

CHAPTER 4: GENERAL GOVERNMENT SECTOR EXPENSES

4.1 INTRODUCTION

The Government incurs expenses in order to achieve its key objective of delivering services needed by the community.

Estimated total expenses are \$27,495 million for 1999-2000, an increase of \$518 million compared with the revised estimate for 1998-99.

The expenses incurred in the four-year period between 1996-97 and 1999-2000 have increased strongly in key policy areas: for example, expenses in Education will have increased by 9.4 percent; in Health by 9.8 percent; and in Law Order and Public Safety by 11 percent.

The increases experienced over this period have seen an increase in the standard of services provided in New South Wales and a salary structure for public sector employees comparable to any other State. In the light of the gains made, it is possible to pursue a fiscal strategy which involves a lowering of the rate of growth in expenses in 1999-2000 and the forward years.

The following section outlines the key service delivery initiatives included in the 1999-2000 Budget in line with the Government's broad economic and fiscal strategy framework. It also includes an analysis of trends in the key service delivery areas.

4.2 BUDGET INITIATIVES TO ENHANCE QUALITY OF SERVICES IN NEW SOUTH WALES

Delivering Better Services

The Government will strive to ensure that the highest quality of service is provided by employees in their dealings with the public, whether by telephone, Internet, correspondence, shopfronts or direct service delivery.

Continuing to Improve Coordination to Get Results

Government agencies will work together and in partnership with the community to develop effective solutions. Examples of initiatives are:

- ◆ The Department of Transport is managing an Integrated Ticketing Project on behalf of all transport operators, both Government and private. The aim of the project is to enable all travel on rail, light rail, bus and ferry services in the greater Sydney region to be made using a single smartcard. Tenders for delivery of the system were called in May 1999 with the full system expected to be operating by 2002;
- ◆ Streamlining of community consultation committees administered through the Department of Land and Water Conservation; and
- ◆ During the next decade, the Government will implement its integrated transport plan, "Action for Transport 2010." The Plan outlines a construction timetable for the development of new rail, light rail, rapid bus only transit ways and cross regional bus services up to 2010 that will meet the needs of Sydney's growing population. Key areas of development are in Western and North Western Sydney which are currently relatively poorly serviced in terms of public transport.

The Government will focus on ensuring greater cooperation between agencies to improve service delivery to families and communities. Particular attention will be given to the services provided by the family support agencies. Initiatives include:

- ◆ The Government's Families First initiative is to be extended across the State by 2003 with an injection of \$29.9 million over the period. This program is an early intervention strategy aimed at new parents to allow them access to direct help and support in the first years of their children's lives. The program encompasses the services of the Departments of Community Services, Education and Training and Health under Cabinet Office coordination;
- ◆ The Cabinet Office has been allocated \$700,000 for the continuation of the Families First initiative involving the coordination of the establishment of a network of childcare experts and volunteers to assist with parenting skills.

Reshaping and Improving Government Structures

The Government will continue to pursue initiatives that will reduce administration overheads. The savings from these initiatives can be used to fund enhanced frontline services such as health and education.

The Corporate Services Reform Unit in the Premier's Department will continue to lead and coordinate efforts to achieve savings in corporate services across government, with major projects in the areas of shared services arrangements, workers compensation and injury management, property management and purchasing and procurement.

The administrative reviews and the focus on service delivery may result in surplus staff and redundancies.

The Department of Community Services will be developing a centralised Call Centre to improve service to families and communities;

Rural and Regional Initiatives

The rural and regional initiatives:

- ◆ Department of Land and Water Conservation will spend \$51.8 million to meet commitments in delivering projects in backlog water supply and sewerage schemes in country towns;

- ◆ Annual funding on rural health has increased by 37 percent since 1995 and now exceeds \$1 billion. Initiatives totalling \$35.8 million over four-years include the expansion of telemedicine services, mental health services, drug treatment resources, aboriginal community nursing and greater support and training for health care workers in rural locations;
- ◆ The Budget continues the NSW Government's commitment to maintaining and improving country transport services. The Government will provide recurrent funding of \$170 million to the Rail Access Corporation to maintain the rail infrastructure throughout rural New South Wales;
- ◆ The Rural Assistance Authority has been provided with \$12.7 million for the Advancing Australian Agriculture program (including \$8.6 million of Commonwealth funding), which includes FarmBis (an assistance scheme for farmers to undertake farm business management training);

In addition, funding of \$75 million has been provided for Freight Rail Corporation to continue providing carriage of freight that would otherwise not be commercially viable, primarily through rural New South Wales;

- ◆ The "Action for Transport 2010" includes a number of major road initiatives to support rural and regional industries, including a \$100 million average annual "Rebuilding Country Roads" Program over the next ten years. Some of the roads that will be targeted in the initial stage include Inverell to Moree, Narrabri to Wee Waa, Gunnedah to Narrabri, Cowra to Bathurst, Dubbo to Bathurst and Tamworth to Gunnedah; and
- ◆ The establishment of the Illawarra Advantage Fund to help ameliorate the effects of industry restructuring within the Illawarra region.

Effective use of Information Technology

The Government will use new technology to enhance service delivery.

The Government established the Department of Information Technology and Management (DITM) in April 1999. DITM has prime responsibility for the development and implementation of whole-of-government information technology and telecommunications policies and the management of spatial and textural land information.

4.3 MANAGEMENT OF RISKS ARISING FROM THE YEAR 2000 (Y2K) PROBLEM

In order to ensure that services are delivered effectively, it is important that risk management plans are in place to identify risks and establish procedures to mitigate those risks. Set out below is an overview of the Government's strategy to address the potential effects of the Year 2000 (Y2K) computer problem.

Whole-of-Government Strategy

The Government has endorsed a comprehensive strategy for addressing the Y2K issue. This strategy places accountability for meeting the Y2K challenge with the chief executive officers of agencies and requires the implementation of vigorous measures to address it. The strategy is being implemented by all Government agencies including Government businesses.

The Government's Office of Information Technology is managing the Government's Year 2000 Strategy on a coordinated, whole-of-Government basis.

Agency Spending on Y2K Rectification Projects

Government agencies, including Government businesses, have budgeted \$409 million for Y2K rectification expenditure in 1998-99 and 1999-2000. At the end of May 1999, agencies had spent \$175 million on Y2K rectification works.

Supplementary funding for Y2K rectification projects is being made available to agencies with insufficient funds for Y2K rectification works. At the end of May 1999, supplementary funding of \$50 million had been approved for expenditure in 1998-99.

Y2K Preparedness of Agencies

Government agencies have provided progress reports on Y2K projects in their 1997-98 annual reports and will include further reports in their 1998-99 and 1999-2000 annual reports.

OIT also publishes information on the preparedness of individual agencies on its web-site. These reports show a high level of preparedness by the majority of NSW Government agencies. Agencies will continue to be closely monitored to ensure that Y2K deadlines are met.

Use of the Treasury Managed Fund for Y2K Claims

The Treasury Managed Fund does not provide for cover for Y2K losses. It has been recognised, however, that if third party claims eventuate they may require expert management and these claims will be administered by the Fund Manager on behalf of the Crown. Additional funding requirements for any business losses of agencies will be assessed as a part of the Budget process.

4.4 EXPENSE TRENDS AND BUDGET INITIATIVES BY POLICY AREA

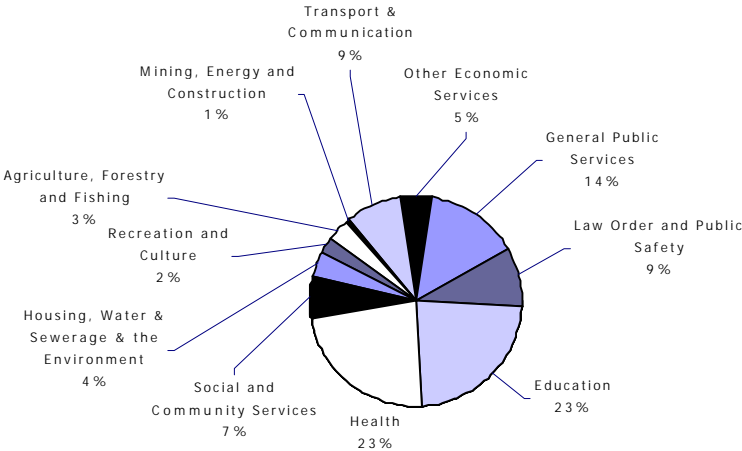
The Policy Area Classification

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 (eg Law, Order and Public Safety) which cover a number of Ministers and agencies that may change over time.

The basis of the information presented below 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.

Chart 4.1: Total Expenses by Policy Area



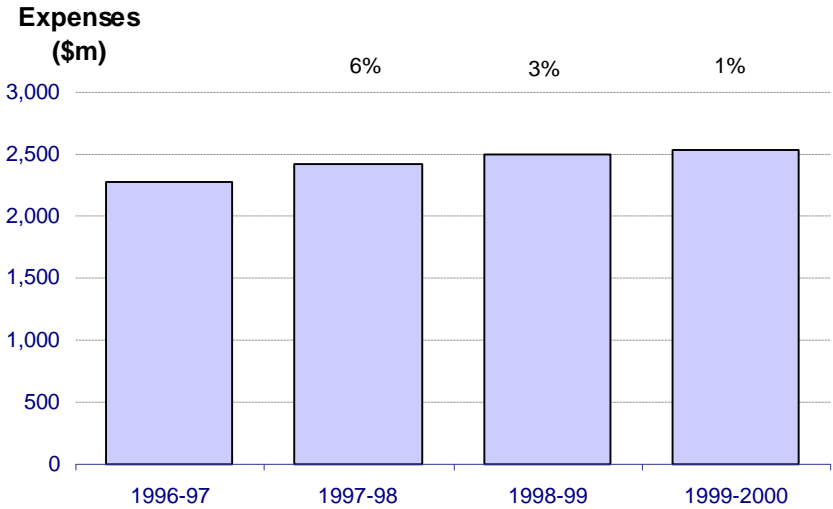
Total Expenses = \$27,495 million

Law, Order and Public Safety

The Law, Order and Public Safety policy area covers 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 expenses of the Ministry for Police, Police Integrity Commission, Police Service, Crime Commission, Department of Corrective Services, Department of Juvenile Justice, NSW Fire Brigades, NSW Rural Fire Service, State Emergency Service, Attorney General’s Department, Judicial Commission, Legal Aid Commission and the Office of the Director of Public Prosecutions as well as the Ombudsman’s Office, the Land Titles Office, the Public Trust Office and the Registry of Births, Deaths and Marriages.

Chart 4.2: Law, Order and Public Safety



In real terms, 1999-2000 base; percentage change on previous year

Total expenses for this policy area will increase by 11 percent in real terms over the three year period to 1999-2000, including an increase in 1999-2000 of 1.4 percent in real terms. The overall trend reflects the continuing appointment of additional police, salary increases, the expansion of correctional facilities, the expansion of fire protection facilities in both metropolitan and rural areas and a significant improvement in services for juvenile offenders.

The increase in 1999-2000 mainly reflects a continuation of initiatives commenced in the last few years. These initiatives include increased funding to the Police Service to provide for additional police and substantial salary increases arising from awards. An increase in judicial staff has resulted in increasing expenses for the Attorney General’s Department. Significant increases in expenses for the Department of Corrective Services between 1996-97 and 1998-99 has been largely due to increases in prisoner numbers, particularly the substantial increase that has occurred in 1998-99.

Initiatives in the 1999-2000 Budget include:

- ◆ The first stage of the plan to increase the frontline strength of the Police Service by 2,110 in accordance with the Government's election commitment. This will be achieved by recruiting an additional 1,000 police officers over the four years to December 2003 and undertaking a range of measures to release existing police resources.
- ◆ Police Assistance Line (PAL) which involves the establishment of telephone call centres to provide the community with a single point of contact for 24-hour reporting and processing of crime information and also the delivery of qualified advice and support on a range of community issues. It has been designed to free frontline police from minor report taking and data entry and to improve the level of service to the community.
- ◆ A total of \$18.2 million to meet the remaining compensation for "business loss" arising from the Firearms Compensation Scheme. The Commonwealth Government reimburses these funds to the State.
- ◆ Funding for the expansion of the Department of Corrective Services' correctional bed capacity to cope with anticipated increases in inmate numbers. This is estimated to cost the Department \$8.4 million in 1999-2000.

Education

The Education policy area incorporates:

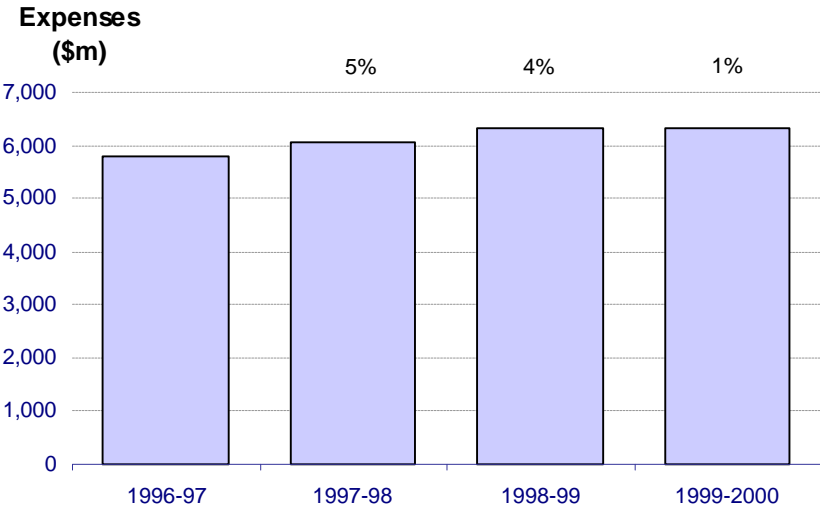
- ◆ Primary and Secondary Education services provided by the Department of Education and Training, the Office of the Board of Studies and provision of assistance to non-Government schools;
- ◆ Tertiary and Vocational Education services provided by the Department of Education and Training and the educational activities of the Department of Agriculture;

- ◆ Pre-school Education services including pre-schools administered by the Department of Education and Training 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 Education and Training.

The Department of Education and Training's allocation for 1999-2000 includes \$22.8 million, as part of a four-year program of \$171 million, to enable the introduction of a number of key initiatives including:

- ◆ Additional funding to enable teachers to identify and work with students with potential difficulties in achieving basic literacy and numeracy standards;
- ◆ An additional 25,000 computers in Government schools in four years;
- ◆ Additional funding to enable all Government schools to be cabled with local network infrastructure;
- ◆ Additional teacher training in the use of new technology;
- ◆ Funding for the development of individual school to work plans for all students in Years 9 to 12; and
- ◆ An expanded school maintenance program.

Chart 4.3: Education



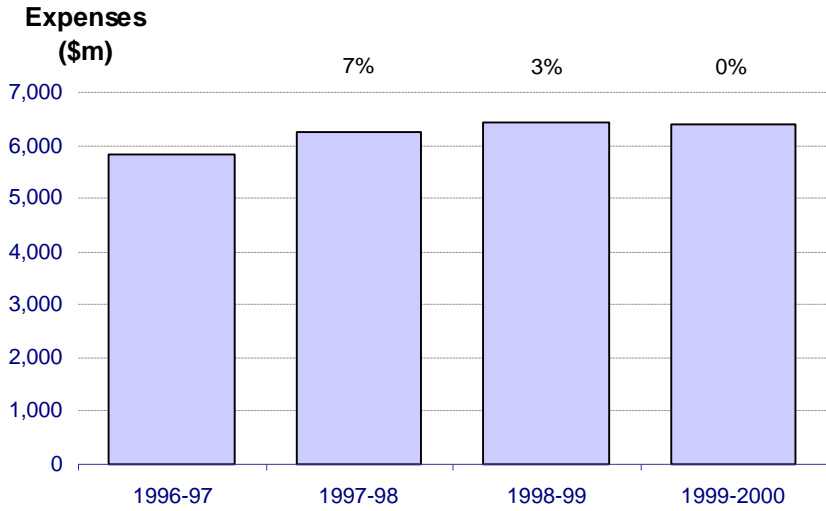
In real terms, 1999-2000 base; percentage change on previous year

Expenses for Education have increased by 9.2 percent in real terms over the period from 1996-97 to 1999-2000. Expenses in 1997-98 increased by 4.9 percent mainly due to the appointment of additional teachers and the introduction of the \$50 per student Back to School Allowance. The increase for 1998-99 largely reflects the impact of employing more teachers. The modest increase in 1999-2000 reflects improvements in the delivery of vocational education and training services in response to changes in Commonwealth funding requirements.

Health

The Health policy area includes all expenses and revenues for the health system and includes health-related activities associated with the Health Care Complaints Commission, the NSW Medical Board and the NSW Cancer Council.

Chart 4.4: Health



In real terms, 1999-2000 base; percentage change on previous year

Spending on health services has increased by 9.7 percent in real terms over the three years to 1999-2000. Important components of this increase were enhancement funding of \$183 million provided in the 1997-98 Budget to expand and improve overall health services, primarily in growth areas of the State and additional funding provided by the Commonwealth following settlement of the new Australian Health Care Agreement in 1998-99.

Other factors contributing to the growth in expenses were award increases, including retrospective 1996-97 award increases for certain employees following delayed settlement of award negotiations, revised depreciation and leave expenses and reclassification of certain asset acquisitions as recurrent expenditure.

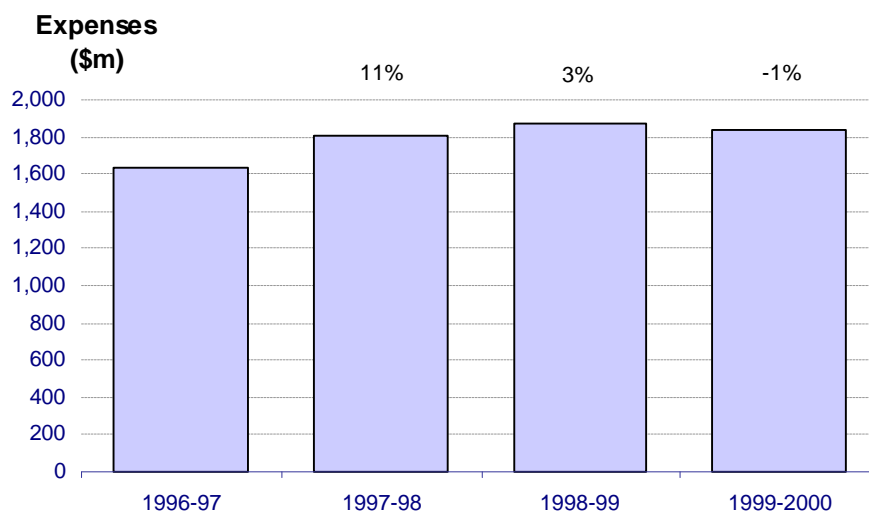
The 1999-2000 Budget will provide a marginal real increase with enhancement funding provided for Government election commitments and other service improvements.

Social and Community Services

Funding provided for current expenses in this policy area covers:

- ◆ services for children and families, older people and people with disabilities (it includes the operations of the Department of Community Services; the Ageing and Disability Department; the Community Services Commission; the new Commission for Children and Young People; 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);
- ◆ compensation to victims of crime; and
- ◆ Budget-funded concessions to social security beneficiaries (including payments by the Department of Transport and pension rebates for rates and for electricity, water and sewerage services).

Chart 4.5: Social and Community Services



In real terms, 1999-2000 base; percentage change on previous year

Total expenses for social and community services have increased by 12.6 percent in real terms since 1996-97. This movement mainly reflects increased funding for child and family support services and additional supported accommodation and other services for people with disabilities, as well as increases in the Home and Community Care program.

Payments since 1996-97 have also been higher due to the inclusion of the cost of pensioner electricity rebates in the Budget following corporatisation of electricity distribution authorities.

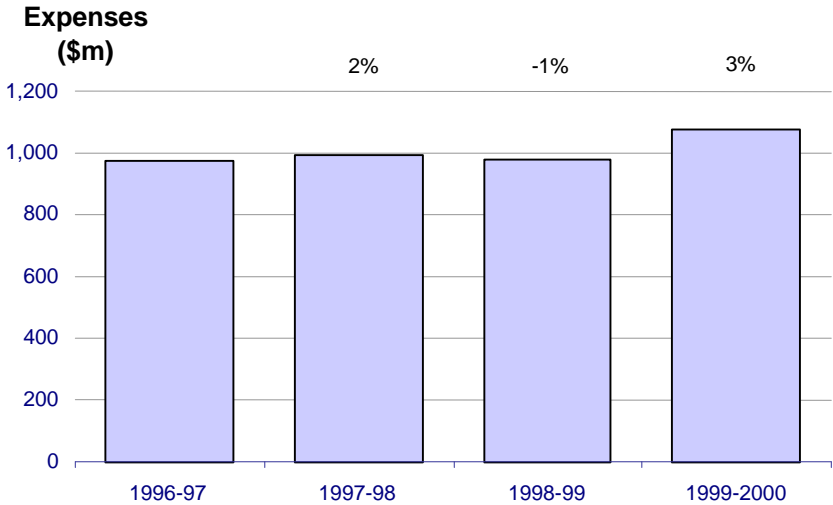
The decrease in expenses of 1.3 percent in 1999-2000 is mainly the result of payments to the NSW Aboriginal Land Council coming to an end under the terms of the Aboriginal Land Rights Act 1983. Increased funding for the Aboriginal Communities Development Program, which is shown under the Housing, Water and Sewerage and the Environment policy area, effectively offsets the reduction under this policy area.

Expenditure in 1999-2000 also includes additional resources for services for people with disabilities, including the relocation of boarding house residents and increased funding for the Home and Community Care Program.

Housing, Water, Sewerage and the Environment

The Housing, Water, Sewerage and 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.

Chart 4.6: Housing, Water, Sewerage and the Environment



In real terms, 1999-2000 base; percentage change on previous year

Growth in expenses from 1996-97 to 1999-2000 is 5 percent in real terms (\$45.9 million) and reflects increased expenses for public housing and the environment.

Between 1996-97 and 1997-98, expenses increased by \$27 million in real terms, or three percent. A main reason for this is a one-off \$24 million payment by the Home Purchase Assistance Authority.

Between 1997-98 and 1998-99, expenses decreased by \$12 million in real terms, or one percent. As a result of the transfer of the Office of Community Housing from the Department of Urban Affairs and Planning to the Department of Housing, capital acquisitions of the office were expensed from 1998-99. Hence there was a \$78 million increase in 1998-99 capital grants.

Other increased expenditures between 1997-98 and 1998-99 include an additional \$14 million in grants by the Waste Planning and Management Fund brought forward from 1998-99 and additional payments of \$26 million to Sydney Water for backlog sewerage works. However, these increases were offset by a one-off reduction of \$20 million in Budget support for

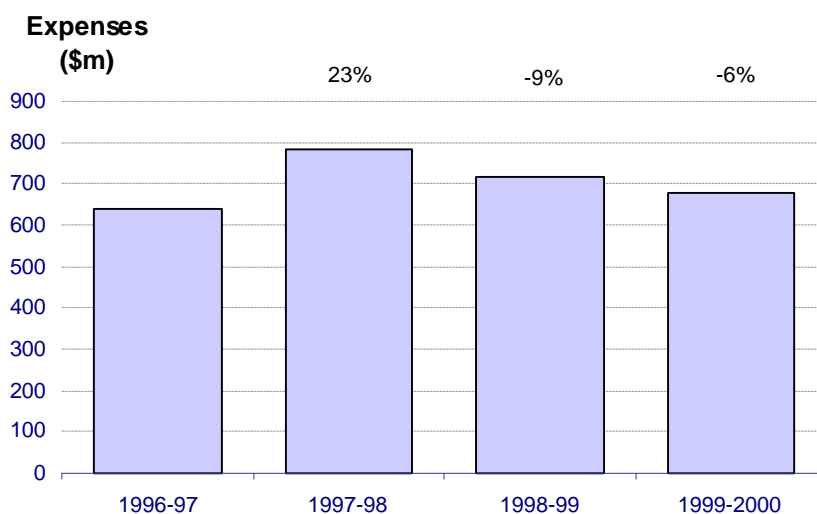
Housing Policy and Assistance (equally offset by a one-off grant by the Rental Bond Board), reduced expenses of \$18 million by the Home Purchase Assistance Fund reflecting a run-down of the Home Purchase Scheme, and reduced expenditure of \$25 million by the Department of Land and Water Conservation for items including the completion of the Wollongong Entertainment Centre and blue-green algae. In addition there was a \$27 million decrease in expenses of Home Purchase Assistance Authority as a result of asset write-offs.

Between 1998-99 and 1999-2000, expenses are expected to increase by \$31 million in real terms, or five percent. This is driven by increased payments of \$11 million by the Department of Aboriginal Affairs for Aboriginal housing, sewerage and water infrastructure within the Aboriginal Communities Development Program, increased grants of \$16 million by the Stormwater Trust, increased expenditure of \$12 million by the Honeysuckle Development Corporation due to delays in development planning approvals in 1998-99 and \$10 million by the Department of Land and Water Conservation for items including the Native Vegetation Management Fund and the restoration and capping of artesian bores. These increases were offset by \$11 million in reduced grants from Waste Planning and Management Fund which were brought forward into 1997-98 and \$9 million in reduced grants to Sydney Water for backlog sewerage works.

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 Olympic Co-ordination Authority, the Casino Control Authority, the Ministry for the Arts and the State's cultural and historical institutions.

Chart 4.7: Recreation and Culture



In real terms, 1999-2000 base; percentage change on previous year

This policy area also includes the programs of the Royal Botanic Gardens and the Domain Trust, the Centennial Park and Moore Park Trust, the Bicentennial Park Trust and the Zoological Parks Board.

Total expenses over the period 1996-97 to 1999-2000 have increased by 8.4 percent in real terms. This overall increase is mainly due to expenditure on maintaining 151 national parks and reserves established since 1995-96.

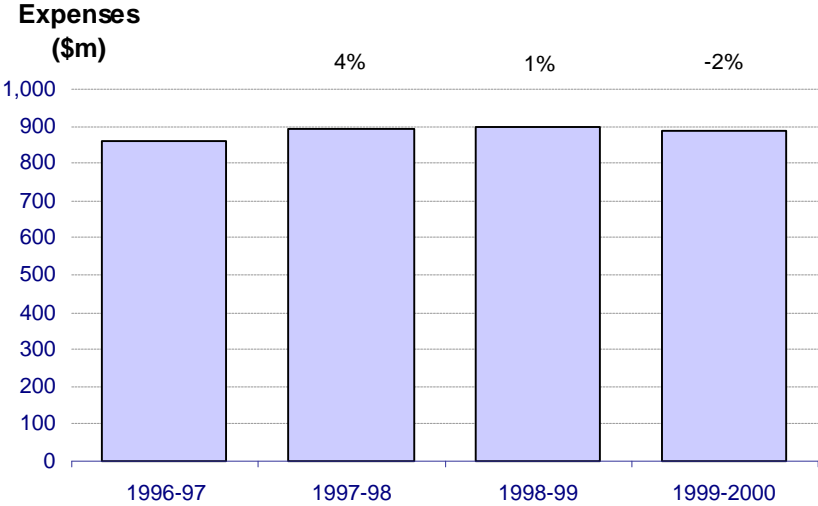
Growth in 1997-98 reflects additional expenditure following the creation of new national parks and reserves and payments to the racing industry after the closure of the Racecourse Development Fund and the Racing Assistance Fund. The decrease in 1999-2000 of 5.7 percent is mainly attributable to the transfer by the Ministry for Arts of the Sydney Entertainment Centre to the Darling Harbour Authority which is a Public Trading Enterprise.

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 (rural water management and infrastructure and catchment management activities) and the Department of Information Technology and Management (Forest Industry Structural Adjustment Package).

Chart 4.8: Agriculture, Forestry and Fishing



In real terms, 1999-2000 base; percentage change on previous year

From 1996-97 to 1999-2000, total expenses in this policy area have increased by three percent in real terms. Drought expenditure in 1999-2000 is anticipated to be roughly \$40 million less than in 1996-97 due to significantly improved drought conditions. After excluding drought expenditure, total expenses in this policy area have increased by eight percent in real terms.

The two key items of increased expenditure in this policy area (compared to 1996-97) are the Government’s Water Reform Package and the Forest Industry Structural Adjustment Package.

In 1999-2000, the Government’s Water Reform Package includes expenditure of around \$20 million more than in 1996-97 for this policy area. Remaining water reform related expenditure is reflected under the Housing, Water and Sewerage and Environment Policy area.

The Forest Industry Structural Adjustment Package is jointly funded by the State and Commonwealth Governments. Under this package \$31.5 million is being provided in 1999-2000 for training, redeployment, relocation and redundancy benefits for workers as well as incentives for value adding in the forestry industry.

The increased expenditure in this policy area (compared to 1996-97) also reflects a number of other factors: increased expenditure on the Native Vegetation Management Fund (\$5 million); the West 2000 program (\$3 million); the Acid Soil Action program (\$2.4 million); the Farming for the Future program (\$2 million); and the finalisation of the Newcastle Disease eradication program in chickens (\$10 million).

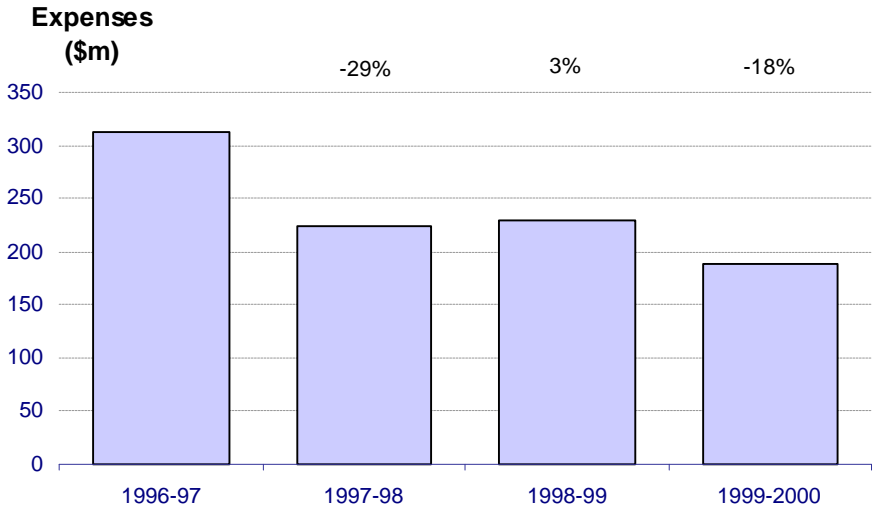
In 1999-2000 \$6.05 million will be spent on the protection of the former State forests in national parks and various other reserves, as a result of the Government's decision on forests in Eden and the upper and lower north-east forests in late 1998.

Mining, Energy and Construction

The Mining, Energy and Construction policy area is dominated by the payments of the Coal Compensation Board. The policy area also covers the Departments of Mineral Resources and Fair Trading, the Ministry of Energy and the Utilities and Sustainable Energy Development Authority. A portable long service benefit scheme is administered by the Building and Construction Industry Long Service Payments Corporation (BCILSPC) and funded by a levy on building and construction work. Levies on the mining industry are raised to support the activities of the Mines Rescue and Mine Subsidence Board.

Government priorities undertaken by the above agencies include the payment of compensation to former owners for coal rights acquired by the State, responsible development of the State's mineral resources and consumer protection services related to the energy and building sectors. In addition, funds are allocated for high level oversight of the State's energy sector in the context of national competition policies, the avoidance and mitigation of any adverse environmental impacts of mining and the promotion of commercialisation opportunities associated with sustainable energy technologies.

Chart 4.9: Mining, Energy and Construction



In real terms, 1999-2000 base; percentage change on previous year

Over the four-years to 1999-2000 expenses in this policy area have decreased by 43.7 percent in real terms. The most significant decrease relates to the recognition of expenses for compensation payable to former owners of coal rights acquired by the State. Coal compensation expenses in 1996-97 totalled around \$147 million in real terms. The liabilities relating to these expenses have been substantially paid out. The recognition of new expenses is estimated to be only \$11 million in 1999-2000. By 2000 all coal compensation claims will have been finalised.

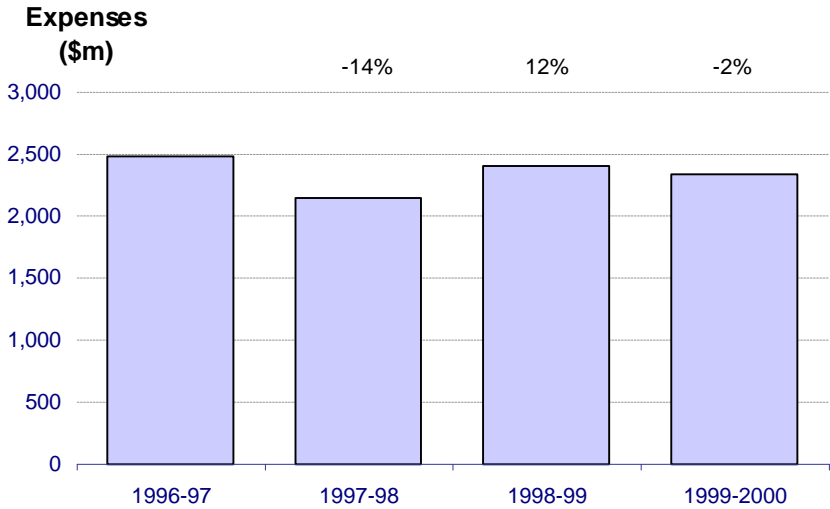
The expenses of the Ministry for Energy and Utilities (formerly Department of Energy) have varied significantly from year to year primarily due to variations in payments to rural electricity distributors and Pacific Power. The movements reflect a reduction in transitional payments to rural distributors from 1996-97 onward offset by increased payments to generators for community service obligations to support non-commercial activities.

Transport and Communication

Budget funding provided for this policy area encompasses:

- ◆ the Roads and Traffic Authority's (RTA) motor registry services, maintenance of the State's road network, road safety and traffic management activities and rebates paid through the Government's M4 and M5 Cashback scheme;
- ◆ the activities of the Department of Transport, which includes the development, planning and co-ordination of transport services and the payment of subsidies to public and private transport operators, community groups and certain individuals;
- ◆ transport planning and support services for the 2000 Olympic and Paralympic Games provided by the Olympic Roads and Transport Authority (ORTA) and carparking facilities and internal road and the Olympic Co-ordination Authority (OCA);
- ◆ the operations of the Office of Information Technology;
- ◆ the Marine Safety and Environment Program and the Marine Ministerial Holding Corporation within the portfolio of the Minister for Transport and Minister for Ports; and
- ◆ the activities of the Motor Accidents Authority, the Motor Vehicle Industry Repair Council and the Tow Truck Authority.

Chart 4.10: Transport and Communication



In real terms, 1999-2000 base; percentage change on previous year

Over the period 1996-97 to 1999-2000, total expenses in this area are forecast to decrease by 3.9 percent in real terms, including a projected 2.3 percent decrease in 1999-2000.

The significant 12.1 percent increase in 1998-99 reflects increased Budget support for expenditure on rail network development (\$165 million) and maintenance (\$86 million).

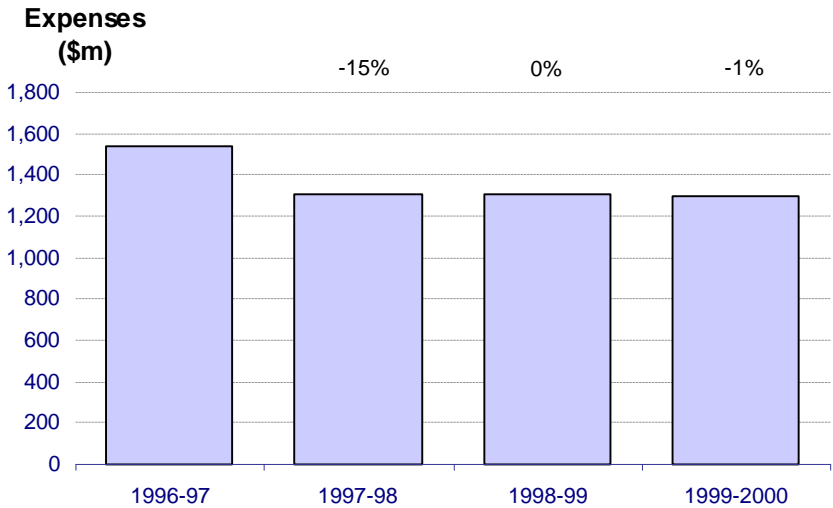
The 2.3 percent reduction in 1999-2000 relates primarily to a \$95.5 million saving in subsidies and other payments to public transport operators. This reflects the productivity gains and cost savings that have been introduced in the sector. This impact is partly offset by an increase of 321 percent to \$23.3 million in expenses of the Olympic Roads and Transport Authority in 1999-2000.

Other Economic Services

The Other Economic Services policy area includes expenses incurred in the Industrial Relations Commission and Compensation Court of the Attorney General’s Department, the Department of State and Regional Development,

Tourism New South Wales, the Department of Fair Trading, the Department of Industrial Relations and WorkCover. Some small non-budget dependent, General Government agencies are also included in this policy area. The New South Wales Insurance Ministerial Corporation, which in terms of expenditure is the largest component of this policy area, accepts the assets, liabilities, rights and obligations of New South Wales Government insurance activities.

Chart 4.11: Other Economic Services



In real terms, 1999-2000 base; percentage change on previous year

In 1999-2000, total expenses of the Other Economic Services policy area are projected to be \$1.3 billion, representing a decline of 16 percent since 1996-97. This downward trend is largely a result of a substantial reduction in claims expenses of the NSW Insurance Ministerial Corporation.

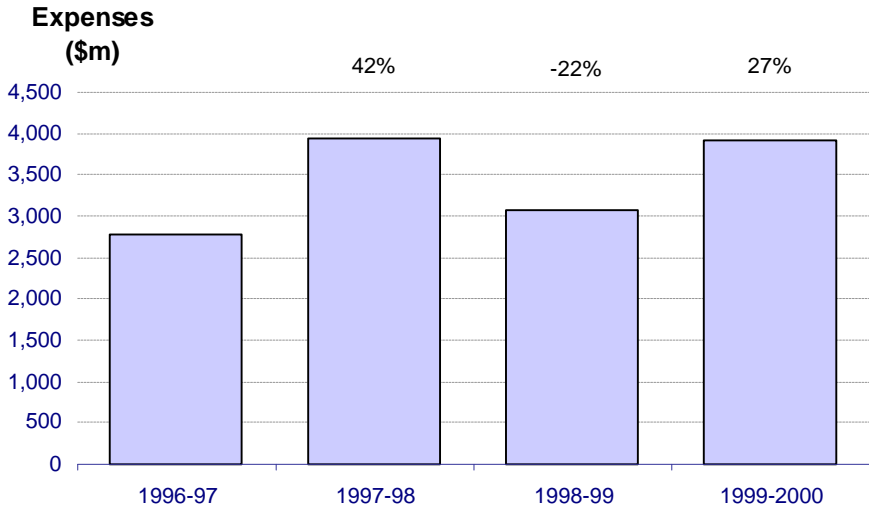
However, in 1999-2000 expenditure of Tourism New South Wales, the Department of Industrial Relations and the Industrial Relations Commission and Compensation Court of the Attorney General’s Department is budgeted to be 5.3 percent higher than that of 1998-99, continuing an upward trend since 1996-97.

General Public Services

The General Public Service policy area covers a range of activities including:

- ◆ Legislative services including The Legislature and the Parliamentary Counsel's Office;
- ◆ Interest payments of the General Government Sector including the RTA and other transactions such as long service leave and superannuation (administered by the Crown Transactions Entity) which cannot be specifically allocated to other policy areas;
- ◆ Operations of the central agencies, namely Treasury, Cabinet 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 State Records Authority;
- ◆ Operations of the Department of Local Government and the policy and development functions of the Department of Racing and Gaming; 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.

Chart 4.12: General Public Services



In real terms, 1999-2000 base; percentage change on previous year

Total expenses in this policy area have fluctuated over the period 1996-97 to 1999-2000 with a 47.4 percent increase in 1997-98 and a turn around in 1998-99 to a 21.9 percent decrease. In 1999-2000 expenses are projected to increase by \$831 million or 27%. This increase is due to the impact of the accounting treatment for an abnormal item of \$860 million which has resulted from the reduction in the unfunded superannuation liability arising from an offer to members of two, older-style, defined benefit schemes.

Interest has fallen from \$1,721 million in 1994-95 to an estimated \$1,395 million in 1998-99 (\$1,513 million in 1997-98). Further reductions are expected in 1999-2000 and future years due to loan roll-overs and the allocation of Budget Surpluses for debt redemption.

Another factor reducing expenses in 1998-99 was a significantly lower superannuation expense after the distribution of \$815 million from the Contributor Reserve Account.

The 5.8 percent decrease in 1999-2000 is largely attributable to relatively high expenditure in 1998-99 on the Sydney hail storm, the City Improvement Project and the March 1999 State Election.