

A4. 2016-17 BUDGET – OUTCOME AND SUMMARY OF VARIATIONS

Budget outcome for 2016-17

The Budget result for 2016-17 is estimated to be a surplus of \$4.5 billion compared with an original budget surplus of \$3.7 billion.

Total revenue is estimated to be \$78.0 billion which is \$0.8 billion or 1.0 per cent higher than the original budget estimate of \$77.2 billion.

Total expenses are estimated to be \$73.5 billion, in line with the original budget estimate of the same amount.

A detailed explanation of revenue and expense variances by line item is set out in the attached table.

Table A4.1: Summary of variations

Category/Agency	Budget \$m	Revised \$m	Variation \$m	Comment on Major Variations
REVENUE FROM TRANSACTIONS				
Taxation				
Stamp Duty	10,587	11,436	849	Continued strength of the property market supported by historically low interest rates, strong population growth, and one-off revenue from the long-term lease of Ausgrid and Endeavour Energy.
Land Tax	3,136	3,235	99	Growth in land values supported by the three year averages used for land valuation assessments.
Gambling and Betting	2,268	2,258	(11)	Aggregated net minor variances.
Motor Vehicle Taxes	2,512	2,508	(4)	Small variances in motor vehicle registrations and weight tax.
Other Duties and Taxes	11,274	10,993	(281)	Largely reduction to government guarantee fees following the long term lease of Ausgrid.
Total Taxation	29,777	30,430	653	
Commonwealth Grants				
General Purpose Grants				
GST Revenue Grants	17,634	17,186	(449)	Downward revision to the GST pool resulting in lower GST revenue in 2016-17.
Other General Purpose Grants	29	22	(7)	Variance to the Snowy Hydro Limited tax compensation.
Total General Purpose Grants	17,663	17,208	(455)	
National Agreements				
Other National Agreements	9,069	9,117	48	Aggregated net minor variances.
Total National Agreements	9,069	9,117	48	
National Partnership Payments				
Transport for NSW	2,851	2,367	(484)	Reprofiling of Commonwealth Government transport contributions primarily to 2018-19. Decreases in 2016-17 are mainly due to delays in expenditure on Pacific Highway.
Department of Industry	279	240	(39)	Reduction due to the transfer out of the Water Transformation Project to Water NSW.
Other National Partnership Payments	1,565	1,576	11	Aggregated net minor variances.
Total National Partnership Payments	4,696	4,183	(512)	
Other Commonwealth Payments	190	243	53	Aggregated minor variances.
Other Grants and Subsidies				
Department of Justice	0	29	29	Reclassification from other revenue to grants.
Department of Education	410	438	28	Higher school generated revenue from community sources.
Other Grants and Subsidies	311	531	220	Aggregated net variances.
Total Other Grants and Subsidies	721	998	278	
Total Grants and Subsidies	32,338	31,749	(589)	

Table A4.1: Summary of variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Sales of Goods and Services				
Transport for NSW	2,604	2,378	(226)	Reduction in fees for service following the reprofiling of rail capital projects, primarily More Trains, More Services.
Roads & Maritime Services	497	564	67	Increase due to the introduction of the new regulatory component of the heavy vehicle registration fees, which are collected by RMS for the National Heavy Vehicle Regulator.
Health	2,629	2,709	80	Additional revenue from the Commonwealth Government for drug treatments for Hepatitis C and other high cost drugs.
Department of Education	116	140	24	Higher fees for services and publication sales.
TAFE	433	449	16	Increase in student fees for the Smart and Skilled program reflecting an increase in enrolments.
Department of Planning and Environment	47	65	18	Higher development assessment revenues and higher planning reform fee revenue.
Department of Justice	220	245	25	Higher corrective services industry revenue, higher rental property income and liquor license fees.
Other	1,649	1,926	277	Aggregated net variances.
Total Sales of Goods and Services	8,195	8,475	281	
Interest Revenue				
Crown Finance Entity	616	551	(65)	Lower interest due to the investment of Restart Funds in the NSW Infrastructure Future Fund (NIFF).
Other	299	280	(19)	Aggregated net minor variances.
Total Interest Revenue	914	830	(84)	
Dividends from the PNFC Sector	678	474	(204)	Reduced dividends as outlined in chapter 7.
Dividends from the PFC Sector	55	80	25	Higher dividends following a temporary reduction to the dividend payout ratio following capital restructuring.
Income Tax Equivalents from the PNFC Sector	416	508	92	Higher income tax equivalents due to higher than expected profits.
Income Tax Equivalents from the PFC Sector	24	44	21	Higher income tax equivalents due to higher than expected profits.
Dividend and Income Tax Equivalent Income from Other Sectors	1,173	1,106	(67)	
Other Dividends and Distributions				
NSW Self Insurance Corporation	294	604	310	Revised expected investment distributions due to financial market performance to date, but remains subject to impacts of future market fluctuations.
Electricity Retained Interest Corporation	0	160	160	Forecast earnings from equity investments.
Crown Finance Entity	125	233	109	Higher returns following the investment of Restart NSW funds into the NSW Infrastructure Future Fund (NIFF) with higher returns.
Other	22	65	43	Aggregated net minor variances.
Total Other Dividends and Distributions	440	1,062	621	

Table A4.1: Summary of variations (cont)

Category/Agency	Budget \$m	Revised \$m	Variation \$m	Comment on Major Variations
Fines, Regulatory Fees and Other Revenue				
Mining Royalties	1,257	1,558	301	Stronger coal prices partly offset by a higher than expected Australian-US dollar exchange rate and lower exports.
Health	376	314	(62)	Reduction in grants received from private sector and other general revenues.
Department of Justice	82	14	(68)	Centralised Monitoring System (CMS) licence fee transferred to other agency.
Roads and Maritime	176	148	(28)	Drivers licence fees below expectation due to lower than expected take up of 10 year licences in 2016-17.
Department of Industry	94	77	(17)	Reduction in grants received from the private sector and other general revenues due to reprofiling of activity.
Other	2,355	2,245	(110)	Aggregated net minor variances.
Total Fines, Regulatory Fees and Other Revenue	4,340	4,356	16	
TOTAL REVENUES	77,178	78,008	831	
EXPENSES FROM TRANSACTIONS				
Employee				
Roads & Maritime Services	(318)	(193)	125	Lower capitalisation of employee expenses from the revised capital works program.
Transport for NSW	1,577	1,652	75	Reclassification of expenses relating to fee for service activities.
Crown Finance Entity	978	1,039	61	Higher long service leave expense due to a lower discount rate.
Ministry of Health	10,964	10,988	24	Increase mainly related to dental activity program commensurate with Commonwealth dental funding.
NSW Police Force	2,101	2,122	20	Increase in average staffing cost.
Other	14,783	14,998	215	Aggregated net variances.
Total Employee	30,085	30,605	520	
Superannuation				
Crown Finance Entity	1,401	1,315	(86)	Due to changes in discount rate and expected returns on plan assets.
Other	34	10	(24)	Aggregated net minor variances.
Total Superannuation Interest Cost	1,436	1,326	(110)	
Other Superannuation				
Crown Finance Entity	607	652	46	Upward revision due to Government bond rates impacting current year service costs for the defined benefit superannuation schemes.
Other	2,398	2,448	50	Aggregated net minor variances.
Total Other Superannuation	3,005	3,101	95	
Depreciation and Amortisation				
Other	4,608	4,632	24	Aggregated net minor variances.
Total Depreciation and Amortisation	4,608	4,632	24	

Table A4.1: Summary of variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Interest Expenses				
Crown Finance Entity	1,411	1,373	(37)	Lower interest costs from a lengthening of the Crown debt portfolio.
Other	754	743	(11)	Aggregated net minor variances.
Total Interest Expenses	2,165	2,117	(48)	
Other Operating				
Transport for NSW	3,492	3,109	(383)	Reclassification to employee expenses relating to fee for service activities and reprofiling of rail capital projects, primarily More Trains, More Services program.
Department of Industry	737	546	(191)	Reprofiling of activity including changes resulting from Administrative Arrangements Order 2017 and change to approach to water funding made by the Commonwealth Government.
Health	5,703	5,865	162	Higher Hepatitis C and high cost drugs expenditure funded by the Commonwealth Government.
Department of Family & Community Services	341	255	(86)	Mix of reallocation of expenditure to other expenses and grants, and some under-expenditure across other programs
TAFE Commission	471	390	(80)	Timing adjustment to the planned implementation schedule for the TAFE modernisation program.
Roads and Maritime	874	992	118	Additional maintenance expenditure to repair State roads damaged by natural disaster wet weather events, legacy costs relating to motor registries.
Crown Finance Entity	606	965	358	Increase in expenditure on land remediation works, consultants fees relating to transactions and other operating expenses.
Other	6,701	6,403	(298)	Aggregated net variances and catch up of TMF Hindsight payments.
Total Other Operating	18,924	18,524	(400)	
Grants, Subsidies and Other Transfer Expenses				
Roads & Maritime Services	423	466	43	Increase in grants to local government to repair local roads damaged by natural disaster wet weather events recovered from the Natural Disaster Fund.
Department of Finance, Services and Innovation	410	257	(154)	Lower take up of payroll tax rebate scheme than expected due to a decline in the number of repeat clients and improved compliance measures.
Office of Local Government	260	150	(110)	Lower grants to local authorities following the decision not to proceed with council mergers.
Department of Family & Community Services	4,009	4,085	76	Reallocation from other operating expenses for a range of programs.
Transport for NSW	2,354	2,462	108	Increase in projected grants for restructuring projects.
Other	5,783	5,813	30	Aggregated net minor variances.
Grants, Subsidies and Other Transfer Expenses	13,240	13,232	(8)	
Total Expenses From Transactions	73,464	73,537	73	
BUDGET RESULT - SURPLUS/(DEFICIT)	3,714	4,472	758	

Table A4.1: Summary of variations (cont)

Category/Agency	Budget	Revised	Variation	Comment on Major Variations
	\$m	\$m	\$m	
Capital Expenditure				
Department of Justice	1,186	513	(673)	Reprofiling of prison related programs.
Roads & Maritime Services	4,908	4,372	(536)	Reprofiling of the Pacific Highway, WestConnex and other capital projects.
Department of Industry	218	47	(171)	Reprofiling due to a water project transferred to other agencies.
Health	1,457	1,330	(127)	Reprofiling of health related projects.
Department of Education	554	482	(71)	Reprofiling of school projects.
NSW Police Force	218	182	(35)	Reprofiling due to timing of planning and approval process across a range of projects.
Transport for NSW	2,423	2,895	471	Reprofiling of capital expenditure on various transport related projects, primarily bring forward for Sydney Metro City & Southwest.
Other	1,566	1,121	(445)	Aggregated net variances.
Total Capital Expenditure	12,531	10,943	(1,588)	
OTHER KEY FISCAL AGGREGATES				
Sales of Non-Financial Assets				
Land and Property Information transaction	89	2,703	2,614	Proceeds from LPI concession agreement.
Roads and Maritime Services	26	361	335	Proceeds from the sale of land.
Other	548	651	102	Aggregated net minor variances.
Total Sales of Non-Financial Assets	664	3,715	3,051	
Depreciation				
Other	4,608	4,632	24	Aggregated net minor variances.
Total Depreciation	4,608	4,632	24	
Change in Inventories	8	12	5	
Other Movements in Non-Financial Assets				
Other	106	119	13	Aggregated net minor variances.
Other Movements in Non-Financial Assets	106	119	13	
NET LENDING	(3,644)	1,769	5,413	