



# Mike Baird MP

NSW Treasurer  
Minister for Industrial Relations

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## MEDIA RELEASE

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### NSW 2013-14 HALF-YEARLY REVIEW

Treasurer Mike Baird today released the 2013-14 Half-Yearly Review and said the NSW Government will maintain its policies of expense control, asset management and infrastructure investment, following a modest weakening of the fiscal position.

The Budget result for 2013-14 is now forecast to be \$656 million weaker than the Budget-time forecast. Across the forward estimates (2014-15 to 2016-17), the Budget results are forecast to worsen by around \$1.2 billion in total.

“While a deterioration of \$656 million represents barely one per cent of the Budget, it does reinforce the continuing challenges that face NSW as a result of national and global economic circumstances,” said Mr Baird.

“Revenue growth remains well below long-run averages. In 2013-14, payroll tax is forecast to be \$166 million lower than expected as a result of a softening of the national labour market.

“As long as high levels of uncertainty remain around both the global and national economic outlook, it would be a mistake if we eased off in our commitment to control spending and eliminate waste.

“The softer economic outlook also illustrates why it was so important that, after coming to government, we looked closely at our balance sheet for opportunities to recycle assets – including Port Botany, Port Kembla and state-owned electricity generators – into new investments.

“Without those transactions, we would have a much weaker platform to repair Labor’s \$30 billion infrastructure backlog and deliver exciting new projects such as WestConnex and the North West Rail Line.

“It is also worth remembering that, along with opposing all of our savings and efficiency measures, NSW Labor has tried to block all of our asset transactions, preferring to spread fear and disinformation in the community rather than come up with plausible fiscal alternatives.”

On the revenue side, lower revenues from weaker payroll tax, royalties, Commonwealth payments and dividends have been broadly offset by higher than expected transfer duties and GST payments.

On the expense side, the bulk of the \$656 million revision to the 2013-14 Budget result is explained by parameter changes, including:

- Changes to the accounting for employees within the Transport portfolio (\$102 million)
- Superannuation expenses, mainly due to changes in underlying actuarial assumptions (\$203 million)
- Changes to the actuarial valuation of long service leave (\$68 million)
- Higher depreciation expenses on education assets, partly offset by minor revisions to depreciation for other agencies (\$52 million)

Using the new accounting standard that incorporates changes in the way employee superannuation is treated, the Budget result for 2013-14 is now forecast to be a deficit of \$2,546 million, compared with the Budget-time forecast of \$1,890 million.

On a “traditional” basis, the result is a deficit of \$1,043 million, compared to \$329 million at Budget time, with the Budget remaining on track to return to surplus next financial year.

“We are now one of only two states to retain the AAA credit rating,” Mr Baird said.

“We will continue to monitor the challenging fiscal circumstances, and take the necessary actions to bolster frontline services and deliver key infrastructure without incurring further borrowing costs.

“Indeed, it is worth noting that, despite the slight weakening in the operating result, net debt of \$14 billion at the end of the current financial year will be \$1.8 billion lower than the Budget-time estimate.”

Table 1.1: General Government Budget Results

General Government	2012-13 <sup>(a)</sup> \$m	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m
2013-14 Budget	(374)	(1,890)	(563)	157	535
Half-Yearly Review	239	(2,546)	(1,051)	(323)	320
<i>Memo Items</i> <sup>(b)</sup>					
Traditional Budget Result - 2013-14 Budget	(374)	(329)	829	1,305	1,526
Traditional Budget Result - Half Yearly Review	239	(1,043)	364	934	1,499

(a) Break in series - 2012-13 Budget Results have been presented above on the basis of applicable Accounting Standards at the time of presentation. The restatement of the 2012-13 Budget Result, including the retrospective application of AASB 119, can be found in Table 2.1.

(b) Budget Results for the 2013-14 Half-Yearly Review and 2013-14 Budget have been calculated on a traditional basis (i.e. excluding the amendments to AASB 119).