



Economics. Policy. Strategy.

New South Wales Budgets

Catherine McGovern

June 2022

About me



- Principal, Evaluate Consulting
- Background
 - Merchant banking
 - Political staffing
 - Global pharmaceutical company
 - Medibank Private
- Bachelors of Economics and of Theology
- Social service experience:
 - Marriott Support Services
 - Melbourne City Mission, Victoria Legal Aid



...Policy, strategic and political advice, healthcare and economics

Outline of presentation



- Budget Process
- What's in a Budget?
- How to approach a Budget
 - PREPARE WELL
- The Budget – source of information
- Structure of the Budget papers
- Reading Budget Papers
- Pitfalls
- How to check your information



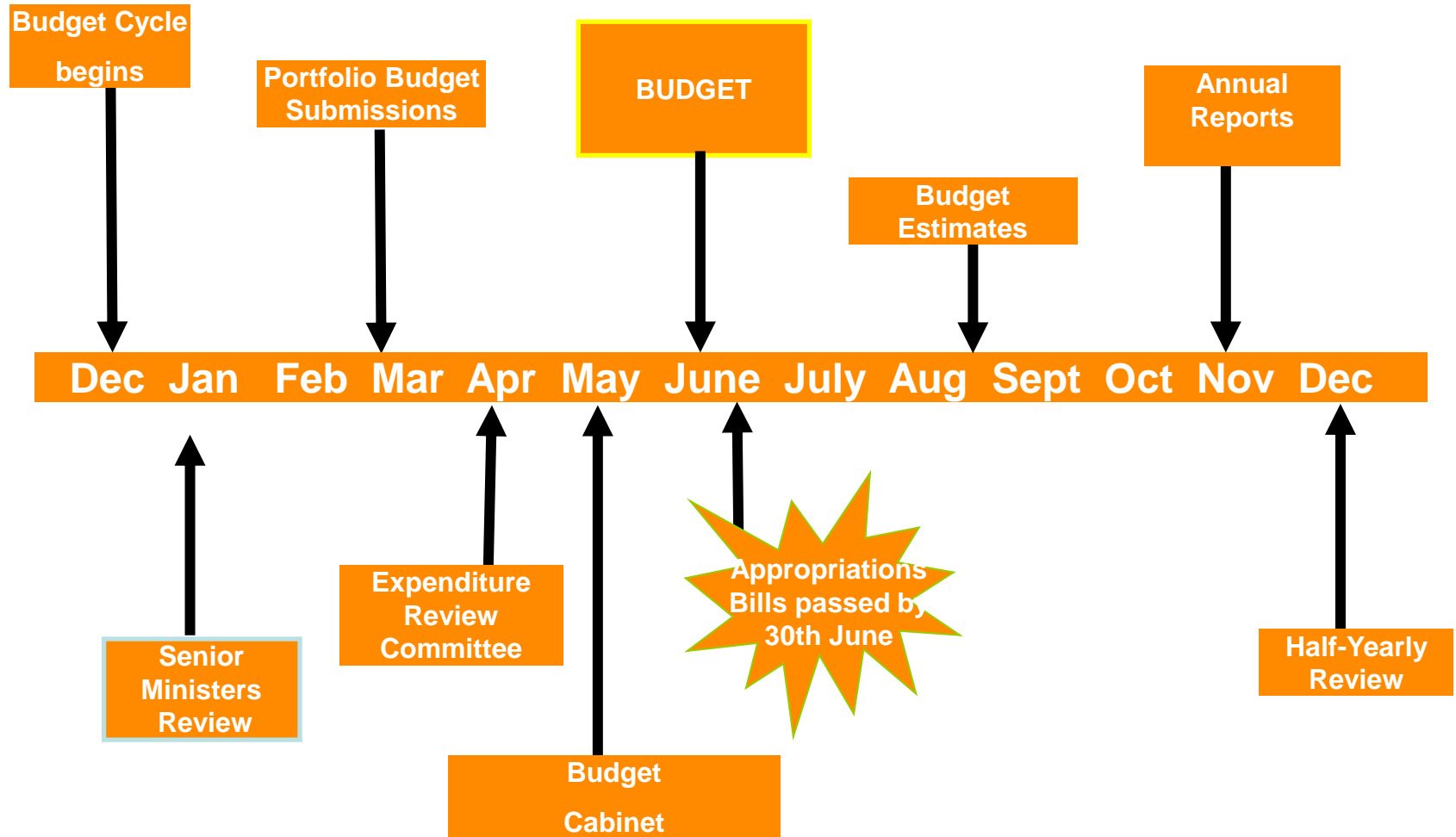
Budget Process



- The most important annual political, economic and social document
- Mechanism by which governments appropriate or raise funds, e.g. for services and programs
- Points to government priorities
- Outlines information for the Budget year and following three years
 - this period is called the “forward estimates”



Budget Process



Parallel Processes



- Three parallel processes
 - Post Budget: Reporting against last year's Budget
 - Budget Year: Processes and reporting requirements
 - Pre-Budget Process: Determining priorities for next year's Budget
- Can't read Budgets in isolation



What's in a Budget?



- Statements of intent about expenditure and revenue raising
 - Reports against the 37 State Outcomes
 - Overall statements & specific items
- Policy statements
- Accounts that relate to these
- Underlying financial assumptions
 - Growth
 - Income and tax
 - Interest rates
 - Employment



How to approach a Budget



- PREPARE WELL!!!
- Purpose of reading the budget
- Identify your areas of interest
- Where are those issues in the budget papers?
- Work out what happened previously



Purpose of reading the Budget



- Why are you interested?
 - Reporting to a board
 - Updating members or stakeholders
 - Engaging with Government on issues in the Budget
 - Communicating to the media
- What are you going to do with the information you gather?
 - Board papers
 - Media releases
 - Overview of critical issues
- Prepare outlines of these in advance



Identify your areas of interest

- What are your key issues?
 - Homelessness
 - Mental Health
 - Disability Support
 - Cost of living
 - Climate Change Impacts
- Other areas of potential interest
 - Social housing
 - Health
 - Education
 - Community support
- If you have a team, allocate these issues to different people



Where are my issues in the Budget papers?



- Identify where your issues are in the budget papers
 - Which portfolio are they in?
 - Look at last year's budget papers
 - What budget outcome do they relate to?
- If they are new, where do you think they'll belong?



Treasury

Work out what happened previously



- Look at last year's Budget papers
- What did they say would be spent over the forward estimates?
- What announcements have been made since?



The Budget – sources of information



- Pre-Budget announcements & releases
 - WATCH FOR THESE
- The Budget Papers themselves
- The Budget speech
- The Treasurer's media releases
- Other Ministers' media releases
- Fact sheets and other materials
- Overviews: Western Sydney, Regional NSW
- Media – newspapers, radio and tv



Structure of the Budget papers (last year)



- **Budget Paper No. 1: The Budget Statement**
 - Top line of the State's finances over the forward estimates
- **Budget Paper No. 2: Outcomes Statement**
 - Information about the results and services and total expenses of each service group
- **Budget Paper No. 3: Infrastructure Statement**
 - Infrastructure investment program
 - Capital expenditure on works and works-in-progress
- **Budget Paper 4: Agency Financial Statements**
 - Financial statements for state government agencies
- **Budget Paper No. 5: Appropriation Bills**
 - The legislation needed to deliver the Budget



Budget Paper No.1 – the Budget Statement



- Key Budget highlights
- Fiscal Strategy and Outlook
- Overview of economic environment
- Assumptions
- Revenue measures
- Top line expenditure
 - Includes 'new funding'
- Forward estimates



Budget Paper No. 2 – Outcomes Statement



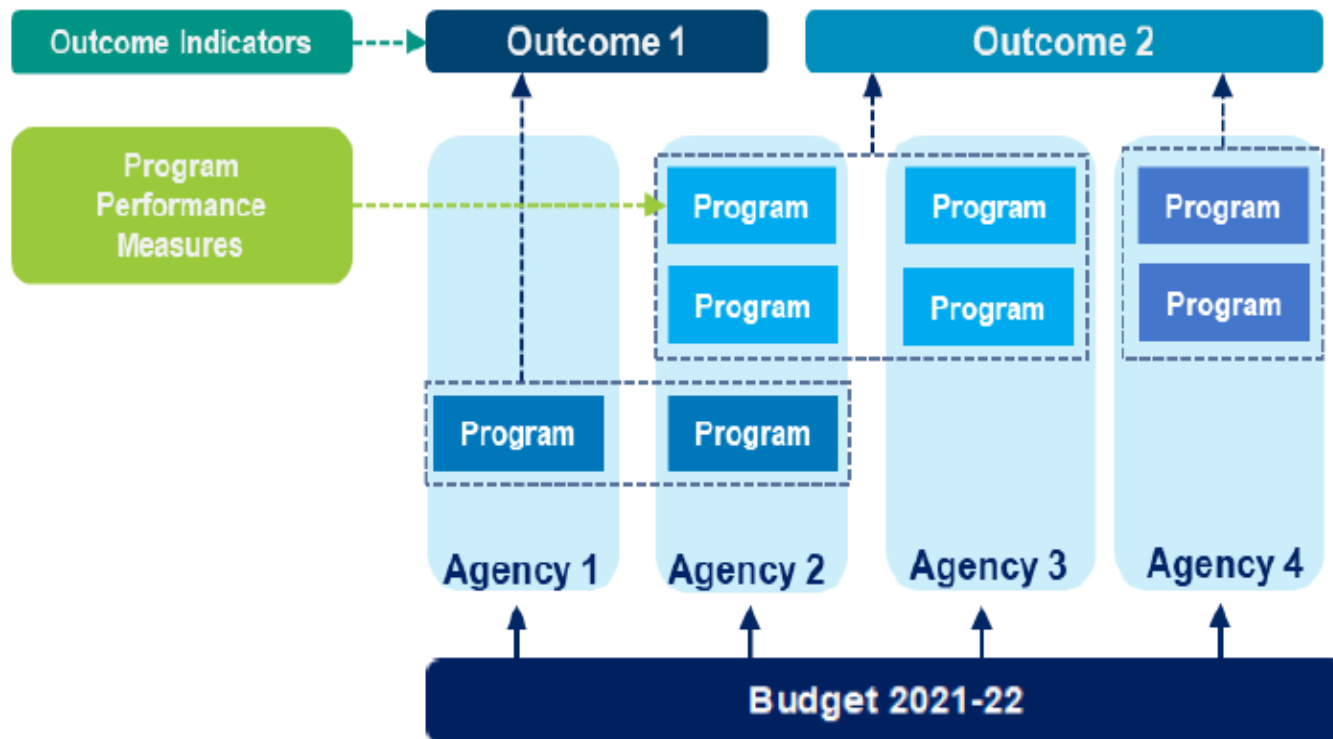
- Organised in “Clusters”
 - i.e., education, health, stronger communities
- 37 State Outcomes
 - ‘best start in life for young people’, ‘people have a safe and affordable place to live’, ‘children and families thrive’ etc
 - Outlines financial information, policies, success measures and performance data across the State Outcomes
- Each Outcome has programs within them
 - Identifies contribution to the State Outcomes and Premier’s Priorities
 - Program Performance Measures



Outcome and performance framework



Figure 1: The outcome and performance framework



Example – the Stronger Communities Cluster 2021-22



	2020-21	2021-22 Budget	2022-23	2023-24 Forward Estimates	2024-25	Five- year Total
Expense	17.6	568.3	441.4	74.5	8.8	1,110.6
Revenue	-	40.0	40.0	-	-	80.0
Capital	-	18.6	26.7	-	0.1	45.4

Stronger Communities Cluster, all new measures

Material Measures:

- COVID-19 response:
 - ï Additional cleaning costs
 - ï Police hotel quarantine and border operations
 - ï Funding to maintain service provision
- Domestic and Family Violence:
 - ï State-wide expansion of the Staying Home Leaving Violence program with specialist case-management
 - ï Investment in front-line family, domestic and sexual violence service providers across New South Wales
- Optional Disengagement Pilot to support officers exiting the NSW Police Force
- Second tranche of funding to respond to the key recommendations of the NSW Bushfire Inquiry – including investment in Emergency Services agencies including fleet replacement, vehicle safety, PPE for firefighters and upgrading fire control centres
- Learn to Swim Active Pre-Schooler Voucher program
- Continuation of funding for the NSW Institute of Sport
- Expansion of the Together Home Program for a further 250 households and support services, with 100 new dwellings for long-term housing support
- Multisport Community Infrastructure Fund to support the development of local sporting facilities across New South Wales
- Centres of Excellence Grant Program for various sporting codes to access through a competitive grant application process

Example – the Stronger Communities Cluster 2021-22



- Details the Stronger Communities Cluster's purpose
 - 'delivers community services that support a safe and just New South Wales'
- Cluster's contribution to the Outcomes
 - Children and families thrive, people have a safe and affordable place to live, reduce reoffending, safer communities
- Key programs that support delivery of the Outcomes
 - Ensuring the safety and wellbeing of vulnerable children, homelessness services
- State Outcome Highlights
 - Reports investment to each Outcome in the Cluster
 - Reporting to identified performance indicators for each Outcome



Reading the Budget papers



- Review the Budget speech for key announceables
- Read the Budget Overview
- Look at Budget Paper No. 1 for Priorities & top-line financials
- Read Budget Paper No. 2
 - State Outcomes and Premier's Priorities
 - Cluster information
 - Budget Highlights
 - Financials inc investment in programs
 - Performance measures
- Then compare this information to
 - the materials you've researched in advance
 - The budget media releases on this issue
 - Any other statements or fact sheets from the relevant Minister



Using this information



- Build a picture of what is being announced
- Check this against what has been announced before
 - Is this actually new spending?
- Check spending areas to confirm they are continuing
 - Have funding numbers decreased?
 - Has funding just disappeared?
- Have there been changes in the estimates or the forecasts?



Key pitfalls



- Governments re-announcing spending that has already been announced
- Governments 'hiding' changes to the Budget
- Machinery of Government changes – BP4 Agency Statements
- Government not spending announced money – variations matter
- Not checking carefully – Control F is your friend



How can you check?



- Recheck the Budget papers
 - Search by term
- Look at other sources of information
 - Analyst accounts, other peak bodies
 - Agencies
 - Newspapers, etc
- Call and ask
 - Colleagues
 - The relevant Department



Useful websites



<https://www.treasury.nsw.gov.au/finance-resource/budget-process>

<https://www.nsw.gov.au/premiers-priorities>

<https://www.treasury.nsw.gov.au/media-releases>

<https://www.budget.nsw.gov.au/budget-papers>

<https://www.dcj.nsw.gov.au/news-and-media.html>

Questions

