

How to read the 2011-12 NSW State Budget papers



Session overview



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- State Budget terms
- Overview of the Budget process
- Overview of the Budget papers
- Focus on where to find information on human services agencies and programs
- Questions and discussion
- Please note that the information is based on the 2010-11 Budget. The 2011-12 Budget may vary.

Understanding the State Budget



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- Government Finance Statistics – system used by the ABS to classify financial transactions of all governments – classifies the agencies and measures transactions that result from economic activity
- Agencies are classified as either General Government, Public Financial Enterprises or Public Trading Enterprises (together these comprise the Total State Sector).
- The classification is provided in an appendix at the back of BP2.

Understanding the State Budget



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- The budget result relates to the General Government Sector only. The key result is the Net Operating Balance.
- Net Operating Balance =
Total State Revenues *less* Expenses of Services
Total State Revenues – tax revenue, commonwealth grants, dividends, regulatory fees etc
- Expenses – agency level operating expenses such as salaries, maintenance, grants etc, excludes new capital expenditure but includes depreciation.

How the Budget is prepared



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- Fiscal Strategy and Targets – the medium to longer term
- Formulation of the next budget (Budget Yr + Fwd Yrs) is an iterative process commencing around August each year, reflecting:
 - NSW 2021- priority setting*
 - Revenue forecasts – based on economic indicators*
 - Expenditure forecasts – no-change basis*
 - Service improvements or maintenance - cost estimates*
 - Election commitments*
 - Options for re-prioritising existing services and funds*
- Broad projections and agency allocations generally agreed February
- This year of course due to the change of Government the Budget will be brought down in September but is generally June.

The Budget Papers



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Usually Five Budget Papers and a Budget Overview. This year there is an additional paper - BP6

No. 1 Budget Speech (BP1)

No. 2 Budget Statement (BP2)

No. 3 Budget Estimates (BP3)

No. 4 Infrastructure Statement (BP4)

No. 5 Appropriation Bills (BP5)

No. 6 Long Term Fiscal Pressures (BP6)

Family and Community Services



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- There are now 9 principal departments and other bodies.
- The new principal Department of Family and Community Services includes the following agencies
 - Ageing, Disability and Home Care
 - Community Services
 - Housing NSW
and other bodies
 - Home Care Service of NSW
 - NSW Aboriginal Housing Office
 - NSW Businesslink Pty Ltd
- For further information see the Government directory website www.directory.nsw.gov.au

Where to find Family and Community Services Information



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What is your purpose?

- Highlights or new initiatives? *Budget Speech and/or the Budget Overview*
- Fiscal Strategy and total revenues, expenditure and capital expenditure? *Budget Overview, BP2 and BP4*
- Policy areas and strategic directions? *BP2*
- Commonwealth Funding at State level? *BP2*
- Tax Expenditures and Concessions? *BP2*
- Commonwealth Funding at Agency level? *BP3*

Where to find information continued...



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- Agency level activity, results and services? **BP3**
- Agency level detail? **BP3**
 - Agency purpose, trends, strategic directions and budget in words
 - Whole of agency financial Statements including operating statement, statement of financial position (balance sheet), cash flow statement and
 - Planned results and service groups, performance measures, employees (FTE), and capital expenditure.
- Capital expenditure overview and agency level details?
BP4

2010-11 BP3 – Agency chapter structure



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- The following is based on the 2010-11 BP3 agency structure.
- The BP3 chapter for each Department includes
 - Results and services
 - Strategic directions
 - 2010-11 Budget initiatives
 - Result indicators
 - Service group statements
 - Financial statements

Ongoing Community Support



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13.1 Ongoing Community Support

Service Description: This service group covers services which assists older people and people with a disability to live in their own home environment and to participate in the community with some ongoing support.

Linkage to Results: This service group contributes to the result of sustained community and home living by working towards a range of intermediate results including:

- *People with a disability improve living skills and participate in the community. Carers of frail older people with a disability are provided with respite.
- *Basic support services (personal assistance) are helping older people and people with a disability to live in their home environment.
- *Older people and people with a disability live in their own homes through ongoing intensive personal care.

		2007-08	2008-09	2009-10	2009-10	2010-11
Units		Actual	Actual	Forecast	Revised	Forecast
<u>Service Measures:</u>						
People in Post School Programs	no.	5,220	5,900	6,100	6,480	7,060
People receiving respite services	no.	48,600	51,100	52,500	57,000	64,000
People receiving personal assistance	no.	183,000	191,000	194,000	207,000	223,500
Employees:	FTE	659	640	838	826	711

Short-term Interventions



13.2 Short-Term Interventions

Service Description: This service group covers assistance to older people and people with a disability to develop skills and abilities to live in the community with minimal support.

Linkage to Results:

This service group contributes to the result: Community Support by working towards a range of intermediate results that include:

- * Children with a disability live with their parents.
- * Therapies and interventions assist older people and people with a disability to maximise their independence.
- * Older people and people with a disability and carers access the best mix of services and/or community support.

		2007-08	2008-09	2009-10	2009-10	2010-11
	Units	Actual	Actual	Forecast	Revised	Forecast
Service Measures:						
Families and children receiving support	no	7,500	8,600	9,500	9,000	9,500
People receiving therapy and interventions	no	67,400	75,000	74,750	78,000	78,000
Seniors card holders	no.	30,000	950,000	960,000	955,000	960,000
Employees:	FTE	807	942	1,186	1,228	1,357

Short-term Interventions



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	2009-10		2010-11
	\$000	\$000	\$000
FINANCIAL INDICATORS			
Total Expenses Excluding Losses			
	290,149	290,703	331,919
Total expenses include the following:			
Employee related costs	99,740	105,363	113,554
Other operating costs	28,072	22,506	21,627
Grants and subsidies - Disability Services	110,488	111,728	143,522
Grants and subsidies - HACC services	43,681	43,680	44,574
NET COST OF SERVICES			
	289,711	290,295	329,565
CAPITAL EXPENDITURE			
	4,804	3,497	2,604

Conclusions and suggestions



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- The Budget Papers have many audiences
- BP3 is likely to be the most relevant for your purposes
- Use the glossary in BP2! ... and each paper's index
- Look at last year's papers to see if they answer your questions
- You can also use the agency or minister's detailed briefings/press releases for extra information on projects or specific regional/rural information

- **Current grant** – amount paid or received for current purposes for which no economic benefits of equal value are receivable or payable in return.
- **Net Cost of Services** – The cost of providing government services. It equals operating expenses less operating revenues and excludes the government contribution.
- **Recurrent/Operating expenses** - Costs incurred in the provision of goods and services. This does not include non cash items such as depreciation
- **Revenue** – The income received for a service.

There is a glossary at the back of Budget Paper 2 with further terms.