

A4. 2018-19 BUDGET – OUTCOME AND SUMMARY OF VARIATIONS

Budget outcome for 2018-19

The Budget result for 2018-19 is estimated to be a surplus of \$0.8 billion compared with an original budget surplus of \$1.4 billion.

Total revenue is estimated to be \$81.1 billion in line with the original budget estimate.

Total expenses are estimated to be \$80.3 billion which is \$670 million or 0.8 per cent higher than the original budget estimate of \$79.7 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				
Payroll Tax	9,150	9,373	223	Stronger than expected employment growth.
Waste and Environment Levy	568	772	204	Due to higher forecast of leviable waste volumes than expected at Budget.
Other Duties and Taxes	4,859	5,025	167	Mainly due to the Crown Casino licence fee of \$95 million being brought forward to 2018-19.
Stamp Duty	9,523	9,178	(345)	Weaker residential property prices and lower than expected residential transaction volumes. This was partially offset by one-off transfer duty payment associated with the WestConnex transaction.
Land Tax	4,293	4,225	(68)	Revised down following a lower 2017-18 outcome than expected at Budget, as well as lower than expected foreign investor land tax surcharge revenue.
Motor Vehicle Taxes	2,753	2,690	(63)	Lower growth in the total vehicle registrations.
Total Taxation	31,146	31,263	117	
Commonwealth Grants				
General Purpose Grants				
GST Revenue Grants	18,405	17,835	(570)	Lower GST receipts are expected in 2018-19 following a reduction in the national GST pool and NSW population growth.
Other General Purpose Grants	70	53	(17)	Aggregated net minor variances.
Total General Purpose Grants	18,475	17,888	(587)	
National Agreements				
Ministry of Health	6,463	6,741	278	Final reconciliation payments for 2016-17 and 2017-18 from the Commonwealth under the National Health Reform Agreement.
Other National Agreements	3,389	3,390	1	Aggregated net minor variances.
Total National Agreements	9,851	10,130	279	
National Partnership Payments				
Transport for NSW	1,586	1,365	(221)	Commonwealth Government transport contributions have been reprofiled across forward years.
Other National Partnership Payments	1,457	1,483	26	Aggregated net minor variances.
Total National Partnership Payments	3,043	2,848	(195)	
Other Commonwealth Payments	362	410	48	
Other Grants and Subsidies				
Ministry of Health	7	156	149	Reclassification from Fines, Regulatory Fees and Other Revenue to Other Grants and Subsidies.
Other Grants and Subsidies	373	425	53	Aggregated net minor variances.
Total Other Grants and Subsidies	379	581	202	
Total Grants and Subsidies	32,110	31,857	(254)	

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 and Sydney Metro	3,104	2,571	(533)	Due to transfer of Sydney Metro Northwest into the General Government Sector.
Other	6,409	6,226	(183)	Aggregated net minor variances.
Total Sales of Goods and Services	9,513	8,797	(716)	
Interest Revenue				
Crown Finance Entity	95	206	111	Higher cash and investments in term deposits.
Other	228	325	97	Aggregated net minor variances.
Total Interest Revenue	323	531	208	
Dividend and Income Tax Equivalent Income from Other Sectors				
Dividends from the PFC Sector	118	266	148	Final dividend received from the Sydney Motorway Corporation at the time of the 51 per cent sale to Sydney Transport Partners.
Income Tax Equivalentents from the PNFC Sector	339	299	(40)	Various small reductions in profits across the PNFC sector.
Dividends from the PNFC Sector	1,341	1,321	(21)	Primarily due to higher drought-driven operating costs of Sydney Water, including costs associated with the desalination plant.
Income Tax Equivalentents from the PFC Sector	26	35	10	Aggregated net minor variances.
Total Dividend and Income Tax Equivalent Income from Other Sectors	1,823	1,921	98	
Other Dividends and Distributions				
NSW Self Insurance Corporation	310	536	226	Increased investment distributions following better than expected investment performance.
Crown Finance Entity	770	999	229	Higher than expected distributions from investments managed by TCorp including; Restart NSW Fund, Social Affording Housing Fund and NSW Generations Funds
Other	242	261	19	Aggregated net minor variances.
Total Other Dividends and Distributions	1,322	1,796	474	
Fines, Regulatory Fees and Other Revenue				
Mineral Royalties	1,914	2,074	161	Higher thermal coal prices and a lower than expected exchange rate.
Ministry of Health	381	176	(205)	Reclassification from Fines, Regulatory Fees and Other Revenue to Other Grants and Subsidies.
Other	2,548	2,713	164	Aggregated net minor variances.
Total Fines, Regulatory Fees and Other Revenue	4,843	4,962	120	
TOTAL REVENUES	81,081	81,128	47	

Table A4.1: Summary of variations (cont)

Category/Agency	Budget \$m	Revised \$m	Variation \$m	Comment on Major Variations
EXPENSES FROM TRANSACTIONS				
Employee				
NSW Self Insurance Corporation	603	819	215	Higher than expected workers' compensation insurance claims resulting from the latest actuarial valuation.
Department of Education	8,106	8,247	141	Reflects a minor increase in daily teaching costs across all schools.
Service NSW	138	217	79	Growth in service centre volumes driven by the Cost of Living programs.
Ministry of Health	12,142	12,206	64	Increase in employee expenses driven by increased hospital activity and complexity.
Crown Finance Entity	1,141	1,190	49	Update in the actuarial valuation and change in discount rate applied to Long Service Leave valuations.
Other	9,483	10,111	628	Net remaining increases across a number of agencies for additional policy measures including drought relief, partially offset by reclassifications from other operating expenses and grants and subsidies.
Total Employee	31,613	32,789	1,176	
Superannuation Interest Cost				
Crown Finance Entity	1,464	1,403	(61)	Updated actuarial valuations and lower discount rate applied in valuing defined benefit plans.
Other	6	24	18	Aggregated net minor variances.
Total Superannuation Interest Cost	1,470	1,426	(43)	
Other Superannuation				
Crown Finance Entity	381	404	23	Result of an update in actuarial valuations.
Other	2,624	2,734	109	Aggregated net minor variances.
Total Other Superannuation	3,006	3,138	132	
Depreciation and Amortisation				
Roads & Maritime Services	1,539	1,609	70	Higher asset revaluations and associated depreciation of road pavement, traffic signalling and traffic control assets.
Transport for NSW	596	664	69	Higher asset revaluations and associated depreciation of Country Rail Network (CRN) assets, and the transfer of STA bus assets to Transport NSW in the General Government sector.
Department of Finance, Services and Innovation	95	151	56	Mainly due to change in depreciation policy for ICT projects.
Other	2,760	2,896	137	Aggregated net minor variances.
Total Depreciation and Amortisation	4,989	5,321	331	

Table A4.1: Summary of variations (cont)

Category/Agency	Budget \$m	Revised \$m	Variation \$m	Comment on Major Variations
Interest Expenses				
NSW Self Insurance Corporation	322	144	(179)	Reduced unwind of discount of outstanding claims liabilities resulting from the change to the risk-free discount rate.
Other	1,722	1,707	(15)	Aggregated net minor variances.
Total Interest Expenses	2,044	1,850	(194)	
Other Operating				
NSW Self Insurance Corporation	855	1,103	248	Increase in incurred insurance claims resulting from the latest actuarial valuation.
Department of Justice	528	615	87	Higher costs in Correctional Centre Management.
Transport for NSW and Sydney Metro	4,520	4,034	(486)	Transfer of Sydney Metro Northwest into the General Government Sector.
Other	15,697	15,726	29	Aggregated net minor variances.
Total Other Operating	21,600	21,478	(123)	
Grants, Subsidies and Other Transfer Expenses				
Crown Finance Entity	1,093	621	(472)	Mainly due to the reprofiling of Restart infrastructure projects to future years.
Department of Industry	765	544	(221)	Due to delays in land divestment to Local Aboriginal Land Councils, and lower payments to external training providers.
New South Wales Rural Assistance Authority	21	139	118	Additional grants for the Government's Emergency Drought Relief Package.
Other	13,055	13,020	(35)	Aggregated net minor variances.
Total Grants, Subsidies and Other Transfer Expenses	14,934	14,324	(610)	
TOTAL EXPENSES FROM TRANSACTIONS	79,656	80,326	670	
BUDGET RESULT - SURPLUS/(DEFICIT)	1,425	802	(623)	

Table A4.1: Summary of variations (cont)

Category/Agency	Budget \$m	Revised \$m	Variation \$m	Comment on Major Variations
Capital Expenditure				
Roads & Maritime Services	4,887	5,593	706	Western Harbour Tunnel enabling works at Rozelle and bring forward of other road projects.
Department of Planning and Environment	399	94	(305)	Contracting and construction delays for the Walsh Bay and Powerhouse Museum redevelopments.
Other	12,044	12,178	134	Aggregated net minor variances.
Total Capital Expenditure	17,329	17,864	535	
OTHER KEY FISCAL AGGREGATES				
Sales of Non-Financial Assets				
Other	650	502	(148)	Aggregated net minor variances.
Total Sales of Non-Financial Assets	650	502	(148)	
Depreciation and Amortisation				
Total Agencies	4,989	5,321	331	As above.
Total Depreciation and Amortisation	4,989	5,321	331	
Changes in Inventories				
Other	42	2	(40)	Minor decrease in inventories.
Total Change in Inventories	42	2	(40)	
Assets Acquired Using Finance Leases				
Other	1,925	1,847	(77)	Aggregated net minor variances.
Total Assets Acquired Using Finance Leases	1,925	1,847	(77)	
Other Movements in Non-Financial Assets				
Other Movements in Non-Financial Assets	40	214	174	Aggregated net minor variances.
NET LENDING	(10,263)	(11,451)	(1,188)	