

A4. 2017-18 BUDGET – OUTCOME AND SUMMARY OF VARIATIONS

Budget outcome for 2017-18

The Budget result for 2017-18 is estimated to be a surplus of \$3.9 billion compared with an original budget surplus of \$2.7 billion.

Total revenue is estimated to be \$80.5 billion which is \$0.6 billion or 0.8 per cent higher than the original budget estimate of \$79.9 billion.

Total expenses are estimated to be \$76.5 billion which is \$0.7 billion or 0.9 per cent lower than the original budget estimate of \$77.2 billion.

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	11,460	10,499	(961)	Lower than expected growth in property market transaction volumes and prices, and a significant shift in the composition of transactions away from investors and toward first home buyers.
Land Tax	3,685	3,833	148	Growth in land values supported by the three year averages utilised for land valuation assessments.
Payroll Tax	8,635	8,786	151	Stronger than expected employment growth, particularly in full-time employment.
Motor Vehicle Taxes	2,616	2,657	41	Small variances in motor vehicle registrations and weight tax.
Waste and Environment Levy	565	727	162	Higher than expected revenue from the Waste and Environment Levy due to strong construction sector activity.
Other Duties and Taxes	4,599	4,662	63	Aggregated net minor variances.
Total Taxation	31,560	31,164	(396)	
Commonwealth Grants				
General Purpose Grants				
GST Revenue Grants	17,554	17,895	341	The increase in GST revenue has been driven by growth in the GST pool.
Other General Purpose Grants	38	26	(12)	Variance to the Snowy Hydro Limited tax compensation.
Total General Purpose Grants	17,592	17,921	329	
National Agreements				
Other National Agreements	9,824	9,747	(77)	Aggregated net minor variances.
Total National Agreements	9,824	9,747	(77)	
National Partnership Payments				
Transport for NSW	2,009	1,603	(406)	Commonwealth Government transport contributions deferred to the forward estimates primarily to 2019-20 in relation to Western Sydney Roads.
Crown Finance Entity	848	951	103	Natural Disasters Relief financial support from the Commonwealth.
Other National Partnership Payments	614	719	106	Aggregated net minor variances.
Total National Partnership Payments	3,470	3,273	(197)	
Other Commonwealth Payments	251	430	179	
Other Grants and Subsidies				
Department of Education	389	6	(382)	Reclassification from Other Grants and Subsidies to Sale of Goods and Services and Other Revenue.
Other Grants and Subsidies	334	447	113	Aggregated net minor variances.
Total Other Grants and Subsidies	723	453	(270)	
Total Grants and Subsidies	31,860	31,824	(36)	

Table A4.1: Summary of variations (cont)

Category/Agency	Budget \$m	Revised \$m	Variation \$m	Comment on Major Variations
Sales of Goods and Services				
Transport for NSW	2,895	2,194	(701)	Reprofiling in spending on rail capital projects.
Department of Education	166	489	323	Reclassification from Other Grants and Subsidies to Sale of Goods and Services.
Roads & Maritime Services	552	640	88	Higher settlement claims, fee for service recovery and tolling compliance revenue.
Other	5,363	5,388	26	Aggregated net minor variances.
Total Sales of Goods and Services	8,976	8,711	(265)	
Interest Revenue				
Crown Finance Entity	159	264	105	Higher cash balances due to major asset sales, lower than budgeted capital expenditure and an associated increase interest income.
Other	254	264	10	Aggregated net minor variances.
Total Interest Revenue	413	528	115	
Dividend and Income Tax Equivalent Income from Other Sectors				
Dividends from the PNFC Sector	1,204	1,113	(91)	Reduced dividends as outlined in chapter 8.
Dividends from the PFC Sector	54	0	(54)	Reduced dividends as outlined in chapter 8.
Income Tax Equivalents from the PNFC Sector	339	376	37	Higher income tax equivalents due to higher than expected profits.
Income Tax Equivalents from the PFC Sector	23	25	2	Higher income tax equivalents due to higher than expected profits.
Total Dividend and Income Tax Equivalent Income from Other Sectors	1,620	1,514	(106)	
Other Dividends and Distributions				
Crown Finance Entity	468	1,032	564	Higher than expected financial returns from funds managed by TCorp, including the NSW Infrastructure Future Fund.
NSW Self Insurance Corporation	275	516	241	Higher than expected investment distributions due to improved financial market performance to date, but remains subject to impacts of future market fluctuations.
Other	273	355	82	Aggregated net minor variances.
Total Other Dividends and Distributions	1,016	1,903	887	

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				
Department of Education	39	188	148	Increase in donations received from school community programs and remapping of accounts from other grants and subsidies.
Mining Royalties	1,665	1,776	111	Increase reflects stronger coal prices.
Other	2,735	2,854	119	Aggregated net minor variances.
Total Fines, Regulatory Fees and Other Revenue	4,439	4,817	378	
TOTAL REVENUES				
	79,885	80,461	576	
EXPENSES FROM TRANSACTIONS				
Employee				
Transport for NSW	1,880	1,525	(355)	Reprofiling in spending on rail capital projects.
Department of Justice	1,558	1,401	(157)	Reprofiling of Criminal Justice Reform & Prison Bed Capacity projects over forward years.
NSW Self Insurance Corporation	535	683	147	Increase relates to gross movements in outstanding workers compensation claims.
Ministry of Health	11,476	11,579	104	Increased demand due to record flu season.
Other	16,035	16,114	80	Aggregated net minor variances.
Total Employee	31,483	31,302	(181)	
Superannuation Interest Cost				
Crown Finance Entity	1,454	1,435	(19)	Due to changes in discount rate and expected returns on assets.
Other	10	7	(4)	Aggregated net minor variances.
Total Superannuation Interest Cost	1,465	1,442	(23)	
Other Superannuation				
Crown Finance Entity	457	485	29	Updated for latest actuarial valuation of defined benefit superannuation liabilities.
Other	2,552	2,547	(5)	Aggregated net minor variances.
Total Other Superannuation	3,009	3,033	24	
Depreciation and Amortisation				
Other	4,937	4,965	27	Aggregated net minor variances.
Total Depreciation and Amortisation	4,937	4,965	27	

Table A4.1: Summary of variations (cont)

Category/Agency	Budget \$m	Revised \$m	Variation \$m	Comment on Major Variations
Interest Expenses				
Crown Finance Entity	1,383	1,303	(80)	Lower interest rates partly driven by the progressive lengthening of the Crown debt portfolio.
Other	712	708	(4)	Aggregated net minor variances.
Total Interest Expenses	2,094	2,011	(84)	
Other Operating				
Ministry of Health	6,017	6,220	203	Increase in spend on Hepatitis C and high cost drugs funded by the Commonwealth Government.
Roads and Maritime	915	1,096	181	Mix of reallocation of expenditure to other expenses and programs.
Department of Finance, Services and Innovation	265	383	118	Mix of reallocation of expenditure to other expenses and programs.
Department of Planning & Environment	526	636	111	Increase in the take up of energy rebate concessions, and budget reallocations across the agency and cluster.
Transport for NSW	3,675	3,235	(440)	Reprofiling in spending on rail capital projects.
Other	8,229	8,414	185	Aggregated net minor variances.
Total Other Operating	19,627	19,985	358	
Grants, Subsidies and Other Transfer Expenses				
Department of Industry	773	562	(211)	Reprofiling of a number of capital and recurrent grants to next year.
Office of Environment and Heritage	211	68	(142)	Reprofiling of expenditure under the Climate Change Fund.
Transport for NSW	2,533	2,414	(119)	Reprofiling of point to point assistance package.
Ministry of Health	1,346	1,234	(112)	Changes in Commonwealth agreement in relation to the remainder of the year where Commonwealth provide vaccines directly.
Department of Education	1,657	1,585	(72)	Revision in grants profile.
Other	8,052	7,921	(130)	Aggregated net minor variances.
Total Grants, Subsidies and Other Transfer Expenses	14,571	13,785	(786)	
TOTAL EXPENSES FROM TRANSACTIONS	77,186	76,522	(665)	
BUDGET RESULT - SURPLUS/(DEFICIT)	2,698	3,939	1,241	

Table A4.1: Summary of variations (cont)

Category/Agency	Budget \$m	Revised \$m	Variation \$m	Comment on Major Variations
Capital Expenditure				
Roads & Maritime Services	5,982	4,865	(1,117)	Reprofiling of programs primarily for the Pacific Highway, WestConnex and Western Sydney Infrastructure Plan.
Department of Justice	1,580	672	(908)	Largely relates to prison bed capacity project and a classification from capital expenditure to finance lease on Grafton prison (PPP Contract).
Property NSW	106	35	(71)	Reprofiling largely related to a joint project conducted with the Ministry of Health.
Department of Planning and Environment	139	69	(70)	Reprofiling largely related to Walsh Bay Arts Precinct.
New South Wales Government Telecommunications Authority	118	54	(64)	Reprofiling largely relating to Critical Communication Enhancement Program (CCEP).
Transport for NSW	2,826	3,026	201	Reallocation of Sydney Metro Northwest expenditure from Railcorp to Transport NSW for commencement of early works expenditure on Parramatta Light Rail Stage 1.
Other	3,764	3,564	(200)	Aggregated net minor variances.
Total Capital Expenditure	14,515	12,285	(2,230)	
OTHER KEY FISCAL AGGREGATES				
Sales of Non-Financial Assets				
Other	526	491	(35)	Aggregated net minor variances.
Total Sales of Non-Financial Assets	526	491	(35)	
Depreciation and Amortisation				
Other	4,937	4,965	27	Aggregated net minor variances.
Total Depreciation and Amortisation	4,937	4,965	27	
Changes in Inventories				
Ministry of Health	25	(12)	(36)	Revision projecting lower inventory to be held in stock.
Other	(2)	(12)	(10)	Aggregated net minor variances.
Total Change in Inventories	22	(24)	(46)	
Assets Acquired Using Finance Leases				
Other	190	182	(7)	Aggregated net minor variances.
Total Assets Acquired Using Finance Leases	190	182	(7)	
Other Movements in Non-Financial Assets				
Other Movements in Non-Financial Assets	116	75	(41)	Aggregated net minor variances.
NET LENDING	(6,447)	(2,989)	3,458	