

## **4.7 PAYMENTS TO GOVERNMENT TRADING ENTERPRISES UNDER THE SOCIAL PROGRAM POLICY**

### **IMPLEMENTATION OF THE SOCIAL PROGRAM POLICY**

"Social Programs" are non-commercial activities of GTEs which have social objectives. Such programs are generally known as "Community Service Obligations" ("CSOs"); but, under the Social Program Policy, CSOs are specifically Social Programs delivered by GTEs when directed by the Government, with explicit contracts in place and funded from the Budget.

In the past, Social Programs have been undertaken by GTEs without clear direction or specification of social objectives and, in some cases, with internal funding through cross-subsidies. This has impaired economic performance. In addition, it is not known to what extent the needs of genuinely disadvantaged groups in the community are being met.

The objectives of the Social Program Policy are to -

- provide a framework for the effective separation of commercial and non-commercial activities of GTEs so that management may be given clear and non-conflicting objectives, thus enabling it to be held accountable for both commercial performance and the delivery of Social Programs;
- subject social expenditures by GTEs to the Budget process, thereby making them transparent and enhancing Parliamentary accountability; and
- provide a framework to improve the effectiveness of Social Program Policy expenditures through the application of appropriate review and evaluation processes.

In Stage I of implementation of the Policy in 1994-95, GTEs identified non-commercial activities and proposed relevant Social Programs. These proposals were assessed and approved Social Programs were funded on a

transitional basis for 1995-96, either through the Budget for those previously Budget funded, or internally where there has been no previous Budget funding. The Social Programs identified in this process and the status of their funding are shown in Table 4.7. The estimates in the Table for 1996-97 are preliminary. The Social Programs have not yet been evaluated; nor have they been subjected to full resource costing. This will occur in Stage II of the Policy's implementation during late 1995-96 and early 1996-97.

In Stage II, portfolio Ministers and their agents will evaluate the Social Programs identified in 1994-95 in consultation with stakeholders. Results of the evaluations will be considered by the Social Justice Committee of Cabinet. It is expected that most Social Programs will be Budget funded from 1997-98 and other non-commercial activities of GTEs will have been divested or discontinued by 1998-99.

**Table 4.7: Payments to Government Trading Enterprises**

Portfolio Minister	Providing Agency	Primary Social Objective/ Social Program	Budget Funding		Internal Funding
			Forecast 95-96 <sup>(a)</sup> \$000	Estimated 96-97 <sup>(a)</sup> \$000	Forecast 95-96 <sup>(b)</sup> \$000
Transport	State Transit Authority	<b>Access to Services</b>			
		1. Pensioner concessions	...	...	...
		2. Ticketing concessions	...	...	...
		3. Service subsidies	...	...	...
		<b>Access to Education</b>			
	4. Student concessions	...	...	...	
		<b>Total</b>	<b>138,126</b>	<b>137,424</b>	...
	State Rail Authority <sup>(c)</sup>	<b>Access to Services</b>			
		1. Pensioner concessions	...	...	...
		2. Ticketing concessions	...	...	...
3. Service subsidies - passenger/freight		...	...	...	
<b>Access to Education</b>					
4. Student concessions	...	...	...		
	<b>Total</b>	<b>421,052</b>	<b>299,252</b>	...	
Attorney General	Registry of Births, Deaths and Marriages	<b>Social Functioning</b>			
		1. Registration function	2,766	2,766	...
		2. Provision of adoption information <sup>(d)</sup>	...	...	345
	<b>Total</b>	<b>2,766</b>	<b>2,766</b>	<b>345</b>	
Olympics and Roads	Darling Harbour Authority	<b>Social Functioning</b>			
		Provision of public facilities	17,665	17,665	...
	<b>Total</b>	<b>17,665</b>	<b>17,665</b>	...	

Table 4.7: Payments to Government Trading Enterprises (cont)

Portfolio Minister	Providing Agency	Primary Social Objective/ Social Program	Budget Funding		Internal Funding
			Forecast 95-96 <sup>(a)</sup> \$000	Estimated 96-97 <sup>(a)</sup> \$000	Forecast 95-96 <sup>(b)</sup> \$000
Urban Affairs and Planning	Sydney Water Corporation	<b>Access to Services</b>			
		1. Pensioner water and sewerage rebates	43,070	49,472	...
		2. IPART rebate transitional measures	14,300	14,500	...
		3. Water rate rebates - exempt properties	9,040	10,527	...
		<b>Environment Protection</b>			
		4. Sewer backlog	4,000	... (e)	...
	5. Blue Mountains septic pumpout	...	332	400	
	6. Trade waste income	13,000	13,000	...	
	<b>Total</b>	<b>83,410</b>	<b>87,831</b>	<b>400</b>	
	Hunter Water Corporation	<b>Access to Services</b>			
1. Pensioner rebates		7,570	7,525	...	
2. Exempt properties		680	685	...	
<b>Total</b>	<b>8,250</b>	<b>8,210</b>	...		
Energy	Energy Australia	<b>Access to Services</b>			
		1. Pensioner rate rebates	...	20,472	...
		2. Life support rebates	...	415	...
		3. Administrative costs	...	152	...
<b>Total</b>	...	<b>21,039<sup>(f)</sup></b>	...		

Table 4.7: Payments to Government Trading Enterprises (cont)

Portfolio Minister	Providing Agency	Primary Social Objective/ Social Program	Budget Funding		Internal Funding
			Forecast 95-96 <sup>(a)</sup> \$000	Estimated 96-97 <sup>(a)</sup> \$000	Forecast 95-96 <sup>(b)</sup> \$000
	Integral Energy	<b>Access to Services</b>			
		1. Pensioner rate rebates	...	10,821	...
		2. Life support rebates	...	164	...
		3. Administrative costs	...	43	...
		<b>Total</b>	...	<b>11,028</b> <sup>(f)</sup>	...
	North Power	<b>Access to Services</b>			
		1. Pensioner rate rebates	...	5,743	...
		2. Life support rebates	...	93	...
		3. Administrative costs	...	102	...
		<b>Total</b>	...	<b>5,938</b> <sup>(f)</sup>	...
	Advance Energy	<b>Access to Services</b>			
		1. Pensioner rate rebates	...	1,656	...
		2. Life support rebates	...	22	...
		3. Administrative costs	...	19	...
		<b>Total</b>	...	<b>1,697</b> <sup>(f)</sup>	...
	Energy South	<b>Access to Services</b>			
		1. Pensioner rate rebates	...	2,478	...
		2. Life support rebates	...	45	...
		3. Administrative costs	...	22	...
		<b>Total</b>	...	<b>2,545</b> <sup>(f)</sup>	...

Table 4.7: Payments to Government Trading Enterprises (cont)

Portfolio Minister	Providing Agency	Primary Social Objective/ Social Program	Budget Funding		Internal Funding
			Forecast 95-96 <sup>(a)</sup> \$000	Estimated 96-97 <sup>(a)</sup> \$000	Forecast 95-96 <sup>(b)</sup> \$000
	Far West Energy	<b>Access to Services</b>			
		1. Pensioner rate rebates	...	164	...
		2. Life support rebates	...	1	...
		3. Administrative costs	...	5	...
		<b>Total</b>	...	<b>2,545 <sup>(f)</sup></b>	...
	Far West Energy	Adjustment	...	5,300	...
		<b>Grand Total</b>	...	<b>2,545 <sup>(f)</sup></b>	<b>33,300 <sup>(g)</sup></b>
Land and Water Conservation	State Forests	<b>Environment Protection</b>			
		1. Research and provision of information	...	...	...
		2. Management of non- commercial forests	...	...	...
		3. Hardwood plantations	8,500	14,100	...
		<b>Safety</b>			
		4. Protection from/ response to fires	...	...	...

**Table 4.7: Payments to Government Trading Enterprises (cont)**

Portfolio Minister	Providing Agency	Primary Social Objective/ Social Program	Budget Funding		Internal Funding
			Forecast 95-96 <sup>(a)</sup> \$000	Estimated 96-97 <sup>(a)</sup> \$000	Forecast 95-96 <sup>(b)</sup> \$000
Land and Water Conservation (cont)	State Forests	<b>Social Functioning</b>			
		5. Access to, and through, forests	...	...	...
		6. Provision and maintenance of recreational facilities	...	...	...
		<b>Total</b>	<b>23,057</b>	<b>28,657</b>	...

(a) At this stage of implementation of the Social Program Policy, full resource costing and proper assessment of Social Programs has not occurred. As it has not been possible in many cases to provide funding details for individual Social Programs, total Social Program funding is shown. It is planned that in future, funding for specific Social Programs will be reported based on full costings.

(b) No internal funding of these Social Programs is envisaged in 1996-97.

(c) The SRA's Social Program submission process is delayed. These figures do not include payments for operating losses, redundancies, capital grants and maintenance (\$664 million in 1995-96 and \$705 million in 1996-97).

(d) Not funded in 1996-97. Function taken over by the Department of Community Services.

(e) No funding assuming Independent Pricing and Regulatory Tribunal approval of all pricing.

(f) Includes Budget funding provided for Social Programs to distributors from 1 March 1996. The new corporatised electricity distribution structure commenced in March 1996.

(g) Total internal Social Program funding for the former four metropolitan electricity distributors.

