



NEW SOUTH WALES
TREASURER

**Legislative Council Question arising from
Estimates Committee – Treasury
18 November 2008**

Page: 20

The Hon Greg Pearce: It just seems odd to me, given the principal objective of this was to maintain the Triple-A rating, that you do not publish the numbers that Standard and Poor's needs to actually reassess the rating.

Mr Ronsisvalle: We are in discussion with Standard and Poor's on a regular basis these days. We can have those discussions with them.

The Hon Greg Pearce: Have you given them the numbers or not?

Mr Ronsisvalle: John is the person who has been talking to the rating agencies.

The Hon Greg Pearce: So you do not know?

Mr Ronsisvalle: No, I do not know.

The Hon Greg Pearce: Could you take that on notice and let me know?

Mr Ronsisvalle: Yes.

ANSWER

I am advised:

Treasury did not publish information in the Mini-Budget covering the non-financial public sector. This information will be published in the Half-Yearly Review of the Budget prior to Christmas, as per usual practice.

**HON ERIC ROOZENDAAL MLC
TREASURER**



**Legislative Council Question arising from
Estimates Committee – Treasury
18 November 2008**

Page: 17

The Hon Greg Pearce: What areas is that expenditure marked down for? Is it mostly Health?

Mr Cosgriff: It is mostly Health and Education. There is a range of national partnership proposals, which generally are in the health and education areas.

The Hon Greg Pearce: Could you give us details of that on notice?

Mr Cosgriff: Yes.

The Hon Greg Pearce: How those figures are broken down?

Mr Cosgriff: Yes.

ANSWER

I am advised:

The item referred to in Table 4.4 (page 4-3) of the Mini-Budget comprises the following additional anticipated Commonwealth revenue over four years to 2011-12 for Specific Purpose Payments (SPP) and National Partnerships (NP):

- Health – \$761 million
- Education – \$505 million
- Indigenous – \$147 million
- Disability – \$122 million
- Early Childhood – \$67 million
- Total – \$1.6 billion

The item also includes \$158 million in sundry revisions to SPP revenues over the four years.

The Mini-Budget contains expenditure provisions for this additional SPP and NP funding.

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**Legislative Council Question arising from
Estimates Committee – Treasury
18 November 2008**

Page: 21

The Hon Matthew Mason-Cox: I take you back to the line items. I have a few more questions I want to ask.

Mr Ronsisvalle: I think that is probably the case but it is something you should discuss with the Minister for Transport. These are lines that are not used very regularly.

The Hon Matthew Mason-Cox: Perhaps you could provide the details of what lines will be closed in relation to this?

Mr Ronsisvalle: I think it is probably a more appropriate question for the Minister for Transport.

The Hon Matthew Mason-Cox: You should have the information should you not?

Mr Ronsisvalle: If something has been signed off as part of the mini-budget, yes.

The Hon Matthew Mason-Cox: if you could provide me with the detail, that would be great.

Chair: Is that possible?

Mr Ronsisvalle: Yes.

ANSWER

I am advised:

The decision announced in the Mini Budget was to suspend up to five lines on the Country Rail Network which are no longer viable. This would ensure that funding is targeted to priority lines and that the network remains sustainable.

The Minister for Transport advises me progression of this rationalisation will be informed by a number of processes which are currently underway, including the:

- Asset Management Plan currently being prepared by RIC;
- NSW Government EOI for the utilisation of the former Pacific National locomotives and wagons;

- Commonwealth Grain Task Force (to review and make recommendations on the NSW grain supply chain efficiency); and
- Australian Rail Track Corporation study into the inland rail route between Melbourne and Brisbane.

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TREASURER



**Legislative Council Question arising from
Estimates Committee – Treasury
18 November 2008**

Page: 5

Follow-up from question asked in estimates hearing for Minister for Finance the previous day regarding expense variations since budget time (see attached).

ANSWER

I am advised:

Details of the additional expenses in a range of government activities, referred to in the top dot point on page 4.7 of the Mini-Budget, are set out below.

	<u>\$M</u>
Health Immunisation Grant	\$26
Police Death & Disability Scheme	\$30
RTA maintenance and cash-back costs	\$21
Way Forward Program – Correctives	\$29
Climate Change Fund	\$22
Groundwater Structural payments	\$24
Illawarra Medical Research and Tourism promotion	\$27
Education higher school costs	\$34
Out-of-Home-Care Funding	\$42

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Excerpt from transcript of Estimates Committee Monday 17 November – Finance, Infrastructure, Regulatory reform.

The Hon. GREG PEARCE: Mr Ronsisvalle, could you take me through the increase in expenses in the mini-budget? When I look at page 4.6 I see that there is a total of about \$7 billion additional expenses over the forward estimates period. That is correct, is it not?

Mr RONSISVALLE: Yes.

The Hon. GREG PEARCE: That is in addition to the 4.4 per cent growth which was included in the original budget papers?

Mr RONSISVALLE: Yes. Table 4.5 clearly shows that the expenses in the mini-budget are higher than what was in the budget papers in June—

The Hon. GREG PEARCE: Which already included 4.4 per cent?

Mr RONSISVALLE: Yes. If you turn to page 4.4-1, you can see that the forward estimates period expenses are now expected to go up by 4.9 per cent per annum, compared with the 4.5 per cent per annum that was in the budget papers.

The Hon. GREG PEARCE: The original base increase was from when—from the previous budget papers?

Mr RONSISVALLE: That 4.5 per cent would have been calculated on the estimated results for expenses in 2007-08 going through to forward estimates. The 4.9 per cent is calculated on the actual expenses that were incurred in 2007-08.

The Hon. GREG PEARCE: We have an extra \$7 billion there. Then you have listed a number of dot points, which total about \$3 billion, including superannuation and the extra Federal funds. So, net we have a \$4 billion growth there. Is that an accurate summary?

Mr RONSISVALLE: I did not do the mathematics of this. Will take that on notice.

The Hon. GREG PEARCE: Then we say that the measures in the mini-budget have resulted in a saving of expenses of \$3.3 billion. So, all up, expenses would have gone up by \$10.3 billion if you had not had that saving?

Mr RONSISVALLE: To be honest, the mathematics of that does not sound completely correct. But there are—

The Hon. GREG PEARCE: It is very hard to follow the mathematics of this document because we do not have any detailed figures, so we try to make sense of what is here. On page 4.7, the top dot point talks about additional expenses in a range of core government activities. Could you provide us with the detail of where those additional expenses are?

Mr RONSISVALLE: I can take that on notice and come back to you, yes.



**Legislative Council Question arising from
Estimates Committee – Treasury
18 November 2008**

Page: 19

The Hon Greg Pearce: In the last four or so years New South Wales has not made 2 per cent growth, has it? It has certainly been way behind the national figures.

Mr Cosgriff: It has generally been behind the national figures, somewhere in the order of half a per cent. Potentially the New South Wales economy could recover more quickly than the Australian average.

ANSWER

I am advised:

Over the four years ended 2007-08 the growth rate of NSW gross state product averaged 2.1 per cent. This was 1.1 percentage points less than growth in national gross domestic product, which averaged 3.2 per cent during the same four year period.

Growth of New South Wales gross state product
in comparison to Australian gross domestic product
(annual per cent change in real (CVM) terms)

	04-05	05-06	06-07	07-08
NSW	1.7	2.0	1.9	2.8
Australia	2.8	3.0	3.3	3.7

Source: ABS 5220, Annual State Accounts, released 14 November 2008

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**Legislative Council Question arising from
Estimates Committee – Treasury
18 November 2008**

Page: 21

The Hon Matthew Mason-Cox: Would you be able to provide us with a break-down of the regional development assistance package of \$85 million, which is spread amongst a whole range of items? Would you be able to provide us with details on each of those items?

ANSWER

I am advised:

The \$85 million Regional Development Assistance Package consists of the following initiatives:

- Local Infrastructure Fund - \$52 million. The fund will help deliver capital works such as roads, bridges and pipelines essential for business expansion.
- Community Broadband Development Program - \$11.6 million. This will enable delivery of high-speed broadband access to country towns not covered by the National Broadband Network.
- Country Libraries Fund- \$9 million. This fund will assist rural public libraries with new books, digital media and other services.
- Country Halls Renewal Package - \$2.5 million. This will assist rural communities in refurbishing and upgrading public country halls.
- Water Adjustment Innovation Fund - \$9 million. The fund will assist businesses currently undergoing water reform.
- Small Communities Awareness Fund - \$450,000. The fund will help smaller and isolated communities develop their own websites to promote business and tourism.
- Small Chamber of Commerce Fund - \$450,000. The fund will provide grants for various promotional work including promoting tourism and conducting seminars to boost business in country towns.

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