



COMO RECORDS

CALM BRIEFING PAPER 6/85

THE DEPARTMENT'S 1985/86 BUDGET

The preparation of the 1985/86 budget has proved a difficult task. It involved the framing of three separate budgets (i.e. Forests, National Parks and Wildlife) and then merging them into one composite departmental budget. A major problem was that most of the staff involved in the task did not have a detailed background knowledge of all the three distinct areas.

When collated, the funds requested by individual Branches and Regions to provide all the services expected of the new Department far outstripped what Treasury was obviously going to approve. The policy group pruned these requests down to what was seen to be more realistic.

In the CRF budget, this pruning resulted in what was regarded as an essential base budget, plus growth items of \$5,411,000. Included in the Department's submission was a request for 37 new staff, at a part year cost of \$372,000.

The response received from Treasury was not encouraging. It said that initial funding requests from all Government agencies had exceeded anticipated revenue by \$173 million and, as the Government was committed to a balanced budget, all requests could not be met.

Whilst certain reductions had been proposed by Treasury officers, the Cabinet Budget Committee felt the reductions did not go far enough and decided that a further \$45 million was to be pruned - this represented a further cut of about 1.5% and this Department's "contribution" was to be \$751,000.

Further negotiations with Treasury ensued and after an appearance before the Cabinet Budget Committee, the Department's allocation was determined. The final result was disappointing - there was almost no growth provided for, no additional staff and the 1.5% reduction, which effectively cut into our base budget.

On the capital works side, the Department fared better than it had with the CRF, but the funds provided are not sufficient to enable it to do the range of things expected of it, particularly in the areas of housing, buildings and plant.

The attached notes summarise the Department's 1985/86 Budget. They are not intended to be a comprehensive analysis.

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EXECUTIVE DIRECTOR

11 December 1985

BACKGROUND NOTES - 1985/86 CRF BUDGET

1. OVERVIEW

1984/85 net expenditure	\$42,859,000	
1985/86 net provision	\$47,976,000	
Increase :	\$ 5,117,000	(11.9%)

- . The bare percentage increase is a misleading figure.
- . The 1984/85 figure represents the cost of operating the previous three separate agencies to 22 March 1985, plus the cost of operating the new Department for the last three months of the financial year.
- . The 1985/86 figure represents the full year cost of the new Department (including last year's extra staff) PLUS other activities not included in 1984/85, i.e.:
 - (a) Minister's Office \$230,000
 - (b) Censorship Office \$138,000
 - (c) Heritage Commission \$ 87,000
 - (d) Aboriginal employment-related projects (a new initiative) \$500,000

In addition, loan repayments will increase by \$1,939,000, to a figure of \$5,381,000. This is a 56% increase in this item and, by itself, it accounts for 31% of the Department's apparent increase in funds. CEP monies will also increase by \$130,000.

- . Without the above items, the increase in total departmental CRF funds is 4.8%, which will be well below inflation.

2. NEGATIVE ASPECTS OF THE DEPARTMENT'S CRF BUDGET

2.1 No provision has been made for any new staff. The Department requested 37 new items, at a part year cost of \$372,000.

The fact that no additional staff have been provided will limit the ability of the Department to meet the public's expectation of expanded services from the new organisation.

2.2 As shown above, the (more realistic) increase in funds provided is only 4.8%. This level of increase will be below inflation.

2.3 Of major concern this year was the Cabinet Budget Committee's target reduction of 1.5%, to be applied after the Department's initial estimates had been scrutinised and adjusted (reduced) by Treasury. This reduction was across-the-board and unfortunately some significant areas of expenditure just cannot be reduced, e.g. loan repayments and payroll tax. This meant that the level of the cut to be borne by other areas was higher than 1.5%.

2.4 A feature of the new Conservation and Land Management Act is the public participation concept and the production of management plans for public lands through the State. To facilitate this policy a planning unit was established in the structure of the new Department. Included in the Department's estimates was an amount of \$423,000 for the operation of the unit and the publication of management plans. Initially Treasury deleted the whole of this item. This was subsequently reconsidered by the Cabinet Budget Committee and eventually an amount of \$148,600 was approved. However this will be insufficient to meet commitments this year.

2.5 To expand activities the Department sought an amount of \$5.4 million for "growth" activities. Of this amount only \$1.2 million was approved and of that figure \$1.02 million was for loan repayments.

3. POSITIVE ASPECTS OF THE DEPARTMENT'S CRF BUDGET

It is rather difficult to highlight positive features. It is very much a "holding" Budget. The amalgamation earlier this year resulted in an increase in the Department's staff resources. However funds provided this year will only enable the Department to, at the best, consolidate and meet its basic responsibilities, but not expand them.

The one possible exception is the area of commercial operations where additional funds of \$1.457 million have been provided, in anticipation of increased market demand for timber. The total expenditure of \$5.236 million is expected to return the State \$7.299 million in revenue.

It will be noted that the \$500,000 included this year for aboriginal employment-related projects and CEP funds will enable the Department to expand its participation in unemployment relief projects.

