture	—	10,242	—	10,242	4,327	4,997	—	918	—
Sydney Market Authority	Agriculture	6,300	650	610	7,560	—	—	—	7,560	—
Grain Handling Authority	Transport	28,128	1,727	—	29,855	—	—	14,055	15,800	—
Forestry Commission	Natural Resources	6,000	—	919	6,919	—	—	6,000	—	—
Department of Water Resources	Natural Resources	14,701	36,732	—	52,352	3,580	32,230	15,042	1,500	—
Hen Quota Committee	Agriculture ..	—	61,221	—	61,221	—	14,221	47,000	—	—
		74,664	114,178	1,529	190,371	7,907	65,387	82,097	34,980	

Table 5.4: Capital Program - 1989-90 (cont.)

Administrative Unit by Functional Group	Ministry	Type of work			Total	Source of Funding			
		Works-in- Progress	Annual Provisions (a)	New Works		Consolidated Fund		Borrowings and other Financial Accommodation	Internal and Other Sources (c)
						C'with S.P.P. (b)	Other		
Mining, Manufacturing and Construction - Department of Mineral Resources	Mineral Resources	\$000 6,780	\$000 616	\$000 —	\$000 7,396	\$000 —	\$000 4,221	\$000 3,175	
Public Transport - State Rail Authority	Transport	310,500	21,200	91,300	423,000	—	—	183,000	
State Transit Authority	Transport	29,988	900	10,780	41,668	—	—	41,668	
Roads - Roads and Traffic Authority	Transport	340,488	22,100	102,080	464,668	—	—	224,668	
Other Transport and Communication - Public Works Department - Coast and Rivers	State Development and Public Works	15,227	4,360	2,673	22,260	1,920	18,740	1,600	
Maritime Services Board	Transport	24,117	6,235	—	30,352	—	—	30,352	
Ministry of Transport - Other	Transport	—	230,213	—	230,213	—	210,213	20,000	
Interchanges	Transport	750	200	1,460	2,410	1,160	1,250	—	
Community and Regional Development - Sydney Cove Redevelopment Authority	Local Government and Planning	40,094	241,008	4,133	285,235	3,080	230,203	51,952	
State Development	State Development and Public Works	—	3,190	5,810	9,000	—	—	9,000	
		—	4,129	—	4,129	—	4,129	—	
		—	7,319	5,810	13,129	—	4,129	9,000	

Table 5.4: Capital Program - 1989-90 (cont.)

Administrative Unit by Functional Group	Ministry	Type of work			Total	Source of Funding			Internal and Other Sources (c)
		Works-in- Progress	Annual Provisions (a)	New Works		Consolidated Fund		Borrowings and other Financial Accommodation	
						C'with S.P.P. (b)	Other		
Electricity - Electricity Commission	Energy	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
County Councils	Energy	379,096	73,085 22,728	2,519	454,700 22,728	—	—	31,000 22,728	423,700
		379,096	95,813	2,519	477,428	—	—	53,728	423,700
Industry Assistance - Department of Industrial Relations and Employment	Industrial Relations and Employment	—	413	—	413	—	—	—	—
Business and Consumer Affairs	Business and Consumer Affairs ...	—	204	—	204	—	—	—	—
		—	617	—	617	—	—	—	—
		1,239,406	1,164,367	325,071	2,728,844	446,327	1,058,057	375,825	848,635
Total - Economic Services									
General Administration, n.e.l. - Local Government - Councils - General Purpose	Local Government and Planning	97,000	60,000	21,550 355	178,550 355	—	—	178,550	— 355
Lord Howe Island Board	Environment	97,000	60,000	21,905	178,905	—	—	178,550	355

Table 5.4: Capital Program - 1989-90 (cont.)

Administrative Unit by Functional Group	Ministry	Type of work			Total	Source of Funding			Internal and Other Sources (c)
		Works-in- Progress	Annual Provisions (a)	New Works		Consolidated Fund		Borrowings and other Financial Accommodation	
						C'with S.P.P. (b)	Other		
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Public Buildings and Other - Public Works Department - Public Buildings Generally	State Development and Public Works ...	6,954	889	800	8,643	—	8,643	—	
Darling Harbour Authority	Local Government and Planning	9,302	3,250	—	12,552	—	—	12,552	
Department of Lands - Buildings and Plant .. Office Accommodation Bureau	Natural Resources ... Administrative Services	1,305	1,196	—	2,501	—	2,501	—	
Government Supply Office	Administrative Services	5,005	2,378	1,852	9,235	—	6,117	3,118	
Chief Secretary's Department	Chief Secretary and Tourism	—	95	—	95	—	95	—	
Cabinet Office	Premier	—	33	—	33	—	33	—	
Premier's Department	Premier	—	21	—	21	—	21	—	
Ombudsman's Office	Premier	—	201	—	201	—	201	—	
Treasury - Plant and Equipment	Premier	—	22	—	22	—	22	—	
- Capital Works Financing Corporation	Treasurer	—	32,712	—	32,712	—	169	32,543	
Administrative Services Department	Treasurer	—	75,000	—	75,000	—	75,000	—	
	Administrative Services	—	12,205	—	12,205	—	12,205	—	
Total - General Administration, n.e.i.		22,566	128,002	2,652	153,220	—	30,007	75,000	48,213
		119,566	188,002	24,557	332,125	—	30,007	253,550	48,568
Total - State Program		2,357,283	1,927,652	875,081	5,161,016	902,308	1,673,757	834,909	1,750,042

(a) Annual provisions are generally restricted to allocations for ongoing purposes which are finalised in the financial year (for example, the costs of furniture and fittings, minor equipment and land purchases).

(b) Commonwealth Specific Purpose Payments

(c) Internal and Other Sources consists of revenue generated from client charges and earnings on investments, proceeds from asset sales or long term leases, and drawdowns from financial reserves.

Table 5.5: Capital Program - 1988-89

Administrative Unit by Functional Group	Ministry	Total Expenditure	Source of Funding				Internal and Other Sources
			Consolidated Fund		Borrowings and other Financial Accommodation	Internal and Other Sources	
			Commonwealth Specific Purpose Payments	Other			
Law, Order and Public Safety -		\$000	\$000	\$000	\$000	\$000	
Police - Buildings	Police and Emergency Services	20,420	—	20,420	—	—	
- Equipment	Police and Emergency Services	8,564	—	8,564	—	—	
- Housing	Police and Emergency Services	748	—	748	—	—	
Board of Fire Commissioners	Police and Emergency Services	9,660	—	2,400	5,700	1,560	
Courts	Attorney-General	47,841	—	47,841	—	—	
Corrective Services	Corrective Services	46,937	—	46,937	—	—	
State Drug Crime Commission	Police and Emergency Services	60	—	60	—	—	
State Emergency Services	Police and Emergency Services	83	—	83	—	—	
Director of Public Prosecutions	Attorney-General	100	—	100	—	—	
Independent Commission Against Corruption	Premier:	100	—	100	—	—	
Total - Law, Order and Public Safety		134,513	—	127,253	5,700	1,560	
Education -		208,130	60,238	147,892	—	—	
Schools (Department of Education)	Education	96,257	51,848	43,492	—	917	
Technical Colleges (TAFE)	Education	12,873	—	12,873	—	—	
Ministry of Education	Education	534	534	—	—	—	
Department of Agriculture (Colleges)	Agriculture						
Total - Education		317,794	112,620	204,257	—	917	

Table 5.5: Capital Program - 1988-89 (cont.)

Administrative Unit by Functional Group	Ministry	Total Expenditure	Source of Funding				Internal and Other Sources
			Consolidated Fund		Borrowings and other Financial Accommodation	Internal and Other Sources	
			Commonwealth Specific Purpose Payments	Other			
Health -		\$000	\$000	\$000	\$000	\$000	
Department of Health	Health	2,347	—	2,347	—	—	
Hospitals	Health	194,301	6,300	20,791	134,393	32,817	
Community Health	Health	4,375	—	4,375	—	—	
Dental Services	Health	812	—	812	—	—	
Miscellaneous Health Services	Health	2,649	543	2,106	—	—	
Ambulance Services	Health	14,353	—	14,353	—	—	
Total - Health		218,837	6,843	44,784	134,393	32,817	
Welfare -							
Family and Community Services	Family and Community Services	13,264	—	12,712	—	552	
Housing and Community Services -							
Housing and Homesite Development -							
Department of Housing -							
Public Rental Housing	Housing	565,923	220,180	115,527	86,000	145,216	
Homesites - LandCom	Housing	84,528	—	—	—	84,528	
Homesites - Crown Lands	Housing	14,476	—	—	—	14,476	
Teacher Housing Authority	Education	6,800	—	—	5,000	1,800	
Public Servant Housing Authority	Administrative Services	765	—	—	500	265	
Total - Housing and Community Services		673,492	220,180	115,527	91,500	246,285	

Table 5.5: Capital Program - 1988-89 (cont.)

Administrative Unit by Functional Group	Ministry	Total Expenditure	Source of Funding				Internal and Other Sources
			Consolidated Fund		Borrowings and other Financial Accommodation		
			Commonwealth Specific Purpose Payments	Other			
Water, Sewerage and Protection of Environment - The Water Board	Environment	\$000	\$000	\$000	\$000	\$000	
Hunter Water Board	Environment	315,026	—	—	—	315,026	
Broken Hill Water Board	Natural Resources	33,625	—	—	2,270	31,355	
Country Towns Water Supply and Sewerage	Natural Resources	1,629	—	—	1,390	239	
Government Water Supply	State Development and Public Works	64,306	1,585	60,986	—	1,735	
Department of Planning	State Development and Public Works	5,525	—	5,525	—	—	
State Pollution Control Commission	Local Government and Planning	17,880	742	2,930	—	14,208	
Waste Management Authority	Environment	770	—	770	—	—	
	Environment	13,550	—	—	—	13,550	
		452,311	2,327	70,211	3,660	376,113	
Total - Housing and Community Services		1,125,803	222,507	185,738	95,160	622,398	

Table 5.5: Capital Program - 1988-89 (cont.)

Administrative Unit by Functional Group	Ministry	Total Expenditure	Source of Funding				Internal and Other Sources
			Consolidated Fund		Borrowings and other Financial Accommodation	Internal and Other Sources	
			Commonwealth Specific Purpose Payments	Other			
		\$000	\$000	\$000	\$000	\$000	
Recreation and Culture -							
Recreation Facilities and Services -							
Department of Lands - Public Reserves Management Fund	Natural Resources Environment	1,000	—	1,000	—	—	
National Parks and Wildlife Service	Environment	16,870	—	16,426	—	444	
Department of Sport, Recreation and Racing	Sport, Recreation and Racing	3,008	—	3,008	—	—	
Tourism Commission	Chief Secretary and Tourism	6,708	2,419	4,289	—	—	
Zoological Parks Board	Environment	555	—	55	—	—	
Bicentennial Park	Environment	68	—	68	—	—	
Royal Botanic Gardens	Environment	3,599	—	3,599	—	—	
Centennial Park	Environment	533	—	533	—	—	
		32,341	2,419	28,978	—	944	
Cultural Facilities and Support of the Arts -							
Preservation of Government Records (Archives)	Arts	60	—	60	—	—	
Art Gallery	Arts	9,560	—	9,560	—	—	
State Library	Arts	5,598	—	5,598	—	—	
Australian Museum	Arts	3,073	—	3,073	—	—	
Museum of Applied Arts and Sciences	Arts	2,789	—	2,789	—	—	
Arts Policy Coordination Unit	Arts	145	—	145	—	—	
Historic Houses	Arts	125	—	125	—	—	
		21,350	—	21,350	—	—	
Total - Recreation and Culture		53,691	2,419	50,328	—	944	

Table 5.5: Capital Program - 1988-89 (cont.)

Administrative Unit by Functional Group	Ministry	Total Expenditure	Source of Funding				Internal and other Sources
			Consolidated Fund		Borrowings and other Financial Accommodation	Other	
			Commonwealth Specific Purpose Payments	Other			
Economic Services - Agriculture, Forestry and Fishing - Department of Agriculture	Agriculture	\$000	\$000	\$000	\$000	\$000	
Dairy Corporation of NSW	Agriculture	18,936	—	—	—	—	
Fish Marketing Authority	Agriculture	2,335	—	—	—	2,335	
Soil Conservation Service	Agriculture	13,010	—	—	—	13,010	
Sydney Marketing Authority	Agriculture	7,588	1,799	—	—	807	
Grain Handling Authority	Agriculture	956	—	—	—	956	
Forestry Commission	Agriculture	46,252	—	—	46,252	—	
Department of Water Resources	Forests	18,000	—	—	18,000	—	
	Water Resources	36,953	3,405	—	30,348	—	
		144,030	5,204	27,118	94,600	17,108	
Mining, Manufacturing and Construction - Department of Minerals and Energy	Minerals and Energy	2,485	—	1,626	—	859	
Public Transport - State Rail Authority	Transport	352,705	—	—	235,300	117,405	
State Transit Authority	Transport	37,278	8,937	—	17,507	10,834	
		389,983	8,937	—	252,807	128,239	
Roads - Roads and Traffic Authority	Transport	1,042,809	384,263	462,290	74,000	122,256	

Table 5.5: Capital Program -- 1988-89 (cont.)

Administrative Unit by Functional Group	Ministry	Total Expenditure	Source of Funding				Internal and Other Sources
			Consolidated Fund		Borrowings and other Financial Accommodation	Other	
			Commonwealth Specific Purpose Payments	Other			
		\$000	\$000	\$000	\$000	\$000	\$000
Other Transport and Communication - Public Works Department - Coast and Rivers	State Development & Public Works	12,687	1,335	—	—	900	900
Maritime Services Board	Transport	53,023	—	—	10,452	53,023	53,023
Ministry of Transport - Level Crossings	Transport	2,300	—	—	2,300	—	—
Other	Transport	200	—	—	200	—	—
		68,210	1,335	—	12,952	—	53,923
Community and Regional Development - Sydney Cove Redevelopment Authority	Local Government and Planning	6,356	—	—	—	6,356	6,356
State Development Department	State Development and Public Works	111	—	—	111	—	—
		6,467	—	—	111	—	6,356
Electricity - Electricity Commission	Mineral Resources	421,300	—	—	—	354,800	354,800
County Councils	Mineral Resources	31,400	—	—	—	—	—
		452,700	—	—	—	354,800	354,800
Industry Assistance - Department of Industrial Relations Business and Consumer Affairs	Industrial Relations Business and Consumer Affairs	1,324	—	—	1,324	—	—
		192	—	—	192	—	—
		1,516	—	—	1,516	—	—
Total - Economic Services		2,108,200	399,739	—	505,613	519,307	683,541

Table 5.5: Capital Program - 1988-89 (cont.)

Administrative Unit by Functional Group	Ministry	Total Expenditure	Source of Funding				Internal and Other Sources
			Consolidated Fund		Borrowings and other Financial Accommodation	Internal and Other Sources	
			Commonwealth Specific Purpose Payments	Other			
		\$000	\$000	\$000	\$000	\$000	
General Administration, n.e.i. - Councils - General Purpose ..	Local Government and Planning	197 500	—	—	197 500	—	
Lord Howe Island Board	Environment ..	30	—	—	—	30	
		197 530	—	—	197 500	30	
Public Buildings and Other - Public Works Department - Public Buildings Generally	State Development & Public Works	12,127	—	11,019	—	1,108	
Darling Harbour Authority	Local Government and Planning	79,068	—	—	—	79,068	
Department of Lands - Buildings, Additions, etc.	Natural Resources ..	3,857	—	3,857	—	—	
Government Supply Office	Administrative Services ..	142	—	89	—	53	
Administrative Services Department	Administrative Services ..	10,164	—	10,164	—	—	
Office Accommodation Bureau	Administrative Services ..	496	—	496	—	—	
Premier's Department	Premier	189	—	189	—	—	
Cabinet Office	Premier	20	—	20	—	—	
Treasury	Premier	63 959	—	159	—	62 800	
Ombudsman's Office	Premier	21	—	21	—	—	
Chief Secretary's Department ..	Chief Secretary and Tourism	31	—	31	—	—	
		170 074	—	26 045	—	144 029	
		367 604	—	26 045	197 500	144 059	
Total - General Administration, n.e.i.		4,339,706	744,128	1,156,730	952,060	1,486,788	

CHAPTER 6: 1988-89 BUDGET AND CAPITAL PROGRAM RESULT

- 6.1 Introduction**
- 6.2 Recurrent Payments – Variations from Budget**
- 6.3 Recurrent Revenues – Variations from Budget**
- 6.4 Capital Program – Variations from Projections**

6.1 INTRODUCTION

The 1988-89 Budget projected an overall surplus of \$27 million, which was to be the product of a \$545 million recurrent surplus and a \$518 million capital deficit. (In fact the projected surplus in the 1988-89 Budget Papers was \$8 million but when account is taken of a revised basis of calculating "below the line" financing transactions, this is revised to \$27 million.)

The actual result for the year was a surplus of \$428 million. Essentially the improvement over Budget was due to a substantial over-run on recurrent revenue (largely associated with the property market boom in the first half of the year) offset to some extent by over-runs on recurrent expenditure (largely associated with higher than assumed wage increases and cost increases in the health area). The improved cash result over Budget was influenced by these same factors but was mitigated in part as the Budget estimate included surplus borrowings which were not in fact taken up.

Nearly all the variations between the budgeted and actual result were concentrated in the recurrent budget which recorded a surplus of \$879 million, compared to a budgeted surplus of \$545 million. The capital result was a deficit of \$452 million compared to a budgeted deficit of \$518 million.

Expenditure on the total State Capital Program (which includes not only budget funded capital expenditure but also capital expenditure of the outer budget sector) was \$4,236 million compared to a projected \$4,327 million. The lower than projected capital expenditure was due to the impact of unseasonably wet weather conditions in the second half of the financial year.

Note: The analysis in this Chapter is based on the coverage of organisations as per the 1988-89 Budget. Unlike other Chapters in this Paper, it therefore includes organisations which, from 1 July 1989, have been taken off-Budget and is not adjusted to reflect the charging out to individual organisations of former service-wide payments (such as superannuation, rent) introduced from that date.

Table 6.1: 1988-89 Budget Result

	1988-89			
	Budget	Actual	Variation	
	\$m	\$m	\$m	%
RECURRENT				
Revenue				
State Taxation	5,973	6,380	+ 407	+ 6.8
Other State Revenue	1,669	1,807	+ 138	+ 8.3
Commonwealth Grants	5,281	5,318	+ 37	+ 0.7
Total Revenue	12,923	13,505	+ 582	+ 4.5
Payments				
Departments	10,178	10,461	+ 283	+ 2.8
Payments to Authorities	1,235	1,215	(-) 20	(-) 1.6
Debt Charges	965	950	(-) 15	(-) 1.6
Total Payments	12,378	12,626	+ 248	+ 2.0
Recurrent Result	545	879	+ 334	
CAPITAL				
Revenue				
State Capital Revenue	204	256	+ 52	+ 25.5
Commonwealth Grants	834	831	(-) 3	(-) 0.4
Total Capital Revenue	1,038	1,087	+ 49	+ 4.7
Payments				
Capital Works Payments	1,556	1,539	(-) 17	(-) 1.1
Capital Result	(518)	(452)	+ 66	
TOTAL BUDGET RESULT				
Revenue	13,961	14,592	+ 631	+ 4.5
Less Payments	13,934	14,165	+ 231	+ 1.7
Equals Budget Result	27	428	+ 400	
FINANCING				
Borrowings	392	86	(-)306	(-)78.1
Less Loan Repayments	80	94	+ 14	+ 17.5
Less Transfer to Revenue Equalisation Account	339	420	+ 81	+ 23.9
	(27)	(428)	+ 400	

6.2 RECURRENT PAYMENTS – VARIATIONS FROM BUDGET

Consolidated Fund recurrent payments in 1988-89 were over budget by \$258 million.

A large part of the variations in 1988-89 was due to cost increases, particularly in relation to wage case decisions. The estimated impact of award decisions in 1988-89 is shown in Table 6.2.

Post budget policy initiatives accounted for some \$145 million of the variation, of which \$54 million related to amounts paid out or set aside for redundancy payments in respect of the transport authorities and the Government Printing Office. Major post Budget policy initiatives are listed in Table 6.3.

In contrast to previous years and excluding redundancy provisions, there were few post Budget policy initiatives, with much of the increases above budgeted payments due to higher than forecast wage increases. Major post Budget policy initiatives in 1987-88 were \$181 million or 1.6 per cent of recurrent payments. This compares with \$158 million or 1.3 per cent of recurrent payments in 1988-89. This comparison considerably understates the situation as \$137 million of the initiatives were directed at furthering the Government's commercialisation objectives which in effect involve a once up cost to the Budget. Excluding the presentational change of the treatment of water rate revenue foregone on public buildings, the post Budget policy initiatives only have an ongoing current cost of \$21 million. The lower level of post Budget policy initiatives reflects the revised Budget approach of focusing consideration of policy initiatives in the Budget cycle with strict controls and requirements on the consideration of proposals outside that cycle.

Table 6.4 details all variations, segmented between major policy initiatives and cost variation and other factors, on a Ministerial/departmental basis.

Table 6.2: Cost of Salaries and Wages Awards, 1988-89

	Cost in 1988-89 \$m
National Wage Case	
3 per cent	138
\$10/week	35
	<hr/> 173
less Budget provision – in departmental allocations	(-)105
– in Treasurer's Advance	(-) 40
	<hr/> (+) 27
Other Awards (not provided for in Budget allocations)	
Health – Nurses Professional Pay Rates	12
Resident Medical Officers Overtime (a)	45
Workvalue	9
Other	2
Corrective Services – Prison Officers	3
Other	1
	<hr/> 72
Variation on Budget	72
	<hr/> (+) 99
Total Variation on Budget	<hr/> (+) 99

(a) Amount accrued to Special Deposits Account in 1988-89 based on the then current Industrial Commission decision. On appeal, the decision was reversed in July 1989 and the amount has been transferred back to Consolidated Fund in 1989-90.

Table 6.3: Summary of Major Post 1988-89 Budget Policy Initiatives

Item	Cost to Consolidated Fund	
	1988-89 \$m	1989-90 \$m
Premier and Treasurer		
Royal Commission into Former Chelmsford Private Hospital and Mental Health Services	3.2	1.5
Royal Commission into Aboriginal Deaths in Custody	0.7	1.0
Homebush Bay Strategy Committee	1.7	0.6
Provision for redundancy payments in respect of transport authorities and printing staff	54.0	(a)
Provision for unfunded superannuation liability of off-Budget organisations	20.0	—
Payments to the Sydney Water Board in respect of revenue foregone on exempt Government buildings	31.7	33.8
Education and Youth Affairs		
English in the Workplace -Skillmax	0.5	1.5
Environment		
Payment to the Sydney Water Board of the full cost of pensioner rate rebates (previously funded by the Budget only to the extent of 50 per cent of the cost)	12.4	14.0
Health		
Return of orthopaedic and ophthalmic surgeons to public hospitals	15.2	28.4
Mineral Resources and Energy		
Amalgamation of the Department of Mineral Resources and the Department of Energy	(-) 1.7	(-)9.3
Natural Resources		
Payment to the Forestry Commission in respect of leave entitlements accrued as at date of being taken off-Budget	3.9	—
Transport		
Contribution towards Grain Handling Authority operating losses	16.0	—
TOTALS	<u>157.7</u>	<u>71.5</u>

(a) A provision of \$250 million has been made in the 1989-90 Capital Program for redundancy payments in respect of transport authorities.

Table 6.4: 1988-89 Consolidated Fund Recurrent Expenditure - Summary of Variations from Budget

Minister Organisation	Variation from Budget						Comment
	Budget# \$m	Actual \$m	Major Policy Initiatives \$m	Other* \$m	Total Variations \$m		
Legislature Premier, Treasurer and Ethnic Affairs Cabinet Office Premier's Department	49.9	49.2	—	(-) 0.7	(-) 0.7	Royal Commission into former "Chelmsford" Private Hospital and Mental Health Services (\$3.2m), Royal Commission into Aboriginal Deaths in Custody (\$0.7m); Homebush Bay Strategy Committee (\$1.7m); Aboriginal Land Rights payments (\$1.4m); inquiries into Corporate Affairs Commission and Balanced Property Group (\$0.6m); proposed redevelopment of overseas office - London (\$0.8m) and other inquiries and grants (\$1.4m)	
	3.6 57.7	3.1 67.5	— + 5.6	(-) 0.5 + 4.2	(-) 0.5 + 9.8		
State Electoral Office Independent Commission Against Corruption Ombudsman's Office Treasury	7.9	7.6	—	(-) 0.3	(-) 0.3	Redundancy payments (\$54.0m), unfunded superannuation liability (\$20.0m); payments to Sydney Water Board in respect of revenue foregone on exempt Government buildings (\$31.7m); casino compensation payment (\$38.0m); Natural Disasters Relief measures (\$2.7m); debt servicing costs paid to Commonwealth (\$4.9m); Valuer General's fees for land tax assessment (\$2.2m); offset by \$11.0m in savings from programs generally.	
	3.4	2.9	—	(-) 0.5	(-) 0.5		
	3.7	3.3	—	(-) 0.4	(-) 0.4		
	1,178.4	1,320.9	+ 105.7	+ 36.8	+ 142.5		

Table 6.4: 1988-89 Consolidated Fund Recurrent Expenditure - Summary of Variations from Budget (cont)

Minister Organisation	Variation from Budget						Comment
	Budget# \$m	Actual \$m	Major Policy Initiatives \$m	Other* \$m	Total Variations \$m		
Advance to Treasurer	50.0	—	—	(-)50.0	(-)50.0		Actual expenditures are made by various organisational units and are included in figures for individual Ministers.
Ethnic Affairs Commission	6.2	6.4	—	+0.2	+0.2		
	1,390.9	1,505.8	+111.3	+3.6	+114.9		
Administrative Services							
Department of Administrative Services	115.3	115.2	—	(-)0.1	(-)0.1		\$1.2m in savings from the Courier Service.
Government Printing Office	9.3	9.3	—	—	—		
Government Supply Office	38.0	36.8	—	(-)1.2	(-)1.2		
	162.7	161.3	—	(-)1.4	(-)1.4		
Agriculture and Rural Affairs							
Department of Agriculture and Fisheries	155.8	152.8	—	(-)3.0	(-)3.0		An additional \$1.4m from the Commonwealth for funding of Rural Adjustment Scheme and offsets of \$4.4m in savings from the lease of motor vehicles and salaries.
Soil Conservation Service	22.3	22.3	—	—	—		
	178.1	175.1	—	(-)3.0	(-)3.0		
Attorney General							
Attorney General's Department	187.6	187.0	—	(-)0.6	(-)0.6		
Legal Aid Commission	46.5	46.5	—	—	—		
Office of the Director of Public Prosecutions	21.0	21.2	—	+0.2	+0.2		
Judicial Commission	1.1	1.0	—	(-)0.1	(-)0.1		
	256.2	255.6	—	(-)0.6	(-)0.6		

Table 6.4: 1988-89 Consolidated Fund Recurrent Expenditure – Summary of Variations from Budget (cont)

Minister Organisation	Variation from Budget					
	Budget# \$m	Actual \$m	Major Policy Initiatives \$m	Other* \$m	Total Variations \$m	Comment
Business and Consumer Affairs Business and Consumer Affairs	96.4	99.2	—	+ 2.8	+ 2.8	\$6.4m towards the purchase of computer equipment and offsets of \$3.6m in savings on salaries, Quality Assurance grants and Special Industries Agency.
Chief Secretary and Tourism Chief Secretary's Department	7.3	6.7	—	(-)0.6	(-)0.6	
State Lotteries Office	42.3	41.5	—	(-)0.8	(-)0.8	
Tourism Commission	18.0	18.0	—	—	—	
	<u>67.6</u>	<u>66.3</u>	—	<u>(-)1.3</u>	<u>(-)1.3</u>	
Corrective Services Department of Corrective Services	<u>176.4</u>	<u>181.7</u>	—	<u>+ 5.3</u>	<u>+ 5.3</u>	\$5.3m towards overtime and award variations for prison officers following the Bauer Inquiry.
Education and Youth Affairs Ministry of Education and Youth Affairs	71.1	69.6	+ 0.5	(-) 2.0	(-) 1.5	\$0.5m towards English in the workplace — Skillmax and \$2.0m in savings from the Start to Life program.
Department of Education	2,522.4	2,551.5	—	+ 29.1	+ 29.1	\$29.1m towards: National Wage Award increases (\$19.0m) and service-wide payments (\$11.0m).
Department of Technical and Further Education	562.2	558.8	—	(-)3.4	(-)3.4	An additional \$7.4m from the Commonwealth for funding of various programs and offsets of \$11.0m in savings from a downturn in enrolment growth.
	<u>3,155.7</u>	<u>3,179.9</u>	<u>+ 0.5</u>	<u>+ 23.7</u>	<u>+ 24.2</u>	

Table 6.4: 1988-89 Consolidated Fund Recurrent Expenditure – Summary of Variations from Budget (cont)

Minister Organisation	Variation from Budget					
	Budget# \$m	Actual \$m	Major Policy Initiatives \$m	Other* \$m	Total Variations \$m	Comment
Environment Office of the Minister for the Environment	17.1	28.1	+ 12.4	(-)1.4	+ 11.0	\$12.4m towards community service obligations of Sydney Water Board and offsets of \$1.4m in savings from water rate rebates.
National Parks and Wildlife Service	49.5	55.8	—	+ 6.3	+ 6.3	\$6.3m towards: employee related payments (\$4.4m); relocation expenses (\$0.6m); bushfire fighting costs (\$0.6m); State Recreation Areas (\$0.5m).
State Pollution Control Commission	11.8 <u>78.5</u>	12.1 <u>96.0</u>	— <u>+ 12.4</u>	+ 0.3 <u>+ 5.1</u>	+ 0.3 <u>+ 17.5</u>	
Family and Community Services Department of Family and Community Services	382.4	361.5	—	(-)20.9	(-)20.9	Savings from a major restructuring of the Department's operations.
Health and Arts Department of Health	3,301.9	3,408.8	+ 15.2	+ 91.7	+ 106.9	Return of orthopaedic and ophthalmic surgeons to public hospitals (\$15.2m); industrial award payments to nurses, resident medical officers and visiting medical officers (\$91.7m).
Ministry for the Arts	112.0 <u>3,413.9</u>	109.7 <u>3,518.5</u>	— <u>+ 15.2</u>	(-)2.3 <u>+ 89.4</u>	(-)2.3 <u>+ 104.6</u>	Savings in Maintenance and working expenses.

Table 6.4: 1988-89 Consolidated Fund Recurrent Expenditure - Summary of Variations from Budget (cont)

Minister Organisation	Variation from Budget						Comment
	Budget# \$m	Actual \$m	Major Policy Initiatives \$m	Other* \$m	Total Variations \$m		
Housing Department of Housing	26.2	27.8	—	+ 1.6	+ 1.6		\$1.6m towards the Home and Community Care Program, being funds transferred from Minister for Family and Community Services.
Industrial Relations and Employment Department of Industrial Relations and Employment	89.9	87.8	—	(-)2.1	(-)2.1		\$2.1m in savings from salaries and the slow take-up of employment schemes.
Superannuation Office	23.4	23.3	—	(-)0.1	(-)0.1		
	113.3	111.1	—	(-)2.2	(-)2.2		
Local Government and Planning Department of Local Government	55.7	50.7	—	(-)5.0	(-)5.0		\$4.8m in savings from local council rate rebates for pensioners.
Department of Planning	33.9	33.3	—	(-)0.6	(-)0.6		Debt servicing charges (\$5.1m); First State 88 Exhibition (\$3.9m).
Darling Harbour Authority	64.8	73.8	—	+ 9.0	+ 9.0		
	154.4	157.8	—	+ 3.4	+ 3.4		
Mineral Resources and Energy Department of Minerals and Energy	36.4	34.7	(-)1.7	—	(-)1.7		Savings from the amalgamation of the Department of Mineral Resources and the Department of Energy.

Table 6.4: 1988-89 Consolidated Fund Recurrent Expenditure – Summary of Variations from Budget (cont)

Minister Organisation	Variation from Budget					Comment
	Budget# \$m	Actual \$m	Major Policy Initiatives \$m	Other* \$m	Total Variations \$m	
Natural Resources Department of Lands	59.3	61.3	+ 3.9	(-) 1.9	+ 2.0	\$3.9m towards accrued leave entitlements of the Forestry Commission and \$1.9m in savings from a freeze on staff recruitment.
	67.5	69.4	—	+ 1.9	+ 1.9	
Department of Water Resources	126.8	130.8	+ 4.0	—	+ 4.0	\$1.9m towards Rural Water Supply and Associated Services.
Police and Emergency Services Police Department	805.9	816.1	—	+ 10.2	+ 10.2	Police Disengagement Scheme (\$22.2m); maintenance and working expenses (\$10.2m) and offsets of \$21.6m in savings from the contribution to Police Superannuation Scheme.
	5.3	4.6	—	(-) 0.7	(-) 0.7	
State Drug Crime Commission	19.0	19.0	—	—	—	
Board of Fire Commissioners	5.5	5.2	—	(-) 0.3	(-) 0.3	
State Emergency Services	5.4	5.4	—	—	—	
Bush Fire Council	841.2	850.3	—	+ 9.1	+ 9.1	
Sport, Recreation and Racing Department of Sport, Recreation and Racing	33.9	31.4	—	(-) 2.5	(-) 2.5	Savings from the contribution to the Sport and Recreation Fund.
State Development and Public Works Department of State Development	4.6	4.5	—	(-) 0.1	(-) 0.1	\$3.7m in savings from salaries and maintenance and working expenses.
	109.3	105.6	—	(-) 3.7	(-) 3.7	
Department of Public Works	113.9	110.1	—	(-) 3.8	(-) 3.8	

Table 6.4: 1988-89 Consolidated Fund Recurrent Expenditure – Summary of Variations from Budget (cont)

Minister Organisation	Variation from Budget					
	Budget# \$m	Actual \$m	Major Policy Initiatives \$m	Other* \$m	Total Variations \$m	Comment
Transport Ministry of Transport	1,460.1	1,478.7	+ 16.0	+ 2.6	+ 18.6	Contribution towards Grain Handling Authority operating losses (\$16.0m); Home and Community Care Program, being funds transferred from Minister for Family and Community Services (\$1.3m); local road grants to Local Government Authorities (\$3.4m) and offsets of \$2.1m in savings from programs generally.
Department of Motor Transport	143.5	136.8	—	(-) 6.7	(-) 6.7	
GRAND TOTAL	<u>1,603.6</u> 12,378.4	<u>1,615.5</u> 12,625.7	<u>+ 16.0</u> + 157.7	<u>(-) 4.1</u> + 89.6	<u>+ 11.9</u> + 247.3	

* Includes cost variations, minor policy initiatives, etc.

As amended under sections 24 and 26 of the Public Finance and Audit Act.

6.3 RECURRENT REVENUE - VARIATIONS FROM BUDGET

Overall, Consolidated Fund revenue exceeded the 1988-89 Budget forecast by \$631.0 million or 4.6 per cent, with \$582.0 million of this being in respect of recurrent revenue.

The substantially larger than projected revenue can be attributed in the main to the continuation of the property market boom until well into the year, particularly in the Sydney residential and Central Business District commercial sectors. This boom affected revenue from stamp duty on contracts and conveyances, on loan securities and, to a lesser extent, on revenue from the sale of Crown Land home sites.

Revenue from pay-roll tax was boosted by the higher than forecast growth in the economy generally.

The higher than projected revenue resulted in substantially increased cash balances available for investment. Combined with interest rates which remained high, this contributed to the growth in interest earnings.

Details of the more significant variations from the Budget are shown in Table 6.5.

Table 6.5: 1988-89 Recurrent Revenue - Variations from Budget

Revenue Item	Budget Estimate \$m	Actual \$m	Variation from Budget		Comment
			\$m	%	
Stamp Duty — Contracts and conveyances	1,250.0	1,496.2	+ 246.2	+ 19.7	Although the Budget assumed an easing in the Sydney property market, this did not occur as early as expected, with the resulting substantial over-run in revenue. The Budget estimate was based on a continuation of the strong growth rates in previous years. However growth in 1988-89 was at a much more subdued level. Variations in revenue from this source are largely attributable to the same factors influencing contracting and conveyances revenue (see above). The Budget estimate assumed a moderate increase in both share prices and turnover volumes from the levels in late 1987-88. While share prices showed some increase, volumes traded remained subdued throughout 1988-89, as high interest rates and poor current account and CPI figures dampened investor confidence. A significant number of very large long-term leases (which are liable at the higher conveying rate) occurred during the year, boosting revenue well above Budget. Stronger growth in new vehicle registrations than assumed in the Budget. Forecast revenue boosted by higher than expected inflation and level of economic activity, particularly in the property market. While employment growth in 1988-89 was close to the level assumed in the Budget, wages growth was around one per cent higher than forecast. This, combined with an increased level of compliance, resulted in the revenue exceeding the Budget estimate. The over-run in revenue was due to higher than forecast increases in the values used for assessment purposes and faster issuing of assessments by the Office of State Revenue. Increased patronage associated with the introduction of linked progressive machines in clubs led to the increase in revenue.
Insurance	198.0	187.7	(-)10.3	(-)5.2	
Loan securities	105.0	126.2	+ 21.2	+ 20.2	
Share transfers	160.0	143.6	(-)16.4	(-)10.2	
Leases	29.0	46.0	+ 17.0	+ 58.7	
Motor vehicle registration	168.0	182.0	+ 14.0	+ 8.3	
Financial Institutions Duty	200.0	212.9	+ 12.9	+ 6.4	
Pay-roll Tax	2,005.7	2,052.2	+ 46.5	+ 2.3	
Land Tax	455.0	497.3	+ 42.3	+ 9.3	
Poker Machine Tax	230.0	239.4	+ 9.4	+ 4.1	

Table 6.5: 1988-89 Recurrent Revenue - Variations from Budget (cont)

Revenue Item	Budget Estimate \$m	Actual \$m	Variation from Budget		Comment
			\$m	%	
Business Franchise Licences — Tobacco	183.0	203.8	+ 20.8	+ 11.4	The introduction of a tobacco licensing fee by Queensland from January 1989 substantially ended avoidance/evasion which had been occurring.
Liquor Licence Fees	182.9	188.2	+ 5.3	+ 2.9	More buoyant economic circumstances boosted revenues slightly above Budget.
Approved Amusement Devices	18.0	27.2	+ 9.2	+ 51.1	Increased revenue resulted from Government decision after the 1988-89 Budget to increase (from 5 to 10) the maximum number of machines allowable in each hotel.
Land Alienations — Sale of homesites	41.5	50.1	+ 8.6	+ 20.7	Strong demand for homesites, particularly in the first half of the year, boosted sale proceeds.
Miscellaneous sales	9.0	21.9	+ 12.9	+ 142.8	Higher revenue due to a number of large sales of land unforeseen at the time of the Budget.
Mining royalties	119.0	99.4	(-) 19.6	(-) 16.5	Following the preparation of the Budget, the Government decided to continue the temporary further reduction in coal royalty rates (originally to operate only to June 1988) for a further year. The cost of this measure to the Budget was \$13.8 million. In addition, volumes of coal sales were below Budget to the extent of approximately \$5.8 million in royalties.
Driver's and Rider's Licences	86.8	78.3	(-) 8.5	(-) 9.8	Delays in the introduction of photographic licences resulted in a shortfall in revenue.
TAFE Administration Charge	21.0	6.2	(-) 14.8	(-) 70.3	Revenue from the source is only credited to the Consolidated Fund as a recoupment of expenditure on relevant initiatives. Because of the timing of the revenue (i.e. mainly in February/March), these initiatives did not result in sufficient expenditure being incurred prior to 30 June 1989, to attract the full amount of funding.

Table 6.5: 1988-89 Recurrent Revenue - Variations from Budget (cont)

Revenue Item	Budget Estimate \$m	Actual \$m	Variation from Budget		Comment
			\$m	%	
State Instrumentality Dividends, etc. —					
State Bank	64.7	55.5	(-)9.2	(-)14.2	Shortfall was due to downward revisions during the year of profit estimates.
GIO	87.9	106.0	+ 18.1	+ 20.6	Strong investment returns as well as growth in the life and general insurance divisions enabled the payment of a higher dividend than forecast as well as a higher payment in lieu of income tax.
Other	40.7	83.3	+ 42.6	+ 104.7	Increase was largely due to a presentational change with respect to the Sydney Water Board, with the Government now bearing the full cost of pensioner rate rebates (previously shared with the Board) and paying the Board the equivalent of rates on exempt Government properties, with an offsetting increase in the level of dividend.
Other Revenue —					
Receipts on account of interest	190.0	213.3	+ 23.3	+ 12.3	The combination of additional taxation and other revenue available for investment and the continuation of high interest rates resulted in a boost from interest earnings.
Growth Centres — payments by councils and authorities in respect of debt liability to the Commonwealth	0.4	11.0	+ 10.6	n.a.	Negotiations with the Commonwealth resulted in the State making an early repayment of Commonwealth loans for the Macarthur Development Board and the Bathurst-Orange Development Corporation. The two authorities recouped the Consolidated \$10.6 million to offset the repayments.
Repayment to Consolidated Fund — Bicentennial moneys	—	19.6	+ 19.6	n.a.	Repayment of moneys originally provided from Consolidated Fund for bicentennial projects, no longer required.
Financial Assistance Grant	3,654.1	3,665.1	+ 11.0	+ 0.3	The variation was largely due to the CPI for the relevant period (which is used to inflate the pool of funds available for distribution to the States) being higher than assumed in the Budget.

Table 6.5: 1988-89 Recurrent Revenue - Variations from Budget (cont)

Revenue Item	Budget Estimate \$m	Actual \$m	Variation from Budget		Comment
			\$m	%	
Commonwealth Specific Purpose Payments — Home and Community Care	70.0	94.0	+ 24.0	+ 34.3	Due to timing of payments from the Commonwealth, an additional quarterly payment was credited to the Consolidated Fund in the year. The Budget estimate assumed that the proportion of public hospital bed-days accounted for by public patients would result in the Commonwealth applying penalties in assessing the payment to New South Wales. The proportion however was sufficient to avoid the penalty provision and this largely explains the higher level of revenue received.
Hospital Funding Grant	1,076.2	1,085.3	+ 9.1	+ 0.8	
Natural Disasters	20.0	25.4	+ 5.4	+ 26.9	Eligible State expenditure on natural disasters in 1988-89 (particularly in relation to the April 1988 and March 1989 floods) attracted higher than assumed Commonwealth funds.
Other Recurrent Items	<u>2,257.4</u>	<u>2,287.9</u>	<u>+ 30.5</u>	<u>+ 1.4</u>	
TOTAL, RECURRENT REVENUE	12,923.3	13,505.0	581.7	+ 4.5	

6.4 CAPITAL PROGRAM – VARIATIONS FROM PROJECTIONS

Consolidated Fund Capital Budget

The Capital Budget comprises capital works and services of Inner Budget Sector organisations funded from the Consolidated Fund. It forms part only of the State's overall Capital Program which comprises capital works and services of both Inner and Outer Budget Sector organisations funded from global borrowings and internal revenue and reserves, in addition to funding from the Consolidated Fund. Details of the outcome of the State's Capital Program in 1988-89 are outlined in the next sub-section.

The outcome of the 1988-89 Capital Budget is summarised as follows –

	Budget Estimate \$m	Actual \$m	Variation \$m
Capital Payments	1,556	1,539	(-) 17
Capital revenue(a)	1,038	1,087	(+) 49
Result (Deficit)	<u>(518)</u>	<u>(452)</u>	<u>(+) 66</u>

- (a) Excludes gross loan receipts i.e. State's share of Commonwealth new loan raisings and the portion of the Loan Council global borrowing allocation budgeted for allocation to the Capital Budget.

The improvement of \$66 million in the 1988-89 Capital Budget result was due to a combination of marginal underexpenditure of \$17 million and an increase in revenue of \$49 million. Sustained wet weather in the second half of the financial year delayed progress on many projects and was a major factor leading to reduced expenditure. The increase in revenue was primarily due to higher than budgeted receipts from asset sales.

Details of 1988-89 Capital Budget payments and revenue compared with estimates are contained in Tables 6.6 and 6.7 respectively.

Capital Program (Total Payments)

The overall Capital Program includes the Capital Budget plus non- Consolidated Fund revenue and expenditure for the Inner Budget Sector and capital revenue and expenditure of the Outer Budget Sector.

The outcome of the 1988-89 Capital Program is summarised as follows –

	Budget Estimate \$m	Actual \$m	Variation \$m
Capital Program payments	4,445	4,405	(-) 40
Capital Program revenue(a)	2,963	3,000	(+) 37
Result (Deficit)	<u>(1,482)</u>	<u>(1,405)</u>	<u>(+) 77</u>

- (a) Excludes gross loan receipts i.e. in relation to the Consolidated Fund Capital Budget, the State's share of Commonwealth new loan raisings and the portion of Loan Council global borrowings budgeted for allocation to the Capital Budget - in addition excludes Loan Council Global borrowings not allocated to the Capital Budget.

The improvement of \$77 million in the 1988-89 Capital Program result came about due to a minor decrease in payments of \$40 million coupled with a marginal increase in revenue of \$37 million.

Details of 1988-89 Capital Program payments compared with estimates and an explanation of significant variations are contained in Table 6.8.

Table 6.6: Summary of Variations from 1988-89 Budget Consolidated Fund Capital Expenditure

Minister for — Organisation	Budget Estimate \$m	Actual \$m	Variation from Budget		Comment
			\$m	%	
Premier, Treasurer and Ethnic Affairs Treasury — State Bank	8.5	8.5	—	—	
Administrative Services Department of Administrative Services	—	0.5	+0.5	+100.0	Refurbishment of MSB building for Office Accomodation Bureau.
Agriculture and Rural Affairs Department of Agriculture and Fisheries	21.8	18.5	(-)3.3	(-)15.1	Underexpenditure on Camden Park laboratories and Rydalmere Biological and Chemical Research Institute projects due to necessary planning variations as well as wet weather delays.
Soil Conservation Service	6.9	6.4	(-)0.5	(-)7.2	
	28.7	24.9	(-)3.8	(-)13.2	
Attorney General Attorney General's Department	53.6	47.4	(-)6.2	(-)11.6	Underexpenditure on Downing Centre project due to industrial problems associated with asbestos.
Chief Secretary and Tourism Tourism Commission	3.0	6.7	+3.7	+123.3	Purchase of land at Kingscliff (\$4m) for lease to Far East Hotel and Entertainment Ltd.
Corrective Services Department of Corrective Services	53.1	46.9	(-)6.2	(-)11.7	Wet weather delayed and postponed projects associated with the Lithgow Maximum Security Prison.
Education and Youth Affairs Ministry of Education and Youth Affairs	3.8	12.8	+9.0	+136.8	Increased expenditure of \$9m as a result of the purchase of a site at Werrington for the Western Sydney University.
Department of Education	198.6	207.6	+9.0	+4.5	Accelerated construction/expenditure in relation to Kincumber High School and increased PWD direct charges on several works-in-progress.
Department of Technical and Further Education	93.8	95.3	+1.5	+1.6	
	296.2	315.7	+19.5	+6.6	

Table 6.6: Summary of Variations from 1988-89 Budget Consolidated Fund Capital Expenditure (cont)

Minister for — Organisation	Budget Estimate \$m	Actual \$m	Variation from Budget		Comment
			\$m	%	
Environment Office of Minister for the Environment National Parks and Wildlife Service State Pollution Control Commission	— 19.2 0.9 <u>20.1</u>	0.1 17.6 0.7 <u>18.4</u>	+ 0.1 (-) 1.6 (-) 10.2 (-) 11.7 <u>(-) 18.5</u>	+ 100.0 (-) 8.3 (-) 22.2 (-) 8.5	Delays in works-in-progress caused by wet weather
Family and Community Services Department of Family and Community Services	12.5	12.5	—	—	
Health and Arts Department of Health Ministry for the Arts	51.6 15.5 <u>67.1</u>	42.1 20.3 <u>62.4</u>	(-) 9.5 + 4.8 (-) 4.7	(-) 18.4 + 31.0 (-) 7.0	Underexpenditure on the Mental Health and Developmental Disability Services program. Increased expenditure on Art Gallery, State Library and Australian Museum projects.
Housing Department of Housing	354.2	335.7	(-) 18.5	(-) 5.2	Underexpenditure due to substitution of funds to capital program expenditures, i.e. asset sales in lieu of Consolidated Fund.
Industrial Relations and Employment Department of Industrial Relations and Employment	3.0	0.9	(-) 2.1	(-) 70.0	Underexpenditure due to several projects not proceeding including projects for Occupational Health and Safety Service.
Local Government and Planning Department of Planning	3.5	3.5	—	—	
Minerals and Energy Department of Minerals and Energy	1.3	1.3	—	—	

Table 6.6: Summary of Variations from 1988-89 Budget Consolidated Fund Capital Expenditure (cont)

Minister for — Organisation	Budget Estimate \$m	Actual \$m	Variation from Budget		Comment
			\$m	%	
Natural Resources Department of Lands Department of Water Resources	3.5 3.4	4.3 6.0	+ 0.8 + 2.6	+ 22.9 + 76.5	Additional State funds provided to replace a shortfall in Commonwealth funding for the Federal Water Resources Assistance Program.
	<u>6.9</u>	<u>10.3</u>	<u>+ 3.4</u>	<u>+ 49.3</u>	
Police and Emergency Services Police Department	32.0	28.9	(-) 3.1	(-) 9.7	Reduced expenditure a result of wet weather and planning delays affecting a number of projects.
Board of Fire Commissioners	— <u>32.0</u>	2.4 <u>31.3</u>	+ 2.4 <u>(-) 0.7</u>	+ 100.0 <u>(-) 2.2</u>	Purchase of site of Parramatta Fire Station.
Sport, Recreation and Racing Department of Sport, Recreation and Racing	3.0	2.9	(-) 0.1	(-) 3.3	
State Development and Public Works Department of Public Works	88.0	90.3	+ 2.3	+ 2.6	
Transport Ministry of Transport Department of Main Roads Department of Motor Transport	11.3 505.2 4.6	11.2 506.3 1.7	(-) 0.1 + 1.1 (-) 2.9	(-) 0.9 + 0.2 (-) 63.0	Underexpenditure due to reassessment of priorities following amalgamation of the department with Department of Main Roads and Traffic Authority.
TOTAL	<u>521.1</u> 1,555.8	<u>519.2</u> 1,539.3	<u>(-) 1.9</u> <u>(-) 16.5</u>	<u>(-) 0.4</u> <u>(-) 1.1</u>	

Note: These figures differ from those in the tables in Chapter 5 as the latter have been adjusted to place on a comparable basis with 1989-90.

Table 6.7: 1988-89 Consolidated Fund Capital Receipts – Variations from Budget

Receipt Item	Budget Estimate \$m	Actual \$m	Variation from Budget		Comment
			\$m	%	
Commonwealth Grants for General Capital Purposes	86.3	86.3	—	—	
Commonwealth Payments for Specific Capital Purposes	747.5	745.0	(—)2.5	(—)0.3	
Repayments by Departments and Authorities Arising from Previous Years Expenditures and Disposal of Assets	204.2	256.0	+ 51.8	+ 25.4	Higher than expected revenue from the sale of the NSW Investment Corporation and the Darling Harbour Casino site (portion of proceeds from Casino site sale credited to Capital Receipts).
TOTAL	<u>1,038.0</u>	<u>1,087.3</u>	<u>+ 49.3</u>	<u>+ 4.7</u>	

Table 6.8: 1988-89 Capital Program Expenditure - Variations from Budget

Organisation	Budget Estimate \$m	Actual \$m	Variation from Budget		Comment
			\$m	%	
Consolidated Fund Public Servant Housing Authority	1,555.8 1.8	1,539.3 0.8	(-)16.5 (-)0.1	(-)1.1 (-)55.6	See Table 6.6 The Authority did not proceed with its property acquisition program due to a review of policies related to the housing of public servants.
Government Supply Office	0.6	0.1	(-)0.5	(-)83.3	
Dairy Corporation	2.4	2.3	(-)0.1	(-)4.2	
Soil Conservation Service	0.8	0.8	—	—	
Sydney Market Authority	2.7	1.0	(-)1.7	(-)63.0	Underexpenditure due to major delays on construction of carpark, childcare centre and materials handling system. Increased expenditure associated with an expanded scope of construction for Stage 1 of redevelopment. Increased funds from assets sales were applied to the program.
Fish Marketing Authority	11.1	13.0	+1.9	+17.1	
Teacher Housing Authority	6.0	6.8	+0.8	+13.3	
Department of Technical and Further Education	2.1	0.9	(-)1.2	(-)57.1	Underexpenditure is due to delays caused by wet weather and the selection of a suitable site for the new Building Skills Centre.
National Parks and Wildlife Service Lord Howe Island Board	0.4 0.6	0.4 0.1	— (-)0.5	— (-)83.3	Underspending occasioned by delays in approvals necessary to start projects.
Metropolitan Waste Disposal Authority Hunter District Water Board	13.5 30.8	13.5 33.6	— +2.8	— +9.1	The program was expanded to meet the upturn in subdivisional and other development.
The Water Board	324.1	315.0	(-)9.1	(-)2.8	Underexpenditure due to difficulty in attracting quality contract labour and extended wet weather.
Zoological Parks Board	3.0	0.5	(-)2.5	(-)83.3	The Board decided not to utilise its borrowing allocation for 1988-89, pending a detailed review of capital works requirements.
Royal Botanic Gardens Department of Family and Community Services	0.7 1.6	— 0.6	(-)0.7 (-)1.0	(-)100.0 (-)62.5	Delays in contractors completing works due to wet weather. Delays in commencement of new works substantially due to wet weather conditions.

Table 6.8: 1988-89 Capital Program Expenditure - Variations from Budget (cont)

Organisation	Budget Estimate \$m	Actual \$m	Variation from Budget		Comment
			\$m	%	
Department of Health	159.8	167.2	+ 7.4	+ 4.6	Asset sales from internal funds were applied to boost the technology program. Increase in Public Rental Housing including \$25m contribution to Home Purchase Assistance Fund.
Department of Housing	258.8	315.7	+ 56.9	+ 22.0	
Crown Lands — Homesites	15.0	14.5	(-) 0.5	(-) 3.3	Delays in power station rehabilitation program.
Councils — General Purpose Borrowings	197.5	197.5	—	—	
Department of Planning	13.6	14.2	+ 0.6	+ 4.4	Overexpenditure due to purchase of Kapunda Forest.
Sydney Cove Redevelopment Authority	7.2	6.4	(-) 0.8	(-) 11.1	
Darling Harbour Authority	82.9	79.1	(-) 3.8	(-) 4.6	Underexpenditure due to wet weather and delays in planning, property acquisitions and council approvals in respect of new police stations.
Department of Mineral Resources	0.7	0.9	+ 0.2	+ 28.6	
Electricity Commission	471.9	421.3	(-) 50.6	(-) 10.7	Delays in Port Kembla Terminal construction. Underexpenditure due to delays in waterways program, Maritime Centre fitout and non-acquisition of Bunnerong Power Station site.
Electricity County Councils	31.4	31.4	—	—	
Department of Water Resources	30.3	30.3	—	—	Acceleration of roadworks programs.
Forestry Commission	60.2	72.8	+ 12.6	+ 20.9	
Broken Hill Water Board	2.0	1.6	(-) 0.4	(-) 20.0	Acceleration of roadworks programs.
Police Department	6.0	—	(-) 6.0	(-) 100.0	
Board of Fire Commissioners	7.9	7.3	(-) 0.6	(-) 7.6	Acceleration of roadworks programs.
Public Works Department	3.9	3.7	(-) 0.2	(-) 5.1	
State Rail Authority	355.3	352.7	(-) 2.6	(-) 0.7	Acceleration of roadworks programs.
State Transit Authority	29.5	28.3	(-) 1.2	(-) 4.1	
Grain Handling Authority	66.8	46.3	(-) 20.5	(-) 30.7	Acceleration of roadworks programs.
Maritime Services Board	66.6	53.0	(-) 13.6	(-) 20.4	
Department of Main Roads	619.8	631.6	+ 11.8	+ 1.9	Acceleration of roadworks programs.
TOTAL	4,445.1	4,404.5	(-) 40.6	(-) 0.9	

Note: These figures differ from those in the tables in Chapter 5, as the latter have been adjusted to place on a comparable basis with 1989-90.

CHAPTER 7: SOCIAL AND ECONOMIC IMPACT OF BUDGET

- 7.1 Aborigines**
- 7.2 Budget Funded Concessions**
- 7.3 Employment and Training**
- 7.4 The Environment**
- 7.5 Ethnic Affairs**
- 7.6 Housing**
- 7.7 Industry and Small Business**
- 7.8 Older People**
- 7.9 People with Disabilities**
- 7.10 Rural Sector**
- 7.11 Women**
- 7.12 Young People**

7.1 ABORIGINES

Office of Aboriginal Affairs

The Office of Aboriginal Affairs within the Premier's Department has a significant role in the co-ordination of programs and policies of other relevant State Government agencies providing services directly to Aboriginal people.

The objectives of the Office are to -

- monitor the operations of the Aboriginal Land Rights Act 1983;
- develop, evaluate and co-ordinate NSW Government policies and programs in aboriginal affairs;
- commission research into matters affecting Aborigines and, more specifically into reliable social indicators of Aboriginal well-being and special needs;
- prepare and distribute information relating to Aboriginal life and cultural heritage; and
- promote racial harmony between Aboriginal and non-Aboriginal people and eradicate racial prejudice and discrimination against Aborigines.

The Office of Aboriginal Affairs' 1989-90 budget allocation of \$37.4 million is an increase of 18.5 per cent on 1988-89 expenditure. The main features of activity will be -

- funds of \$34 million to be made available under the Aboriginal Land Rights Act 1983 to the NSW Aboriginal Land Council.
- a contribution of \$168,000 under the program of grants to assist Aborigines and the provision of training of Land Councils, carried out by Tranby Aboriginal College in conjunction with the Department of Technical and Further Education and the Commonwealth Department of Employment, Education and Training.

The whole operation of Aboriginal Affairs in New South Wales, including the legislation relating to payments to the NSW Aboriginal Land Council, is under review by the State Government following the issue of a Green Paper on New Directions in Aboriginal Affairs and extensive consultation with the Aboriginal community.

A range of projects will be commissioned by the Office of Aboriginal Affairs including -

- an investigation into the health needs of Aboriginal people to evaluate the appropriateness of the present health service delivery modes;
- an evaluation of community development programs and models appropriate for Aboriginal communities in NSW;
- an evaluation of economic development strategies with a view to generating employment opportunities and economic activity in Aboriginal communities;
- a research project to assess the economic enterprise potential for Aboriginal people in major economic regions in NSW;
- an evaluation of the effectiveness of Aboriginal programs administered by the Department of Family and Community Services; and
- an assessment of the effectiveness and appropriateness of the Aboriginal policies and programs of the Department of Corrective Services.

Law, Order and Public Safety

Improving the relationship between Police and Aborigines will continue to receive special attention.

The following activities and projects will be undertaken –

- \$550,000 to provide Aboriginal Community Liaison Officers at thirteen locations in country and metropolitan areas;
- \$40,000 to provide an Aboriginal Client Group Consultant, advising Police on Aboriginal issues;
- \$144,000 to provide an Aboriginal Co-ordinator at each of the four Regions;
- \$224,000 for the employment and operation of Aboriginal Liaison Officers within the Aboriginal Liaison Unit to promote harmony within the community;
- \$100,000 for the continuation of Patrol Orientation Workshops and Koori Network;
- \$60,000 for Aboriginal Police Recruitment; and
- \$100,000 to conduct orientation workshops across the State to induct Police into Aboriginal communities.

Education

DEPARTMENT OF EDUCATION – ABORIGINAL EDUCATION PROGRAMS

Education programs and services solely for Aboriginal students are an important feature of this year's Budget. An amount of roundly \$6.5 million is provided within the allocation of the Department of Education to fund these activities. The State Government contribution to this sum more than matches the Commonwealth effort in this area. The Priority Schools Program, designed to increase achievement in the basic skills and lift the proportion of Aboriginal students in secondary schooling, is the most significant educational element pertaining to Aboriginal programs in this year's Budget.

MINISTRY OF EDUCATION AND YOUTH AFFAIRS

The Ministry had actual expenditure of \$223,000 in 1988-89 for Aboriginal Assistance and estimates the same level of expenditure in 1989-90.

This amount covers the costs for salaries and operating expenses of the Aboriginal Education Consultative Group, which is an independent community based organisation providing advice and policy direction to meet the educational needs of Aboriginal communities.

DEPARTMENT OF TECHNICAL AND FURTHER EDUCATION (TAFE)

In 1988-89, \$3.5 million was allocated from Commonwealth and State monies to provide educational opportunities for the Aboriginal community. Over 166 programs were undertaken for 3600 students, in general skills, Certificate of General Education, tertiary preparation certificate, pre-apprenticeship and pre-vocational courses.

TAFE's Aboriginal Education Unit manages the operation of specialised training provision, including a mobile education unit.

Through its Statewide network of field staff, TAFE's Outreach Unit also conducted 27 courses in 1988 specifically for Aborigines, at a cost of \$87,000.

New opportunities will be established in 1989-90, in the training of Aboriginal people to operate economic enterprises. Short, full-time courses in Small Business Management will be adapted to encourage and support Aboriginal people in economic enterprises.

The Government will continue to develop educational and training programs that serve to increase educational participation of Aboriginal people. Joint State and Commonwealth initiatives have been successful in encouraging participation at all levels of education, with these efforts continuing in 1989-90.

The provision of teaching facilities in isolated communities for Aboriginal people is another major Government initiative, with steps already taken to provide an Aboriginal Education Centre at Nowra. Arrangements have also been made to establish a centre at Walgett in the coming year.

Industrial Relations and Employment

An Aboriginal Employment Unit has been established within the Department of Industrial Relations and Employment to implement the "Aboriginal Employment/Training Schemes". These Schemes integrate all employment and training programs for Aborigines into a combined Program.

The Aboriginal Employment/Training Schemes (\$2.3 million in 1989-90) aim to provide greater employment training and development opportunities for Aboriginal people.

The Schemes comprise the following elements -

- The Aboriginal Employment Strategy (Public Sector) which is a joint Commonwealth - State initiative designed to increase the public sector employment of Aborigines and facilitate their career advancement.
- The new Careers for Aborigines Program which aims to provide a mix of employment, training, placement, counselling, post placement, and support for unemployed Aborigines. Assistance may include upgrading of skills and enterprise proficiency and support access to apprenticeships, traineeships and other relevant training.

Housing and Community Services

The Department of Housing will provide approximately 320 dwelling units to assist Aborigines.

- Under the Housing on Aboriginal Land Program, 120 dwelling units will be provided to construct housing from State funds on Aboriginal Land.
- An additional 121 units will be completed from the 1988-89 Housing for Aborigines Program.
- Subject to finalisation of the Commonwealth State Housing Agreement, it is anticipated a further 79 dwelling units will be constructed or purchased.

Department of Family and Community Services

The Department has developed a system of identified Aboriginal staff positions, community funding for Aboriginal Communities and has developed Aboriginal policies and programs to ensure that services are as appropriate as possible.

There are 111 identified Aboriginal positions within the Department which include District Officers, Youth Workers, Young Offender Support Workers and Community Program Officers.

Community funding to Aboriginal Community Organisations in 1989-90 will be approximately \$3.9m.

The programmes include "Gullama", the Aboriginal Specialist Centre and the Aboriginal Community Fostering Education Program.

Welfare Services

A key priority of the Home and Community Care Program will be the development of new services and the expansion of existing services in order to improve access to such services by Aboriginal Australians.

Sport and Recreation

The Department of Sport, Recreation and Racing employs an Aboriginal Liaison Officer.

Specific initiatives for Aboriginal people are being tailored to allow them greater access to mainstream programs.

Some of the mainstream programmes and services which will benefit Aboriginal people include -

- Sport and Recreation Centre Programs
- Vacation Activity Centre Programs
- Vacation Swimming Scheme and Aquatic Programs
- Sport and Recreation Skills Development Programs
- Capital Assistance Scheme, Racecourse Development Funds
- Country Athlete Scheme
- Sports Scholarship Scheme

Health

Funds provided in 1989-90 by the N.S.W. Department of Health for its Aboriginal Health program will be channelled in three areas -

- nearly \$3.1 million towards the employment of Aboriginal Health Workers and Community Nurses amongst Areas/Regions.
- \$2.1 million will be provided through the Aboriginal Health Research Council, for distribution to Aboriginal community controlled health services, principally to achieve the recommendations of the 1987 report of the Ministerial Committee of Review into Aboriginal Health.
- the employment of community based Aboriginal Health Promotion Workers and for community improvement projects, as new initiatives.

7.2 BUDGET FUNDED CONCESSIONS

The New South Wales Commission of Audit recommended that the Budget Papers disclose, in a consolidated form, the cost of all Budget funded concessions.

The concessions listed in Table 7.1 are those applying to services normally provided by public sector entities on a fee for service basis but which, for certain defined segments of the population, are provided at less than the standard charge.

In the main the concessions listed are reflected directly in the Budget. However, the Department of Housing rental rebate has also been included for the sake of completeness in that it has the characteristics of a budget concession, though in reality it represents income foregone.

In total, budget concessions for government services are estimated at \$1,202.3 million in 1989-90, up 31.9 per cent or \$290.8 million on 1988-89. The major items are public transport concessions which account for \$532.2 million of the total concessions. In accordance with the revised Budget presentation for transport authorities, both general and specific fare and service concessions are provided. In the past only concessions to specific groups were shown but in reality all users of public transport enjoy concessions with lower fare and higher service levels than they would face in the absence of a Government subsidy. The level of the concession excludes the operating subsidy paid directly to the transport authorities which reflects operating inefficiency. The table also excludes the cost of finance charges taken over by the Budget from transport authorities. These charges reflect the finance cost associated with capital expenditure on non commercial transport services not recovered in the fares structure of the transport authorities.

The major beneficiaries of the concessions are pensioners. Of the total concessions in 1989-90 \$288 million is payable direct to pensioners. In addition low income pensioners would be significant beneficiaries of the rental rebate for public housing, which in 1989-90 is estimated at \$495 million.

Table 7.1 Cost of Budget Funded Concessions Granted by the Government

Minister	Description of Concession	Cost	
		Actual 1988-89 \$000	Estimated 1989-90 \$000
Energy	Contribution towards pensioner concession on electricity charges (varies between County Councils – approximately \$16 per quarter)	2,400	2,400
	Assistance to financially disadvantaged people for payment of electricity accounts This concession is funded by contributions from the Electricity Commission and the County Councils and not by the Consolidated Fund.	2,540	5,000
Environment	Water and Sewerage rate rebates for pensioners	27,297	30,972

Housing	Rental rebates – public housing tenants.....	292,997	494,917
	Rental subsidies are provided to public housing tenants who cannot afford to pay full rents. The subsidy is not a direct cost to the Budget but represents rent income foregone.		
Local Government	Council rate rebate for pensioners. (State's share).....	41,172	46,000
Natural Resources	Subsidy to Broken Hill Water Board for rate rebates for pensioners.....	191	225
Transport	Subsidies to pensioners and others on privately operated buses and ferries.....	12,561	15,500
	Conveyance of students on privately operated buses and ferries..... Includes \$1.6m in 1989-90 (\$1.5m in 1988-89) for free TAFE student travel which was formerly administered by the Department of Technical and Further Education.	182,903	195,100
	Community Service payments.....	8,655	9,073
	Late night bus services.....	—	3,500
	General subsidies to provide reduced fares and increased service levels on SRA and STA services –		
	– pensioners.....	94,690	110,321
	– unemployed and single parents.....	23,734	24,477
	– police.....	3,755	3,983
	– blind civilians.....	2,344	2,285
	– totally blinded and/or incapacitated ex-service personnel.....	3,350	2,763
	– students.....	81,849	94,934
	– general concessions.....	70,279	70,287
	Motor Vehicle Registration concessions to pensioners –		
	(i) Registration Fee (RTA).....	8,455	7,878
	(ii) Motor Vehicle Tax.....	30,292	39,035
	(iii) Third Party Insurance.....	4,966	7,966
	(iv) Transcover Insurance Levy.....	—	12,746
	Drivers licence concessions to pensioners.....	8,891	14,700

Family and
Community
Services

Provision of free spectacles	2,300	2,400
Child Welfare Assistance Program.....	900	1,200

Health

Isolated Patients Transport and Accommodation Program.....	<u>4,956</u>	<u>4,600</u>
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Totals	<u>911,477</u>	<u>1,202,262</u>
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7.3 EMPLOYMENT AND TRAINING

Start to Life Program

Start to Life is the Government's major initiative for young people. It includes a wide range of programs aimed at providing school leavers and young people with the opportunity for secure employment, participation in suitable training programs or further education. The Start to Life program is co-ordinated through the Inter-Departmental Committee on Youth Affairs which is chaired by the Ministry of Education and Youth Affairs.

Start to Life programs are conducted by the Departments of Industrial Relations and Employment, Education and Technical and Further Education.

DEPARTMENT OF INDUSTRIAL RELATIONS AND EMPLOYMENT

Following a review into the most appropriate and effective use of funds for employment and training schemes, it has been agreed that the major focus in 1989-90 will be on those schemes which emphasise training, skill development and job placement.

This approach is the most cost effective and appropriate given the present strong labour market and the need to address both skill shortages and the needs of particular disadvantaged groups such as migrants, Aborigines, long term unemployed youth, women, people with disabilities and others judged to be in special need of assistance. Therefore, while specific programs dealing with these key groups will be retained, their emphasis will progressively change from wage subsidy to training.

In addition, non-Start to Life employment and training schemes administered by the Department of Industrial Relations and Employment which are geared primarily to school leavers and youth have been combined under the umbrella of Youth Employment and Training Schemes.

Employment and Training Schemes

Broad details of the Government's Employment and Training Schemes are set out below -

	TOTAL PAYMENTS	
	Actual 1988-89 \$000	Estimate 1989-90 \$000
YOUTH SCHEMES - including Start to Life		
Australian Traineeship System	7,805	10,500
Group Training Program	3,072	3,200
Disabled Apprentice Intake Scheme	258	366
Intensive Training for Apprentices	869	1,145
Country Training Assistance Scheme	1,165	2,602
Government Intake Group Apprenticeship Scheme	901	450
Community Based Employment/Training (Youth)	722	2,500
Skills Gap	—	1,010
Apprenticeship Promotion	63	70
Industry Skills Centre	—	3,410
Competency Based and Multi Skilling Schemes	—	900
Jobs for Youth	543	2,459
New Careers for Young Women	470	803
One Stop Shop	140	415
Pilot Industry Training Program	—	500
Get Skilled	4,300	10,750
	<hr/>	<hr/>
Sub Total	20,308	41,080
OTHER SCHEMES		
Migrant Employment/Training Schemes	567	2,404
Self Employment Development	2,576	5,400
Community Based Employment/Training (Mature Workers and Women)	141	775
Aboriginal Employment/Training Schemes	79	2,310
Technical Equipment for the Disabled	—	50
Community Employment Program	3,970	500
Youth Employment Scheme	2,196	100
New Careers for Women	2,122	400
Community Management Skills Program	221	32
Skills Analysis and Development	143	2,400
Reimbursement of Workers Compensation		
Premium for OOT Apprentices	213	358
Women's Employment and Training Strategy	46	118
Work Skill Australia Foundation	105	105
	<hr/>	<hr/>
Sub Total	12,379	14,952
	<hr/>	<hr/>
TOTAL	32,687	56,032
	<hr/>	<hr/>

YOUTH SCHEMES – Department of Industrial Relations and Employment.

Expenditure on Youth Schemes by the Department in 1988-89 was significantly less than that budgeted for reflecting the delayed start up of a number of new schemes. This has resulted in a significant carry forward commitment for 1989-90. Accordingly, comparisons between the two years are distorted. Beyond 1989-90 the level of expenditure will decline, reflecting the elimination of the special factors.

Included in the Department's program is an amount of \$13.2 million for Start to Life schemes.

Australian Traineeship System (\$10.5 million in 1989-90)

The System provides for 12 months structured award off-the-job training and is an important area of youth training and employment. It is expected that 6,500 young people will commence traineeships in 1989-90.

Under this program funding is provided for –

- an intake of 600 trainees into Government Departments and Authorities in 1990;
- the continued funding of wages (including payroll tax and superannuation) for trainees taken on by Government Departments in 1988-89;
- payroll tax rebates for all employers of trainees;
- workers' compensation premium covering all trainees; and
- the outstanding commitments under the \$1,000 per trainee subsidy scheme in the private sector which is being phased out.

Group Training Program (\$3.2 million in 1989-90)

Under this scheme subsidies are provided for the employment of supervisors and other administration costs for apprentices and trainees employed by group training organisations. By enabling employers, without the capacity to provide the full range of apprentice and trainee training, to participate in the training system, Group Schemes increase overall training effort in the trades and other vocations.

There are currently 19 organisations providing training to approximately 3,000 apprentices and trainees.

It is expected that a further 3 schemes will be established in 1989-90 and the number of apprentices/trainees in training will increase to over 3,500.

Disabled Apprentice Intake Scheme (\$366,000 in 1989-90)

This scheme is intended to enable a number of disabled persons access to apprenticeships in Government Departments and Authorities. A maximum of 20 persons may be in training at any one time.

Intensive Training for Apprentices (\$1.1 million in 1989-90)

These centres provide off-the-job training as well as intensive training for apprentices including out-of-trade apprentices. The centres assist in reducing apprenticeship wastage resulting from redundancy and/or provide intensive training to enhance apprentices' employment opportunities. There are three intensive training centres operating; two for building trades and one centre for metal trades.

Country Training Assistance Scheme (\$2.6 million in 1989-90)

Country apprentices and trainees receive subsidies under this scheme for travel and accommodation to attend technical college trade courses. The accommodation subsidy is \$10.50 per day and the travelling allowance 6 cents per kilometre. It is expected that over 4,000 apprentices and trainees will be assisted through this scheme.

Government Intake Group Apprenticeship Scheme (\$450,000 in 1989-90)

This scheme is intended to increase the training effort of Government Authorities and Departments. Under the scheme 50 per cent of the wage cost to client Departments/Authorities are borne by the Department of Industrial Relations and Employment. Currently there are 30 apprentices employed across ten government departments.

Community Based Employment and Training (Youth) (\$2.5 million in 1989-90)

This is a new program which combines job search, matching and support services for unemployed young people through a range of special community based training measures designed to address the needs of disadvantaged groups including migrants, Aborigines, long term unemployed youth, women, people with disabilities and others judged to be in special need of assistance in the labour market.

Exploration of innovative strategies will be undertaken to promote increased participation of young women in apprenticeship training.

The Workplace component of this program provides an intensive job search and matching service for unemployed young people and assists employers and employees with post placement counselling. It is expected that up to 2,200 long term unemployed and disadvantaged young people will be assisted under this component.

The Workplace for Disabled Youth component provides workplace services specifically for disabled youth. Approximately 300 disabled young people will be assisted under this component.

The Community Based Training component of this program provides financial assistance to organisations conducting vocational training for unemployed youth. Approximately 500 young people will be assisted under this component.

It is expected that a total of 3,000 young people will be assisted under this program in 1990.

Skills Gap (\$1 million in 1989-90)

This program provides a range of short courses for young people to assist in securing employment. Funds are provided to sponsor organisations to organise courses at a local level for skills in demand e.g. in the tourism industry. Approximately 1,000 young people will be assisted in 1990.

Apprenticeship Promotion (\$70,000 in 1989-90)

This program provides funds for the promotion of apprenticeships within industry. Regional Apprenticeship Promotion Committees and the NSW Apprentice of the Year are funded from this program.

Industry Skills Centre (\$3.4 million in 1989-90)

This program contributes seeding funds for the establishment of training centres within approved industries. Included in this funding is the Western Metropolitan Training Centre which will provide training for the metal, electrical and automotive industries.

Competency Based and Multi Skilling Program (\$900,000 in 1989-90)

There are two components to this program -

- Competency Based Trade Training Program which assists industry to modify the system of apprenticeship to one of competency attainment as the criteria for awarding trade status; and
- Multi Skilling training program, which will provide a service to employers introducing multi-skilling training of apprentices and trades people.

YOUTH SCHEMES – Department of Technical and Further Education

Get Skilled (\$10.75 million 1989-90)

Get Skilled is the TAFE component of the NSW Government's Start to Life initiative. This program aims to provide 5000 places, at a cost of \$10.75 million per annum for unemployed people aged 15-24 years, in special courses designed to assist them to get a job and/or enter TAFE vocational mainstream courses in areas of high labour market demand. To date 3119 places have been taken up.

YOUTH SCHEMES – Office of Youth Affairs

Pilot Industry Training Program (\$500,000 in 1989-90)

This Start to Life program provides support for innovative private sector pilot projects which allow young people training opportunities in areas of skill shortage.

OTHER EMPLOYMENT AND TRAINING SCHEMES – Department of Industrial Relations and Employment

Migrant Employment/Training Schemes (\$2.4 million in 1989-90)

The NSW Migrant Employment and Qualifications Board has recently been established following the recommendations of the NSW Committee of Inquiry into the Recognition of Overseas Qualifications.

The Board has reviewed the existing programs and developed a new strategy that focuses on the delivery of a range of training and employment initiatives. The initiatives will maximise the existing skills possessed by migrants and facilitate skills development through the provision of appropriate mixes of bridging courses, training, counselling and employment.

Self Employment Development (\$5.4 million in 1989-90)

This program encourages self employment and long term job creation through viable locally designed projects which assist people to establish and/or expand their own small enterprises and acquire enterprise skills.

Projects are initiated locally and must be assured of ongoing local business and community support. Preference is given to projects offering the best opportunities of maximising job generation at a low cost per job and with a short lead time.

It is estimated that 55 projects will be assisted during 1989-90. These projects should assist in the creation/retention of approximately 1,500 jobs and 300 training placements.

Community Based Employment/Training (Mature Workers and Women) (\$775,000 in 1989-90)

This program is designed to encompass the former New Careers for Mature Workers Program by providing increased emphasis on training and skill development. This program will provide appropriate mixes of training, counselling and job placement through community based organisations focusing on the needs of mature age persons including those who have been retrenched or about to be retrenched and other disadvantaged groups, including persons returning to the workforce.

Women will be encouraged to participate in special training schemes to assist them to secure jobs in vocations in which they have been traditionally under-represented.

It is anticipated that up to 1,100 people will be assisted through these initiatives in 1990.

Aboriginal Employment/Training Schemes (\$2.3 million in 1989-90)

These schemes combine the Aboriginal Employment Strategy (Public Sector) and the New Careers for Aborigines in a new scheme designed to provide an increased focus on Aboriginal employment and training within a flexible funding arrangement to meet the needs of the client group in a more effective way.

These comprise the following elements -

- the Aboriginal Employment Strategy (Public Sector) which is a joint Commonwealth/State initiative designed to increase the public sector employment of Aborigines in NSW and to facilitate their career development. The Strategy aims to assist 150 Aboriginal people in its second 12 month period; and
- the New Careers for Aborigines Program which aims to provide a mix of employment, training, placement, counselling and post placement support for unemployed Aborigines. Assistance may include upgrading of skills and enterprise proficiency and support access to apprenticeships and traineeships and other relevant training. It is proposed that 200 Aboriginal people will be assisted under this component.

It is expected that 350 Aboriginal people will be assisted under these Schemes in 1990.

Technical Equipment Scheme for Disabled (\$50,000 in 1989-90)

This scheme assists with the purchase of technical equipment to meet the special needs of disabled public sector employees.

Skills Analysis and Development (\$2.4 million in 1989-90)

This program supports the conduct of skill audits in industry to assist in the process of re-structuring.

Reimbursement of Workers' Compensation Payments for Out-of-Trade Apprentices (\$358,000 in 1989-90)

Employers taking on out-of-trade apprentices and pre-apprenticeship students are eligible under this scheme for the reimbursement of workers' compensation premiums for the first 12 months employment. This scheme has been discontinued and funds provided are to meet outstanding commitments.

Women's Employment and Training Strategy (\$118,000 in 1989-89)

This provides funding to conduct specialist activities directed at women in the workforce and in training. It includes seminars, conferences, research and distribution of information and reports. It also incorporates the Register of Women in Non Traditional Occupations and the Way Ahead Program which also include activities directed to schoolgirls.

Work Skill Australia Foundation (\$105,000 in 1989-90)

An annual grant is provided to the Work Skill Australia Foundation to assist it in its activities on raising the standards and status of vocational training and work skills.

COMMONWEALTH FUNDED SCHEMES

The Department of Technical and Further Education also administers the following two Commonwealth funded schemes.

The Australian Traineeship System (ATS)

ATS provides a fully integrated training program for young people aged 16-19 years. Trainees attend TAFE or other providers for the equivalent of 13 weeks full-time study to complement their on-the-job training.

In 1988-89, TAFE spent \$5.4 million in providing places for 3488 trainees in 25 different traineeship categories including Retail, Office Skills, Hospitality, Laboratory Assistants, Insurance, Banking, Plastics, Automotive areas, Travel, Strapper and Stablehand Skills, Information Processing, Printing and Textiles.

Jobtrain

TAFE provides places on a fee-for-service basis under the Commonwealth Government's JOBTRAIN program (formerly Adult and Youth Training programs) for long term unemployed people. JOBTRAIN courses are usually 6-10 weeks full-time in skill areas of need to meet local labour market demand. In 1988-89, TAFE provided more than 300 courses under this program at a cost of \$11.8 million.

7.4 THE ENVIRONMENT

During the previous 12 months the Government's commitment to a program of environmental improvement and protection has gained further impetus with the development of a number of major initiatives aimed at improving the environment.

Protection and Monitoring of the Environment

The Government has recently approved of the State Pollution Control Commission taking over control of ocean waters environmental monitoring program, formerly undertaken by the Water Board. In 1989-90, 19 additional officers are to be employed with \$2.2 million funding provided to meet this program monitoring cost. It is estimated that the program will cost approximately \$10 million over five years. This initiative will improve public confidence in outfall monitoring, with the results of such monitoring made available publicly.

Additional resources will be provided to the State Pollution Control Commission for day to day pollution control, environmental monitoring and community education. It is estimated that 21 additional officers will be employed, with additional funding of \$1.0 million provided in a full year. Rural environmental issues such as odour and effluent problems associated with feedlot developments, water quality and other issues for provincial cities and rural towns will be addressed. A significant portion of the Commission's additional staffing resources will be applied for these purposes, as well as the broader environmental protection needs of the communities stretching from Wollongong to the Hunter.

The Government has introduced into Parliament the Environmental Offences and Penalties Bill to increase legislative controls and impose sanctions on persons who irresponsibly dispose of waste products, boost inspection staff and provides for the recovery from polluters of the costs of reclamation of damaged environments. At a national level, the Government will continue to press for uniform standards of penalties and enforcement for uniform and strict controls on ocean, riverine and atmospheric discharges by cities and industries.

Funding has been provided from the Consolidated Fund to establish a Ministry for the Environment to replace the Office of the Minister for the Environment. The Ministry will be responsible for a rigorous review of environmental protection legislation and expand the Government's "pollution control" activities to form an "environmental protection" agency.

Environment Improvement Programs

The Water Board will allocate \$40 million towards its Special Environmental Program in 1989-90. This program, which will involve expenditure of \$440 million over the next 5 years, will be funded by the \$80 per annum Special Environmental Program Levy.

The program has been established to help stem pollution of the beaches and waterways of Sydney and Wollongong, streams of the Blue Mountains and the environment generally.

The four main areas of expenditure are -

- Beach protection
- Sewage overflows
- Blue Mountains Streams
- Sludge utilisation

Details about the policy and projects in respect of the Special Environmental Program will be announced in October/November.

Additionally, the Sydney and Hunter Water Boards will undertake capital works programs in 1989-90 totalling \$370.8 million to continue the provision of sewerage services in urban areas, beach protection works, commencement of flood protection measures, acceleration of the sewer/stormwater separation program to reduce sewage overflows into Sydney Harbour and various other works.

Earlier this year the Metropolitan Waste Disposal Authority became the Waste Management Authority of New South Wales. The Authority's focus is now State-wide and its new role emphasises resource reuse, waste minimisation and recycling.

Action on Climate Change

The Government has recently announced four main areas in which it is working in an effort to address this issue.

- Firstly, it is establishing an institutional framework for planning and co-ordination of activities related to the greenhouse effect.
- Secondly, it is generating and collating information on which decisions can be based.
- Thirdly, it is initiating specific actions to reduce the concentration of greenhouse gases in the atmosphere.
- Fourthly, it is initiating specific actions to prepare for those climate and associated changes which are likely to occur.

The Government's first initiative has been to establish an institutional framework to ensure that actions taken at State and local levels are consistent with national and international requirements and initiatives.

At the national level the Australian and New Zealand Environment Council is co-ordinating the South Pacific national response to the greenhouse effect and is ensuring that Australian and New Zealand actions are consistent with international agreements. The Commonwealth, New Zealand, and each State and Territory Government are represented by their Environment Ministers on the Council.

At the New South Wales State level the Minister for the Environment chairs the Climate Change Subcommittee of Cabinet and The Cabinet Office chairs an interdepartmental committee on climate change on which all relevant State agencies are represented.

The interdepartmental committee is preparing a State climate change strategy which will be compatible with the Australian and New Zealand Environment Council's national approach.

Arrangements will shortly be made for involvement of regional and local authorities in these planning and co-ordination arrangements.

The Government, along with the Governments of Victoria and Queensland, will enter into separate research agreements with the CSIRO's Division of Atmospheric Research, for which \$100,000 has been provided in the Budget. Under the New South Wales Government agreement the CSIRO will refine its climate models and generate climate change predictions for regions and districts within New South Wales. This information will be of fundamental importance to regional and local authorities who are planning for climate change. It will be part of a wider climate change research effort co-ordinated by the Australian and New Zealand Environment Council.

Other research which is well under way and to be further encouraged by the Government includes research on renewable energy technologies. Solar and other renewable energy research projects worth \$2 million are currently being funded under the State Energy Research and Development Fund Program. The Minister for Minerals and Energy has also recently announced the allocation of a further \$450,000 for research into the greenhouse effect.

The Government has also approved of the drafting of legislation to control the use of Ozone depleting substances with this legislation to be introduced into Parliament this year.

In conjunction with these initiatives, the Government will provide funding of \$150,000 over three years to Greening Australia to aid in implementation of its "Trees by the Million - Greening NSW strategy". This organisation is primarily funded by the Commonwealth Government and is dedicated to increasing public awareness of the benefits of tree planting and providing funding to assist community and local groups in tree planting.

Educational Services

TAFE has a long standing involvement in environment education, both in terms of provision of courses and contribution to planning and policy development at Government level. TAFE currently provides 50 courses covering environmental topics such as Energy, Efficient Housing (Kurri-Kurri College), The Greenhouse Effect and You (Seaforth College), Ecology Management (School of Biological Sciences), and Environmental Studies (also School of Biological Sciences).

A review was undertaken in 1988-89 to determine the adequacy and appropriateness of environmental education provided by TAFE. The review confirmed the significant steps taken by TAFE to improve course provision in fulfilment of its Environmental Education Policy.

TAFE is currently assessing ways of improving the provision of environmental education, specifically related to technical and vocational training.

Other

In 1989-90 a new initiative of the Government has been to provide recurrent funding of \$3.6 million, through the Ministry for the Environment, to the Zoological Parks Board to support the Board's "public good" activities (research, education and conservation projects) formerly funded by the Board. This will provide a sound funding base which will free funds to commence the major redevelopment of exhibits at both Taronga and Western Plains Zoos.

7.5 ETHNIC AFFAIRS

Ethnic Affairs Commission

The Ethnic Affairs Commission's 1989-90 budget allocation of \$6.425 million represents a real decline of 7 per cent on 1988-89 actual expenditure. When adjustment is made for special factors such as introduction of user charges and the transfer of the Overseas Qualifications Counselling Services to the Department of Industrial Relations and Employment, there is an increase of 3 per cent in real terms.

In 1989-90 the following funding allocations are to be made -

- \$1,293,000 for grants to organisations which provide welfare, culture and ethnic school services to people of non-English speaking background - including provision to allow the introduction of a Commission of Audit recommendation for the Commission to be the single steward of grants to the Ethnic Communities Council of NSW;
- \$670,000 for fees to contract interpreters and translators;
- \$113,000 as a contribution towards the costs of administering the National Accreditation Authority for Translators and Interpreters;

The Government has reconfirmed its commitment to the Ethnic Affairs Policy Statement Program. Following a major restructuring of the Ethnic Affairs Commission, its policy and liaison functions will be enhanced to provide improved consultancy services to Government Departments and the community.

Department of Education

The Department of Education has available funds of \$8.6 million for the continued employment of 260 Specialist English as a Second Language (ESL) Teachers and 31 support staff, including necessary induction and in-service courses. The Department also has available \$3.3 million for the continued employment of 90 Community Language Teachers, together with associated administrative and consultative staff.

The Department administers specialist services to improve the English language competence of students resident in Australia from non-English speaking backgrounds, as well as providing intensive English language programs to newly arrived students. In excess of \$30 million is available in 1989-90 to assist in developing these students' English language competence and facilitate their participation in mainstream education activities.

The Department also operates the Saturday School of Community Languages, now in 15 centres covering 20 community languages at School Certificate and Higher School Certificate levels. The cost of this service is \$1.86 million per annum.

Funds are to be made available in 1989-90 to provide for a series of courses for currently employed ESL Teachers in Primary and Secondary Schools. The courses are to be designed as refresher training programs for ESL Teachers.

Ministry of Education and Youth Affairs

The Ministry has planned the following specific allocations for ethnic affairs in 1989-90 -

- \$40,000 for the Board of Adult Education to provide education program for people of non-English speaking backgrounds.

- \$750,000 for the Skillmax program (a program funded by the NSW State Government and addressing the problem of skills wastage among migrants from language backgrounds other than English.) The program targets migrants with overseas qualifications and experience and provides English language courses to assist them to gain access to the local workforce at levels commensurate with their project skills and experience.

Department of Technical and Further Education (TAFE)

TAFE has a long-standing commitment to making its services accessible and equitable for persons of non-English speaking background.

In 1989-90 State funding of multicultural education in TAFE will be maintained at the level of around \$5 million. The Commonwealth contribution in this area will be decided in October after its review of funding mechanisms for the Advanced English and other related programs.

TAFE has initiated a reform of recruitment procedures and assessment of overseas qualified teachers and tradespersons. TAFE will meet its commitments under the Ethnic Affairs Policy Statement, and it is developing a Multicultural Education and Training Plan which will provide a blueprint for new developments in line with community and industry requirements.

Department of Housing

The Department of Housing estimates that expenditure on specific ethnic affairs initiatives for 1989-90 will total in excess of \$2.2 million.

Major initiatives include –

- A computerised interpreter service to be installed at regional offices, at a cost of \$150,000;
- \$213,000 for the production of multi-lingual publicity information on public housing and home ownership;
- Under the Local Government and Community Housing Program, an amount of \$930,000 for two projects to house persons of non-English speaking backgrounds;
- \$185,000 for the Housing Advisory Service to specifically address the needs of ethnic communities.

Department of Local Government

The Department of Local Government will continue the Local (Government) Ethnic Affairs Policy Statements (LEAPS) Pilot Program. The LEAPS Program aims to encourage Local Government in its efforts to make its services more accessible and appropriate to ethnic communities.

The LEAPS Pilot Program highlighted the need within the local government sector for specific training which focuses on the management difficulties Councils face in today's linguistically and culturally diverse municipalities. During the year the Department will implement training packages developed during 1988-89.

Ministry for the Arts

The main emphasis of the Ministry for the Arts will continue to be the Carnivale activity. Carnivale provides ethnic artists and groups with the funds and opportunity to exhibit their products and activities. The Ministry will continue to administer the Ethnic Affairs Commission Literary Award under the Premier's Literary Award program.

The Ministry is also undertaking initiatives to ensure that all grant programs are relevant and accessible to ethnic groups.

Department of Sport, Recreation and Racing

The Department of Sport, Recreation and Racing maintains a Specific Populations Unit which aims to make programs relevant to the ethnic community. Estimated 1989-90 cost of the Unit is \$73,000.

Specific initiatives for people of non-English speaking backgrounds are being tailored to allow them greater access to mainstream programs.

Mainstream programs and services which benefit people of non-English speaking backgrounds include -

- Sport and Recreation Centre Programs
- Vacation Activity Centre Programs
- Vacation Swimming Scheme and Aquatic Programs
- Sport and Recreation Skills Development Programs
- Capital Assistance Scheme, Racecourse Development Fund and the Sports Scholarship Scheme.

Department of Planning

The Area Assistance Schemes, administered by the Department of Planning, provide grants to multicultural and ethnic specific projects. The 1989-90 budget allocation for the Area Assistance Schemes is \$5.8 million. Grants are made according to identified local needs across a broad range of priority areas-youth, children, recreation, cultural, community development, and health.

Zoological Parks Board

Over the three years commencing 1989-90, the Board will undertake the following activities or programs relevant to the multicultural society -

- Advertising and promotion in the ethnic press especially in relation to Carnivale celebrations.
- The erection of international signage to aid understanding of the Zoos' facilities and exhibits for people without English skills.
- Providing school groups with special purpose classes in conjunction with the Department of Education.

Police Department

The N.S.W Police Service has allocated \$196,000 to support ethnic affairs programs conducted throughout 1989-90.

Projects will include –

- employment of four bilingual Community Liaison Officers.
- appointment of an Ethnic Affairs Client Consultant.
- support staff for ethnic liaison.
- production of information brochures and advertising Police assistance programs and notices within the ethnic media.

Board of Fire Commissioners

Provision has been made by the Board for the following Ethnic Affairs Programs –

- The provision of lectures provided to probationary firefighters, directed to instilling an awareness of the multicultural nature of the community which the firefighters serve;
- The preparation and distribution of a multi-lingual pamphlet designed to alert non-English speaking members of the community to the 000 service for telephoning in case of emergency;
- An amount is also included for advertising positions for firefighting recruits and apprentices in the multilingual press;
- The preparation of audio tapes comprising free community service announcements with relation to fire safety and fire prevention. These tapes will be forwarded to SBS to convey the fire safety message to non English speakers;
- The Board's other major contribution will be provision of fire safety and fire awareness information at Carnivale as in previous years.

Legal Aid Commission

The Legal Aid Commission has estimated that in 1989-90 it will allocate \$292,000 towards ethnic specific programs and strategies. Major initiatives include funding for –

- Interpreters (excludes Court appointed interpreters)
- EAPS implementation and research
- CLERC (Community Legal Education Resource Centre)
- Reprinting of brochures, posters and other items for publication in community languages

A number of EAPS initiatives have been successfully integrated into mainstream procedures and funds associated with their implementation are included in the appropriate Division's estimates.

Department of Industrial Relations and Employment

The Migrant Employment and Qualifications Board has recently been established by the State Government following the recommendations of the Committee of Inquiry into Recognition of Overseas Qualifications. One of the charters of the Board is to assist in the promotion, development and co-ordination of information and counselling services, refresher/bridging courses, training, retraining and employment programs for immigrants.

Funding for the above programs in 1989-90 is \$2.4 million.

State Electoral Office

The State Electoral Office has a number of programs which are provided out of Budget allocations in relation to conduct of elections.

These programs are designed -

- to ensure persons of non-English speaking background are made aware of their electoral rights and responsibilities in relation to enrolment.
- to inform persons of non-English speaking background of the conduct of elections and their obligations to vote.
- to ensure that all eligible electors are aware of the correct method of casting their vote.
- to ensure that electors of non-English speaking background have access to staff who are able to explain their rights and responsibilities to them in their own language.

These programs are achieved by placing advertisements in ethnic newspapers; providing multi-language material in readily accessible locations throughout the community; by making available at polling places multi-language material designed specially to assist in casting a vote; and by employing multi-lingual polling officials in Returning Officers' offices and in polling booths.

Department of Family and Community Services

Through the policy of "mainstreaming", the Department of Family and Community Services provides general services to ethnic people as well as providing specific funding to ethnic groups for special programs.

Services are provided for people with disabilities, home and community projects, alternate care, refugee youth, women's projects, multicultural neighbourhood centres, family support and supported accommodation. Funding will be maintained to existing services which provide specific programs for particular communities. These programs target areas such as Social Worker Services, Counselling Services, Multicultural Liaison, Bilingual Workers, Associations for Information, Social Support and Cultural Exchange. Other funding is provided to Neighbourhood Centres, Interagency Groups and Multi-lingual Centres.

The Department will continue to employ workers who have a specific role to provide services from District Centres to the Ethnic Community. A contribution will again be made to the activities of Refugee Week in order to increase awareness of this important community issue.

Specific initiatives for 1989-90 are -

- An Ethnic Fostering Program will be introduced in the coming year. Services to Refugee Minors will be maintained.

- A pilot project to conduct multicultural training for Children's Services personnel will be introduced with a view to further expansion if successful.
- A video will be produced to act as a resource for multicultural education in Children's Centres.
- A Departmental Ethnic Affairs Policy Statement resource kit will be produced for departmental workers.

Department of Health

Within the public health system a range of professionals is engaged to plan, provide and facilitate access to direct services for people of non-English speaking background.

Migrant Health Advisors, Ethnic Aged Workers and Bilingual Community Educators provide special services to people of non-English speaking background. (Estimated expenditure in 1989-90 of \$1.8 million).

The Health Care Interpreter Services provide interpreters to work together with health professionals to ensure quality diagnosis and treatment for people who lack fluency in English. The service operates from five separate locations. (Estimated expenditure in 1989-90 of \$4.5 million).

The Health Translation Service publishes literature in 18 languages. Its responsibilities include co-ordination of translation, publication, quality control and distribution. An estimated one million leaflets are distributed annually. (Estimated expenditure in 1989-90 of \$0.5 million).

The Ethnic Media Co-ordinator ensures that health information and education are available through the ethnic media. Specific state-wide campaigns make use of ethnic media. (Estimated expenditure in 1989-90 of \$184,000).

Two major new initiatives will be the employment of the new bilingual counsellors in various Areas and the creation of four Ethnic Health Worker positions in the Northern Sydney Area Health Service which will overcome inadequate resourcing. (Estimated expenditure in 1989-90 of \$440,000).

7.6 HOUSING

Introduction

State housing assistance is provided within three major program areas -

- Home Ownership
- Public Housing
- Private Rental

Home ownership assistance is provided off-Budget with funds raised in the capital market by FANMAC Ltd, a mortgage company in which the Government has a 26 per cent equity. Government financial support is available for interest subsidisation and risk cover, particularly for the Low Start Affordable Home Loan program which is directed toward low income earners.

The public housing program provides for the construction of public rental housing and also for rental rebates to low income earners. Consideration is being given to alternative approaches in the provision of public rental housing which permit a greater role for the private sector. This is in line with developments undertaken in recent years in home ownership schemes.

In the private rental area the Government has initiated the Rental Property Trust as a mechanism to increase the supply of private rental accommodation and thereby reduce the impact of shortages in accommodation on rent levels.

Home Ownership Schemes

In recent years a number of changes have been implemented to the Government's home purchase assistance programs. Prior to 1986 all home purchase assistance was provided by way of direct loans from the Home Purchase Assistance Account. In 1986 the Premier Low Start Home Loan Scheme was introduced which was the first program to utilise off-Budget borrowings by FANMAC as a source of financing. From 1987-88 all home lending programs have been financed by FANMAC fund raisings. Government financial support for the programs is provided for interest subsidisation and risk cover through the Home Purchase Assistance Fund.

The move to off-Budget financing has significantly enhanced the efficiency and effectiveness with which programs are delivered.

The Government has a major commitment to assisting families into home ownership. A package of home loan products has been developed which are directed to non-traditional home purchasers including public housing tenants and those on the public housing waiting list. In addition a new product has been formulated, which will permit eligible applicants to purchase up to 50 per cent equity in a dwelling and ultimately accumulate sufficient funds for a deposit on a full purchase. In 1989-90 a total of \$795 million will be made available through the following schemes, which will provide assistance for some 11,800 households. This is approximately ten times as much funding for home purchase assistance as was provided four years ago and \$150 million greater than the value of home loans actually settled in 1988-89.

Low Start Affordable Home Loan Program

This program provides low start loans at a concessional interest rate of 14.5 per cent, with additional interest subsidies available to borrowers not able to pay the full interest rate. In 1989-90 \$225 million will be available under the program which will assist some 3,000 households into home ownership.

Low Start Home Loan Program

This program is targetted to provide assistance for moderate income earners. In 1989-90 \$250 million will be available under this scheme, which will assist some 3,000 households. Low Start Home Loans are mortgages with a low start repayment structure, protection of fixed interest rates and income geared repayments.

Home Owner '89

An amount of \$225 million will be made available to provide some 3,000 public tenants an opportunity to purchase a home under this scheme. Eligible tenants will be offered a Low Start Affordable Home Loan and have a total waiver of stamp duty on the purchase of a property.

HOMESITE DEVELOPMENT

The beginning of the 1989-90 year has been dominated by high home mortgage interest rates which is impacting on the ability of new homebuyers to find affordable land. The Landcom development program for retail land is being directed to ensuring that sufficient stocks of developed land are on hand to meet demand levels following an eventual upturn in market conditions. Lot production will be geared to providing blocks over a wide range of prices to meet the needs of home builders, but with an emphasis on the middle and lower price range markets.

Public Housing Program

The role of public housing is to cater for those least able to obtain their own accommodation needs by either home purchase or rental in the private market.

Financial assistance for public housing is provided under the Commonwealth State Housing Agreement. Under the Agreement the Commonwealth provides funds to the States for the provision of public rental housing. Specific purpose grants are provided for specific programs for pensioners, Aboriginal people and some community housing programs. General purpose grants are also provided which are not tied to specific housing programs. These grants are required to be matched by the States. The current Agreement, the 1984 Agreement, was due to operate for ten years from 1 July, 1984. Following the May 1989 Premiers' Conference, the Commonwealth has proposed a new ten year Agreement to operate with effect from 1 July, 1989.

The proposed new Commonwealth State Housing Agreement focuses on a capital construction method of delivering housing services. In view of the difficult housing situation in this State and the extent of the public housing waiting list, a capital construction program alone is inadequate to meet the needs of those requiring public housing assistance. The proposed Agreement currently provides insufficient scope for the viable operation of alternative public rental housing proposals. In addition the proposed Agreement provides little incentive for the conduct of subsidy based home purchase assistance programs which can ultimately prove more cost effective and reduce the resources required to be directed to other Government supported housing programs. On this basis New South Wales has to date not formally consented to sign the new Agreement. It is hoped that continuing negotiations between the Commonwealth and States will resolve these difficulties.

As referred to above, other mechanisms for public housing provision have been formulated. An alternative strategy has been developed which will increase the stock of available dwellings for those eligible for public housing assistance and which will more closely involve the private sector in the provision of housing services. An initial target of 1,000 units has been set for a Housing Rental Trust vehicle which will supplement the on-going construction activities of the Department of Housing. Once fully developed this program will be capable of providing 3,000 rental units each year.

Under the proposed new Commonwealth State Housing Agreement revised financial arrangements provide for the replacement of concessional loans for public housing, previously referred to as nominated funds, with additional grants made under the Agreement. For 1989-90 Commonwealth capital payments to New South Wales total \$306.7 million. This includes \$244.9 million for "untied" programs and \$61.8 million for "tied" programs. Previous and proposed financial arrangements provide for the State to match the untied component of Commonwealth grants. New South Wales matching requirement for 1989-90 is \$61.2 million which will be made available as a grant from the Consolidated Fund.

The overall allocation for public housing for 1989-90 is \$600 million, an increase of some \$58 million or almost 10 per cent over 1988-89. The program provides for the completion of approximately 4,500 new dwellings and the commencement of 2,173 new dwellings which will be supplemented by a target of 1,000 new dwellings within the rental trust vehicle. This year's program will focus on the provision of housing for aged persons with a commencement target of 1,075 units of accommodation at a total cost of \$104.8 million.

Housing for Aboriginal people will provide 79 units on public housing sites and 125 units of housing to be constructed on Aboriginal reserves and missions, to be managed by Aboriginal people.

The Community Housing Capital Program will be maintained. This comprises the Crisis Accommodation Program, Local Government and Community Housing, and Special Purpose Housing. Crisis Accommodation provides short term housing for community organisations funded through Family and Community Services. Accommodation provided includes women's hostels, youth refuges, family emergency services and homeless persons shelters.

Housing under the Local Government and Community Housing Program is achieved through the co-operation of the Commonwealth, State and Local Governments together with community organisations to provide a strong element of tenant participation.

Private Rental Housing

The Government has taken a number of steps to assist private tenants and encourage investment in the private rental market. A major initiative has been the New South Wales Rental Property Trust which was established to increase the supply of private rental accommodation for low to middle income earners. The first Rental Property Trust resulted in an additional 600 units of private rental accommodation. Changes to Commonwealth Taxation rules during the year have prevented any further expansion of the existing Rental Property Trust. A new Trust mechanism has been developed which will continue the strategy of the first Trust of ensuring an adequate supply of appropriate rental housing.

In part reflecting this initiative, conditions in the private residential rental market have eased considerably in the past year. Rental increases in the Sydney Metropolitan area moderated during 1988-89, with median rents only increasing by 3 per cent to 8 per cent in comparison with last year's range of 20 per cent to 23 per cent. For non-metropolitan New South Wales rental increases continued in the order of 8 per cent to 15 per cent.

The supply of rental accommodation, as indicated by bonds lodged with the Rental Bond Board, has increased in every quarter of the 1988-89 year, and reached a record high in June.

Major reforms to the State's landlord and tenant laws will occur with the introduction of the Residential Tenancies Act. This will provide a new set of clearly stipulated rules which will not only establish a modern response to residential renting, but also protect the interests of landlords and tenants, as well as providing stimulation and increased incentive for investment in these properties.

Following the Ministerial Inquiry into Homelessness the Government has approved an exemption from land tax for owners of metropolitan boarding houses. This initiative, which is estimated to cost \$2 million in a full year, is designed to encourage the availability of low cost accommodation.

7.7 INDUSTRY AND SMALL BUSINESS

The Role of Government

The economic prosperity of New South Wales relies upon a dynamic and growing private sector. An important role for Government is seen as the facilitation of private sector development and investment.

The Department of State Development is responsible for attracting overseas investment and co-ordinating major development in the State. The Department has a co-ordinator-general function in assisting business investment, liaising with the relevant Government agencies and generally aiding the start-up of new business in New South Wales.

The Department is currently overseeing the formulation of an Economic Development Strategy for New South Wales. Sector Strategies are separately being formulated in association with private sector experts for a number of industry areas seen as having significant growth potential. The recommendations in the various Sector Strategies will be subject to economic assessment and will form the basis for the Government's overall Development Strategy.

The Government recently announced details of a Strategic Economic Development Package which aims to secure for New South Wales strategic investments which would otherwise not come to the State. The package is able to provide financial assistance in a variety of forms depending on investor needs and the State's economic objectives. Industry sectors in which there are high international growth rates and which would have competitive advantage in New South Wales will be especially encouraged to establish in the State.

The Business and Consumer Affairs agency works closely with State Development in encouraging business growth. The agency's particular focus is on -

- the promotion of integrity and fair trading in business activity.
- the reduction of Government imposed costs and restrictive regulation of business
- a commitment to provide an efficient, effective delivery of service to its clients

The first stage of the Government's one stop shop concept for business licences is being put into place with the establishment of a Central Business Licence Information Centre. Work is continuing on the next stage which is to assess the feasibility of having companies operate under single "master business licences". Ultimately the one stop shop could provide information, issue and re-issue master business licences and handle licence payments.

Industry Assistance

While the Government sees its role as primarily providing the right climate for private sector development and investment, the Government does provide a number of specific measures to encourage industrial development. These include -

- Payroll Tax Concessions - small business is assisted by the threshold level of \$432,000 at which no tax is payable. The small business concession phases out at \$1,512,000. Further reforms and concessions have had to be deferred this year due to the State's difficult Budget position.
- Industries Assistance Fund - payments in excess of \$17 million are expected to be made to help a wide variety of companies improve their performance and provide New South Wales with a stronger industrial base.

- National Industries Extension Service – this joint Commonwealth/State scheme will provide an estimated \$11 million to assist firms with potential to improve their performance and thus boost exports.
- Up-grading of quality assurance programs – the Government will provide some \$1.6 million to Australian companies to assist in significantly improving the quality of products.
- Continuation of support for the Industrial Supplies Office to encourage the use of domestic products in local manufacturing.
- Skills Analysis and Development Program – the Department of Industrial Relations and Employment operates this program to assist in the process of restructuring by the conduct of skills audits in industry. The Department expects to spend some \$3 million on this program in 1989-90.
- Education and Training Foundation – employers are able to nominate that part of their payroll tax liability (equivalent to 0.1 per cent of their taxable payrolls) is diverted for the development and provision of new business-oriented courses.

The Strategic Economic Development Package announced by the Government has been designed to entice both national and international business and industry to New South Wales. It is a flexible package which will provide financial assistance in a variety of forms depending on investor needs and the State's economic objectives. Financial assistance measures include –

- Tax concessions
- Infrastructure funding
- Assistance with Government charges
- Assistance with meeting Government regulations
- Access to Government purchasing

Assistance under the scheme will be deliberately limited and directed to those investment proposals which would otherwise not be likely to come to New South Wales.

Assistance will also be subject to a performance agreement and will be limited to a maximum period of five years.

The cost of the new Package will be funded by savings that will result from the phasing out of the Country Industries Payroll Tax Rebate Scheme.

The Government is also developing a Small Business and Regional Development Scheme which will run parallel to the Strategic Economic Development Package. Details of the new Scheme are currently being finalised by the Business and Consumer Affairs agency.

Small Business

The Government's review of business regulation and the establishment of the one stop shop for information on business licences will be of major benefit to small business operators and those seeking to establish new businesses.

Advice on issues concerning small business is provided to the Government through the Minister for Business and Consumer Affairs by the Small Business Development Corporation. The Corporation's objectives are to increase awareness of the importance of small business, to develop education programs to improve business management skills, to undertake research and to promote the interests of small business through joint programs with industry and trade bodies.

The Business and Consumer Affairs agency through its Office of Small Business provides advice and other services for small business operators. Small businesses also benefit from the majority of the "industry assistance" schemes outlined above, particularly the Payroll Tax concessions.

The Office of Small Business has appointed a Women's Advisor who is available to assist women wishing to start a business or who need assistance in their business activities.

The Department of Industrial Relations and Employment administers a Self Employment Development Program which aims to encourage self employment and long term job creation. The projects which are supported are viable locally designed ones which assist people to establish/expand small enterprises and obtain enterprise skills. The Department has some \$5.4 million available for such projects in 1989-90.

7.8 OLDER PEOPLE

Office on Ageing

The Office on Ageing is located in the Premier's Department and has been established to achieve improved planning and co-ordination of Government policies and programs affecting older people.

The objectives of the Office are to –

- advise the Government on the ageing of the population and matters relevant to the needs of older people;
- develop a strategic plan on ageing for the Government and co-ordinate its response to the needs of older people;
- develop programs to meet the needs of older people;
- monitor Government policies and programs for older people for equity, appropriateness and effectiveness;
- enhance the image of ageing and older people within the community; and
- incorporate the views of older people and service providers into policy and program development.

POLICY REVIEW

The Government has initiated a review of policies and programs affecting older people in New South Wales which is being co-ordinated by the Office on Ageing. As part of this review the Office will be releasing a series of issues papers during the latter part of 1989 under the title "Directions on Ageing in NSW", leading to the release of a Government Policy Paper on Ageing in early 1990.

AGE DISCRIMINATION

The Government has made the elimination of age discrimination a priority task for 1989-90. It has set the goals of incorporating age as a ground of discrimination into the Anti-Discrimination Act 1977 and ending compulsory retirement, each to be implemented before the end of 1990.

TASK FORCE - RETIREMENT HOUSING OPTIONS

A Task Force will be established in the Office on Ageing to develop a co-ordinated program of retirement housing options for older people.

The Task Force is jointly funded by the Premier's Department, the Department of Health and the Department of Housing over twelve months. It will report to the Minister Assisting the Premier on the Aged.

The retirement housing options program to be established by the Task Force will involve using a mix of existing State and Commonwealth funds. Other private funding opportunities will be developed, possibly including a Retirement Housing Trust.

A number of retirement housing options will be included in the program including hostels, cluster housing with care packages, group homes for sufferers of Alzheimer's disease and related disorders and possibly the refitting of existing dwellings. Each option will be designed to provide wider choice for older people and to prevent or delay inappropriate institutionalisation.

The Task Force will be working closely with local government and community organisations to develop joint ventures which maximise the involvement of local communities in ongoing management.

FOCUS ON AGEING

To mark a new decade and a new outlook on ageing, the annual event known as Senior Citizens Week is undergoing several important changes commencing in 1990. The name has been changed to **Focus on Ageing** to better reflect the process of ageing and its implications, and the date has been changed to 6-13 May, instead of being held in March. While some aspects of Focus on Ageing will be similar to Senior Citizens Week, the central program will see the development of projects to look more widely and deeply at growing older and to address the aim of the week which is to provide opportunities which increase the positive image throughout the entire community of growing older. As an example, the central program will include a New South Wales Premier's Conference on Ageing to examine major issues from many directions.

THE CONSULTATIVE COMMITTEE ON AGEING

The Consultative Committee on Ageing was appointed by the Premier in December 1988. The thirteen Committee members were chosen for their skills and experience in matters associated with ageing.

The role of the Committee is to advise the Premier on matters affecting older people; provide a forum for consulting the community on the issues of ageing; and assist the Government in the policy development process.

Health

An ageing population is having a significant impact upon the demand for health services.

The greater effectiveness of medical and health services to address the health problems of older people, and the growing awareness of the potential for a healthy older life, is influencing how health care is provided for older people. A discussion paper outlining these initiatives is soon to be released by the Minister for Health.

These new directions focus upon two major issues – the prevention of ill-health and responsive, efficacious hospital care. In early 1989 the Minister for Health released the "Healthy Older People" report with its strong commitment to improving and maintaining the health status of older people. This commitment has been reflected in the provision of health promotion funds for projects concerned with preventing disease and injury in older people.

The better provision of orthopaedic and ophthalmology services within public hospitals will benefit older people who experience a greater incidence of fractures and eye disorders than the younger population. A significant proportion of Medicare Incentive funds will benefit older people through the provision of orthopaedic and post-acute care projects.

In addition, the aim of maintaining the elderly in their own communities requires the maintenance and expansion of community health services, multi-disciplinary geriatric health services, rehabilitation, respite care particularly for those with dementia and their carers, and a range of other services. Some of these, such as the provision of aids for disabled people, are programs which are also important for other identified, special need groups. The total budget for the provision of aids and appliances in 1989-90 is \$8.3 million. Under the other Commonwealth/State programs, \$6.7 million will be provided for geriatric assessment and rehabilitation services and \$28.6 million under the Home and Community Care Program. The major portion of health expenditure for older people is provided through the acute public hospital system.

The Department's funding program for Non-Government Organisations benefits older people specifically through the provision of funds to organisations which provide a range of services for older people. Other New South Wales health services and programs directed at older people are the Dentures for Pensioners Scheme, the confused and disturbed elderly (CADE) units and the provision of public nursing homes amongst other programs.

Over the coming financial year the New South Wales health care system will refine and improve its care for older people commencing with reviews of, for example, the need for podiatry services, and broader matters such as Rural Health Care and older people. The development of resource allocation formula utilising demographic data and the introduction of improved management information systems will also enable the development of better management strategies for the provision of health care for older people in New South Wales.

Home and Community Care

The Home and Community Care Program (HACC) is jointly funded by the Commonwealth and State Governments.

The Program is targetted at frail older people and people with disabilities who live at home, and their carers.

HACC funds a wide range of support services to these people to assist them to continue to live independently and so avoid premature or inappropriate admission to residential care in hostels, nursing homes or hospitals.

The co-ordinating Minister in New South Wales is the Minister for Family and Community Services.

The Program is administered through the Departments of Family and Community Services, Health, Housing and Local Government, the Ministry of Transport and the Home Care Service of New South Wales. The Program is co-ordinated regionally in the seven regions of the Department of Family and Community Services.

In 1989-90 the Budget will provide a total of \$148.1 million, an increase in recurrent HACC funds of 13.25 per cent. The State Government contribution is estimated at \$61.2 million.

These funds will enable the maintenance of all existing approved services as well as continued growth in new services. Allocations will be provided for increased levels of the following service types -

- housekeeping and personal care services;
- community nursing and paramedical services;
- food services, including meals-on-wheels;
- modification and maintenance of homes;
- respite care services;
- neighbour aid services; and
- information/co-ordination and consumer advocacy projects.

Non-recurrent funds will be allocated for the construction and development of capital facilities in co-operation with local government authorities, the acquisition of community transport vehicles and for a range of equipment requirements for new and existing projects.

HACC COMMUNITY FACILITIES SUBSIDY SCHEME

A \$2 for \$1 capital subsidy is provided under the Commonwealth/State HACC Program for community facilities developed to provide support for HACC services. Mostly, such facilities are developed by local government councils to support meals on wheels, adult day care and domiciliary care services for frail older people and other people with disabilities living at home. The expenditure is administered by the Department of Local Government.

HOME CARE

The Home Care Service of New South Wales is a Statutory Authority responsible to the Minister for Family and Community Services through the Director-General of the Department of Family and Community Services.

The objective of Home Care is to provide consistent, high quality, cost efficient household based support services to three groups of consumers (i.e. those who are medically fit, medically stable or medically supported).

The Home Care Service is funded by the State and Commonwealth Governments under the HACC Program. An estimated \$93.7 million will be spent on Home Care in 1989-90 (up 16.8 per cent on 1988-89) of which some \$82.2 million will be provided by the two Governments with the balance from client charges. Of the estimated \$60.0 million State contribution to the HACC program, \$34.7 million will be allocated to Home Care.

During 1989-90 Home Care will provide services to approximately 42,000 households. Of these, 54 per cent will be older, single people living alone and 21 per cent will be older couples.

The proportion of hours worked in each type of service in 1989-90 is likely to be -

General Housework	68.3 per cent
Personal Care	18.0 per cent
Respite Care	6.0 per cent
Handyperson Service	2.5 per cent
Live-In Housekeeper	1.1 per cent
Other	4.1 per cent

In 1989-90 the Home Care Service will maintain its focus on the provision of services to older persons. During this year services will be extended, with increases in the area of personal care services to this group. Specialist integrated services for frail, older Aboriginal people will also be developed together with specialist respite care services.

Accommodation

DEPARTMENT OF PLANNING

The Department of Planning is preparing revised guidelines for Housing for Aged and Disabled Persons (State Environment Planning Policy No. 5). These guidelines will address locational criteria, design and support services.

DEPARTMENT OF HOUSING

The Department of Housing is continuing to implement a strategy for providing a range of accommodation services which will improve housing choices for older people in New South Wales.

In 1989-90 the Department's Aged Persons' Housing Program provides for the commencement of 1,088 units of accommodation at an estimated cost of \$36.7 million.

A number of joint ventures for retirement housing are being implemented -

- The "Dougherty Apartments" at Chatswood were opened by the Premier on 5 August 1989.
- A complex at Peakhurst to provide 177 units of accommodation - currently at the stage of a Development Application.
- Congregate Housing at Roselands, involving a joint venture with Canterbury Council.

A number of additional sites are currently being evaluated in pre-planning studies and these include sites at Windsor, Gosford and Manly.

In developing this program, the Department has been negotiating with the Commonwealth Government to maximise access to capital and recurrent funds for hostels under the Commonwealth Aged and Disabled Persons Homes Act.

Further strategies involve the improvement of design standards for older persons' housing and the development and promotion of innovations in the area of consumer choices when selecting and living in retirement housing.

A Retirement Villages Bill and Code of Practice has been passed and is due for implementation later in 1989.

The Department is also undertaking a major review of its Aged Housing Policy. It is anticipated this will be finalised by the end of 1989.

Employment

RETIRED AND SENIOR VOLUNTEER PROGRAM

D.I.R.E. provided an amount of \$75,000 to the Volunteer Centre of New South Wales for its Retired and Senior Volunteer Program (RSVP) in 1989. The RSVP aims to help organisations meet the needs of their communities by providing the services of groups of senior volunteers with time, experience and skills. Furthermore, it aims to enrich the lives of older persons by providing opportunities to participate more fully in the life of their communities through volunteer service.

COMMUNITY BASED TRAINING (MATURE AGE)

An amount of \$1.2 million has been allocated in 1989-90 to enable a number of initiatives to be implemented to assist older workers. Appropriate mixes of counselling, training and employment will be provided to retrenched workers, those about to be retrenched and other mature age persons requiring assistance and not catered for by other programs.

Concessions

The Government administers a number of concession schemes and subsidies for pensioners (of which 65 per cent are age pensioners) and retired persons not on pensions.

RATE REBATES

The Department of Local Government administers the Pensioner Subsidy Scheme whereby local government councils are required to rebate 50 per cent of rates payable by eligible owner occupier pensioner residents, up to a maximum of \$250 for general rates and \$87.50 for water and sewerage rates. The scheme reimburses councils for the cost of rebates within these limits. Age pensioners are major beneficiaries of this program.

The sum of \$46.0 million has been allocated to the program in 1989-90.

ELECTRICITY COMMISSION

• Pensioner Rebates

All electricity county councils grant rebates to eligible pensioners. The rebates are reviewed annually as part of the tariff setting process.

The minimum pensioner rebate has been increased to \$15.45 per quarter and a uniform rebate of \$17.75 per quarter now applies to pensioners in the four metropolitan councils. (Sydney, Prospect, Shortland and Illawarra County Councils).

The cost of the Pensioner Rebate to rural authorities will be subsidised in 1989-90 by \$1.4 million from the Budget and \$1.4 million from the Electricity Development Fund (EDF). This subsidy meets approximately 10 per cent of the cost of the rebate in these councils. The remaining \$24.2 million is met by each supply authority.

The cost in 1989-90 is estimated to be \$27.0 million and will benefit approximately 420,000 pensioners.

The Government is currently considering extending the pensioner rebate to all long term residents of caravan parks and retirement homes.

• Energy Accounts Payment Assistance Scheme

In recognition of the needs of all members of the community to a safe, reliable and adequate supply of energy, the Energy Accounts Payment Assistance Scheme was introduced in July 1988 to assist financially disadvantaged people to pay energy bills. The scheme is modelled on the former Baseline scheme which was abolished in 1987-88.

The allocation for 1989-90 is \$5 million, which is an increase of 97 per cent over 1988-89 actual expenditure of \$2.54 million.

Energy Accounts Payment Assistance is funded by the Electricity Development Fund, co-ordinated by the Department of Minerals and Energy and distributed in the form of \$30 vouchers following assessment by officers of key community welfare organisations.

Client profiles indicate that the majority of assistance is provided to single income families and the unemployed. However, age pensioners are eligible to apply and do receive assistance.

WATER AND SEWERAGE RATE CONCESSIONS

Concessions and rebates on Water Board charges include a 50% rebate to holders of the Pensioner Health Benefits and Concessions card, eligible War Widows and TPI and Blind pensioners, on water and sewerage charges, up to \$175 annually. The Environmental Levy is also waived for eligible pensioners. These concessions will amount to some \$39 million in 1989-90.

To assist people suffering financial difficulties, the Water Board has introduced from 1st July, 1989, a new assistance scheme known as the Water Board Accounts Payment Assistance Scheme (WAPA). Assistance granted under this scheme is expected to approach \$1 million in 1989-90. Under this scheme, assistance is given in the form of \$25 vouchers following assessment by officers of community welfare organisations.

The Board also provides assistance to customers by way of extended credit terms.

TRANSPORT CONCESSIONS

A range of transport concessions are available for older people. These include -

- **Public Transport**

Public Transport concessions for older people include Pensioner Excursion Tickets, general half-fare concessions, two \$10 Rail Travel Vouchers per year and half fare concessions for interstate travel.

The cost of foregone revenue for these concessions is estimated to be \$110 million for 1989-90.

- **The Pensioner Subsidy Scheme**

All pensioners, unemployed persons and semi-retired persons over 60 years of age in possession of a New South Wales Concession Fare Certificate can travel on privately operated buses and ferries for half the adult fare. The Ministry of Transport pays a subsidy to operators of these services so as to reimburse fares foregone. The estimated expenditure for 1989-90 is \$15.5 million.

- **Taxi Transport Subsidy Scheme**

The Taxi Transport Subsidy Scheme provides eligible persons who are unable to use conventional public transport due to a severe and permanent disability with half-fare concession taxi fares. The Scheme encourages mobility among persons with disabilities and supports the provision of special purpose taxis able to accommodate wheelchairs. \$3.3 million has been allocated for this purpose.

- **Driver's licence and registration concessions**

Free driver's licences, the abolition of registration fees, reduced motor taxation and third party insurance premiums for pensioners in 1989-90 is estimated to cost \$84.3 million in foregone revenue.

Transport Programs

HOME AND COMMUNITY CARE PROGRAM

As part of the Home and Community Care (HACC) Program the Ministry of Transport provides, in part, funds for transport services for frail older people, people with disabilities and their carers.

\$4.1 million has been provided under the Home and Community Care and Community Transport Program to projects which provide a range of transport services.

New South Wales Community Transport Program

The Community Transport Program provides funds for the development and provision of transport services for people who have difficulty in gaining access to mainstream or conventional transport services. The Community Transport Program also includes community transport projects that have been "picked up" following funding under the various Area Assistance Programs.

Leisure and Recreation

DEPARTMENT OF SPORT, RECREATION AND RACING

The Department of Sport, Recreation and Racing is developing a plan to address the recreation needs of older people. This report will be released in June 1990.

Specific initiatives for older people are being tailored to allow them greater access to mainstream programs. The Department will also provide a program for older people during Focus on Ageing.

Some of the mainstream programs and services which benefit older people include -

- Adult Recreation Skills Development Programs;
- Capital Assistance Scheme, Racecourse Development Funds;
- Sport and Recreation Centre Programs; and
- Swimsafe Programs.

ZOOLOGICAL PARKS BOARD

Age and other pensioners are granted a concessionary admission charge by the Zoological Parks Board. Nursing homes and other special community groups are permitted special mini bus tours of the Zoos at a concession rate of \$20 per bus.

PARKS TRUSTS

Although the Parks Trusts do not have any specific programs for older people, the Bicentennial Park budgets about \$1,000 for Focus on Ageing activities, whilst the Centennial Park facilities are extensively used during this week.

Education

NEW SOUTH WALES BOARD OF ADULT EDUCATION

The New South Wales Government, through the Board of Adult Education, provides advice and financial support to a number of organisations which conduct courses, programs or other learning opportunities for older adults.

The objectives of the Board of Adult Education include social and personal development as well as skills to meet occupational needs. The Board encourages specific provision for older people and also their involvement in mainstream programs. The annual value of these concessions is approximately \$750,000.

In addition, for 1989-90 the Board proposes expenditure of \$60,000 specifically for programs for the elderly. Also, \$75,000 is proposed for students with hearing impairment, a substantial number of whom are elderly.

TAFE PROVISION FOR OLDER ADULTS

In 1988, 32,650 TAFE students were 50 years or older, which is 6.9 per cent of total enrolments.

The retraining needs of people over 45 are being addressed by an increasing range of TAFE courses. Included in this provision is TAFE's Outreach Unit with the task of identifying and developing programs that meet the social, economic and learning needs of older people, consistent with Government policy.

Short modular courses have been successfully trialled in the areas of frail-aged learning and older-worker retraining. Certificate level courses will be accredited during 1989-90.

In 1988, Outreach organised a total of 94 courses for older people across New South Wales, with the emphasis on skills development, at a cost of \$315,000.

Police

For the 1989-90, the Aged Services Unit of the Police Department has been allocated \$85,000 to continue providing service to older people in New South Wales. Projects to be undertaken include -

- liaison and consultation with Patrol, Regional and District Commanders to ensure the standard of service delivered to older people;
- conducting Crime Prevention seminars in the metropolitan and rural areas;
- distribution of Safety and Security brochures;
- training of older people that volunteer to teach peers Crime Prevention techniques via the expanded Safety Advice for the Elderly Program (SAFE);
- Police Training concerned with the understanding of the needs of older people; and
- Focus on Ageing 1990 Police Spectacular.

Fire Brigade

Officers of the New South Wales Fire Brigades will continue the program of visits to nursing homes, retirement villages, and groups of older women and men to increase awareness of the danger of fire and advise on safe practices, as well as training carers in the use of fire extinguishers and the procedures for evacuation in case of fire.

The New South Wales Fire Brigades will contribute a static display on fire safety during the Focus on Ageing 1990. The total cost of these initiatives is estimated to be \$73,000.

7.9 PEOPLE WITH DISABILITIES

On 16 August 1989 the Premier and the Minister for Family and Community Services released the Government's Statement of Principles for People with Disabilities and their Families in New South Wales.

These principles affirm that people with disabilities have the right to -

- live in, and be part of, the community;
- make the decisions that affect their lives;
- realise their individual capacities for physical, social, emotional and intellectual development;
- protection from exploitation and discrimination.

All Government departments have developed EEO Management Plans which incorporate employment and training opportunities for people with disabilities. The Government's assistance to people with disabilities is indicated by the programs, services and allocations which are planned within individual portfolios. A summary of these follow.

Premier

• *Disability Services Co-ordination Unit*

The Disability Services Co-ordination Unit is located within the Premier's administration.

The Unit is involved in a wide range of activities to advance the quality of services for people with disabilities and to assist the Premier and Government in the development of policies and programs related to those services.

An amount of \$300,000 has been allocated for maintenance of the Unit and includes special allocation to allow funding of special projects, research and the like.

A grant of \$40,000 has been set aside for the Premier's contribution to the Annual Appeal of the Royal Blind Society.

• *Office of the Director of Equal Opportunity in Public Employment*

The Office of the Director of Equal Opportunity in Public Employment directs funds specifically to programs and services for people with a physical disability as a target group under the New South Wales EEO legislation. During 1989-90 the Office intends to undertake a pilot program to consider how job design principles can be applied in order to make some jobs more easily carried out by people with disabilities.

• *Ethnic Affairs Commission of New South Wales*

The Ethnic Affairs Commission of New South Wales has allocated funds for the provision of sign language interpreters for deaf people to enable their access to police and legal services.

Health

The Government in 1989-90 is committed to providing a comprehensive and equitable range of health care services in hospital and community based settings to all persons regardless of degree or type of disability.

- A total of \$8,254,000 will be provided in 1989-90 for the purchase of aids and appliances to assist people with disabilities to retain their independence in the community and prevent their institutionalisation.
- In addition to the ongoing funding for hospital rehabilitation services, the Government will provide funding for Spinal Injury Units, Generalist Rehabilitation Services and Aged Care Rehabilitation.

Under a joint arrangement between the Department of Health, the Motor Accident Authority and private insurance companies, facilities for the treatment of brain injured persons will be established requiring –

- \$12 million capital costs for four adult metropolitan units for the treatment of brain injured people and \$3 million operating costs for the units; and
- \$600,000 capital costs for three paediatric metropolitan units.

Following recommendations of the Barclay Report on Mental Health and Disability Services, the Department of Health has embarked on Stage 1 of an improvement program to establish and enhance the range of psychiatric services throughout the State. Total cost of the proposed improvements to mental health services in 1989-90 are approximately \$5 million for recurrent items and approximately \$13.5 million for capital works.

Funding has been made available for the employment of Area Directors of Psychiatry as well as other clinical and support staff, training and upgrading of the Official Visitors Program and the establishment of three Child/Adolescent Mental Health Teams. Extended Community Teams are to receive further funding and an Area Review and Evaluation of Psychiatric Services is to be undertaken.

The Government recognises the important role played by many non-government organisations in supplementing Government services and will continue to provide funding to support non-government organisations.

Arts

• Sydney Opera House

The major maintenance program at the Sydney Opera House includes a number of projects to improve access to the Opera House for people with disabilities. The installation of kerb laybacks to allow wheelchair access to all areas of the forecourt has been completed at a cost of \$25,000. Approximately \$1 million has been allocated for the other projects: assistive listening devices for all auditoria (\$500,000 – April 1990 target); clear forecourt signage (\$45,000 – October 1989 target); and a lift from the lower concourse to the proposed car park (\$450,000 – March 1991 target).

• Australian Museum

A program is in place for workshops on the needs of visitors with a visual impairment.

• Powerhouse Museum

Work has begun to provide more handrails and adjustments to steps and platforms and on improved lighting. A print guide is being developed, outlining access and services for people with disabilities.

Training in awareness of the needs of people with different disabilities and communication skills will continue for all paid and unpaid staff who have public contact.

• **State Library of New South Wales**

The State Library will continue its provision of –

- support to public libraries, individuals and agencies providing services for people with disabilities in NSW through the provision of a back-up collection of materials, consultancy services, and information and advice;
- the continuing development of the Special Needs Centre within the State Library to ensure that people with disabilities gain access to the materials of the State Library (through such equipment as the Kurzweil Reading Machine);
- the continuing development of the Disability Information Service.

Attorney General

• **Attorney General's Department**

In the 1989-90 financial year it is proposed to undertake the installation of facilities for people with disabilities in seventeen court houses. Improvements will include the provision of ramps and toilets for people with disabilities at a cost of \$470,000.

• **Anti-Discrimination Board**

The Anti-Discrimination Board will continue its work in the investigation and conciliation of complaints of discrimination and conducting research and community education programs. The grounds of complaint covered under the Act include physical and intellectual impairment.

Housing

The Department of Housing's Policy for People with Disabilities ensures that all services provided by the Department are equally accessible to clients with physical, psychiatric and intellectual disabilities.

From early 1989, the Department has concentrated on mainstreaming the services provided to clients with disabilities. Housing support officers are located in the regions to advise clients on all their housing options and liaise with government and non-government organisations. Staff training and housing programs continue to emphasise the individual needs of people with disabilities.

Programs aimed at enabling people with disabilities to obtain secure and affordable accommodation include –

- Review by the Housing Review Committee. When clients cannot solve their own housing need and have urgent accommodation requirements, their circumstances can be reviewed by the Committee. During 1988-89, 517 applications from people with disabilities were approved by the Committee, resulting in an immediate offer of assistance.
- Disability Rental Subsidy. When a client reaches the top of the waiting list or has been approved for an immediate offer at a time when suitable accommodation is not available, a subsidy is granted. This ensures that clients with a disability are not financially disadvantaged while they wait for an appropriate offer. Approximately \$150,000 will be allocated through this scheme during 1989-90.

- Maintenance and Upgrading Program. Modifications will be undertaken at no cost to the tenants to make accommodation suitable for people with disabilities living in Housing Department dwellings. Approximately \$2.5 million will be allocated to this area during 1989-90.
- Disability Housing Program. Where clients with disabilities have needs which cannot be met by offering current Department of Housing stock, dwellings can be purchased from the private sector. This financial year 20 dwellings will be purchased.
- Special Purpose Housing Program. Under this program non-government organisations which support people with physical, intellectual or psychiatric disabilities and other special needs groups, such as alcohol and drug rehabilitees, can lease properties from the Department. Fifteen dwellings will be purchased/built during 1989-90 at a cost of \$1,965,000. A further \$1,118,000 will be available for the completion of projects commenced in 1988-89.
- Home and Community Care. People with disabilities who need their own dwellings modified can receive assistance through this scheme. In excess of \$4.3 million will be allocated to various projects in 1989-90.

Environment

The Environment portfolio has a number of programs for people with disabilities.

• *Centennial Park Trust*

The Trust is progressively improving facilities to cater for people with disabilities. This includes the modification of picnic and toilet facilities to provide access for people in wheelchairs.

• *Bicentennial Park Trust*

A special program has been instituted at Bicentennial Park, Homebush Bay. The aim of the program is two-fold: (1) the short term training of people with an intellectual disability as garden labourers with the intention of external placement with other organisations, and (2) the permanent employment of one or more persons within the Park as part of the normal staff establishment.

• *Zoological Parks Board*

Visitors with disabilities are assisted in a number of ways including -

- special tours for visitors who are blind.
- regular bus tours at a concession fee and free entry for groups of people with disabilities who pre-book organised tours.

• *National Parks and Wildlife Service*

Following a survey of facilities in National Parks, the Royal Botanic Gardens, State Recreational Areas and Historic Sites, five major walking tracks and lookouts have been constructed and other facilities such as toilet blocks, information centres and refreshment areas are being upgraded to make them accessible.

Police and Emergency Services

• Police Department

The New South Wales Police Service is reflecting the Government's policies on programs and services for people with disabilities with the following initiatives –

- the installation of three telephone typewriters to provide access to key information by hearing impaired staff;
- the provision of a Police Emergency Telephone Typewriter Service for hearing impaired members of the public seeking Police assistance;
- the preparation of an "On-the-Job" training package for all Police, to indicate to them the problems facing hearing impaired members of the community;
- the establishment of a support network for staff who are deaf or hearing impaired.

• Board of Fire Commissioners

The Board has an ongoing commitment to people with disabilities –

- the establishment of a Rehabilitation Unit to assist injured staff;
- the provision of fire safety training to disability groups including the Spastic Centre of NSW and the Quadriplegic Association.

Sport, Recreation and Racing

The Department will continue to develop activities for people with disabilities, including the very popular camping programs which aim at "integration". It is anticipated that people with disabilities will account for 4,300 camper days in the 1989-90 programs.

Furthermore the Specific Populations Unit is developing a plan to address other recreation needs of people with disabilities. This report will be released in June 1990.

Specific initiatives for people with disabilities are being tailored to allow them greater access to mainstream programs including Aquatic Programs, and Sport and Recreation Skills Development Programs.

Once again, the Department will provide assistance to the NSW Sports Council for the Disabled to encourage people with disabilities to participate and achieve in sport at both local and elite levels. The Department will allocate \$125,000 in 1989-90.

Each of the Department's 10 Regional Offices, in conjunction with local councils, conducts a series of Vacation Activity Centres during the school holiday periods. In 1989-90, \$102,000 will be provided for the provision of specialised and integrated centres to accommodate children with specific needs.

Family and Community Services

The Government, as part of an overall strategy to bring about significant long term improvements in the planning, delivery and co-ordination of services to people with disabilities and their families, decided to transfer responsibility for developmental disability services and programs from the Department of Health to the Department of Family and Community Services.

This initiative, which took effect on 1 July 1989, established a single Department for the provision of individual and family support services and involved a recurrent allocation of approximately \$173 million; transfer of surplus real estate to provide \$60 million to finance a five-year capital works program; more than 5,000 staff; and approximately 200 facilities.

On 1 August 1989 the Government introduced the Disability Services and Guardianship Act which provides the most far-reaching recognition of the rights of people with disabilities to be protected from abuse, exploitation or neglect. Establishment of the Guardianship Board under this Act, is integral to the Government's initiatives in the areas of intellectual disability, mental health and aged care.

In anticipation of the Board dealing with over 2,500 applications in its first year, funds have been made available so that this major initiative can proceed in 1989-90 and in following years at a level to meet the needs of people with disabilities.

The Government's very high commitment to assisting non-government organisations to provide services to people with disabilities and their families, and to working in a close and co-operative partnership with such organisations, is secure. Despite reductions in Commonwealth Government assistance to New South Wales, grants provided to non-government disability services are to be cushioned and maintained at real levels.

Under the Home and Community Care (HACC) Program, which provides a range of services and support to aged and younger people with disabilities, real growth will be 6.75 per cent. This entails the provision of an additional \$4.2 million by the State Government to support HACC initiatives. Over 182,000 aged and younger people with disabilities will be assisted by this program during 1989-90.

The study "Living with a Disability and Dying for a Break", highlighted the lack of opportunity for these carers to have any break from their 24-hour responsibilities. It also found that 90 per cent of these were women and that the Western Area of Sydney is the most under-resourced in the State for people with disabilities.

As a result the Disability Services Directorate of the Department of Family and Community Services is to establish two respite care facilities for carers of people with a developmental disability in the Western Area of Sydney, an adult day facility, particularly to benefit ageing parents, and a children's respite care cottage providing overnight and weekend breaks for carers. Women will benefit from these desperately needed facilities as the high quality care they will offer to their family members will give the carers the peace of mind necessary for genuine relief.

All services developed and delivered by the Department will be within the framework of the Government's Statement of Principles for People with Disabilities and their Families. The Minister for Family and Community Services is the Chairperson of the Ministerial Committee on Disability which developed those principles.

Education and Youth Affairs

• Department of Education

The New South Wales Department of Education currently provides, through 111 special schools, 808 special classes, 253 itinerant teachers and 854 support teachers of students in regular classes, programs for students with learning difficulties and disabilities. The recurrent expenditure of over \$100 million per annum finances these programs.

In 1988 the Government guaranteed an additional \$80 million to Special Education. This will be allocated to the program over the next five years. In 1989 the Government introduced, at a cost of \$9 million, the first year of the Special Education Plan.

In this financial year an additional \$12.1 million has been allocated for high priority programs. A key new element is the program to assist disabled students in the transition from school to further training and employment.

Facilities for students with a physical disability at Balmain and Crestwood High Schools and Jasper Road Public School will be completed during the year. Construction of similar facilities at Werrington Public School will begin during the year. The design and construction of these buildings is managed by the Public Works Department.

• **Department of TAFE**

In 1988-89 TAFE substantially extended its provisions for students with disabilities. Expenditure in 1988-89 on this program exceeded \$4.5 million, with most being spent on field based services reflecting TAFE's emphasis on assisting individual students to undertake vocational courses successfully.

In 1989-90 there will be a substantial increase in the provision of –

- specially designed vocational courses or bridging programs into existing vocational courses; and
- special support such as interpreters, note-takers and tutorials.

It is estimated that expenditure on this provision in 1989-90 will be of the order of \$7 million.

• **Ministry of Youth Affairs**

The Ministry co-ordinates mainstream programs and services for young people in New South Wales, including those which assist young people with disabilities. Youth with disabilities receive assistance through the Helping Early Leavers Program (HELP).

• **Board of Adult Education**

The Board provides programs for people with disabilities through Evening Colleges. Programs are usually of short duration and of a general interest or skill formation type.

In 1989 the allocation to adult education organisations for programs for people with disabilities was \$367,582. The proposed budget for 1990 is \$485,000.

Transport

The Ministry of Transport will continue to fund special Government initiatives for the transportation of people with disabilities, including –

- \$3,300,000 under the Taxi Transport Subsidy Scheme. This scheme provides half-fare taxi travel for people with severe and permanent disabilities according to certain eligibility criteria;
- \$4,080,000 will be provided to over 80 community transport projects under the Home and Community Care Program. These locally based programs provide a range of transport services to the aged, frail and people with disabilities; and
- \$5,700,000 will be provided for concessional travel on buses, trains and ferries for blind people and incapacitated ex-service personnel.

In addition to these specifically budgeted programs, Government organisations within the Transport portfolio provide a range of facilities and services to assist people with disabilities, including

- the provision of audio tactile devices at traffic lights to assist the vision impaired; and
- the provision of telephone/teleprinters and special staff training by the Maritime Services Board to assist the hearing impaired. Hearing impaired employees of the Board have also undertaken training courses in assertiveness to enhance their career prospects.

To ensure the specific needs of people with disabilities are taken into account, the Accessible Transport Forum was established as a sub-committee of the State Transit Co-ordination Advisory Council (STCAC).

The role of the Forum is to –

- provide policy advice to the Council on the transport needs of people with disabilities;
- monitor the impact of various transport services on people with disabilities and identify opportunities for service improvements.

Business and Consumer Affairs

All offices of the Department are located at ground floor shop front sites and the design of reception areas allow for unobstructed movement by clients. Parking facilities can be made available for clients with disabilities and surveys are carried out at regular intervals to determine the suitability of environmental factors affecting clients with disabilities.

Industrial Relations and Employment

Under the Technical Equipment Scheme (TES) the Department will provide an annual allocation of \$50,000 to enable the purchase and loan of technical equipment for the use of people with disabilities employed by the Public Service or, in some cases, seeking public sector employment.

Under the Workplace for Disabled Youth Program, funds have been allocated to nine community organisations to conduct employment programs over the next year.

An amount of \$440,000 has been allocated to organisations working with people with disabilities to operate four projects which aim to create new, long-term jobs and/or improve skills.

The Department will continue its funding of –

- the Work Training Scheme, which is administered in conjunction with the Department of Community Services and Health. The scheme is a means of providing work training to people with disabilities with successful trainees being permanently appointed to vacant positions within departments; and
- the Apprenticeship Program for Persons with Disability which provides apprenticeship opportunities.

It will also continue its administration of the Special Placement Program which is designed to place people with a disability into clerical and keyboard positions at the base grade level.

Natural Resources

• *Department of Water Resources*

Within the allocation of the Department of Water Resources two projects are directed towards people with disabilities –

- the establishment of a register of facilities available for people with disabilities at each Departmental location (any proposed works will include provisions for toilets, wheelchair access, etc. for people with disabilities);
- the identification of opportunities for the recruitment and promotion of people with disabilities.

• *Department of Lands*

The following programs will be initiated by the Department of Lands during the 1989-90 financial year –

- wheelchair surveys, in conjunction with the Quadriplegic Association of NSW, will be undertaken in the Department's four metropolitan locations. (From these surveys, building modifications will be prioritised and included in budget estimates for 1990-91.)
- funding of approximately \$35,000 has been made available through the Capital Works Program to redesign toilets on the ground floor of the Lands Building and provide access for wheelchairs.

• *Forestry Commission of New South Wales*

The Forestry Commission will continue to be involved in the training of people with disabilities through its apprenticeship and traineeship schemes.

Work will also continue on the upgrading of Commission accommodation and facilities to make them more accessible to people with mobility problems.

As part of its program to extend facilities for people with disabilities, the Commission has designed and maintained two sensory nature trails in recreation areas within State Forests. One of these, in Cumberland State Forest, is very popular with infirm elderly people as well as groups from schools which cater for children with disabilities. In addition, the Commission provides an Advisory Service for other Government departments, schools and welfare organisations involved in the establishment of natural areas and nature trails for people with disabilities. Staff from this Service also conduct courses to instruct guides on ways to interpret the natural landscape for people with sensory disabilities.

Corrective Services

The Department is to upgrade its services to inmates with an intellectual disability.

An ongoing program at Cooma Gaol provides training in literacy/numeracy, social skills and self sufficiency skills.

Special units to provide rehabilitative services for inmates with an intellectual disability are being established at Parklea, Mulawa, and Goulburn Prisons.

Facilities for inmates with a physical disability are being expanded as part of the Department's current building program. Stage 2 of Mulawa redevelopment includes the provision of three cells for inmates with a physical disability. Lithgow Prison is to contain five cells for inmates with a physical disability. Provision is also being made for hearing impaired prisoners in the form of audio loops and a digital recorder unit. A new wing to be opened at Goulburn Gaol in March 1990 will have facilities for inmates with a physical disability, including audio loops and a digital recorder for hearing impaired inmates.

7.10 RURAL SECTOR

Agriculture, the State's major land use, is also its most decentralised industry. In addition, the State's commercial fisheries extend along the length of the New South Wales coast and recreational fishing is an integral part of the lifestyle and economies of many coastal and inland towns.

The Government recognises the importance of both industries and is committed to protecting and improving the rural environment by promoting sustainable practices. Research and advisory programs will continue to focus attention on the major constraints to sustainable agricultural production such as soil salinity, soil acidity and vegetation clearance and land degradation.

In addition, many initiatives have and are being introduced in such areas as education, roads and sport and recreation to ensure that rural people are not deprived of the best of infrastructure services because of their remoteness from the more populated areas of the State.

Agricultural and Fisheries Services

While sustainable agriculture and fisheries will be promoted during the forthcoming budget year, the Government also recognises the vital part played by the State's rural sector to the economy of New South Wales and Australia. Given the importance the Government places on encouraging export earnings, the Department will have the role of catalyst for import market development within the agricultural and fishing industries. This approach will ensure that the State's primary industries are able to draw upon experience, research and contacts to best ensure entry and competition to markets throughout South-East Asia and the Pacific.

The Department is ideally placed to help achieve the delicate balance between economic development of the State's agricultural and fishing industries on the one hand, and the conservation of the State's soils, fish, tree and water resources on the other.

The decision to relocate the headquarters of NSW Agriculture and Fisheries to Orange by December 1991 is indicative of the Government's commitment to the rural sector and demonstrates the very real emphasis placed on the role Government has in the decentralisation process.

In the area of capital expenditure, the major allocation in this financial year will be for the completion of the Elizabeth Macarthur Agricultural Institute at Camden Park. Completion of this project will provide New South Wales with Australia's most modern veterinary research facility.

Provision of Rural Assistance

Following a review of rural agencies in New South Wales, covering the Rural Assistance Board and the State Bank Rural Agency, the two agencies have been combined into a Rural Assistance Authority under the responsibility of the Minister for Agriculture and Rural Affairs.

The amalgamation enables a more efficient and effective delivery of rural assistance measures to the farmers of this State and it encompasses all aspects of the Commonwealth Rural Adjustment Scheme.

Soil and Water Conservation Services

In the Soil Conservation Field, this Government is acutely aware of the need for community participation and action if the State's land degradation problems are to be overcome.

The Government recently released the results of the Soil Conservation Service's 1988 Land Degradation Survey, which provides the basis for future action.

Such action will be in accord with the Total Catchment Management policy and will commence with introduction of new catchment management legislation and the formation of a Tree Planting Forum to achieve more effective management of the State's natural resources.

Both initiatives depend heavily on coordination of government, individual and community activity in the natural resource management field and, the catchment management legislation will provide for establishment of local and regional committees to build on the good work already achieved by the Soil Conservation Service's very successful Dunecare and Landcare groups.

Basic to both these initiatives and indeed to the successful implementation of Total Catchment Management is the availability of management plans for all rural properties. The recently introduced Soil Conservation Service Property Planning Scheme addresses this need with the latest computer technology.

Educational Services

DEPARTMENT OF TECHNICAL AND FURTHER EDUCATION

The Department of Technical and Further Education plays a crucial role in the delivery of high quality education and training to rural areas in New South Wales. This includes flexible local delivery of Statewide programs, specially tailored courses and external studies provision.

Ongoing initiatives in 1989-90 will include

- Outreach programs – \$1.8 million for programs designed to maximise community access to education and training, especially for disadvantaged groups (51% of outreach courses in TAFE are based in rural areas).
- Joint secondary school/TAFE programs – this important initiative is conducted on a fee-for-service basis throughout the State; provision will be expanded in country areas.
- Rural traineeships and apprenticeships – TAFE has responded to the newly created Rural Trades and Rural Traineeship (State) Award by establishing initial courses in rural operations, rural trades and courses for stablehands and strappers; provision will be expanded in 1989-90.
- New initiatives will focus on –
- upgrading of computer equipment and other facilities to enhance teaching and learning in country colleges;
- expanded use of satellite delivery for colleges in remote areas;
- use of woolbarns in selected rural areas – these large flexible workshops with electric and oxy welding equipment will enable colleges in centres such as Quirindi, West Wyalong and Yass to broaden the range of courses available; and
- extension by TAFE of lightweight modular buildings and other multipurpose, flexible facilities as a means of rapidly increasing local provision of education.

DEPARTMENT OF EDUCATION

The Rural Schools Plan is a current initiative of the Department of Education and is part of the Government's Rural Education Plan. An additional \$4.4 million will be provided in this area in 1989-90.

The overall purpose of the Rural Schools Plan is to improve access to education for all rural students and to reduce educational disadvantages caused by isolation thus ensuring that rural students receive an education of equal quality to those students living in the major population centres.

The key elements of the Rural Schools Plan are –

- large cash grants for isolated schools;
- extension of the Staying On Program to rural areas to increase school retention to Years 11 and 12;
- new distance education initiatives including trials with satellite technology;
- improvements to staffing in Central and Agricultural High Schools;
- increased living away from home allowances;
- more promotions positions in rural schools to encourage more senior staff to work in country areas; and
- Rural Teacher Education scholarships to attract teachers committed to teaching in country schools.

ISOLATED SCHOOLS

The Department of Education administers the Country Areas Program which aims to improve the educational opportunities and outcomes for rural students in designated areas. An amount of \$3 million is available in 1989-90.

Furthermore, children in country areas will also benefit from programs in the areas of Special Education and Aboriginal Education.

Police

PREVENTION, DETECTION AND INVESTIGATION OF STOCK THEFT

The Police Department will employ 26 stock investigators to perform both preventative and reactive policing in stock related duties. An allocation of \$870,000 for 1989-90 will meet the costs of salaries, purchase of equipment, tackle, portable yards, hiring of horses and equipment, care and disposal of exhibits.

NEIGHBOURHOOD WATCH/RURAL

The Police Department will continue its commitment to the Rural Sector with the introduction of the Neighbourhood Watch/Rural program.

Sport, Recreation and Racing

The Department of Sport, Recreation and Racing has established a decentralised administrative structure. Six of its ten regional offices and eleven of its twelve residential outdoor sport and recreation centres are located in rural areas.

The following services will be funded within rural areas in 1989-90 -

	Allocation \$m	Estimated Participation
• Vacation Learn to Swim	0.569	35,600 children
• Outdoor Recreation Education	8.2 (recurrent)	283,000 participant/days
	1.274 (capital)	
• Adult Sport/Recreation skill development		1,430 separate course
• Capital Assistance for the development of sport and recreation facilities	2.4	160 sports facilities
• Country Athlete Scheme	0.15	350
• Talented Athlete Programme	0.15	140 potential elite sportspeople
• Vacation Play Centres	0.304	300 centres
• Race Meeting Inspectors	0.45	400 meetings

In addition to these services the following initiatives which impact on rural areas will be launched in 1989-90 -

- establishment of a Regional Sports Development Scheme with an initial allocation of \$2.2 million which will benefit four major rural sports facilities;
- rural racecourses will also benefit from the \$25 million to be distributed throughout the state through the Racecourse Development Fund;
- a management advisory service to assist administration of race clubs; and
- the development of the first eight of a planned total of eighteen regional horse training complexes. It is estimated that these initial facilities will cost \$6 million approximately.

Rural Road Development Program

A provision of \$179.5 million has been included within the capital allocation to the Roads and Traffic Authority for new and continuing development of rural roads this year (an increase of \$45 million or 33.5 per cent over expenditure in 1988-89). Further amounts will be provided for the rehabilitation and maintenance of classified roads in rural areas and for rural local roads, while in the order of 60 per cent of revenues raised from the additional fuel levy over the next three years are also expected to be allocated for rural roads.

Some of the more significant roads projects in rural areas are –

Description of Project	Estimated Expenditure 1989-90 \$m
South Western Freeway – Construction of Mittagong Bypass between 105.2km and 112.0km South of Sydney	20.33
Hume Highway – Construction of Goulburn By-Pass	6.888
Hume Highway – Construction of Deviation over Cullarin Range from 20.0km to 51.5km south of Goulburn	6.983
Hume Highway – Construction of dual carriageways from Coppabella Road to Reedy Creek, 38.5km to 48.3km South of Yass	8.725
Hume Highway – Upgrading and rehabilitation between The Olympic Way, North of Albury and Victorian Border	5.729
Great Western Highway – Upgrading and rehabilitation from 9.6km to 24.5km West of Lithgow, including replacement of bridge over railway, Lidsdale	6.641
Pacific Highway – Construction of Tweed Heads bypass, including Bridgeworks, between 101.6km north of Ballina and the Queensland border	6.32
Federal Highway – Upgrading to dual carriageways, including bridgeworks at Brook's Creek, 43.0km to 63.0km (Bungendore Road) South of Goulburn ...	4.9
Mitchell Highway – Restoration of access over the Macquarie River at Wellington following collapse of the existing structure	4.188

7.11 WOMEN

The Government is committed to ensuring that women have access to and use of all mainstream services and activities in New South Wales. This extends beyond the scope of Government programs to opportunities in areas such as small business, housing, employment and credit.

In order to achieve this objective, the Government must ensure a fair allocation of its resources and charges to women. This does not always mean the same allocation as that made to men. Educational or economic disadvantage, child-rearing or family responsibilities, double disadvantage or gender stereotypes may make special provisions necessary, at least in the short term.

Wherever possible, however, access to services for women should be built into the mainstream provisions of the State. Any attempt to cater for a group that comprises over 50 per cent of the population through specialised services is both inefficient and unrealistic.

The Women's Co-ordination Unit will develop a series of indicators to monitor programs in improving women's social and economic status in New South Wales.

The Government has identified a number of priorities for women's services in the coming year. These areas of need are reflected in the following allocations.

Education

The Ministry of Education and Youth Affairs provides the mechanism for interdepartmental co-ordination of policies and strategies pertaining to women and girls.

The Department of Education has developed the Girls' Education Strategy, with three mainstream action plans in place at school and regional levels. A new policy statement on the education of girls is included in the Girls' Education Strategy.

This has been issued to schools to highlight that it is the mainstream professional responsibility of all teachers and administrators to provide quality and equitable schooling for girls.

To support the implementation of the action plans and policy statement in 1989-90 the following specific initiatives will be funded -

- \$55,000 for ongoing co-ordination and monitoring of the implementation of Girls' Education Strategy, including identification of state-wide performance indicators;
- \$18,000 to evaluate the Girls into Technology program operating in 50 pilot schools;
- \$20,000 to conduct a residential camp, for at least 100 girls (drawn from the pilot schools) to participate in a Technology Expo that will offer these students a structured, 'hands-on' opportunity to plan, design and create a technological piece of work that will increase their confidence in studying mathematics, science and technology-related aspects of the curriculum.

In 1988-89 over \$500,000 was allocated for a major staff development program to support the implementation of the new Child Protection curriculum materials. This program was extremely successful in establishing a statewide network to facilitate the mainstreaming of Child Protection so that it becomes an important aspect of each teacher's work with children.

In 1989-90 funds will be allocated to maintain an officer to continue to support the Child Protection area and its effective mainstreaming.

In the Department of TAFE, the Education and Training Strategy for Women and Girls, launched in May 1989, has key objectives of promoting equal opportunity in education and employment, and improving the range and quality of women's participation in TAFE.

The strategy builds upon the Department's existing commitment to, and achievements for women.

It is intended that existing resources will be diverted to meet the commitment of these strategies where appropriate. The strategy is focused at the local level and aims to -

- increase the number of women being trained in trades and technical areas;
- increase the numbers of women training in industries critical to the State's economic development;
- improve women's career opportunities by expanding the range of TAFE courses in which they participate;
- provide a more supportive and challenging learning environment for women; and
- upgrade the technical skills of female teachers in new technology relevant to their industry area.

The specific initiatives outlined below support the successful implementation of the Women's Education and Training Strategy. Funding for these initiatives will in part be achieved by the reorganisation of priorities within the Department's budget for 1989-90.

To support local managers to implement the strategy and overcome attitudinal and structural barriers, an amount of \$60,000 has been allocated in the 1989-90 budget to establish procedures at colleges and to provide professional development, resource materials, co-ordination, data collection and implementation of local strategies.

The Department will commit funds for the following ongoing initiatives to be introduced in 1989-90 to implement the Women's Education and Training Strategy -

- trade and technical fields will actively seek women's access to these areas including the appointment of eight teachers by 1991. Estimated cost for 1989-90 is \$110,000 and for 1990-91, \$215,000.
- recruitment/training programmes will be developed for women seeking teaching positions in trade and technical schools including release for skills or industry supplementation for at least 10 women per year. Estimated cost for 1989-90 and for 1990-91 is \$130,000 for each financial year.
- review courses presented for accreditation or reaccreditation to ensure no inbuilt gender stereotyping and that the learning needs of women are taken into account. An amount of \$30,000 will be allocated in 1989-90.
- to ensure that programmes and courses developed as a result of industry restructuring will enhance female involvement, enrolment and address their learning needs \$15,000 has been provided in 1989-90 and \$30,000 in 1990-91.
- an estimated amount of \$28,000 for 1989-90 and for 1990-91 will allow co-ordination across TAFE of recruitment strategies to ensure the Department effectively uses its human resources and thus maximises the skills and abilities of women. Funds will ensure the allocation of additional central recruitment support for recruitment strategies to increase female staffing in trade and technical training schools.

Mainstreaming of equal opportunities in employment and structural adjustment and reorganisation in TAFE will open up employment opportunities for women on a more widespread basis in TAFE. During implementation of reorganisation and mainstreaming, additional expert resources will be provided to regional and local managers, by the Directorate of Staff, to support the expansion of merit and equal opportunities in employment.

The TAFE Women's Co-ordination Unit will monitor and evaluate data on the implementation of the strategy in conjunction with Schools, Colleges and other Directorates. This will involve the co-ordination of mainstream data collection, the development of performance indicators and evaluation.

The total estimated cost of budget initiatives for women in the Department of TAFE is \$763,000 for 1989-90.

Women's Health

In line with the fact that women are the major consumers of health services in New South Wales, they can be expected to absorb a major proportion of the record \$4.1 billion health budget. The health needs of women are a high priority for the Government, with the major emphasis for resource allocation being the areas which affect the majority of women, namely, preventive health care such as cancer screening and awareness, and acute care services.

Funds committed for women's purposes aggregate \$21.5 million.

Decisions affecting women's health have been particularly influenced by the well-received report of the Ministerial Taskforce to Review Maternity Services in New South Wales and the increasing consumer demand for the provision of services to detect and treat breast cancer early.

The major initiatives in the women's health sector –

- extensions of the current pilot mammographic screening projects totalling \$2.1 million in 1989-90 will expand services based in Central Sydney. Additional services will be announced after the Minister has received advice from an advisory committee of experts chaired by Professor Martin Tattersall.
- the second group of initiatives arise directly from recommendations of the Review of Maternity Services. Since the last budget statement, the Minister has announced a range of services associated with widening the range of choices for women giving birth in this State. A birthing centre is open at Wollongong and budget commitment has been made for further centres at King George V, St. George, and Camden hospitals, with an extension of facilities for the new Rankin Park Hospital;
- \$1.7 million has been allocated in 1989-90 for a new statewide service for women – the Gynaecological Oncology Unit at the Royal Hospital for Women. This Unit will treat women with cervical, endometrial and ovarian cancer and will play a critical role in the provision of expert care for the women of New South Wales who have gynaecological cancer; and
- evaluation of the Women's Health Nurse program to assist in reaching vulnerable women with tests and education regarding preventable cervical cancer. It is anticipated that additional resources will be based on the outcome of this evaluation which is due by November, 1989. This will build on the already existing women's health bilingual community educator and women's health education officer and nurse practitioner programs and ensure that the research and pilot work completed by the New South Wales Women's Advisory Council with non-English speaking background and Aboriginal women, will be extended.

Any new developments will include the option of provision of salaried women's health nurses located in general practices, targeting rural, non-English speaking background and Aboriginal women. In these cases, a nurse practitioner may be more suitable to provide Pap tests, routine ante and post-natal care and other services to complement those of the doctor.

In 1989-90, \$2.0 million has been provided by the Commonwealth to extend and support early discharge programs as part of the Medicare Incentives package. Additional State funds will support Capital Works, including further development of birth centres and hospital refurbishment (\$2.0 million), improve neonatal transport and ventilator cot availability (\$7.5 million) and various other service enhancements (\$2.0 million).

Other major budgetary allocations to be made so that ongoing commitments to services as indicated in the International Women's Day statement can be made are as follows -

- \$5.3 million to fund community based women's health centres, family planning services, pregnancy counselling and support services, and other special programs for drug dependent women and their children, childbirth education and nursing mothers;
- Health Promotion initiatives (total allocation \$577,000) includes extension of the cervical cancer awareness project via the N.S.W. Cancer Council, the chlamydia professional and community education campaign, parent support pilot project in the Wentworth Area Health Service, and the post-natal depression program. The Healthy Older People project has a major emphasis on women as the largest component of the ageing population; and
- women's health education officers and other health promotion and prevention initiatives will be integrated with mainstream services, but particularly targeting the at-risk groups of non-English speaking background, Aboriginal, adolescent, older and isolated women. This includes continuation of funding for the thirty one 24-hour sexual assault services.

Childcare

New South Wales is committed to co-operating with the Commonwealth to create an additional 9,810 child care places over the next four years. The program also involves a substantial commitment of capital funds for the construction of children's day care centres at an estimated total of \$17.3 million over four years. This program will be supplemented by an additional \$4.0 million to improve access to child care assistance for working women.

The total contribution to operating subsidies for child care in 1989-90 will be \$56.2 million.

Housing

As women comprise more than two-thirds of the waiting list for public housing, they are the major beneficiaries of the Department of Housing's Capital Program. Depending on agreements with the Commonwealth, expenditure on this Program is expected to increase from \$550 million in 1988-89 to \$600 million in 1989-90. Details of the Housing Program are provided in section 7.6.

The Medium Term Women's Housing Program's 1988-89 allocation of \$2.8 million will be maintained at the same level in 1989-90. Administration of this Program has been transferred to the Department of Family and Community Services.

Domestic Violence

The joint Commonwealth/State Supported Accommodation Assistance Program (SAAP), under the second 5-year agreement which commenced on 1 July 1989, will continue to provide supported accommodation and support services for women through the sub-program for Women's Emergency Support Services (WESP) and General Supported Accommodation (GSAP).

The total 1989-90 allocation to SAAP is more than \$50 million (up 44.7 per cent on 1988-89), which will be allocated to the three sub-programs providing services for women (WESP), young people (YSAP) and other homeless people (GSAP). This budget includes growth funds of \$3.2 million (\$1.6 million from the New South Wales State Government and \$1.6 million from the Commonwealth).

Over the next three years, growth monies allocated to WESP will enable the expansion of the women's refuges Follow-up Support Program. This important initiative will establish and resource specialist Follow-up Support Workers who assist women and children leaving women's refuges to re-establish themselves, form new networks and self-help groups and gain access to existing community resources.

The program aims to increase the effectiveness of existing women's refuges and substantially improve the outcomes for clients. Evaluation of existing positions indicates that workers are instrumental in assisting women to avoid returning to abusive situations or developing dependence on crisis services.

The three year expansion of this program will increase existing half-time positions to full-time; establish more workers in country refuges; provide full-time positions for the support of women from non-English speaking backgrounds and establish follow-up support services for women leaving refuges in the Sydney metropolitan area. The new city workers will work from a number of established SAAP services, but operate over specific geographic areas.

The Domestic Violence Advocacy Service will receive an allocation of \$157,680 to continue its work in assisting victims of this crime.

The Police Department is undertaking a Family Violence Program for which the following budgetary allocations are to be made -

- \$160,000 to deliver a Field Training Program;
- \$50,000 to complete two training videos for police on domestic violence in relation to police procedures and awareness;
- \$18,000 to conduct a pilot study in conjunction with the Salvation Army to assist Police in domestic violence situations;
- \$10,000 to develop training manuals on domestic violence procedures and awareness;
- \$20,000 to provide domestic violence kits for car crews;
- \$35,000 to pilot a Crisis Intervention project to assist Police in domestic disputes, in line with other states; and
- \$8,000 to employ a researcher to look into aspects of homicide involving domestic violence, to update the computer program on domestic violence, to print documents to be sent out to the police and public, and to pay for a lecture tour throughout the state.

The total police expenditure on this Family Violence Program is \$301,000.

Sexual Assault

Expenditure by the Police Department on programs related to sexual assault includes -

- \$308,000 to train police in the investigation of sexual assaults and the care of victims;
- \$55,000 to make a training video to alert police to victim needs, and to the effective use of interdepartmental guidelines;
- \$60,000 to establish a sexual assault unit in the North West Region, as such units already exist in all other police regions in New South Wales; and
- \$25,000 to fund 10 training conferences throughout the State, to publish conference documents, and for a feasibility study prior to the establishment of Sexual Assault Liaison Officer positions.

Victims of Crime

An Implementation Committee has been established by the Police Department, to facilitate the introduction of audio and/or video recording of police interviews. The project arises from recommendations contained in a Report prepared by the Criminal Law Review Division of the Attorney-General's Department, entitled "A Proposed System of Electronically Recording Police Interviews with Suspects".

The video recording of suspects' evidence will have particular benefits for victims of crime, in that it is expected to lead to a reduction in court delays by decreasing the potential for argument on the admissibility of confessional evidence.

Overseas experience also indicates that introduction of videotaped statements increases the incidence of pleas of guilty, further reducing the need for victims or witnesses to participate in court proceedings.

Child Abuse

The State's allocations to combat this major problem are co-ordinated by the Child Protection Council. In 1989-90, \$2.4 million will be available for its recurrent expenditure.

A major component of the Council's work is its training program.

In an attempt to address the child abuse problem, the Police Department has made a commitment to the following programs with 1989-90 allocations -

- an initial Response Officers Course (Child Abuse and Sexual Assault), to be conducted in each of the newly established Police Regions at a total cost of \$30,000;
- establishment of a Child Mistreatment Unit at Orange or Bathurst at an initial cost of \$80,000;
- allocation of \$40,000 for the development and implementation of a child abuse education program for all district training co-ordinators and staff; and
- \$30,000 for a computer program to be written to extract information from the Police Computer Information System pertaining to child abuse incidents.

The Child Sexual Assault Unit in the Office of the Director of Public Prosecutions will continue to be funded so as to provide specialist services during legal procedures which involve child victims. This year there has been additional travel and salaries budgetary commitment to the regional offices of the Director of Public Prosecutions. This allows for an officer in each region to specialise in sexual assault work.

Transport

The CityRail Passenger Security Strategy has been designed to improve safety overall and its communication target is the whole community. However, it was recognised that a strong underlying component of the strategy must be establishing effective communications with the two most vulnerable groups, women and the aged.

The CityRail Passenger Security Strategy has two key components -

- modification of the physical environment so it is less conducive to acts of violence;
- implementation of an effective communication program to seek community support and to increase awareness of how to minimise the risks to personal safety.

Many of the programs developed to support these objectives focus on the particular requirements of the high risk groups and this consideration is fundamental to the strategy. These two components go hand in hand as many of the physical changes being made to trains and stations require community participation and understanding for them to work.

For example, the blue light on trains indicates where the guard is located - the safe zone on a train. CityRail intends to conduct a major information program to educate the public on how this initiative should be used by the community to minimise risk. While the program will be targeted at the general community, it has been designed to specifically assist women.

A similar process of communication will be undertaken to educate commuters, with women the major target, in the following areas -

- The late night waiting zones on stations are safe waiting areas and this is where the unlocked carriages will stop after 8.00pm.
- The need to exercise some basic safety precautions while travelling on trains and walking to and from stations. The communication of this message commenced with a newspaper insert on 11 July 1989 of a brochure entitled "Travelling Alone". This brochure is targeted at women and CityRail intends to continue to reinforce these messages on a regular basis.

It is intended to expand the communication process through the use of billboards and posters at stations, leaflets and brochures which will be handed out by staff and Transit Police to commuters, and through the media. This will include the major metropolitan newspapers and suburban and ethnic newspapers. Posters, billboards, leaflets and brochures will be translated to reach the non-English speaking community with the message specifically targeted at women.

It is CityRail's intention to publicise the changes in media outlets which have a large female component in their audience or readership.

CityRail will be seeking the active involvement of the Women's Co-ordination Unit and the Women's Advisory Council, both of which have been proposed to assist with advice on dissemination of information and methods of implementing the strategy. CityRail is also proposing that it co-operate with the Council and the Unit in promoting the strategy.

Employment

The WorkCover Authority has taken a number of initiatives in relation to improving women's occupational health and safety since January, 1988.

Training for Safety Inspectors has been broadened and upgraded to deal with a range of hazards particularly associated with the service sector as well as with manufacturing. The Safety Inspectorate now employs five women Inspectors following a review by the Department of qualifications for entry to those positions. As a result, the Inspectorate now encourages people from a wider range of occupational backgrounds with qualifications including a trade, technical or other relevant criteria and experience, rather than supervisory experience, in the workforce.

Inspectors within the Division of Inspection Services are now undertaking preventative inspections and information exercises aimed at a wide range of industries and occupations where many women work. Areas targeted include the clothing industry, the office environment and in the South Sydney region, women in the manufacturing, retailing, warehousing and office areas. Emphasis was placed on examination of welfare facilities, ergonomic work stations and manual handling.

The Department of Industrial Relations and Employment has developed a Women's Employment and Training Strategy. An amount of \$118,000 will be provided in 1989-90 to conduct specialist activities directed at women in the work force and in training.

The program includes seminars, conferences, research and distribution of information and reports, together with the Register of Women in Non-Traditional Occupations and the Way Ahead Program.

Aboriginal Women

A number of initiatives will be developed for Aboriginal women in this financial year. These include the ongoing development of Aboriginal women's groups, the re-establishment of the Aboriginal Women's Committee and the development, in consultation with Aboriginal women, of a training package for Aboriginal women. The Women's Co-ordination Unit's Aboriginal Project Officer will be closely involved in these proposals.

Immigrant Women

In addition to a range of initiatives identified throughout this Budget Paper which will specifically benefit women of non-English speaking background, a total of \$64,400 has been allocated by the Ethnic Affairs Commission to a number of ethnic agencies for community initiatives for non-English speaking background women.

These include the Australian Arab Women's Federation, the Women's Council of Arab Education, the Democratic Turkish Women's Association, the Vietnamese Women's Association, the Muslim Women's Association, the Broken Hill Multicultural Centre and the Immigrant Women's Speakout of NSW.

Women Who Are Carers

Subsequent to the completion of the report "Living With a Disability and Dying for a Break", the Disability Services Directorate of the Department of Family and Community Services is to establish two respite care facilities for carers of people with a developmental disability in the Western Area of Sydney.

The study highlighted the lack of opportunity for these carers to have any break from their 24-hour responsibilities. It also found that 90 per cent of them were women, and that the Western Area of Sydney is the most under-resourced in the State for people with disabilities.

The funds will establish an adult day facility, particularly to benefit ageing parents, and a children's respite care cottage providing overnight and weekend breaks for carers.

Women will benefit from these desperately needed facilities, as the high quality care they will offer to their family members will give the carers the peace of mind necessary for genuine relief.

Sport

The NSW Department of Sport, Recreation and Racing will be launching its 'Sporting and Physical Activity Opportunities for Women' policy in the spring of 1989. This policy will have influence on sporting grants at a state level and the delivery of local level participation programs through its network of Regional Offices.

A feature of the programs implemented by the Department is that most of the statewide programs are a result of co-operative efforts between different federal and state bodies, such as the Women's Sport Promotion Unit and the NSW Women's Advisory Council. In conjunction with the Women's Sport Promotion Unit in the Federal Government, in 1989-90 the 'Participation in Sports' program will emphasise women's participation in sport at beginner, recreation and elite levels.

To ensure that all sections of the community have equal access to leisure opportunities, the Department established a Specific Populations Unit in July 1987. The Unit is involved in addressing the specific issues which are often a barrier to identified community groups, such as women participating in recreational and sporting services.

In the Department's mainstream programs, it is anticipated that the following services will be provided which will all have a significant impact on women -

- a total expenditure of \$8.2 million on Sport and Recreation Centre programs, \$4.1 million of which will directly benefit women;
- \$670,000 total expenditure on Adult Recreation Skills Development programs of which \$348,400 will be attributed to women; and
- a total expenditure of \$550,000 on a Sports Scholarship Scheme, of which \$286,000 will be allocated to women.

Other allocations which will benefit women are the Capital Assistance Program, whereby \$3.2 million will be spent on the development of local sporting and recreational facilities and a further \$2.2 million which will be spent on the development of Regional sporting facilities for swimming, gymnastics and basketball.

Business and Consumer Affairs

A Women's Adviser has been appointed within the Office of Small Business to assist women wishing to start a business or who need assistance in their business activities.

Land Titles Office

Funds will be allocated by the Land Titles Office in order that women's rights to Land Titles Office Services can be publicised. A total of \$10,000 has been allocated for two publications, one indicating 'change of name' procedures and the other specifically written for women regarding their property rights.

Women in Prison

Stage 1 of the \$39 million re-development of Mulawa Training and Detention Centre for Women is now completed. Accommodation for prisoners with a "B" security classification, visiting and administration areas and a day care centre are expected to be commissioned and occupied by October 1989.

The training courses planned for the opening of Stage I include literacy/numeracy; computer skills; horticulture (TAFE Certificate) and domestic cleaning (TAFE Certificate).

Stage II of the Mulawa project is currently under construction and will be completed by December 1989, with commissioning and occupation expected to occur early in 1990. Stage II comprises accommodation areas for prisoners with an "A" security classification.

A total of \$274,083 has been allocated in this financial year for a range of educational and training courses for female prisoners -

- at Bathurst prison, a total of \$35,080 will be provided for basic education, creative writing and personal communications courses. Additionally, the Department of Technical and Further Education will spend \$74,480 on a vocational office skills course and a full-time cottage craft industry course;
- at Mulawa Training and Detention Centre, funds of \$72,665 have been allocated to courses in adult literacy and numeracy; computer assisted learning; fashion and design; personal development; cottage crafts; pottery and silk screening and basic cooking. Additionally the Department of Technical and Further Education will spend \$70,560 on two courses - introduction to industrial machining and word-processing;
- at the Norma Parker Centre, courses will be provided in basic education, personal development, fashion and design and cottage crafts at a total cost of \$21,298.

In addition to the above allocations, the Department of Corrective Services employs six women under the New Careers for Women Scheme.

Women's Co-ordination Unit and Women's Advisory Council

The Women's Co-ordination Unit has been restructured with upgrading of staff and at the same time some economies have been implemented with the relocation of the Unit to Parramatta within the Department of Family and Community Services. Its allocation of \$1,346,300 for 1989-90 is almost a 12 per cent increase on the \$1,203,200 it received in 1988-89.

Funds will be available in the 1989-90 year to enable both the Unit and the Council to produce a major five year strategy document for women in New South Wales. A part of this document will include the development of gender equality indicators which will enable the Government to monitor progress in measuring the social and economic progress of women. The Women's Co-ordination Unit will provide assistance to other Departments in the use of these indicators to ensure that programs and policies achieve the Government's aim of improving women's equality.

The Women's Advisory Council comprises representatives from a diverse range of backgrounds. Its role is to inform the Government of issues of concern to women; to act as an advocacy body on behalf of women and to provide women with information about Government programs and policies which directly affect them.

The Council's program of work for 1989-90 will continue to target women who are doubly disadvantaged. The main part of the Council's 1989-90 budget will be allocated to its Community consultation program. These consultations will be issue-based and undertaken in both metropolitan and rural-based areas, with the aim of providing the government with information which can be incorporated into policy development or highlighting gaps in provision of services to women and their children.

7.12 YOUNG PEOPLE

Since coming to office in March 1988, the Government has introduced a number of initiatives and given high priority to programs which will increase opportunities for young people in New South Wales.

It has identified critical issues, among them the need for increased youth education, training and employment opportunities and assistance with accommodation and health care for young people. The Government has, as it will continue to do, rigorously monitored programs so that those that are effective will be continued and those that are not will be discontinued.

Although much of the New South Wales budget directly affects young people this section is about specific purpose programs for disadvantaged people aged between 13 and 24.

Developing Long Term Policies and Co-ordinating Strategies

THE OFFICE OF YOUTH AFFAIRS

The Government established the Office of Youth Affairs within the Ministry of Education and Youth Affairs to help develop youth policies and strategies. With a total 1989-90 budget of \$7.76 million, the Office employs a team of 10. The position of Executive Officer-Youth was recently created within the Ministry to develop a long term youth policy and strategies across all portfolios.

INTER-DEPARTMENTAL CO-OPERATION AND CO-ORDINATION

The Government has established an Inter-Departmental Committee on Youth Affairs which concentrates on the Government's Start To Life education, training and employment programs. It ensures they are designed and delivered in a way which most effectively reaches the young people they are intended to assist.

YOUTH ADVISORY COUNCIL

A Youth Advisory Council has been established to advise the Minister on issues relating to young people and to provide a channel of communication between young people, the community and the Government. Of the 12 members to be appointed at least 6 will be under the age of 25.

YOUTH WEEK

The extremely successful Youth Week held in 1988-89 will be repeated in coming years and the Government will again make funds available to community youth groups and Local Government for Youth Week functions. Further funds are set aside for special initiatives such as the Youth Forum and Young Australia Expo which took place in 1989.

Increasing Education, Training and Employment Opportunities

START TO LIFE

A top priority for the Government continues to be greater participation by young people in education and training leading to improved employment prospects.

This is the objective of the Government's \$32.91 million Start To Life initiatives which encompass programs administered by several government departments. The Inter-Departmental Committee on Youth Affairs, the newly created Education and Training Foundation, and the Office of Youth Affairs play an important role in ensuring the continued effectiveness and accurate evaluation of Start To Life programs.

Specific programs which fall under the Start To Life umbrella include –

Helping Early School Leavers Program (HELP) (\$4m)

The allocation for HELP is to provide funding to community organisations to conduct basic numeracy, literacy and self-esteem courses for disadvantaged young people, such as the courses conducted by the Wollongong City Mission for local unemployed young people.

Pilot Industry Training Program (\$0.5m)

The Pilot Industry Training Program provides support for innovative private sector pilot projects which allow young people training opportunities in areas of skill shortage.

Schools Programs (\$1.64m)

This allocation will be spent on Start To Life initiatives within NSW schools. These activities include Visits to Industry (VIP), schools-industry links and work experience programs. These programs focus on school curriculum goals so that students are aware of career opportunities and understand the importance of business to Australia's future.

An element of the Staying On program (total budget \$3.3m) is funded from Start To Life. Staying On aims to encourage students to remain at school in areas where retention rates are low.

Get Skilled (\$10.75m)

Since its introduction in January, 1989, 3119 students have enrolled in Get Skilled courses offered by the Department of Technical and Further Education.

Job take-up and TAFE mainstream course entry is high. Preliminary evaluation indicates those completing courses are having considerable success in finding employment or entering further training. The average length of unemployment amongst Get Skilled participants is one year

Get Skilled courses in the hospitality and tourist area have been accredited at the Certificate level and the Labour Market Programs Unit within TAFE is looking to review provision in other trade-based areas with the aim of accreditation.

Get Skilled courses are offered at TAFE colleges throughout the State, where they are matched to local industry employment needs.

Community based Employment/Training (\$2.5m)

This program, operated by the Department of Industrial Relations and Employment (DIRE) provides training and intensive job search assistance for young people who have been unemployed for a long period. It also assists employers and employees during the initial period after placement. The program incorporates the former Workplace Scheme and is offered both generally and to specifically targeted groups such as Aborigines and ex-prisoners. The program also includes a component to help integrate disabled young people into employment.

Skills Gap (\$1m)

This DIRE program provides short training courses for unemployed youth. It also provides funds to non-government sponsors to organise and conduct training courses.

Jobs for Youth (\$2.46m)

This program also run by DIRE is another of the Start To Life initiatives and includes three options -a Jobstart supplement, Get Work and Special Projects.

Industry Skills Centre (\$3.4 million)

This program contributes seeding funds for the establishment of training centres within approved industries. Included in this funding is the Western Metropolitan Training Centre which will provide training for the metal, electrical and automotive industries.

Competency Based and Multi Skilling Program (\$900,000)

There are two components to this program -

- Competency based trade training program which assists industry to modify the system of apprenticeship to one of competency attainment as the criteria for awarding trade status; and
- Multi-skilling training program, which will provide a service to employers introducing multi-skilling training of apprentices and trades people.

Supporting Students Financially

It is recognised that some young people require financial assistance to be able to participate in Government education programs. A total of \$7.9m is allocated for this purpose in the Department of Education budget. Educational assistance schemes include -

BURSARIES SCHEME (\$5.1m)

This scheme offers funds, on a means tested basis, to assist families with the education of students in junior secondary classes. This scheme is being replaced by the needy students scheme. Existing bursary holders will continue to receive assistance under this scheme until their awards are paid out.

NEEDY STUDENTS SCHEME (\$2.1m)

This is a new program which will provide funds to schools to directly assist families who need help with educational expenses for their junior secondary students attending government schools. The scheme is administered by small local committees at the school level. Funds will be provided with a special focus on economically disadvantaged areas.

Technical and Further Education

The Department of Technical and Further Education (TAFE) is Australia's largest provider of post-secondary education and training and has a long history of provision and commitment to young people. In the 1988 calendar year TAFE catered for over 470,000 enrolments; of this number nearly 46 per cent were young people under the age of 25.

Total expenditure in the TAFE area in 1988-89 was roundly \$620 million. This year's estimate of roundly \$695 million allows for an increase of 12 per cent or 4.2 per cent in real terms.

TAFE will also work with the Education and Training Foundation to establish innovative approaches to meeting local education, training and employment needs.

A Needy Students Scheme will be established, and administered by each college to assist students in genuine need who do not meet existing exemption criteria.

Besides Get Skilled programs listed under "Start to Life", TAFE offers mainstream courses and strategies specifically aimed at young people. These include -

TAFE-SCHOOL LINKS

TAFE has strengthened its ties with secondary schools through the introduction of the Joint Secondary Schools TAFE (JSST) program. In 1989 enrolments in JSST increased by 70 per cent to 6474 students in 102 TAFE colleges and 347 secondary schools.

The Electronics Technology, Accounts Clerical, Travel Agency Practice and Small Business Practices courses under JSST have been approved by the Board of Secondary Education as Board Determined courses from 1990 for the purposes of the HSC and are also accredited courses within TAFE. These courses are now eligible for inclusion in the tertiary entrance score.

PRE-APPRENTICESHIP PROGRAM

More than 2,300 young people are enrolled in 170 classes in the 1989 state-funded pre-apprenticeship program.

AUSTRALIAN TRAINEESHIP SYSTEM

Nearly 3,500 students were enrolled under the ATS in 1988-89 in over 300 courses. There are over 25 traineeship categories and courses are conducted in 67 colleges. New South Wales makes up slightly less than half of the national ATS commencements.

Other Specialised Services and Courses

Both the Department of Education and TAFE provide an extensive range of student support services including counsellors, course information officers, careers advisers and student activities co-ordinators. Other specialised services and courses include -

HOME SCHOOL LIAISON PROGRAM

This program is run jointly by the Department of Education and the Department of Family and Community Services (FACS) and addresses the problems of school non-attendance. It has been successful in encouraging young people to attend school and provides back up support for families where necessary.

APPLIED AGRICULTURE (\$4,000)

The Department of Agriculture and Fisheries provides full time tertiary education for school leavers who wish to pursue a career in applied agriculture. This is available to students at School Certificate level or above and is based on developing practical farm management skills using a real farm situation. The courses are offered through the C. B. Alexander Agricultural College, "Tocal" Paterson and the Murrumbidgee College of Agriculture, Yanco. An extra \$363,000 will be spent upgrading the college facilities.

BUSINESS AND CONSUMER AFFAIRS (\$123,000)

The Department of Business and Consumer Affairs provides several youth programs including small business awareness workshops, an essay competition and a business management game for senior high school students. It also publishes fair trading booklets for students and teachers.

Employment Assistance for Young People

DIRE offers several programs focusing on young people in addition to "Start to Life" initiatives, such as -

APPRENTICESHIP PROMOTION (\$70,000)

This program covers the annual Apprentice and Trainee of the Year Awards including regional competitions.

GOVERNMENT INTAKE GROUP APPRENTICESHIP SCHEME (\$450,000)

A scheme intended to increase the training effort of government departments and authorities. Under this scheme 50 per cent of the wage cost to client departments and authorities is borne by DIRE. There are currently 40 apprentices employed across government departments.

INTENSIVE TRAINING FOR APPRENTICES (\$1.15m)

This training is offered at three centres, two for building trades and one for metal trades. The centres provide off-the-job training as well as intensive training for out-of-trade apprentices to reduce apprentice wastage resulting from redundancy and to provide intensive training to enhance apprentices' employment opportunities.

GROUP TRAINING PROGRAM (\$3.2m)

This scheme subsidises the employment of supervisors and administration of group training organisations. There are currently 20 such organisations employing 2850 apprentices and 275 trainees.

AUSTRALIAN TRAINEESHIP SYSTEM (\$10.5m)

This is being implemented under agreement with the Commonwealth Government to improve training opportunities for young people. Traineeships involve the provision of on-and-off the job training in a structured manner

WORKERS COMPENSATION CONCESSIONS FOR OUT-OF-TRADE APPRENTICES (\$358,000)

This program reimburses employers the workers' compensation premiums for the first 12 months employment of an out-of-trade apprentice or pre-apprenticeship student. Because of falling applications, this scheme will be discontinued next financial year

Assisting Young People with Accommodation

In recognition of areas of special need, the Government continues with programs and support services for young people particularly at risk. The Inter-Departmental Committee on Youth Affairs has established a working party, chaired by FACS to develop co-ordinated responses to youth homelessness.

Other accommodation programs offered by FACS include –

SUPPORTED ACCOMMODATION ASSISTANCE PROGRAM (SAAP) (\$12.7m)

Amongst other programs for specific target groups, this program develops, delivers and co-ordinates policies and services specifically for homeless young people.

In 1989-90, over 100 community accommodation services will be assisted. An additional \$3.24 million has been allocated under the Commonwealth/State Supported Accommodation Assistance Program in 1989-90. A significant proportion of these funds will be directed to services for homeless young people. SAAP receives additional capital funds administered by the Department of Housing through the Crisis Accommodation Program.

PROGRAM FOR ADOLESCENTS AND THEIR PARENTS (\$2.39m)

This program, which has been used as a model by the Commonwealth Government, is aimed at preventing family breakdown and resulting youth homelessness. It involves detached family counsellors, day programs, district officers (adolescent support) and adolescent support workers.

A range of programs for young people are also offered by the Department of Housing. These include –

PUBLIC HOUSING FOR SINGLES (\$11.88m)

This provides secure, appropriate and affordable housing for disadvantaged single young people.

COMMUNITY TENANCY SCHEME – YOUTH (\$1.79m)

This provides affordable housing for low income households through locally managed community housing associations. Some 1,800 young people were assisted in 1988-89.

HEAD LEASING TRANSFER SCHEME

A scheme whereby public housing stock is leased to community housing groups to establish shared households of young people in need of minimal support.

CRISIS ACCOMMODATION PROGRAM (CAP) – YOUTH (\$6.52m)

Funds made available under the Commonwealth/State Housing Agreement are provided to purchase or construct supported accommodation services for young people.

SPECIAL PURPOSE HOUSING – YOUTH (\$1.45m)

This provides housing for groups with special needs who are not eligible for assistance under the Crisis Accommodation Program. Twenty five per cent of funds are allocated to assist young people.

SURPLUS GOVERNMENT PROPERTIES LEASEHOLD PROGRAM – YOUTH (\$895,000)

Under this scheme residential property surplus to the needs of government departments is leased to community organisations for the use of young people.

Providing for the Health of Young People

GENERAL HEALTH/MEDICAL YOUTH SERVICE (\$830,000)

This allocation provides general medical services specifically for young people.

DRUG AND ALCOHOL PROGRAMS

The Government has placed high priority upon combating drug abuse among young people. Services are provided by various departments including the Department of Health.

CLINICAL AND EDUCATIVE SERVICES (\$2.1m)

These services to treat, reduce and prevent substance misuse and abuse are provided through the Health Department's Directorate of the Drug Offensive.

Drug education programs are offered throughout New South Wales schools and information materials and courses for teachers, parents and community groups continue to be offered by the Department of Education.

DRUG AND ALCOHOL PREVENTION PROGRAMS (\$2.6m)

FACS provides diversionary support services targeting 'at risk' adolescents vulnerable to drug and alcohol abuse, or at an early stage of involvement in drugs, prostitution and criminal lifestyle.

HEALTH PROMOTION CAMPAIGN (\$1.7m)

Ongoing health promotion campaigns are offered by the Department of Health. These include programs designed to prevent the spread of Sexually Transmitted Diseases; Quit For Life targeting tobacco use amongst adolescents, particularly young women and Stay in Control, targeting alcohol misuse amongst young people.

The Government is committed to achieving a reduction in tobacco and alcohol use amongst young people. Support and education of young people regarding the maintenance of their sexual and emotional health is also seen as a high priority.

MENTAL HEALTH SERVICES (\$5.1m)

Funds will be allocated from the Department of Health budget for the provision of both out-patient and in-patient services for emotionally or psychiatrically disturbed adolescents, including homeless young people.

AIDS PROGRAMS FOR YOUTH (\$500,000)

Young people who are considered to be 'at risk' of HIV infection are identified as a high priority group for AIDS prevention programs.

Safety and Justice for Young People

The Government is committed to the provision of a safe and just environment for young people. Policies and programs to meet this expectation are provided through several departments and authorities including the Police Department, FACS, the Department of Corrective Services and the Legal Aid Commission.

POLICE – YOUTH SUPPORT PROGRAMS

The Police Department has committed almost \$4.6 million this financial year for programs targetted specifically for young people. The following amounts will be allocated –

- \$616,000 to continue the involvement of 25 officers on programs with young people, particularly in schools;
- \$1,103,000 to train 120 Constables in the area of youth needs and support programs;
- \$44,000 for a youth client group consultant to co-ordinate programs;
- \$27,000 for a program's branch youth advisor;
- \$2,800,000 grant towards the continued operation of Police Citizens' Youth Clubs.

JUVENILE JUSTICE (\$39.2m)

This encompasses a range of programs administered by FACS including Young Offenders Support Services, Community Service Order Scheme, Railway Reparation Scheme, Fine Default Scheme, Community Youth Centres and Detention Centres. They provide a range of options for the courts when dealing with young offenders.

YOUNG OFFENDERS PROGRAM (\$25,000)

This work and living skills program is conducted at Berrima Training Centre by the Department of Corrective Services for medium security prisoners under 25. Training is supplied by TAFE.

CHILDREN'S COURT MATTERS (\$1.94m)

Funds will be allocated, through the Legal Aid Commission, to this program which provides legal aid to young people.

Meeting the Recreational Needs of Young People

The Department of Sport, Recreation and Racing aims to serve the full range of ages within the community; however some programs specifically for young people include –

TALENTED ATHLETE PROGRAMS (\$205,000)

These programs aim to improve and nurture the development of young talented athletes so they can reach their full potential in their chosen sport.

VACATION CAMPS (\$180,000)

These residential camps provide sport and recreational opportunities for young people.

OUTDOOR EDUCATION (\$470,000)

This program reinforces and extends formal school curricula in environmental, social and recreational education.

VACATION INSTRUCTOR TRAINING (\$22,000)

Training is provided for young people who become instructors at vacation camps.

VACATION ACTIVITY CENTRES (\$30,000)

Varied recreation programs are provided for young people in holiday periods.

Cultural Activities

The Ministry for the Arts' activities are available to the whole community. However a special commitment is made to involve young people, particularly through the extension of education programs into schools and other community venues. The State Library, for example, estimates that 40 per cent of the costs of its Information Services Division is expended on activities for young people.

The Arts Advisory Council makes recommendations for the Ministry's Cultural Grants Program, and in 1989 over \$732,000 was allocated to youth activities which included involvement in theatre, music and dance. Some of the funded organisations include Theatre of the Deaf, Australian Theatre for Young People, Musica Viva and Sydney Youth Orchestra.

Assistance for Young People with Special Needs

YOUNG PEOPLE WHO ARE GEOGRAPHICALLY ISOLATED

The Government released its rural schools plan in April 1989. Recurrent and capital expenditure will exceed \$172 million over four years and includes the development of a space age "Open high school" and "Open TAFE College" at Belrose. Recurrent provisions in 1989-90 to particularly assist students living in remote parts of the State include -

Isolated Country Schools Grants (\$850,000)

Nearly 200 schools are assisted with funds to offset the disadvantages of isolation from libraries and cultural resources.

Access to Years 11 and 12 (\$206,000)

This program provides electronic access to subjects for clusters of secondary schools in remote areas.

Decentralised Distance Education Centres (\$307,000)

These are new centres for isolated correspondence students.

Living Away From Home Allowance (\$1.1m)

Assistance is provided to families whose children are required to board away from home in order to attain a formal secondary education.

Support for Rural TAFE Students

Accommodation officers are located in many metropolitan TAFE colleges and regional centres to assist students find suitable housing.

Country Apprentices Training Assistance Scheme (\$2.6m)

This scheme administered by DIRE provides fares and accommodation assistance for apprentices and trainees under the Australian Traineeship System.

Country Athlete Scheme (\$150,000)

This scheme conducted by the Department of Sport, Recreation and Racing assists sportspeople from country areas travel to major centres for competitive experience and coaching.

Kay Cottee Sailing Encouragement Award (\$14,000)

This Department of Sport, Recreation and Racing program provides an opportunity for young people from the country to be introduced to the sport of sailing.

YOUNG WOMEN**Education and Training Strategies for Girls and Women**

In March, 1989 the Government launched this major initiative to improve opportunities for girls and women in education and training. This gives all teachers and administrators professional responsibility to provide quality and equitable schooling for girls and to improve the range and quality of girls' and womens' participation in TAFE.

In TAFE initiatives are being undertaken to increase the number of young women being trained in trades and technical areas and to provide a more supportive and challenging learning environment.

Girls into Technology Program (\$18,000)

This allocation is for evaluation of the Girls into Technology program.

Technology Expo for Girls (\$20,000)

This allocation is for a science and technology exposition for girls.

Women's Employment and Training Strategy (\$118,000)

This program conducts research, distributes information and provides policy advice to encourage the entry of females into non-traditional occupations. The Register of Women in Non Traditional Occupations and the Way Ahead Program, which are targeted specifically toward young women provide speakers who act as role models to schools and groups. These DIRE programs have been combined this year

New Careers for Young Women (\$803,000)

This DIRE program subsidises employers who provide employment and training for young women. This is a "Start to Life program"

YOUNG PEOPLE WITH DISABILITIES**Transition Programs (\$270,000)**

These are school programs to help prepare students with disabilities to live independently in the community. In 1989 the Government, through the Special Education Plan, has supported the trialling of four transition teams, each centred on groups of special schools and classes. TAFE will also trial courses for disabled students.

TAFE Disability Services

This program provides 53 consultants across New South Wales to support students with intellectual, sensory and physical disabilities.

FACS Disability Services Unit

This unit will take on additional functions with the transfer of the Developmental Disability Services Unit from the Department of Health. It will provide temporary care for disabled people to provide relief for their families, work experience in disabled workshops and special employment programs, community group accommodation, counselling, advice, referral, assistance with behaviour modification, vocational support for the visually impaired, social and community integration programs and support programs for the families of disabled people.

Disabled Apprentice Intake Scheme (\$366,000)

This scheme administered by DIRE is intended to recruit a number of disabled young people into apprenticeships in government authorities and departments. Up to twenty people may be recruited each year and there are currently 16 in the scheme.

YOUNG PEOPLE FROM NON ENGLISH SPEAKING BACKGROUNDS

Programs for people from non english speaking backgrounds are listed in a separate section of the Budget. Special focus is made on young people through various government programs.

Some "Start To Life" programs, such as the courses conducted by Cabramatta Community Centre, assist secondary students, who are in danger of dropping out of school.

Other programs include -

Saturday School of Community Languages (\$1.86m)

This provides community language education in 20 languages to secondary students.

English for Specific Purposes Program (\$410,000)

This TAFE program provides English as Second Language courses and tutorial support.

Multicultural Youth Projects (\$547,000)

FACS provides funds to community organisations to assist with their work for young people of non English speaking backgrounds.

YOUNG ABORIGINES

The Government places top priority on providing assistance to young Aboriginal people who are especially disadvantaged. Many of the programs mentioned elsewhere are specifically targetted toward young Aborigines in localities where it is appropriate.

The Department of Education is developing an Aboriginal Education policy directed toward meeting the needs of young Aboriginal people. Other Departmental programs include -

Aboriginal Education Assistants (\$196,000)

These assistants help in schools with Aboriginal students.

Aboriginal Education Unit (\$660,000)

This unit is responsible for coordination and development of Aboriginal education.

Regional Consultants in Aboriginal Education (\$380,000)

These consultants help Education Regions implement Aboriginal programs.

Regional Aboriginal Community Liaison Officers (\$350,000)

These officers foster communication between schools and Aboriginal communities.

Aboriginal Home School Liaison Officers (\$350,000)

The officers help improve Aboriginal students' level of attendance and participation in school.

Priority Schools Program (\$540,000)

This program provides additional resources to clusters of schools to improve the academic achievements of Aboriginal students.

TAFE Aboriginal Youth Programs (\$1.97m)

These programs help encourage more Aborigines to attend TAFE colleges.

FACS Aboriginal Community Youth Projects (\$567,000)

FACS provides funds to non-government agencies who run projects for young Aborigines.

FACS is, with local government assistance, reopening "Dindoo", the Aboriginal youth refuge at Coonamble.

The Department is also conducting a feasibility study into establishing a Rural Training Centre at Bourke for young Aborigines.

Assistance to Non-Government and Community Organisations

The Government recognises the valuable role that local government and community based organisations play in providing services for young people.

COMMUNITY YOUTH PROJECTS (\$5.28m)

FACS provides funds to community based organisations and local government to develop services for young people, with particular emphasis on those at risk.

AREA ASSISTANCE SCHEMES (\$5.8m)

The Department of Planning provides funds to local government and community organisations in disadvantaged regions for local initiatives including youth programs.

Caring for the Environment

The Government recognises that many young people share its concern for the environment. Although environmental policies and programs are intended to benefit the community at large it believes young people support strongly and will be special beneficiaries of its hardline approach to those who pollute the environment and the priority it is giving to cleaning up pollution.

THE GREENING OF SCHOOLS PROGRAM (\$50,000)

Under this program the Government provides 'seeding grants' to five schools nominated within each Education Region. They are developing model school environment areas involving the preservation and regeneration of natural vegetation, the cultivation of trees, shrubs, lawns and other plants in appropriate settings.

CONSERVATION EDUCATION (\$145,000)

The Soil Conservation Service provides student education activities aimed at land conservation and land degradation awareness.

FIELD STUDY CENTRES (\$250,000)

The Department of Education has established a network of Field Studies Centres around the State. Three new centres have been opened in 1989 at Wagga, Cascade and Warrumbungles. They are staffed by specially selected teachers and provide a means for young people to experience a wide range of environments.

CHAPTER 8: PUBLIC SECTOR AND INDUSTRY REFORMS

- 8.1 Introduction**
- 8.2 Commission of Audit – Progress Report**
- 8.3 Microeconomic and Public Sector Reform**
- 8.4 State Tax Task Force Report – Government Response**

8.1 INTRODUCTION

Over a number of years a wide range of financial and management reforms of the State public sector have been introduced. The pace of reform in New South Wales has accelerated in recent years.

The Audit Commission, established by the Government to review State finances, proposed a medium term financial strategy and recommended major reforms in the approach to Government Trading Enterprises, improved financial responsibility and reporting, more effective property management and the restructure and reform of a number of authorities. The recommendations have been reviewed, and in the main acted on, with a comprehensive report released in March 1989 on the implementation of the Commission's proposals. An overview of the position is provided in Section 8.2.

The reforms instituted by the Government can be broadly considered under three categories: Government Trading Enterprise Reform, Other Microeconomic Reforms and Financial and Management Reforms of the General Government (i.e. non commercial) sector. These reforms are outlined in Section 8.3.

Major developments have occurred in the approach to Government Trading Enterprises. The Government has endorsed an approach to corporatisation of selected Government Trading Enterprises and the State Owned Corporations Act has been introduced to establish a legislative framework for corporatisation.

In each of the major authorities examined by the Audit Commission, restructuring, reform and repositioning has occurred. Extensive reforms have been implemented for each of the transport authorities, namely the State Rail Authority, the State Transit Authority, the Grain Handling Authority and the Maritime Services Board.

Major improvements to the operating performance in the electricity generation and distribution industry have also been implemented.

Reforms to the Government Trading Enterprises have significant flow through benefits to industry and the community in general. This comes about through greater efficiency in the use of resources and through prices charged by the enterprises more properly reflecting costs, leading to improved resource allocation.

Complementary to these reforms a number of measures have been undertaken to deregulate and improve particular markets. Significant advances have been made in the transport area, with reform in regulation of long distance bus services, metropolitan and local bus services, taxi services and air services. Increased competition has also been facilitated in the grain handling industry, the egg industry, and hospitals. The Government has an extensive program of reform directed at business deregulation. In the labour market a major review is in progress on transforming industrial relations in New South Wales.

In the General Government sector, reforms complementary to corporatisation are being introduced to provide clearer objectives, give greater management autonomy, improve performance evaluation, provide appropriate rewards and sanctions and encourage greater competition and contracting out.

8.2 COMMISSION OF AUDIT: PROGRESS REPORT

The Findings of the Commission of Audit

The Commission of Audit was established to –

- Review the State's financial obligations and assets and determine the public sector deficit.
- Develop a framework for improving the financial management of the State.
- Assess the extent to which selected Government business undertakings are operating on commercial lines.
- Examine opportunities for the commercialisation of business undertakings.

The Commission completed its Report on 29 July 1988. The Report contained 266 proposals for reform. There were three groups of proposals – a financial strategy, a strategy for improving the operations of business undertakings and proposals for rationalising Government services.

As part of a financial strategy for the next five years, the Report recommended –

- reducing taxes by \$300 million.
- reducing debt as a percentage of Gross State Product by five percentage points, by measures including sale of assets, financing non-income earning capital works from recurrent budget revenues and increasing the proportion of internally generated funds to finance the capital works of business undertakings.
- increasing funding of employer liabilities in the budget sector.
- reducing the transport undertakings subsidy by 15 per cent.
- reducing Consolidated Fund (i.e. departmental) expenditure by 5 per cent through efficiency measures, rationalisation of activities and charging full costs for some services.
- introducing full accrual accounting for the General Government (i.e. non commercial) sector, including a depreciation element.

To improve the operations of business undertakings, the Commission recommended corporatising them by –

- appointing new management and boards.
- applying full commercial principles to management.
- improving financial disclosure.

To rationalise the wide range of Government services, the Commission identified a significant number which could be provided by the private sector.

The Government Response

In endorsing the thrust of the Report, the Premier and Treasurer undertook to report to Parliament early in 1989 on progress in implementing the Commission's proposals. Accordingly, in March 1989 he released a statement on the "Implementation of Proposals of the New South Wales Commission of Audit".

In summary, the statement noted that of the total of 266 proposals made by the Commission, the Government had adopted 185 either fully or with some variation, 61 were under consideration, 6 were deferred, and 13 had not been accepted.

The Commission's proposals can be divided into five categories.

MEDIUM TERM FINANCIAL STRATEGY

The Government has adopted a Medium Term Financial Strategy encompassing restraint of growth in recurrent expenditure, containment of debt, taxation cuts and a phased approach to providing for the funding of accruing liabilities of inner budget sector entities. The approach was first outlined in the 1988-89 Budget and is set out in Chapter 1 of this Budget Paper.

The Government's medium term strategy is broadly in line with that recommended by the Commission.

CORPORATISATION

To improve the operation of business undertakings, the Commission recommended corporatising them. In September 1988 the Government endorsed corporatisation as set out in a report entitled "A Policy Framework for Improving the Performance of Government Trading Enterprises". The report recommended a corporatisation approach consistent with the proposals made by the Commission. In adopting the study's recommendations, the Government recognised the need for business oriented boards, management independence, clear objectives, performance appraisal, appropriate rewards and sanctions, competitive neutrality, adequate return on investment and the need to separate business activities from community service obligations, all matters stressed by the Commission.

Following adoption of the principles of corporatisation, Parliament approved the State Owned Corporations Act in August 1989. It provides the legislative framework for the establishment and operation of Government enterprises as State owned corporations (SOCs). SOCs will be companies registered under the Companies Code. (Details of the Government's approach to corporatisation are set out in Section 8.3.)

FINANCIAL REPORTING

The Commission recommended the adoption of accrual accounting across the whole State public sector, as well as the calculation of the Public Sector Financing Requirement.

Accrual accounting already existed in the outer budget (i.e. commercial and semi-commercial) sector. A phased approach to its implementation in the inner budget (i.e. non commercial) sector is commencing in 1989-90.

An additional Budget Paper was first prepared in 1988-89 and is provided as Budget Paper 7 this year, which provides a consolidated National Accounts presentation of the State Public Sector and estimates the Public Sector Financing Requirement. New South Wales was the first State in Australia to publish a comprehensive National Accounts presentation of State finances for both the inner and outer budget sectors.

PROPERTY MANAGEMENT

The Commission proposed the establishment of a Property Directorate to oversee management of the Government's property portfolio and facilitate more effective realisation of surplus properties.

The Property Management Unit of the Department of Administrative Services has been strengthened and a Property Services Board established.

The Government has also prepared legislation to establish the Property Services Corporation, which would incorporate the role of the Unit and facilitate a more coordinated and effective approach to asset realisation. Parliamentary approval has not at this stage been obtained for this legislation.

RESTRUCTURING AND REFORM OF SPECIFIC AUTHORITIES

The Audit Commission examined and reported in detail on a number of major authorities, namely, the Electricity Commission, State Rail Authority, State Transit Authority, Grain Handling Authority and the Maritime Services Board, as well as the Sydney Opera House Trust, Sydney Cricket and Sports Ground Trust and the Legal Aid Commission.

As set out in Section 8.3, each of the major Authorities reviewed by the Commission has been substantially restructured to improve accountability and performance. Suitable action has also been implemented with the other Authorities.

8.3 MICROECONOMIC AND PUBLIC SECTOR REFORM

This Section reviews recent developments in economic, financial and management reforms. The first part examines reforms to Government Trading Enterprises, including the corporatisation program. The second part examines other microeconomic reforms not necessarily confined to Government Trading Enterprises. The third part examines financial and management reforms in the General Government (i.e. inner budget) sector.

Financial and management reforms of the State public sector have in the main enjoyed bipartisan support in New South Wales. The reforms have been directed at improving the management and accountability of the public sector. The reforms outlined in this section build on earlier reforms which are detailed in the 1987-88 Budget information paper. These previous reforms include program budgeting, improved presentation of the State Budget Papers, the reformed Parliamentary Public Accounts Committee, the enactment of the Public Finance and Audit Act, Annual Reports legislation and the introduction of financial performance targets and dividends for Government Trading Enterprises.

Government Trading Enterprise Reforms

CORPORATISATION

Introduction

Corporatisation is the process of establishing an operating environment for a Government Trading Enterprise which replicates the internal and external conditions of a successful private enterprise without relinquishing the Government's ownership of the entity. The objective is to create an environment to promote improvements in the economic efficiency and responsiveness of the corporatised entity and to ensure proper accountability for performance.

Corporatisation was first introduced in New Zealand and later adopted by the Australian Government. New South Wales is the first Australian State to embrace it.

The focal point for corporatisation is Government Trading Enterprises, or GTEs. GTEs are public sector organisations that produce goods and services which are sold in the market place without significant support from the Budget. Typically GTEs are currently organised as statutory authorities.

The State Owned Corporations Act establishes the framework for corporatisation. Corporatised entities, to be named State Owned Corporations (SOCs), will be established as companies subject to the Companies Code, with shareholding vested in Ministers.

Two Ministers will be nominated as voting Ministers, these being the Treasurer and the portfolio Minister. The voting shareholders will be responsible to Parliament and be obliged to report on the performance of SOCs on a six monthly basis.

Voting shareholders will also be responsible for the appointment, removal and remuneration of Board members of SOCs and determining, in consultation with the Board, the rate of return and other financial performance targets and the appropriate debt to equity ratios.

Critical to the success of corporatisation is the quality of the Boards. It is a central concept of corporatisation that Boards should be separate from and closely monitor the management of the SOCs. Board members will be selected for their commercial expertise and experience and will in turn appoint the Chief Executive of the SOC. Boards will set the broad policy and performance targets in concert with the voting shareholders and monitor performance and in turn allow management the authority and autonomy to manage the SOC.

Principles of Corporatisation

The New South Wales strategy for corporatisation can be encapsulated in five principles. These are –

• Clarity of Objectives

Without clear non conflicting objectives an organisation cannot operate efficiently and effectively. A common difficulty with GTE's in New South Wales, other States and the Commonwealth, is that objectives are often not clearly stated or are contradictory. A common problem is the mixing of commercial objectives with social welfare functions.

The overriding objective of corporatisation is to create a successful business in an efficient and effective manner so as to maximise the net worth of the State's investment in the SOC. This objective is clearly stated in the State Owned Corporations Act.

Where the Government wishes to achieve a social objective through the agency of the SOC (for example, subsidise electricity charges for specific segments of the population), this will be achieved by contracting with the SOC to provide the service in return for a fee. By this means the commercial objective of the SOC is not compromised and the true cost of the concession is properly reflected in the budget.

A crucial requirement of corporatisation is the separation of the regulatory from operational role. SOC's performing commercial and social objectives should not engage in regulatory functions. For example, a corporatised Water Board as a producer would not set standards for water quality or effluent discharge. Similarly, where a SOC does not operate in a fully competitive market, consideration will be given to pricing controls. The monopoly pricing controls which need to apply will be determined on a case by case basis. It is proposed to establish a monopoly regulation agency which is either empowered to regulate prices of monopoly SOC's or advise the Government on pricing levels.

• Managerial Authority

Managerial authority involves giving Boards of directors and management complete responsibility and authority for accomplishing the commercial and social objectives set by the shareholders.

Regardless of how clear the objectives are, sound economic performance will not eventuate unless those charged with responsibility for the organisation are given the authority to make the key decisions required to achieve those objectives.

The internal incentives that affect the performance of the organisation cannot be effectively imposed from outside. The reason is that, in general, neither shareholding Ministers or agents responsible for monitoring performance have the requisite information and organisation-specific knowledge. Moreover, externally-imposed controls stifle managerial creativity and innovation, and dilute and diffuse responsibility between managers and the agencies which set the controls. The frequent result is that nobody is held accountable.

These concepts apply equally to the performance of non-commercial roles of SOC's. Once a SOC has contracted with the Government for the provision of a particular community service, the Government will focus on monitoring the SOC's success in meeting the terms of the contract rather than impose detailed controls on internal management decisions. In turn, management performance will be assessed on the basis of end results produced.

The shareholding Ministers will contract with the Board of the SOC each year in the form of a Commercial Statement of Intent. This Statement will set out the objectives, main undertakings of the SOC, nature and scope of activities to be undertaken and performance targets to be achieved. This Statement will be tabled in Parliament. In addition more detailed Business plans will be submitted and approved by the shareholding Ministers.

While there will be regular reporting requirements, the shareholding Ministers will not be involved in decisions about the operation of the SOCs.

• **Performance Monitoring**

Performance monitoring involves improving accountability by subjecting SOCs to rigorous independent monitoring and assessment.

In conjunction with clear objectives and increased authority, directors, chief executives and other senior managers will be held personally accountable for their performance.

Even the most commercial of GTEs are still subject to much less market-based performance monitoring than private sector organisations. Because GTEs are not subject to takeovers or the risk of bankruptcy, they are exposed to less scrutiny by the equity and debt markets than comparable private-sector firms. Hence, it is necessary for Government to develop surrogate monitoring and incentive mechanisms.

Performance monitoring will occur at two levels. At the first level the Boards will operate at arms length to set broad policy and undertake ongoing assessment of performance within the framework of the Commercial Statement of Intent and the Business Plan.

At the second level the SOC will be monitored by the voting shareholders. In this regard the most important requirement for the monitoring of SOCs is the provision of a reliable flow of quality information from SOCs to the shareholding Ministers responsible for monitoring performance. Typically, only the SOCs will be in possession of the information necessary for proper monitoring. It will be necessary to overcome this information asymmetry for monitoring agents to evaluate performance. In turn the shareholding Ministers may contract out all or part of the monitoring role to outside agents.

• **Rewards and Sanctions**

An important element of corporatisation is the creation of a market-based system of rewards and sanctions for managers, tied closely to individual and SOC performance. The SOC Board selects and contracts with the Chief Executive and establishes the principles for remuneration. In turn the Chief Executive contracts with his senior executives and implements the remuneration policy.

The monitoring of performance will be effective in motivating managers only if there is a well understood and vigorously applied system of managerial rewards and sanctions. The system will be based on an assessment of SOC performance, in light of the objectives initially established for the SOC managers. As far as possible, the system will reflect private sector practices. It will include the level and structure of remuneration, the basis for income review and the criteria for terminating employment.

• **Competitive Neutrality**

Competitive neutrality involves creating a "level playing field" with the private sector, by removing special advantages and disadvantages that apply to SOCs by virtue of Government ownership. This will specially apply in respect of pricing of inputs and outputs and the financing of new productive investment.

Competitive neutrality impacts directly on allocative efficiency, particularly through the prices charged for the SOCs goods and services and the interest charged on loan funds. Losses in allocative efficiency may occur because either –

- the prices charged by a SOC for the resources it uses do not cover the value to society of those resources in alternative uses; or because
- a SOC possesses a significant degree of monopoly power in the market for its goods or services

If a SOC charges a price that is too low then consumers will demand more and the SOC will need more resources to meet that demand. Those additional resources will be unavailable to be used in other ways. Likewise, if the SOC charges a price that is too high, demand will be choked off and some consumers' wants will be left unsatisfied. The SOC will then be consuming too few resources.

As part of the process of corporatisation, each candidate will be reviewed to identify all competitive advantages and disadvantages and an assessment will be made of how to remove these.

Next Steps

Corporatisation involves four phases. Phase one, the general policy statement, set the broad policy framework and was completed in October 1988 when the Government endorsed the report "A Policy Framework for Improving the Performance of Government Trading Enterprises" which sets out the policy framework for corporatisation.

Phase two is the macro policy framework and involves resolution of taxation, legal, reporting, monitoring, capital restructuring, performance and accounting policies. This is the current phase of corporatisation. The implementation of the legislative framework was a major aspect of this phase. Other major policy issues that are required to be finalised are taxation, performance monitoring arrangements, the process of evaluation and the criteria for selection of candidates for corporatisation.

Phase three is the micro policy framework which involves evaluating the organisations to be corporatised against the policy framework.

Phase four is implementation of corporatisation for each candidate which will involve selection of a Board, establishing the necessary regulatory framework, preparation of legislation, the establishment of performance standards and the valuation of the organisation.

In reality phases two, three and four will proceed broadly in parallel, with the Government already committed to corporatisation of the State Bank and the Grain Handling Authority.

RESTRUCTURE OF SPECIFIC GOVERNMENT TRADING ENTERPRISES

Outside the framework of corporatisation, the Government has instituted changes to a number of organisations to improve efficiency and effectiveness and refocus on core objectives.

State Rail Authority (SRA)

The Government recognised the need for a fundamental change in the approach to managing the public transport sector if it was to arrest the crippling financial loss spiral. As a result, it has put in place the following framework to ensure the SRA operates on a commercial basis –

- Introduction of the Transport Administration Act, thereby establishing a commercial direction for the first time for Public Transport in this State.
- Appointment of a new Board whose members possess a diverse and wide range of management expertise and related skills. Many have a proven record of management success in the private sector.
- Requirement for the SRA to operate according to best commercial practices and for its performance to be measured using private sector performance criteria.

Within the new framework, the Board has commenced to turnaround the SRA's financial performance. As a first step it commissioned a comprehensive diagnostic review of the SRA against leading major overseas railways. This review was conducted by the international firm of consultants Booz-Allen and Hamilton.

The findings of their review identified the following problems –

- The infrastructure is below standard and poorly maintained.
- Much equipment is life expired and in urgent need of replacement.
- Asset utilisation is poor.
- Poor productivity prevails due to
 - excessive overheads
 - outmoded work practices
 - over-staffing
 - over-servicing

Compounding this inefficiency, the SRA lacked a clear understanding of its purpose and its key accountabilities to its customers.

Armed with these results the Board has set about quickly rectifying these deficiencies.

To provide a business focus, three separate businesses have been established –

- Cityrail, which operates metropolitan and interurban trains for commuters.
- Country Passenger, which provides country and interstate rail and bus passenger services.
- Freight, which operates inter and intra state freight services for Minerals, Grains, Express Rail and Trackfast products.

This initiative has resulted in smaller, more manageable units each with a specific purpose and clear understanding of its objectives and accountabilities.

To attack the chronic level of inefficiency a complete reassessment of the future resource needs of each business unit is in progress. This exercise should be finalised during 1989-90 and will provide the blueprint to increase productivity and ensure that rail services in New South Wales are provided efficiently.

To redress the poor state of its equipment and infrastructure, the Board, with the support of Government, has embarked on a major asset renewal and upgrading program.

For its part, the Government has revamped the funding arrangements to focus on the key financial accountabilities of the SRA.

The recurrent Government financial contribution to the SRA now consists of two components based on Booz-Allen and Hamilton assessments of the level of operating inefficiency compared to overseas railway systems.

- Contribution towards operating loss which reflects the level of operating inefficiency required to be eliminated over the next 5 years to place the SRA on a standard comparable with first class overseas railways.
- Contribution towards Non-Commercial Services which reflects the Government's decision to maintain fare and service level structures at less than full commercial levels. CityRail and Country Passenger operate services that cannot realistically become commercially self funding without massive increases in fares and reductions in services. Indeed, very large increases in CityRail fares would be counter productive in terms of diverting commuters onto over-crowded road systems. Thus these businesses will require on-going funding support for non-commercial activities.

In order to place the SRA on a sound long-term financial basis, all debt relating to non commercial activities will be transferred to the Ministry of Transport and serviced from the Budget. In future, capital expenditure of CityRail and Country Passenger Services will be funded by grants, not borrowings. This is consistent with the treatment of debt for other inner Budget (that is, non commercial) sector entities. Freight will be allocated a level of debt commensurate with an appropriately geared commercial organisation and it will be expected to meet its future borrowing requirements.

When completely implemented, this strategic repositioning will result in –

- the contribution towards operating losses reducing from \$308.5 million in 1989-90 to zero within the next 5 years;
- the elimination of chronic overmanning with staff numbers forecast to reduce by approximately 15,000 over the same period;
- withdrawal from uneconomic country passenger services and more efficient delivery of the remaining services through use of buses and modern XPT services to major country centres;
- improved maintenance and train handling systems;
- improved fare collection system for passenger services;
- improved management and accounting information for each business unit to enable effective performance monitoring against set targets;
- modern and rehabilitated rollingstock, signalling, track and stations; and
- freight train, terminal and yard operations which are equivalent to world standards.

At the completion of the strategic repositioning phases, the SRA's passenger services will be characterised by a level of service delivery that is safe, clean, responsive to its customers and reliable. Its freight business will be competitive and self funding.

The signs are already encouraging. In 1988-89 the SRA reduced its workforce by over 3,500, the largest single decrease in the past 25 years. It was able to contain operating expenditure to the previous year's levels which, in real terms, represented a saving of about \$110 million.

State Transit Authority

The new Transport Administration Act, which came into effect on 16 January 1989, reconstituted the Urban Transit Authority and renamed it the State Transit Authority. Licensing and regulatory functions were transferred to the Ministry of Transport. The Act requires the Authority to report on any activities which are not in its commercial interest, to estimate the resulting financial loss and to advise on what action may be taken to follow sound commercial practice.

State Transit has now restructured the organisation on an autonomous divisional basis.

The restructure provided for the closure of the engineering workshops at Chullora, Randwick and Newcastle. Staff numbers have been reduced by over 400, with similar reductions planned for 1989-90.

A major start has been made on reducing operating losses. The reduction achieved to 30 June 1989 was \$20 million or nearly 22 per cent. The loss will be further reduced by \$33 million in 1989-90. This will be achieved by improving productivity and reducing costs. A total review of the Sydney bus network will seek to provide updated services which will attract more passengers.

The bus fleet has been reduced by roundly 100 buses without reduction in patronage or service levels. Also, the disposal of older buses and the replacement with modern buses has reduced the average age of the fleet to 6 years.

The sale of surplus properties has realised in excess of \$75 million, which will be applied in funding new capital investment and reducing finance costs.

Full accrual accounting has been implemented in accordance with the Australian Accounting Standards and new computer based management information systems have been introduced.

The ferry maintenance facility at Balmain has been restructured in line with structural efficiency principles and this will substantially improve the commercial viability of the ferry maintenance activity. These changes will lead to a more flexible multi-skilled workforce, improved career paths and substantial productivity gains.

A new automated fares system was introduced into the ferry services on 12 July 1989. This system will eliminate fare evasion, provide enhanced passenger information and reduce the cost of revenue collection.

A Corporate Plan has been developed which identifies initiatives for improving the quality of service to passengers, harnessing technology to improve productivity, reducing Government subsidy, reducing the number of spare buses required to support existing services, improving the ticketing system and providing staff with greater promotion opportunities.

Electricity Commission

Following the Audit Commission's review of the Electricity Commission, major improvements have been implemented to improve its operating performance.

During the 1988-89 financial year, the Commission has taken the following initiatives –

- closure of unprofitable power stations and mines;
- sale of surplus assets;
- organisational restructure resulting in the reduction of staff numbers;
- reduction in Commission's debt; and
- implementation of computer-based management information systems.

Further improvements in performance are to occur in 1989-90, including –

- retirement of older units at Vales Point Power Station;
- transfer of 132 kV assets to County Councils;
- sale of surplus properties such as Pyrmont, White Bay, Balmain and Bunnerong power station sites;
- further staff reductions;
- restructure of the Commission's collieries; and
- further reductions in the Commission's debt.

Electricity Councils

Performance contracts have been executed with each Electricity Council, operating from 1 July 1989.

The new contract agreements flow from a series of independent studies which identified possible savings of up to \$500 million in electricity supply costs over a five year period.

The agreements ensure accountability of the electricity councils, both to the Government and to the public, for their overall performance and allow for the development of management strategies to achieve substantial cost savings.

Grain Handling Authority (GHA)

The Audit Commission concluded that the GHA both needed to improve its operating efficiency and be financially restructured to increase the ratio of equity to debt.

The financial structure of the GHA was very adversely affected by the \$205 million in borrowings associated with the Port Kembla grain terminal. In the context of a 30 per cent reduction in acreage planted to wheat in New South Wales, and hence reduced grain handling throughput, this would have produced a very large increase in handling charges for growers.

In order to address these problems, a three stage reform is being implemented.

Stage one involved a vigorous attack on operating inefficiencies and initiatives to improve the revenue base of the organisation, including –

- reduction in staffing levels by 50 per cent;
- major industrial reforms to eliminate a wide range of restrictive work practices and restructure awards; and
- marketing initiatives to generate additional business.

Stage two involved the conversion of \$95 million of current GHA interest-bearing debt to Government non dividend bearing equity to place the organisation on a sounder financial base.

Stage three is the corporatisation of the GHA, planning for which is currently proceeding.

The Government has also announced its intention to consider partial or total sale of the GHA at an appropriate time.

Maritime Services Board (MSB)

The MSB is responsible for –

- regulations to facilitate movement of ships within ports and on the State's navigable waterways; and
- managing the development and administration of commercial ports.

A major restructure of the MSB is in the process of implementation. These reforms, while outside the corporatisation framework, are consistent with these principles and involve –

- establishment of subsidiary Port Authorities with increased responsibility for local port matters to provide a more effective and responsive service;
- separation of the non commercial activities and explicit funding of these;

- downscaling of the MSB Head Office and refocus on strategy development; and
- encouragement of increased private sector involvement in developing and owning port facilities and providing port services.

Other Microeconomic Reforms

PRICING REFORMS

Electricity Charges

The Government established an independent Inquiry to investigate the electricity supply industry and make recommendations in relation to the setting of tariffs. The Inquiry noted that the average selling price of electricity was cheaper in New South Wales than in any other mainland States.

Several key recommendations were made which have been acted upon or are under consideration. Specifically, the Bulk Supply Tariff (BST) for the financial year commencing 1 July 1989 is to be increased by 5 per cent with increases in the next four years targetted at no more than 50 per cent of the Consumer Price Index. Similar recommendations for Retail Tariffs are under consideration. In order that tariffs might more closely reflect the costs of bulk power generation and supply, a BST structure comprising a time-of-day energy charge and a demand charge is being examined.

Water Pricing

As part of its program to improve the efficiency of Government Trading Enterprises and their commerciality, the Government is examining the rationalisation of the Water Boards tariffs. Several pricing reforms have been, or are to be, adopted as ways of moving towards the elimination of economically distorting cross subsidies and the introduction of market-based price signals. These reforms include –

- a shift in revenue raising away from a property-value base towards a usage base commencing 1 July 1989;
- the introduction of quarterly billing from 1 July 1989;
- an increase in the unit charge for water and sewerage usage from 1 July 1990;
- the impending introduction of a cost-recovery basis for charging State Government properties; and
- the endorsement in July 1989 of a commercially oriented rural water pricing policy which will move towards cost recovery and removal of regional cross-subsidies.

In keeping with the principles of corporatisation, from 1989-90 the Water Board's accounts will explicitly show all community service obligations provided by the Board and identify those paid for by the Board in order to give a truer picture of its performance.

Port Charges

Port charges imposed by the MSB were not subject to close examination for many years and have developed to reflect historic relationships that do not have regard to appropriate cost recovery or provide incentive for efficiency in the use of labour, capital or land.

The Government approved in April 1989 the progressive implementation of pricing reforms, along user pays, cost recovery lines.

This reform is to be combined with allowing major users the option to either use MSB facilities or construct their own, where practicable. In areas where competition exists, the MSB would have the flexibility to negotiate commercial fees with users. Where monopoly power exists provision exists for the Minister for Transport to appoint an independent arbiter in respect of any increased charges.

DEREGULATION AND MARKET REFORM

Transport

• Long distance bus services

The New South Wales Government has moved to introduce greater competition in the provision of long distance bus services. The deregulation process that has been followed has seen the entry of new operators on both new routes and on routes served by existing operators and the State Rail Authority.

The Government's role is now restricted to ensuring that certain safety, comfort, operating and financial standards are met, and that local route services are protected through the application of appropriate pick-up and set-down restrictions in local areas.

Over the past two years, 33 new operators have been licensed. Only two of these have subsequently been withdrawn as unviable. Overall the public has benefitted from the greater variety of services provided and the strong price competition within the industry.

• Metropolitan and local bus services

Operators of local bus services generally have exclusive rights in their areas of operation. Levels of service provided to the community vary greatly in frequency, area coverage and time of day, and there are not always good reasons for the differences.

Current attention is focused on identifying areas of underservicing in existing operations with a view to taking measures to improve services in "deficient" areas.

• Taxi services

A number of initiatives has been taken in recent years to improve the reliability and efficiency of the taxi industry and generally to upgrade its public image.

Additional plates have been issued to cope with increased demand brought on by random breath testing, tourism growth and other factors. Many of the new plates have been of a "restricted" nature so as to ensure the provision of extra services at night and weekends.

The boundary constraints that used to govern the operations of individual cabs in Sydney have been lifted so as to improve the flexibility and competitiveness of the system.

"No destination calling" on radio bookings is being trialled in a bid to improve the availability of taxi services to areas that have traditionally not been well serviced.

• Air services

A "managed" deregulation of air services was introduced in 1987, following an extensive review of the industry.

Air freight services were completely deregulated.

Licences for passenger services were made openly contestable when they fell due, with the duration of a licence extended from one year to three so as to make for a more viable operation.

Competitive services now operate between Sydney and Tamworth, Dubbo and Newcastle/Williamstown. Other services are operated by a single licensee in recognition of special factors.

Under the "managed" deregulation there has been a policy of fostering the presence of a number of airlines in New South Wales so as to maintain the potential for competition.

Grain Handling

The Royal Commission on Grain Storage, Handling and Transport reported to Commonwealth and State Governments in February 1988 with recommendations intended to create greater competition between storage, handling and transport agencies, more freedom of choice to grain growers and marketers and significant reductions in overall costs.

The bulk of the recommendations in the Report have effectively been implemented by the Commonwealth and New South Wales Governments and associated resource cost savings are now being realised.

Many of the savings residing within the State's area of jurisdiction had been identified by State agencies and were already being achieved. Foremost in this regard was the introduction of changes to State Rail's grain haulage network in 1989, involving withdrawal of services from uneconomic branch lines and restructuring of freight charges, this following an extensive period of discussion with the community. Additionally the restructuring and commercialisation of State Rail and the Maritime Services Board, and the corporatisation initiatives being taken with respect to the Grain Handling Authority, may be seen to align closely with the spirit of the Royal Commission recommendations.

Egg Marketing

Egg industry regulation was originally introduced as a price stabilisation measure but in reality it has had the effect of keeping prices higher than would occur in a competitive market and hence transferring income from consumers to producers. On top of these direct costs, there are considerable costs of enforcement and inefficiencies in production and marketing caused by regulation.

Following an extensive review of egg marketing arrangements the Government, in July 1989, announced the complete deregulation of the egg industry and the purchase of all hen quotas from existing holders. Health requirements will be retained and strengthened to ensure that health standards are not adversely affected by deregulation.

The review commissioned by the Government indicated that after the industry adjusts to deregulation, the wholesale price of eggs should fall by 60 cents per dozen. Payment to affected growers totals \$61 million which will be recovered in the form of lower prices to consumers and reduced regulatory costs within the next three years.

The initial outcome of deregulation has been a fall in some egg prices by as much as half.

Business Deregulation Program

A Business Deregulation Unit has been established in the Business and Consumer Affairs Agency. Over a five year period, all business regulations will be repealed unless their continuation can be demonstrated to be in the public interest.

It is intended that any new regulations to be introduced will first require the preparation of a Regulatory Impact Statement. The onus will be on demonstrating that benefits exceed costs. New regulations will be subject to a five year sunset period.

A proposal is also currently being developed to ensure that any adverse impacts on business of new legislation and administrative proposals is minimised.

A review is currently underway to reduce the excessive number of licences required by businesses in New South Wales. At present there are some 550 licences in existence and many of these are unnecessary or can be rationalised.

Work is to be completed by 1990 assessing the feasibility, and costs and benefits, of introducing a single master business licence for companies operating in New South Wales. A Business Licence Information Centre is to be set up as a step in this direction. The Centre will function as a single stop for business Licence information. It will not issue or re-issue licences at this stage, nor collect fees.

Ultimately, it is intended to have the Centre function as a convenient "one stop shop" providing information, issuing and re-issuing master business licences and handling licence payments.

Industrial Relations Reforms

Volume One of a Green Paper on "Transforming Industrial Relations in New South Wales", was prepared by Professor Niland and released for public discussion in early 1989. A further volume is due for release in late 1989.

The Paper is the result of an extensive review of the industrial relations system and makes a wide range of recommendations for change, including -

- a restructured Industrial Commission operating under clearly defined objectives set out in a new Act;
- an emphasis on enterprise level bargaining on awards; and
- closer co-ordination and comity between the State and Federal industrial relations system.

Consideration is being given by the Government to the recommendations and the necessary legislation.

Private Hospitals

Following a review of the regulatory framework for the conduct and development of private hospitals and day procedure centres in New South Wales, the Private Health Establishment Act was repealed and replaced with two new Acts, one dealing with private hospitals and day procedure units and the other dealing with private nursing homes.

The previous regulatory framework obstructed the establishment of private hospitals and hence reduced the range of choices available to health consumers and placed undue pressure on public health facilities. The new legislative framework, while maintaining strict control over standards to ensure that the private health care sector meets modern standards of health care delivery, removes unnecessary restrictions on the establishment of new private health facilities.

An important objective of the new policy is to encourage the consolidation of existing private bed licences in scattered small private hospitals into large, modern facilities with a broader range of available services. This will provide a wider range of choices to the privately insured and, indeed, should encourage a higher proportion of the population to take out insurance. At the same time it will reduce the pressure on public hospitals which currently sees two thirds of the privately insured using public hospitals.

Financial and Management Reforms

The first part of this Section focused on economic reforms and reforms of Government Trading Enterprises. This part examines financial and management reforms in the inner budget sector.

The five principles of corporatisation form an appropriate framework to review in summary the financial and management reforms introduced by the Government.

SETTING CLEAR OBJECTIVES AND IMPROVED FINANCIAL INFORMATION

Effective management requires clear objectives, strategies and performance indicators, as well as a budgetary framework that provides a medium term perspective to both the Government and individual Departments.

Classification Review

The State Public Sector encompasses a wide range of organisations. It is important that there is a consistent framework in place for categorising such organisations and establishing controls that are appropriate to the financial and market status of each organisation.

In recognition of this need the Government endorsed in June 1989 a policy document on the Classification and Control of State Organisations. While the classification scheme developed applies to the entire New South Wales public sector, the controls are tighter on inner budget sector entities than outer or non budget sector bodies. Indeed for organisations that are corporatised, Government control of funding, staffing and operations completely cease.

Government organisations can be classified by two criteria –

- financial status – the extent to which they are financially self sufficient (as against having to depend on tax based subsidies)
- market status – the degree to which they operate in price competitive markets in providing goods and services.

The first criterion refers to the funding of an organisation's inputs. The philosophy underlying the policy is that the less an organisation depends on the Budget for financing its operations, the more autonomy it should be given in the use of resources such as funding, staff and other inputs. Broadly, organisations which depend for less than half of their income on the Budget are regarded as outer budget sector organisations while others are classified as inner budget sector organisations.

The second criterion refers to the market environment in which the organisation produces, prices and distributes its outputs. The more competition an organisation faces, the more autonomy it should enjoy in its output decisions.

Based on the classification scheme, Government controls have been established for each category of State organisation. This framework provides clear information to managers on the controls applicable to their organisations and the controls that will exist under varying financial and market conditions.

Further details on the Classification of Government Organisations is provided in Chapter 10.

Corporate Plans and Performance Agreements

All Departments are required to establish a corporate planning process, identifying the mission of the organisation, objectives, strategies, tasks and performance indicators. The Corporate Plan becomes the framework for providing direction to the Government and assists Chief Executives in assessing progress achieved. The plans are reviewed annually.

Complementary to the Corporate Plan, Chief Executives are required to execute Performance Agreements each half year with their Minister. Copies of these Agreements are forwarded to the Premier and Treasurer for his perusal. The Performance Agreement sets out the major tasks that the Chief Executive contracts to carry out in the coming period. As such the Performance Agreement is an important mechanism for achieving accountability and assessing performance and is complementary to the Senior Executive Service initiative (see below).

Budgetary Reforms

An essential requirement for achieving clear direction in public sector management is a budgetary system that establishes a clear financial framework and financial limits. It is also important that the budgetary system provides to Government information in a form suitable for setting strategic directions.

• Target Budgeting

Target budgeting refers to the system of forward estimates introduced in New South Wales to replace the previous "bid and review" process of budget determination.

New South Wales is the first State to follow the lead of the Commonwealth and establish and make public budget estimates that extend beyond the budget year. Forward estimates of Consolidated Fund recurrent expenditure were released in August 1989, covering the period 1989-90 to 1991-92.

The forward estimates provide a medium term perspective for the Government in setting expenditure priorities and assist Departments in forward financial planning. Further details of the forward estimates are presented in "Forward Estimates of the Consolidated Fund Recurrent Expenditures of the New South Wales Government - 1989-90 to 1991-92" (August 1989).

• Expenditure Review Committee

A Ministerial Expenditure Review Committee (ERC) has been established to develop and review broad budget strategy and identify and review future issues with major budgetary implications facing the State.

The ERC consists of the Premier and Treasurer, the Deputy Premier and Minister for Public Works and State Development, the Minister for Transport, and the Minister for Business and Consumer Affairs.

The Committee is not concerned with detailed expenditure review but rather with broad budgetary strategy and direction. It is the first such Committee in the State's history.

• National Accounts Presentation of NSW Public Sector

New South Wales was the first State to provide a comprehensive presentation of the full State public sector on a national accounts basis. This was first provided in 1988-89 and is presented as Budget Paper No. 7 in the 1989-90 Budget Papers.

The national accounts presentation measures total outlays, revenue and financing requirements for the public sector and enables an informed assessment to be made of the impact of the public sector on the economy and financial markets.

• **Revenue Equalisation Account**

On assuming office, one of the first actions of the Government was to legislate for the creation of a Revenue Equalisation Account. The Account enables the Government to set aside revenue collections which are in excess of budgeted receipts for appropriation by Parliament in a future year's Budget.

This measure is aimed at removing the temptation to achieve a targeted budget result by either spending excess revenues in the year in which they are received or using Section 22 of the Public Finance and Audit Act to set aside money in special deposit accounts for unappropriated purposes. As such it removes a major distortion to assessing budget results. Following criticism by the Public Accounts Committee of Section 22 transfers, this practice has ceased.

• **Accrual Accounting for the Inner Budget Sector**

While the outer budget sector reports on a full accrual accounting basis, the inner budget sector accounts are on a modified cash basis. Under cash accounting revenue is recognised in the period in which it is received and expenditure is accounted for when the actual payment is made. Accrual accounting, in contrast, recognises revenue as it is earned or due, even if not received, and expenditure is reflected in the accounts when the liability for payment is incurred, regardless of whether the actual payment is made. In addition accrual accounting presents a full balance sheet of the organisation.

Cash accounting does not provide information on accounts payable or receivable, depreciation of fixed assets or accruing liabilities such as for employee entitlements. Accordingly, it is not possible to assess the full extent of State liabilities nor to measure the total resource cost of programs.

The Audit Commission recommended a phased implementation of accrual accounting for the inner budget sector and the funding of accruing liabilities.

In 1989-90 three inner budget sector Departments will commence reporting on an accrual basis. This is the first stage in a phased approach to the introduction of accrual accounting in the inner budget sector.

MANAGEMENT AUTONOMY

Management autonomy involves giving Departments the responsibility to undertake their objectives free of detailed interference in how the tasks are carried out and resources managed.

Global Budgeting

Parallel with the introduction of target budgeting, greater flexibility has been provided to Ministers to manage within their level of allocated resources. Instead of providing a budget allocation with detailed specification of how it should be spent on inputs and programs, global budgeting provides the flexibility to move funds between different programs and types of expenditure.

In addition, Ministers have been given the facility to transfer funds between years. Ministers facing temporary funding shortfalls in a year can apply to the Treasurer to borrow up to 2 per cent of operating expenditure against next year's allocation. The borrowing is required to be repaid within an agreed time frame.

Similarly, Ministers are able to apply to carry forward savings of up to 2 per cent of their operating expenditure to the following year to be spent on non recurring items. This facility rewards sound financial management and should avoid the past practice of end of year spend ups.

Public Sector Management Act

The Public Sector Management Act was introduced as one of the first actions of the Government. The Act is directed at both strengthening Ministerial responsibility for the operation of their administrations and enhancement of departmental accountability and responsibility.

Specifically the Act –

- transferred to Department Heads those functions previously exercised by the then Public Service Board relating to recruitment, conduct and disputes, control over organisational structures and those functions relating to general departmental operations;
- established a Management Council and Office of Public Management to assist in improving the overall efficiency and effectiveness of public administration;
- abolished the then Public Service Board and transferred its public sector industrial relations policy role to the Public Employment Industrial Relations Authority.

These reforms provide greater autonomy to Departments, within their overall mission and, subject to Ministerial responsibility, facilitate the management of available resources to more effectively achieve assigned functions.

PERFORMANCE EVALUATION

Cabinet Office

Cabinet Office, besides being the secretariat to Cabinet, is responsible for evaluating the appropriateness of existing Government policies as developed and administered by Ministers and their departments. An Office of Strategic Planning is being established within Cabinet Office to identify and research longer term strategic issues for consideration by Ministers and their departments.

Office of Public Management

The Office of Public Management (OPM), which was established by the Public Sector Management Act, is responsible for advising the Premier on structures, programs and strategies for achieving a more efficient and effective administration. It aims to give the people of New South Wales improved services and better value for money.

OPM's service function falls into two broad areas. In general the services of OPM are available on a fee for service, consultancy basis. OPM can provide a range of services including –

- strategic planning and management improvement;
- staff development and training;
- use of computers, consultants and management information systems;
- program evaluation and reviews.

Secondly, OPM undertakes a number of specific functions on behalf of the Premier. The Premier may direct OPM to lend assistance to organisations with management or financial problems. In these cases Management Strategy Reviews would be conducted of the Department.

In addition OPM is responsible for managing the introduction of the Senior Executive Service, devising and directing management development programs for Chief Executives and the Senior Executive Service and advising on and monitoring Capital Works projects. The unit responsible for servicing the Corporatisation Steering Committee is also within OPM.

Ministerial Performance Reviews

Commencing in 1989 the Premier and Treasurer initiated an annual Ministerial Performance Review with each Minister. These reviews focus on the objectives, strategies, key issues and performance achieved in the previous year and to be achieved over the coming period. As such the Reviews are complementary to the Performance Agreements entered into between each Minister and Chief Executives.

Performance Indicators and Program Reviews

Performance indicators are required to be developed for each program in order to assess how efficiently and effectively the program is at achieving its objectives.

In addition, Departments are required to establish and undertake a review of all programs over a regular five year cycle.

Economic Appraisal of Capital Works

Guidelines have been released on the economic appraisal of the costs and benefits of capital works projects. The Guidelines apply to all new capital works proposals from 1989-90 onwards. The Guidelines will ensure that all capital projects are vigorously evaluated and alternatives examined.

REWARDS AND SANCTIONS

Effective performance requires a framework that rewards achievement and penalises non achievement and inefficiency. The absence of appropriate rewards and sanctions in the inner budget sector has been a major impediment to effective performance which is in the process of being rectified by the introduction of the Senior Executive Service.

Senior Executive Service

The Government has adopted the Senior Executive Service (SES) in the public sector. It will cover 1,400 senior managers in over 70 Government agencies.

The SES involves a fundamental change in employment arrangements for senior public sector managers (other than chief executives) and represents a quantum change in both the rewards and the risks. Job security and risk aversion will be traded off against higher levels of remuneration, performance assessment and incentives.

Senior public sector managers will be hired on contract in a manner similar to private enterprise. Their work will be evaluated regularly. Adequate rewards are to be provided for excellence in performance and appropriate sanctions for people whose performance is not up to standard.

The Government has appointed a private job evaluation consultant, Cullen, Egan and Dell, to evaluate all SES jobs on their comparable commercial worth, and to recommend appropriate remuneration packages.

Legislation has been introduced to formally establish the management incentives to apply to the SES.

Concurrently with the SES, the Government will introduce similar proposals for the heads of Government Departments and Authorities. These Chief Executive Officers will in future all be appointed on contract and will be required to enter into performance agreements with their Ministers. Contracts will also be on the basis of market-related remuneration.

Public Sector Insurance and Risk Management

Prior to 1989-90 Departments did not have clear responsibility and accountability for insurance and risk management and, in particular, did not have financial incentives to control costs in this area.

Commencing from 1 July 1989, a public sector insurance and risk management scheme has been established.

The scheme covers the full range of insurable risks, including workers' compensation, motor vehicles, buildings and public liability.

Departments are held directly accountable for their risk and claim management performance and are given financial incentives to perform. Departments can choose to retain up to a certain level of risk and try to achieve improved performance, with the benefit of any reduced costs available to the Department. Conversely, higher costs will directly impact on the Department and have to be met by the reallocation of resources. In addition, the Budget allocation for insurance costs has regard, within certain bounds, to the relative performance of the Department rather than simply the actual claims cost.

COMPETITION

The ultimate discipline on performance is effective competition. There are many areas in the public sector where competition can either be introduced or made more effective. The Government's corporatisation program has as one of its major principles competitive neutrality, identifying and removing all areas of competitive advantage or disadvantage of organisations that are to be corporatised.

In the inner budget sector there are a number of initiatives directed at improving efficiency by either simulating the competitive process or appropriately recognising the costs of services and contracting out services to the private sector.

Commercialisation

While organisations may be classified as Government Departments, there may be certain activities which are or have the potential to operate on a commercial base. One specific example is the furniture workshop of the Department of Education.

In such circumstances a Department can establish the commercial activity off budget, subject to certain controls and requirements.

Earnings from commercial activities are retained in a departmental working account and not paid into Consolidated Fund. The arrangement is subject to full accrual accounting for the operation of such activities and the payment of dividends on profits achieved. Amendment to the Public Finance and Audit Act has been effected to authorise this initiative to encourage Departments to establish a commercial arm for those activities which could be initiated or expanded through user charges without compromising the Government's social or economic objectives.

An important initiative in 1988-89 was the commercialisation of Government cleaning which is estimated to save \$70 million per annum when fully implemented. Government cleaning suffered from major inefficiencies due to restrictive work practices. The Government had the option of either contracting out the service or restructuring the existing arrangement to achieve a level of productivity in line with private sector standards. The latter course of action was adopted after intensive negotiation with the union concerned.

Service Wide Payments

The Government has adopted a policy of user charges for services provided between Departments and the allocation to individual Departments of payments traditionally paid on their behalf by various central agencies (e.g. superannuation, pay-roll tax). By bringing costs to account, this will improve decision making and encourage more economical use of resources.

Starting in 1988-89, payments for pay-roll tax, cleaning and technical services and certain superannuation schemes were directly charged to Departments. In 1989-90, user charges have been extended to multi occupancy accommodation, commercial vehicle leasing cost, contributions to the State Superannuation Fund and a number of smaller services.

Contracting Out

While there are core areas of public sector activities such as policy advice and regulation that need to be handled by public sector employees, many activities could be contracted out to the private sector with the same or better quality of service and potentially lower cost. Alternatively, if handled by the public sector, the potential for contracting out should create incentives for improved performance.

• Health Sector

In the Health area, a number of hospital hotel services are in the process of being contracted out. The intention is to improve the cost effectiveness of selected support services and make the Health dollar go further by transferring the savings achieved into clinical services.

• Financial Services

In the investment area, a large proportion of funds held by the Government have been contracted out to private fund managers. The Treasury Corporation has arranged the contracting out, on a competitive basis, of \$500 million of Treasury cash balances to a panel of fund managers. The performance of the fund managers is being closely monitored and evaluated. By this process of competition it is expected that there will be benefits achieved in the form of higher returns on investments.

An "hour glass" investment facility has also been established by the Treasury Corporation which provides a range of investment avenues to public authorities. A series of investment trusts have been established, each managed by a panel of private sector fund managers on highly competitive terms. Public Authorities are able to utilise these facilities and hence are provided with a direct conduit into the wholesale funds management market.

• Printing Services

In June 1989, the Government announced the closure of the Government Printing Office and the provision of printing services in future, in the main, by contracting out.

Savings from this initiative are estimated at \$9 million per annum as well as a once up benefit of more than \$30 million from asset realisation. The new printing service involves the retention of the Branch Offices, providing small scale printing and document reproduction services, a small Government Gazette Unit, a Parliamentary Printing Unit and special unit for providing broking services to Departments in need of specialist advice.

8.4 STATE TAX TASK FORCE REPORT – GOVERNMENT RESPONSE

The Report of the Tax Task Force has provided a major focus for the Government's thinking about taxation policy. The Task Force had been asked to formulate tax measures to assist business and the economic development of New South Wales. These measures were to be revenue neutral in aggregate.

The Report has been carefully considered by the Government and it is now appropriate to outline the response to the recommendations made by the Tax Task Force (TTF) and the tax policy changes implemented so far.

It is important to note that upon the tabling of the Report, certain recommendations were immediately rejected. These included proposals for –

- extensions of land taxation to principal place of residence and farming land.
- a State income tax surcharge of 0.23 per cent upon Federal income tax.
- an extension of the Business Franchise Licence Fee system to goods and services at a rate of 1 per cent.
- withdrawal of the funds going to Racecourse development.

The Report

The Report was submitted to the Premier and Treasurer on 23 August 1988 and tabled in Parliament on 30 August 1988.

The basic thrust of the Report was to gain revenue from gambling, liquor and land taxes, so as to fund reductions in payroll tax, stamp duties and motor vehicle taxes. The Report's recommendations were revenue neutral in aggregate. In the first stage, revenue of \$221 million would be raised. These funds would be used to fund the following changes.

A lowered payroll tax rate, aiding business, was advocated. The surcharge would be removed, to be replaced by a single marginal tax rate of 5.75 per cent.

Stamp duty reform would abolish cheque duty, remove hiring arrangement duty and reform loan security duty by introducing a low rate tax on loan balances. Ten minor types of duty on documents would be removed.

The land tax proposal was controversial, with taxation proposed of principal residences and farms, above land values of \$500,000 and \$1 million respectively. As well, the current exemption of \$125,000 was to be withdrawn. However, rental accommodation would be removed from land taxation.

A further round of tax reform would see two new taxes introduced. A personal income tax surcharge was to raise \$115 million, while franchise fee extensions would raise an additional \$185 million. This revenue would be used to reduce payroll tax to 4.5 per cent at a cost of \$300 million.

A Public Forum on the Report was organised by the Australian Tax Research Foundation. It was held on 14 December in Sydney. The deliberations of the Forum have been published.

Tax Policy Achievements in 1988-89

The Government introduced the following measures during 1988-89.

PAYROLL TAX

- Payroll tax was indexed with effect from 1 January 1989 to provide for an 8 per cent increase in the exemption threshold (from \$400,000 to \$432,000) whilst the taper band limits were also increased by 8 per cent.
- The payroll tax legislation was amended, as from 1 July 1989, by the introduction of marginal rates of taxation to simplify the previous complex description of the rate scales.
- An Education Foundation was established, allowing employers an option of paying a set proportion of payroll tax (equivalent to 0.1 per cent of taxable wages) to fund specific education/training courses needed by industry.

LAND TAX

- The taxable threshold was indexed by 8 per cent to \$135,000 from \$125,000 for the 1989 land tax year.
- A five year land tax holiday for new residential developments was introduced.
- Exemption for rental/purchase housing schemes was introduced from 1 January 1989 to assist home ownership.

STAMP DUTIES

- Tax relief to further home ownership was introduced for:
 - rental/purchase housing schemes
 - purchase by Housing Department tenants
- First home purchase threshold was increased to \$125,000 from \$105,000.
- Other tax relief measures introduced included:
 - a concessional rate for Superannuation Trusts
 - a loan-backed securities exemption
 - exemption on refinancing of loans for rural properties
 - exemption in respect of demonstration motor vehicles

Current Measures

A reform of the stamp duty on insurance policies is presently being implemented. A change in the method of levying tax is proposed which will see a switch from a sum insured basis to a premium basis. The change will be revenue neutral. The legislation has been passed by Parliament and commences on 1 November 1989.

This represents a major reform which has been the subject of debate over many years between the Government of the day and the insurance industry. The changes now being brought about have been made with the support, co-operation and active participation of both the Insurance Council and the Life Insurance Federation of Australia. They bring New South Wales into line with all other Australian jurisdictions, albeit that there are some variations in approach from State to State.

This combination of legislative improvement and enhancement of tax harmonisation is seen as an affordable reform in the present deteriorating economic conditions.

Proposed Tax Policy Changes – Responses to the Tax Task Force

PAYROLL TAX

- The adoption of a single marginal rate of tax recommended by the Task Force is accepted. When Budget conditions allow, a single rate will be introduced, with any necessary adjustments to ensure that small business does not pay more.
- Base broadening through taxation of fringe benefits is being carried out by legislation this session, as advocated by the TTF.
- The inclusion of superannuation in the fringe benefit extension to the base is rejected as it would discriminate against saving in the community.
- The TTF's finding that there is no strong case against payroll tax is accepted. Hence payroll tax will continue to be an important part of the Government's revenue base. Nonetheless, in order to reduce the burden of the tax, the Government will seek to lower the payroll tax rate when Budget circumstances permit.

LAND TAXATION

- The Government is aware that the recent property boom has raised the burden of land taxation. Though the current weakening of prices will bring relief in time, the Government is not in the position to increase the land tax threshold this year, as recommended by the TTF. The inevitable rise in land tax liability, which is the other side of the coin of higher property prices, is an unavoidable part of the budgetary strategy forced on the State at this time.
- The Government rejects the view that the principal residence should be subject to tax.
- As well, the taxation of agricultural land farmed by families is ruled out. It is believed the need to maintain the export competitiveness of the produce from New South Wales farms rules out such a tax move, which would only act to disadvantage New South Wales farmers.
- Exemptions currently given to charitable, educational and religious bodies will be continued and limits placed on these exemptions by the previous Government have been removed.
- Different land tax rates will not be struck between Australian resident and non-resident taxpayers, as was recommended by the TTF, because no compliance problem exists which would justify such a measure. However, the situation will continue to be monitored.

BUSINESS FRANCHISE LICENCES

- Tobacco and liquor business licence fees increases proposed by the TTF were designed to raise revenue, for the purpose of overall tax neutrality. The Government has already increased the tobacco business licence fee from 30 per cent to 35 per cent, as from 1 July 1989, in response to that recommendation.
- While liquor licence fees will not be increased in this Budget, there will be an increase in Approved Amusement Devices fees, and a switch to a turnover base, as argued for by the TTF. Adopting a turnover base, instead of the previous flat levy, means that the fee will be more closely related to taxpayers' ability to pay.

- The petroleum business franchise licensing fee system has been considered in the light of the TTF's deliberations. It has been concluded that the policy of extending licensing to all petroleum products is neither administratively possible nor desirable. The impossibility of distinguishing between domestic and other uses of LPG means that the imposition of a fee on LPG would therefore introduce an inequity between domestic users of LPG and users of natural gas. Accordingly, no action to levy a fee on LPG will be taken.
- In rejecting the proposal by the TTF to adjust downwards the motor vehicle weight tax for business vehicles to that for private vehicles, the Government has noted that business vehicles have a higher usage of roads by distance and load than private vehicles. Implementing the TTF proposal would create an undesirable divergence from the user pays concept.
- The Government will give further consideration to the administration of the off-road diesel exemption scheme. The TTF recommended replacement of the current exemptions with a rebate arrangement. This rationalisation of administrative aspects of the scheme would not reduce the benefits currently received under the off-road diesel scheme.

STAMP DUTIES

- Reform of stamp duties is already under way, with the abolition of 10 duties at a cost of \$2 million in a full year. By acting on this recommendation, duties on the following items, which had deteriorated to the status of nuisance taxes, have been, or will be removed: Agreement or Memorandum of Agreement and not otherwise specifically charged with any duty; Award, whether under hand or seal; Bill of Lading; Charter Party; Companies (Memorandum and Articles of Association); Duplicate or counterpart of an agreement for the hire of a motion picture film; Guarantees; Lease or Promise of or Agreement for Lease or Hire; Letter of Allotment and Letter of Renunciation; and Letter of Power of Attorney.
- The major duty in the stamp duty area is on contracts and conveyances, which the Task Force saw as an essential part of the revenue system. The collapse of this source of stamp duty in 1989-90 (a decline of 26.6 per cent over 1988-89 is forecast) precludes indexation of the rate scales this year. However, indexation will be reviewed annually in the light of Budget circumstances.
- The issue of the Financial Institutions Duty was addressed by the TTF. The concerns expressed by the TTF have been noted. The Government awaits the final report of a Committee set up by the previous Government to consider the operation of the Financial Institutions Duty, and will determine what, if any, change is necessary once the Committee has reported (expected to be at the end of October 1989).

ADMINISTRATIVE MATTERS

Whilst the focus of comment to date has been revenue, it should be noted that, of the 81 recommendations put forward by the TTF, 34 could be classified as relating to the administration of the NSW tax system.

The outstanding feature of the Report was the commendation given to the administration of the tax system. Nevertheless, there was seen to be room for developments enhancing the existing high level of performance. These ranged from matters pertaining specifically to tax administration to issues touching on relations with the Commonwealth and other states. An example of the former was the proposal for the creation of a Taxation Appeals Administrative Tribunal, while an example of the latter was the proposal for the establishment of an Interstate Tax Commission. The Government has considered these administrative proposals and will proceed to implement certain of them. The most important of these proposals are:

- That joint ventures and other business arrangements involving 50/50 sharing of interests in projects not be subject to payroll tax grouping provisions.
- That penalties for tax evasion be revised so as to bring penalties in all Acts into line with those applying in the business franchise legislation.
- That the garnishment provisions of the the Land Tax Management Act be strengthened in line with the business franchise and payroll tax provisions. Similar provisions in the Stamp Duties Act were implemented on August 24, 1989.
- That a simplification of the poker machine tax rate scale be made which is revenue neutral.

The Government is committed to the establishment of an Administrative Appeals Tribunal and believes it would be appropriate for taxation appeals to be heard by that Tribunal rather than a separate tribunal, which had been proposed by the TTF. Once the Administrative Appeals Tribunal is established, tax legislation will be amended in an appropriate way.

Thus the thrust of reform is not only to lower the direct burden of taxation, but also to ensure that tax payers need only devote a minimum of resources to complying with the State's legislative requirements.

Conclusion

The TTF Report provided both a comprehensive evaluation of all areas of State tax policy and a set of policy recommendations. However, reduced Commonwealth funding, declining revenue from stamp duty, the need to reduce debt and yet, at the same time, fund pressing expenditure needs are the problems presently faced by the Government. They all mean that tax reform can only be gradual.

CHAPTER 9: STATE PUBLIC SECTOR FINANCES AND EMPLOYMENT

- 9.1 Interstate Comparison of Public Sector Size and Growth**
 - 9.1.1 Overview**
 - 9.1.2 Revenue, Taxation and Charges**
 - 9.1.3 Outlays**
 - 9.1.4 Employment**
 - 9.1.5 Borrowings, Debt and Debt Costs**
- 9.2 New South Wales Government Liabilities**
 - 9.2.1 Debt and Debt Costs**
 - 9.2.2 Superannuation**

9.1.1 OVERVIEW

The size of government is frequently measured in terms of the ratios to Gross State Product (GSP) of state public sector outlays, revenue (including taxation), borrowings and debt; and the ratio to the state's work force of public sector employment. GSP is the value of all goods and services produced within the boundaries of the state.

Throughout this Section the public sector and government are used interchangeably. They include both the budget (inner and outer) and non-budget sectors of each level of government.

Appendix 1 provides a detailed definition of the concepts and sources of data. Revenue refers to revenue of the State Government, as distinct from revenue of semi government authorities which are self funding. State outlays exclude payments to local government. Total outlays cover both recurrent and capital outlays while recurrent outlays cover only operating outlays. The net financing requirement is the concept defined by the Australian Bureau of Statistics (ABS); and employment is the number of employees. Debt refers to the State-guaranteed gross debt from both the inner and outer budget sectors in each State. The ABS has produced comparable debt statistics for the States and the Commonwealth as at June 1987.

Due to the importance placed on the burden of debt, an interstate comparison of borrowings, debt and debt costs is provided in Section 9.1.5 while Section 9.2.1 provides more detailed information on New South Wales debt and debt costs. Interstate comparisons of growth in gross debt have been made using information from Moody's Sovereign Credit Report for New South Wales.

Table 9.1 compares the relative size of the NSW Government to that of other States for the latest year for which statistics are available.

Table 9.1: Size of Public Sector: Latest Year (a)

	Total Revenue (percentage of GSP/GDP)	Tax Revenue (percentage of GSP/GDP)	Total Outlays (percentage of GSP/GDP)	Recurrent Outlays (percentage of GSP/GDP)	Net Financing Requirement (percentage of GSP/GDP)	Gross Debt (c) (percentage of GSP/GDP)	Total Employment (percentage of labour force)
NSW	14.9	6.0	15.6	13.0	0.6	27.4	13.2
Vic	13.8	5.2	15.8	13.0	1.8	33.4	14.4
Qld	17.5	4.1	17.5	13.6	-0.1	33.8	13.1
WA	16.7	4.8	19.3	14.6	2.4	30.4	15.7
SA	17.1	4.6	19.1	15.6	1.8	35.9	15.4
Tas	20.3	4.7	22.6	17.9	2.2	54.4	18.8
NT	29.9	3.0	33.4	27.6	2.0	40.9	18.7
States excl NSW (b)	16.0	4.8	17.7	14.1	1.5	34.9	14.7
All States (b)	15.6	5.2	17.0	13.7	1.2	31.2	14.2
Commonwealth	26.6	24.5	18.0	17.3	-1.2	28.6	5.2

(a) All items refer to 1988-89 except for Employment which refers to March 1989, and Debt which refers to June 1987.

(b) These categories include the Northern Territory, except employment.

- (c) Debt for State and local government sectors in order to avoid differences due to differing responsibilities of State and local governments between States.

Sources: ABS: Australian National Accounts – State Accounts, 5220.0; Australian National Accounts – National Income and Expenditure, 5206.0; Government Financial Estimates, 5501.0; Employed Wage and Salary Earners 6248.0; Public Sector Debt, 5513.0; The Labour Force Australia, 6203.0.

The ratio for revenue in New South Wales of 14.9 per cent was higher than that of Victoria (13.8 per cent), but was well below the average for the States excluding New South Wales (16.0 per cent). However, taxation as a proportion of GSP in New South Wales (6.0 per cent) was higher than the average of the other States (4.8 per cent).

In 1988-89, the NSW ratio for total outlays of 15.6 per cent compared favourably with Victoria (15.8 per cent) and was substantially below the corresponding average for the States excluding New South Wales (17.7 per cent). Recurrent outlays as a proportion of GSP in New South Wales were 13.0 per cent, well below the average in the other States of 14.1 per cent.

The net financing requirement as a percentage of GSP for New South Wales (0.6 per cent) was lower than any other State except Queensland, and substantially below the ratio for other States of 1.5 per cent.

NSW's gross debt, at 27.4 per cent of GSP, was below the ratio for all other States of 34.9 per cent.

The NSW ratio for employment was 13.2 per cent. This was lower than the average for the other States (14.7 per cent) and 1.2 percentage points below the Victorian ratio of 14.5 per cent.

Table 9.2 shows the growth of the NSW public sector relative to that of other States and the Commonwealth over the latest five years for which data is obtainable.

Table 9.2: Growth of Public Sector, Past Five Years (a)
(Average Annual Growth Rates, per cent)

	Total Revenue	Tax Revenue	Total Outlays	Recurrent Outlays	Net Financing Requirement	Debt	Employment
NSW	10.4	13.6	8.3	10.5	(-)0.3	11.3	(-)0.3
Vic	9.6	11.6	8.0	10.0	2.2	10.6	1.4
Qld	11.3	12.1	7.7	11.4	-	10.1	(-)0.2
WA	10.8	15.7	9.6	12.2	4.3	16.8	1.3
SA	9.7	13.0	9.8	10.8	16.7	13.0	0.5
Tas	6.8	15.1	6.9	9.1	16.5	9.8	0.8
NT	6.1	18.3	6.1	10.1	-	n.a.	0
States excl NSW(b)	10.0	12.7	8.3	10.7	(-)0.9	11.6	0.8
All States(b)	10.1	13.0	8.3	10.7	(-)2.9	11.5	0.5
Commonwealth	12.6	12.9	9.5	10.5	-	n.a.	0.2

- : Not applicable; net financing requirement has changed from positive to negative, or vice versa.

n.a.: Not available.

- (a) All growth rates are calculated from 1983-84 to 1988-89, except for Employment, which is calculated as a five year growth rate from June 1984 to March 1989 (Employment figures prior to March 1984 are not available on a consistent basis), and Debt, which is for the period 1982-83 to 1987-88.
- (b) These categories include the Northern Territory.

Source: ABS: Government Financial Estimates, 5501.0; Employed Wage and Salary Earners, 6248.0; Public Sector Debt, 5513.0, Moody's Sovereign Credit Report for NSW.

Over the past five years, the NSW public sector has grown at or below the average for public sectors of the other States in all categories except Revenue and Tax, in which growth has been marginally above that of the other States.

NSW's measures of the public sector for total revenue and total outlays have increased at lower rates than for the Commonwealth.

NSW's net financing requirement has declined by 10.3 per cent per year, a much larger decrease than that of the other States of 0.9 per cent. The Commonwealth has shown a surplus on its Budget in the last two years, as a result of tax bracket creep and cuts in payments to the States.

9.1.2 REVENUE, TAXATION AND CHARGES

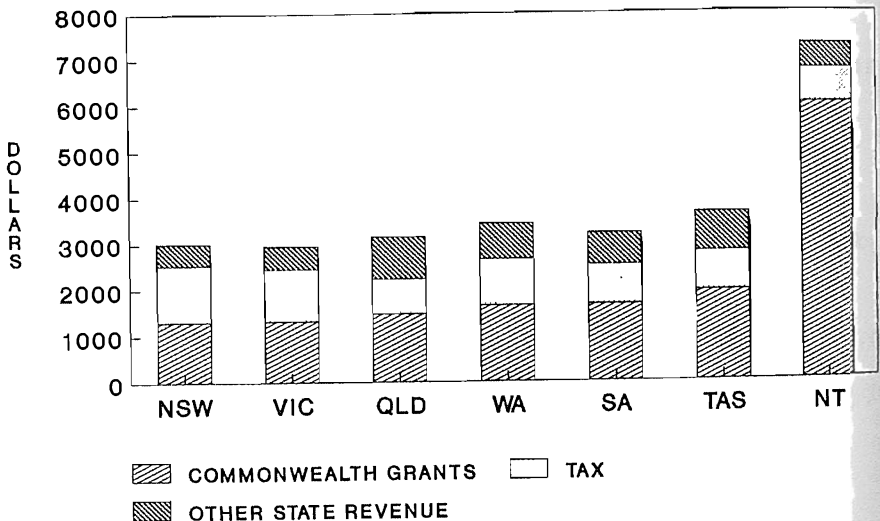
Interstate comparison of State public sector revenue statistics show that -

- NSW's total revenue per person in 1988-89 was lower than all States except Victoria and substantially below the average of the other States.
- In 1988-89, NSW's own source revenue and taxation revenue per person were higher than the other States.
- NSW's average tax rates in 1987-88 were higher than three of the smaller States.
- NSW's tax revenues have grown over the past five years at a faster rate than the other States.

Interstate Comparison of Level of Revenue and Taxation

In 1988-89, total revenue per person in New South Wales was \$3,010; lower than the average of the other States of \$3,200. Figure 9.1 shows the composition of government revenues for the States.

Figure 9.1
GOVERNMENT REVENUES
PER PERSON, 1988-89



Source: ABS Cat Nos: 5501.0 and 3101.0

Both taxation and total own source revenues of New South Wales (\$2,223 and \$1,701 per capita respectively) were higher than other States. Only Western Australia's own source revenue of \$1,779 exceeded New South Wales.

New South Wales and Victoria have traditionally had higher tax revenues than the smaller States. This is partly because of the lower grants received by the larger States from the Commonwealth Government. In 1988-89 New South Wales received \$1,309 per person from the Commonwealth, compared with an average of \$1,550 for the other States.

Grants Commission figures can be used to compare the tax rates of the States. By comparing NSW's actual tax revenues with those which New South Wales could have raised if it had imposed tax rates at the average national rate, an index of the severity of NSW's tax rates can be derived. This index shows that NSW's average tax rate was 3.2 per cent higher than the average of all States. However, Victoria, South Australia and Tasmania have higher tax rates than New South Wales. Each State's index was calculated, showing its average tax rate compared with the average national tax rate. Taking NSW's average tax rates as the base, the following indexes of tax rates are derived -

**Table 9.3: Severity of Tax Rates Compared with NSW
1987-88, Index**

NSW	VIC	QLD	WA	SA	TAS	NT
100.0	102.6	77.8	98.4	107.5	100.8	88.7

Using Grants Commission figures, it can be seen that South Australia, Victoria and Tasmania had higher tax rates than New South Wales in 1987-88.

Growth in Revenue and Tax Receipts

Figure 9.2 shows growth in State taxation revenues since 1983-84. Year-on-year growth for New South Wales was at a similar rate to the other States until 1987-88. Higher growth rates in 1987-88 and 1988-89 are the result of a larger increase in contracts and conveyancing revenues in New South Wales than in the other States. This is reflected in higher average annual growth in taxation of 13.6 per cent for New South Wales compared with 12.7 per cent for the other States.

Figure 9.2

STATE TAXATION REVENUE NSW AND OTHER GOVERNMENTS Indices, 1983-84 = 100

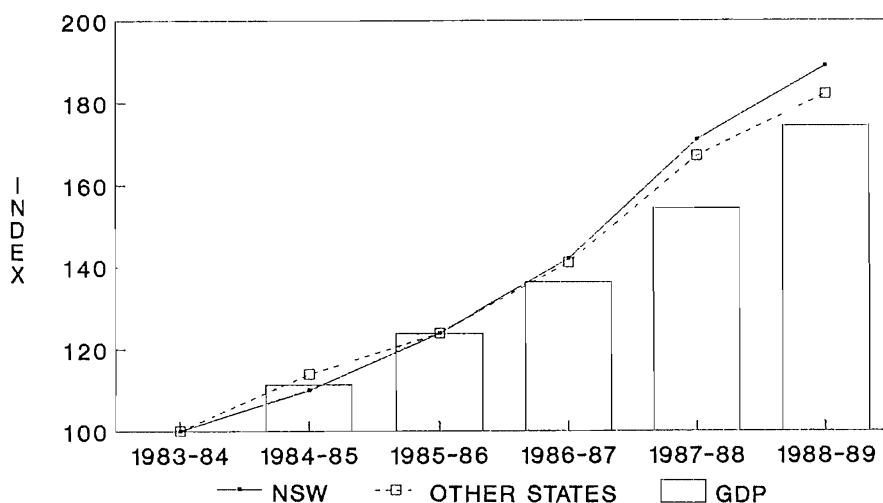
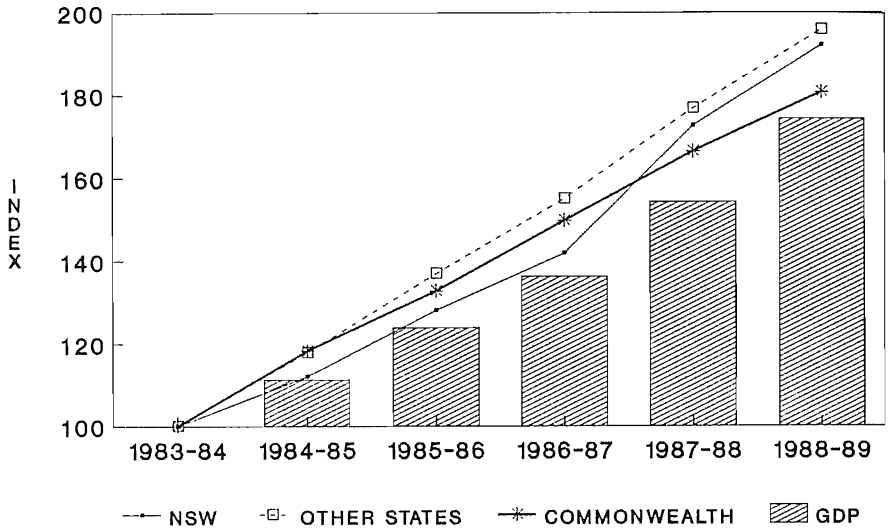


Figure 9.3 shows growth in total own source revenue since 1983-84. The average annual growth of New South Wales revenue has been 13.9 per cent, below the other States' average of 14.4 per cent. Own source revenues have grown at a faster rate than GDP in most years. Commonwealth own source revenue, which is total Commonwealth receipts, have grown at a lower rate than State own source revenues.

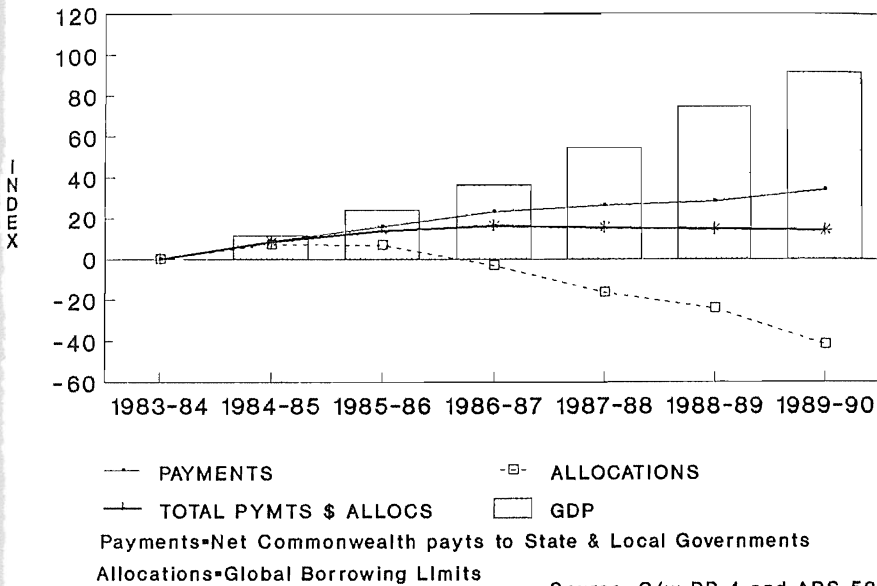
Figure 9.3
GROWTH IN OWN SOURCE REVENUES
 NSW AND OTHER GOVERNMENTS
 Indices, 1983-84 = 100



Source: ABS Cat. Nos 5501.0 and 5206.0

The States have been forced to rely more heavily on own source revenues as a result of restrictions in Commonwealth funding. Figure 9.4 shows growth in net Commonwealth payments (grants and advances by the Commonwealth) and in total payments and allocations, including the States' borrowing limits.

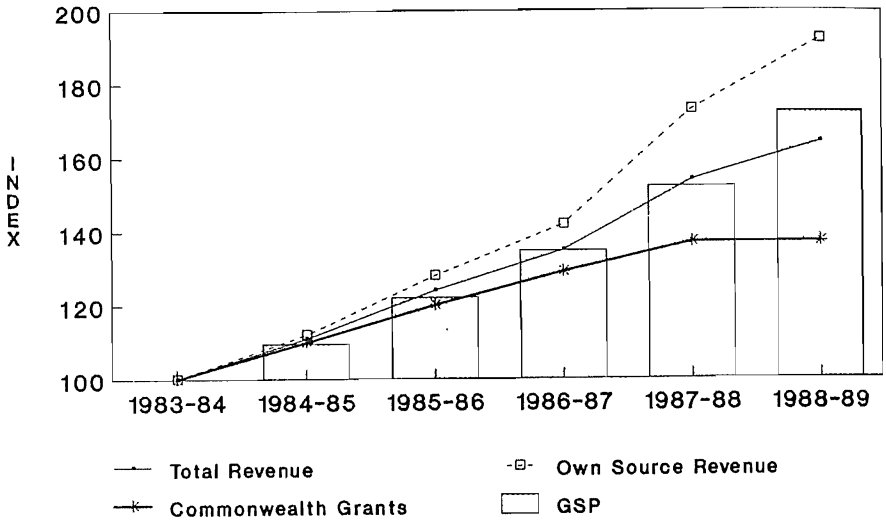
Figure 9.4
COMMONWEALTH PAYMENTS AND ALLOCATIONS
TO STATE AND LOCAL GOVERNMENTS
 Indices, 1983-84=100



Commonwealth payments have increased more slowly than GDP in every year. Borrowing allocations to the States have decreased in nominal terms since 1986-87, yielding a decrease in total payments and allocations since that time.

Growth in the components of NSW's revenue is shown in figure 9.5. Total revenue grew at 10.4 per cent per year, broadly in line with GSP. However, Commonwealth grants grew by only 6.6 per cent annually, forcing New South Wales to rely more heavily on own source revenues, which showed an annual average growth rate of 13.9 per cent. The two years 1987-88 and 1988-89 have seen large reductions in Commonwealth funding, with consequent increases in own source revenues of the State.

Figure 9.5
GROWTH IN NSW REVENUES
Indices, 1983-84 = 100



Source: ABS Cat. Nos 5501.0 and 5206.0

Government Charges

The NSW Treasury has compiled an index of State Government charges based on a selection of authorities which raised substantial revenue from charges (\$5.044 billion in base year 1986-87).

Figure 9.6 shows that since 1982-83, increases in State Government charges have remained well below the increase in the general price level, as measured by the Consumer Price Index (CPI). A more detailed breakdown is given in Table 9.4.

Figure 9.6
COMPARISON OF NSW GOVERNMENT CHARGES
WITH PRICE INDEXES, 1982-83 = 100

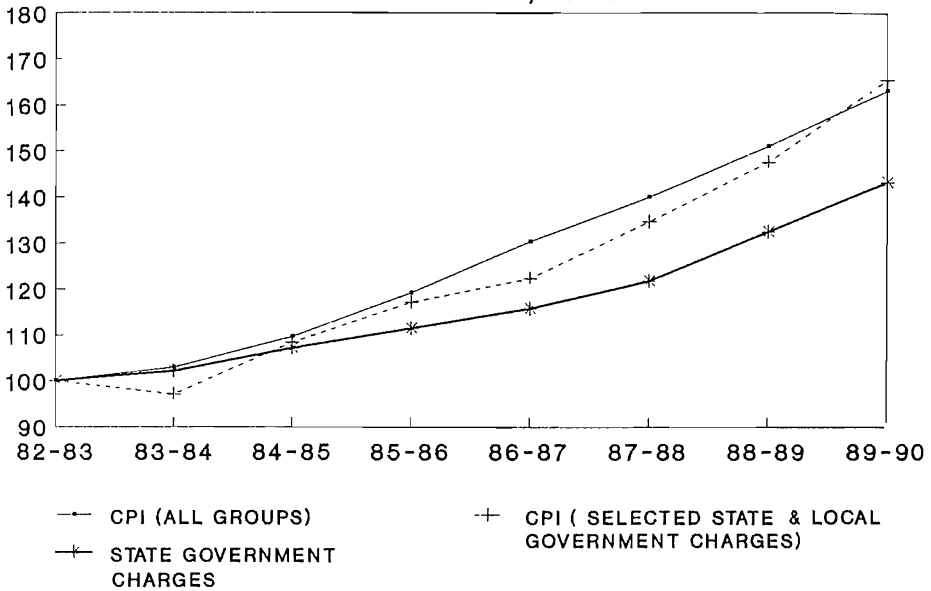


Table 9.4: Selected Government Charges - Movement in Prices, 1982-83 to 1989-90

AGENCY	ITEM	1986-87 REVENUE \$m	FRACTION WEIGHT	% MOVEMENT IN PRICE							
				82-83	83-84	84-85	85-86	86-87	87-88	88-89	89-90
STATE RAIL AUTHORITY	FREIGHT SERVICES	663.6	0.1315544	11.00	1.50	3.00	2.50	1.50	1.00	6.20	89.90
STATE TRANSIT AUTHORITY	PASSENGER SERVICES	223.4	0.0442876	21.50	12.80	8.60	7.80	8.70	7.60	15.10	6.60
MARITIME SERVICES BOARD	REVENUE - BUS AND FERRY**	81.2	0.0160974	15.00	3.90	12.70	6.90	9.00	3.60	22.00	7.50
ROADS AND TRAFFIC AUTHORITY	CARGO CHARGES AND COAL LOADING	196.6	0.0389747	16.49	4.10	0.00	7.74	0.00	-1.33	2.49	4.27
FORESTRY COMMISSION	DRIVERS LICENCES	70.3	0.0139365	0.00	0.00	33.30	0.00	5.00	4.76	2.59	-5.86
MINERALS AND ENERGY	VEHICLE REGISTRATION	70.3	0.0139365	0.00	0.00	33.30	0.00	10.00	22.73	7.40	6.90
	FOREST ROYALTY	56.2	0.0111413	16.50	9.50	8.50	8.00	8.80	7.00	10.40	*
	COAL ROYALTY (PRESCRIBED)	132.6	0.0262871	0.00	0.00	0.00	0.00	0.00	-20.00	0.00	25.00
LAND AND HOUSING CORPORATION	RENTS	253.3	0.0502151	13.60	3.80	4.90	4.60	3.10	11.20	10.80	17.80
LAND TITLES OFFICE	CHARGES	28.3	0.0056103	22.29	0.00	0.00	10.75	17.71	5.18	14.57	4.97
REGISTRY OF BIRTHS, ETC.	CERTIFIED COPIES	5.9	0.0011696	33.33	0.00	12.50	11.11	10.00	18.18	7.69	*
VALUER GENERAL	VALUATION LISTS FEES	12.0	0.0023789	47.05	8.00	0.00	0.00	0.00	-31.48	29.73	6.25
WASTE MANAGEMENT AUTHORITY	SOLID WASTE	20.8	0.0041235	13.00	7.00	0.00	0.00	6.50	8.10	34.20	*
	LIQUID WASTE	3.7	0.0007335	9.10	0.00	0.00	8.40	7.70	14.30	33.70	*
	WHEAT CHARGES	65.8	0.0130444	3.47	10.74	4.24	-2.91	0.00	0.00	10.80	*
GRAIN HANDLING AUTHORITY	CORPORATE AFFAIRS FEES	49.6	0.0098329	49.60	0.00	7.00	0.00	9.00	9.10	7.70	7.50
BUSINESS AND CONSUMER AFFAIRS	SALES (ALL USERS)	2038.0	0.4040204	45.00	2.69	0.23	2.81	3.03	7.93	8.74	4.90
ELECTRICITY COMMISSION	ACCOMMODATION CHARGES	262.6	0.0620588	25.00	-32.77	18.54	15.82	9.19	8.41	14.97	13.36
HEALTH DEPARTMENT	AMBULANCE SERVICES	26.5	0.0052535	10.00	10.00	8.00	7.00	7.00	7.00	0.00	6.50
SYDNEY WATER BOARD	DOMESTIC USAGE CHARGE	22.0	0.0043614	21.26	10.71	20.97	6.59	6.19	8.20	9.78	29.2
	SERVICE/VALUE BASED	666.6	0.1321492	19.10	7.72	10.00	4.42	4.51	2.03	8.56	15.37
HUNTER WATER BOARD	RATES AND WATER USAGE	95.0	0.0188531							5.20	9.10
	TOTAL	5044.3	1.0000000	27.69	2.01	4.99	4.14	3.86	5.16	8.76	8.17
	AVERAGE % MOVEMENT			11.16	2.98	6.47	8.80	9.28	7.34	7.96	7.50
	CPI (Sydney -All Groups) % MOVEMENT										

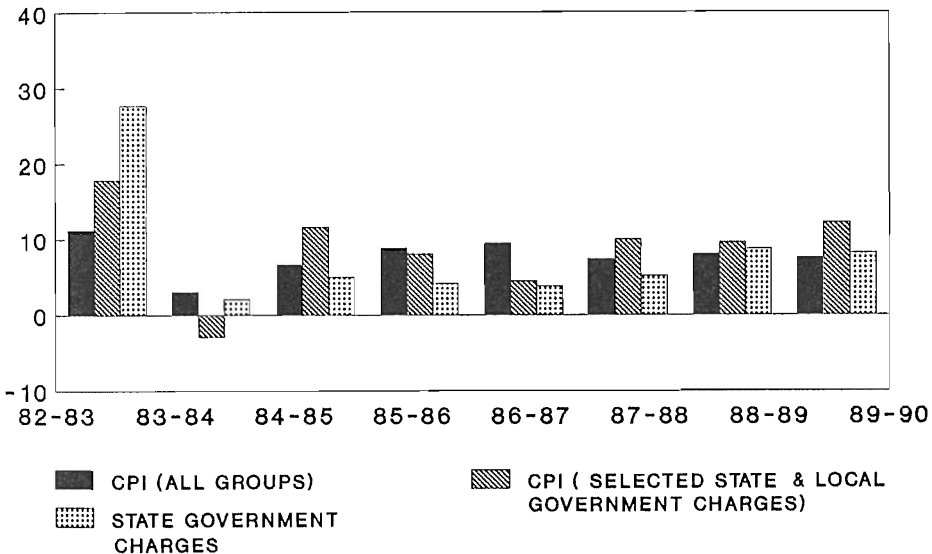
* % INCREASE NOT YET APPROVED.

** EXCLUDES FERRY REVENUE PRIOR TO 1988-89.

Figure 9.7 shows year-on-year percentage changes for the indices of Government charges. Since 1982-83 increases in State Government charges have been consistently below Consumer Price Index movements, except for 1988-89 when the State Government charges increased by 8.76 per cent compared to 8.0 per cent for the CPI. The real increase in charges in 1988-89 was a result of authorities recovering costs after several years of under-pricing. For 1989-90 the increase in these Government charges is expected to average 8.17 per cent compared to the projected 7.5 per cent increase in the CPI, as the Government continues its policies of restoring authorities from insolvency, removing anomalies in pricing structures, and funding pollution control in respect of the Sydney and Hunter Water Boards (Environment Levy).

Excluding the Environment Levy, the projected average increase in State Government charges in 1989-90 is 7.1 per cent. This reflects structural adjustments and productivity improvements which have kept the increase in electricity prices to only 5 per cent and rail fares and freight charges to 6.57 per cent. The cost of drivers' licences has fallen as a result of the cheaper 3 year and 5 year photographic licences.

Figure 9.7
COMPARISON OF NSW GOVERNMENT CHARGES
WITH CONSUMER PRICES
Percent Change Year on Year



9.1.3 OUTLAYS

A comparison of public sector total outlays for each State and the Commonwealth shows that -

- NSW's own purpose outlays per person in 1988-89 were less than the average of the other States and below all States except Queensland.
- NSW's own purpose total outlays grew at the same rate as the other States, but below the rate of growth of Commonwealth outlays.

Comparing recurrent outlays, it can be seen that -

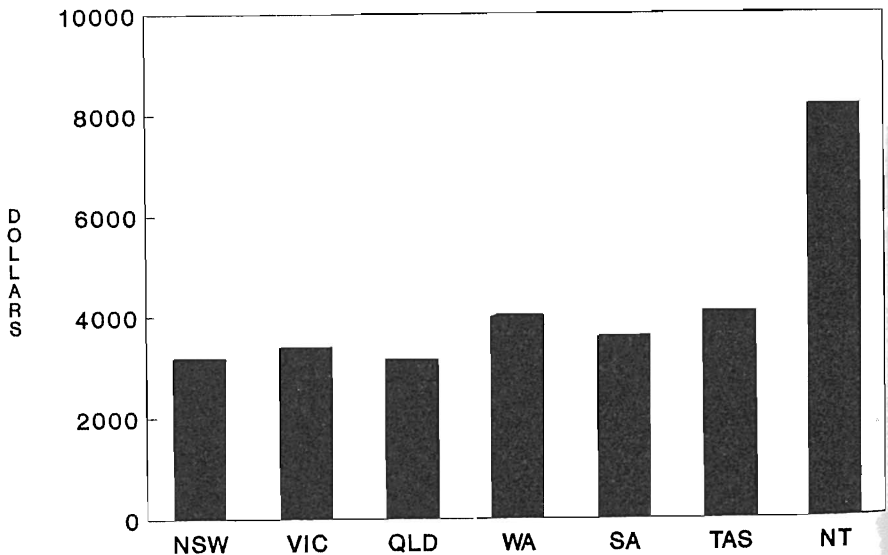
- NSW's own purpose recurrent outlays grew less than the average of all other States.

Interstate Comparisons of Level of Outlays

Each State spends the majority of its revenue on programs of its own responsibility. However, a proportion of its available revenue (both from the Commonwealth and its own sources) is passed on to local government. Adjusting ABS figures for transfers to local government provides an estimate of State "own purpose" outlays.

In 1988-89, New South Wales own purpose total outlays per person were \$3,165, significantly lower than the average of the other States of \$3,535 and lower than all States except Queensland (see Figure 9.8).

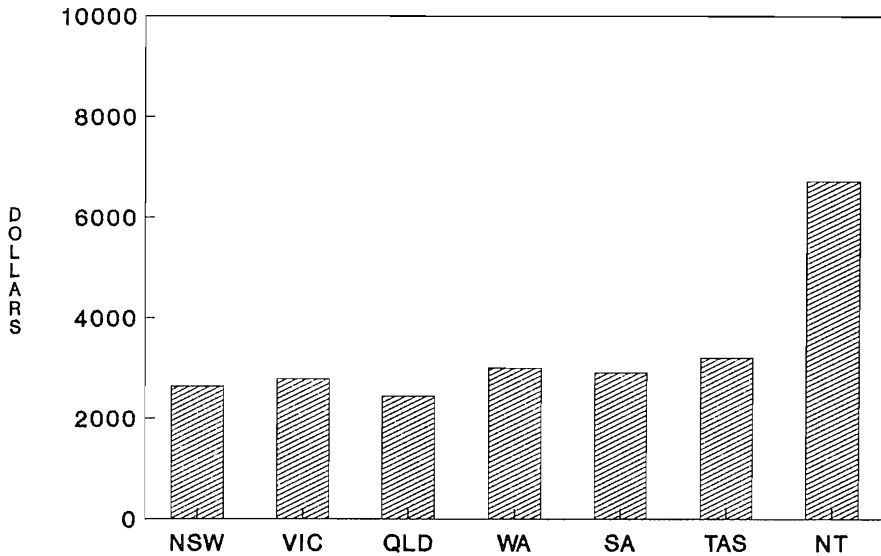
Figure 9.8
TOTAL GOVERNMENT EXPENDITURE
PER PERSON, 1988-89



Source: ABS Cat. Nos 5501.0 and 3101.0

Own purpose recurrent outlays in New South Wales were \$2,626 per person, again significantly lower than the other States (see Figure 9.9).

Figure 9.9
RECURRENT GOVERNMENT EXPENDITURE
PER PERSON, 1988-89



Source: ABS Cat. Nos 5501.0 and 3101.0

The Commonwealth Grants Commission makes an annual assessment of the amount of recurrent expenditure necessary for each State to provide a comparable national standard of service (standardised expenditure). The 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 accept in full the approach used, but it does provide the only available measure of expenditure across States standardised for "disability" factors.

In 1987-88, NSW's actual expenditure was 1.4 per cent higher than that which the Commonwealth Grants Commission assessed as necessary to provide a common standard of service to the other States.

Some other States had higher expenditure compared with their standardised expenditure than New South Wales. An index was prepared, which compares actual expenditure of each State with its standardised expenditure. Using New South Wales as a base, the index for each State is -

**Table 9.5: Expenditure Policies Compared with NSW
1987-88, Index**

NSW	VIC	QLD	WA	SA	TAS	NT
100.0	108.8	76.8	99.4	103.2	96.5	96.2

The index shows that, compared with the expenditure assessed by the Commonwealth Grants Commission as necessary to provide a common national standard of service, Victoria and South Australia spent in excess of New South Wales while other States spent less.

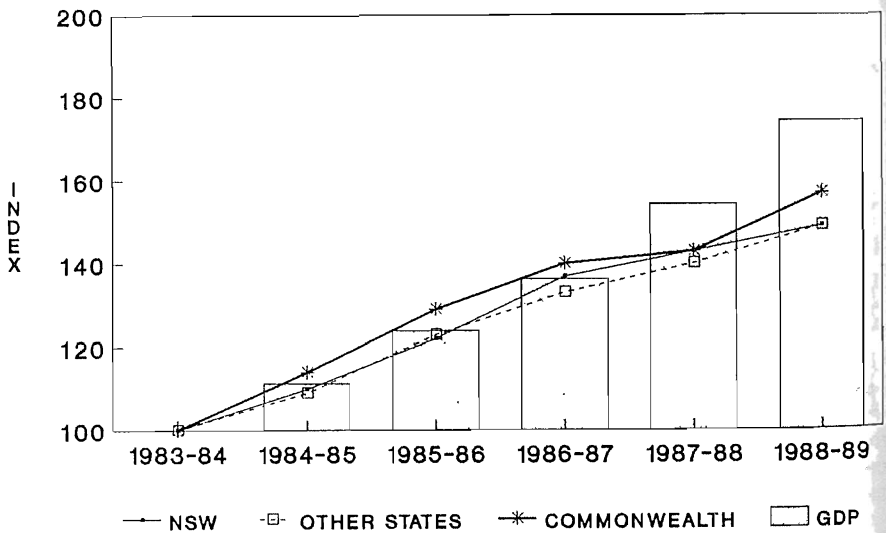
Growth in Outlays

Over the period 1983-84 to 1988-89, NSW's own purpose total outlays grew by 8.3 per cent per annum, the same rate as outlays of the other States.

Year-on-year growth in own purpose total outlays of the various Governments is shown in figure 9.10. Growth in total outlays of the States was lower than growth in the economy in most years, significantly so in the last two years.

The States have demonstrated considerable fiscal restraint compared with the Commonwealth. Figure 9.10 shows that Commonwealth own purpose total outlays (net of transfers to the States and local government) grew more quickly than own purpose total outlays of the States in all years.

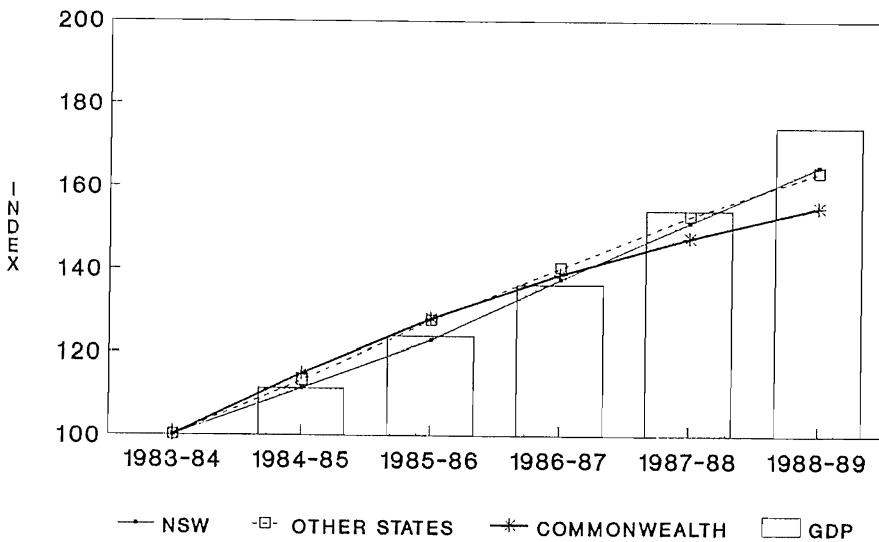
**Figure 9.10
GROWTH IN OWN PURPOSE TOTAL OUTLAYS
NSW AND OTHER GOVERNMENTS**
Indices, 1983-84 = 100



Source: ABS Cat. Nos 5501.0 and 5206.0

Own purpose recurrent outlays have grown by 10.5 per cent per year in New South Wales, compared with 10.7 per cent in the other States. Figure 9.11 shows year-on-year growth. NSW's recurrent outlays grew by less than economic activity in all years, and less than the increase in other States in most years.

Figure 9.11
GROWTH IN OWN PURPOSE RECURRENT OUTLAYS
NSW AND OTHER GOVERNMENTS
 Indices, 1983-84 = 100



Source: ABS Cat. Nos 5501.0 and 5206.0

9.1.4 EMPLOYMENT

Interstate comparisons of public sector employment are based on Australian Bureau of Statistics (ABS) data. However, there are certain deficiencies in the ABS data. For this reason the State compiles its own data which is presented separately in this Budget Paper.

Interstate comparison of Government employment, based on ABS data, shows that

- New South Wales has fewer State public sector employees per head of population than any State in Australia, except Queensland.
- NSW public sector employment grew at a slower rate than other Governments, State or Commonwealth.
- Public sector employment in New South Wales grew more slowly than the NSW labour force as a whole.

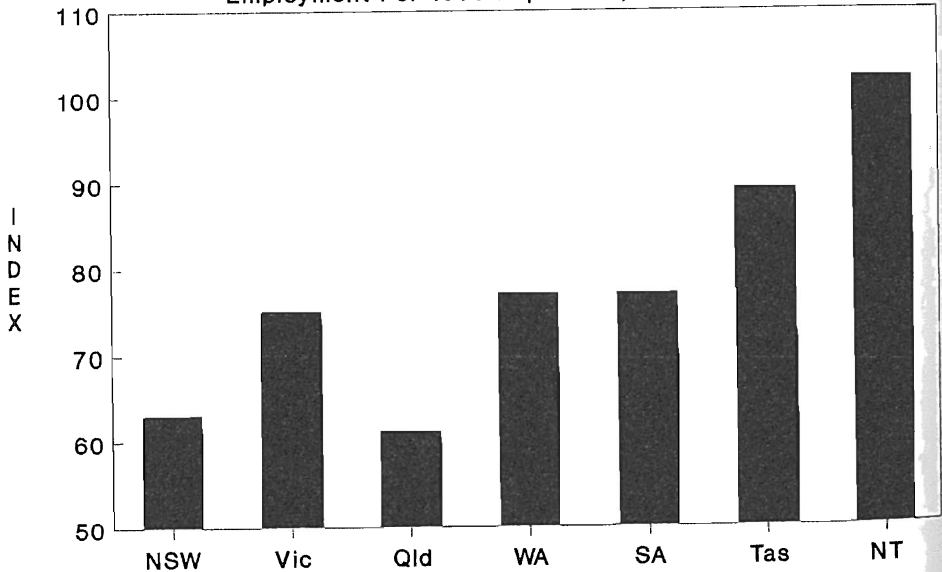
Interstate Comparison of Level of Employment

In December 1988 New South Wales had 63 State public sector employees per 1,000 population compared with 61 in Queensland, an average of 70 employees in all States and an average of 80 employees in the four least populous States. (See Figure 9.12.)

Figure 9.12

LEVEL OF GOVERNMENT EMPLOYMENT NSW AND OTHER GOVERNMENTS

Employment Per 1000 Population, December 1988

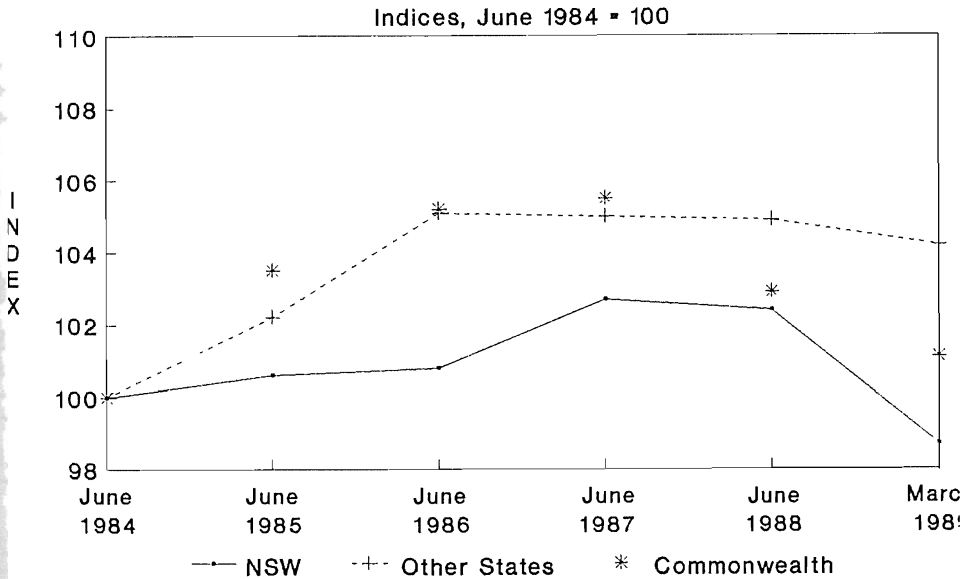


Source: Australian Bureau of Statistics Catalogue Nos 3101.0 and 6248.0

Growth in Public Sector Employment

Public sector employment in New South Wales fell by 0.3 per cent per year between June 1984 and March 1989. By contrast public sector employment in the other States rose by 0.8 per cent per year and in the Commonwealth by 0.2 per cent per year, over this period. (See Figure 9.13 and Table 9.2.)

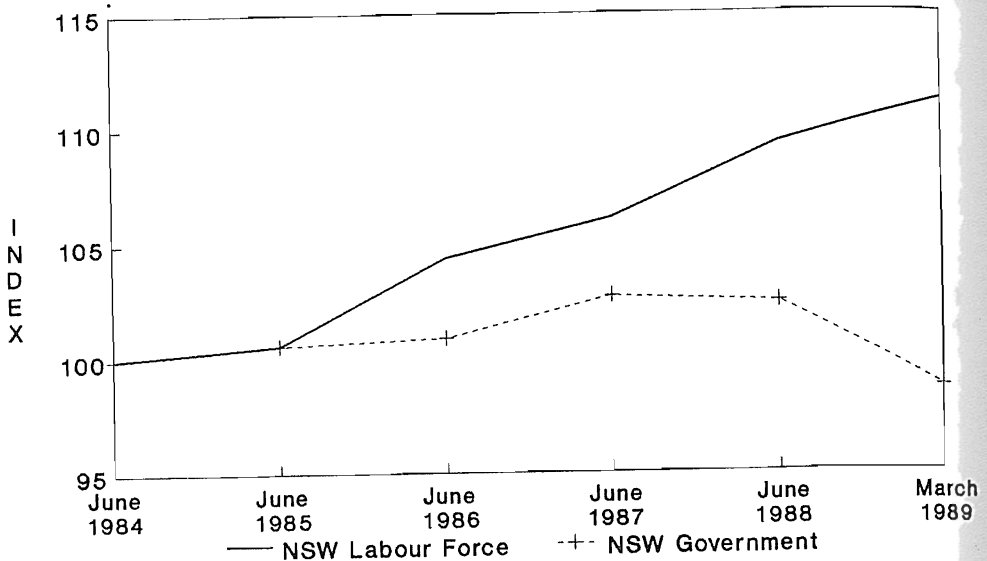
Figure 9.13
GROWTH IN GOVERNMENT EMPLOYMENT
NSW AND OTHER GOVERNMENTS



Source: Australian Bureau of Statistics Catalogue No 6248.0

Over the last five years, public sector employment in New South Wales has fallen 0.3 per cent per year while the NSW labour force as a whole rose 2.1 per cent per year. (See Figure 9.14.)

Figure 9.14
NSW LABOUR FORCE AND PUBLIC EMPLOYMENT
Indices, June 1984 = 100



Source: Australian Bureau of Statistics Catalogue Nos 6203.0 and 6248.0

Level and Growth of Employment

The New South Wales Treasury compiles staff statistics which provide the most accurate measure of the absolute size and trend in NSW public sector employment. Table 9.6 shows NSW public sector employment by Sector since June 1986 and the percentage change over that period.

Table 9.6: NSW Public Sector Employment at 30 June 1986-90 (a)

Sector	June 1986 (b)	June 1987	%	June 1988	% Change	June 1989	% Change	June 1990 (c)	% Change
Inner Budget	149,794	152,114	1.5	154,999	1.9	152,204	(-)1.8	149,900	(-)1.5
Outer Budget	155,564	155,739	0.1	154,584	(-)0.7	147,075	(-)4.9	139,900	(-)4.9
Non-Budget	7,612	8,156	7.1	8,709	6.8	8,955	2.8	8,955	—
Total	312,970	316,009	1.0	318,292	0.7	308,234	(-)3.2	298,755	(-)3.1
Total NSW Labour Force	2,583,800	2,626,200	1.6	2,705,500	3.0	2,751,500	1.7	2,784,518	1.2

Source: NSW Public Sector Employment Statistics; Australian Bureau of Statistics Catalogue No. 6203.0.

Notes: (a) Table shows equivalent full-time positions. Data for earlier years have been refined to make them comparable to 1988-89 and are therefore not comparable with the data appearing in the corresponding table in earlier budget papers.

(b) The collection commenced 1985-86 and no percentage change can be calculated for that year.

(c) Estimate.

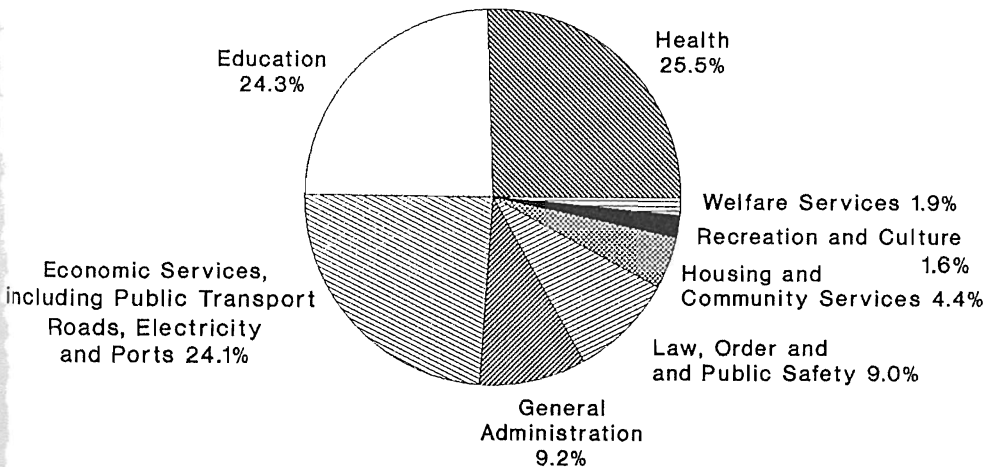
This table shows that NSW public sector employment grew moderately in 1986-87 and 1987-88, before falling in 1988-89. A further reduction is expected in 1989-90 as the Government takes further measures to boost productivity.

Functional Classification of NSW Public Sector Employment

While the same functional classification is used for expenditure and employment, it is not possible to record and classify the employment related to certain payments (such as various transport subsidies). Nevertheless, Education and Health are again the largest functional areas of government employment, each accounting for about one quarter of the total. Economic Services, including transport, electricity generation, roads construction and maintenance and provision of port services, accounts for a further one quarter of NSW public sector staff (See Figure 9.15.)

Figure 9.15
NSW GOVERNMENT EMPLOYMENT
BY FUNCTION

Percentage Share at June 1989



Source: NSW Public Sector Employment Statistics

Table 9.7 shows NSW public sector employment as at 30 June 1988 and 30 June 1989 for each department and agency, classified by function and budget sub-sector.

Table 9.7: NSW Public Sector Employment, by Department and Agency, Classified by Policy Area and Budget Sector

Function/Agency	At 30 June 1988			At 30 June 1989		
	Inner Budget	Outer and Non-budget	Total	Inner Budget	Outer and Non-budget	Total
LAW, ORDER AND PUBLIC SAFETY						
Attorney General's Department	3,139		3,139	3,465		3,465
Corrective Services	3,447		3,447	3,627		3,627
Legal Aid Commission	459		459	469		469
Independent Commission Against Corruption	—		—	71		71
Judicial Commission	15		15	14		14
Office of the Director of Public Prosecutions	337		337	369		369
Police Department	15,400		15,400	15,746		15,746
State Drug Crime Commission	72		72	60		60
State Emergency Services and Civil Defence	99		99	88		88
Bushfire Council	33		33	46		46
Board of Fire Commissioners	2,917	400	3,317	2,979	400	3,379
Public Trust Office		367	367		388	388
State Compensation Court		102	102		100	100
Total, Law, Order and Public Safety	25,918	869	26,787	26,934	888	27,822
EDUCATION						
Department of Education	60,757		60,757	58,509		58,509
Department of Technical and Further Education	15,256		15,256	15,608		15,608
Ministry of Education and Youth Affairs	983		983	683		683
Total, Education	76,996		76,996	74,800		74,800

The table shows that total employment in the NSW public sector fell by over 10,000 in 1988-89. Significant reductions occurred in education; transport and communications; and the Electricity Commission, while significant increases were recorded in law, order and public safety.

Table 9.7: NSW Public Sector Employment, by Department and Agency, Classified by Policy Area and Budget Sector (cont.)

Function/Agency	At 30 June 1988		At 30 June 1989		Total
	Inner Budget	Outer and Non-budget	Inner Budget	Outer and Non-budget	
HEALTH					
Department of Health	11,293		11,453		11,453
David Berry and Lidcombe State Hospitals		1,191		1,024	1,024
Hospitals and Allied Services (estimate)		66,226		66,382	66,382
Total, Health	11,293	67,417	11,453	67,406	78,859
WELFARE SERVICES					
Department of Family and Community Services	3,458		3,195		3,195
Home Care Service of NSW	2,371		2,610		2,610
Total, Welfare Services	5,829		5,805		5,805
HOUSING AND COMMUNITY SERVICES					
Department of Planning	444		431		431
Office of the Minister for the Environment	12		13		13
State Pollution Control Commission	248		270		270
Broken Hill Water Board		121		112	112
Department of Housing		2,199		2,317	2,317
Hunter Valley Water Board		1,378		1,271	1,271
Sydney Water Board		9,442		8,954	8,954
Waste Management Authority		97		111	111
Total, Housing and Community Services.	704	13,237	714	12,765	13,479

Table 9.7: NSW Public Sector Employment, by Department and Agency, Classified by Policy Area and Budget Sector (cont.)

Function/Agency	At 30 June 1988			At 30 June 1989		
	Inner Budget	Outer and Non-budget	Total	Inner Budget	Outer and Non-budget	Total
RECREATION AND CULTURE						
Department of Sport, Recreation and Racing	304		304	323		323
Ministry for the Arts	1,542		1,542	1,567		1,567
Ministry for the Arts - Off-Budget Sources		110	110		104	104
National Parks and Wildlife Service	1,350		1,350	1,120		1,120
Tourism Commission	170		170	173		173
Cave Resorts		135	135		151	151
Greyhound Racing Control Board		27	27		27	27
Harness Racing Authority of NSW		37	37		43	43
State Sports Centre		27	27		41	41
Sydney Cricket Ground and Sports Ground Trust		134	134		110	110
Totalizator Agency Board		908	908		919	919
Zoological Parks Board of NSW		388	388		269	269
Total, Recreation and Culture	3,366	1,766	5,132	3,183	1,664	4,847
ECONOMIC SERVICES						
Agriculture, Forestry and Fishing -						
Department of Agriculture and Fisheries	3,303		3,303	3,371		3,371
Department of Water Resources	1,846		1,846	1,767		1,767
Soil Conservation Service	760		760	789		789
Forestry Commission		1,845	1,845		1,852	1,852
Meat Industry Authority		25	25		28	28
Fish Marketing Authority		78	78		77	77
Grain Handling Authority		686	686		575	575
Homebush Abattoir		98	98		41	41
NSW Dairy Corporation		206	206		196	196
Sydney Market Authority		110	110		108	108
Sub-Total, Agriculture, Forestry and Fishing	5,909	3,048	8,957	5,927	2,877	8,804

Table 9.7: NSW Public Sector Employment, by Department and Agency, Classified by Policy Area and Budget Sector (cont.)

Function/Agency	At 30 June 1988			At 30 June 1989		
	Inner Budget	Outer and Non-budget	Total	Inner Budget	Outer and Non-budget	Total
Mining, Manufacturing and Construction -						
Department of Mineral Resources	763		763	673		673
Public Works Department Employees (Other Awards)	2,162		2,162	1,750		1,750
Building Services Corporation		210	210		188	188
Government Supply Office - Clothing Factory ..		107	107		133	133
State Brickyards		125	125		10	10
Sub-Total, Mining, Manufacturing and Construction	2,925	442	3,367	2,423	331	2,754
Transport and Communication -						
Roads and Transport Authority	10,934		10,934	10,502		10,502
Ministry of Transport	85		85	87		87
Maritime Services Board		3,037	3,037		2,989	2,989
State Dockyard		3	3		—	—
State Rail Authority		36,668	36,668		32,740	32,740
State Transit Authority		6,463	6,463		6,036	6,036
Sub-Total, Transport and Communication	11,019	46,171	57,190	10,589	41,765	52,354

Table 9.7: NSW Public Sector Employment, by Department and Agency, Classified by Policy Area and Budget Sector (cont.)

Function/Agency	At 30 June 1988			At 30 June 1989		
	Inner Budget	Outer and Non-budget	Total	Inner Budget	Outer and Non-budget	Total
Other Economic Services -						
Department of Business and Consumer Affairs.	1,192		1,192	933		933
Department of Business and Consumer Affairs - Development Corporations		43	43		39	39
Department of Industrial Relations and Employment	1,323		1,323	1,172		1,172
Department of State Development	22		22	35		35
Electricity Commission		10,431	10,431		8,264	8,264
Sydney Cove Redevelopment Authority		34	34		37	37
Sub-Total, Other Economic Services	2,537	10,508	13,045	2,140	8,340	10,480
Total, Economic Services	22,390	60,169	82,559	21,079	53,313	74,392
GENERAL ADMINISTRATION						
Legislative Services -						
Legislature	504		504	519		519
State Electoral Office	42		42	28		28
Sub-Total, Legislative Services	546		546	547		547

Table 9.7: NSW Public Sector Employment, by Department and Agency, Classified by Policy Area and Budget Sector (cont.)

Function/Agency	At 30 June 1988			At 30 June 1989		
	Inner Budget	Outer and Non-budget	Total	Inner Budget	Outer and Non-budget	Total
Financial and Fiscal Services -						
Chief Secretary's Department	169		169	167		167
NSW Superannuation Office	54		54	53		53
State Lotteries Office	439		439	350		350
Treasury	788		788	788		788
Auditor General		192	192		178	178
Building and Construction Industry Long Service Payments Corporation		121	121		107	107
Government Insurance Office		2,393	2,393		2,474	2,474
NSW Investment Corporation		30	30		—	—
NSW Treasury Corporation		44	44		55	55
State Authorities Superannuation Board		451	451		578	578
State Bank		6,272	6,272		6,426	6,426
State Compensation Board		179	179		173	173
Valuer General's Department		421	421		430	430
Sub-Total, Financial and Fiscal Services	1,450	10,103	11,553	1,358	10,421	11,779

Table 9.7: NSW Public Sector Employment, by Department and Agency, Classified by Policy Area and Budget Sector (cont.)

Function/Agency	At 30 June 1988			At 30 June 1989		
	Inner Budget	Outer and Non-budget	Total	Inner Budget	Outer and Non-budget	Total
Other General Administration -						
Cabinet Office	61		61	71		71
Premier's Department	426		426	432		432
Ethnic Affairs Commission	94		94	95		95
Ombudsman's Office	57		57	68		68
Public Works Department (Public Service Employees)	2,821		2,821	2,498		2,498
Land Titles Office		833	833		876	876
Department of Administrative Services	272		272	520		520
- Off-Budget		132	132		130	130
Department of Lands	1,105		1,105	1,059		1,059
Government Printing Office	876		876	838		838
Government Supply Office	595		595	549		549
- Cleaners (estimate)		8,539	8,539		8,351	8,351
- Other	157	228	228	161	216	216
Department of Local Government	43		43	39		39
Darling Harbour Authority						
Sub-Total, Other General Administration	6,507	9,732	16,239	6,330	9,573	15,903
Total, General Administration	8,503	19,835	28,338	8,235	19,994	28,229
Total, All Functions	154,999	163,293	318,292	152,203	156,030	308,233

9.1.5 BORROWINGS, DEBT AND DEBT COSTS

Borrowings, debt and debt costs provide an important measure of the financial position of the public sector and, in relation to relevant measures such as the size of the State economy and population, are important intergovernmental indicators.

Until recently, while there were adequate measures of financial flows on borrowing and debt costs, there was no consistent data on the level of debt of each Government. New South Wales has provided such information on itself for a number of years, but clearly it was important that a consistent data series be established for all States. The Australian Bureau of Statistics has now produced such information and this is provided in this Section for the first time.

Interstate comparisons of borrowings, debt and debt costs show that –

- NSW's net financing requirement per person in 1988-89 was lower than all States except Queensland. NSW's financing requirement showed a substantial reduction compared with an increase by the other States.
- NSW's global borrowings in 1988-89 decreased by 26 per cent, twice as much as the reduction in borrowings by other States.
- NSW's gross debt at June 1987, both in per capita terms and as a proportion of GSP, was lower than that of all other States. On both measures NSW's net debt was lower than all States except Queensland and South Australia.
- NSW's debt costs were lower than the other States, both in per capita terms and as a proportion of GSP.

Interstate Comparison of Borrowings

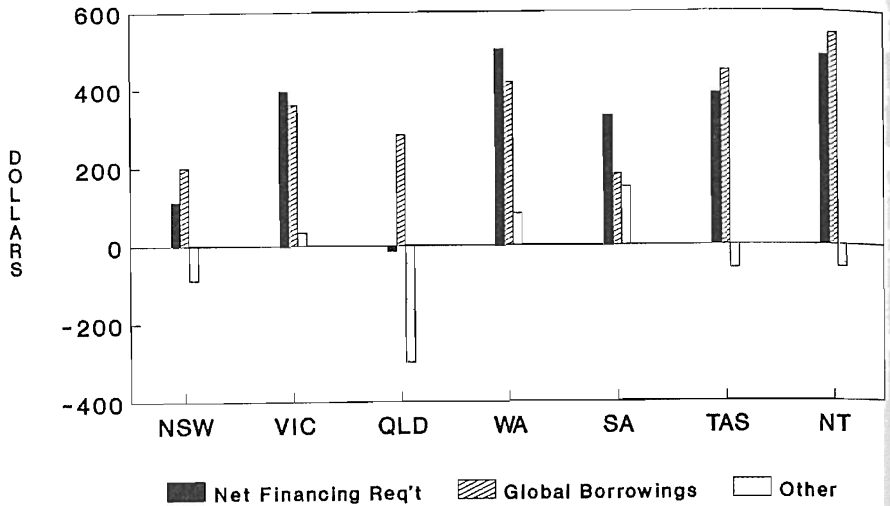
There are two available measures of borrowings, the net financing requirement and borrowings under the global limit.

The net financing requirement shows the amount by which public sector expenditure exceeds revenue (excluding net advances from the Commonwealth and increases in internal provisions). As such it reflects the level of borrowings and the rundown in cash, and broadly equals the change in gross debt.

Global borrowings are the amount of new borrowings undertaken within the global limit approved by the Australian Loan Council. Unlike the net financing requirement, this measure does not take account of the rundown in outstanding financial assets or the retirement of debt.

ABS figures show that New South Wales has the lowest net financing requirement per person of any State except Queensland (see Figure 9.16). In 1988-89 the net financing requirement for New South Wales was \$113 per person, compared with an average of \$297 per person for the other States. New South Wales reduced its net financing requirement by 22.4 per cent in 1988-89, compared with an increase of 8.2 per cent for the other States.

Figure 9.16
FINANCING REQUIREMENTS
PER PERSON, 1988-89



Source: ABS Cat. Nos: 5501.0 and 3101.0
 and C/w Budget Paper 4.

Global borrowings by New South Wales in 1988-89 were \$201 per person, a reduction of 26 per cent. Global borrowings by the other States were \$333 per person in 1988-89, a reduction of 13 per cent.

In 1988-89, NSW's global borrowings were greater than its net financing requirement, as reserves were created for payment of future liabilities. These financial reserves are shown as "other" in Figure 9.16.

Table 9.8 shows the net financing requirements of the States from 1983-84 to 1988-89.

Table 9.8: Net Financing Requirement: 1983-84 to 1988-89

Public Sector	(\$ million)						Annual Average	Per cent of GSP	
	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	Growth Rate	1983-84	1988-89
NSW	1,111	1,188	1,275	2,059	832	646	(-)10.3	1.6	0.6
Vic	1,522	1,473	1,714	1,467	1,609	1,699	2.2	2.9	1.8
Qld	867	446	683	819	336	(-) 38	-	3.0	(-)0.1
WA	638	381	426	481	400	787	4.3	3.7	2.4
SA	217	84	306	340	409	470	16.7	1.4	1.8
Tas	81	152	208	144	114	174	16.5	1.8	2.2
NT	(-)10	(-) 18	82	68	61	76	-	(-)0.5	2.0
States excluding NSW	3,315	2,517	3,419	3,320	2,928	3,167	(-)0.9	2.7	1.5
All States	4,425	3,705	4,694	5,379	3,760	3,813	(-)2.9	2.3	1.2
Commonwealth	8,594	7,095	6,764	3,761	(-)2,757	(-)4,149	-	4.5	(-)1.2

New South Wales has made significant reductions in its net financing requirement in 1987-88 and 1988-89, compared with the other States as a group.

Interstate Comparison of Debt

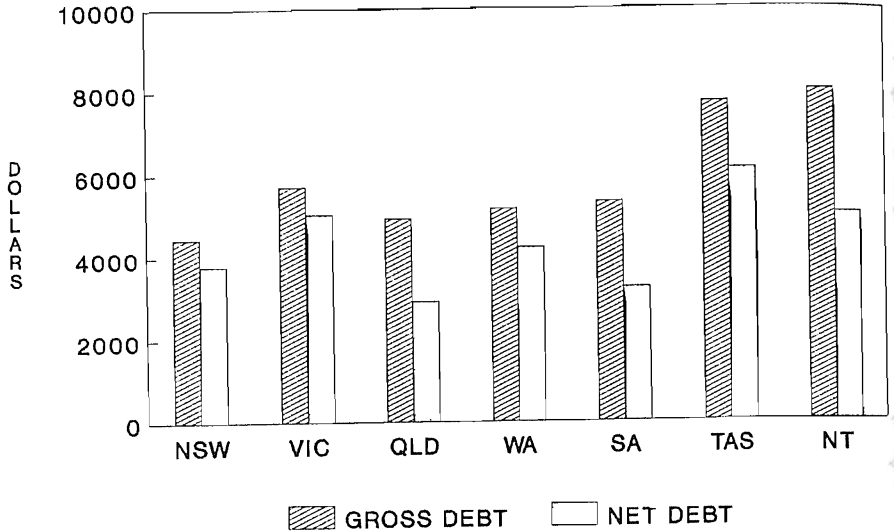
Interstate comparisons of debt have been difficult in the past because of a lack of comparable information. In 1989, the Australian Bureau of Statistics published statistics on public sector debt on a comparable basis as at 30 June 1987. Because of differences in the responsibilities in each level of government between the States, this section compares indebtedness of the combined State and local government sectors of each State.

The ABS debt statistics cover gross indebtedness of the States and local government on a face value basis.

Contingent liabilities such as public sector superannuation schemes and government guarantees of private debt are additional to the published debt, and substantially increase the actual or potential call upon public sector assets.

Figure 9.17 shows gross and net debt per person at June 1987. New South Wales had the lowest per capita gross debt at \$4,495, compared with an average of \$5,628 for the other States.

Figure 9.17
STATE AND LOCAL GOVERNMENT DEBT
PER PERSON, JUNE 1987



Source: ABS Cat. Nos: 5513.0 and 3101.0

A significant part of State Government gross debt is represented by financial assets. Net debt is defined as gross debt less financial assets. As at June 1987, New South Wales had net debt per person of \$3,812, compared with an average of \$4,277 for the other States. NSW's net debt per person was higher than that of Queensland and South Australia, and lower than the remaining States. (See Figure 9.17.)

Table 9.9 gives detailed information on gross and net debt of the States.

Table 9.9: Interstate Comparison of Debt(a)
June 1987

	Gross Debt			Net Debt		
	\$m	%GSP	Per Person	\$m	% GSP	Per Person
NSW	25,044	27.4	4,495	21,240	23.2	3,812
Vic	24,022	33.4	5,741	21,204	29.5	5,068
Qld	13,229	33.8	4,991	7,826	20.0	2,953
WA	7,749	30.4	5,237	6,331	24.9	4,278
SA	7,416	35.9	5,342	4,527	21.9	3,261
Tas	3,455	54.4	7,722	2,734	43.1	6,111
NT	1,253	40.9	8,042	789	25.7	5,064
States excl NSW	57,124	34.9	5,628	43,411	26.5	4,277
All States	82,168	31.2	5,091	64,651	24.6	4,006
Commonwealth	72,293	28.6	4,665	41,425	15.7	2,567

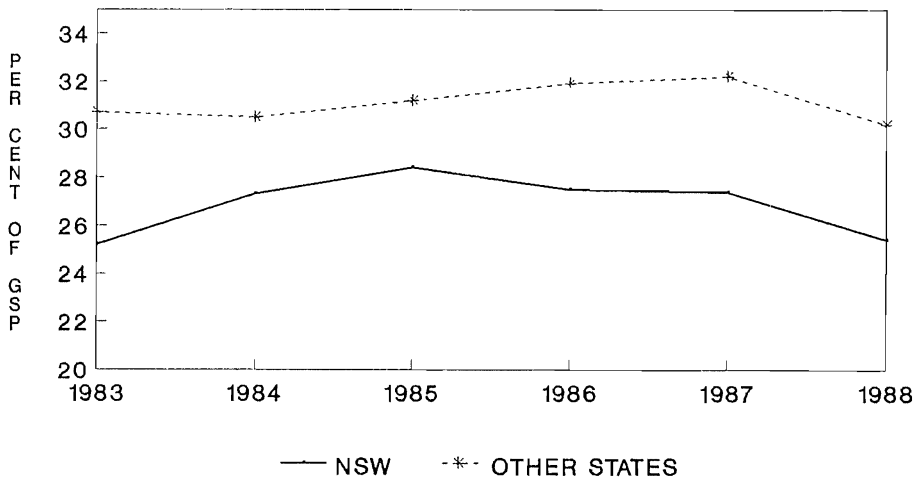
- (a) Debt refers to debt of State and local governments in face value terms. There are other minor differences between the data shown in this table and those presented in Tables 9.10 and 9.11. These differences however do not affect interstate comparisons.

Source: ABS 5513.0, Public Sector Debt; 5206.0 Australian National Accounts; 3101.0, Australian Demographic Statistics.

As at June 1987, NSW's gross debt (on the face value basis) was 27.4 per cent of GSP compared with an average of 34.9 per cent for the other States. On the basis of net debt, New South Wales was 23.2 per cent of GSP compared with 26.5 per cent for the other States.

Growth in gross debt for the period June 1983 to June 1988 was 11.3 per cent per year for New South Wales, and 11.6 per cent for the other States¹. (See Figure 9.18.)

Figure 9.18
GROSS GOVERNMENT DEBT
AS A PROPORTION OF GSP
NSW AND OTHER GOVERNMENTS



GSP is for 12 months ended June, and
Debt is as at June each year.
Source: Moody's Sovereign Credit Report.

As a proportion of GSP, NSW's gross debt rose until June 1985 and then fell thereafter. In the other States, gross debt as a proportion of GSP continued rising until June 1987, before falling.

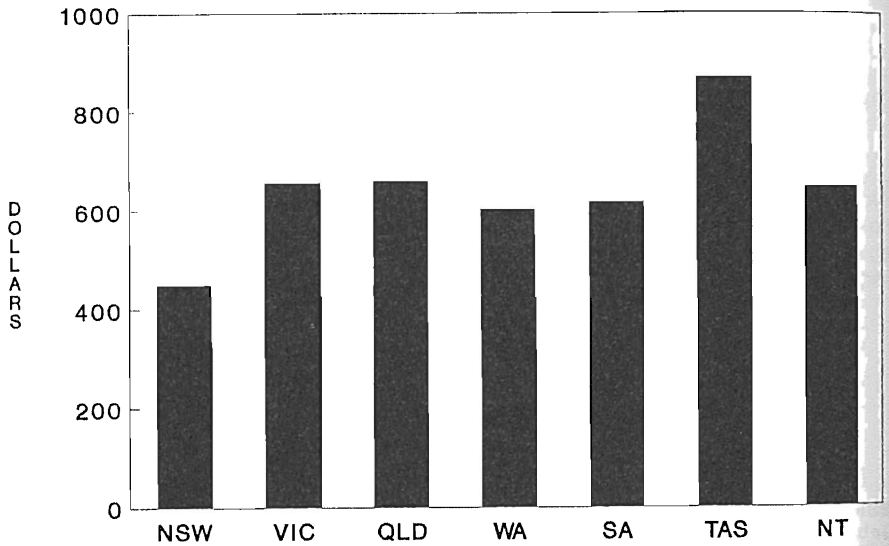
¹ As the ABS data is only for June 1987, the growth rate has been calculated from data in Moody's Sovereign Credit Report. Moody's figures are compiled on a different basis from ABS figures. The level of debt in the two series is different, but the relative position of the States, in per capita terms and as a percentage of GSP, is similar. In both series, New South Wales has the smallest gross debt. However Moody's does not calculate net debt.

Interstate Comparison of Debt Costs

Debt costs are an indicator of the present burden created by past borrowings. NSW's interest costs were lower in 1988-89 than all other States on all relevant measures.

Figure 9.19 shows interest costs per person in 1988-89. NSW's interest payments per person were \$449, compared with an average of \$661 for the other States.

Figure 9.19
PUBLIC SECTOR INTEREST PAYMENTS
NSW AND OTHER GOVERNMENTS
PER PERSON, 1988-89

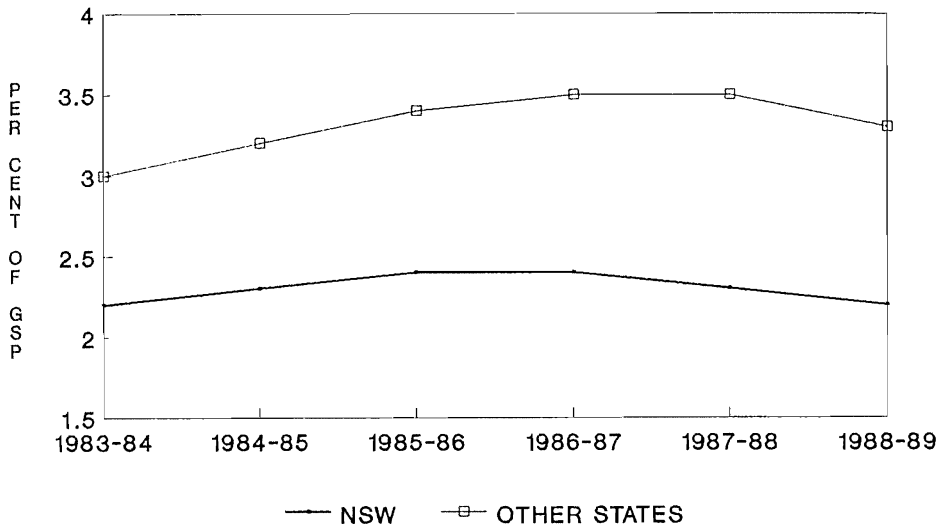


Source: ABS Cat. Nos 5501.0 and 3101.0

Over the five years to 1988-89, NSW's interest payments grew by 11.7 per cent per year, compared with 14.3 per cent per year for the other States.

Figure 9.20 shows growth in total public sector interest payments as a proportion of Gross State Product, for New South Wales and the other States.

Figure 9.20
PUBLIC SECTOR INTEREST PAYMENTS
AS A PROPORTION OF GSP
NSW AND OTHER GOVERNMENTS



Source: ABS Cat. Nos 5501.0 and 5206.0

NSW's debt costs reached a peak in 1986-87. Interest payments as a proportion of GSP declined in 1987-88 and 1988-89, and they have returned to their 1983-84 share of 2.2 per cent of GSP. Debt costs of the other States showed a steady upward trend over the years 1983-84 to 1987-88.

9.2.1 DEBT AND DEBT COSTS

Measurement of Debt

METHOD OF VALUATION

There are a number of methods for valuing debt. In this Section both capital value and face value are used. Capital value debt is presented in Table 9.10 and measures debt on the basis of purchase value, adjusted to reflect the straight line amortisation of the difference between purchase value and its value at maturity. Face value is the value of debt at maturity and is shown in Table 9.11.

Another method of valuation that is commonly employed is market value, which is the present value of all future principal and interest payments, discounted at current interest rates.

INNER AND OUTER BUDGET SECTOR DEBT

New South Wales public sector debt can be divided into inner and outer Budget sector debt. Inner Budget debt has its debt servicing costs met from the Consolidated Fund. Outer Budget sector debt is serviced by user charges levied by Government Trading Enterprises.

Inner Budget Sector debt consists of four main categories –

- Borrowings raised on behalf of the State Government by the Commonwealth Government under the Financial Agreement.
- Advances for specific purposes made by the Commonwealth to the States.
- The State's overdraft and other obligations incurred by departments.
- Borrowings raised by the NSW Treasury Corporation and on-lent to the NSW Government through the NSW Capital Works Financing Corporation or to other entities that are directly funded by the Budget.

Outer Budget sector debt comprises direct debt and debt-like obligations such as finance leases and deferred payment arrangements of Government Trading Enterprises that are financed off budget by user charges. It also includes small amounts of government guaranteed debt for non budget authorities, principally local government authorities.

Table 9.10: Government and Semi-Government Debt (Inner and Outer Budget Sectors) Outstanding Liabilities as at 30 June, \$ million, capital value (1)

	1984	1985	1986	1987	1988	1989
1) Inner Budget						
(a) State Government Debt - Indebtedness Under Financial Agreement	5,566.5	5,774.0	5,991.1	6,042.6	5,962.7	5,888.0
Other Indebtedness to Commonwealth	1,980.0	1,963.0	2,001.7	2,127.8	2,205.1	2,230.7
Other	59.4	178.6	245.9	272.4	—	—
(b) Semi-Government Debt - \$A	7,605.9	7,915.6	8,238.7	8,442.8	8,167.8	8,118.7
Foreign Currency	3,009.7	3,242.9	3,686.6	5,390.5	5,938.4	6,573.7
Total Inner Budget	10,716.5	11,604.1	12,608.5	14,328.8	14,222.5	14,692.4
2) Outer Budget						
Semi Government Debt - \$A	5,288.2	6,016.4	6,123.6	7,625.7	9,851.8	11,244.8
Foreign Currency	1,999.4	2,985.0	3,564.0	2,468.0	1,433.7	312.0
Total Outer Budget	7,287.6	9,001.4	9,687.6	10,093.7	11,285.5	11,556.8
Gross State and Semi-Government Debt	18,004.1	20,605.5	22,296.1	24,422.5	25,508.0	26,249.2
3) State Government and Semi-Government Financial Assets (2)						
General and Semi-Government (3) (4)	2,400.7	2,231.6	2,740.1	2,355.3	3,794.2	6,043.2
Government Agencies	1,022.6	1,081.1	1,124.2	1,054.4	998.8	989.0
Total Financial Assets	3,423.3	3,312.7	3,864.3	3,409.7	4,793.0	7,032.2
4) Net State and Semi-Government Debt	14,580.8	17,292.8	18,431.8	21,012.8	20,715.0	19,217.0
5) Gross State Product (\$ billion)	67.5	73.9	82.4	91.4	102.7	116.3
6) Percent of Gross State Product						
- Gross Debt	26.7	27.9	27.1	26.7	25.6	22.6
- Net Debt	21.6	23.4	22.4	23.0	20.1	16.5

(1) Non-Debt Obligations have been excluded from the figures contained in this Table. The 1988 and 1989 debt statistics are based on a comprehensive survey of the NSW public sector, using ABS concepts and definitions. 1988 figures shown in the 1988-89 Budget Paper have been revised.

(2) Data have not been collected for semi-government financial assets before June 1988.

(3) Inner and outer Budget sectors, other than government agencies.

(4) Overdraft has been deducted from the Cash and Securities component of Financial Assets shown in this table.

Transport Authorities, namely the SRA and STA, have a commercial charter but are required by the Government to undertake an extensive range of services which are not commercially viable. These services are termed community service obligations, and are funded from the Budget. Budget funding is a substantial part of the revenues of both authorities. Accordingly, at this stage, both entities have been classified as inner budget sector in regard to debt and debt costs. However it is planned eventually to convert SRA Freight and the STA to commercial (i.e. self-funding) entities which would place them in the outer budget sector in future years. The Roads and Traffic Authority was reclassified as an inner budget sector organisation from 1 July 1989. The debt statistics have been adjusted for earlier years to put them on a comparable basis.

GROSS VERSUS NET DEBT

A significant part of State public sector debt is offset by holdings of financial assets. Net debt offsets the level of these financial assets against gross debt. Financial assets are shown in Category 3 of Table 9.10.

Financial assets include long term debtors, composed of outstanding advances to statutory authorities' business undertakings and advances to occupier purchasers of welfare housing, to farmers for water and soil conservation work, and to industry generally.

Additionally, the Treasury holds substantial amounts of cash, representing the Treasurer's own funds on deposit (principally for Inner Budget Sector authorities).

Public authorities, principally in the Outer Budget Sector, have substantial financial assets held outside the Treasury facility. In 1988 these were reported in the Budget paper for the first time. They are included with other financial assets.

Table 9.11: Government and Semi-Government Gross Debt (Inner and Outer Budget Sectors)

Outstanding liabilities as at 30 June, \$ million, face value (1)

	1988	1989
1) Inner Budget		
(a) State Government Debt -		
Indebtedness under Financial Agreement	5,962.7	5,888.0
Other Indebtedness to Commonwealth	2,205.1	2,230.7
	8,167.8	8,118.7
(b) Semi-Government Debt -		
\$A	6,140.7	6,770.0
Foreign Currency	116.3	—
	6,257.0	6,770.0
Total Inner Budget	14,424.8	14,888.7
(2) Outer Budget		
Semi-Government Debt -		
\$A	10,261.2	11,784.2
Foreign Currency	1,445.7	314.5
Total Outer Budget	11,706.9	12,098.7
Gross State and Semi-Government Debt	26,131.7	26,987.4
(3) Net State and Semi-Government Debt (2)	21,338.7	19,955.2
(4) Per Cent of Gross State Product		
- Gross Debt	25.4	23.2
- Net Debt	20.8	17.2
(5) Per Capita		
- Gross Debt	4,617.0	4,702.0
- Net Debt	3,770.0	3,526.0

NOTE (1) Non-Debt Obligations have been excluded from the figures contained in this Table. The 1988 and 1989 debt statistics are based on a comprehensive survey of the NSW public sector, using ABS concepts and definitions. 1988 figures shown in the 1988-89 Budget Paper have been revised.

(2) Financial assets, as shown in Table 9.10 have been offset against gross debt.

Trends in NSW Government Debt

Gross public debt of New South Wales grew significantly in the first half of the 1980s, peaking at 27.9 per cent of Gross State Product in June 1985, (on the capital value basis). Since then there has been a decline in the proportion of the capital works program financed from borrowings, with a consequent easing in the ratio of debt to GSP to 22.6 per cent in 1989.

Inner budget sector debt increased as a proportion of GSP up to June 1987, peaking at 15.7 per cent, reflecting the use of borrowings to finance social infrastructure. Since 1987, inner budget sector debt has declined and was 12.6 per cent of GSP at June 1989.

Outer budget sector debt has steadily declined from 12.2 per cent of GSP at June 1985 to 9.9 per cent of GSP at June 1989.

Net debt statistics have not been maintained on a consistent basis over time, due to a broadening in the range of financial assets covered in June 1988. In June 1988, net debt was 20.1 per cent of GSP. By June 1989 net debt had declined to 16.5 per cent of GSP (on the capital value basis).

On a face value basis, NSW's gross debt has decreased from 25.4 per cent of GSP at June 1988 to 23.2 per cent at June 1989 and net debt has decreased from 20.8 per cent of GSP to 17.2 per cent over the same period.

NSW Overseas Debt

INTRODUCTION

Significant overseas borrowings were commenced by the State public sector in 1978. Initially all borrowings were in foreign currencies, and apart from currency diversification there was no active program of exchange risk hedging.

After 1985 there was minimal increase to new foreign currency exposures. This was facilitated by the development of offshore Australian dollar markets and swap markets, providing opportunities to obtain Australian dollar debt on attractive terms through overseas markets.

From 1986, these markets have been used extensively to hedge previous foreign currency exposures back into Australian dollars.

Remaining exposures have been swapped heavily into the relatively weaker currencies.

The 1987-88 edition of Budget Paper No. 2 explains in some detail the Loan Council framework and the New South Wales approach to overseas borrowings.

FOREIGN CURRENCY EXPOSURES

Table 9.12 sets out the foreign currency debt of NSW authorities. This excludes foreign currency debts of the State Bank and agricultural marketing authorities, which have foreign currency assets or earnings to provide natural hedges to foreign currency exposures.

**Table 9.12: Authorities' Foreign Currency Exposures
Outstanding Liabilities at Face Value**

	US\$ (M)	YEN (B)	STG (M)	SFR (M)	DMK (M)	EUC (M)	TOTAL \$A EQUIV (M)
NET FOREIGN CURRENCY EXPOSURE 30.6.88							
Electricity Commission (1)	565.3	10.4	60.2	259.6	156.2	30.0	1,310.4
Maritime Services Board	43.4	2.1	13.8	—	12.1	—	112.7
State Rail Authority (2)	77.9	—	—	—	—	—	98.1
Roads and Traffic Authority	14.4	—	—	—	—	—	18.2
Water Board	17.9	—	—	—	—	—	22.6
Total	718.9	12.5	74.0	259.6	168.3	30.0	1,562.0
Australian Dollar Equivalent 30.6.88	905.4	118.8	160.4	217.5	116.6	43.3	1,562.0
% of Total	58.0	7.6	10.2	13.9	7.5	2.8	100.0
NET FOREIGN CURRENCY EXPOSURE 30.6.89							
Electricity Commission (1)	86.1	(0.2)	25.0	82.4	(68.2)	30.0	224.6
Maritime Services Board	18.4	1.4	13.8	—	0.9	—	66.2
State Rail Authority (2)	—	—	—	—	—	—	—
Roads and Traffic Authority	—	—	—	—	—	—	—
Water Board	17.9	—	—	—	—	—	23.7
Total	122.4	1.2	38.8	82.4	(67.3)	30.0	314.5
Australian Dollar Equivalent 30.6.89	162.1	11.5	79.5	65.0	(45.5)	41.9	314.5
% of Total	51.5	3.7	25.3	20.7	(14.5)	13.3	100.0

1) Includes Eraring Power Company

2) Includes Urban Transit Authority

During the past year there has been a continuation of the program of a major reduction in foreign currency exposures. These stood at the equivalent of almost \$4 billion in June 1986, falling to \$3 billion in June 1987 and \$1.6 billion in June 1988. At 30 June 1989, the remaining exposure was the equivalent of \$315 million.

The Government's policy is to remove all unhedged foreign currency exposures as soon as authorities' pricing and budgetary circumstances permit.

LIABILITY STRUCTURE

Prior to December 1986 active management of the foreign debt portfolio was restricted to the currency choice for new borrowing, and currency choice at reset dates for multicurrency facilities. These actions had significant effects on the portfolio structure in earlier years, but as the portfolio grew each incremental borrowing or reset had a smaller impact on the overall structure.

In December 1986 active management of the total portfolio was begun, with the use of hedging techniques both to reduce foreign currency exposures and to switch the remaining exposure from harder currencies to softer currencies, particularly the US\$.

Table 9.13 shows for each authority the currency mixes at June 1986, prior to the commencement of more active management, and at June 1989. Figure 9.21 shows how the position of the State as a whole has varied over the period from June 1986 to June 1989. The figure shows that New South Wales has reduced its level of foreign currency debt portfolio in every year since June 1986. The unhedged position represented only 14 per cent of the total at June 1989, compared with 43 per cent at June 1988 and 71 per cent the year earlier.

Figure 9.21
FOREIGN CURRENCY
EXPOSURE AND MANAGEMENT

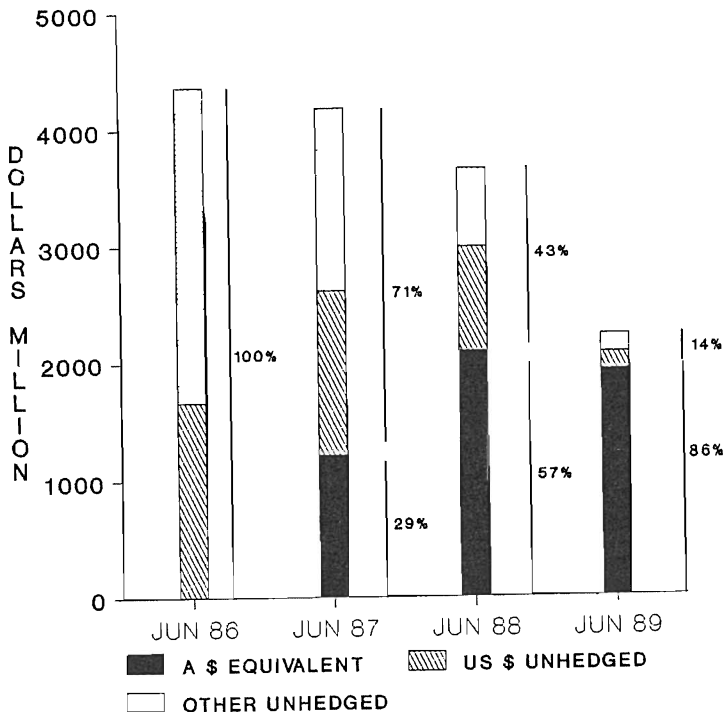


Table 9.13: Foreign Currency Exposure and Management
Outstanding Liabilities at Face Value
 \$A MILLION

As at 30 June	ELCOM(1)		SRA(2)		MSB		RTA		WATER BOARD		TOTAL	
	1986	1989	1986	1989	1986	1989	1986	1989	1986	1989	1986	1989
	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%
Foreign Currency Exposure												
\$US	1,259	(38)	114	(51)	299	(44)	24	(36)	8	(18)	24	(100)
YEN	850	(25)	[1]	(0)	237	(35)	13	(20)	...	...	1,149	(26)
DMK/ECU	934	(28)	[4]	(2)	73	(11)	1	(2)	14	(31)	1,107	(25)
GBP	318	(9)	51	(23)	70	(10)	28	(42)	23	(51)	434	(11)
SFR .....	...	...	65	(29)	...	...	...	...	...	...	...	...
TOTAL	3,361	(100)	225	(15)	679	(100)	224	(100)	45	(100)	4,354	(100)
AUD COVER	...	...	1,244	(85)	...	...	51	(44)	...	...	...	...
TOTAL	3,361	(100)	1,469	(100)	679	(100)	224	(100)	45	(100)	4,354	(100)

(1) Includes Eraring Power Company

(2) Includes STA

COST OF FOREIGN CURRENCY BORROWINGS

There are several ways in which the cost of foreign currency borrowings can be calculated. Prior to last year's Budget Papers, only one of these was presented, viz, the cash cost to date. The rationale for this was that the total cost of overseas borrowings can only be known with certainty once all interest and principal payments have been made, and that inclusion of a measure of notional exchange rate losses or gains during the term of the borrowings could be misleading.

On the other hand, there have been very significant variations in exchange rates. These are only brought to account slowly under the cash cost measure of overseas borrowings.

Table 9.14 shows the cash cost of borrowing over the last six years, together with the hedged cost to maturity and the "economic" cost of the portfolio. The cash costs to date of the portfolio if it had been raised in the domestic markets are also included.

Table 9.14: Costs of Overseas Borrowings

	% Per Annum					
	June 84	June 85	June 86	June 87	June 88	June 89
Cash Cost to Date (1)	11.1	11.7	12.1	13.1	15.2	16.1
Hedged Cost to Maturity (2)	13.0	16.9	19.4	18.4	17.4	16.6
Economic Cost to Date (3)	13.9	23.6	24.0	20.9	18.3	17.6
Domestic Cost to Date (4)	15.2	15.1	13.9	13.9	13.9	13.9

- (1) The actual cash flow costs of interest and principal to the valuation date, ignoring unrealised foreign exchange losses.
- (2) The cash cost to date, plus the cost of refinancing domestically at the valuation date remaining foreign currency principal and interest payments.
- (3) The cash cost to the valuation date plus the cost of paying out each remaining loan, to realise notional foreign exchange losses at the valuation date.
- (4) The cash cost to date of a portfolio raised domestically under prevailing interest rates and with the same maturities as the portfolio raised offshore.

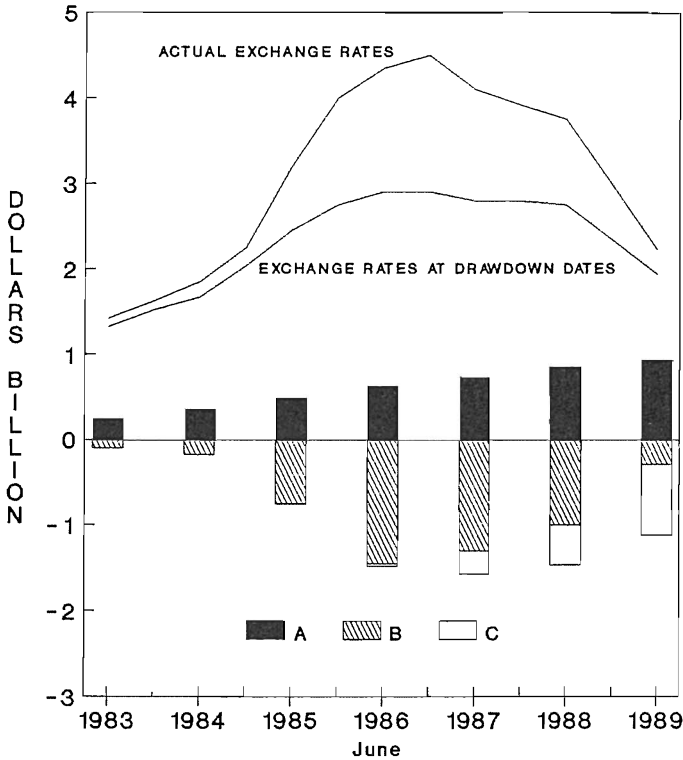
The superficial attractiveness of foreign currency borrowings, at least up until June 1987, is shown by the cash cost at each date until then being less than the domestic cost. In 1983-84, for example, the 4.1 per cent interest differential represented cash savings in the year of over \$60 million.

Also in that year, although there had been some currency losses, the overall costs of foreign currency debt on both hedging and liquidation bases was less than the cost would have been with domestic borrowings.

With the decline of the \$A in and beyond 1985, the overall costs began to exceed substantially the domestic cost. As hedges out of foreign currencies have been put in place, currency losses have been crystallised and higher domestic interest rates have had to be borne. This has increased the cash cost on the portfolio to above the domestic cost.

Another way of presenting the cost of foreign currency borrowings is set out in Figure 9.22. The lower line on the figure shows the value of the foreign borrowings portfolio in the absence of any exchange rate variations and the upper line shows the value incorporating movements in exchange rates. The spreads between the two lines represent the unrealised losses on the portfolio. These are plotted as bars on the figure, together with losses which have been realised. Also plotted as bars are the cumulative benefits of the cash cost savings from the lower interest rates obtained with foreign currency borrowings.

Figure 9.22
FOREIGN CURRENCY DEBT PORTFOLIO



- A: GAINS FROM INTEREST RATE DIFFERENTIALS
 B: UNREALISED FOREIGN EXCHANGE LOSSES ON PRINCIPAL
 C: REALISED FOREIGN EXCHANGE LOSSES ON PRINCIPAL

Up until 1985, the cash flow benefits of foreign currency borrowings considerably outweighed exchange losses. This was sharply reversed by the market depreciation of the \$A in 1985, such that at June 1986 the exchange loss exceeded \$1,200 million, more than \$600 million above the benefits from interest rate differentials.

More active management of the portfolio from late 1986, together with strengthening of the \$A, has improved the situation. By June 1989 the total realised and unrealised losses, which had peaked at more than \$1.5 billion in late 1986, had been reduced to almost \$1.1 billion.

As a partial offset to these losses, the ongoing gain from interest rate differentials reached \$930 million by June 1989, such that, overall, the net realised and notional losses from foreign currency borrowings stood at \$180 million. This compares to a net loss of \$410 million at June 1988.

Debt Costs

Section 9.1.5 presented information on total debt costs for the public sector. Of particular interest is inner budget sector debt costs which are serviced by the Consolidated Fund. Table 9.15 shows the trends in inner budget sector debt costs in recent years.

Debt costs of the inner budget sector entities have increased markedly in recent years, despite a substantial real decline in Commonwealth loan allocations to the States.

There has been substantial growth in requirements for social infrastructure in such areas as Health, Courts, Prisons, Education, as well as substantial projects in the Recreation, Cultural and Public Buildings area (e.g. Darling Harbour Authority). Given the decline in Commonwealth loan allocations, there has been an increasing diversion of the global loan program from semi-government authorities' capital funding to the funding of the State Government's inner budget sector capital program. This was made possible by the establishment of the NSW Capital Works Financing Authority, a semi-government authority entitled to draw down loan funds from the NSW Treasury Corporation and on-lend them to State Government departments and other entities within the inner budget sector.

Over the four years to 1987-88, inner budget sector debt costs (including public transport) increased by an average of 19.3 per cent per annum, as can be seen from Table 9.15. Debt costs, as a proportion of recurrent outlays, increased rapidly from 9.8 per cent in 1984-85 to 12.6 per cent in 1987-88.

In recognition of this problem, the Government is committed to a Debt Containment Program that will involve the elimination of direct budget sector borrowings for non revenue generating purposes by 1990-91. This program is having a marked impact on the growth of inner budget sector debt charges, slowing it from 16.8 per cent in 1987-88 to 8.4 per cent in 1988-89 and an estimated 8.2 per cent in 1989-90. The ratio of debt costs to recurrent outlays rose only marginally to 12.8 per cent in 1988-89 and is expected to be little higher in 1989-90, reflecting the impact of the current high interest rates.

Data for debt costs of outer budget authorities have been collected and collated since 1988. The total for financial year 1989-90 is estimated at \$1,148 million.

Table 9.15: Trends in Inner Budget Sector Debt Costs

	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90 (Estimated)
	\$m	\$m	\$m	\$m	\$m	\$m
Inner Budget Debt Costs						
State Loan Allocations	465.2	546.1	584.2	605.6	607.8	626.1
Other loans (excluding transport authorities but including RTA)	137.5	205.8	284.0	420.5	494.6	530.7
Inner Budget Sector excluding Transport Authorities .	602.7	751.9	868.2	1,026.1	1,102.4	1,156.8
Transport Authorities	250.2	329.3	401.5	457.3	505.1	582.1
Inner Budget Sector including Transport Authorities ..	852.9	1,081.2	1,269.7	1,483.4	1,607.5	1,738.9
Debt Cost as % of Recurrent Consolidated Fund Outlays						
Inner Budget Sector excluding Transport Authorities .	6.9	7.7	8.1	8.7	8.8	8.6
Inner Budget Sector including Transport Authorities ..	9.8	11.1	11.8	12.6	12.8	12.9
Growth in Debt Costs,						
Inner Budget Sector excluding Transport Authorities	10.7	24.8	15.5	18.2	7.4	4.9
Inner Budget Sector including Transport Authorities ..	16.5	26.8	17.4	16.8	8.4	8.2

9.2.2 SUPERANNUATION

Current Situation

Superannuation schemes in the New South Wales public sector have recently been restructured to provide uniform coverage for all new employees. The State Authorities Superannuation Scheme (SASS), which commenced on 1 April 1988, is the scheme to which the majority of new public sector employees may elect to contribute. Its benefits are in line with those available in the private sector.

Prior to the introduction of SASS, inner Budget sector employees were covered under the State Superannuation Fund (SSF), the State Public Service Superannuation Scheme (SPSSS), the NSW Retirement Benefits Scheme (NRF) and the Police Scheme. These schemes have been closed to new entrants and, accordingly, some employers have members in several schemes.

Table 9.16 shows the public sector superannuation schemes operating in New South Wales to which the Consolidated Fund contributes.

Table 9.16: Summary of New South Wales Public Sector Superannuation Schemes (1)

Scheme	Coverage	Scheme Type	Benefit Type
State Authorities Superannuation Scheme (SASS) (Now includes SPSSS)	Optional for all new public sector employees except Judges and GIO, State Bank and TAB employees. Also includes members of some closed schemes. 147,000 contributors plus 3,000 pensioners.	Split benefit scheme – employer-financed benefit is defined as a proportion of final salary; employee-financed benefit is an accumulation of contributions plus interest.	Lump sum; some indexed pensions available to members of schemes amalgamated to form SASS.
State Superannuation Fund (SSF)	Closed to new entrants. Prior to closure, was compulsory for all public servants and some employees of authorities. 91,000 contributors plus 30,000 pensioners.	The entire benefit is defined in terms of final salary and is not separated into employer and employee-financed component.	Indexed pension or lump sum.
Police Superannuation Scheme	Closed to new entrants. Prior to closure, was compulsory for all members of the police force. 11,000 contributors plus 3,300 pensioners.	As for SSF.	Indexed pension, or lump sums available from 1.4.88. Provides both superannuation and workers' compensation coverage.

Table 9.16: Summary of New South Wales Public Sector Superannuation Schemes (1) (cont.)

Scheme	Coverage	Scheme Type	Benefit Type
Judges Pension Scheme	Compulsory for members of the judiciary. 101 contributors plus 101 pensioners.	Benefit is defined in terms of final salary and is employer-financed.	Indexed pension.
Parliamentary Superannuation Scheme	Compulsory for Members of Parliament. 154 contributors plus 159 pensioners.	As for SSF.	Indexed pension or partial indexed pension plus partial lump sum.

Note - 1. All members of schemes other than the Judges Pension Scheme and Parliamentary Superannuation Scheme are entitled to a 3 per cent productivity benefit for each year of service after 1 April 1988.

The State Superannuation Fund (SSF) is currently being disaggregated by the Government Actuary into an employee's reserve and separate reserves for single employers or groups of employers. (Previously the SSF was a pool of employer and employee contributions plus investment earnings). Once this actuarial review of the SSF is done it will also be possible to determine individual Departments and other organisations liability in this Scheme.

The changes to the SSF are a result of Government policy to introduce greater individual employer responsibility for superannuation costs as well as facilitating the Fund's compliance with new Commonwealth tax and other legislative requirements.

Changes to the financing of superannuation were introduced from 1 July 1989. Previously, Government Departments paid employer contributions direct to the State Authorities Superannuation Board for SASS, while Treasury paid the employer contributions for SSF. As part of the Government's policy of distributing centralised services to Departments to better reflect program expenditure, Government Departments are now being billed direct for all employers' superannuation contributions.

As part of the Government's policy to provide uniform superannuation coverage for all government employees, the State Public Service Superannuation Scheme (SPSSS) was transferred into SASS during the year. Employees, benefits under the SPSSS scheme will be protected as they will still retain the original benefits under this scheme, as well as any improved benefits under the SASS scheme.

The total payment for superannuation in 1989-90 will be \$528.8 million (up \$55.3 million or 11.7 per cent on 1988-89). This payment comprises –

	Actual 1988-89 \$m	Estimate 1989-90 \$m	Variation %
State Superannuation Fund (closed scheme)	287.9	300.0	4.2
Employer's liability to Non-Contributory Superannuation (Basic Benefit)	13.3	16.3	22.6
Police Superannuation Fund	146.4	168.0	14.8
Contribution to Parliamentary Superannuation Scheme	9.0	9.0	—
Contribution to Judges Pension Scheme	4.4	4.9	11.4
Contribution to State Authorities Superannuation Scheme	12.5	30.6	144.8
TOTAL	473.5	528.8	11.7

New South Wales public sector superannuation schemes have, like those in the Commonwealth and the other States, developed substantial liabilities. In 1987 the total unfunded liability was \$10,760 million. This is estimated to increase to \$12,983 million in 1989.

Table 9.17 shows the approximate estimated employer unfunded liability, net of employer reserves in the various schemes. Some outer budget sector organisations are now making provisions for their accrued unfunded superannuation liability, however, in estimating the unfunded liability these provisions are not taken into account.

All non Consolidated Fund outer budget organisations are now required to disclose any amounts of unprovided past service superannuation costs in their balance sheet.

Table 9.17: Liabilities of New South Wales Public Sector Schemes

	Net Unfunded Liability* 1989 \$m
State Superannuation Fund (SSF)	(2) 8,310
Police Superannuation Fund (PSF)	(1) 2,450
State Authorities Superannuation Scheme (SASS)	(5) 1,600
Railways Superannuation Account	(1) 301
Judges' Pension Scheme	(1) 76
Parliamentary Contributory Superannuation Fund	(2) 60
Transport Gratuity Scheme	(3) 20
State Public Service Superannuation Fund	(1) 75
State Superannuation Fund – Basic Benefit	(4) 50
Other schemes	(6) 41
TOTAL	12,983

* Estimates are net of reserves held in the schemes by various employers and do not account for internal provisions of employers.

1. Government Actuary's 1989 review.
2. Government Actuary's estimate based on 1988 data
3. Government Actuary's estimate based on 1987 data
4. Government Actuary's estimate
5. Mercer Campbell Cook and Knight's 1989 review
6. Estimate based on NSW Commission of Audit 1987, 1992 data

The Government Actuary is currently undertaking an actuarial investigation into all Government superannuation schemes to estimate the 1989 unfunded liability for inclusion in the Consolidated financial statements for the public sector. This information should be available in October 1989.

These liabilities in State schemes have developed over the past century since the first public sector scheme was established. This is 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.

The policy for employer funding in the schemes has varied between employers. As Inner Budget sector organisations and Statutory Authorities have only partially met their liabilities as they accrued, through contributions to the schemes, the large proportion of benefits have been met when they emerge for payment. Some authorities have increased their rate of funding by making internal provisions toward their liability, following a 1984 Public Accounts Committee report which revealed large individual shortfalls.

Cash flow projections for the schemes show that superannuation expenditures are expected to rise as a proportion of total Government expenditures. This is because the number of retirees, as a proportion of total employees, is expected to increase sharply in future, and benefits to be paid to the employees, which have not been funded will represent a larger portion of expenditures.

In light of the New South Wales Commission of Audit report and the current changes to the financial structure of the SSF, the Government has decided to undertake a review of the funding of superannuation by public sector employers. The recent changes to the employer financing of the SSF have been a part of this review. Also as a minimum, all bodies will be required to fully disclose annually their accruing liability, in order that the full costs are brought to account.

Changes to the level of funding to be adopted by employers, particularly in the inner Budget sector, await further analysis of the actuarial review currently under way on the State Superannuation Fund.

Commonwealth Changes

In May 1988, the Commonwealth Government announced new arrangements for superannuation schemes and imposed two taxes on superannuation funds that are "fully funded". These taxes were a tax on employer contributions in respect of benefits accrued after 1 July 1988, and a tax on annual fund earnings. In addition the Commonwealth has brought all schemes under its Occupational Superannuation Standards Act (OSSA), which limits the level of benefits. SASS largely conforms to this, however, and only minimal adjustment will be needed.

The Commonwealth's tax on fund earnings has increased the cost of superannuation to all employers which have "defined-benefit" schemes, that is, where benefits to employees are defined as a proportion of final salary. The tax will result in a cost to employers in the long run as the tax will reduce net fund earnings, resulting in an increase in contributions required to meet the defined benefits of the schemes. All the State's schemes are defined benefit schemes.

Legislation, introduced by the New South Wales Government in 1988, has led to the tax on employer contributions not resulting in any additional cost to employers, as the State Authorities Superannuation Board will reduce employer contributions in the hands of employees, by an amount equal to the tax which will be paid by the fund to the Commonwealth. Employees benefits are protected, as their benefits are taxed at a rate which is 15 per cent lower due to the scheme being a 'funded' scheme.

Further responses to the Commonwealth's changes are still under consideration by the New South Wales Government.

APPENDIX – CONCEPTS, DEFINITIONS AND SOURCES OF INFORMATION

Gross State Product and Population

Estimates of resident population as at 31 December 1988 were sourced from ABS publication "Australian Demographic Statistics", 3101.0.

Estimates of Gross Domestic Product were sourced from ABS publication "Quarterly Estimates of National Income and Expenditure Australia, June Quarter 1989" Catalogue No. 5206.0.

Estimates of Gross State Product were made by NSW Treasury.

Revenue

Total revenue covers both the budget and non-budget sectors of Government.

It should be noted that the Statistician's definition of taxes is broader than the categories included in Consolidated Fund receipts. For example, taxes on motor vehicle registrations and transfers and driver's licences which are collected outside the NSW Budget are included in the Statistician's roundup. Additionally, items such as net lottery proceeds, fines and fees from regulatory services are classified as taxation revenue by the Statistician.

The ABS taxation revenue classification has been developed to present the relationships that exist between taxes in terms of taxation criteria adopted by the Organisation for Economic Co-operation and Development (OECD). The first five groups of the classification are as follows –

- Taxes on income;
- Employer's payroll taxes;
- Tax on property;
- Taxes on provision of goods and services; and
- Taxes on use of goods and performance of activities.

These tax groups are divided into sub-groups according to types of entities, property, activities, goods or services being taxed. The classes generally describe the specific types of tax actually collected in Australia. A full description of each of the categories is given in the "Classification Manual for Government Finance Statistics, Australia" (ABS 1217.0). It outlines the major concepts used and provides definitions of individual terms of taxation.

The main categories of taxation are defined by the Statistician as follows –

- Taxes: a tax is a compulsory levy imposed by government, mainly designed to raise revenue. There is usually no clear and direct link between payment of taxes and the provision of particular goods and services by government. Taxes are levied, inter alia, on incomes, wealth, production, sales and use of goods and services, and the performance of activities.
- Fees from Regulatory Services: Fees from regulatory services are levies which are not primarily designed to raise general revenue and which are associated with the granting of a permit or privilege or regulation of activity. Excluded are fees for the provision of services which directly benefit individual payers and for which payment is made voluntarily. Also excluded are fees mainly designed to raise revenue (which are classified as taxes).

- Fines: Fines are civil and criminal penalties imposed on law breakers other than penalties imposed by tax authorities. Penalties imposed by tax authorities are added to taxes received.

It should be noted that interstate comparisons of tax collections by State or local government separately can be misleading unless account is taken of State-to-State variations in the range of activities for which State and local levels of government are responsible.

Outlays

As for revenue, outlays include both the budget and non-budget sectors. In particular, outlays include the operation of public trading enterprises and general government bodies, but exclude the operations of public financial enterprises. These bodies are defined as follows –

- Public trading enterprises – undertakings which aim at recovering the bulk of their expenses by revenue from the sale of goods and services.
- General government bodies – all of the agencies of government not classified as public trading or financial enterprises, that is, all government departments, offices and other bodies engaged in providing services free of charge or at a price significantly below their costs of production.
- Public financial enterprises – bodies primarily engaged in financial transactions in the market involving both the incurring of liabilities and the acquisition of financial assets.

A full description of each of these categories is given in the "Classifications Manual for Government Finance Statistics".

State "own purpose" outlays is defined as State outlays minus all transfers to local government (i.e. current grants, capital grants and net advances).

Commonwealth "own purpose" outlays is defined as Commonwealth outlays minus all transfers to the States (including the Northern Territory) and local government.

State and Commonwealth outlays data used in figures were sourced from ABS publication "Government Financial Estimates Australia 1988-89" (Catalogue 5501.0).

Employment

During 1984, ABS introduced a new collection which is not comparable with the previous series. Previous figures have been estimated by the Treasury on the basis of data collected in the new ABS survey. The ABS no longer adjusts any part-time staff to full-time equivalent. This accounts for much of the difference between the two series at June 1983. Also, the new series includes various employees working interstate and overseas, those employed in a few small organisations not previously enumerated and all staff employed by the State Government under various special employment programs.

Thus, this data overstates the total workforce in the NSW Government sector. Nevertheless, the statistics are a useful indicator of the general trends in State Government employment over the past few years.

In 1986, a further substantial revision was made to the new ABS series with the Home Care Service being reclassified from the private sector to the the NSW Government sector. This statistical change resulted in a higher measure of employment in both the category of Social Security and Welfare and the Government sector as a whole in New South Wales.

NSW Employment Data

In June 1985 the NSW Treasury instituted its own direct collection of employment statistics from departments and authorities funded and controlled by the State. Compared with the ABS collection, this series excluded Members of Parliament, Universities and Colleges of Advanced Education, Pasture Protection Boards and the commercially managed colliery companies associated with the Electricity Commission, but includes a number of hospitals run by religious and charitable organisations which received considerable funding from the State. The Treasury statistics are superior to the ABS data as they are enumerated on a full time equivalent basis and are not just simply head counts. They also exclude special employment schemes.

Financing Requirement

The net financing requirement is based on receipts and outlays of both the budget and non-budget sectors of government. Data is sourced from the ABS publication "Government Financial Estimates, Australia 1988-89" Catalogue 5501.0.

The net financing requirement of a sector is defined as outlays less receipts, increases in provisions and net advances from other parts of the non-financial public sector. Advances from the other parts of the public sector are classed as capital outlays of that sector, and therefore form part of the financing requirement of that sector. They would be double counted if included in the financing requirement of the State.

CHAPTER 10: EXPLANATION OF BUDGET PROCESS AND CONCEPTS

- 10.1 The Budget and Capital Program Process**
- 10.2 Guide to Budget Papers and Financial Documents**
- 10.3 Glossary of Terms used in Budget Papers**

10.1 THE BUDGET AND CAPITAL PROGRAM PROCESS

Budget and Capital Program Timetable

The Budget and Capital Program operate on a rolling twelve month cycle which, with in-built forward planning for the following year's budget, can extend out to 18 months. An overview of the cycle is provided in Figure 10.1.

The cycle incorporates both the review and preparation of the Budget and the integration of program and portfolio reviews that have budgetary implications.

The cycle commences in October, following the previous Budget, when Treasury updates the forward estimates to incorporate any post Budget initiatives and extends the estimates forward an additional year, based on an unchanged policy assumption.

Also in October the Resources Allocation Advisory Committee (RAAC) meets to review the results of program and portfolio reviews undertaken over the past year that may have implications for the Budget in terms of possible portfolio savings. RAAC consists of senior officers of Treasury, Cabinet Office and the Office of Public Management and has the role of overseeing the integration of major program reviews with the Budget process.

In November the Ministerial Expenditure Review Committee (ERC) sets the broad Budget strategy and major budget targets, as well as approving the issue to Ministers of the updated forward estimates. The ERC also reviews portfolio savings strategies that have been developed by RAAC over the course of the year. The ERC consists of the Premier and Treasurer, the Deputy Premier, the Minister for Business and Consumer Affairs and the Minister for Transport and is responsible for oversight of the Budget strategy and implementation.

Following the review by the ERC, the forward estimates of Consolidated Fund recurrent expenditure are released to Ministers. Ministers are invited to examine the forward estimates and bring to attention any significant matters not covered. While there were a significant number of adjustments in preparing the 1989-90 forward estimates, as this was the first year such estimates were prepared, this should not occur in future years. In addition, Ministers may be required to submit options for portfolio savings and can, in addition, submit proposals for enhancements.

Computer funding proposals, which were formerly treated separately, have now been integrated into the process. A finance facility is available to Departments to lease computer facilities from the Capital Works Financing Authority. The CWFA charges each department a fee to cover the debt charges associated with financing the transaction. The fee for each lease is sufficient to cover the CWFA's interest and repay the principal over a seven year period. Where a Department cannot meet the charge and any associated costs of computerisation within the Budget, this is treated as an enhancement.

A Computer Funding Committee, chaired by Treasury and with participation by the Office of Public Management, assesses computer proposals that require enhancement funding and provides advice to the ERC.

In December, advice is issued on the requirements for submitting Capital Works proposals for the following financial year. The Capital Program is a rolling four year program which distinguishes between new works and works in progress. Proposed new works commencing in the Budget year are required to be supported by economic appraisals.

Figure 10.1 Budget and Capital Program Cycle

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
SIGNIFICANT EVENTS		<ul style="list-style-type: none"> Common-wealth Budget 	<ul style="list-style-type: none"> State Budget 					<ul style="list-style-type: none"> Governor's Speech on Legislative Program Ministerial Performance Reviews 			<ul style="list-style-type: none"> Premiers' Conference & Loan Council 	<ul style="list-style-type: none"> Financial Statement & Release of Forward Estimates
BUDGET & CAPITAL REVIEW	Prepare Budget Papers		<ul style="list-style-type: none"> Present Budget 	<ul style="list-style-type: none"> Update Forward Estimates RAAC – finalises portfolio savings options – Identifies & develops review program for following year's Budget 	<ul style="list-style-type: none"> ERC – reviews Forward Estimates – review RAAC Reports Issue of forward estimates & input sought for Budget from Ministers 	<ul style="list-style-type: none"> Ministers requested to prepare Capital Program proposals 	<ul style="list-style-type: none"> Receipt of Ministerial input on – forward estimates – portfolio savings – enhancements 	<ul style="list-style-type: none"> RAAC – review of Productivity Savings Computer Funding Review 	<ul style="list-style-type: none"> Submission of Capital Program Proposals by Ministers 	<ul style="list-style-type: none"> ERC Finalises Budget 	<ul style="list-style-type: none"> Capital Works Committee finalises Capital Program Budget adjusted in light of Premiers' Conference 	<ul style="list-style-type: none"> Finalise Forward Estimates Issue Budget and Capital Allocation to Ministers
PROGRAM REVIEW					<ul style="list-style-type: none"> Update annual Performance Agreement Update 5 year Program Evaluation 	<ul style="list-style-type: none"> Prepare input for Ministers Review Meeting with Premier and Treasurer 		<ul style="list-style-type: none"> Ministerial Review Meeting 				<ul style="list-style-type: none"> Prepare annual Performance Agreement Finalise update of Corporate Plan for coming fiscal year

In January to March, Treasury reviews Budget submissions from Ministers. The submissions cover –

- identification of significant disagreements on the maintenance level of the forward estimates of recurrent expenditure;
- proposals for additional funding for enhancements;
- portfolio savings options, together with responses on review reports prepared by RAAC.

In assessing Ministerial submissions, Treasury seeks the advice of Cabinet Office on the appropriateness of both portfolio savings options and enhancements.

In March, Departments submit details of their proposed Capital Programs, which incorporate project details, supporting flow of funds statements and economic appraisal of proposed new projects.

Treasury reviews the program in terms of macro considerations such as the state of the economy, social and economic development needs, the funding position and the overall State public sector financing requirements.

The Office of Public Management reviews specific new projects to ensure conformity with the economic appraisal guidelines and to assess cost effectiveness of the proposals.

The ERC meets during April to finalise the Budget. At that stage the productivity savings requirements are finalised as well as the forward estimates of recurrent expenditure, enhancements and portfolio savings.

The Premiers' Conference and Loan Council Meeting is held in May and, accordingly, it is necessary to review the Budget and Capital Program in the light of decisions taken on payments to the States and borrowing allocations approved by Loan Council. However, at that stage details of Commonwealth Specific Purpose Payments are not known.

The Capital Program is determined by the Ministerial Capital Works Committee in May. The Committee is of the same composition as the ERC, with the exception that the Minister for Transport is replaced by the Minister for Industrial Relations and Employment.

While the Budget is not presented to Parliament until September, Departments and Authorities operate on a financial year basis. It is essential that Ministers and Departments are aware of the capital and recurrent expenditure allocations as early as possible in the year. To facilitate proper financial planning, detailed advice of allocations is provided prior to the commencement of the financial year. The Financial Statement sets out the macro position and strategy of the State Budget and Capital Program. Usually there are only minor variations in expenditure estimates between the time of the Financial Statement and when the Budget is brought down. However revisions are made of revenue estimates in the light of changing economic circumstances.

Also in June the forward estimates for Consolidated Fund recurrent expenditure both for the forthcoming Budget year and for the two years beyond the Budget year are released.

Between July and August the Budget Papers are prepared to provide details of expenditure by program, specific initiatives and background information on debt, employment, borrowings, taxation and taxation expenditure.

Budget estimates are further reviewed in August to take account of any matters in the Commonwealth Budget with State implications and in September the Budget is presented for parliamentary approval.

Forward Estimates and the Budget Process

Forward estimates are prepared for Consolidated Fund recurrent expenditure on a rolling three year forward horizon. The forward estimates provide a medium term budget perspective both for individual Ministers as well as the ERC. The forward estimates are a benchmark against which the Government can assess the impact of specific proposals as well as the general direction of its expenditure.

The forward estimates were first prepared in 1988-89, following an extensive review of the Budget process. While forward estimates had been prepared previously they were not integrated into the Budget process and were not publicly released. Previously, the Budget was prepared on a "bid and review" basis. Departments were asked each year to submit their proposals on recurrent expenditure and these were reviewed by Treasury. Over time this process evolved, with less detailed information on expenditure required and with Departments required to submit estimates separated between maintenance and enhancement expenditure. Nevertheless there was still the capacity for "expenditure creep" as Departments inflated their bids to take account of possible cutbacks and to provide for real growth.

Under the forward estimate system there is complete integration of forward estimates and the Budget process.

Following the release of the Budget and the forward estimates, all initiatives approved by the Government with funding requirements are incorporated into the forward estimates.

In future years the Budget Papers will present a reconciliation between the forward estimates and the actual Budget estimate.

Program and Portfolio Review and the Budget Cycle

Departments are required to have a three to five year Corporate Plan which is regularly monitored and updated. Flowing from the Corporate Plan are -

- a Performance Agreement between the Chief Executive and the Minister, setting out the key tasks and service levels to be achieved within the financial year. The Performance Agreement is updated halfway through the year;
- a rolling five year review of all programs to evaluate their effectiveness and efficiency.

The Premier and Treasurer meets with each Minister in February/March each year to discuss progress on their Performance Agreement. This meeting, which is attended by senior officers of the Minister's and Premier and Treasurer portfolios, also discusses emerging policy issues within the Minister's portfolio and plans for addressing them.

The Office of Public Management has the responsibility to undertake external reviews to identify options to improve efficiency and effectiveness. RAAC has responsibility for co-ordinating the program reviews and the Budget processes.

In undertaking its functions the RAAC will identify, one year in advance of the start of each Budget cycle, all reviews to be undertaken with budgetary implications. For example, for the 1991-92 Budget, the RAAC will identify in October 1989 all reviews to be undertaken up to the commencement of the cycle for that Budget (i.e. up to late 1990). The RAAC will oversight the reviews and then prepare advice for the ERC on the implications of the reviews for the Budget.

In addition RAAC will advise the ERC on appropriate productivity savings targets.

In 1989-90 across the board productivity savings targets were set, subject to certain exemptions. In future greater attention will be paid to the tailoring of productivity targets to the position of individual departments.

Review of Capital Projects

Departments are required to prepare and submit for the approval of the Ministerial Capital Works Committee, rolling five year Capital Programs.

An important requirement for the Capital Program is that economic appraisal must be applied to all projects.

Economic appraisal is a way of systematically analysing all the costs and benefits associated with the various ways of meeting an objective. Departments and Authorities are responsible for undertaking these appraisals and submitting them as part of their capital works bids.

Economic appraisal provides important information to decision makers at various levels within Government; not only does it assist the Government at the highest level of decision making, but it also helps individual Departments and Authorities to determine priorities within their own capital programs. Clearly the results of the economic appraisal are not be the only factors taken into account in determining whether a project should proceed or not. Nevertheless, they provide vital information on the effects of each possible decision.

Guidelines have been approved by the Ministerial Capital Works Committee as a means of ensuring a consistent approach to economic appraisal. The Guidelines are intended to establish a framework within which Departments and Authorities undertake their appraisals.

The Guidelines have requirements for the evaluation of capital works, tailored to the characteristics and scale of the projects. The general rule is that an economic appraisal will have to be undertaken for all individual projects with a total cost in excess of \$500,000, while more general procedures will be required for smaller projects. However, it is recognised that this general rule may have to be adjusted by the Capital Works Committee to suit the particular circumstances of certain agencies. The Guidelines also make specific provision for the application of economic appraisal techniques to major Departments and Authorities.

The Capital Works Committee does not require the economic appraisal to be submitted to them in all cases. There is no additional reporting requirement for projects with a total cost under \$1 million; summary sheets of the results of the appraisal only are required for projects between \$1 million and \$5 million; while submission of the full appraisal is required for larger projects. In addition, the Capital Works Committee can require special studies of particular capital works areas, and may also attach special reporting requirements to certain projects.

Following approval and implementation of capital projects, audits will be undertaken of select projects to evaluate the results achieved against the projection in the economic appraisal.

Approval of Proposals Outside the Budget Process

In principle all proposals with funding requirements and financial implications are required to be submitted as part of the Budget and Capital Program process.

However, in the event that a proposal is submitted with funding requirements outside the Budget and Capital Program process, three conditions need to be met –

- the use to which the proposal is addressed was not able to be foreseen at the time of the preparation of the previous Budget;
- the proposal is urgent and cannot be deferred until the next Budget;
- the proposal is supported by a full financial impact statement in standard form which has been received and agreed to by Treasury in terms of the costings, with information provided on –

- * all financial impacts on other agencies and prior consultation and agreement with those agencies on those financial impacts; and
- * the level of self funding to be provided by the reallocation of resources and priorities within the portfolio.

Outside the Budget cycle the Treasurer will not normally supplement requests for enhancements if their cost is less than 1 per cent of the Departments operating budget. In such cases, the Department is expected to fund the enhancement by an internal reallocation of resources.

Global Budgeting

Departments now have very substantial flexibility in how they employ their recurrent budget allocation. Prior to finalisation of the annual budget allocation, Ministers have substantial flexibility to move funding between expenditure categories. Once the allocation is finalised, the global budgeting rules apply and these are set out below.

In the past, allocations were dissected by a large number of what were termed line items which described in detail the purpose to which the funds would be applied (for example postal, travel, etc.). These detailed line item dissections have been replaced for budgetary control purposes with four broad expenditure categories –

- employee related payments
- maintenance and working expenses
- grants and subsidies
- other services

The line item dissection is still applicable for Departmental accounting purposes.

Departments can, within each of the four broad expenditure categories, transfer funds across programs.

In addition, in respect to the first two expenditure categories, "employee related payments" and "maintenance and working expenses", there is flexibility to move funds between the two categories. This reflects the fact that these two items together constitute the operating costs of a Department. In effect then, the operating cost of a Department is a single allocation. The only constraint on transfers between "employee related payments" and "maintenance and working expense" is that imposed by the staff number controls. However, Departments are able to seek approval for variations in staff numbers if this would help achieve targetted productivity savings.

The only other constraint relates to a select number of items that are designated protected items which are not able to have their funding transferred to other areas. Examples of protected items are "debt cost" and "amounts provided for anticipated award increases".

The flexibility accorded Departments is shown in Figure 10.2. Departments can move funds within the rectangle bounded areas indicated. Hence Departments have complete flexibility with the allocation of operating costs (i.e. the sum of employee related payments and maintenance and working expenses). With the other expenditure categories, funds can be transferred across programs without restriction, within the broad expenditure category.

To move funds between 'operating costs' grants and subsidies and 'other services' requires the approval of the Treasurer.

Figure 10.2: Transfers Able to be Approved by Ministers

Program Area 1		Program Area 2	
Program A	Program B	Program C	Program D
Employee related payments Maintenance and working expenses	Employee related payments Maintenance and working expenses	Employee related payments Maintenance and working expenses	Employee related payments Maintenance and working expenses
Grants and Subsidies	Grants and Subsidies	Grants and Subsidies	Grants and Subsidies
Other services	Other services	Other services	Other services

Funding Transfers

Ministers now have greater financial flexibility not only within financial years but between financial years. Ministers facing temporary funding shortfalls may seek approval to "borrow" against their following year's allocation. It is a requirement that any such approved transfer is repaid within a maximum period of three years, though in general repayment should occur in the following year by a reduction in that year's allocation. Transfers are limited to a maximum of 2 per cent of the current year's allocation.

Similarly the facility exists to carry forward unspent funds into future years, subject to case by case approval and an upper limit for the transfer of 2 per cent of the Department's allocation. This facility provides an incentive for Departments to avoid hasty end of year expenditure of unspent monies and instead to utilise such monies in the next year on adequately planned activities.

Staff Monitoring and Control

As part of the budgetary process, an average staff number and end of year staff ceiling are set for each inner budget sector organisation.

The average staff number is linked to the allocation for employee related payments, while the year end ceiling is the maximum staff number for the following 30 June, including casual staff and temporary staff.

Staff numbers are calculated on the basis of full time equivalent staff which means that where employees work part time they are counted only in terms of the proportion of a standard working week worked.

The prime staffing control is the year end ceiling in that it provides a brake on departments building up staff towards the end of the year and hence carrying forward substantial commitments into the following year.

Within Year Monitoring and Controls

Departments are required to submit to Treasury each month a report on recurrent expenditure and revenue, their capital program and staff numbers.

In each case the Department is required to provide information on both the year to date and projected full year position. Departments are required to bring to the notice of Treasury, as soon as it becomes apparent, any prospect of overexpenditure, lower than projected revenue or excess staff as at end of the Budget year. In such circumstances supporting information is required on the reasons for the variations and action that will be taken to rectify the position.

The Treasurer is provided with monthly reports on the Budget, Capital Program and staff numbers and members of the ERC receive quarterly reports on the Budget position.

The Capital Works Committee of Cabinet meets regularly during the year to review the Capital Program and approve any variations falling outside delegations.

All Cabinet Minutes with financial implications are required to be submitted with a Financial Impact Statement. Where Cabinet approves of an initiative and additional funding associated with the initiative, the forward estimates are updated to reflect the decision.

During the year, outside the core part of the Budget cycle between April and September, the Treasurer meets on a quarterly basis with Ministers representing the major expenditure portfolios, to monitor significant budgetary developments.

10.2 GUIDE TO BUDGET PAPERS AND FINANCIAL DOCUMENTS

The aim of this section is to describe the documents published which contain information about the finances of the State Government and its agencies. A brief summary of each of the document's contents and the relationship between the documents is provided.

A detailed description of the accounting system and financial procedures is not encompassed in this Guide. Those interested in more detail about the State's financial system are referred to the Treasury publication "Introduction to Government Finances and Accounting in New South Wales" which explains the State's financial systems.

State Public Sector

Documents referred to in this Guide are concerned with various financial aspects of the "State Public Sector".

In order to appreciate the scope of the contents of the financial documents, it is important to have an understanding of what is meant by the term "State Public Sector".

THE STATE PUBLIC SECTOR AS THE SECOND TIER OF GOVERNMENT

A neat definition of the State Public Sector is difficult to produce – an exception can always be found to a proposed definition.

To the layman, the State Public Sector is the second tier of Government, coming after the Commonwealth Government, but before Local Government. It comprises State Government departments and bodies set up under State legislation. However there are blurred edges because joint authorities have been established (for example the Joint Coal Board, the Albury/Wodonga Corporation, the River Murray Commission), which are responsible to the Commonwealth and to one or more States. Also some bodies, principally Universities and Colleges of Advanced Education, while established under State laws, rely on the Commonwealth Government for funding.

Despite these anomalies, the concept of the State Public Sector as the second tier of government is both simple and useful.

As mentioned this second tier of Government, the State Public Sector, consists of departments (Department of Education, Public Works Department) and a range of statutory bodies. These statutory bodies may be administrative in nature (e.g. health professionals registration boards which regulate practitioners), may provide specific services (e.g. the Water Board – water supply; Colleges of Advanced Education – educational services) or may sell goods and services in the market either from a virtually monopolistic position such as the various primary products marketing authorities or in direct competition in the market place (State Bank, Government Insurance Office).

Classification of Organisations within the State Public Sector

In June 1989 the Government endorsed a report proposing a new system for classifying public sector bodies and the degree of control to which they should be subject.

Previously, there existed no real criteria for determining whether organisations should be set up as public service departments or as statutory authorities. Consequently there was no real basis for deciding what controls – or freedom from controls – were appropriate in individual cases.

The Report provides that the structure of government bodies and the degree to which Government should control their activities should be related to –

- the extent of financial self-sufficiency (that is the extent to which bodies finance their activities from sales of services/goods produced); and
- the extent of market competition (that is the extent to which bodies face competition from other sources of supply).

This system is consistent with the Government's policy of distinguishing between the commercial and social functions of Government.

Where organisations raise their revenues from selling goods and services and where their prices are subject to competition, there is limited need for Government controls. Conversely, stronger Ministerial and Government controls should apply to organisations which are funded by the taxpayer and whose outputs are not subject to market forces, to ensure that they are acting in the community interest and are being economic and efficient.

Using the criteria of financial and market status, six basic types of government organisations emerge –

A. Government Service

Heavily subsidised monopolistic bodies such as Business and Consumer Affairs, or central agencies such as Treasury.

B. Semi Commercial Service

Partly subsidised monopolistic bodies such as the Broken Hill Water Board.

C. Semi Commercial Business

Partly subsidised semi competitive bodies such as the SRA and STA.

D. Commercial Service

Self sufficient monopolistic bodies such as the Water Board and Maritime Services Board.

E. Commercial Business

Self sufficient semi competitive bodies such as the TAB.

F. Commercial Enterprise

Self sufficient fully competitive bodies such as the GIO and State Bank.

Some organisations are multi faceted, that is, while predominantly belonging to one of the above classes, they incorporate operations which may belong to another class. For instance, the Department of Education (a Government Service), has a furniture workshop which presently operates like a Commercial Service and has the potential to be a Commercial Enterprise. Likewise the SRA is predominantly a Semi Commercial Business, but its freight operations are close to being a Commercial Business (i.e. financially self sufficient).

It is appropriate that Government controls are tighter on government organisations that are heavily subsidised and monopolistic (i.e. Government Service organisations) than on government bodies that are funded from sales of their goods or services and which are in competition with suppliers of similar or substitute products (i.e. Commercial Enterprises). Between the extremes of Government Service and Commercial Enterprise, Government controls can be varied according to the degree of financial self sufficiency and market competitiveness of the government body concerned. The nature and extent of administrative process, input, output and accountability controls which will apply to each of the six classes of government owned bodies are outlined in Appendix A.

With the exception of certain special cases, such as Universities and Colleges of Advanced Education (subsidised directly by the Commonwealth Government and self sufficient vis a vis the State Government) most Government Services (i.e. category "A") belong to the "inner budget" sector (i.e. they depend for more than half their operating income on the Consolidated Fund or other tax based sources). Most Semi Commercial and Commercial Services and Businesses belong to the "outer budget" sector (i.e. they earn most or all of their operating income from user charges). Commercial Enterprises belong to the "non budget" sector (i.e. they attempt to maximise profits in a highly competitive market). The relationship between the classification of State organisations and the inner, outer and non-Budget sectors is illustrated in Appendix B. A more detailed description of the Budget and non Budget Sectors follows.

THE BUDGET SECTOR (INNER AND OUTER) AND THE NON-BUDGET SECTOR

All departments and some authorities are funded from the State's principal fund, the Consolidated Fund (see later). Some authorities are self-funding but require government approval to embark on capital works. There are also a number of authorities referred to as non-budget sector bodies that neither require support from the Consolidated Fund nor appear in the State's Capital Program.

Budget Sector

Inner Budget Sector –

- includes all departments and certain statutory bodies (e.g. Ethnic Affairs Commission);
- funded mainly from Consolidated Fund;
- subject to Ministerial direction, the Public Finance and Audit Act 1983 and audit by the Auditor General;
- Annual Reports (Departments) Act 1985 applies – generally non-commercial (cash basis) accounting.

Outer Budget Sector –

- includes certain statutory bodies (e.g. State Rail Authority, Water Board).
- recurrent services funded mainly from own charges, capital works funded from borrowings and internal funds and included in the State's Capital Works Program.
- subject to Ministerial direction, the Public Finance and Audit Act 1983 and audit by the Auditor-General.
- Annual Reports (Statutory Bodies) Act 1984 applies – commercial type accounts (accrual basis) prepared.

Non-Budget Sector

Non-Budget Sector –

- Includes Universities, Colleges of Advanced Education, Marketing Authorities, State Bank, Government Insurance Office.
- Some authorities in this group are not subject to Ministerial direction, but subject to the Public Finance and Audit Act 1983 (although not in all cases to Directions issued under that Act) and audit by the Auditor-General.
- Annual Reports (Statutory Bodies) Act 1984 applies – commercial type accounts (accrual basis) generally prepared.
- Recurrent services and capital works not funded from State Government sources (funded from own revenues or provided by Commonwealth grants etc.).
- Generally not referred to in the Budget Papers.

The Budget Papers incorporate the funding of the recurrent services of departments and authorities in the inner budget sector and the capital budgets of departments and authorities in the inner and outer budget sector. The Budget Papers and other State financial documents do not include information on the finances of statutory bodies in the non-budget sector. However reference may be made in the Budget Papers to any Commonwealth grants which may pass through the State's accounts (e.g. Commonwealth grants to Universities).

Financing Government

PRINCIPAL GOVERNMENT FUNDS

The receipts and payments of the inner budget sector are recorded in two main funds.

Consolidated Fund

The Consolidated Fund is defined in the Constitution Act 1902 as –

- “(1) Except as otherwise provided by or in accordance with any Act, all public moneys (including securities and all revenue, loans and other moneys whatsoever) collected, received or held by any person for or on behalf of the State shall form one Consolidated Fund.
- (2) Without limiting the generality of subsection (1), all territorial, casual and other revenues of the Crown (including all royalties), from whatever source arising, within New South Wales, and as to the disposal of which the Crown may otherwise be entitled absolutely, conditionally or in any other way shall form part of the Consolidated Fund.”

This means that unless other legislation directs that moneys be paid into other accounts (such as Acts establishing statutory bodies for example), all moneys due to the State are paid into the Consolidated Fund.

The Consolidated Fund is the main account of Government. It records the receipts and payments of departments and those statutory bodies in the inner budget sector.

All payments from this Fund require parliamentary approval. Each year the amount estimated to be paid from the Fund is included in the Appropriation Bill. The Bill is one of seven documents tabled in Parliament which are known as the Budget Papers.

State taxes such as pay-roll tax, stamp duties, land tax and gambling revenues are paid into the Fund, as well as revenue from charges for government services, sales of government property, borrowings for inner budget sector capital works, other revenue (e.g. interest earned on cash balances of government funds, lottery receipts) and Commonwealth payments to the State. The last category represents about half of the Fund's revenue.

Payments from the Consolidated Fund are to meet the administrative costs of departments and inner budget sector authorities and the cost of specific government policies.

In order of size, the major payments are for health services and educational services. Interest on borrowings is also a significant item.

Special Deposits Account

The Public Finance and Audit Act 1983 authorises the establishment of the Special Deposits Account as –

- “(a) an account of funds which the Treasurer is, by statutory or other authority, required to hold otherwise than for or on account of the Consolidated Fund;
- (b) an account of money directed to be paid to the Special Deposits Account by or under this or any other Act; or
- (c) an account of such other money, not directed by or under this or any other Act to be placed to the credit of another account, which the Treasurer directs to be carried to the Special Deposits Account.”

It consists of about 250 accounts, each falling into one of the following four categories –

1. Commonwealth Payments Accounts: records the receipt of certain Commonwealth specific purpose payments and the direct payment of such items or their transfer to other accounts or funds (to facilitate bookkeeping).
2. Departments' Working Accounts: departmental accounts which include suspense accounts and accounts of a business nature such as plant operating accounts and canteen accounts and working accounts of certain government trading undertakings and service departments.
3. Statutory Bodies Accounts: working accounts, reserve and depreciation funds of budget sector bodies kept at the Treasury, often as a requirement of their enabling legislation.
4. Statutory Funds Accounts: funds established by statute where the Government acts as trustee (superannuation funds, etc.).

A table in the Public Accounts includes information about each Special Deposits Account. No non-budget sector statutory bodies accounts are maintained in the Special Deposits Account.

Payments from the Special Deposits Account are not subject to parliamentary appropriation but, in order to show all program costs, payments directly related to programs from any of the accounts are included for information in the Budget Estimates.

Documents Relating to State Public Sector Finances

Documents dealing with State Public Sector finances fall into the following groups –

1. State Budget Papers (annual, available generally in September)

The Budget Speech, Budget Information, Budget Estimates, Financial Arrangements between the Commonwealth and New South Wales, State Capital Program – List of Projects, Appropriation Bill, State Public Sector Outlays and Revenues Classified by Economic Type.

Consolidated Fund Forward Estimates (annual).

2. Financial Reporting and Accounting for the State Budget

Niemeyer Statement (monthly).

Quarterly Financial Gazettes (September, December, March).

Public Accounts (annual, available in September).

New South Wales Public Accounts Committee Reports (intermittent).

3. Financial Reporting – Departments and Statutory Bodies

Annual Reports, Departments (July to June reporting period, by November. Department of Education and Department of Technical and Further Education, calendar year, by May).

Annual Reports, Statutory Bodies (within 5 months of end of each body's financial year).

4. Other Sources of State Financial Information

Statistical Reports (published by ABS): Taxation Revenue, Australia (annual), Commonwealth Government Finance, Australia (annual), Government Financial Estimates, Australia (annual), State and Local Government Finance, Australia (annual).

Other Reports: Commonwealth Budget Papers, Commonwealth Grants Commission Reports – particularly those on Tax Sharing Relativities (intermittent).

The NSW Government Information Service, Goodsell Building, Chifley Square, Sydney has supplies of documents in the first three groups, while in the fourth group, ABS publications are available from the Australian Bureau of Statistics, St Andrew's House, Sydney Square, Sydney and Commonwealth Government reports are available from the Australian Government Publishing Service, 120 Clarence Street, Sydney.

The Budget Papers

The Budget Papers consist of seven volumes –

Budget Speech (Budget Paper No. 1)

This is the printed version of the speech delivered in Parliament by the Treasurer on budget day.

The speech outlines the Government's financial program for the year and its overall budgetary strategies. New major expenditure and revenue measures are featured.

Budget Information (Budget Paper No. 2)

This paper contains background material, supplementary to the Budget Speech, and other important financial information. Graphs are included to aid understanding. Topics covered are –

1. *Budget Summary and Overview*: summary of the main budget aggregates and the budget strategy.
2. *The Economy*: a summary of trends in the Australian and New South Wales economies and prospects for the budget year.
3. *Overall Budget Payments*: overview of total payments; from Consolidated Fund and other sources for capital and recurrent payments.

Included in this sector are the blue pages which summarise payments by program. The totals in these tables are what is generally considered as the State's budget expenditure and consist of payments from the Consolidated Fund, Special Deposits Account, and from borrowings and internal funds which fund the capital program of the inner and outer budget sector.

4. *Recurrent Budget*: a review of the projected revenue and payments estimates with tables and graphs.
5. *Capital Program*: a review of overall capital outlays on a functional basis.
6. *1988-89 Budget Result*: an overview comparison of the budgeted and actual 1988-89 Consolidated Fund result.
7. *Social and Economic Impact of the Budget*: covers Aborigines, employment and training, ethnic affairs, housing, industry and small business, older people, rural sector, women, youth assistance, environmental improvement, people with disabilities, etc.
8. *Public Sector Management*: a review of financial and administrative reforms, progress with implementation of Commission of Audit recommendations and response on Tax Task Force Report.
9. *State Public Sector Finances and Employment*: an interstate comparison of four variables (total and recurrent expenditure; revenue and taxation; borrowings, debt and debt charges; and employment) showing the size and growth of the public sector.
10. *Explanation of Budget Process and Concepts*.

Budget Estimates (Budget Paper No. 3)

The Budget Estimates contain the detailed revenue and payments (both recurrent and capital) estimates of the Consolidated Fund for the *inner budget* sector.

The building block is the program statement. Each organisational unit's (broadly a department) expenditure plans are divided into programs.

The program statements include narrative material – the main objectives of the program and a description of the program, staffing resources required and financial details.

The financial tables set out both the Consolidated Fund and total funding needed for the program.

The Consolidated Fund details in this Budget Paper support the Ministerial total figures in the Appropriation Bill.

Background information on program budgeting as it applies in New South Wales and further information about the tables included are provided in the introduction prefacing this Budget Paper.

Financial Arrangements between the Commonwealth and New South Wales (Budget Paper No. 4)

This Budget Paper outlines the financial relations between the Commonwealth and the State.

The Commonwealth provides the State with moneys for a wide range of recurrent and capital purposes. These payments may be in the nature of grants or repayable advances. To qualify for some payments the State may be required to match the Commonwealth payment.

This Budget Paper explains the nature, purpose and history of each Commonwealth payment. As well as budget sector bodies, some bodies in the non-budget sector (e.g. Universities) receive Commonwealth assistance. The Budget Paper also refers to Commonwealth payments to the third tier of Government, Local Government.

A major table in the Budget Paper lists each payment over a ten year period showing percentage movements and comparing the rate of growth with the increase in the Consumer Price Index and economic activity as measured by Gross Domestic Product.

State Capital Program – List of Projects (Budget Paper No. 5)

Works-in-progress and new capital works in the budget sector with a cost of \$100,000 or more are listed.

The listing is arranged under the Ministers responsible for each section. Details of estimated total cost, expenditure in previous years, estimated expenditure in 1989-90 and locations are given.

As the list is not fully comprehensive, totals are not included. The more important of these works may be referred to in the Budget Speech and/or in the section on the Capital Program in Budget Paper No. 2; the latter also provides total expenditure information.

Appropriation Bill (Budget Paper No. 6)

The Appropriation Bill seeks legislative authority for expenditure from the Consolidated Fund.

The Appropriation Bill includes requests for parliamentary approval for –

- (i) payments from the Consolidated Fund *for the budget year*;
- (ii) *payments from the Advance to Treasurer approved in the previous year*;
- (iii) payments by the Treasurer in the previous year under Section 22 of the Public Finance and Audit Act 1983 approved by the Governor in anticipation of parliamentary approval;
- (iv) various rules proposed to permit flexibility in program payments.

State Public Sector Outlays and Revenues Classified by Economic Type (Budget Paper No. 7)

First published in 1988-89, this Budget Paper presents details of outlays, revenues and financing transactions for the full New South Wales public sector and thus is much more comprehensive in coverage than the traditional Budget Sector.

FORWARD ESTIMATES

The first issue of Forward Estimates of the Consolidated Fund Recurrent Expenditures, 1989-90 to 1991-92, was published in August 1989. It was released with the Premier and Treasurer's pre-Budget Financial Statement, 1989. The Financial Statement itself was introduced in 1988 to present the projected Budget position, provide an overview of the States Capital Program and outline the results of Budget Strategy in key areas.

The Forward Estimates are produced on a three year rolling program and replace the previous annual bid and review system. They provide a medium term budget perspective and a bench work against which the Government can assess specific proposals as well as the general direction of its expenditure. Although the Forward Estimates do not represent a definite funding commitment, Ministers and Departments are able to develop broad financial plans on the basis of the three year rolling horizon.

Forward Estimates were introduced as part of a package of Budgetary reforms which include –

- greater flexibility for Ministers in allocating expenditure within their portfolio
- a revised and formalised process of assessing "enhancement" proposals
- a targetted approach to identification and assessment of "portfolio savings" (i.e. savings from the elimination or reduction of lower priority activities)
- a facility for Ministers to seek to "borrow" from following years allocations or "lend" forward to following years, up to 2 per cent of their allocations.

Financial Reporting and Accounting for the Budget

A number of statements are issued during the course of the year and at year end to report on progress against budget estimates and to account to Parliament for payments from the Consolidated Fund and the Special Deposits Account.

The Niemeyer Statement

The Niemeyer Statement is released monthly to provide cumulative summaries of receipts and payments of the Consolidated Fund for that part of the financial year completed and a statement of Treasury balances of cash and securities. These figures are shown against the estimates made for the year. A comparison is provided for the corresponding period of the previous year. The Treasury issues a covering media release.

Quarterly Financial Gazette

The quarterly gazette includes statements of –

- (i) Treasury cash and security balances at end of quarter.
- (ii) Consolidated Fund receipts and payments in detail since 1 July.
- (iii) Special Deposits Account receipts and payments of each account since 1 July and balances at the end of the quarter.

The Public Accounts

The accounting by the Treasurer for funds under his control is set out in the financial statements making up the Public Accounts. The Public Accounts are incorporated in Part 1 of the Auditor-General's Report. As well as statements subject to audit, the Public Accounts include statements for information only. Statements subject to audit are those relating to accounts kept in the Treasury (Consolidated Fund and Special Deposits Accounts), the cash and security balances, liability to the Commonwealth for loans and advances, advances repayable to the Treasury and borrowings guaranteed by the State. Statements not subject to audit are those containing historical information 10 year summaries of budget results, taxation receipts and loan liability to the Commonwealth and brief explanations of each new account that has been established in the Special Deposits Account (a complete explanation list is printed every three years).

The taxation table incorporates in notes attached details of changes in tax rates.

Explanatory notes on each table appearing in the Public Accounts are included in a Memorandum prefacing the Public Accounts. The audit certificate signed by the Auditor-General stating whether in his opinion those financial statements subject to audit exhibit a true and fair view, is also included.

The Auditor-General's Report

Section 34 of the Public Finance and Audit Act 1983 requires the Auditor-General to audit the Public Accounts and submit them to the Legislative Assembly, accompanied by his report, no later than 30 September following the end of the financial year to which the Public Accounts relate.

In Part I of the Report, the Auditor-General reviews the State's finances generally and comments specifically on –

- Commonwealth Payments to the State;
- The Consolidated Fund;
- The Special Deposits Account;
- The State's Debt.

Also included are a copy of the Public Accounts and the Annual Report of the Auditor-General's own Office.

Part II of the report provides comments and reports on the financial statements of many of the State's Statutory bodies both in the budget and non-budget sector.

The Auditor-General may include in his report suggestions to improve the financial management of departments or authorities.

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 statutory bodies and the Auditor-General's Report and to report to the Legislative Assembly on any matter referred to it by the Legislative Assembly, a Minister or the Auditor-General. The Committee is also empowered to report *on any matter it considers should be brought to the notice of the Legislative Assembly*. A report by the Committee is printed and published once it has been transmitted to the Clerk of the Legislative Assembly. Thus publication 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. Recommendations directed at improving administrative efficiency and reducing the costs of programs, as perceived by the Committee, feature in its reports.

Financial Reporting – Departments and Statutory Bodies

Both departments and statutory bodies are required by legislation to prepare annual reports which are to include audited financial statements prepared in accordance with the Public Finance and Audit Act 1983 and the Regulations under that Act and a narrative report as specified in the Annual Reports Acts and Regulations.

Most statutory bodies have to provide a detailed budget for the financial year to which the statements relate and an outline budget for the following financial year. The annual reports must be submitted to the appropriate Minister, and simultaneously to the Treasurer, no later than four months after the end of their financial year.

The Minister is required to lay an annual report before both Houses of Parliament within one month of receipt and as soon as practicable make copies of the report available to the public, providing another source of information on the State's financial management.

Other Sources of State Financial Information

Australian Bureau of Statistics Bulletins

A number of the Bureau's statistical publications contain information on New South Wales Government finances. These are –

- "Taxation Revenue, Australia" (catalogue no. 5506.0) provides data on State taxes, fees and fines.
- "Commonwealth Government Finance, Australia" (catalogue no. 5502.0) provides data on grants and net advances to the State classified by function.
- "Government Financial Estimates, Australia" (catalogue no. 5501.0) summarises forecasts of payments, receipts and grants (classified by their economic character) separately for the Budget and outer and non-Budget Sector together.
- "State and Local Government Finance, Australia" (catalogue no. 5504.0) summarises the State totals for;
 - (a) payments, receipts and grants, classified by their economic character; and
 - (b) final consumption and new fixed assets expenditure classified by function.
- "The New South Wales Year Book" (catalogue no. 1301.1) includes chapters on the State's economy and public funds.

Reports of the Commonwealth Grants Commission

The Commission periodically reviews the distribution (between States) of the Financial Assistance Grant, the Commonwealth's major general grant to the States for recurrent purposes. The Commission's Reports contain summary tables of receipts and payments of the States' on a standardised basis. The State's submission to the inquiry prepared by Treasury in conjunction with departments is not published for sale or general distribution but is available for perusal in specialist libraries. The submission deals with the difficulties faced in New South Wales in providing government services compared with the provision of comparable services in other States.

Commonwealth Budget Papers

References to payments to the State are scattered throughout the Commonwealth Budget papers. However, Commonwealth Budget paper No. 4 "Commonwealth Financial Relations with other Levels of Government" deals specifically with Commonwealth/State financial relations.

Appendix A: Application of Government Controls to each Category of State Organisation

A. GOVERNMENT SERVICE	B/C. SEMI COMMERCIAL SERVICE OR BUSINESS	D/E. COMMERCIAL SERVICE OR BUSINESS	F. COMMERCIAL ENTERPRISE
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(heavily subsidised monopolistic bodies such as Dept. of Business and Consumer Affairs or Treasury)

(partly subsidised monopolistic or semi-competitive bodies such as STA or SRA)

(self sufficient monopolistic or semi competitive bodies such as the Water Board or Elcom)

(self sufficient competitive bodies such as GIO or State Bank)

1. PROCESS CONTROLS

1.1 General Comments

Organisations in this category receive more than half their operating income from the Consolidated Fund or tax based revenues.

The Ombudsman, being accountable to Parliament, is not subject to Ministerial policy direction. The Ombudsman's Office is akin to an independent department with only its resources controlled by Government.

Otherwise organisations in this category are subject to Ministerial direction and should be organised as Government Departments.

Organisations in this category receive more than half their income from client (ie user) charges, but still rely on the Consolidated Fund or tax based revenues for some income.

Organisations in this category are completely self funded from client charges.

The Auditor General, being accountable to Parliament, is not subject to Ministerial policy direction. The Auditor General's Office is akin to an independent department with only its resources controlled by Government.

Organisations in this category are completely self funded from client charges.

Appendix A: Application of Government Controls to each Category of State Organisation (cont.)

A. GOVERNMENT SERVICE	B/C. SEMI COMMERCIAL SERVICE OR BUSINESS	D/E. COMMERCIAL SERVICE OR BUSINESS	F. COMMERCIAL ENTERPRISE
<p>1.2 Appointment of Controlling Body</p> <p>Not applicable for Government departments which are subject to the provisions of the Public Sector Management Act.</p> <p>For some organisations (eg. Hospital Area Authorities, Art Gallery, State Library, Australian Museum etc) the Government, by legislation may partially delegate policy making to an expert Board with a structure resembling that of the Board of Semi Commercial Service or Business.</p>	<p>A Board consisting of between 5 and 10 members depending on size and nature of activity.</p> <p>The Board composition might be:</p> <ul style="list-style-type: none"> 1 Chairperson, part-time, independent, with business expertise and/or special knowledge; 1 Chief Executive Officer; 1 Departmental Officer; 3 Members, part-time, independent, with business expertise and/or special knowledge, (eg corporate law, industrial relations, marketing, etc). 1 Member, part-time, independent, representing consumers. 	<p>For government bodies servicing exclusively other government bodies, a board structure may not be necessary although a management committee drawing on expertise from the public and private sectors may be appropriate.</p> <p>A Board consisting of between 5 and 10 members depending on size and nature of activity.</p> <p>Typical Board membership would be:</p> <ul style="list-style-type: none"> 1 Chairperson, part-time, independent, with business expertise and/or special knowledge; 1 Chief Executive Officer; 5 Members, part-time, independent, with business expertise and/or special knowledge. (One member may also be a departmental officer.) 	<p>For government bodies servicing exclusively other government bodies, a board structure may not be necessary although a management committee drawing on expertise from the public and private sectors may be appropriate.</p> <p>A Board consisting of between 5 and 10 members depending on size and nature of activities.</p> <p>Typical Board membership would be:</p> <ul style="list-style-type: none"> 1 Chairperson, part-time, independent, with business expertise and/or special knowledge; 1 Chief Executive Officer; 5 Members, part-time, independent, with business expertise and/or special knowledge.

1.3 Appointment of Chief Executive Officer (CEO)

Appointed by the Governor on the advice of Cabinet following the recommendation of the Minister.

Appointed by the Governor on the advice of Cabinet following the recommendation of the Minister with the Board Chairperson as convener of selection committee.

CEO is accountable to the Minister. Where Minister has appointed a Board, the CEO is answerable to the Board which in turn is accountable to the Minister.

The selection committee for the CEO should be drawn mainly from Board members. CEO is accountable to the Board which is answerable to the Minister.

Selection committee drawn exclusively from Board members. CEO is accountable to the Board which is answerable to the Minister.

Selection committee drawn exclusively from Board members. CEO is accountable to the Board which is answerable to the Minister.

1.4 Ministerial Directions

Subject to Ministerial direction provided any direction would be in compliance with existing legislation. (Certain statutory appointments (e.g. Ombudsman) are not subject to Ministerial direction by the nature of the legislation.)

The Minister should have power to issue directions to the Board. Where a direction results in any increase in total costs or reduction in total revenue, the Treasurer's concurrence should be sought beforehand as the level of subsidy will be affected.

The Minister should have power to issue directions to the Board. Where, as a result of any direction, there is an impact on the organisation's profitability or competitive position (i.e. increased costs or reduced revenues):

The Minister should have power to issue directions to the Board. Where, as a result of any direction, there is an adverse impact on the organisation's profitability or competitive position (i.e. increased costs or reduced revenues):

Where a Ministerial direction results in any increase in total costs or reduction in total revenue, the Treasurer's concurrence should be sought beforehand as the level of Budget appropriation will be affected.

There should be no Ministerial direction in relation to staff appointments.

the Board should be able to request a review of these directions;

the Board should be able to request a review of these directions;

such directions should be clearly disclosed at the time in the Government Gazette and later in the Annual Report;

such directions should be clearly disclosed at the time in the Government Gazette and later in the Annual Report;

Appendix A: Application of Government Controls to each Category of State Organisation (cont.)

A. GOVERNMENT SERVICE

There should be no Ministerial direction in relation to staff appointments, with the exception of appointments to the Ministerial Unit.

B/C. SEMI COMMERCIAL SERVICE OR BUSINESS

1.5 Formation of Subsidiaries and Trusts or New Ventures

Generally not applicable to Departments but note that Treasury has issued a separate report on financial management arrangements for commercial activities in Departments.

Subject to Ministerial concurrence either on a case by case basis or by following standing guidelines previously approved by the Minister. If Consolidated Fund contributions or Government guarantees are involved, the Treasurer's concurrence should also be sought.

D/E. COMMERCIAL SERVICE OR BUSINESS

- any material costs or reduction in revenue as a result of the direction should also be set out at the time in the Government Gazette and later in the Annual Report.

Subject to Ministerial concurrence either on a case by case basis or by following standing guidelines previously approved by the Minister. If Consolidated Fund contributions or Government guarantees are involved, the Treasurer's concurrence should also be sought.

F. COMMERCIAL ENTERPRISE

- any material costs or reduction in revenue as a result of the direction should also be set out at the time in the Government Gazette and later in the Annual Report.

Subject to Ministerial concurrence either on a case by case basis or by following standing guidelines previously approved by the Minister. If Consolidated Fund contributions or Government guarantees are involved, the Treasurer's concurrence should also be sought.

2. INPUT CONTROLS

2.1 General Comments

Heavy subsidisation justifies Government control over use of inputs.

Partial subsidisation justifies some external controls on use of inputs, otherwise extent of subsidy will be set by organisation rather than Government.

Financial self sufficiency justifies complete autonomy, but the lack of competitive market pressures and the difficulty of policing prices warrants some safeguards on excessive use of inputs.

Financial self sufficiency within a competitive market environment justifies complete autonomy in determining extent of inputs.

2.2 Staff Controls

Salaries and conditions of service and staff establishments (including classifications and gradings) to be subject to determination in accordance with provisions of the Public Sector Management Act for public servants and comparable occupations e.g. nurses, teachers, police etc.

Staff numbers control (i.e. average staff number and end of year staff ceiling) to be exercised by Treasurer.

Within general guidelines set by Treasurer (in case of staff ceilings) and the Public Employment Industrial Relations Authority (Industrial Authority) (in case of salary and wage levels and conditions of service).

Within general guidelines set by Treasurer (in case of staff ceilings) and Industrial Authority (in case of salary and wage levels and conditions of service).

In the case of bodies providing centralised services on a competitive basis to Inner Budget Sector Government Services, Treasury staff controls shall apply, but may be exceeded by up to, say, 20%, to satisfy client service demands.

2.3 Expenditure Controls

The Minister and Treasurer approve the recurrent budget. The Capital Works Ministerial Committee (CWMC) approves the capital budget.

The Minister should approve both the recurrent budget, which should be within the subsidy level approved by the Treasurer, and the capital budget for submission to the CWMC.

Board sets recurrent and capital Budget and submits the recurrent Budget to the Minister for information and the capital budget to the CWMC for approval.

Board sets recurrent and capital budgets and submits summary to Minister for information.

Appendix A: Application of Government Controls to each Category of State Organisation (cont.)

A. GOVERNMENT SERVICE	D/E. COMMERCIAL SERVICE OR BUSINESS	F. COMMERCIAL ENTERPRISE
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The Minister should delegate to the department head sufficient authority to incur expenditure at a level which will allow reasonable freedom to discharge activities within parameters set by annual budget appropriations. Contracts Control Board requirements to apply to procurements of goods and services.

The Minister and Treasurer should approve actions giving rise to substantial forward expenditure commitments. Broad Government guidelines should apply to purchases of goods and services.

Broad Government guidelines should apply to purchases of goods and services.

2.4 Financing Controls

Borrowings will be allocated through Consolidated Fund appropriations.

Financial investments will be undertaken on Department's behalf by Treasury, which manages all special deposits accounts.

Borrowing should not exceed limit set by Treasurer in accordance with Loan Council. Financial investments should be in accordance with Treasurer's directions.

Borrowing should not exceed limit set by Treasurer in accordance with Loan Council. Financial investments should be in accordance with Treasurer's directions.

Borrowings should be free of controls to extent permitted by Loan Council (already the case with GIO and State Bank) and determined in accord with Board guidelines. Financial investments should be in accordance with Board guidelines.

3. OUTPUT CONTROLS

3.1 General Comments

The monopolistic position of the activity justifies complete Government control of all aspects of programs and pricing.

Although there may be some competition, competitors' price levels are likely to be higher than those of the subsidised authority/ department. Hence competition does not necessarily ensure productive and allocative efficiency. Some controls should therefore apply to pricing, quantity, quality, range and distribution of program services/goods.

The absence of strong market competition warrants some control over pricing, quantity, quality, range and distribution of program services/goods.

Existence of strong market competition should ensure that goods/services are produced in quantity, quality, range and distribution consumers want at a fair price.

3.2 Production/Program Controls

Government/ Ministerial control should apply to quantity, quality, range and distribution of program services/goods.

Some Government/ Ministerial controls should apply to quantity, quality, range and distribution of program services/goods.

Authority should be free to determine quantity, quality, range and distribution of goods/services consistent with broad Government policy guidelines.

Authority should have complete freedom to determine quantity, quality, range and distribution of goods/services.

3.3 Pricing Controls

Pricing policy not applicable for most Departments since they are fully subsidised from State Budget, or in the case of RTA by State taxes (i.e. motor vehicle taxes which in the past have been collected off budget.)

Authority should have a pricing policy that:

- i) is within Government guidelines or, if Minister or authority so requests, is subject to review and determination by independent regulatory mechanism;

Authority should have a pricing policy that:

- i) is within Government guidelines or, if Minister or authority so requests, is subject to review and determination by independent regulatory mechanism;

- i) recovers direct and indirect costs

Appendix A: Application of Government Controls to each Category of State Organisation (cont.)

A. GOVERNMENT SERVICE	B/C. SEMI COMMERCIAL SERVICE OR BUSINESS	D/E. COMMERCIAL SERVICE OR BUSINESS	F. COMMERCIAL ENTERPRISE
<p>Departments which have activities which recover more than half their operating costs from client (ie user) charges should arrange with the Treasurer for such activities to be taken off budget and treated as distinct semi commercial or commercial operations.</p> <p>The pricing policy of activities which do not fall in this category should be determined by the Minister and Treasurer when framing the annual budget.</p>	<p>ii) does not attract business away from the private sector by using the subsidy to unfairly price;</p> <p>iii) ensures that the subsidy is justified in the light of benefits to the community at large (externalities), and the standard of services provided (reasonable standards).</p> <p>iv) ensures that the targeted subsidy level is not exceeded.</p>	<p>ii) recovers direct and indirect costs;</p> <p>iii) yields a rate of return on assets consistent with industry norms, risks and characteristics;</p> <p>iv) allows payment to the Consolidated Fund of:</p> <p>a) the equivalent of all Commonwealth and State taxes and charges not otherwise payable by law;</p> <p>b) a dividend;</p> <p>v) limits cross-subsidisation between geographic areas and client groups. (N.B. Any significant cross-subsidisation should be identified in the Annual Report); and</p> <p>vi) provides effective competition in oligopoly situations, i.e. where there is more than one supplier.</p>	<p>ii) yields a rate of return on assets consistent with industry norms, risks and characteristics;</p> <p>iii) allows payment to Consolidated Fund of:</p> <p>a) the equivalent of all Commonwealth and State taxes and charges not otherwise payable by law;</p> <p>b) a dividend set in accordance with industry norms;</p>

4. ACCOUNTABILITY CONTROLS

4.1 State Budget Relationship

Inner Budget Sector, since subsidy more than 50% of organisation's operating income.

Outer-Budget Sector, since subsidy less than 50% of organisation's operating income.

Outer-Budget Sector, since organisations operations are completely self funded.

Non-Budget Sector, since organisation (in most cases) not subject to Loan Council controls.

4.2 Accounting Arrangements

Subject to Public Finance and Audit Act. (Government accounting may apply e.g. cash basis, until Government formally introduces accrual accounting.)

Subject to Public Finance and Audit Act. (Commercial accounting applies)

Subject to Public Finance and Audit Act. (Commercial accounting applies e.g. accrual basis.)

Subject to Public Finance and Audit Act. (Commercial accounting applies e.g. accrual basis.)

For bodies (such as IAB)

For bodies (such as Auditor General) providing centralised services on a monopoly basis to Inner Budget sector departments, financial operations should be conducted through a Special Deposits Working Account.

For bodies (such as IAB) providing centralised services on a competitive basis to Inner Budget Sector departments, financial operations should be conducted through a Special Deposits Working Account.

4.3 Reporting Requirements

Subject to Annual Reports Act requirements.

Subject to Annual Reports Act requirements.

Subject to Annual Reports Act requirements.

Subject to Annual Reports Act requirements.

Appendix A: Application of Government Controls to each Category of State Organisation (cont.)

A. GOVERNMENT SERVICE	B/C. SEMI COMMERCIAL SERVICE OR BUSINESS	D/E. COMMERCIAL SERVICE OR BUSINESS	F. COMMERCIAL ENTERPRISE
<p>4.4 Performance Targets</p> <p>A range of indicators relating to efficient use of resources and effective delivery of services/goods.</p>	<p>A range of indicators relating to efficient use of resources and effective delivery of services/goods.</p>		
<p>Performance Agreement specifying major short term targets/tasks to be achieved by Department signed by Minister each year or more frequently.</p>	<p>Performance Agreement specifying major short term targets/tasks to be achieved by Department/ Authority signed by CEO/Board and Minister each year or more frequently.</p>	<p>i) Rate of return on assets comparable with industries similarly capitalised</p>	<p>i) Rate of return on assets comparable with that of other industry participants.</p>
<p>Corporate Strategic Plan specifying medium term mission, objectives, strategies, implementation timetable and performance indicators submitted to the Minister for approval at the start of each Government's term.</p>	<p>Corporate Strategic Plan specifying medium term mission, objectives, strategies, implementation timetable and performance indicators submitted to the Minister for approval at the start of each Government's term.</p>	<p>ii) Other key financial statistics, e.g. debt/equity, working capital, etc., compared with previous levels and planned achievements.</p>	<p>ii) Other key financial statistics e.g. debt/equity, working capital, etc., compared with industry norms.</p>
		<p>iii) Measures of efficiency of resource usage compared with previous levels and planned achievements.</p>	<p>iii) Measures of efficiency of resources usage and market share compared with industry norms.</p>

- iv) Consumer satisfaction measures.
Corporate Strategic Plan specifying medium term mission, objectives, strategies, implementation timetable and performance indicators submitted to the Minister for approval at the start of each Government's term.
- ii) Other key financial statistics e.g. debt/equity, working capital, etc., compared with industry norms.
iii) Measures of efficiency of resources usage and market share compared with industry norms.
Corporate Strategic Plan specifying medium term mission, objectives, strategies, implementation timetable and performance indicators submitted to the Minister for approval at the start of each Government's term.

4.5 Performance Reviews

- i) Public Accounts Committee;
ii) Management Strategy Reviews;
iii) External Efficiency Audits;
iv) Internal Program performance evaluation;
v) Internal Audits.
- i) Public Accounts Committee;
ii) Management Strategy Reviews;
iii) Internal audits.

4.6 Financial Audits

- Auditor General
- Auditor General
- Auditor General, but perhaps subcontracting task to specialist private auditor familiar with industry commercial practices.

10.3 GLOSSARY OF TERMS USED IN BUDGET PAPERS

Accrual Accounting: Accrual accounting is the recognition of revenue and payment items as they are earned or incurred respectively (and not as money is received or paid) and included in the financial statements in the year to which they relate. The budget is presented on largely a cash basis though salary costs are shown on an accrual basis.

Activity: A group of tasks which contributes towards the achievement of the objectives of a program.

Advance to the Treasurer: The sum appropriated to the Treasurer under the Appropriation Act as an advance to allow for supplementary payments of an unforeseen nature for the ordinary annual services of government. Actual expenditures charged against this item are recorded against appropriate departmental items and are accounted for to Parliament in the following year's Appropriation Act.

Advances repayable to the State from external sources: Repayable advances made from State funds to statutory bodies whose funds are not included in the Treasurer's accounts.

Allocative Efficiency: The production of goods and services by an organisation at levels consistent with the mix of goods and services which will yield maximum consumption benefits to society over time. Allocative inefficiency may occur because of monopoly power (overcharging) or price controls (under charging).

Annual interest liability: Interest payable on the State's loan liability.

Appropriateness: A term used in program performance evaluation to denote whether a program's stated objectives adequately address real community needs and the Government's policy priorities.

Appropriations – Annual: Amounts which may be spent from the Consolidated Fund under the authority of an annual Appropriation Act during the period 1st July to 30th June.

Appropriations – Special: Continuing expenditure authorised by specific acts (e.g. the salaries of Judges; payments on account of the State's loan liability to the Commonwealth). Such appropriations are now included under annual appropriations.

Assets: General term covering financial resources (cash, securities, etc), physical items (property, plant and equipment, etc) or intangibles (patents, trademarks, etc) capable of providing a future benefit to the organisation either by use or sale. Minor stores, etc would be excluded from this concept.

Auditor-General: A statutory office established under the Public Finance and Audit Act 1983 to oversight and report to Parliament on the Public Accounts and the accounts of departments and authorities.

Average Staffing: An estimate of average monthly staff employed over the course of the whole financial year, expressed in terms of average full-time equivalent numbers.

Balance of payments: A statement recording Australia's economic transactions with the rest of the world. It is divided into two parts – the current account and the capital account.

The current account records exports and imports of goods and services (the balance of trade), income and unrequited transfers (such as foreign aid). The balance on current account is the net sum of these transactions. It is in deficit (surplus) when payments abroad exceed (are less than) receipts during the period under review.

The capital account records transactions which affect Australia's foreign assets and liabilities, including foreign investment, overseas borrowings and loans, and changes in Reserve Bank of Australia foreign currency reserves. By definition, any deficit (surplus) on the current account is, adjusted for errors and omissions, always offset by an equal surplus (deficit) on the capital account.

Borrowings guaranteed by the State: Loans guaranteed by the State in accordance with specific Acts.

Borrowing/Lending facility: Procedures whereby (i) organisations which overspend their allocation for a particular year are required to fund that excess by a reduction in future years' allocations or (ii) organisations which underspend in a year may carry those savings forward to a future year.

Budget: The several Budget Papers including Estimates of revenue and payments of the Consolidated Fund and the Appropriation Bill.

Budget Estimates: Summarised and detailed dissections of estimated revenue and amounts which may be expended by departments and statutory bodies, in the budget sector, on recurrent services and capital works and services from the Consolidated Fund (under authority of the annual Appropriation Act or specially appropriated under other Acts), or from sources other than the Consolidated Fund.

Budget Sector (inner and outer): Departments and certain statutory bodies which appear in the Consolidated Fund Estimates and/or the Capital Program (also see main text).

Capital revenue and payments (works and services): Consolidated Fund revenue or payments for works of a permanent character such as schools and other public buildings. Revenue includes the State's share of new loans raised by the Commonwealth, payments for specific capital purposes, proceeds of the sale of assets and repayments by authorities.

Cash Accounting: In contrast to accrual accounting, only takes into account cash payments to be made and cash receipts to be received during the year. It does not take into account liabilities and debts arising during the year, but not settled at the end of the year.

Commercialisation: The process of making certain Inner Budget Sector activities more financially self sufficient in order to reduce the level of support from the Consolidated Fund.

Where activities have outputs that constitute saleable services or goods, these have sometimes been provided to the public and/or to public sector bodies either without charge or at less than full price. In the interests of efficient use of resources, full pricing should be charged for saleable goods and services, with subsidised prices being reserved to meet explicit social objectives of the Government.

Accordingly departments are permitted to operate commercial activities (that is, activities that are self funding), separately from their Budget funded programs. Earnings from commercial activities are retained in a departmental working account and not paid into the Consolidated Fund. The arrangement is subject to full accrual accounting for the operation of such activities and the payment of dividends from profits achieved.

Commercial Business: A self-sufficient semi competitive body such as the TAB.

Commercial Enterprise: A self-sufficient fully competitive body such as the State Bank.

Commercial Service: A self-sufficient monopolistic body such as the Sydney Water Board.

Consolidated Fund: An account of governmental revenue and payments of departments and certain authorities within the inner budget sector. Payments out of this Fund can only be made under Parliamentary authority.

Consumer Price Index (CPI): A measure of the prices of a basket of goods and services representing household expenditure patterns. Changes in the CPI are intended to broadly indicate changes in the cost of living.

Corporate Plan: The systematic internal planning document which gives direction to an organisation's operations and provides a basis for monitoring its performance. It outlines the organisation's mission or reason for existence; clear objectives which define what is to be achieved; and specific strategies which outline how the objectives will be satisfied. Supplementary Divisional or Operating Plans serve as working documents, detailing implementation tasks to be undertaken and specifying for each the officer or section having responsibility as well as the timetable for implementation. Performance indicators are also included to facilitate measurement of performance.

The Corporate Plan provides a focus for medium to longer term development. It enables the organisation to concentrate on its priorities and ensures that there is a consistency of purpose throughout the organisation.

Corporatisation: Corporatisation is the application of market disciplines to a Government Trading Enterprise (GTE) to improve its productive and allocative efficiency. The five requirements of corporatisation are: clear and consistent management objectives; management autonomy and authority; independent performance monitoring; managerial rewards and sanctions; and competitive neutrality (i.e. removal of special advantages and disadvantages stemming from public ownership).

Currency Depreciation: The reduction in the value of one country's currency against another country's. The actual measurement of the size of the depreciation occurs through movements in the exchange rate.

Currency Swaps: The exchange by two parties of their respective loan obligations, generally in different currencies. Following the swap the two parties are responsible for the servicing of their new obligations.

Deficit: General term used to describe an excess of Government expenditure over revenue. Its definition varies between different States. In New South Wales, usage of the term in describing the Budget result is based on international conventions for presenting public finance statistics (e.g. in the case of borrowings, these are not included as revenue, but as a "below the line" financing transaction).

Dividend: A share of profits payable to the Consolidated Fund by Government Commercial Services, Businesses and Enterprises.

Drawing Accounts: Official bank accounts to enable payments to be made by departments before being charged to Treasury ledger accounts.

Economy: When used in the context of program performance evaluation, this means keeping inputs (i.e. resources) to the minimum necessary to provide an adequate program service.

Effective Full-Time Staff (EFT): Staff numbers derived by adding to full-time staff the full-time equivalent of any part-time staff.

Effectiveness: A term used in program performance evaluation to denote whether a program's stated objectives are being achieved.

Efficiency: See Allocative Efficiency and Productive Efficiency. Efficiency is a term frequently used in the context of program performance evaluation.

Employee Related Payments: A classification of expenditure for dissection of program costs relating to the costs of employing staff including allowances, overtime payments for leave on retirement and resignation, worker's compensation, employer superannuation contributions, meal allowances, payroll tax and fringe benefits tax.

Enhancement: Expenditure above maintenance level that provides a real increase in the level of existing services or the addition of new services.

Equity: The value of the interest held by the owners in the assets of an organisation as represented by the value of the assets of the organisation less external liabilities (e.g. borrowings from outside bodies).

Estimates: See Budget Estimates.

Exchange Rate: The exchange rate is the value of one country's currency, compared to one unit of another country's currency (e.g. \$1 in Australian currency = \$0.75 of United States currency).

Financial Agreement: An agreement between the Commonwealth and State Governments controlling the borrowing arrangements of those Governments.

Expenditure Review Committee: A committee of Cabinet consisting of the Premier and Treasurer, the Deputy Premier, the Minister for Business and Consumer Affairs and the Minister for Transport, which oversees Budget strategy and implementation.

Financial Assistance Grant: The general revenue grant payable to the State by the Commonwealth – originally based on reimbursement to the State for withdrawing from the income tax field.

Fiscal Policy: The name given to all measures and policies announced in the Budget. The name also applies to any other measures whose impact is felt through any increase or decrease in government spending or revenue raising (i.e. taxation).

Forward Contracts: Contracts entered into for the purchase or sale of foreign currency at a future date at a predetermined price.

Forward Estimates: A key aspect of changes introduced for the 1989-90 Budget (see also Global Budgeting and Target Budgeting).

The forward estimates are for Consolidated Fund recurrent expenditure and cover a rolling period of three years. They exclude capital expenditure and expenditure from funding sources other than those passing through the Consolidated Fund. The reason for the latter exclusion is that the focus is on expenditure financed from taxes, fines and levies excluding, in the main, user charges.

Global Borrowings: The Loan Council sets an annual limit on borrowings that can be raised by State authorities other than State financial and marketing authorities. In New South Wales, borrowings within the global limit are raised by the NSW Treasury Corporation.

Global Budgeting: Global Budgeting allows departments much greater freedom to alter spending patterns between line items (salaries, maintenance, etc) and programs, provided they live within their total budgets and staff ceilings. Moreover, greater flexibility in expenditure patterns will be allowed within the limits applying at the service delivery level such as schools and health services. Ministers may seek to "borrow" from following years allocations or "lend" forward to following years up to 2 per cent of their allocations. For full details refer to Section 10.1.

Global Limit: The annual limit set by the Loan Council on borrowings that can be raised by State authorities other than State financial and marketing authorities. In New South Wales borrowings within the global limit are raised by the NSW Treasury Corporation.

Government Employment: The term used to describe the total employment in all sub-sectors of the NSW Public Sector. As enumerated by the Treasury it relates to all paid staff, (excluding only employees under Commonwealth special employment schemes), measured on an effective full time basis – see under effective full-time staff, above.

Compared with data published by the Australian Bureau of Statistics (which must be used for interstate comparisons) Treasury excludes staff of Universities, CAEs, Pasture Protection Boards, the colliery companies operated by the NSW Electricity Commission and a few other small organisations. However a large number of staff employed in religious and charitable hospitals financed by the State are included in the Treasury figures.

Treasury collects data as at the end of each month, whereas ABS figures are for a specified pay period. The ABS data is based on a head count which exaggerates the effect of part time staff. Average whole year data is also published by Treasury for the Inner Budget Sector.

Government Service: Heavily subsidised monopolistic bodies such as the Department of Business and Consumer Affairs or central agencies such as the Treasury.

Government Trading Enterprise: A unit within the public sector that produces goods or services which are, or could be, sold or tendered in the market place without compromising the Government's economic or social objectives. GTE's include not only organisations engaged in trading activities, but also organisations which provide subsidised community services on a contractual basis.

Grants and Subsidies: A classification of expenditure for dissection of program costs; generally applying to payments to assist voluntary bodies and firms in the business sector.

Gross Domestic Product (GDP): The value of all goods and services produced in the Australian economy. When expressed in constant price terms, GDP measures the total volume of output (e.g. production of 1 unit in one year, and 1.1 unit the following year will mean a 10% increase). When measured in current price terms, GDP measures the total dollar value of production.

Gross State Product (GSP): A measure of the value of total production and income in the State economy and hence the State equivalent of GDP.

Hedging Techniques: Techniques employed to protect against foreign exchange risks. Hedging instruments include currency swaps and forward contracts.

Implicit Price Deflator: A means of expressing current price values in "real" or constant price terms. Obtained by dividing aggregate flows of goods and services measured at current prices by the corresponding estimates at constant prices. Thus they are derived measures (hence the term "implicit"). They are not normally direct measures of price changes by which current price estimates are converted to estimates at constant prices, and at times their movement can be significantly influenced by compositional changes within the aggregate concerned.

Incorporation: Establishment as a company under the Companies Code. In the State public sector context, a component of the corporatisation process.

Indebtedness to the Commonwealth outside the Financial Agreement: Repayable advances from the Commonwealth to the State for specific projects.

Inflation: The name given to any general upward movement in prices, as measured by a price index such as the Consumer Price Index (CPI).

Other, more specialised, price indices include the GDP deflator, wholesale prices indices and import and export price indices.

Inner Budget Sector: Government entities whose revenue and payments generally pass through the Consolidated Fund and are, in the main, funded from the Budget (i.e. taxes or Commonwealth payments) without significant income from user charges.

Interest Rate Swaps: The exchange by two parties of their respective interest rate obligations. Following the swap the two parties are responsible for the servicing of their new obligations.

Labour Force: The number of persons in the civilian population (i.e. non-Defence Forces) aged 15 years and over, who are classified as either "working" or "looking for work".

The participation rate is the percentage of the total civilian population aged 15 years and over represented by the labour force.

The "labour force" then represents those who are employed and those who are unemployed. It excludes most students, retired people, housewives and "discouraged workers" who are not usually considered as unemployed because they are not actively seeking work.

Liabilities: Claims against the Government by those from whom it has borrowed or otherwise owes money.

Line Item: Allocations specified under the "Grants and Subsidies" and "Other Services" sections of budget programs.

Loan Council: Consists of representatives of the Commonwealth and the States established for the purpose of the orderly management of Commonwealth and State debt and borrowings. (See also Premiers' Conference.)

Loan Liability to the Commonwealth: The indebtedness to the Commonwealth for the State's share of loan raisings in terms of the Financial Agreement.

Maintenance: Level of expenditure necessary to provide the existing level of real resources used by a Budget organisation. Expenditure above this level is referred to as enhancement(s).

Maintenance and Working Expenses: A classification of expenditure for dissection of program costs relating to the running expenses (travel, rent, stores, etc.) of departments.

Ministerial Head: The highest level at which funds are appropriated under the Appropriation Act.

Monetary Policy: The name given to all measures and policies designed to affect the supply and demand for money, and thereby, interest rates. These policies are usually administered and implemented by the Reserve Bank of Australia in consultation with the Federal Treasurer.

National Accounts: A systematic summary and analysis of the economic transactions taking place within Australia.

National Accounts Budget Format: General term describing the presentation of the Budget or public sector finances in terms of international statistical conventions.

National Debt Sinking Fund: The fund established under the Financial Agreement for repayment of the State's loan liability to the Commonwealth.

Net Public Sector Financing Requirement: The direct call of the State Public Sector on the savings of the economy.

Niemeyer Statement: A monthly statement of functional operations on the Consolidated Fund and the balances of cash and securities held by the Treasurer.

Non Budget Sector: Statutory bodies which are both financially self sufficient and fully competitive and as such do not appear in the Budget Estimates or the Capital Program, e.g. State Bank, Government Insurance Office.

Organisational Unit: An administrative unit (department) or declared authority (certain statutory bodies) within the terms of the Public Service Act and within the budget sector. Also includes the Legislature. It is the lowest level at which funds are specifically allocated under the Appropriation Act.

Other Revenue: A classification of revenue in the Consolidated Fund that can not be readily classified under other standard revenue headings.

Other Services: A classification of payments for dissection of program costs which can not be readily classified under other standard payment headings.

Outer Budget Sector: Government entities that are predominantly funded from user charges (i.e. self funding) but which are not subject to full competition from alternative sources of supply.

Payments under Section 22, Public Finance and Audit Act 1983: Consolidated Fund payments determined by the Treasurer, with the approval of the Governor, to provide for unforeseen expenditures considered to be in the public interest. Payments under this authority are approved retrospectively by Parliament in the following year's Appropriation Act.

Performance Agreement: The formal undertaking between the Department Head and the responsible Minister that particular special projects and initiatives will be undertaken over a six month period within financial and staffing budgets. Whenever possible quantifiable performance targets to be achieved during the period are also included in the Agreement.

The Performance Agreement facilitates measurement of short term performance. The items included within it should be consistent with the Department's mission, objectives and strategies and generally they represent a subset of the Corporate Plan's implementation tasks.

Plant and Equipment: A former classification of expenditure for dissection of program costs, relating to the acquisition of major items of plant and equipment. Now included in Capital Payments if the value of the item exceeds \$5,000 and the productive life exceeds 12 months.

Policy area: A broad aggregation of policy sectors representing the main areas of government endeavour.

Policy sector: A grouping of related programs representing a particular function of government.

Portfolio savings: Reduction in expenditure achieved through the elimination or reduction in specific activities or programs.

Premiers' Conference: Annual meeting of all State Premiers with the Prime Minister to discuss issues of intergovernmental concern and set financial arrangements between levels of government.

Privatisation: Privatisation is the transfer of activities or ownership of assets and operations from the public sector to the private sector.

There are a number of forms of privatisation, although the sale of Government businesses as going concerns is the form most commonly considered. Other means of achieving privatisation include leasing of assets, franchising arrangements and the contracting out of services.

Productive Efficiency: The production of a set amount of goods and services by using the least possible amount of resources (in value terms). Productive efficiency depends essentially on the quality of management performance in day to day operations and in making investment decisions.

Productivity Savings: Reduction in expenditure achieved through increased efficiency while maintaining service levels.

Program: A grouping of activities to achieve a particular goal.

Program area: A grouping of programs with related goals within the same organisational unit.

Program Budgeting: A budgetary system in which spending is classified according to the purposes (objectives) to be accomplished.

Program Performance Evaluation: Assessment of appropriateness, effectiveness, efficiency and economy of a budget program or activity. Program performance evaluations are undertaken by Government organisations in accordance with a methodology and guidelines developed by the Office of Public Management. External evaluations (called Efficiency Audits) may be undertaken by that office.

Program Revenue: Revenues of an ancillary nature generated by a program and paid into the Consolidated Fund.

Protected Items: Items in the Budget, expenditure on which is determined largely by factors external to the Department (e.g. numbers of eligible pensioners). Supplementation for these items is provided to departments if needed without requiring "borrowing" from future years' allocations.

Public Accounts: The annual financial statements prepared by the Treasurer in terms of section 6, Public Finance and Audit Act 1983.

Public Accounts Committee: A Committee of five members of the Legislative Assembly appointed under the provisions of the Public Finance and Audit Act 1983, which is empowered to examine the financial administration of departments and bodies within the State Public Sector. The Committee reports to the Legislative Assembly.

Public Authorities (Financial Arrangements) Act 1987: The principal legislation governing the borrowing and investment powers of public authorities (as defined by the Act) and the provision of guarantees in respect of such borrowings.

Public Finance and Audit Act 1983: The principal legislation dealing with the State's financial administrative machinery including provision for independent audit by the Auditor-General and review by the Public Accounts Committee.

Rate of Return: A measure of the financial performance of an organisation derived by expressing income (after all expenses but before interest and taxes) as a proportion of the asset base (or a component of the asset base) of the organisation.

Recurrent Revenue and Payments (services): The on-going revenue and payments of government departments and authorities contained within the budget sector including payments to the State by the Commonwealth under financial assistance grant arrangements.

Section 26, Public Finance and Audit Act 1983: Authorises the Treasurer to amend the revenue and expenditure estimates after the Budget is passed, to reflect changes in the level of Commonwealth specific purpose payments provided to the State.

Semi Commercial Business: A partly subsidised semi competitive body such as the SRA and STA.

Semi Commercial Service: A partly subsidised monopolistic body such as the Broken Hill Water Board.

Semi Government Authority: An agency representing the Crown and set up under its own Statute.

Certain authorities are included in the inner budget sector, on the basis that they are funded mainly from Consolidated Fund (for example the Ethnic Affairs Commission).

Others such as the Electricity Commission and the Water Board are in the outer Budget sector with their recurrent services funded mainly from their own charges. The capital programs of outer budget sector authorities are included in the State Capital Program as non Consolidated Fund payments.

Both of the above types of authorities are subject to Ministerial direction, the Public Finance and Audit Act 1983 and audit by the Auditor-General. The Annual Reports (Statutory Bodies) Act 1984 and accrual basis accounting apply.

Universities, colleges of advanced education, marketing authorities, State Bank and the Government Insurance Office belong to the non budget sector.

Some authorities in this group are not subject to Ministerial direction, but subject to the Public Finance and Audit Act 1983 (although not in all cases to Directions issued under that Act) and audit by the Auditor-General. Annual Reports (Statutory Bodies) Act 1984 applies and accrual accounting is generally adopted.

Service Wide Payments: Payments for common services such as superannuation and debt costs that are met on behalf of Departments by a central agency or other Department. In 1988-89 and 1989-90, such payments are being allocated directly to Departments in the areas of pay-roll tax, accrued leave, superannuation (employer contribution) Public Service notices, cleaning services, technical services, Land Titles Office fees and Valuer-General's fees. This is an application of the user pays principle.

Sinking Fund: A fund established to repay debt by means of regular payments into the fund until all moneys owing are repaid from the fund contributions and accumulated interest earnings.

Special Deposits Account: An account of funds which the Treasurer is, by statutory or other authority, required to hold other than in the Consolidated Fund; money directed to be paid to that account under any Act and money which the Treasurer directs to be paid to that account.

Specific Purpose Payments: In addition to general purpose revenue payments to the States, the Commonwealth Budget also makes provision for payments to the States which must be used for specific purposes. The authority for such payments is Section 96 of the Australian Constitution.

The conditions attached to the specific purpose payments may give the States some discretionary control as to the way in which they are spent (e.g. grants for government schools) or they may simply involve the State as a "paying agent" (e.g. recurrent grants for non-government schools, universities and colleges of advanced education).

The purpose specified may be of a capital or a recurrent nature and the payment to the State may be either a grant (i.e. non-repayable) or an advance (i.e. repayable). Where payments are on a "matching" basis with expenditure from the State's own resources, they are generally subject to a limitation in terms of the amount provided by the Commonwealth.

Staff ceilings: Average staff number is the average staffing level (including casual staff and temporary assistance) that cannot be exceeded by an inner Budget sector organisation over the financial year.

End of year staff ceiling is the maximum staff number (including casual staff and temporary assistance) that an inner Budget sector organisation can have employed at 30 June.

State Instrumentalities Contributions: Contributions to the Consolidated Fund by statutory bodies such as the Government Insurance Office, the State Bank and the Maritime Services Board.

Statutory Body (or Authority): An agency representing the Crown and set up under its own Statute.

Supplementation: The provision of additional Consolidated Fund money to an organisation after the Budget is presented. This provision may be from the Treasurer's Advance or under section 22 of the Public Finance and Audit Act – in either case, Parliamentary approval is required in the following year's Appropriation Act.

Except for protected items, organisations exceeding their budget allocation are now supplemented on the basis that they will "borrow" from following years' allocations to cover the over-expenditure.

Supply: An Act that permits payments out of the Consolidated Fund pending passing of the annual Appropriation Act.

Target Budgeting: Alternative term for the forward estimates procedures.

Tax: A compulsory payment to a government or government sponsored entity not resulting in a direct benefit to the payer.

Terms of Trade: The term given to the ratio of prices received for exports to the prices paid for imports; both prices being expressed in domestic currency. In recent years Australia's export price index has fallen, while its import price index has risen. This has meant a deterioration in our terms of trade.

Total payments: Estimated amounts that will be expended by inner budget sector organisations from all funding sources, including the Consolidated Fund, Special Deposit Accounts and Trust Funds.

Trade-weighted index: The average value of the Australian dollar vis-a-vis a basket of currencies of Australia's leading trading partners.

Treasurer's Directions: Directions issued by the Treasurer, under section 9 of the Public Finance and Audit Act 1983, covering accounting practices and procedures of departments and those statutory bodies not specifically exempted from the Directions.

Unemployment Rate: The percentage of the labour force classified as unemployed.

User Charges: A user charge is a payment to a producer for the voluntary acquisition of a particular good or service of direct benefit to the user.