

4.2 CURRENT AND CAPITAL PAYMENTS BY POLICY AREA

INTRODUCTION

The Policy Area Classification

Financial data can be presented on various bases.

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

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

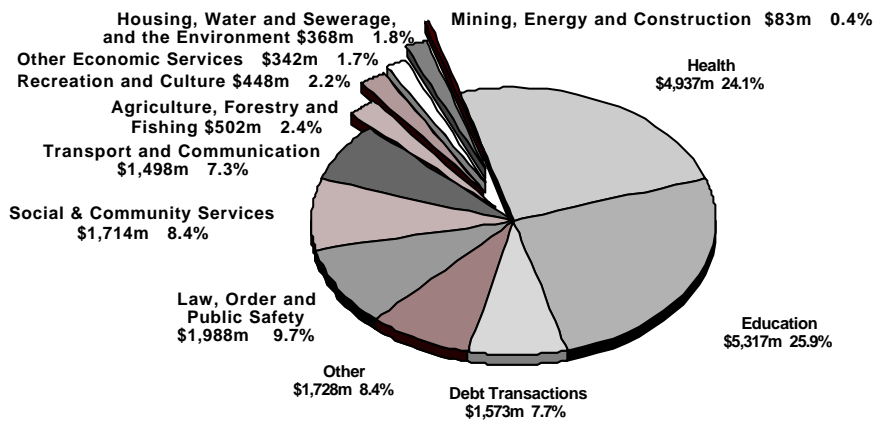
The basis of the information presented in this section is the *Government Finance Statistics* (GFS) coding of payments according to the *Government Purpose Classification* (GPC). This classification system is that used by the IMF in comparing government outlays over time and across jurisdictions.

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

1996-97 Current Payments

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

Figure 4.3
Total Current Payments 1996-97
by Policy Area



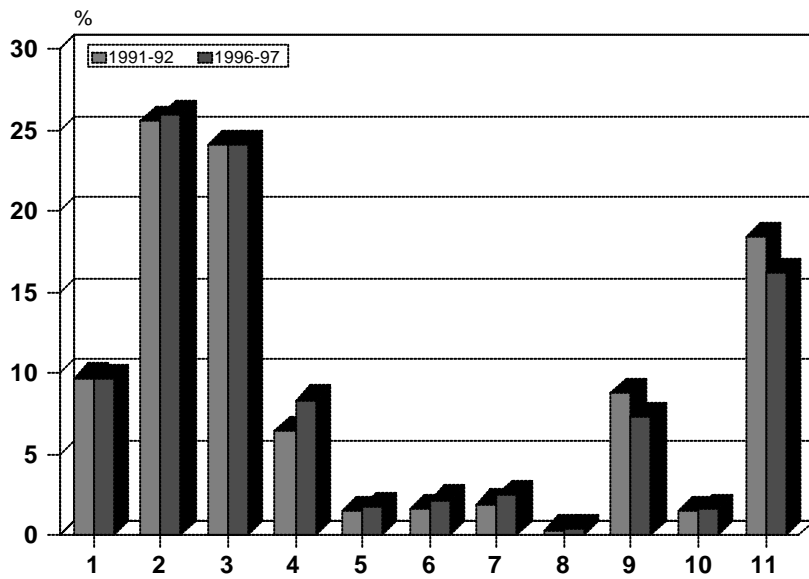
Total = \$20,498m

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

Changes in Policy Area Shares

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

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



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

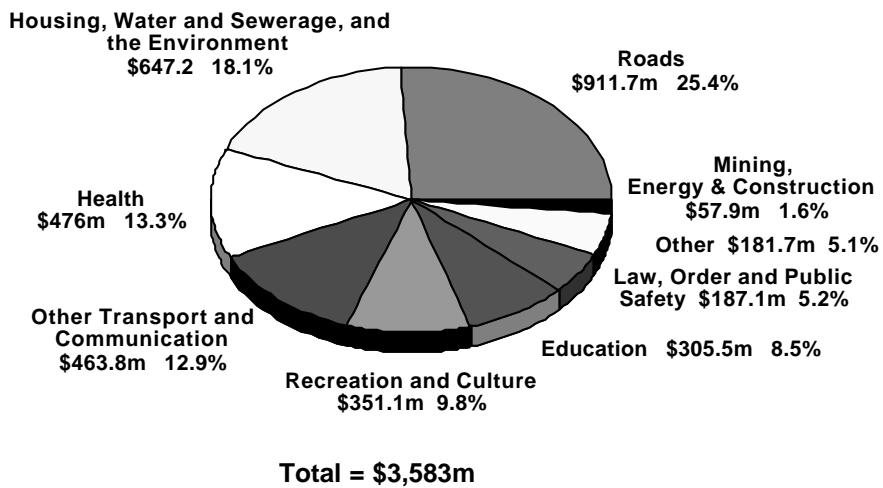
The most notable features of Figure 4.4 are -

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

1996-97 Capital Payments

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

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

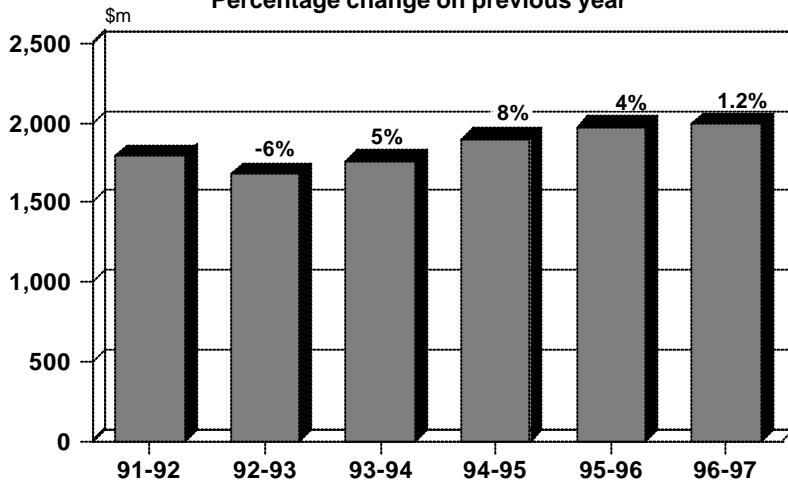


Total estimated Budget Sector capital payments of \$3,583 million in 1996-97 represent a real increase of 5.8 per cent compared with 1995-96 forecast payments.

LAW, ORDER AND PUBLIC SAFETY

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

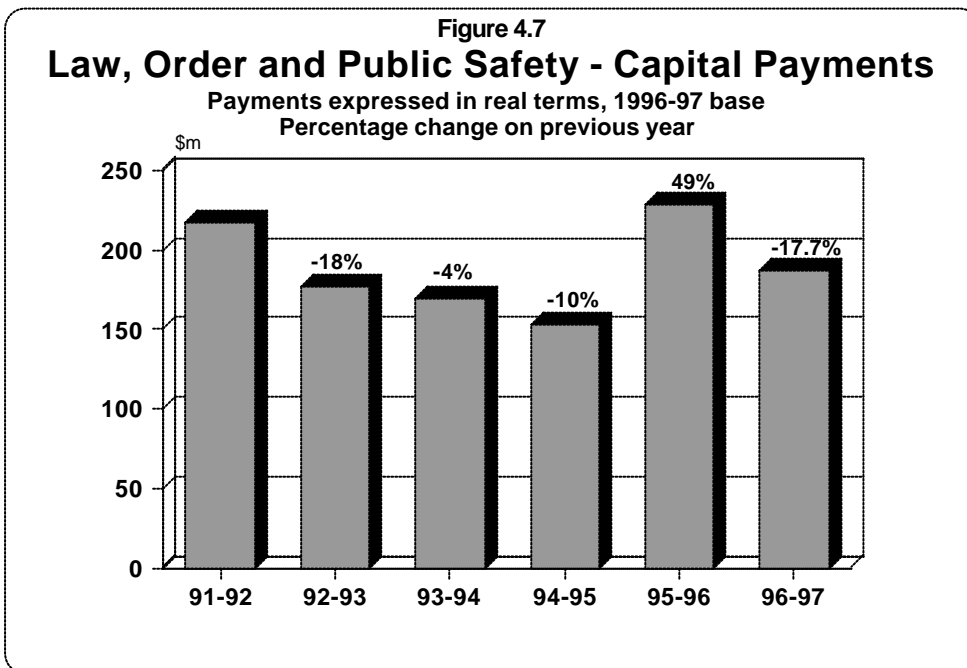
Figure 4.6
Law, Order and Public Safety - Current Payments
Payments expressed in real terms, 1996-97 base
Percentage change on previous year



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

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

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



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

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

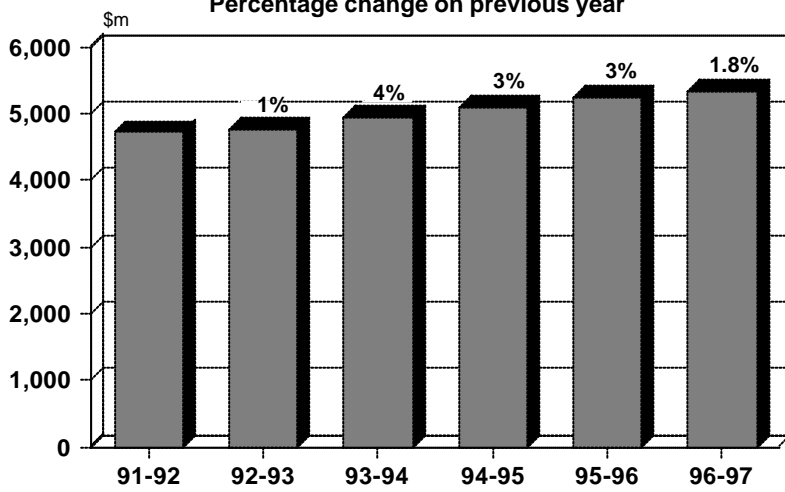
EDUCATION

The Education policy area incorporates -

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

Figure 4.8

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

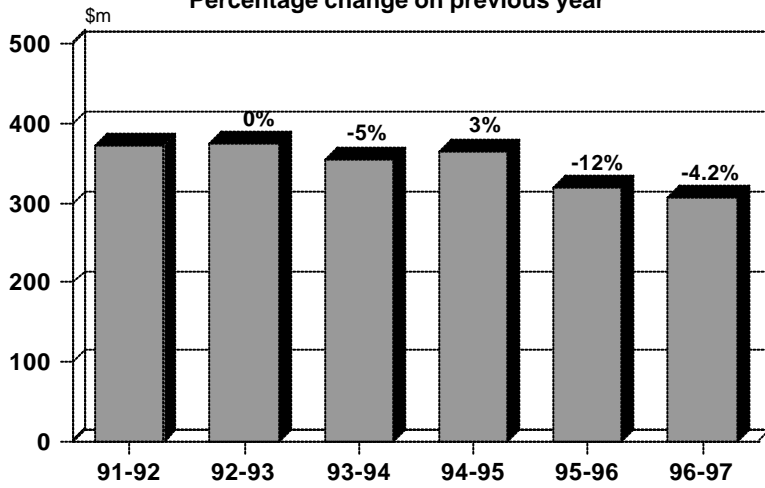


Current payments for Education have continued to increase in real terms. Over the 5 years to 1996-97, total current payments are projected to increase by almost 13 per cent in real terms including an increase of 1.8 per cent in real terms in 1996-97. The lower than average growth in 1996-97 is due, in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

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

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

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

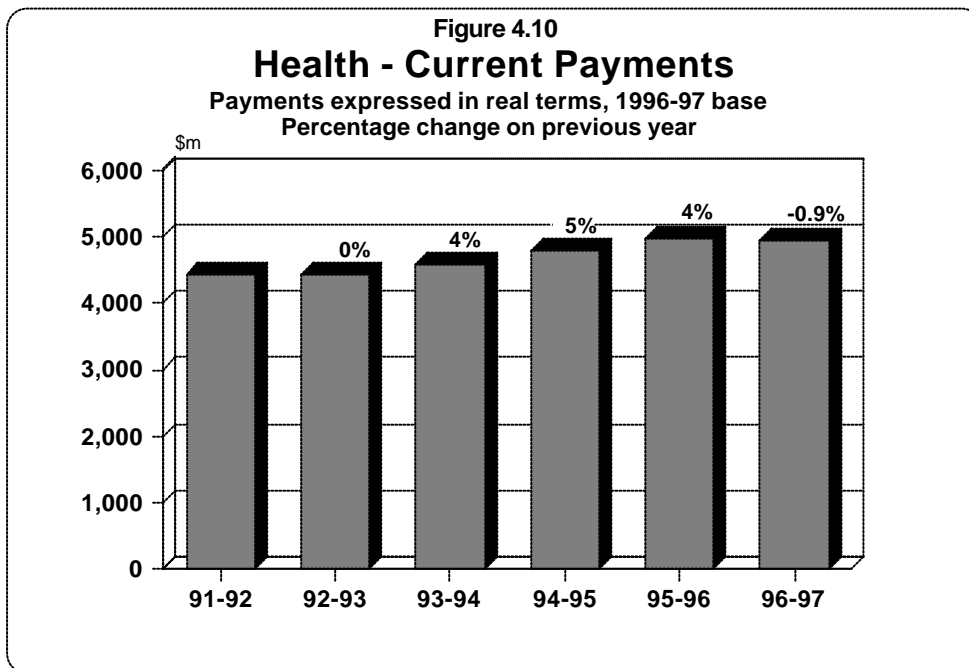


Over the five years to 1996-97, Education capital payments have fluctuated in line with overall capital program priorities, the availability of Commonwealth funding, the need for new educational facilities and ongoing requirements for the upgrading of existing infrastructure. In real terms payments have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

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

HEALTH

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



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

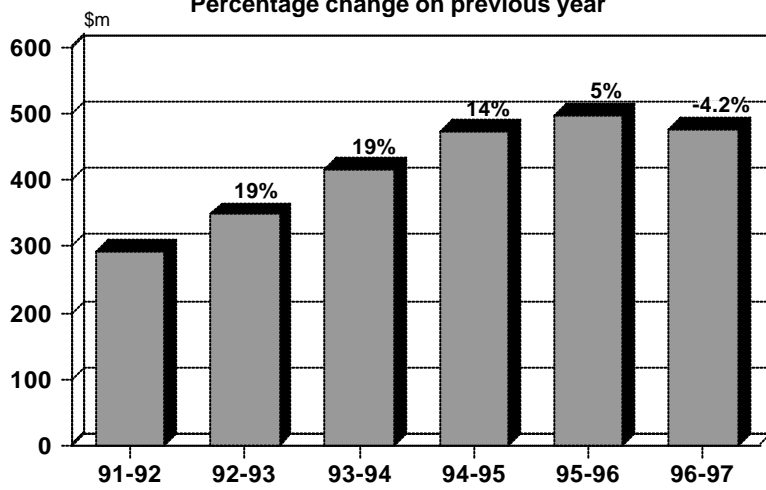
Spending on Health is expected to increase by 11.5 per cent in real terms over the five years to 1996-97. The substantial growth in 1993-94 reflects the merger of the Concord Repatriation Hospital into the State health system from 1 July 1993 and the full effect of the inclusion of own-source funding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

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

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

Figure 4.11
Health - Capital Payments

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



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

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

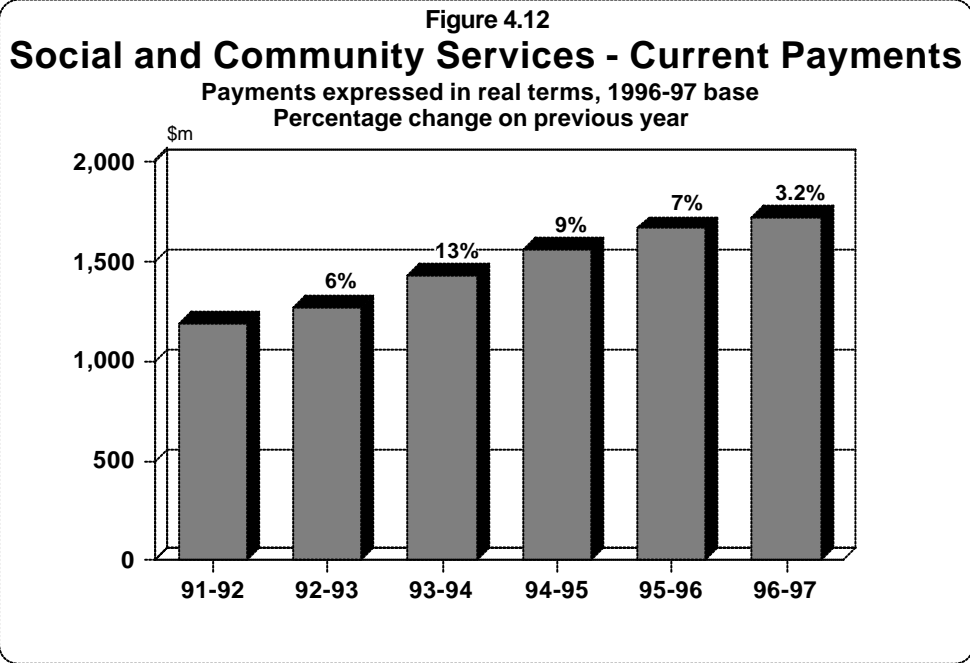
The growth in expenditure in 1994-95 was associated with increased activity on a number of large capital works including hospital redevelopments at Liverpool and Bankstown/Lidcombe, consolidation of services on the Prince of Wales Hospital site and the transfer of the Children's Hospital to Westmead.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

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

SOCIAL AND COMMUNITY SERVICES

Funding provided under this policy area is primarily for -

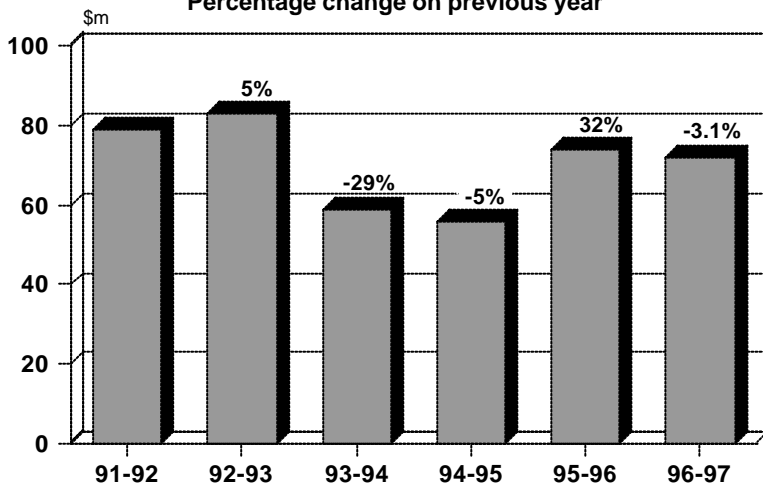
- services for children, older people, people with disabilities and families (includes the operations of the Department of Community Services, the Ageing and Disability Department, the Community Services Commission and the Home Care Service);
- people with special needs or requiring a particular focus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



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

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

Figure 4.13
Social and Community Services - Capital Payments
Payments expressed in real terms, 1996-97 base
Percentage change on previous year

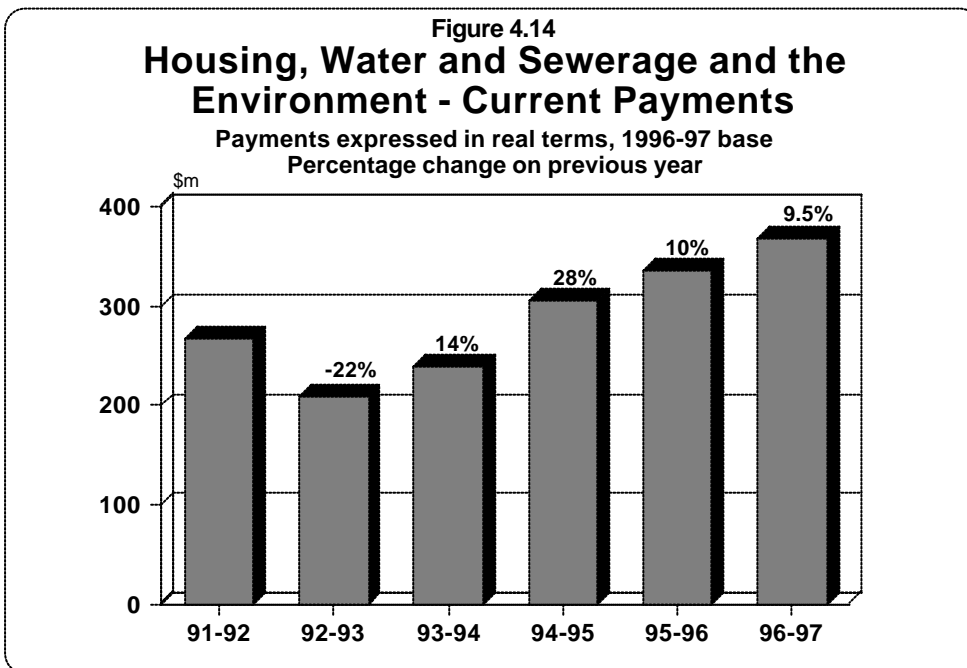


The fluctuations in capital payments over the period relate in the main to payments to the NSW Aboriginal Land Council, which are based on 7.5 per cent of the previous year's land tax collections. The increase from 1991-92 to 1992-93 reflected the property boom of the late 1980s, the lag in land tax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

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

HOUSING, WATER AND SEWERAGE, AND THE ENVIRONMENT

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



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

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

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

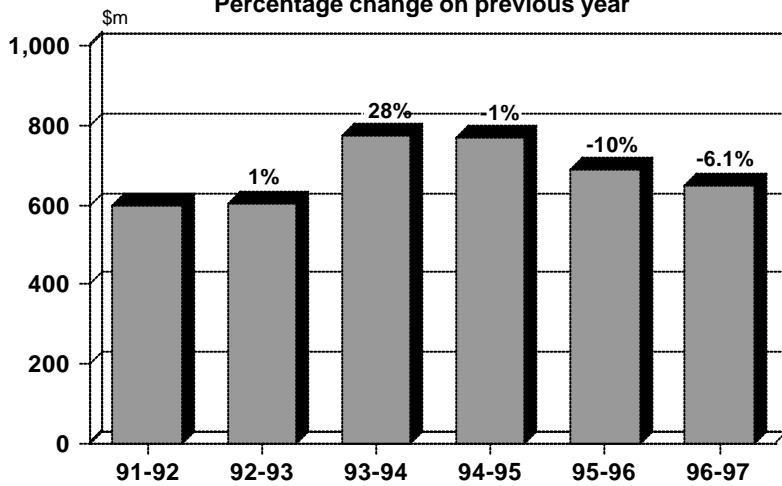
Housing expenditure increased again in 1995-96 due to an additional \$18 million in funding for grants to individual and community groups and for the establishment of the Office of Housing Policy.

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

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

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

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



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

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

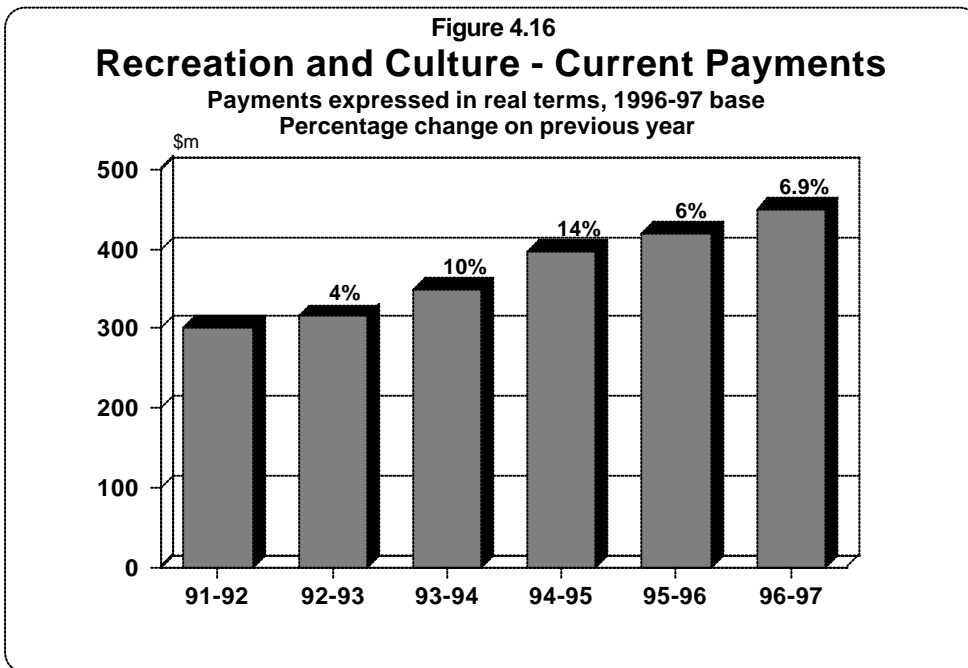
In 1996-97, capital payments are expected to decrease by 6.1 per cent in real terms, principally due to -

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

RECREATION AND CULTURE

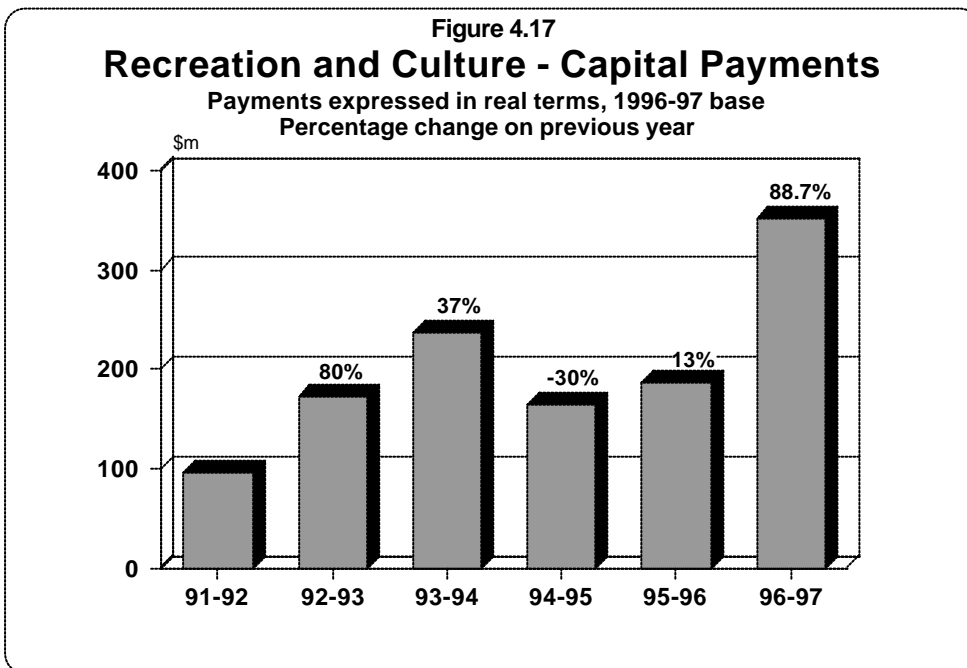
The Recreation and Culture policy area includes funding for the operating costs of recreation facilities and services and for cultural facilities and support of the arts. The policy area includes major functions of the National Parks and Wildlife Service, the Department of Sport and Recreation, the expenditure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

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



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

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



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

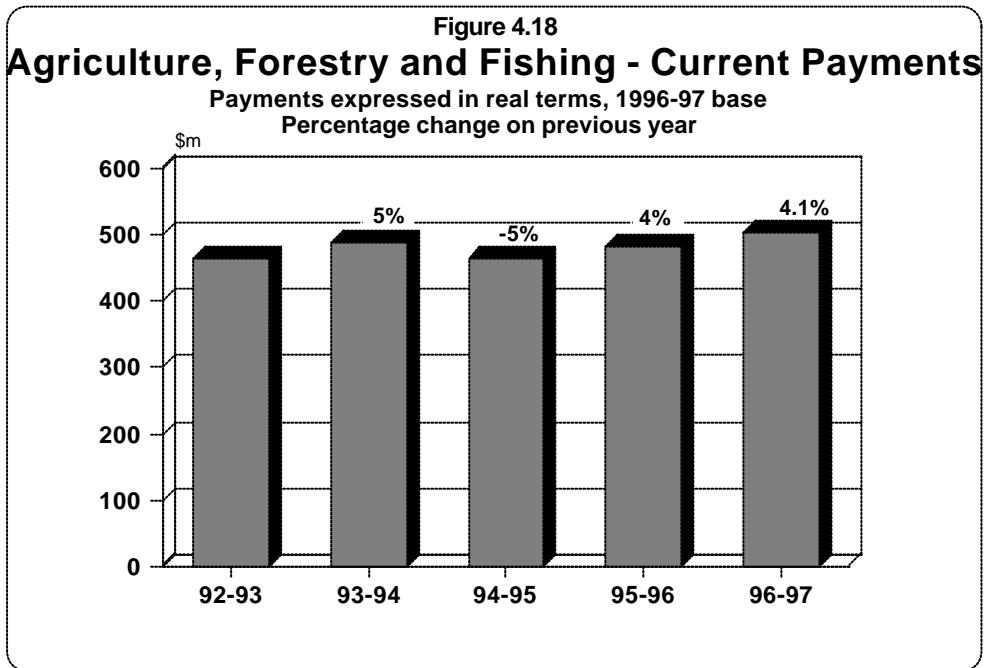
The decrease in 1994-95 followed substantial completion of the Aquatic Centre and the Athletics Stadium at Homebush Bay.

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

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

AGRICULTURE, FORESTRY AND FISHING

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



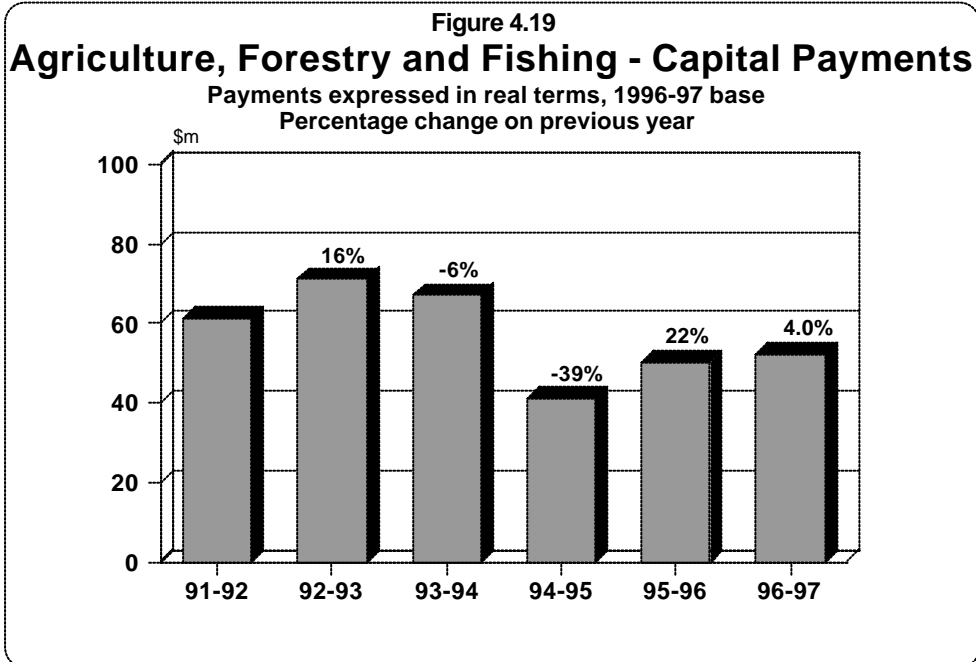
Over the four years to 1996-97, current payments in the Agriculture, Forestry and Fishing policy area will increase by 8.4 per cent in real terms including a 4.1 per cent increase in 1996-97.

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

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

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

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

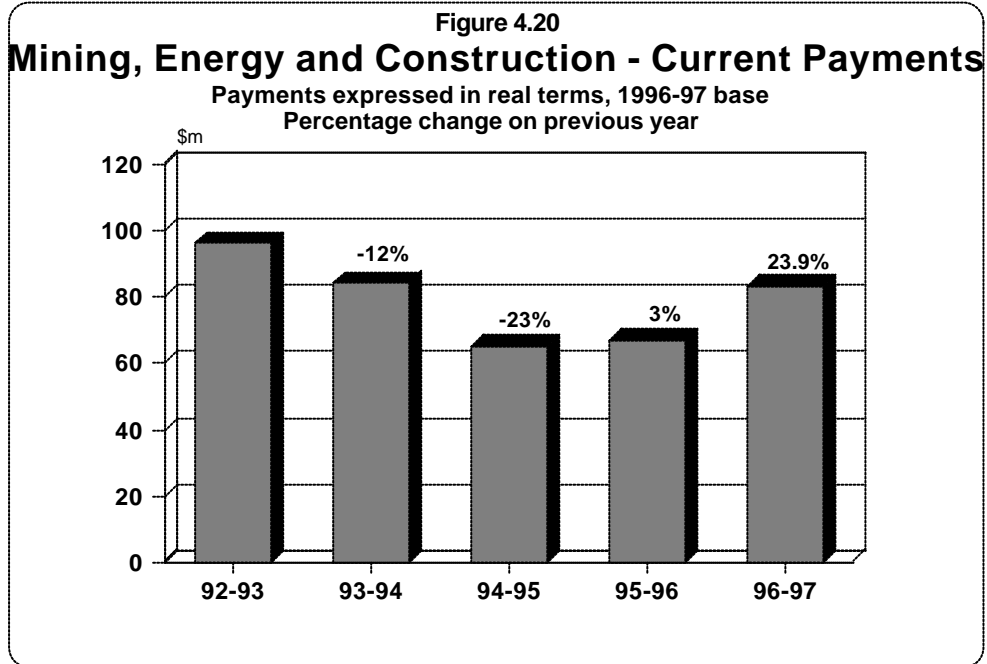


The high level of capital payments in this policy area during the period 1991-92 to 1993-94 was mainly attributable to expenditures on the Pindari Dam enlargement and Burrinjuck Dam flood security works. A significant proportion of the total cost of the two projects was incurred during this period.

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

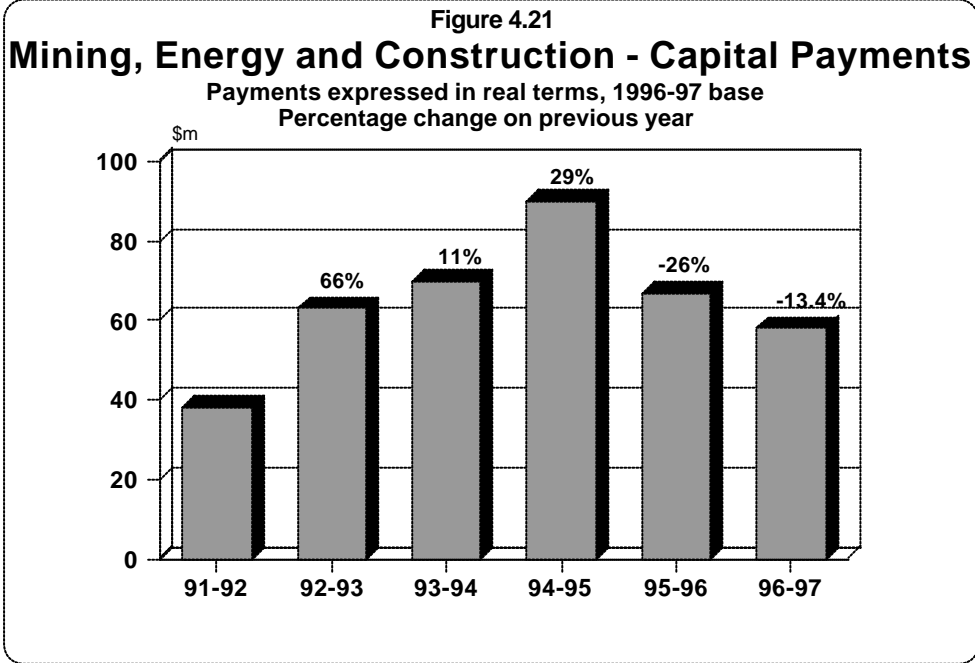
MINING, ENERGY AND CONSTRUCTION

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



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

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



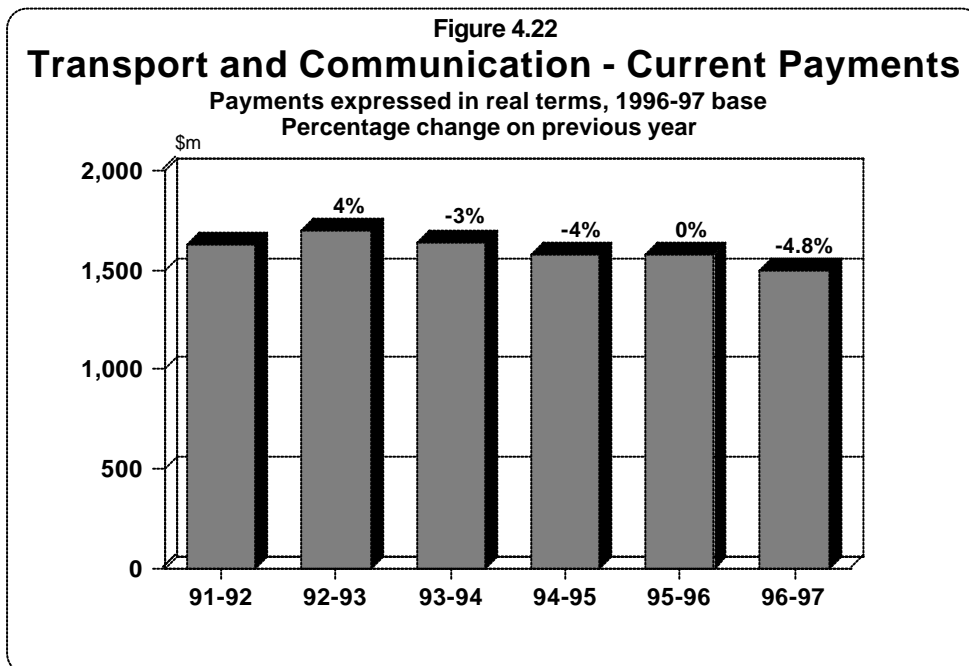
The significant variations in capital payments from year to year reflect major capital outlays to achieve certain policy initiatives. Specifically, the increasing trend up to 1994-95 reflected expenditure on the Far West Electrification Scheme that commenced in 1992-93 and was substantially completed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

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

TRANSPORT AND COMMUNICATION

Budget funding provided for this policy area primarily covers -

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



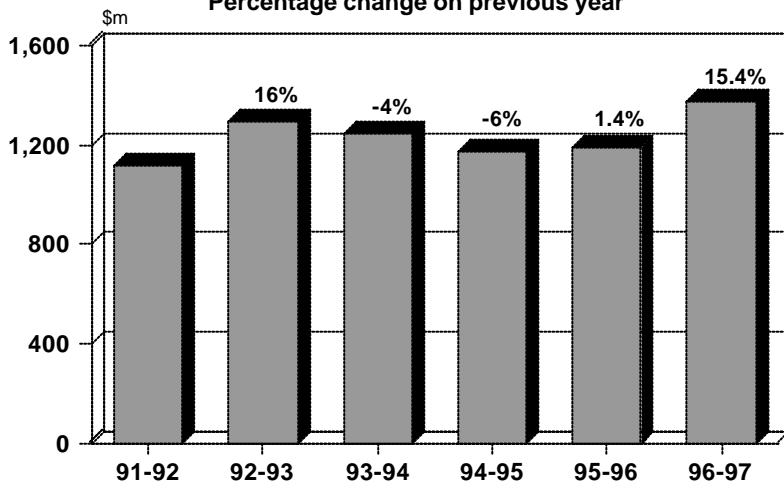
Over the 5 years to 1996-97, current payments have declined by 7.8 per cent in real terms. This largely reflects the adoption of a more commercially oriented approach to the operations of public transport authorities. Budget support for public bus, ferry and rail services has dropped substantially between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

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

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

Figure 4.23
Transport and Communication - Capital Payments

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



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

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

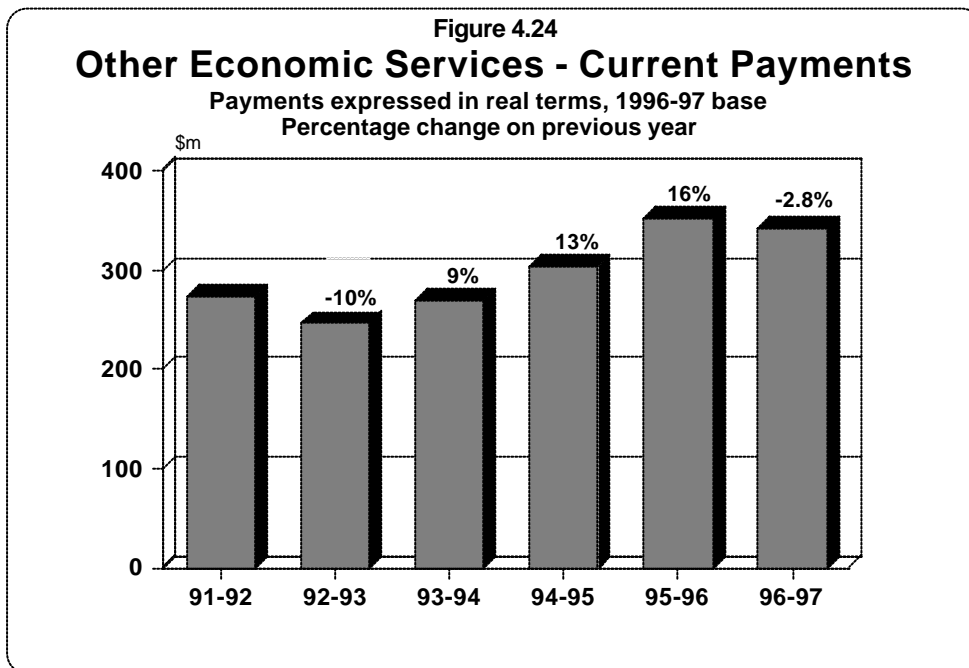
Payments for non-commercial rail works rose in 1990-91, following the commencement of a 7 year rehabilitation program, and peaked at almost \$400 million in 1993-94. Funding for rail services has again increased since 1994-95 and the ongoing construction of the New Southern Railway and other major projects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

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

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

OTHER ECONOMIC SERVICES

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

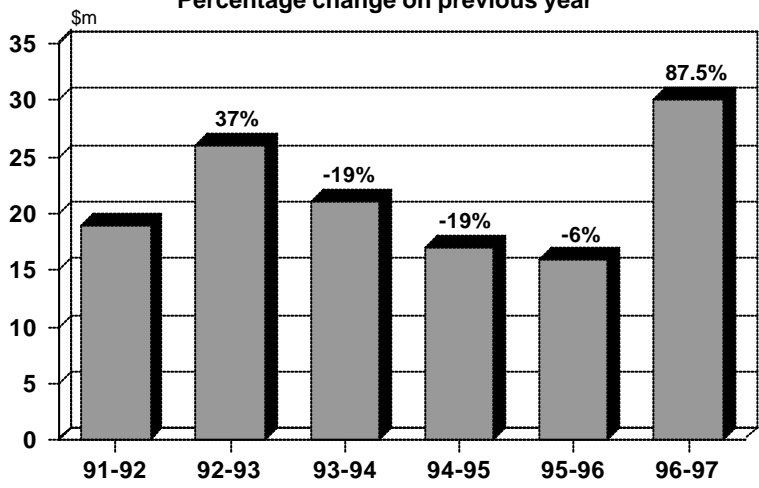


Over the five years to 1996-97, total current payments for the Other Economic Services policy area will increase by 24.8 per cent. This reflects substantially increased funding of Industrial Relations, Employment programs, State and Regional Development and Tourism.

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

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

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

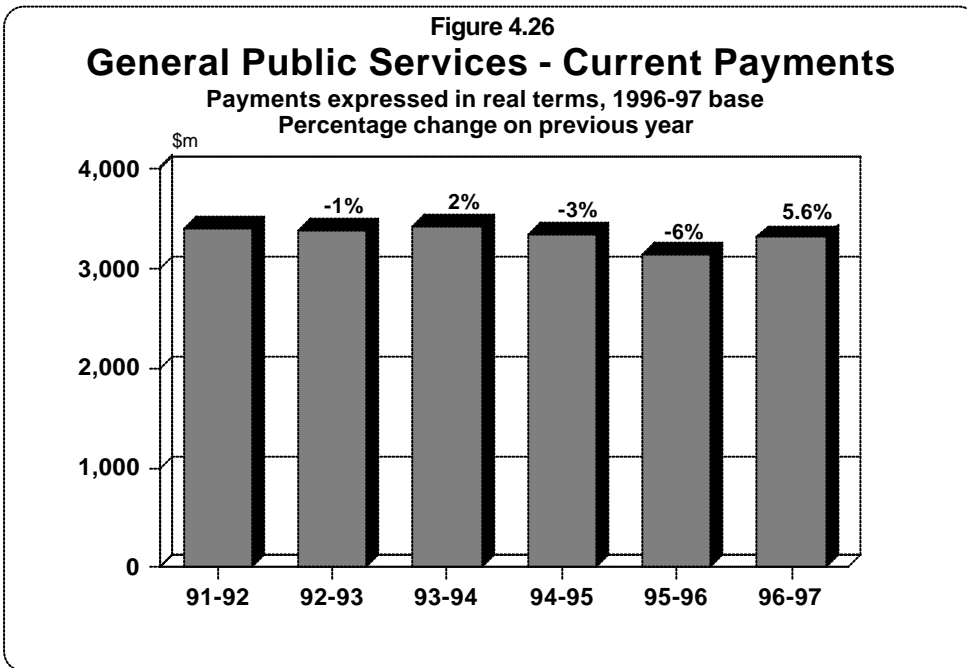


Capital expenditure in the Other Economic Services policy area is relatively minor and therefore subject to sharp variations when a new policy initiative is implemented or completed. A capital grant of \$20 million will be made towards rehabilitation works at Moore Park Showground in 1996-97. This item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

GENERAL PUBLIC SERVICES

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

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

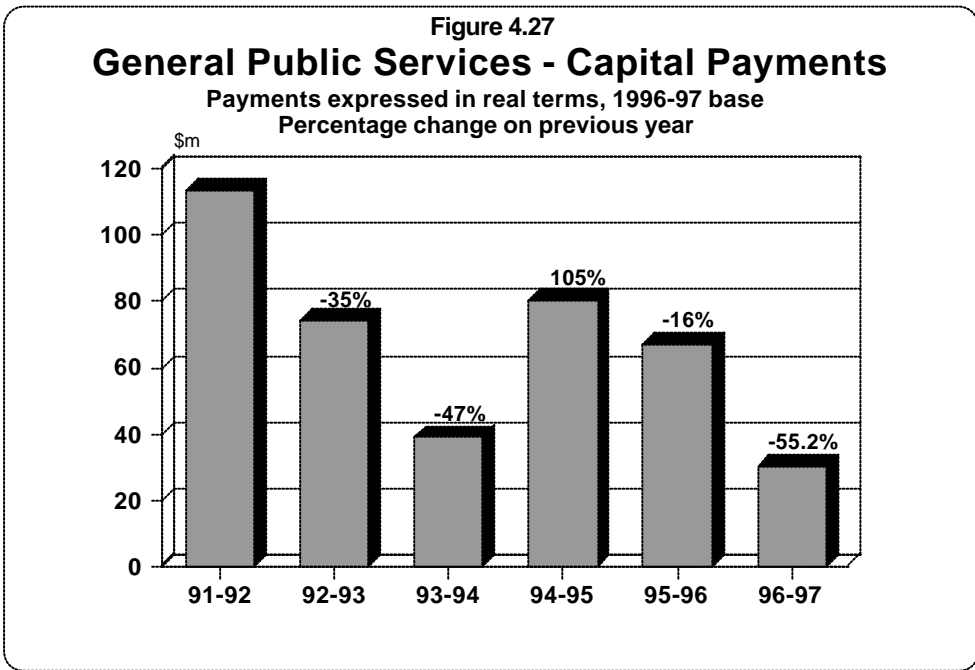


Payments for this policy area have been relatively stable over the five year period. The reduction in expenditure in 1995-96 reflects interest savings after proceeds from the sale of the State Bank and other measures were applied to reduce the level of State debt.

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

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

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



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

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

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