



The
Treasury

STATEMENT OF UNCOMMITTED FUNDS

15 December 2010

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Preface

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

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

The Act does not provide a definition of uncommitted funds. For the purposes of this statement I have adopted the following definition:

Uncommitted funds are defined as any funds over the period 2010-11 to 2013-14 which may be used by the Government to announce new services or additional asset acquisitions without impacting on the total level of expenses or capital expenditure of the general government (ie budget) sector. Uncommitted funds includes funds currently allocated or notionally set aside by the Government or by agencies, for new services or additional asset acquisitions not yet announced. Uncommitted Funds does not include available cash balances as any further drawdown from this source above that already anticipated will impact on Budget aggregates.

In preparing this statement I have completed a comprehensive review of funds held centrally and sought the assistance of heads of other government agencies to identify any uncommitted agency funds.

The intention of this statement is to provide parliamentary leaders with an indication of the funds available for new initiatives without impacting on current Budget estimates. Any expenditure (or revenue) commitment during the 2011 State Election beyond this level would worsen the financial aggregates of the general government sector.

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

While every effort has been made to identify uncommitted funds, in some instances, this has not been possible. These circumstances are outlined in the body of this statement.

Finally, it is my intention to update this Statement of Uncommitted Funds should there be any significant change in the financial circumstances of the State prior to the 2011 State Election.



Michael Schur
Secretary
NSW Treasury
15 December 2010

1. Relationship with the Half-Yearly Review

The 2010-11 Half-Yearly Review is released by the Treasurer in accordance with section 8 of the *Public Finance and Audit Act 1983*. The revised estimates include both committed and uncommitted funds. The nature of these committed and uncommitted funds are addressed in each section of this statement.

The Half-Yearly Review includes government decisions to provide additional recurrent maintenance of effort funding to a number of agencies. Maintenance of effort relates to proposals to maintain existing Government services in terms of service nature, availability, quantity, quality or eligibility. It also includes any re-profiling of existing programs. While in limited circumstances funding provided for recurrent maintenance of effort may result in various government announcements, for practical reasons the inclusion of a subset of recurrent maintenance of effort within uncommitted funds is not possible.

2. Parliamentary Budget Officer

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

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

3. Committed Funds

All budgets are predicated on a series of assumptions which are likely to differ from actual outcomes. Within this context, the Budget makes limited, but prudent provision for contingencies or risks under current policy parameters. Risk provisions are not considered to be uncommitted funds for the purpose of this statement as they represent an expected outcome. As such, any commitments against these funds would worsen the financial aggregates of the general government sector.

Agency Growth Funds

The Budget makes provision for growth in services over which there is little discretion. For example, in the area of health and disability services, funding models provide for annual increases in spending. The potential exists for these growth funds to be used to announce new services. However, because the first call on these funds is to meet emerging demand and unit cost pressures, the quantum of funds available for new services (the uncommitted component) can not be identified.

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

Treasurer's Advance

This provision is designed to meet unforeseen expenditure commitments that may arise during the course of a financial year (ie to manage events between Budgets). A provision is made for both the expenses and capital expenditure in each financial year. While by their nature these funds are currently uncommitted, any expenditure commitments against these funds prior to the commencement of the financial year to which they relate will worsen the financial aggregates of the general government sector. These funds are therefore not considered to be uncommitted funds for the purpose of this statement.

Maintenance of Effort

An expense provision is held beyond the budget year to meet higher unit costs associated with programs which are not adequately captured through normal cost indexation, changes in the timing of approved programs, matching requirements on additional national agreements and partnerships funding and other changes in program costs on an unchanged policy basis. These funds are therefore not considered to be uncommitted funds for the purpose of this Statement. The provision for maintenance of effort associated with the 2011-12 Budget has been allocated to agencies as part of the Half-Yearly Review.

4. Uncommitted funds for recurrent initiatives

Centrally held provisions

Pending the outcome of the Energy Reform Strategy and considering the anticipated Budget results and changes in credit rating metrics, the 2010-11 Half-Yearly Review makes no general provision for new recurrent initiatives in the 2011-12 Budget. In the absence of a preparedness to worsen the Budget result, any new initiatives will need to be funded through reprioritisation, additional agency savings or by revenue enhancements.

Agency based provisions

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

The heads of all general government agencies were requested to identify any uncommitted funds available for new recurrent initiatives. The majority of agencies have advised there are no uncommitted funds.

Details of uncommitted recurrent funds reported by agencies are shown in Table 1. While the funds identified are potentially available for new policy announcements, any commitments could displace existing agency service delivery plans. Uncommitted funds held by agencies are typically set aside to manage ongoing growth, maintenance, reconfiguration or other demands or risk and are often subject to legislative constraints. Table 1 provides details of any known restrictions on the use of uncommitted recurrent funds held by agencies.

5. Uncommitted funds for new capital works initiatives

Centrally held provisions

As part of the preparation of the Half-Year Review new Maintenance of Effort capital works funding has been allocated to agencies. These funds are included within this statement on the basis that the associated projects are not yet announced.

The Half-Yearly Review also makes provision for new capital projects and variations in work-in-progress commencing in each financial year beyond 2011-12. This provision recognises the discrete nature of capital expenditure and a provision for new works in each financial year is made. However, the first call on these funds is deemed to be variations in the cost and timing of existing approved capital projects. Given this, there is limited capacity for these funds to be committed prior to the commencement of the financial year for which the funds are allocated.

Table 2 provides details of centrally held provisions for capital expenditure.

Agency based provisions

The heads of all general government agencies were requested to identify all uncommitted funds available for new capital works initiatives. The majority of agencies have advised there are no uncommitted capital funds.

Details of uncommitted capital funds reported by agencies are shown in Table 3. While the funds identified are potentially available for new capital works, any commitments could displace existing agency priorities. In addition, uncommitted funds held for capital works by agencies may be subject to legislative constraints. Table 3 provides details of any known restrictions on the use of uncommitted capital funds held by agencies.

Agency/Recurrent Program	Purpose	2010-11 \$m	2011-12 \$m	2012-13 \$m	2013-14 \$m	Restrictions
						expected to be signed by the end of January.
<p>Communities NSW (cont)</p> <p>Funding as part of the triennial joint funding agreement with the Australian Government.</p> <p>Funding for major arts organisations and events, such as the Museum of Contemporary Art, Sydney Festival, Sydney Writers' Festival, Biennale of Sydney and Sydney Film Festival.</p> <p>Funding for over 200 smaller arts organisations distributed across NSW, including regional art development and Indigenous arts activities.</p>		0	4.9	4.9	14.3	<p>Funds are uncommitted as the next triennial funding agreement is not yet finalised. This funding has supported 11 major performing arts companies including the Sydney Theatre Company, Sydney Symphony and the Australian Ballet. Triennial funding grants under this program has operated for over a decade and any reduction in funding would impact on the viability of the affected arts companies.</p> <p>As there has been an ongoing Government commitment to this program, there is an expectation that available future funding will be directed to the same purpose.</p> <p>This funding is long term and fundamental to the continued existence of facilities, services and events.</p> <p>As there has been an ongoing Government commitment to this program, there is an expectation that available future funding will be directed to the same purpose.</p> <p>Funding is allocated on a competitive basis each year with demand is well in excess of available funds. Less than 1 in 4 applicant proposals are funded.</p> <p>A portion of funding is tied to a regional conservatorium program delivered in partnership with the Dept of Education.</p>
<p>– Community Building Partnership Fund</p>	<p>The Community Building Partnership program provides direct funding for community groups, councils, not-for-profit and non government organisations to deliver community infrastructure throughout the State.</p> <p>Funds are allocated through a competitive process.</p>	38	20.4	0	0	<p>While not contractually committed, funding is currently in the process of being committed. Selection process is complete and the recommended projects have been approved by the Premier. Members of Parliament are currently informing applicants of the outcomes. Contracts are to be rolled out commencing late January 2011 and all funds disbursed by June 2012.</p> <p>This is a time limited two year program and there is no funding available from 2012-13 onwards.</p>

Agency/Recurrent Program	Purpose	2010-11 \$m	2011-12 \$m	2012-13 \$m	2013-14 \$m	Restrictions
<p>Communities NSW (cont)</p> <ul style="list-style-type: none"> <li data-bbox="125 277 338 304">– Youth Programs <li data-bbox="125 600 465 627">– Responsible Gambling Fund 	<p>Includes grants under the Better Futures strategy (aimed at building resilience in vulnerable children and young people aged between 9 and 18 years who are at risk of disengaging from community, school, family or friends) and Youth Week.</p> <p>Grant funding is provided to community organisations and local councils.</p> <p>The RGF provides grants for research on gambling and the social and economic impacts of gambling, and counselling and support services to problem gamblers.</p>	<p>0</p> <p>0</p>	<p>3.4</p> <p>12.2</p>	<p>3.4</p> <p>12.2</p>	<p>3.4</p> <p>12.2</p>	<p>A process approved by the Minister is underway to allocate the Better Futures funding (\$3.1m) for the three year period to 2014. Decisions are expected to be made and announced by the end of February. The Youth Programs funding (\$300K) is allocated to small scale projects on an annual basis.</p> <p>As there has been an ongoing Government commitment to this program, there is an expectation that available future funding will be directed to the same purpose.</p> <p>Funding is sourced from hypothecated revenue from Star Casino, required under legislation to be used to fund initiatives to control problem gambling and is not available for other purposes.</p>
<p>Department of Environment, Climate Change and Water</p> <ul style="list-style-type: none"> <li data-bbox="125 847 533 927">– Climate Change Fund (Renewable Energy and Green Business Programs) 	<p>Uncommitted residual of currently announced funding for clean energy and business support (power savings) programs, that is, funds not yet committed to specific projects.</p>	<p>17.9</p>	<p>13</p>	<p>0</p>	<p>0</p>	<p>Payments into, and expenditure from, the Climate Change Fund are governed by the <i>Energy and Utilities Administration Act 1987</i>. Expenditure is only permissible for the purposes prescribed by the Act. The sums quoted relate to payments into, and expenditures from, the Fund as currently budgeted.</p>
<ul style="list-style-type: none"> <li data-bbox="125 1038 427 1066">– Environmental programs 	<p>Environmental programs funded through the extension of the General Waste and Environment Levy announced in the 2008 Mini-Budget.</p>	<p>0</p>	<p>26.7</p>	<p>43.1</p>	<p>65.6</p>	<p>The greater part of these funds is expected to be applied to waste programs associated with the levy. Any redirection of funds may impact on local government programs.</p>

Agency/Recurrent Program	Purpose	2010-11 \$m	2011-12 \$m	2012-13 \$m	2013-14 \$m	Restrictions
<p>Department of Environment, Climate Change and Water (cont)</p> <ul style="list-style-type: none"> - Catchment Action NSW 	<p>These funds (which are only passed through the Department) are earmarked for Catchment Management Authorities (CMAs) and other State agencies to invest in on-ground works through annual Investment Programs by CMAs and nominated agency projects. On-ground works are aimed at working towards achievement of the State-wide targets for natural resource management.</p>	0	31.7	31.7	7.4	<p>These reflect the current provisions for investment funding for the CMAs and other State Agencies in the Budget forward estimates, and as such are the best estimate of funds not yet committed to specific projects.</p>
<p>Environmental Trust</p> <ul style="list-style-type: none"> - ET Major Program (funding from uncommitted statutory appropriation and other available surplus NCoS/Appropriation) 	<p>The Trust provides grant funding through its Major Projects program for nominated project themes, as determined by the Trust at the beginning of each major funding round. These funds have not yet been committed by the Trust.</p>	0.09	11.9	12.1	17.5	<p>Expenditure by the Trust must be consistent with the Trust's objectives as set out in the Environmental Trust Act 1998. Applications for grants are sought through well-publicised funding rounds, with applications subject to rigorous assessment by the Trust's technical committees, which report to the Trust.</p>
<p>Dept of Human Services</p> <ul style="list-style-type: none"> - Housing Grants 	<p>The funding will contribute towards the delivery of the long term financial and asset strategy of the Housing division of the Department of Human Services.</p>	0	0	0	100	<p>The funding is notionally allocated to projects to meet service delivery growth, maintenance and reconfiguration needs of social housing, consistent with the agency's total asset management plan. Provision of funds is subject to consideration and approval of the long term financial and asset strategy of the Housing division of the Department of Human Services, which is to include consideration of part use of this funding to increase affordable rental housing through the National Rental Affordability Scheme. Any election announcements of additional projects using these funds may require reprioritisation of the agency's service delivery plans.</p>

Agency/Recurrent Program	Purpose	2010-11 \$m	2011-12 \$m	2012-13 \$m	2013-14 \$m	Restrictions
Department of Industry and Investment						
– Brigalow structural adjustment	Funding for implementing programs designed to assist persons affected by Government forest conservation initiatives in the Brigalow or Nandewar areas.	2.3	0	0	0	Funds can only be utilised under section 4(1) of the <i>Forestry Restructuring and Nature Conservation Act 1995</i> .
– Australian Standing Committee on Agriculture	Funding is for a range of mainly Biosecurity programs agreed by the Primary Industries Standing Committee including Red Imported Fire Ant, European House Borer, Plant Health Australia and Animal Health Australia.	0	0.6	0	0	The uncommitted funds are intended to be used for expenses relating to the control of Red Imported Fire Ants.
– Science Leveraging Fund	Provides funding to NSW research organisations to assist their efforts to leverage Commonwealth and other funding opportunities to attract research and development and training funding to New South Wales.	0	10.0	0	0	As there has been an ongoing Government commitment to this program, there is an expectation that available future funding will be directed to the same purpose.
– Science and Medical Research Support Grants and Spinal Cord Injury and Related Neurological Conditions Research Grants Program	Funding is mainly used to provide support for the indirect costs of research in medical research institutes and for research into spinal injury, disorders and neurological conditions.	0	31.8	18.9	18.9	As there has been an ongoing Government commitment to this program, there is an expectation that available future funding will be directed to the same purpose.
– Australian Technology Showcase	Funds are provided on a project basis for showcasing and export market development activities for innovative small and medium enterprises.	0	1.0	1.0	1.0	As there has been an ongoing Government commitment to this program, there is an expectation that available future funding will be directed to the same purpose.
– Small Business Development	Funding is used to assist small businesses across a range of programs including mentoring, innovative services and so forth.	0	2.2	5.7	5.7	As there has been an ongoing Government commitment to this program, there is an expectation that available future funding will be directed to the same purpose.
– Regional Development Assistance Programs	These programs offer financial and other assistance to businesses expanding in, or relocating to, regional New South Wales.	0	12.2	12.2	12.2	As there has been an ongoing Government commitment to this program, there is an expectation that available future funding will be directed to the same purpose.

Agency/Recurrent Program	Purpose	2010-11 \$m	2011-12 \$m	2012-13 \$m	2013-14 \$m	Restrictions
Department of Industry and Investment (cont) <ul style="list-style-type: none"> <li data-bbox="114 304 568 416">– Drought Assistance Program <li data-bbox="114 440 568 600">– Support for retrenched workers <li data-bbox="114 624 568 735">– Innovation Pathways Program <li data-bbox="114 759 568 839">– Tourism marketing activities <li data-bbox="114 863 568 943">– Various programs relating to film and television (Screen NSW) 	<p>The Program provides a range of measures to help establish regional non-farm businesses to survive drought conditions.</p> <p>The program provides short term assistance in the form of specific skills assessment and training to regional areas where the workforce has been impacted by the closure or downsizing of major operations.</p> <p>The program funds early stage commercialisation activities for innovative small and medium enterprises.</p> <p>Funding is used for marketing campaigns and promoting events and tourism in New South Wales.</p> <p>Funding is used to support production finance, development of concepts, promotion of talent and so forth.</p>	0	1.0	0	0	<p>As there has been an ongoing Government commitment to this program, there is an expectation that available future funding will be directed to the same purpose.</p> <p>As there has been an ongoing Government commitment to this program, there is an expectation that available future funding will be directed to the same purpose.</p> <p>As there has been an ongoing Government commitment to this program, there is an expectation that available future funding will be directed to the same purpose.</p> <p>As there has been an ongoing Government commitment to this program, there is an expectation that available future funding will be directed to the same purpose.</p> <p>As there has been an ongoing Government commitment to this program, there is an expectation that available future funding will be directed to the same purpose.</p>
Department of Premier and Cabinet <ul style="list-style-type: none"> <li data-bbox="114 1023 568 1118">– Premier's Discretionary 	<p>Miscellaneous grants approved by the Premier</p>	0.5	1.5	1.5	1.5	<p>Although these funds are uncommitted, historically they are fully expended each year. They relate to requests from the community for funding by the Premier which do not fall under the auspices of alternative programs. There is no alternative source of funds for such requests from within existing DPC funds.</p>
<ul style="list-style-type: none"> <li data-bbox="114 1214 568 1278">– Regional and Rural Miscellaneous 	<p>Minor grants to rural and regional bodies</p>	0.4	0.8	0.8	0.8	<p>Although these funds are uncommitted, historically they are fully expended each year. They relate to requests for minor capital funding (generally \$5-10k per item) from rural/regional MPs made on behalf of their constituents. There is no alternative source of funds for such requests from within existing DPC funds.</p>

Agency/Recurrent Program	Purpose	2010-11 \$m	2011-12 \$m	2012-13 \$m	2013-14 \$m	Restrictions
<p>Events New South Wales Pty Limited</p> <ul style="list-style-type: none"> <li data-bbox="114 276 568 352">– Event Base Funding <li data-bbox="114 467 568 544">– Event Supplementary Funding 	<p>These funds are for events which are required to complete/maintain the State's annual events calendar.</p> <p>This funding relates to significant event opportunities which are announced in good faith by the Government and are followed by contract execution soon afterwards (eg NRL Grand Final).</p>	0.4	8.3	10.2	10.7	<p>While a number of events are not yet formally contracted for forward years, most of the funds are allocated to recurring annual events, requiring annual funding and contract negotiation with the consequence that any withdrawal of funding would directly impact on the capacity to deliver the announced events calendar.</p> <p>While not contractually committed, negotiations in relation to these events are at an advanced stage (involving finalisation of contract details) and any withdrawal of funds would impact on the delivery of these events, their intended outcomes and subject the Government to reputational risk.</p>
<p>Transport NSW</p> <ul style="list-style-type: none"> <li data-bbox="114 711 568 788">– Parking Space Levy Program 	<p>The revenue collected through the Parking Space Levy is used to construct, maintain and manage projects that facilitate access by public transport to and from, or within, leviable districts, including transport interchanges and commuter car parking facilities.</p>	0	47.8	43.3	43.8	<p>The proceeds of the Levy are required to be spent on matters as set out in Section 11 (3) of the <i>Parking Space Levy Act 2009</i>. While the Parking Space Levy Funds are listed as "uncommitted" against individual projects in the <i>Statement of Uncommitted Funds</i>; Transport NSW in response to the Auditor General's Report "<i>Connecting with Public Transport</i>", has been reviewing the ongoing and increasing maintenance and development requirements for interchanges and car parks to which these funds would normally apply.</p>

Table 2: Centrally held capital uncommitted funds

<i>Central/Capital</i>	<i>Purpose</i>	<i>2010-11 \$m</i>	<i>2011-12 \$m</i>	<i>2012-13 \$m</i>	<i>2013-14 \$m</i>	<i>Restrictions</i>
General provisions	New Projects commencing in 2011-12	0	81	100	73	Projects approved in the 2011-12 Maintenance of Effort process. These general provisions exclude Health and Police, which are separately included below.
	New Projects commencing in 2012-13 and variations in work-in-progress	0	0	125	200	
	New Projects commencing in 2013-14 and variations in work-in-progress	0	0	0	125	
Specific provisions NSW Health – Major new works	Major new building works, ICT and equipment purchases.	0	11	71	154	<p>Amounts include projects approved in the 2011-12 Maintenance of Effort process.</p> <p>Amounts in 2012-13 and 2013-14 are notionally allocated to specific major new works programs or projects to meet service delivery growth, maintenance and reconfiguration needs of NSW Health, consistent with the agency's total asset management plan.</p> <p>While individual projects in 2012-13 and 2013-14 have been nominated and amounts notionally set aside, they have not been formally approved and announced.</p> <p>Any election announcements of additional projects using these funds may require reprioritisation of the agency's service delivery plans.</p>
NSW Police Force – Capital Planning Limit Provision	Major new building works, ICT and equipment purchases.	0	29	45	69	<p>Amounts include projects approved in the 2011-12 Maintenance of Effort process. Amounts in 2012-13 and 2013-14 are notionally allocated to specific major new works programs or projects to meet service delivery growth, maintenance, and reconfiguration needs of the NSW Police Force, consistent with the agency's total asset management plan.</p> <p>While individual projects in 2012-13 and 2013-14 have been nominated and amounts notionally set aside, they have not been formally approved and announced. Any election announcements of additional projects using these funds may require reprioritisation of the agency's service delivery plans.</p>

Table 3: Agency uncommitted capital funds

Agency/Capital Program	Purpose	2010-11 \$m	2011-12 \$m	2012-13 \$m	2013-14 \$m	Restrictions
<p>Dept of Education and Training</p> <p>– Major new works asset program</p>	<p>Major new works provisions for schools and TAFE to meet growth in student numbers, changing demographics and emerging service delivery requirements.</p> <p>This includes provision for new schools and TAFE buildings, upgrades and major infrastructure repairs.</p>	0	13.9	114.0	163.1	<p>Included are amounts approved in the 2011-12 Maintenance of Effort process.</p> <p>Amounts are notionally allocated to specific major new works programs or projects to meet service delivery growth, maintenance and reconfiguration need of schools and TAFE, consistent with the agency's total asset management plan.</p> <p>While individual projects have been nominated and set aside, they have not been formally approved and announced.</p> <p>Any election announcements of additional projects using these funds may require reprioritisation of the agency's service delivery plans.</p>
<p>Dept of Justice and Attorney General</p> <p>– Court Upgrade Program</p>	<p>The Government announced a \$250 million Court Upgrade Program as part of the 2004-05 Budget to meet emerging service delivery requirements and address changing demographics.</p> <p>This includes major new works and court upgrades across the State.</p>	0	1.5	5.15	6.1	<p>Amounts are notionally allocated to major new works programs or projects to meet the planned service delivery growth, maintenance and reconfiguration needs of courts.</p> <p>While individual projects have been nominated and amounts notionally set aside, they have not been formally approved and announced.</p> <p>Any election announcements of additional projects using these funds may require reprioritisation of the agency's service delivery plans.</p>