

State Budget 2017–18



Agency Statements

Volume 4

Budget Paper 4



Government
of South Australia

STATE BUDGET | 2017-18

Budget Paper 1: Budget Overview

A summary publication capturing all highlights from the 2017-18 Budget.

Budget Paper 2: Budget Speech

A copy of the Treasurer's speech, delivered to Parliament.

Budget Paper 3: Budget Statement

A financial report presenting the state government's current and estimated future economic performance, fiscal strategy, budget priorities, expenditure, revenue, assets, liabilities, risks and government business.

Budget Paper 4: Agency Statements | Volumes 1, 2, 3, 4

Various financial reports presenting the state government's current and estimated revenue, expenses and performance by agency.

Budget Paper 5: Budget Measures Statement

A financial report detailing the state government's expenditure, savings and revenue initiatives.

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Budget Paper 4

2017–18 Agency Statements Volume 4

*Presented by
The Honourable Tom Koutsantonis MP
Treasurer of South Australia
on the Occasion of the Budget
for 2017–18*

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Attorney-General
Auditor-General
Child Protection
Communities and Social Inclusion
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Electoral Commission
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Emergency Services — SES
Environment Protection Authority
Environment, Water and Natural Resources

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Green Industries
Health and Ageing
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Volume 4

Primary Industries and Regions
State Development
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Introduction

The 2017–18 Agency Statements outline financial and non-financial information about the services each agency provides to, and on behalf of, the South Australian community.

The agency statements are presented in alphabetical order as indicated in the list below.

| Alphabetical list order | Agency name | Abbreviation |
|--|---|---------------------|
| Attorney-General | Attorney-General's Department | AGD |
| Auditor-General | Auditor-General's Department | |
| Child Protection | Department for Child Protection | DCP |
| Communities and Social Inclusion | Department for Communities and Social Inclusion | DCSI |
| Correctional Services | Department for Correctional Services | DCS |
| Courts | Courts Administration Authority | CAA |
| Defence SA | Defence SA | |
| Education and Child Development | Department for Education and Child Development | DECD |
| Electoral Commission | Electoral Commission of South Australia | ECSA |
| Emergency Services—CFS | South Australian Country Fire Service | CFS |
| Emergency Services—MFS | South Australian Metropolitan Fire Service | MFS |
| Emergency Services—SAFECOM | South Australian Fire and Emergency Services Commission | SAFECOM |
| Emergency Services—SES | South Australian State Emergency Service | SES |
| Environment Protection Authority | Environment Protection Authority | EPA |
| Environment, Water and Natural Resources | Department of Environment, Water and Natural Resources | DEWNR |
| Green Industries | Green Industries SA | GISA |
| Health and Ageing | Department for Health and Ageing | DHA |
| Planning, Transport and Infrastructure | Department of Planning, Transport and Infrastructure | DPTI |
| Police | South Australia Police | SAPOL |
| Premier and Cabinet | Department of the Premier and Cabinet | DPC |
| Primary Industries and Regions | Department of Primary Industries and Regions | PIRSA |
| State Development | Department for State Development | DSD |
| Tourism | South Australian Tourism Commission | SATC |
| Treasury and Finance | Department of Treasury and Finance | DTF |

Definitions

Agency

An agency is an administrative unit created under the *Public Sector Act 2009* or a statutory authority that is accountable for the delivery of programs on behalf of the government.

Programs and sub-programs

A program is a group of related activities that contribute to achieving one of an agency's and, in turn, the government's objectives. Many programs are further divided into sub-programs with more specific objectives.

Overview

The agency statements outline projected agency activity and performance for 2017–18. Each agency statement conforms to the following standard presentation structure:

- Objective — outlines the agency's objectives
- Ministerial responsibilities — identifies the minister responsible for each program/sub-program and identifies any items administered by the agency on behalf of the minister(s)
- Ministerial office resources — details the resources provided to ministerial office(s)
- Workforce summary — summarises the agency's workforce
- Program net cost of services summary — summarises the net cost of agency programs
- Investing expenditure summary — summarises investing expenditure for the agency
- Program/sub-program information — for each agency program/sub-program, provides a description/objective, program summary (expenses, income and full-time equivalents), financial commentary, highlights and targets, performance and activity indicators
- Financial statements — budgeted financial statements for controlled and administered items
- Summary of major variations — commentary on variances and trends in the financial statements.

Presentation of changes in program structures

Where a program or function is transferred between agencies, program information for previous years is reflected in the current program structure of the receiving agency.

In contrast, the agency financial statements line net cost of providing services in the statement of comprehensive income is based on the actual program structure for the agency as it operated or is expected to operate in each year. This distinction in treatment is drawn so that financial statements accurately reflect events while, at the same time, program information is comparable and not duplicated.

Reconciliation of the financial statements to the current program structure is contained in the program net cost of services summary located at the beginning of each relevant agency section.

Financial statements

The estimated financial statements included in the 2017–18 Agency Statements are special purpose financial statements and include, for each agency, a statement of comprehensive income, a statement of financial position and a statement of cash flows.

The format of these estimated financial statements is consistent with the model financial statements (prepared by the Department of Treasury and Finance for statutory reporting requirements) and is consistent with the requirements of AASB 101 Presentation of Financial Statements and AASB 107 Statement of Cash Flows.

Estimates in these financial statements have been prepared:

- on a basis that is consistent with Australian Accounting Standards (Australian Accounting Standards and/or interpretations that have been issued or amended but are not yet effective have not been adopted early)
- on an accrual basis, except for the statement of cash flows which has been derived from the statement of comprehensive income and statement of financial position to reflect cash payments and receipts
- using historical cost convention, except for certain assets and liabilities that are valued in accordance with the valuation policy applicable.

Consistent with Australian Accounting Standards, estimated transactions and balances that are controlled are budgeted for, and reported on, separately to estimated transactions and balances which are administered but not controlled by the agency.

Ministerial responsibilities

The ministerial responsibilities table provides a comprehensive list of the agencies and programs which fall under the responsibility of each minister, and is presented in Ministerial Order of Precedence.

| Minister | Agency | Programs |
|---|---|--|
| The Hon. J Weatherill Premier | Department of the Premier and Cabinet | 1. Premier and Cabinet Policy and Support |
| | | 2. Agent-General |
| | | 3. State Coordinator-General |
| | | 4. Support Services and Community Programs |
| | | 5. Office of the Economic Development Board |
| The Hon. JR Rau Deputy Premier Attorney-General Minister for Justice Reform Minister for Planning Minister for Industrial Relations Minister for Child Protection Reform Minister for the Public Sector Minister for Consumer and Business Services Minister for the City of Adelaide | Department of the Premier and Cabinet | 6. Government Services 7. Public Sector Performance |
| | Attorney-General's Department | 1. Legal and Justice Services |
| | | 2. Consumer and Business Services |
| | | 3. Advocacy and Guardianship Services |
| | | 4. Equal Opportunity |
| | | 5. Police Ombudsman |
| | | 6. Ombudsman |
| | | 7. Industrial Relations |
| | | 8. Fines Enforcement and Recovery |
| | | 9. State Records |
| | | 10. Child Protection Systems Royal Commission — Response Unit |
| | Courts Administration Authority | 1. Court and Tribunal Case Resolution Services |
| | | 2. Alternative Dispute Resolution Services |
| | Electoral Commission of South Australia | 1. Electoral Services |
| | Department of Planning Transport and Infrastructure | 1. Land Use Planning |
| | Department of Treasury and Finance | 1. Gambling Policy |
| The Hon. KJ Maher Minister for Employment Minister for Aboriginal Affairs and Reconciliation Minister for Manufacturing and Innovation Minister for Automotive Transformation Minister for Science and Information Economy | Department of State Development | 1. Industry and Innovation |
| | | 2. Aboriginal Affairs and Reconciliation |
| | | 3. Science, Technology and Information Economy |
| | | |
| The Hon. JJ Snelling Minister for Health Minister for the Arts Minister for Health Industries | Department of Health and Ageing | 1. Policy, Clinical Services, System Transformation and Administration |
| | | 2. Health Services |
| | Department of State Development | 4. Arts South Australia |
| | | 5. Health Industries |
| | | |

| Minister | Agency | Programs |
|---|--|---|
| The Hon. T Koutsantonis Treasurer Minister for Finance Minister for State Development Minister for Mineral Resources and Energy | Department of the Premier and Cabinet | 8. Mineral Resources and Energy |
| | Department of Treasury and Finance | 2. Accountability for Public Sector Resources |
| | | 3. Treasury Services |
| | | 4. Financial Services Provision |
| The Hon. IK Hunter Minister for Sustainability, Environment and Conservation Minister for Water and the River Murray Minister for Climate Change | Department of Environment, Water and Natural Resources | 1. Sustainability |
| | | 2. Water |
| | | 3. Parks and Public Assets |
| | Environment Protection Authority | 1. Environment and Radiation Protection |
| | Department of State Development | 9. Water Industry Technical and Safety Regulation |
| The Hon. LWK Bignell Minister for Agriculture, Food and Fisheries Minister for Forests Minister for Tourism Minister for Recreation and Sport Minister for Racing | Office of Green Industries | 1. Waste Reduction, Resource Recovery and Green Industry Development |
| | Department of Primary Industries and Regions | 1. Agriculture, Food and Fisheries |
| | | 2. Forestry Policy |
| | South Australian Tourism Commission | 1. Tourism Development |
| | | 2. Tourism Events |
| | | 3. Tourism Marketing |
| | Department of Planning, Transport and Infrastructure | 2. Recreation, Sport and Racing |
| The Hon. MLJ Hamilton-Smith Minister for Investment and Trade Minister for Small Business Minister for Defence Industries Minister for Veterans' Affairs | Department of State Development | 6. Growing Small Business |
| | | 7. International Engagement, Trade, Migration and International Education |
| | | 8. Investment Attraction South Australia |
| | Defence SA | 1. Defence Industry Development |
| | | 2. Techport Australia |
| | Department of Treasury and Finance | 5. Veterans' Affairs |
| The Hon. GG Brock Minister for Regional Development Minister for Local Government | Department of Planning, Transport and Infrastructure | 3. Office of Local Government |
| | Department of Primary Industries and Regions | 3. Regional Development |
| The Hon. ZL Bettison Minister for Communities and Social Inclusion Minister for Social Housing Minister for the Status of Women Minister for Ageing Minister for Multicultural Affairs Minister for Youth Minister for Volunteers | Department for Communities and Social Inclusion | 1. Thriving Communities |
| | | 2. Community Care Services |
| | | 3. Social Housing |
| | Department for Education and Child Development | 1. Early Childhood Development |
| | | 2. School Education |
| | Department for Child Protection | 1. Care and Protection |
| The Hon. SE Close Minister for Education and Child Development Minister for Higher Education and Skills | Department of State Development | 9. Employment and Skills Formation |
| | Department of Planning, Transport and Infrastructure | 4. Roads and Marine |
| | | 5. Public Transport |
| The Hon. SC Mullighan Minister for Transport and Infrastructure Minister for Housing and Urban Development | | 6. Infrastructure Planning and Management |
| | Department of Treasury and Finance | 6. Office of the Valuer-General |
| | Department for Communities and Social Inclusion | 4. Disability SA |
| The Hon. LA Vlahos Minister for Disabilities Minister for Mental Health and Substance Abuse | | 5. Disability Services |
| | | 6. NDIS Reform |

| Minister | Agency | Programs |
|---|---|--|
| The Hon. P Malinauskas Minister for Police Minister for Correctional Services Minister for Emergency Services Minister for Road Safety | South Australian Police | 1. Public Safety 2. Crime and Criminal Justice Services 3. Road Safety |
| | South Australian Country Fire Service | 1. Country Fire Service |
| | South Australian Metropolitan Fire Service | 1. South Australian Metropolitan Fire Service |
| | South Australian Fire and Emergency Services Commission | 1. Fire and Emergency Services Strategic Services and Business Support |
| | South Australian State Emergency Service | 1. State Emergency Service |
| | Department for Correctional Services | 1. Rehabilitation and Reparation |
| | | 2. Custodial Services |
| | | 3. Community Based Services |
| | Department of Planning, Transport and Infrastructure | 7. Road Safety |

Agency: Department of Primary Industries and Regions

Minister for Agriculture, Food and Fisheries

Minister for Forests

Minister for Regional Development

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Objective

The purpose of the Department of Primary Industries and Regions is to assist South Australia's primary industries and regions to grow, innovate and maximise their economic potential.

We lead the delivery of the South Australian Government's Premium Food and Wine Produced in our Clean Environment and Exported to the World economic priority, and lead and coordinate the state's regional development agenda to improve economic and social outcomes for regional South Australia through the government's Charter for Stronger Regional Policy.

Our priorities are to:

- work with primary industries to help them grow and innovate with a focus on creating jobs, improving productivity, and increasing the value of production
- support and promote the state's worldwide reputation as a producer of premium food and wine from a clean environment
- facilitate access to new and existing markets for South Australian agriculture, food and wine and forestry products
- address impediments to the growth of primary industries and regional economies
- drive economic growth by facilitating investment in regional infrastructure, creating jobs and new opportunities for regional South Australia
- maintain the state's strong and effective biosecurity system and high food safety standards
- lead the state's emergency management response to animal and plant pests and diseases, and assist other state government agencies and industry bodies in managing the impacts of and recovery from bushfires, floods and earthquakes on primary producers and livestock
- manage the use of the state's aquatic resources to maximise the environmental, social and economic benefits to the community and our fisheries and aquaculture industries
- provide world-leading applied research and development services to improve productivity, develop new products, and protect our industries
- deliver major programs and projects across South Australia, and provide services to private and public sector organisations locally, nationally and internationally.

We have responsibility for administering and enforcing legislation that:

- establishes biosecurity systems that manage the significant risks posed to our industry, community and natural resources by animal and plant pests and diseases, food borne illness and misuse of chemicals
- manages our aquatic resources sustainability and underpins our reputation as a producer of premium food from our clean environment while growing our fishing and aquaculture industries
- establishes South Australia's status as a producer of non-genetically modified food crops
- provides for industry development funds that enable industry to financially contribute to the management and growth of their sectors.

Importantly we are an integral part of the national biosecurity systems in place to manage and respond to animal, plant and aquatic disease threats to Australia by participating in national policy development, surveillance and emergency response activities.

Ministerial responsibilities

| Minister | Programs | Sub-programs |
|---|------------------------------------|---|
| The Hon. LWK Bignell Minister for Agriculture, Food and Fisheries Minister for Forests | 1. Agriculture, Food and Fisheries | 1.1 Agriculture, Food and Wine |
| | | 1.2 Aquaculture |
| | | 1.3 Fisheries |
| | | 1.4 South Australian Research and Development Institute (SARDI) |
| | | 1.5 Rural Services |
| | | 1.6 Biosecurity |
| | | 1.7 South Australian River Murray Sustainability |
| | 2. Forestry Policy | Nil |
| The Hon. GG Brock Minister for Regional Development | 3. Regional Development | Nil |

Administered items

In addition to the above responsibilities, the agency administers the following items on behalf of the ministers:

- Adelaide Hills Wine Industry Fund
- Apiary Industry Fund
- Aquaculture Lease Rehabilitation Fund
- Aquaculture Resource Management Fund
- Barossa Wine Industry Fund
- Cattle Industry Fund
- Citrus Growers Fund
- Clare Valley Wine Industry Fund
- Deer Industry Fund
- Dog Fence Board
- Egg Industry Deregulation Fund
- Eyre Peninsula Grain Growers Rail Fund
- Fisheries Research and Development Fund
- ForestrySA — community service obligation
- Grain Industry Fund
- Grain Industry Research and Development Fund
- Langhorne Creek Wine Industry Fund
- McLaren Vale Wine Industry Fund
- Pig Industry Fund
- Riverland Wine Industry Fund
- SA Grape Growers Industry Fund
- Samcor Fund
- Seed Levies Fund
- Sheep Industry Fund.

Statutes

The Department of the Premier and Cabinet maintains a list of statutes applicable to ministers.

Ministerial office resources

| Minister | 2017–18 Budget | |
|----------------------------|--------------------------|------------|
| | Cost of provision | |
| | \$000 | FTE |
| The Hon. LWK Bignell | 1 600 | 8.0 |
| The Hon. GG Brock | 1 521 | 9.0 |

Workforce summary

| Agency | FTEs as at 30 June | | |
|---|---|---|---|
| | 2017–18 Budget^(a) | 2016–17 Estimated Result^(a) | 2015–16 Actual^(b) |
| Department of Primary Industries and Regions | 911.8 | 911.1 | 871.3 |
| Administered items for the Department of Primary Industries and Regions ^(c) | 2.0 | 2.0 | 2.0 |
| Total | 913.8 | 913.1 | 873.3 |

(a) The 2017–18 Budget and 2016–17 Estimated Result reflect the established FTE caps.

(b) Data published by the Office for the Public Sector (Department of the Premier and Cabinet).

(c) Administered items FTEs are not included in the agency program information.

Program net cost of services summary

| Program | Net cost of services | | | |
|--|-----------------------------|---|---------------------------|---------------------------|
| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
| | \$000 | \$000 | \$000 | \$000 |
| 1. Agriculture, Food and Fisheries | 71 573 | 108 326 | 95 799 | 55 188 |
| 2. Forestry Policy | 7 386 | 5 196 | 6 245 | 1 024 |
| 3. Regional Development | 31 212 | 43 626 | 46 059 | 31 893 |
| Total | 110 171 | 157 148 | 148 103 | 88 105 |

Investing expenditure summary

The 2017–18 investment program is \$5.0 million.

| | Estimated completion Quarter | Total project cost \$000 | 2017–18 Budget \$000 | 2016–17 Estimated Result \$000 | 2016–17 Budget \$000 |
|---|------------------------------------|-----------------------------------|----------------------------|---|----------------------------|
| Investments | | | | | |
| Existing projects | | | | | |
| Almond Centre of Excellence | Dec 2016 | 600 | — | 600 | — |
| Clare Regional Office | Jun 2017 | 3 707 | — | 2 623 | 1 211 |
| Loxton Research Centre Redevelopment | Jun 2017 | 5 635 | — | 3 180 | 2 595 |
| Sterile Insect Technology Facility | Dec 2016 | 3 912 | — | 1 264 | 872 |
| Total existing projects | | 13 854 | — | 7 667 | 4 678 |
| Annual programs | | | | | |
| Minor Capital Works and Equipment | n.a. | n.a. | 5 045 | 5 633 | 4 884 |
| Total annual programs | | n.a | 5 045 | 5 633 | 4 884 |
| Total investing expenditure | | 13 854 | 5 045 | 13 300 | 9 562 |

Program 1: Agriculture, Food and Fisheries

Description/objective

Lead the delivery of South Australia's economic priority — Premium food and wine produced in our clean environment and exported to the world — to drive growth and sustainable development of the state's primary industry resources.

Sub-programs

- 1.1 Agriculture, Food and Wine
- 1.2 Aquaculture
- 1.3 Fisheries
- 1.4 South Australian Research and Development Institute (SARDI)
- 1.5 Rural Services
- 1.6 Biosecurity
- 1.7 South Australian River Murray Sustainability

Program summary — expenses, income and FTEs

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses..... | 91 031 | 88 842 | 87 110 | 85 960 |
| Supplies and services..... | 46 490 | 58 139 | 51 274 | 52 458 |
| Depreciation and amortisation expenses..... | 6 609 | 5 535 | 5 835 | 5 685 |
| Borrowing costs..... | 845 | 688 | 616 | 249 |
| Grants and subsidies..... | 55 261 | 83 694 | 91 251 | 80 783 |
| Intra-government transfers..... | 780 | 3 778 | 721 | 2 368 |
| Other expenses..... | 1 500 | 6 824 | 7 709 | 2 272 |
| Total expenses | 202 516 | 247 500 | 244 516 | 229 775 |
| Income | | | | |
| Commonwealth Government revenues..... | 49 922 | 61 863 | 70 946 | 91 155 |
| Intra-government transfers..... | 17 871 | 18 217 | 16 799 | 21 541 |
| Other grants..... | 33 404 | 34 249 | 31 791 | 29 547 |
| Fees, fines and penalties..... | 2 309 | 2 215 | 1 989 | 2 303 |
| Sales of goods and services..... | 21 584 | 17 242 | 22 069 | 15 081 |
| Interest revenue..... | 2 161 | 2 008 | 2 138 | 1 949 |
| Net gain or loss from disposal of assets..... | 80 | -26 | 10 | 116 |
| Resources received free of charge..... | — | — | — | 9 317 |
| Other income..... | 3 612 | 3 406 | 2 975 | 3 578 |
| Total income | 130 943 | 139 174 | 148 717 | 174 587 |
| Net cost of providing services | 71 573 | 108 326 | 95 799 | 55 188 |
| FTEs as at June (No.) | 857.7 | 857.4 | 838.7 | 822.7 |

Sub-program 1.1: Agriculture, Food and Wine

Description/objective

Support the continued prosperity of South Australia's agriculture, food and wine industries through evidence based policy making and delivery of market access and development programs in line with South Australia's economic priority — Premium food and wine produced in our clean environment and exported to the world.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 15 876 | 27 821 | 20 072 | 17 969 |
| Income..... | 2 018 | 2 207 | 2 058 | 2 374 |
| Net cost of sub-program | 13 858 | 25 614 | 18 014 | 15 595 |
| FTEs as at June (No.) | 50.6 | 51.9 | 53.5 | 50.9 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$11.9 million decrease in expenses is primarily due to:

- expenditure for the Riverland Storm Recovery (\$3.1 million), Gawler River Floodplain Flood Recovery (\$1.7 million) and Pinery Bushfire Recovery programs (\$0.9 million) in 2016–17
- reduction in budgeted expenditure associated with planning, concept, design and implementation of the Northern Adelaide Food Park program in 2017–18 (\$3.7 million)
- once-off grant payment to Orana Foundation in 2016–17 (\$1.3 million)
- reduction in expenditure associated with lending under the various loans schemes in 2017–18 (\$0.2 million)
- reduction in expenditure associated with the Agribusiness Investment Attraction Program (\$0.2 million), realising overseas market opportunities for South Australia's Premium Food and Wine brand (\$0.1 million), Premium Food and Wine Innovation Clusters (\$0.1 million) and food and beverage entry into new or higher value markets (\$0.1 million) in 2017–18
- completion of the Realising Opportunities in China for Food, Wine and Capability Development initiative in 2016–17 (\$0.2 million).

2016–17 Estimated Result/2016–17 Budget

The \$7.7 million increase in expenses is primarily due to:

- expenditure for Riverland Storm Recovery (\$3.1 million) and Gawler River Floodplain Flood Recovery programs in 2016–17 (\$1.7 million)
- once-off grant payment to Orana Foundation in 2016–17 (\$1.3 million)
- carryover of expenditure from 2015–16 for the planning and concept design of the Northern Adelaide Food Park program (\$0.7 million) and the Realising Opportunities in China for Food, Wine and Capability Development initiative (\$0.2 million)
- increase in expenditure associated with lending under the various loans schemes in 2016–17 (\$0.4 million).

2016–17 Estimated Result/2015–16 Actual

The \$9.9 million increase in expenses is primarily due to:

- expenditure for Riverland Storm Recovery (\$3.1 million) and Gawler River Floodplain Flood Recovery programs (\$1.7 million) as well as an increase in expenditure associated with the Pinery Bushfire Recovery program (\$0.8 million) in 2016–17
- expenditure for the Northern Adelaide Food Park to grow industries, accelerate major projects and create jobs in 2016–17 (\$5.0 million)
- expenditure associated with establishment of the Wine Industry Development Scheme to deliver a broad-based strategic and flexible approach to industry development in 2016–17 (\$1.8 million)
- once-off grant payment to Orana Foundation in 2016–17 (\$1.3 million)
- costs associated with lending under the various loans schemes in 2016–17 (\$0.7 million)

partially offset by

- expenditure for various agriculture, food and wine related projects including the South Australian Sheep Industry Blueprint, Functional Luxury Food and SA Food Innovation Centre in 2015–16 (\$1.4 million)
- repayment of funds to the South East Confined Aquifer Wells Rehabilitation Scheme to the Department of Environment, Water and Natural Resources in 2015–16 (\$0.8 million)
- reduction in the Realising Opportunities in China for Food, Wine and Capability Development initiative in 2016–17 (\$0.7 million)
- reduction in the concept and design of the Northern Adelaide Food Park program in 2016–17 (\$0.6 million)
- completion of the initiative to develop distinctive regional trademark brands for use by producers and businesses to promote their area in 2015–16 (\$0.4 million)
- reduction in Commonwealth funded expenditure associated with pest management activities in Far North South Australia under the Commonwealth Government's Drought Assistance Package in 2016–17 (\$0.3 million).

Highlights 2016–17

- Co-located members of key partners of the SA Food Innovation Centre to the Waite Campus, Urrbrae.
- Increased the scope and reach of the Advanced Food Manufacturing Grants Program by partnering with the Commonwealth industry growth centre — Food Innovation Australia Limited.
- Implemented a new wine industry development scheme to improve industry participation in marketing, cellar doors, and regional, national and international wine activities.
- Completed the third round of the Building South Australia's Premium Food and Wine Credentials grant program for the food and beverage industry.
- Completed planning, concept design and feasibility study for the Northern Adelaide Food Park.
- Delivered \$56 million in estimated industry benefit for both the transport industry and primary producers through the 90 Day Change@SA project 'Improving Road Transport for the Agriculture Industry'.

Targets 2017–18

- Deliver the final round and report on outcomes for the Building South Australia's Premium Food and Wine Credentials grant program for the food and beverage industry.
- Deliver the second round of the South Australian Wine Industry Development Scheme and report on the first round.
- Deliver the final round, monitor milestones and report on the outcomes of the Agribusiness Growth Program.
- Deliver economic analysis and reporting including PIRSA food and wine industry scorecards, Crop and Pasture Reports and Market and Industry Insights Reports.
- Deliver an integrated international program that will maximise awareness and enhance market access for Premium Food and Wine in target markets.
- Continue implementation of Stage 1 of the Northern Adelaide Food Park and promote the Food Park in key international markets.

Sub-program 1.2: Aquaculture**Description/objective**

Ensuring the ecologically sustainable development and management of South Australia's aquaculture industry. These responsibilities are met through the planning, zoning, granting and renewal of licences and leases under the *Aquaculture Act 2001*.

Through ensuring the ecologically sustainable development of the state's aquatic resources, aquaculture will be a key contributor to South Australia's economic priority — Premium food and wine produced in our clean environment and exported to the world, securing production and economic opportunities for the future.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--------------------------------|---------------------------|---|---------------------------|---------------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 2 703 | 2 661 | 2 727 | 3 003 |
| Income..... | 1 598 | 1 555 | 1 580 | 1 483 |
| Net cost of sub-program | 1 105 | 1 106 | 1 147 | 1 520 |
| FTEs as at June (No.) | 18.3 | 18.1 | 20.8 | 16.6 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

No major variations.

2016–17 Estimated Result/2016–17 Budget

No major variations.

2016–17 Estimated Result/2015–16 Actual

The \$0.3 million decrease in expenses is primarily due to once-off expenditure in 2015–16 to assist local oyster production following detection of Pacific Oyster Mortality Syndrome (POMS) in Tasmania (\$0.3 million).

Highlights 2016–17

- Implemented on-ground actions to address the impact of Pacific Oyster Mortality Syndrome on South Australia's oyster aquaculture sector, including boosting South Australian capacity for local spat production.
- Implemented a reporting system for aquaculture to support improved transparency in reporting on aquaculture activities.
- Developed biosecurity strategies and guidance documents to support the abalone and oyster aquaculture industry sectors.
- Completed a review of the Eastern Spencer Gulf Aquaculture Zone Policy to enable new areas and a greater diversity of species to be farmed in this region, including finfish.

Targets 2017–18

- Implement strengthened biosecurity strategies for oyster and abalone aquaculture sectors.
- Implement a fish kill training course to enhance regional biosecurity capabilities for fisheries and aquaculture.
- Develop a standard leasing and licensing policy to streamline aquaculture sector regulatory practice.

Sub-program 1.3: Fisheries**Description/objective**

The management and development of the living marine and freshwater resources of South Australia, as required under the *Fisheries Management Act 2007*. This includes the development and implementation of appropriate management plans for commercial fishing, recreational fishing and Aboriginal traditional fishing, development of government policy for sustainable resource access and allocation, enabling stakeholder participation through co-management processes, fishery harvest strategy development and the administration of licensing and compliance services.

Through ensuring the ecologically sustainable development of the state's aquatic resources, this sub-program will be a key contributor to South Australia's economic priority — Premium food and wine produced in our clean environment and exported to the world — securing production and economic opportunities for the future.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--------------------------------|---------------------------|---|---------------------------|---------------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 16 486 | 15 922 | 15 073 | 15 133 |
| Income..... | 8 680 | 8 730 | 8 193 | 8 721 |
| Net cost of sub-program | 7 806 | 7 192 | 6 880 | 6 412 |
| FTEs as at June (No.) | 95.2 | 93.7 | 84.5 | 82.0 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$0.6 million increase in expenses is primarily due to:

- reinstatement of the expenditure base in 2017–18 following a once-off reduction in commercial licence fee revenue and associated expense in 2016–17 (\$0.5 million)
- once-off reclassification to investing expenditure for a fisheries vessel and other equipment in 2016–17 (\$0.3 million)
- expansion in the Aboriginal Fisheries Officer Career Pathways program in 2017–18 (\$0.2 million)

partially offset by

- completion of the first stage of a trial habitat enhancement program to support ongoing fishing opportunities through native shellfish reef restoration in 2016–17 (\$0.3 million)
- reduction in externally funded expenditure in 2017–18 (\$0.2 million).

The \$0.1 million increase in income is primarily due to:

- reinstatement of the revenue base in 2017–18 following a once-off reduction in commercial licence fee revenue in 2016–17 (\$0.5 million)

partially offset by

- reduction in externally funded expenditure in 2017–18 (\$0.5 million).

2016–17 Estimated Result/2016–17 Budget

The \$0.8 million increase in expenses is primarily due to:

- establishment of Aboriginal Fisheries Officer Career Pathways program in 2016–17 (\$0.3 million)
- expenditure associated with the first stage of a trial habitat enhancement program to support ongoing fishing opportunities through native shellfish reef restoration in 2016–17 (\$0.3 million)
- once-off externally funded expenditure in 2016–17 (\$0.2 million)

partially offset by

- once-off reclassification to investing expenditure for a fisheries vessel and other equipment in 2016–17 (\$0.3 million).

The \$0.5 million increase in income is primarily due to once-off external funding for research projects undertaken in 2016–17 (\$0.6 million).

2016–17 Estimated Result/2015–16 Actual

The \$0.8 million increase in expenses is primarily due to:

- establishment of Aboriginal Fisheries Officer Career Pathways program in 2016–17 (\$0.3 million)
- expenditure associated with the first stage of a trial habitat enhancement program to support ongoing fishing opportunities through native shellfish reef restoration in 2016–17 (\$0.3 million)
- increase in externally funded projects in 2016–17 (\$0.1 million).

No major variations in income with once-off funding from the Department of Environment, Water and Natural Resources to undertake the first stage of a trial habitat enhancement program to support ongoing fishing opportunities through native shellfish reef restoration in 2015–16 (\$0.4 million) offset by an increase in externally funded projects in 2016–17 (\$0.4 million).

Highlights 2016–17

- Implemented the Management Plan for Recreational Fishing in South Australia, incorporating the outcomes of the recreational fishing review.
- Implemented updated management arrangements for Snapper and King George Whiting.
- Implemented the Gulf St Vincent Prawn Fishery Management Plan.
- Built the first stage of a trial habitat enhancement program to support ongoing fishing opportunities through native shellfish reef restoration.
- Implemented extended commercial fishing season in the Northern Zone Rock Lobster Fishery, to enhance market opportunities and enable industry to respond to changing market conditions during the season.
- Implemented e-catch recording system in the Southern Zone Rock Lobster Fishery.

Targets 2017–18

- Development of Aboriginal Fisheries Officer Career Pathway Program, to better engage with Aboriginal nations on traditional fisheries.
- Review offshore constitutional settlement (OCS) Agreements and associated Memoranda of Understanding (MOU) between the Commonwealth and South Australian Governments to enhance cross jurisdictional management of shared fish stocks.
- Commence a Management Plan review for the Charter Boat fishery.
- Support the implementation of e-business systems to selected commercial fisheries.

Sub-program 1.4: South Australian Research and Development Institute**Description/objective**

South Australia's principal provider of primary industries and natural resources research and development, working in collaboration with state, national and international collaborators and investors. SARDI's strategic, applied and adaptive research provides the innovation needed to underpin the competitive advantage achieved through the production of premium food and wine through secure and sustainable production systems.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--------------------------------|---------------------------|---|---------------------------|---------------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 74 875 | 81 524 | 82 922 | 76 596 |
| Income..... | 49 668 | 50 489 | 50 381 | 59 138 |
| Net cost of sub-program | 25 207 | 31 035 | 32 541 | 17 458 |
| FTEs as at June (No.) | 398.0 | 399.3 | 400.4 | 405.5 |

Financial commentary*2017–18 Budget/2016–17 Estimated Result*

The \$6.6 million decrease in expenses is primarily due to:

- higher payments to consolidated account for asset sales in 2016–17 (\$5.1 million)

- decreased externally funded projects budgeted to be undertaken in 2017–18 (\$1.1 million)
- once off budgeted costs to prepare assets for sale in 2016–17 (\$0.3 million).

The \$0.8 million decrease in income is primarily due to decreased externally funded projects budgeted to be undertaken in 2017–18 (\$1.1 million).

2016–17 Estimated Result/2016–17 Budget

The \$1.4 million decrease in expenses is primarily due to lower than budgeted payments to consolidated account for asset sales in 2016–17 (\$1.4 million).

2016–17 Estimated Result/2015–16 Actual

The \$4.9 million increase in expenses is primarily due to:

- higher payments to consolidated account for asset sales in 2016–17 (\$4.5 million)
- higher externally funded projects related expenditure in 2016–17 (\$1.3 million)
- once off budgeted costs to prepare assets for sale in 2016–17 (\$0.3 million)

partially offset by

- completion of the Functional Food Focus component of the Agribusiness Accelerator program in 2015–16 (\$0.6 million).

The \$8.6 million decrease in income is primarily due to:

- recognition of resources received free of charge with the transfer of the Lincoln Marine Science Centre from the Flinders University in 2015–16 (\$9.2 million)
- higher than budgeted revenue for sales and livestock valuations associated with research farms in 2015–16 (\$0.4 million)

partially offset by

- higher revenue for externally funded projects in 2016–17 (\$1.3 million).

Highlights 2016–17

- Appointed six new regionally based research staff to deliver targeted grains research as part of the Grains Research and Development Corporation bilateral program.
- Completed all field work and oceanographic models for the Great Australian Bight Research Program.
- Assessed feasibility of land-based aquaculture in the Two Wells to Whyalla Regional Corridor.
- Produced high-quality spat to secure production for South Australian oyster growers.
- Outlined opportunities to utilise food loss and industry waste for bioactives and bioenergy in Riverland region.
- Identified novel biomarkers to assess well-being in key livestock species (developed proof of concept of wool cortisol measurement for sheep wellbeing).

Targets 2017–18

- Identify soils suitable for use of recycled water as part of opportunities for expansion of irrigated horticulture on Northern Adelaide Plains.
- Develop research trials to underpin the Almond Centre of Excellence at Loxton.

- Expand Predicta diagnostic services to support South Australian grains, wine and vegetable industries.
- Deliver solutions to support South Australian food industries through the SARDI Food Technology program.
- Develop a ten year strategic plan for SARDI.
- Deliver a portfolio of viticulture research projects on management of key diseases and climate adaptation to underpin sustainable vineyards for the South Australian wine industry.

Sub-program 1.5: Rural Services

Description/objective

Rural Solutions SA is the key rural services delivery agent for PIRSA, with a focus on project and program management, community and industry engagement, and grant management. Rural Solutions SA provides the critical interface between PIRSA and regional communities and manages the regional customer service centres. Rural Solutions SA is the strategic coordinator of sustainable agriculture programs for PIRSA and through strong connections with stakeholders coordinate and lead policy response in areas including national drought policy and local programs, emergency recovery, water policy as it applies to production, land use policy in support of improved productivity, maintenance and growth of our industries, and Aboriginal engagement.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 13 085 | 12 783 | 12 625 | 8 549 |
| Income..... | 11 455 | 9 831 | 10 842 | 5 873 |
| Net cost of sub-program | 1 630 | 2 952 | 1 783 | 2 676 |
| FTEs as at June (No.) | 92.6 | 92.2 | 91.1 | 82.3 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$0.3 million increase in expenses is primarily due to a budgeted increase in externally funded projects undertaken in 2017–18 (\$0.5 million).

The \$1.6 million increase in income is primarily due to reinstatement of revenue base in 2017–18 following decreased revenue in 2016–17 resulting from Rural Solutions staff engaging in storm and flood recovery programs (\$1.1 million), and a budgeted increase in externally funded projects undertaken in 2017–18 (\$0.5 million).

2016–17 Estimated Result/2016–17 Budget

The \$1.0 million decrease in income is primarily due to a decrease in external revenue resulting from Rural Solutions staff engaging in storm and flood recovery programs (\$1.1 million).

2016–17 Estimated Result/2015–16 Actual

The \$4.2 million increase in expenses is primarily due to:

- increase in externally funded projects undertaken in 2016–17 (\$4.9 million)

partially offset by

- reduced expenditure for the New Horizons soil improvement project in 2016–17 (\$0.6 million).

The \$4.0 million increase in income is primarily due to:

- increase in externally funded projects undertaken in 2016–17 (\$4.9 million)

partially offset by

- decreased revenue in 2016–17 resulting from Rural Solutions staff engaging in storm and flood recovery programs (\$1.1 million).

Highlights 2016–17

- Completed the New Horizons soil improvement program trial sites with yield improvement between 70–200 per cent. Developed new industry partnerships with Grains Research Development Corporation and CRC for High Performance Soils to continue the research.
- Completed the feasibility studies for Northern Adelaide Irrigation Scheme (NAIS) and Northern Reservoirs Utilisation (NRU) in collaboration with SA Water. Business cases, including economic analysis, were submitted to the Australian Government with SA Government committing funding of \$110 million for NAIS and \$3.18 million from the regional development fund for NRU — Bundaleer Pipeline Scheme.

Targets 2017–18

- Favourable consideration from the Australian Government for funding to support the implementation of the Northern Adelaide Irrigation Scheme and the Bundaleer Pipeline Scheme.
- Deliver Year 1 of the Northern Adelaide Plains Agribusiness Initiative.

Sub-program 1.6: Biosecurity

Description/objective

Develop and implement policies, legislation, regulatory frameworks, surveillance, preparedness and response programs that protect the economy, environment, communities and human health from the negative impacts associated with the entry, establishment or spread of pests, diseases and contaminants in the areas of animal health, aquatic animal health, marine pests, vertebrate pests, weeds, plant health, food borne pathogens from primary industries and chemical residues.

The programs delivered by Biosecurity SA underpin market access and farm productivity, and maintain disease freedom and control, contributing to the success of South Australia's economic priority — Premium food and wine produced in our clean environment and exported to the world.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 32 607 | 35 412 | 29 954 | 34 440 |
| Income..... | 10 640 | 13 482 | 9 828 | 12 657 |
| Net cost of sub-program | 21 967 | 21 930 | 20 126 | 21 783 |
| FTEs as at June (No.) | 186.0 | 185.2 | 171.4 | 167.7 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$2.8 million decrease in expenses is primarily due to:

- reduction in Commonwealth Government funded expenditure for pest animal and weed management projects (\$1.8 million) and lower expenditure associated with the Khapra beetle eradication response (\$0.4 million) in 2017–18
- reduction in South Australia's commitment to national eradication commitments in accordance with the Intergovernmental Agreement on Biosecurity in 2017–18 (\$0.9 million)
- reduction in externally funded expenditure for Sterile Insect Technology in 2017–18 (\$0.8 million)

partially offset by

- funding in 2017–18 for South Australia's share of a ten year national eradication program to eradicate Red Imported Fire Ants (\$1.4 million).

The \$2.8 million decrease in income is primarily due to:

- reduction in Commonwealth Government funding for pest animal and weed management projects (\$1.1 million) and Commonwealth and other state government funding associated with Giant Pine Scale eradication responses in 2017–18 (\$0.4 million)
- reduction in external funding for Sterile Insect Technology in 2017–18 (\$1.6 million)

partially offset by

- increased funding in 2017–18 from the Commonwealth Government and other state governments associated with the Khapra beetle eradication response (\$0.4 million).

2016–17 Estimated Result/2016–17 Budget

The \$5.5 million increase in expenses is primarily due to:

- Commonwealth and other state government funded expenditure associated with the Khapra beetle eradication response (\$1.1 million) and Commonwealth Government funded expenditure for pest animal and weed management projects (\$1.4 million) in 2016–17
- increased externally funded expenditure associated with Sterile Insect Technology in 2016–17 (\$1.0 million)
- South Australia's commitment to national eradication commitments in accordance with the Intergovernmental Agreement on Biosecurity in 2016–17 (\$0.9 million)
- externally funded expenditure to deliver sheep and cattle industry projects in 2016–17 (\$0.8 million).

The \$3.7 million increase in income is primarily due to:

- increase in external funding for Sterile Insect Technology in 2016–17 (\$1.4 million)
- increase in Commonwealth Government funding for pest animal and weed management projects (\$0.5 million) and Commonwealth and other state government funding associated with Khapra beetle (\$0.6 million) and Giant Pine Scale (\$0.4 million) eradication responses in 2016–17
- increase in external funding to deliver sheep and cattle industry projects in 2016–17 (\$0.8 million).

2016–17 Estimated Result/2015–16 Actual

The \$1.0 million increase in expenses is primarily due to:

- Commonwealth and other state government funded expenditure associated with the Khapra beetle eradication response (\$0.8 million) and Commonwealth Government funded expenditure for pest animal and weed management projects (\$1.1 million) in 2016–17
- increased externally funded expenditure associated with Sterile Insect Technology in 2016–17 (\$0.5 million)
- new initiative funding for Growth in Horticulture Production and Exports in 2016–17 (\$0.5 million)
- expenditure for various biosecurity related projects including development of Adelaide Hills pest free area status and opium poppy policy and regulatory framework in 2016–17 (\$0.3 million)
- increase in South Australia's commitment to national eradication commitments in accordance with the Intergovernmental Agreement on Biosecurity in 2016–17 (\$0.1 million)

partially offset by

- once-off expenditure for fruit fly eradication responses in metropolitan Adelaide in 2015–16 (\$2.1 million)
- reduction in expenditure associated with Giant Pine Scale eradication response in 2016–17 (\$0.5 million).

The \$0.8 million increase in income is primarily due to:

- increase in external funding for Sterile Insect Technology in 2016–17 (\$1.4 million)
- Commonwealth and other state government funding associated with Khapra beetle (\$0.6 million) and Giant Pine Scale (\$0.4 million) eradication responses in 2016–17

partially offset by

- reduction in Commonwealth Government funding for pest animal and weed management projects delivered in 2016–17 (\$0.4 million)
- reduction in external funding to deliver sheep and cattle industry projects in 2016–17 (\$0.4 million).

Highlights 2016–17

- Commissioned the National Sterile Insect Technology Facility at Port Augusta and commenced sterile fly production which will increase over the next 12 months.
- Implemented legislative framework for opiate poppy cultivation in South Australia.
- Released the K5 strain of the RHDV1 rabbit virus at over 45 sites across South Australia in March 2017 as part of a national rabbit control program.
- Commenced review of declared animal policies in partnership with Natural Resources Management boards and DEWNR, with Phase 1 focusing on management of feral goats, deer, pigs and camels.
- Completed four Phases of review of declared plants policies — 161 new policies have been adopted under the *Natural Resources Management Act 2004*, including 42 newly declared weeds.
- Established the Mount Lofty Ranges Pest Free Area.
- Commenced implementation of the new One Biosecurity Program, including design of and procurement for the One Biosecurity Web Portal.

Targets 2017–18

- Implement legislative framework for industrial hemp cultivation in South Australia.
- Complete National Response Plan and proof of freedom phase for the eradication of Khapra Beetle from Australia.
- Implement the Australian Honey Bee Industry Biosecurity Code of Practice in South Australia in collaboration with industry.
- Implement Area Wide Management Plans to progress key plant industry biosecurity strategies in the SA Riverland, Mount Lofty Ranges and Northern Adelaide Plains.
- Establish the Northern Adelaide Plains Pest Free Area.

Sub-program 1.7: South Australian River Murray Sustainability**Description/objective**

The \$265 million South Australian River Murray Sustainability Program (SARMS) is funded by the Commonwealth Government to support the sustainability of South Australian River Murray communities through investment in irrigation efficiencies, water returns, irrigation industry assistance and regional economic development. The program is on track to return 40 gigalitres of water to the River Murray system through the Irrigation Industry Improvement Program (3IP) element of SARMS, a significant contribution towards South Australia's implementation of the Murray-Darling Basin Plan.

SARMS is assisting South Australian Murray-Darling Basin industries and communities to prepare for the challenges presented by future climate change and changed River Murray operations as a result of implementation of the Murray-Darling Basin Plan.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--------------------------------|---------------------------|---|---------------------------|---------------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 46 884 | 71 377 | 81 143 | 74 085 |
| Income..... | 46 884 | 52 880 | 65 835 | 84 341 |
| Net cost of sub-program | — | 18 497 | 15 308 | -10 256 |
| FTEs as at June (No.) | 17.0 | 17.0 | 17.0 | 17.7 |

Financial commentary*2017–18 Budget/2016–17 Estimated Result*

The \$24.5 million decrease in expenses is primarily due to:

- reduced expenditure in 2017–18 for irrigation industry improvement activities (\$11.8 million) and regional economic development activities (\$12.3 million)
- once-off reclassification from investing expenditure in 2016–17 for the Loxton Research Centre Redevelopment (\$0.4 million).

The \$6.0 million decrease in income is primarily due to lower Commonwealth Government funding in 2017–18 for irrigation industry improvement activities (\$3.4 million) and regional economic development activities (\$2.6 million).

2016–17 Estimated Result/2016–17 Budget

The \$9.8 million decrease in expenses is primarily due to:

- reduced expenditure for irrigation industry improvement activities in 2016–17 (\$19.4 million)

partially offset by

- increased expenditure for regional economic development activities in 2016–17 (\$9.2 million)
- once-off reclassification from investing expenditure in 2016–17 for the Loxton Research Centre Redevelopment (\$0.4 million).

The \$13.0 million decrease in income is due to lower than budgeted funding from the Commonwealth Government in 2016–17 for irrigation industry improvement activities (\$13.0 million).

2016–17 Estimated Result/2015–16 Actual

The \$2.7 million decrease in expenses is primarily due to:

- reduced expenditure for irrigation industry improvement activities in 2016–17 (\$9.9 million)

partially offset by

- increased expenditure for regional economic development activities in 2016–17 (\$6.8 million)
- once-off reclassification from investing expenditure in 2016–17 for the Loxton Research Centre Redevelopment (\$0.4 million).

The \$31.5 million decrease in income is primarily due to lower Commonwealth Government funding in 2016–17 for irrigation industry improvement activities (\$22.9 million) and regional economic development activities (\$8.5 million).

Highlights 2016–17

- Achieved over 87 per cent of the 40 gigalitre water recovery target at the halfway point of the Program.
- Commenced Round four of 3IP in March 2017 — this is the final grant round for the 3IP.
- Completed the redevelopment of the Loxton Research Centre which was officially opened by the Premier on 3 February 2017.
- Completed milestone obligations for the SARMS Industry-Led Research Sub-Program (IRSP) under the SARMS National Partnership Agreement.
- Completed milestone obligations for the SARMS Regional Development and Innovation Fund sub-program (RDIF) under the SARMS National Partnership Agreement.

Targets 2017–18

- Secure the remaining water target under SARMS 3IP.
- Support grantees to deliver projects under the three SARMS grant sub-programs (3IP, RDIF and IRSP).
- Support regional development through existing SARMS projects and the creation of new initiatives.
- Monitor, evaluate and report program outcomes outlined under the SARMS National Partnership Agreement.

Program 2: Forestry Policy

Description/objective

Lead the development of employment and growth opportunities in the forest industry, regional development and the provision of services from the state government's forest estate.

Program summary — expenses, income and FTEs

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses..... | 678 | 616 | 693 | 682 |
| Supplies and services..... | 424 | 402 | 433 | 333 |
| Grants and subsidies..... | — | — | 6 | 10 |
| Intra-government transfers | 6 284 | 4 178 | 5 113 | — |
| Total expenses | 7 386 | 5 196 | 6 245 | 1 025 |
| Income | | | | |
| Other income..... | — | — | — | 1 |
| Total income | — | — | — | 1 |
| Net cost of providing services | 7 386 | 5 196 | 6 245 | 1 024 |
| FTEs as at June (No.) | 5.6 | 5.6 | 5.1 | 5.6 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$2.2 million increase in expenses is primarily due to increased expenditure relating to the South East Forestry Partnership Program in 2017–18 (\$2.1 million).

2016–17 Estimated Result/2016–17 Budget

The \$1.0 million decrease in expenses is primarily due to re-profiling expenditure for the South East Forestry Partnership Program from 2016–17 to 2017–18 (\$0.9 million).

2016–17 Estimated Result/2015–16 Actual

The \$4.2 million increase in expenses is primarily due to expenditure relating to the South East Forestry Partnership Program in 2016–17 (\$4.2 million).

Highlights 2016–17

- Evaluated proposals for the Mid North Forests to provide value for government and opportunities for employment, and enhance environmental, cultural, heritage and community values.
- Progressed the South East Forestry Partnership Program, supporting projects that improve the productivity and sustainability of industry in the South East.
- Monitored compliance with the ForestrySA forward sale government contract requirements.

Targets 2017–18

- Establish a research hub of the National Institute for Forest Products Innovation in Mount Gambier.
- Finalise outcomes of the Mid North Forests Future Strategy that provide value for government and opportunities for employment, and enhance environmental, cultural, heritage and community values.
- Monitor compliance with the contractual requirements of the forward sale of the government's Green Triangle plantation harvesting rights.

Program 3: Regional Development

Description/objective

Regions SA works to strengthen South Australia's regions by creating the environment for regional businesses and communities to grow.

The program focuses on making South Australia's regions productive and competitive by attracting investment and creating jobs. It also aims to secure production, and drive innovation to ensure that reliable and sustainable resources are available for industry growth and development in regional South Australia.

Program summary—expenses, income and FTEs

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses..... | 5 585 | 5 424 | 5 424 | 5 211 |
| Supplies and services..... | 1 888 | 1 849 | 1 963 | 1 969 |
| Grants and subsidies..... | 21 278 | 32 187 | 34 609 | 18 561 |
| Intra-government transfers | 3 081 | 5 186 | 4 058 | 8 152 |
| Other expenses | 5 | 5 | 5 | — |
| Total expenses | 31 837 | 44 651 | 46 059 | 33 893 |
| Income | | | | |
| Intra-government transfers | 625 | 1 025 | — | 2 000 |
| Total income | 625 | 1 025 | — | 2 000 |
| Net cost of providing services | 31 212 | 43 626 | 46 059 | 31 893 |
| FTEs as at 30 June (No.) | 48.5 | 48.1 | 47.6 | 43.0 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$12.8 million decrease in expenses is primarily due to timing of expenditure associated with the Regional Development Fund (\$8.9 million), completion of the Riverland Sustainable Futures Fund (\$1.5 million), the Job Accelerator Fund, including the Upper Spencer Gulf and Outback Futures Program (\$1.3 million), Regional Development Australia payments (\$0.6 million) and the Economic Sustainability Program (\$0.4 million).

The \$0.4 million decrease in income is primarily due to:

- contribution from the Department of State Development Economic Investment Fund towards the Regional Development Fund in 2016–17 (\$0.9 million)

partially offset by

- increased contributions from the Department of State Development and the Department of Planning, Transport and Infrastructure towards redevelopment of the Thevenard Marine Offloading Facility in 2017–18 (\$0.5 million).

2016–17 Estimated Result/2016–17 Budget

The \$1.4 million decrease in expenses is primarily due to:

- lower than budgeted expenditure associated with the Regional Development Fund in 2016–17 (\$2.3 million)

partially offset by

- increased expenditure in 2016–17 associated with Regional Development Australia (\$0.7 million) and the Economic Sustainability Program (former Save The River Murray Fund) (\$0.4 million).

The \$1.0 million increase in income is primarily due to:

- contribution from the Department of State Development Economic Investment Fund towards the Regional Development Fund in 2016–17 (\$0.9 million)
- contribution from the Department of State Development towards redevelopment of the Thevenard Marine Offloading Facility in 2016–17 (\$0.1 million).

2016–17 Estimated Result/2015–16 Actual

The \$10.8 million increase in expenses is primarily due to:

- increase in expenditure in 2016–17 associated with the Regional Development Fund (\$9.0 million), Regional Development Australia (\$1.3 million), North West Indigenous Pastoral Program (\$0.7 million), Economic Sustainability Program (\$0.7 million), Riverland Sustainable Futures Fund (\$0.7 million) and the Job Accelerator Fund (\$0.4 million)

partially offset by

- once-off expenditure in 2015–16 to assist with the support of Whyalla small businesses from the Job Accelerator Fund (\$2.0 million).

The \$1.0 million decrease in income is primarily due to:

- the reclassification of funding previously transferred from the Department of Environment, Water and Natural Resources under the former Save The River Murray Fund, to appropriation from 2016–17 (\$2.0 million)

partially offset by

- contribution from the Department of State Development Economic Investment Fund towards the Regional Development Fund in 2016–17 (\$0.9 million)
- contribution from the Department of State Development towards redevelopment of the Thevenard Marine Offloading Facility in 2016–17 (\$0.1 million).

Highlights 2016–17

- Supported projects and initiatives through the Regional Development Fund that have provided infrastructure, driven economic growth, created jobs and leveraged public and private sector investment in the regions.
- Committed \$1 million from the Regional Development Fund towards South Australia's \$2 million co-contribution under the Federal Government's Mobile Black Spot Programme.
- Contributed to planning and delivery of the third Regional Summit for regional South Australia.
- Expanded the North West Indigenous Pastoral Program to upgrade on-farm infrastructure and build a skilled workforce, providing employment opportunities for indigenous people.
- Provided \$2 million from the Regional Development Fund for a second round of the Regional Youth Traineeship Program.

Targets 2017–18

- Continue to support regional priorities and enable economic growth through the Regional Development Fund in partnership with Commonwealth, state, local governments and the private sector.
- Identify and expedite reduction of barriers that currently constrain economic development and business improvement in regional South Australia.
- Assist in identifying skill gaps in the regions with a view to retaining and improving the regional skill base.

Primary Industries and Regions

Statement of comprehensive income

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses | | | | |
| Salaries, wages, annual and sick leave..... | 78 744 | 77 281 | 75 805 | 73 910 |
| Long service leave..... | 3 795 | 3 745 | 3 708 | 4 180 |
| Payroll tax..... | 4 179 | 3 888 | 3 839 | 4 326 |
| Superannuation..... | 9 112 | 8 533 | 8 440 | 7 937 |
| Other..... | 1 464 | 1 435 | 1 435 | 1 500 |
| Supplies and services | | | | |
| General supplies and services..... | 48 208 | 59 807 | 53 087 | 54 624 |
| Consultancy expenses..... | 594 | 583 | 583 | 136 |
| Depreciation and amortisation..... | 6 609 | 5 535 | 5 835 | 5 685 |
| Borrowing costs..... | 845 | 688 | 616 | 249 |
| Grants and subsidies..... | 76 539 | 115 881 | 125 866 | 99 354 |
| Intra government transfers..... | 10 145 | 13 142 | 9 892 | 10 520 |
| Other expenses..... | 1 505 | 6 829 | 7 714 | 2 272 |
| Total expenses | 241 739 | 297 347 | 296 820 | 264 693 |
| Income | | | | |
| Commonwealth revenues..... | 49 922 | 61 863 | 70 946 | 91 155 |
| Intra-government transfers..... | 18 496 | 19 242 | 16 799 | 23 541 |
| Other grants..... | 33 404 | 34 249 | 31 791 | 29 547 |
| Fees, fines and penalties..... | 2 309 | 2 215 | 1 989 | 2 303 |
| Sales of goods and services..... | 21 584 | 17 242 | 22 069 | 15 081 |
| Interest revenues..... | 2 161 | 2 008 | 2 138 | 1 949 |
| Net gain or loss on disposal of assets..... | 80 | -26 | 10 | 116 |
| Resources received free of charge..... | — | — | — | 9 317 |
| Other income..... | 3 612 | 3 406 | 2 975 | 3 579 |
| Total income | 131 568 | 140 199 | 148 717 | 176 588 |
| Net cost of providing services | 110 171 | 157 148 | 148 103 | 88 105 |
| Income from/expenses to state government | | | | |
| Income | | | | |
| Appropriation..... | 107 461 | 129 899 | 126 885 | 104 085 |
| Other income..... | — | — | — | 844 |
| Expenses | | | | |
| Cash alignment..... | — | 2 131 | — | — |
| Net income from/expenses to state government | 107 461 | 127 768 | 126 885 | 104 929 |
| Total comprehensive result | -2 710 | -29 380 | -21 218 | 16 824 |

Primary Industries and Regions

Statement of financial position

| | 2017–18 Budget \$000 | 2016–17 Estimated Result \$000 | 2016–17 Budget \$000 | 2015–16 Actual \$000 |
|---------------------------------------|----------------------------|---|----------------------------|----------------------------|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents..... | 107 405 | 111 674 | 85 796 | 155 854 |
| Receivables..... | 38 700 | 33 700 | 45 796 | 20 720 |
| Inventories..... | 106 | 106 | 112 | 106 |
| Other current assets..... | 586 | 586 | 194 | 586 |
| Non-current assets held for sale..... | 44 | 44 | 22 | 2 976 |
| Total current assets | 146 841 | 146 110 | 131 920 | 180 242 |
| Non current assets | | | | |
| Financial assets..... | 4 518 | 4 518 | 4 518 | 4 518 |
| Land and improvements..... | 96 879 | 100 522 | 99 098 | 98 411 |
| Plant and equipment..... | 18 986 | 16 652 | 18 425 | 13 430 |
| Intangible assets..... | 5 181 | 5 729 | 3 235 | 6 169 |
| Biological assets — other..... | 1 897 | 1 897 | 1 807 | 1 897 |
| Other non-current assets..... | 18 | 18 | 45 | 18 |
| Total non-current assets | 127 479 | 129 336 | 127 128 | 124 443 |
| Total assets | 274 320 | 275 446 | 259 048 | 304 685 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Payables..... | 14 860 | 14 692 | 12 911 | 14 571 |
| Short-term borrowings..... | 21 732 | 21 732 | 20 293 | 22 740 |
| Employee benefits | | | | |
| Salaries and wages..... | 1 169 | 994 | 1 139 | 1 086 |
| Annual leave..... | 6 240 | 5 944 | 6 181 | 5 634 |
| Long service leave..... | 2 308 | 2 171 | 2 511 | 2 034 |
| Other..... | 820 | 776 | 717 | 772 |
| Short-term provisions..... | 518 | 510 | 420 | 502 |
| Other current liabilities..... | 16 743 | 16 746 | 15 513 | 16 745 |
| Total current liabilities | 64 390 | 63 565 | 59 685 | 64 084 |
| Non current liabilities | | | | |
| Long-term borrowings..... | 3 555 | 3 555 | 3 403 | 3 555 |
| Long-term employee benefits | | | | |
| Long service leave..... | 25 936 | 25 109 | 23 641 | 24 289 |
| Long-term provisions..... | 1 160 | 1 098 | 1 375 | 1 125 |
| Other non-current liabilities..... | 885 | 1 015 | 1 020 | 1 148 |
| Total non-current liabilities | 31 536 | 30 777 | 29 439 | 30 117 |
| Total liabilities | 95 926 | 94 342 | 89 124 | 94 201 |
| Net assets | 178 394 | 181 104 | 169 924 | 210 484 |

Primary Industries and Regions
Statement of financial position

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--------------------------------|---------------------------|---|---------------------------|---------------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Equity | | | | |
| Retained earnings..... | 139 845 | 142 555 | 131 607 | 171 957 |
| Asset revaluation reserve..... | 38 549 | 38 549 | 38 317 | 38 527 |
| Total equity | 178 394 | 181 104 | 169 924 | 210 484 |

Balances as at 30 June end of period.

Primary Industries and Regions

Statement of cash flows

| | 2017–18 Budget \$000 | 2016–17 Estimated Result \$000 | 2016–17 Budget \$000 | 2015–16 Actual \$000 |
|--|----------------------------|---|----------------------------|----------------------------|
| Operating activities | | | | |
| Cash outflows | | | | |
| Employee benefit payments..... | 95 631 | 93 646 | 92 020 | 88 593 |
| Payments for supplies and services..... | 48 935 | 60 522 | 53 802 | 55 778 |
| Interest paid..... | 845 | 688 | 616 | 314 |
| Grants and subsidies..... | 76 539 | 115 881 | 125 866 | 99 182 |
| GST paid..... | — | — | — | 15 033 |
| Intra-government transfers..... | 10 145 | 13 142 | 9 892 | 10 520 |
| Other payments..... | 1 451 | 6 784 | 7 669 | 1 969 |
| Cash used in operations | 233 546 | 290 663 | 289 865 | 271 389 |
| Cash inflows | | | | |
| Intra-government transfers..... | 18 496 | 19 242 | 16 799 | 23 541 |
| Commonwealth receipts..... | 49 922 | 61 863 | 70 946 | 91 155 |
| Other grants..... | 33 404 | 34 249 | 31 791 | 30 936 |
| Fees, fines and penalties..... | 2 309 | 2 215 | 1 989 | 3 005 |
| Sales of goods and services..... | 21 584 | 17 242 | 22 069 | 13 362 |
| Interest received..... | 2 161 | 2 008 | 2 138 | 1 645 |
| GST received..... | — | — | — | 14 077 |
| Other receipts..... | 3 612 | 3 406 | 2 975 | 4 324 |
| Cash generated from operations | 131 488 | 140 225 | 148 707 | 182 045 |
| State government | | | | |
| Appropriation..... | 107 461 | 129 899 | 126 885 | 104 085 |
| Other receipts..... | — | — | — | 844 |
| Payments | | | | |
| Cash alignment..... | — | 2 131 | — | — |
| Net cash provided by state government | 107 461 | 127 768 | 126 885 | 104 929 |
| Net cash provided by (+)/used in (-) operating activities | 5 403 | -22 670 | -14 273 | 15 585 |
| Investing activities | | | | |
| Cash outflows | | | | |
| Purchase of property, plant and equipment..... | 5 030 | 13 153 | 9 547 | 7 940 |
| Purchase of intangibles..... | 15 | 147 | 15 | 2 343 |
| Advances paid..... | 6 000 | 16 933 | 19 000 | 3 405 |
| Other investing payments..... | — | — | — | 438 |
| Cash used in investing activities | 11 045 | 30 233 | 28 562 | 14 126 |
| Cash inflows | | | | |
| Proceeds from sale of property, plant and equipment..... | 373 | 5 778 | 7 037 | 1 090 |
| Repayment of advances..... | 1 000 | 3 953 | 3 000 | 5 506 |
| Other receipts..... | — | — | — | 2 847 |
| Cash generated from investing activities | 1 373 | 9 731 | 10 037 | 9 443 |
| Net cash provided by (+)/used in (-) investing activities | -9 672 | -20 502 | -18 525 | -4 683 |

Primary Industries and Regions

Statement of cash flows

| | 2017–18 Budget \$000 | 2016–17 Estimated Result \$000 | 2016–17 Budget \$000 | 2015–16 Actual \$000 |
|--|----------------------------|---|----------------------------|----------------------------|
| Financing activities | | | | |
| Cash outflows | | | | |
| Repayment of borrowings..... | 1 000 | 17 008 | 3 000 | 23 008 |
| Cash used in financing activities | 1 000 | 17 008 | 3 000 | 23 008 |
| Cash inflows | | | | |
| Proceeds of borrowings..... | 1 000 | 16 000 | 1 000 | 20 300 |
| Cash generated from financing activities | 1 000 | 16 000 | 1 000 | 20 300 |
| Net cash provided by (+)/used in (-) financing activities | — | -1 008 | -2 000 | -2 708 |
| Net increase (+)/decrease (-) in cash equivalents | -4 269 | -44 180 | -34 798 | 8 194 |
| Cash and cash equivalents at the start of the period | 111 674 | 155 854 | 120 594 | 147 660 |
| Cash and cash equivalents at the end of the period | 107 405 | 111 674 | 85 796 | 155 854 |
| Non cash transactions | | | | |
| Assets received (+)/donated (-) free of charge..... | — | — | — | 9 317 |

Administered items for the Department of Primary Industries and Regions

Statement of comprehensive income

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses | | | | |
| Salaries, wages, annual and sick leave..... | 719 | 709 | 713 | 645 |
| Payroll tax..... | — | — | — | 1 |
| Superannuation..... | — | — | — | 1 |
| Other..... | 114 | 96 | 63 | 39 |
| Supplies and services | | | | |
| General supplies and services..... | 1 474 | 2 176 | 2 094 | 2 143 |
| Grants and subsidies..... | 14 172 | 13 384 | 12 226 | 11 617 |
| Intra government transfers..... | 18 616 | 18 413 | 17 358 | 18 578 |
| Other expenses..... | 91 | 91 | 91 | 726 |
| Total expenses | 35 186 | 34 869 | 32 545 | 33 750 |
| Income | | | | |
| Intra-government transfers..... | 2 | 2 | 2 | — |
| Fees, fines and penalties..... | 15 414 | 15 381 | 15 271 | 15 268 |
| Sales of goods and services..... | 783 | 766 | 766 | 501 |
| Interest revenues..... | 309 | 310 | 356 | 280 |
| Other income..... | 12 793 | 12 368 | 11 033 | 10 452 |
| Total income | 29 301 | 28 827 | 27 428 | 26 501 |
| Income from/expenses to state government | | | | |
| Income | | | | |
| Appropriation..... | 5 507 | 4 667 | 4 702 | 4 734 |
| Net income from/expenses to state government | 5 507 | 4 667 | 4 702 | 4 734 |
| Total comprehensive result | -378 | -1 375 | -415 | -2 515 |

Administered items for the Department of Primary Industries and Regions

Statement of financial position

| | 2017–18 Budget \$000 | 2016–17 Estimated Result \$000 | 2016–17 Budget \$000 | 2015–16 Actual \$000 |
|----------------------------------|----------------------------|---|----------------------------|----------------------------|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents..... | 19 562 | 19 940 | 19 968 | 21 315 |
| Receivables..... | 173 | 173 | 321 | 173 |
| Total current assets | 19 735 | 20 113 | 20 289 | 21 488 |
| Total assets | 19 735 | 20 113 | 20 289 | 21 488 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Payables..... | 1 605 | 1 605 | 1 708 | 1 605 |
| Employee benefits | | | | |
| Salaries and wages..... | 2 | 2 | 4 | 2 |
| Other current liabilities..... | 2 608 | 2 608 | 2 529 | 2 608 |
| Total current liabilities | 4 215 | 4 215 | 4 241 | 4 215 |
| Total liabilities | 4 215 | 4 215 | 4 241 | 4 215 |
| Net assets | 15 520 | 15 898 | 16 048 | 17 273 |
| Equity | | | | |
| Retained earnings..... | 15 520 | 15 898 | 16 048 | 17 273 |
| Total equity | 15 520 | 15 898 | 16 048 | 17 273 |

Balances as at 30 June end of period.

Administered items for the Department of Primary Industries and Regions

Statement of cash flows

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Operating activities | | | | |
| Cash outflows | | | | |
| Employee benefit payments..... | 833 | 805 | 776 | 686 |
| Payments for supplies and services..... | 1 474 | 2 176 | 2 094 | 2 176 |
| Grants and subsidies..... | 14 172 | 13 384 | 12 226 | 11 703 |
| Intra-government transfers..... | 18 616 | 18 413 | 17 358 | 18 582 |
| Other payments..... | 91 | 91 | 91 | 601 |
| Cash used in operations | 35 186 | 34 869 | 32 545 | 33 748 |
| Cash inflows | | | | |
| Intra-government transfers..... | 2 | 2 | 2 | — |
| Fees, fines and penalties..... | 15 414 | 15 381 | 15 271 | 15 392 |
| Sales of goods and services..... | 783 | 766 | 766 | 501 |
| Interest received..... | 309 | 310 | 356 | 288 |
| Other receipts..... | 12 793 | 12 368 | 11 033 | 10 446 |
| Cash generated from operations | 29 301 | 28 827 | 27 428 | 26 627 |
| State government | | | | |
| Appropriation..... | 5 507 | 4 667 | 4 702 | 4 734 |
| Net cash provided by state government | 5 507 | 4 667 | 4 702 | 4 734 |
| Net cash provided by (+)/used in (-) operating activities | -378 | -1 375 | -415 | -2 387 |
| Net increase (+)/decrease (-) in cash equivalents | -378 | -1 375 | -415 | -2 387 |
| Cash and cash equivalents at the start of the period | 19 940 | 21 315 | 20 383 | 23 702 |
| Cash and cash equivalents at the end of the period | 19 562 | 19 940 | 19 968 | 21 315 |

Summary of major variations

The following commentary relates to variations between the 2017–18 Budget and the 2016–17 Estimated Result.

Statement of comprehensive income — controlled

Expenses

The \$55.6 million decrease in expenses is primarily due to:

- reduced expenditure under the South Australian River Murray Sustainability Program in 2017–18 (\$24.5 million)
- decrease in expenditure associated with grants budgeted under the Regional Development program in 2017–18 (\$12.7 million)
- expenditure associated with the Riverland Storm Recovery (\$3.1 million), Gawler River Floodplain Flood Recovery (\$1.7 million) and Pinery Bushfire Recovery programs (\$0.9 million) in 2016–17
- higher payments to consolidated account for budgeted asset sales in 2016–17 (\$5.1 million)
- reduction in externally funded projects budgeted to be undertaken under various sub-programs in 2017–18 (\$3.6 million)
- reduction in budgeted expenditure associated with implementation of the Northern Adelaide Food Park program in 2017–18 (\$3.0 million)
- efficiency savings across the department (\$2.7 million)
- a change in Shared Services SA charging arrangements from 2017–18 (\$2.2 million)
- once-off grant payment to Orana Foundation in 2016–17 (\$1.3 million)
- reduction in South Australia's commitment to national eradication commitments in accordance with the Intergovernmental Agreement on Biosecurity in 2017–18 (\$0.9 million)
- reduction in expenditure for various projects in the Agriculture, Food and Wine sub-program in 2017–18 (\$0.7 million)
- completion of the planning and concept design of the Northern Adelaide Food Park program in 2016–17 (\$0.7 million)

partially offset by

- annual indexation and enterprise bargaining agreement adjustments in 2017–18 (\$3.4 million)
- increased expenditure relating to the South East Forestry Partnership Program in 2017–18 (\$2.1 million)
- new initiative funding in 2017–18 for South Australia's share of a ten year national eradication program to eradicate Red Imported Fire Ants (\$1.4 million) .

Income

The \$8.6 million decrease in income is primarily due to:

- lower Commonwealth Government funding for the South Australian River Murray Sustainability Program in 2017–18 (\$6.0 million)
- reduction in externally funded projects budgeted to be undertaken under various sub-programs in 2017–18 (\$3.3 million)
- decreased contributions from other state government agencies in relation to the Regional Development program in 2017–18 (\$0.4 million)

partially offset by

- reinstatement of revenue base in 2017–18 following decreased revenue in 2016–17 resulting from Rural Solutions staff engaging in storm and flood recovery programs (\$1.1 million).

Statement of financial position — controlled

The \$1.1 million decrease in total assets is primarily due to:

- continuing depreciation and amortisation charges on the department's asset base (\$6.6 million)
- movement in cash holdings in relation to advances under the Farm Business Concessional Loans scheme in 2017–18 (\$5.0 million)

partially offset by

- budgeted capital investment and minor works in 2017–18 (\$5.0 million)
- budgeted advances under the Farm Business Concessional Loans scheme in 2017–18 (\$5.0 million).

The \$1.6 million increase in total liabilities is primarily due to the movement in the provisions for employee benefits (\$1.5 million).

Statement of cash flows — controlled

The \$28.1 million increase in net operating cash flows is primarily due to:

- movement in the net cost of providing services (excluding depreciation) discussed under the statement of comprehensive income (\$48.1 million)

partially offset by

- a decrease in 2017–18 appropriation and other receipts (\$20.3 million).

The \$10.8 million increase in net investing cash flows is primarily due to:

- decreased capital expenditure in 2017–18 (\$8.2 million)
- decreased advances in 2017–18 made under the Dairy Recovery Concessional Loans (\$7.0 million), Drought Concessional Loans (\$3.3 million) and Drought Recovery Concessional Loans schemes (\$0.7 million)

partially offset by

- decreased proceeds from budgeted asset sales in 2017–18 (\$5.4 million)
- a decrease in the amount repaid from advances under the Loans to Cooperatives scheme in 2017–18 (\$3.0 million).

The \$1.0 million increase in net financing cash flows is primarily due to:

- reduced repayments for advances under the Drought Recovery Concessional Loans (\$7.2 million), Drought Concessional Loans (\$5.8 million) and Loans to Cooperatives schemes (\$3.0 million)

partially offset by

- reduced borrowings following advances made under the Farm Business Concessional Loans (\$10 million) and Dairy Recovery Concessional Loans schemes (\$5.0 million).

Statement of comprehensive income — administered items

No significant movements.

Statement of financial position — administered items

No significant movements.

Statement of cash flows — administered items

No significant movements.

Additional information for administered items

Additional information on administered items is included in the following table.

Additional information for administered items for the Department of Primary Industries and Regions Statement of cash flows

| | 2017–18 Budget \$000 | 2016–17 Estimated Result \$000 | 2016–17 Budget \$000 | 2015–16 Actual \$000 |
|--|----------------------------|---|----------------------------|----------------------------|
| Operating activities | | | | |
| Cash outflows | | | | |
| Employee benefit payments | | | | |
| Parliamentary salaries and electorate expense allowances | 719 | 709 | 713 | 645 |
| Various industry funds | 114 | 96 | 63 | 41 |
| Payments for supplies and services | | | | |
| Various industry funds | 1 474 | 2 176 | 2 094 | 2 176 |
| Grants and subsidies | | | | |
| Regulatory fees paid from Fisheries Research and Development Fund | 797 | 534 | 534 | 525 |
| Regulatory fees paid from Aquaculture Resource Management Fund | 165 | 165 | 165 | 165 |
| Forestry community service obligation payment | 4 379 | 3 559 | 3 590 | 2 782 |
| Various industry funds | 8 831 | 9 126 | 7 937 | 8 231 |
| Intra-government transfers | | | | |
| Regulatory fees transferred from Fisheries Research and Development Fund | 12 471 | 12 323 | 12 091 | 12 447 |
| Regulatory fees transferred from Aquaculture Resource Management Fund | 1 697 | 1 750 | 1 705 | 1 517 |
| Forestry community service obligation payment | 409 | 399 | 399 | — |
| Various industry funds | 4 039 | 3 941 | 3 163 | 4 618 |
| Other payments | | | | |
| Various industry funds | 91 | 91 | 91 | 601 |
| Cash used in operations | 35 186 | 34 869 | 32 545 | 33 748 |
| Cash inflows | | | | |
| Intra-government transfers | | | | |
| Various industry funds | 2 | 2 | 2 | — |
| Fees, fines and penalties | | | | |
| Fisheries licence fees | 14 138 | 14 138 | 14 073 | 14 073 |
| Aquaculture licence fees | 1 172 | 1 190 | 1 145 | 1 077 |
| Various industry funds | 104 | 53 | 53 | 242 |
| Sales of goods and services | | | | |
| Various industry funds | 783 | 766 | 766 | 501 |
| Interest received | | | | |
| Various industry funds | 309 | 310 | 356 | 288 |
| Other receipts | | | | |
| Various industry funds | 12 793 | 12 368 | 11 033 | 10 446 |
| Cash generated from operations | 29 301 | 28 827 | 27 428 | 26 627 |

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| State government | | | | |
| Appropriation | | | | |
| Parliamentary salaries and electorate expense allowances | 719 | 709 | 713 | 635 |
| Forestry community service obligation payment | 4 788 | 3 958 | 3 989 | 4 099 |
| Net cash provided by state government | 5 507 | 4 667 | 4 702 | 4 734 |
| Net cash provided by (+)/used in (-) operating activities | -378 | -1 375 | -415 | -2 387 |
| Net increase (+)/decrease (-) in cash equivalents | -378 | -1 375 | -415 | -2 387 |
| Cash and cash equivalents at the start of the financial year (as at 1 July) | 19 940 | 21 315 | 20 383 | 23 702 |
| Cash and cash equivalents at the end of the financial year (as at 30 June) | 19 562 | 19 940 | 19 968 | 21 315 |

Agency: Department of State Development

Minister for Employment

Minister for Aboriginal Affairs and Reconciliation

Minister for Manufacturing and Innovation

Minister for Automotive Transformation

Minister for Science and Information Economy

Minister for the Arts

Minister for Health Industries

Minister for Investment and Trade

Minister for Small Business

Minister for Higher Education and Skills

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Objective

As the lead agency for five of the 10 South Australian economic priorities, the Department of State Development provides leadership for driving economic growth and creating jobs.

The department supports South Australia's economic transformation under priorities of:

- a globally recognised leader in health research and ageing
- the knowledge state — attracting a diverse student body and commercialising our research
- growth through innovation
- promoting our international connections and engagement
- supporting our small businesses to access capital and global markets.

The department brings together responsibility for programs to support the transformation to high-value manufacturing and responsibility for training, employment and skills initiatives and science. The department works in close partnership with business, the education sector, community and key stakeholders to harness South Australia's expertise in innovation, skills development and industry transformation.

The department also provides leadership across government policy development on Aboriginal affairs, reconciliation and Aboriginal economic development. This includes skills development, job creation, business development and promoting sustainable employment for Aboriginal people, including support for young Aboriginal people and those living in regional and remote South Australia.

The department is also responsible for programs targeted at maximising the social and economic contribution made by the arts and driving opportunities to grow creative industries through innovation, as well as high-value technology sectors, including medical research and biotechnology.

Increasing the focus on innovation will be crucial to assisting all sectors of the state's economy to move up the value chain through more advanced techniques and services.

The department also has responsibility for implementing the automotive transformation strategy for South Australia, together with the Commonwealth Government's Growth Fund.

The department drives South Australia's continuing high-growth and high-value sectors including information and communications technology and advanced manufacturing. It also coordinates the state government's engagement with small to medium businesses, by supporting local firms to access growing supply chain opportunities in sectors such as oil and gas, defence and aerospace.

The department further develops trade opportunities and the internationalisation of our economy. By working with the business and the higher education sectors it is building a smart future for South Australia.

Ministerial responsibilities

| Minister | Programs | Sub-programs |
|--|---|---|
| The Hon. KJ Maher Minister for Employment Minister for Aboriginal Affairs and Reconciliation Minister for Manufacturing and Innovation Minister for Automotive Transformation Minister for Science and Information Economy | 1. Industry and Innovation | 1.1 Industry Development 1.2 Automotive Transformation 1.3 Innovation and Commercialisation |
| | 2. Aboriginal Affairs and Reconciliation | Nil |
| | 3. Science, Technology and Information Economy | Nil |
| The Hon. JJ Snelling Minister for the Arts Minister for Health Industries | 4. Arts South Australia | 4.1 State Library and Statewide Information Services 4.2 Support to Public Libraries and Community Information Services 4.3 Access to Art, Museum and Heritage Services and Preservation of State Collections 4.4 Arts Industry Development and Access to Artistic Product |
| | 5. Health Industries | Nil |
| | 6. Growing Small Business | 6.1 Opportunities for Small Business 6.2 Office of the Industry Advocate |
| The Hon. MLJ Hamilton-Smith Minister for Small Business Minister for Investment and Trade | 7. International Engagement, Trade, Migration and International Education | Nil |
| | 8. Investment Attraction South Australia | Nil |
| The Hon. SE Close Minister for Higher Education and Skills | 9. Employment and Skills Formation | 9.1 Training, Employment, Skills and Higher Education 9.2 TAFE SA 9.3 Quality Assurance and Regulatory Services |

Note: Some program numbers have changed compared to the 2016–17 Agency Statement due to changes in ministerial responsibilities.

Administered items

In addition to the above responsibilities, the department administers the following items on behalf of ministers:

- *Anangu Pitjantjatjara Yankunytjatjara (APY) Taskforce*
- Ministers' salaries and allowances pursuant to the *Parliamentary Remuneration Act 1990*
- South Australian Stolen Generations Reparations Scheme.

Statutes

The Department of the Premier and Cabinet maintains a list of statutes applicable to ministers.

Ministerial office resources

| Minister | 2017–18 Budget | |
|----------------------------------|-------------------|------|
| | Cost of provision | |
| | \$000 | FTE |
| The Hon. KJ Maher | 1 909 | 11.0 |
| The Hon. MLJ Hamilton-Smith..... | 1 633 | 8.0 |

Workforce summary

| Agency | FTEs as at 30 June | | |
|---|----------------------------------|---|----------------------------------|
| | 2017–18 Budget ^(a) | 2016–17 Estimated Result ^(a) | 2015–16 Actual ^(b) |
| Department of State Development | 645.9 | 695.1 | 651.0 |
| Investment Attraction South Australia..... | 40.5 | 40.5 | 29.2 |
| TAFE SA | 2 046.0 | 2 176.2 | 2 245.2 |
| Administered items for the Department of State Development..... | 2.0 | 2.0 | 2.0 |
| Total (as per agency programs) | 2 734.4 | 2 913.8 | 2 927.4 |

Add: FTEs transferred out:

| | | | |
|--|----------------|----------------|----------------|
| Mineral Resources and Energy to the Department of the Premier and Cabinet on 1 April 2017 | — | — | 298.7 |
| Water Industry Technical and Safety Regulation to the Department of the Premier and Cabinet on 1 April 2017..... | — | — | 15.4 |
| Office of the Economic Development Board to the Department of the Premier and Cabinet on 1 April 2017..... | — | — | 3.8 |
| Total as per data reported by the Office for the Public Sector (Department of the Premier and Cabinet) | 2 734.4 | 2 913.8 | 3 245.3 |

(a) The 2017–18 Budget and 2016–17 Estimated Result reflect the established FTE caps.

(b) Data published by Office for the Public Sector (Department of the Premier and Cabinet).

Program net cost of services summary^(a)

| Program | Net Cost of Services | | | |
|--|----------------------|--------------------------------|----------------------------------|-------------------|
| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget ^(a) | 2015–16 Actual |
| | \$000 | \$000 | \$000 | \$000 |
| 1. Industry and Innovation | 32 896 | 52 325 | 47 728 | 34 801 |
| 2. Aboriginal Affairs and Reconciliation | 15 347 | 14 038 | 12 864 | 12 094 |
| 3. Science, Technology and Information Economy .. | 14 607 | 13 898 | 14 456 | 12 033 |
| 4. Arts South Australia | 153 647 | 153 436 | 153 583 | 148 672 |
| 5. Health Industries | 7 993 | 3 688 | 2 595 | 1 933 |
| 6. Growing Small Business | 12 042 | 10 296 | 8 527 | 3 439 |
| 7. International Engagement, Trade, Migration and International Education | 19 849 | 19 312 | 18 115 | 15 321 |
| 8. Investment Attraction South Australia | 30 025 | 24 779 | 23 707 | 3 151 |
| 9. Employment and Skills Formation | 359 148 | 434 846 | 298 822 | 357 986 |
| Total | 645 554 | 726 618 | 580 397 | 589 430 |

Reconciliation to agency net cost of providing services

Add: Net costs transferred out:

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Mineral Resources and Energy to the Department of the Premier and Cabinet on 1 April 2017 | — | 27 169 | 54 322 | 61 744 |
| Water Industry Technical and Safety Regulation to the Department of the Premier and Cabinet on 1 April 2017 | — | -352 | 222 | -282 |
| Office of the Economic Development Board to the Department of the Premier and Cabinet on 1 April 2017 | — | 1 110 | 2 729 | 2 521 |
| Equals: Net cost of providing services (as per agency statement of comprehensive income) | 645 554 | 754 545 | 637 670 | 653 413 |

- (a) The 2016–17 Budget amounts contained in the 2017–18 Agency Statements for program 1 — Industry and Innovation, and program 3 — Science, Technology and Information Economy differ from those amounts contained in the 2016–17 Agency Statements to reflect internal resource allocations. The 2016–17 Budget amounts in these statements have been amended for comparative purposes.

Investing expenditure summary

The 2017–18 investment program for State Development is \$63.7 million.

The Her Majesty's Theatre redevelopment project progressed in 2016–17 with the engagement of the project architects and specialist consultants. The project includes a new entrance, foyer and function space built on adjoining land allowing for the expansion of the seating capacity in the auditorium, within the existing historical building. The remainder of the capital project will be progressed by the Adelaide Festival Centre Trust within the Public Non-Financial Sector of government for a revised total capital cost of \$83.5 million inclusive of the purchase of existing assets by the Adelaide Festival Centre Trust from Arts SA for the value of \$18.9 million.

Construction work on the redevelopment of the Adelaide Festival Centre as part of the government's investment in the Festival Plaza Precinct commenced in 2016–17. This project contributes to the transformation of the precinct into a unique cultural and entertainment hub within the Riverbank Precinct. Significant redevelopment of the northern side of the Adelaide Festival Centre has commenced. The entry and foyer spaces of the Festival Theatre and Dunstan Playhouse will also be upgraded and integrated with the new car park and Festival Plaza.

The Arts capital program will also include storage solutions for the state's cultural heritage collection.

In 2016–17, the department commenced a new program to improve space utilisation at the Wymouth Street office, and work continues on improvements in vocational education and information and communications technology (ICT) infrastructure to underpin a more contemporary and efficient method of educational delivery.

Projects of the former Resources and Energy Group were transferred as part of machinery of government changes to the Department of the Premier and Cabinet on 1 April 2017.

| | Estimated completion | Total project cost | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget |
|--|----------------------|--------------------|----------------|--------------------------|----------------|
| Investments ^(a) | Quarter | \$000 | \$000 | \$000 | \$000 |
| New projects | | | | | |
| Department of State Development | | | | | |
| Office Space Utilisation Improvement... | Jun 2019 | 2 400 | 1 440 | 480 | — |
| Arts Storage..... | Jun 2018 | 1 850 | 1 850 | — | — |
| Total new projects | | 4 250 | 3 290 | 480 | — |
| Existing projects | | | | | |
| Adelaide Festival Centre Precinct..... | Jun 2018 | 61 556 | 41 444 | 18 690 | 39 762 |
| Adelaide Festival Centre Precinct — AFC Immediate Integration..... | Jun 2017 | 1 470 | — | 1 470 | — |
| Adelaide Festival Centre — Remediation Works | Jul 2016 | 3 153 | — | 372 | — |
| Enhanced Online Learning Systems | Aug 2017 | 1 012 | — | 824 | 210 |
| Film Set Construction Workshop | Jan 2017 | 1 283 | — | 1 230 | — |
| Her Majesty's Theatre Redevelopment ^(b) | Dec 2019 | 1 555 | — | 1 555 | 1 555 |
| Minister's Accommodation | Jun 2017 | 1 868 | — | 880 | — |
| Spatial Efficiency Projects | Jun 2018 | 9 738 | 1 320 | 3 484 | 1 574 |
| TAFE SA Campus Efficiency Program..... | Jun 2018 | 2 736 | 500 | 1 251 | 500 |
| TAFE SA Scheduling Solution | Aug 2016 | 395 | — | 42 | 164 |
| Training — System Development..... | Jun 2017 | 1 355 | — | 1 355 | — |
| Small projects | n.a. | 890 | — | 890 | 160 |

| | Estimated completion Quarter | Total project cost \$000 | 2017–18 Budget \$000 | 2016–17 Estimated Result \$000 | 2016–17 Budget \$000 |
|--|--|---------------------------------------|--------------------------------|---|--------------------------------|
| Investments^(a) | | | | | |
| Total existing projects | | 87 011 | 43 264 | 32 043 | 43 925 |
| Annual programs | | | | | |
| Annual Investing Program ^(c) | n.a. | n.a. | 13 925 | 591 | 3 170 |
| IT Systems and Infrastructure..... | n.a. | n.a. | 1 984 | 1 790 | 2 000 |
| Purchase of Plant and Equipment — TAFE SA | n.a. | n.a. | 1 089 | 1 067 | 767 |
| Small programs | n.a. | n.a. | 191 | 28 | 491 |
| Total annual programs | | | 17 189 | 3 476 | 6 428 |
| Total investing expenditure | | 91 261 | 63 743 | 35 999 | 50 353 |

- (a) The investing projects and annual programs of the Resources and Energy Group were transferred to the Department of the Premier and Cabinet as part of machinery of government change from 1 April 2017. These include: Battery Storage for Government Buildings — demonstration site, Brukunga Mine, Electronic Certificates of Compliance, Office of the Technical Regulator — Audit and Incident Management ICT Systems, State Drill Core Reference Library, Energy, Minerals Asset Upgrade and Replacement.
- (b) Ownership of Her Majesty's Theatre will be transferred to the Adelaide Festival Centre Trust on 1 July 2017 for redevelopment.
- (c) 2017–18 Budget includes funding for continued upgrade and ongoing improvement of vocational education and training (VET) infrastructure and systems to support a more contemporary and efficient method of educational delivery.

Program 1: Industry and Innovation

Description/objective

Deliver initiatives and activities to support business and industry transition, growth and investment by:

- working with priority industry sectors
- providing innovation opportunities for business
- building the capacity of business to develop and adopt new practices and technologies to increase competitiveness
- supporting businesses to access risk capital
- supporting structural adjustment and economic development of regions.

Sub-programs

- 1.1 Industry Development
- 1.2 Automotive Transformation
- 1.3 Innovation and Commercialisation

Program summary—expenses, income and FTEs

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget ^(a) | 2015–16 Actual |
|---|-------------------|--------------------------------|----------------------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses..... | 8 089 | 10 123 | 6 758 | 8 878 |
| Supplies and services..... | 2 517 | 6 954 | 7 012 | 6 573 |
| Depreciation and amortisation expenses..... | 136 | 223 | 191 | 200 |
| Grants and subsidies..... | 14 482 | 23 841 | 26 939 | 14 300 |
| Intra-government transfers | 8 529 | 11 757 | 6 983 | 5 698 |
| Other expenses | 44 | 49 | 99 | 20 |
| Total expenses | 33 797 | 52 947 | 47 982 | 35 669 |
| Income | | | | |
| Commonwealth Government revenues | — | — | — | 149 |
| Intra-government transfers | 4 | 354 | 250 | 350 |
| Other grants..... | 154 | 125 | — | — |
| Sales of goods and services..... | 728 | 140 | 2 | 23 |
| Other income | 15 | 3 | 2 | 346 |
| Total income | 901 | 622 | 254 | 868 |
| Net cost of providing services | 32 896 | 52 325 | 47 728 | 34 801 |
| FTEs as at 30 June (No.)^(b) | 78 | 88 | 64 | 69 |

(a) The 2016–17 Budget amounts contained in the 2017–18 Agency Statements for program 1— Industry and Innovation differ from those amounts contained in the 2016–17 Agency Statements due to reallocations between sub-programs. The 2016–17 Budget amounts in these statements have been amended for comparative purposes.

(b) Includes an estimated allocation of FTEs associated with corporate overheads.

Sub-program 1.1: Industry Development

Description/objective

Deliver programs, initiatives and activities that support the transition and growth of regions, industries and businesses in South Australia.

The objectives of the sub-program are to:

- support the development of critical industrial capabilities necessary for growth in our economy
- implement business transformation and growth strategies to improve productivity and competitiveness in priority industry sectors
- assist productivity and capability enhancement through business and industry research collaboration
- partner with local communities and business to support economic transformation.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 9 479 | 19 770 | 17 425 | 20 254 |
| Income..... | 724 | 391 | 252 | 759 |
| Net cost of sub-program | 8 755 | 19 379 | 17 173 | 19 495 |
| FTEs as at 30 June (No.) | 37 | 41 | 27 | 35 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$10.3 million decrease in expenses is primarily due to:

- reduced expenditure in 2017–18 in line with the forward strategy for the industry development components of Our Jobs Plan (\$5.8 million)
- the bring forward of expenditure from 2017–18 to 2016–17 for the Electric Bus Prototype Trial and Advanced Modular Systems Alliance initiatives as part of the Northern Economic Plan (\$2.5 million)
- the movement in allocation of overheads between financial years which are allocated across programs in line with total program expenditure (\$1.5 million)
- a once-off grant in 2016–17 to support the South Australian Oyster Growers Association (\$0.4 million)
- expenditure associated with the Upper Spencer Gulf support package ending in 2016–17 (\$0.3 million).

The \$0.3 million increase in income is primarily due to:

- increased support in 2017–18 for the Mining and Petroleum Services Centre of Excellence (\$0.5 million)

partially offset by

- lower intra-government transfers for economic development activities (\$0.3 million).

2016–17 Estimated Result/2016–17 Budget

The \$2.3 million increase in expenses is primarily due to:

- the reprofiling of budgeted expenditure from 2017–18 to 2016–17 to support the completion of the Electric Bus Prototype Trial as part of the Northern Economic Plan (\$1.2 million)
- a carryover of expenditure from 2015–16 to 2016–17 for the Innovative Manufacturing Cooperative Research Centre as part of Our Jobs Plan (\$1.0 million)
- a carryover of expenditure from 2015–16 to 2016–17 to support the South Australian Oysters Growers Association (\$0.4 million)
- additional expenditure to support work in key sectors including health, ageing, disability and defence (\$0.3 million)
- the movement in allocation of overheads between financial years which are allocated across programs in line with total program expenditure (\$0.3 million)
- additional expenditure in 2016–17 to support the operation of the Leigh Creek Resort (\$0.2 million)

partially offset by

- the transfer of expenditure associated with the Centre for Business Growth to sub-program 6.1 Opportunities for Small Business (\$1.4 million).

2016–17 Estimated Result/2015–16 Actual

The \$0.5 million decrease in expenses is primarily due to:

- reduced expenditure in 2016–17 in line with the forward strategy for industry development components of Our Jobs Plan (\$2.1 million)
- reduced expenditure in 2016–17 for the Upper Spencer Gulf support package (\$1.2 million)

partially offset by

- once-off expenditure in 2016–17 for the Electric Bus Prototype Trial and Advanced Modular Systems Alliance initiatives as part of the Northern Economic Plan (\$2.5 million).

The \$0.4 million decrease in income is primarily due to the recognition in 2015–16 of assets transferred to the Department of State Development for use at the Manufacturing Technology Centre at Mawson Lakes.

Highlights 2016–17

- Facilitated the creation of more than 645 new jobs through industry development programs including Manufacturing Works, Our Jobs Plan and the Industry Capability Network South Australia (ICNSA).
- Supported innovation and industry growth across sectors of our economy, including minerals and energy services through the Mining and Petroleum Services Centre of Excellence and the Plan for Accelerating Exploration (PACE) Supply Chain Development program.
- Partnered with the Local Government Association of South Australia to support live music action plans across the state's 68 local councils.
- Facilitated more than \$10 million in contracts to South Australian suppliers and \$1.4 million to interstate suppliers through ICNSA. An additional \$27.6 million of contracts went to South Australian based companies from interstate offices through the national Industry Capability Network.

- Provided a grant to support the establishment of manufacturing capability for next generation diesel and electric buses in northern Adelaide through the Northern Economic Plan.

Targets 2017–18

- Implement further economic transformation projects in the Upper Spencer Gulf region in partnership with regional government, industry and the community.
- Build local industry capability through ICNSA in the resources, defence and renewable energy and infrastructure sectors, including the North–South Corridor projects and defence shipbuilding projects.
- Support the industry sector transition to the National Disability Insurance Scheme (NDIS) to ensure supply capability and capacity to deliver disability related products and services in the new market.
- Support the development of the critical industrial capabilities required to deliver defence projects.
- Develop and implement projects through the Innovative Manufacturing Cooperative Research Centre (IMCRC).

Performance indicators

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| Business Transformation | — | 20 | 16 | 24 |
| <i>Funding for the Business Transformation Voucher program ceased on 30 June 2017 in line with original budget profile</i> | | | | |
| Centre of Excellence projects | 5 | 7 | 5 | 8 |
| PACE Supply Chain Development program — participant companies commenced in 2015–16 | 25 | 24 | 20 | 17 |

Activity indicators

| | 2017–18 Projection | 2016–17 Estimated Result | 2016–17 Projection | 2015–16 Actual |
|--|-----------------------|--------------------------------|-----------------------|-------------------|
| Manufacturing Technologies Centre — number of businesses to engage with centre | 320 | 360 | 360 | n.a. |
| Industry Capability Network facilitated resource sector contracts | \$50m | \$10.4m | n.a. | n.a. |
| <i>New indicator.</i> | | | | |

Sub-program 1.2: Automotive Transformation

Description/objective

Assist automotive component suppliers to diversify, support General Motors Holden with divestment of its Elizabeth site and help the workforce transition to new jobs.

The objectives of this sub-program are to:

- support automotive supply chain firms by providing assistance for the development and implementation of diversification strategies, with a particular focus on defence related supply chains
- support the workforce engaged in the automotive supply chain to effectively transition to new opportunities, by providing access to relevant skills and employment programs

- work with General Motors Holden on options for the future use of its Elizabeth site
- assist automotive companies and their workforce to take advantage of the opportunities afforded by continuous naval ship building.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 10 615 | 18 413 | 19 264 | 6 966 |
| Income..... | 177 | 128 | 2 | 6 |
| Net cost of sub-program | 10 438 | 18 285 | 19 262 | 6 960 |
| FTEs as at 30 June (No.) | 28 | 32 | 27 | 23 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$7.8 million decrease in expenses is primarily due to:

- reduced expenditure in 2017–18 in line with the forward strategy for the automotive component of Our Jobs Plan (\$7.6 million)
- reduced expenditure in 2017–18 in line with the forward strategy for the Automotive Business in Transition program (\$1.3 million)
- the movement in allocation of overheads between financial years which are allocated across programs in line with total program expenditure (\$1.1 million)
- a reduction in administrative support from 2017–18 given the reduced expenditure relating to automotive programs (\$0.8 million)

partially offset by

- additional support in 2017–18 for automotive supply chain companies to pursue transformation initiatives (\$3.0 million).

2016–17 Estimated Result/2016–17 Budget

The \$0.9 million decrease in expenses is primarily due to the re-profile of expenditure across the forward estimates for the Northern Economic Plan component of Our Jobs Plan.

2016–17 Estimated Result/2015–16 Actual

The \$11.4 million increase in expenses is primarily due to:

- additional expenditure in 2016–17 in line with the forward strategy for the automotive component of Our Jobs Plan (\$9.3 million)
- additional expenditure in 2016–17 in line with the forward strategy for the Automotive Business in Transition program (\$1.3 million)
- movement in allocation of overheads between financial years which are allocated across programs in line with total program expenditure (\$1.0 million).

Highlights 2016–17

- Engaged with automotive supply chain manufacturers to support transition efforts to access potential alternative market opportunities and maximise opportunities to access relevant state and Commonwealth Government funded programs.

- Provided information to over 3300 automotive workers to help them access relevant services and assist them transition into new jobs and launched the Drive Your Future automotive workers communications campaign to promote early career transition planning.
- Provided support to automotive supply chain companies requiring assistance with planning for site closures.
- Delivered assistance to automotive suppliers through the Automotive Supplier Diversification program.
- Provided support to General Motors Holden with the identification of options for future use of the Elizabeth site.
- Continued collaboration between state government and the three local councils of Salisbury, Playford and Port Adelaide Enfield with a focus on working with local businesses to optimise capability and create jobs as part of Northern Economic Plan projects.

Targets 2017–18

- Assist automotive supply chain workers impacted by the closure of General Motors Holden and Toyota's manufacturing operations in Australia in October 2017.
- Facilitate opportunities to connect displaced workers from the automotive supply chain with new job opportunities.
- Support General Motors Holden with the divestment of the Elizabeth site.
- Continue to support automotive supply chain manufacturers with their transition plans.
- Continue to deliver the Northern Economic Plan projects and identify new potential projects and opportunities to accelerate the economic and social transformation of the region.

Performance indicators

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| Value of grants committed under the Automotive Supplier Diversification program — facilitated investment | \$1.0m | \$3.0m | \$6.6m | \$1.7m |
| No. Automotive Workers in Transition program participant registrations | 700 | 1 700 | 1 500 | n.a. |

Sub-program 1.3: Innovation and Commercialisation

Description/objective

Provide innovation opportunities for new and existing businesses and support the commercialisation of new products and services by:

- connecting firms to research providers and knowledge networks in the private and public sectors
- developing policy and program initiatives to strengthen entrepreneurship skills and capabilities to develop and grow globally competitive businesses in South Australia
- support the enhancement of the capability of businesses to successfully access capital markets
- developing the South Australian high-tech sector by assisting in business development, finance, infrastructure and marketing through TechInSA.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 13 703 | 14 764 | 11 293 | 8 449 |
| Income..... | — | 103 | — | 103 |
| Net cost of sub-program | 13 703 | 14 661 | 11 293 | 8 346 |
| FTEs as at 30 June (No.) | 13 | 15 | 10 | 11 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$1.1 million decrease in expenses is primarily due to once-off expenditure in 2016–17 for the establishment, marketing and promotion of the state's innovation strategy (\$0.8 million).

2016–17 Estimated Result/2016–17 Budget

The \$3.5 million increase in expenses is primarily due to:

- additional expenditure in 2016–17 to support the US Ignite partnership and industrial application of new manufacturing technologies in South Australia (\$1.5 million)
- additional innovation related expenditure to establish support programs for entrepreneurs and start-ups in South Australia (\$1.0 million)
- the commencement in 2016–17 of the South Australian Rapid Commercialisation Initiative (\$0.6 million).

2016–17 Estimated Result/2015–16 Actual

The \$6.3 million increase in expenses is primarily due to:

- the establishment in 2016–17 of the South Australian Early Commercialisation Fund (\$2.5 million)
- additional expenditure in 2016–17 to support the US Ignite partnership and industrial application of new manufacturing technologies in South Australia (\$1.5 million)
- additional innovation related expenditure to establish support programs for entrepreneurs and start-ups in South Australia (\$1.0 million)
- the commencement in 2016–17 of the South Australian Rapid Commercialisation Initiative (\$0.6 million)
- once-off costs in 2016–17 associated with the implementation of the South Australian Venture Capital Fund (\$0.4 million).

Highlights 2016–17

- Delivered initiatives to drive the commercialisation of new technologies and intellectual property including the South Australian Early Commercialisation Fund, the South Australian Rapid Commercialisation Initiative and the Innovation Voucher Program.
- Completed an expression of interest to appoint a private sector fund manager to manage the \$50 million South Australian Venture Capital Fund.
- Re-launched TechInSA as a South Australian State Government entity working with innovative South Australian based companies to commercialise technologies.

- Assisted seven companies to access nanotechnology experts from Flinders University under the NanoConnect Program.
- Continued to support the Medical Devices Partnering Program to unlock commercial opportunities and drive innovation in medical and assistive technologies.

Targets 2017–18

- Commencement of the \$50 million South Australian Venture Capital Fund to support the growth of innovative, high-value early-stage companies with global potential.
- Administration of the South Australian Early Commercialisation Fund and Rapid Commercialisation Initiative, and provide business assistance to high-tech companies to commercialise their products and create jobs.

Performance indicators

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| Applied research engagement programs | | | | |
| • No. participating companies | 4 | 21 | 10 | 28 |
| Applied research engagement programs | | | | |
| • No. awareness events and industry tours of research facilities | 17 | 21 | 26 | 12 |
| TechInSA — Industry Development | | | | |
| • No. of new companies created | 15 | 17 | 5 | 7 |
| • No. of projects assisted | 90 | 101 | 80 | 80 |
| <i>The indicator represents projects undertaken by research organisations and companies.</i> | | | | |
| • Value of grants provided to companies | \$4.0m | \$3.5m | \$2.0m | \$1.7m |
| <i>The 2016–17 estimated result figure comprises the value of grants totalling \$1.4 million to 27 projects — disbursed under the Bioscience Industry Development grants program, and \$2.1 million forecast to be disbursed for 26 projects under the South Australian Early Commercialisation Fund grants program, which commenced on 18 November 2016.</i> | | | | |
| • No. of short courses and networking functions held | 15 | 30 | 12 | 14 |
| • No. of Australian provisional patent applications filed by South Australian universities | 25 | 26 | 25 | 27 |

Activity indicators

| | 2017–18 Projection | 2016–17 Estimated Result | 2016–17 Projection | 2015–16 Actual |
|---|-----------------------|--------------------------------|-----------------------|-------------------|
| Support entrepreneurship activity in South Australia | | | | |
| • No. of companies assisted under the South Australian Early Commercialisation Fund | 50 | 26 | 5 | n.a. |

Program 2: Aboriginal Affairs and Reconciliation

Description/objective

Empower Aboriginal people to have a stronger voice in decision making across government and within communities, and provide leadership in the promotion of effective governance arrangements.

Provide whole of government policy advice and leadership, support engagement with Aboriginal stakeholders through the provision of culturally appropriate advice to government, facilitate the protection and preservation of Aboriginal heritage and culture, and support the state's Aboriginal land holding authorities.

Program summary—expenses, income and FTEs

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses..... | 6 756 | 6 541 | 5 188 | 5 750 |
| Supplies and services..... | 2 741 | 2 308 | 2 717 | 2 164 |
| Depreciation and amortisation expenses..... | 189 | 188 | 200 | 204 |
| Grants and subsidies..... | 6 161 | 5 436 | 5 221 | 4 778 |
| Intra-government transfers | 69 | 63 | 17 | 2 |
| Other expenses | 21 | 14 | 28 | 18 |
| Total expenses | 15 937 | 14 550 | 13 371 | 12 916 |
| Income | | | | |
| Intra-government transfers | 515 | 504 | 501 | 698 |
| Sales of goods and services..... | 65 | 6 | 3 | 21 |
| Interest revenues..... | — | — | — | 19 |
| Other income | 10 | 2 | 3 | 84 |
| Total income | 590 | 512 | 507 | 822 |
| Net cost of providing services | 15 347 | 14 038 | 12 864 | 12 094 |
| FTEs as at 30 June (No.)^(a) | 53 | 59 | 47 | 51 |

(a) Includes an estimated allocation of FTEs associated with corporate overheads.

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$1.4 million increase in expenses is primarily due to:

- the establishment in 2017–18 of an annexure of the Northern Territory Aboriginal Interpreter Service office in South Australia to support greater access to interpreter services (\$0.6 million)
- higher expenditure related to the Aboriginal Heritage Act review (\$0.5 million).

2016–17 Estimated Result/2016–17 Budget

The \$1.2 million increase in expenses is primarily due to the commencement in 2016–17 of consultations with the Aboriginal community on the development of a proposed treaty framework in South Australia (\$0.8 million).

2016–17 Estimated Result/2015–16 Actual

The \$1.6 million increase in expenses is primarily due to:

- the commencement in 2016–17 of consultations with the Aboriginal community on the development of a proposed treaty framework in South Australia (\$0.8 million)
- higher expenditure for the review of the Aboriginal Heritage Act (\$0.6 million)
- the commencement in 2016–17 of the Aboriginal Regional Authority Policy initiative (\$0.3 million).

The \$0.3 million decrease in income is primarily due to recoveries in 2015–16 from the Commonwealth Government and other South Australian government agencies for use of housing on the APY lands (\$0.3 million).

Highlights 2016–17

- Recognised three Aboriginal Regional Authorities through the implementation of the Aboriginal Regional Authority Policy.
- Registered 74 South Australian Aboriginal businesses on South Australia's online register of Aboriginal businesses, Aboriginal Business Connect.
- Introduced amendments to the *Anangu Pitjantjatjara Yankunytjatjara Land Rights Act 1981* and support for the Electoral Commissioner to hold the first election in 2016–17 under the new Act for the APY Executive.
- Developed and administered the application process for the whole-of-community grant program component of the Stolen Generations Reparations Scheme.
- Appointed the Treaty Commissioner and commenced consultation with Aboriginal South Australians.

Targets 2017–18

- Recognise two further Aboriginal Regional Authorities through the implementation of the Aboriginal Regional Authority Policy.
- Provide payments to impacted persons as part of the Stolen Generation Community Reparations Scheme.
- Continue consultation on treaty with Aboriginal South Australians.

Activity indicators

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|---|---------------------------|---|---------------------------|---------------------------|
| No. of regional authorities recognised under the Aboriginal Regional Authority Policy | 2 | 3 | 1 | — |
| No. of Aboriginal Nation (Re)building programs delivered | 3 | 6 | 2 | 2 |

Program 3: Science, Technology and Information Economy

Description/objective

Provide the government with a strategic and coordinated focus in science, technology and information economy policy development and program delivery to support state productivity, and maximise economic benefit to the state by:

- identifying strategic priorities for state government investment in science and research, and facilitating and coordinating strategic bids for Commonwealth Government funding
- raising awareness within government, business and the community of the critical importance of science, research and innovation to the state's prosperity
- providing funding to research organisations and industry, to build our research strengths through people, partnerships and strategic infrastructure
- facilitating linkages between research providers and commercial end-users (industry) to maximise the benefits of research for the South Australian economy
- developing strategy and facilitating programs and projects for promoting the information economy, building partnerships with global ICT companies to foster innovation in the state and implementing initiatives that support entrepreneurs to create start-up technology companies to commercialise ICT products and services.

Program summary—expenses, income and FTEs

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget ^(a) | 2015–16 Actual |
|---|-------------------|--------------------------------|----------------------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses..... | 2 416 | 2 514 | 1 807 | 2 501 |
| Supplies and services..... | 927 | 1 368 | 1 691 | 1 324 |
| Depreciation and amortisation expenses..... | 59 | 63 | 58 | 73 |
| Grants and subsidies..... | 11 116 | 10 681 | 10 689 | 8 148 |
| Intra-government transfers expenses..... | 163 | 363 | 261 | 196 |
| Other expenses..... | 19 | 14 | 30 | 11 |
| Total expenses | 14 700 | 15 003 | 14 536 | 12 253 |
| Income | | | | |
| Intra-government transfers..... | 1 | 1 007 | — | 125 |
| Other grants..... | — | — | — | 9 |
| Sales of goods and services..... | 10 | 14 | — | 6 |
| Other income..... | 82 | 84 | 80 | 80 |
| Total income | 93 | 1 105 | 80 | 220 |
| Net cost of providing services | 14 607 | 13 898 | 14 456 | 12 033 |
| FTEs as at 30 June (No.)^(b) | 20 | 21 | 19 | 24 |

(a) The 2016–17 Budget amounts contained in the 2017–18 Agency Statements for program 3 — Science, Technology and Information Economy differ from those amounts contained in the 2016–17 Agency Statements due to reallocations between sub-programs. The 2016–17 Budget amounts in these statements have been amended for comparative purposes.

(b) Includes an estimated allocation of FTEs associated with corporate overheads.

Financial commentary*2017–18 Budget/2016–17 Estimated Result*

The \$0.3 million decrease in expenses is primarily due to:

- reduced expenditure in 2017–18 in line with the forward plan for the Premier's Research and Industry Fund (\$1.7 million)

partially offset by

- increased support in 2017–18 to the University of South Australia's Future Industries Institute (\$1.5 million).

The \$1.0 million decrease in income is due to a once-off contribution in 2016–17 to the Mobile Black Spot program from the Department of Primary Industries and Regions South Australia (PIRSA) Regional Development Fund.

2016–17 Estimated Result/2016–17 Budget

The \$0.5 million increase in expenses is primarily due to:

- additional expenditure in 2016–17 in line with the forward plan for the Premier's Research and Industry Fund (\$1.0 million)

partially offset by

- re-profile of expenditure across the forward estimates associated with round two of the Mobile Black Spot program (\$0.8 million).

The \$1.0 million increase in income is due to a once-off contribution in 2016–17 to the Mobile Black Spot program from PIRSA's Regional Development Fund.

2016–17 Estimated Result/2015–16 Actual

The \$2.8 million increase in expenses is primarily due to:

- commencement in 2016–17 of the Gig City program (\$2.2 million)
- commencement in 2016–17 of support to the University of South Australia's Future Industries Institute (\$1.5 million)
- additional expenditure in 2016–17 in line with the forward plan for the Premier's Research and Industry Fund (\$1.1 million)
- commencement in 2016–17 of round two of the Mobile Black Spot program (\$0.2 million)

partially offset by

- once-off support in 2015–16 for co-operative research centres headquartered in South Australia (\$2.0 million).

The \$0.9 million increase in income is primarily due to a once-off contribution in 2016–17 to the Mobile Black Spot program from PIRSA's Regional Development Fund.

Highlights 2016–17

- Launched the Research Consortia Program, supported seven cooperative research centres, and invested in nine new projects and initiatives through the Premier's Research and Industry Fund.
- Supported the University of South Australia's Future Industries Institute to provide industry with greater access to research and development funding, and opportunities to access research infrastructure and expertise.
- Secured funding for the construction of 20 new mobile phone base stations from round two of the Commonwealth Government's Mobile Black Spot program which includes five mobile phone base stations not requiring the South Australia government co-contribution. A further four mobile base stations were funded outside of the Mobile Black Spot program.
- Completed the development of an over-arching Smart City Roadmap for Adelaide in partnership with the Adelaide City Council.
- Hosted the Australian Smart Communities Summit in May 2017, attracting over 300 delegates from Australia and overseas, helping to position Adelaide as Australia's leading smart city and one of Cisco's leading Lighthouse Cities.
- Installed high-speed broadband infrastructure delivering 1 Gigabit per second speeds to 14 innovation precincts as part of the Adelaide Gig City program and joined US Ignite, enabling Adelaide to be recognised as the first Gig City outside of the United States of America.

Targets 2017–18

- Invest in new projects and initiatives through the Premier's Research and Industry Fund to support the Investing in Science Action Plan.
- Progress the expansion of the Adelaide Gig City program.
- Implement priority Smart City projects in partnership with the Adelaide City Council, Cisco and other industry partners.

Performance indicators

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| University — industry engagement | \$670m | \$610m | \$547m | \$487m |
| <ul style="list-style-type: none"> • Cumulative industry funding to publicly funded research sector <i>Seeking annual increase, from baseline \$270 million in 2012 to \$570 million by 2017.</i> <i>There is a two year lag for relevant data from the Commonwealth Department of Education and Training and Australian Bureau of Statistics. Data is by calendar year.</i> | | | | |
| Adelaide Smart City | 3 | — | 3 | 3 |
| <ul style="list-style-type: none"> • Smart City Pilot projects completed <i>Adelaide City Council, Cisco and the Department of State Development are partnering to deliver Internet of Things pilot projects to enhance Adelaide's position as a Smart City.</i> | | | | |

Activity indicators

| | 2017–18 Projection | 2016–17 Estimated Result | 2016–17 Projection | 2015–16 Actual |
|--|-----------------------|--------------------------------|-----------------------|-------------------|
| Increase South Australian science and research capabilities and capacity through strategic investments by the Premier's Research and Industry Fund | | | | |
| • Funding of research areas of strategic economic priority | \$4.6m | \$6.3m | \$5.7m | \$5.2m |
| Adelaide Gig City program | | | | |
| • Number of designated innovation precincts connected to SABRENet optic fibre | 5 | 12 | n.a. | n.a. |
| <i>New Indicator.</i> | | | | |
| Mobile Black Spot program | | | | |
| • Number of new black spot site base stations deployed | 25 | 3 | n.a. | n.a. |

Program 4: Arts South Australia

Description/objective

Ensure the state recognises and capitalises on artistic, cultural and economic opportunities arising from the diverse arts and cultural organisations, practitioners, events and physical assets in the state by developing programs that build on cultural heritage and creativity, and providing financial support to the creative industries.

Sub-programs

- 4.1 State Library and Statewide Information Services
- 4.2 Support to Public Libraries and Community Information Services
- 4.3 Access to Art, Museum and Heritage Services and Preservation of State Collections
- 4.4 Arts Industry Development and Access to Artistic Product

Program summary—expenses, income and FTEs

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses..... | 14 100 | 13 318 | 13 199 | 14 567 |
| Supplies and services..... | 8 231 | 8 792 | 9 583 | 8 865 |
| Depreciation and amortisation expenses..... | 8 424 | 7 650 | 7 774 | 7 307 |
| Grants and subsidies..... | 29 408 | 25 780 | 24 787 | 20 994 |
| Intra-government transfers | 108 468 | 109 177 | 106 390 | 108 171 |
| Other expenses | 285 | 274 | 805 | 248 |
| Total expenses | 168 916 | 164 991 | 162 538 | 160 152 |
| Income | | | | |
| Commonwealth Government revenues | — | — | — | 6 |
| Intra-government transfers | 2 070 | 3 246 | 1 250 | 1 855 |
| Sales of goods and services..... | 8 889 | 7 189 | 7 104 | 6 954 |
| Net gain or loss from disposal of assets | -300 | — | 191 | — |
| Other income..... | 4 610 | 1 120 | 410 | 2 665 |
| Total income | 15 269 | 11 555 | 8 955 | 11 480 |
| Net cost of providing services | 153 647 | 153 436 | 153 583 | 148 672 |
| FTEs as at 30 June (No.)^(a) | 98 | 98 | 92 | 91 |

(a) Includes an estimated allocation of FTEs associated with corporate overheads.

Sub-program 4.1: State Library and Statewide Information Services

Description/objective

Provide library and information services to the public, industry and government agencies.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 18 503 | 17 825 | 17 714 | 17 216 |
| Income..... | — | — | — | 30 |
| Net cost of sub-program | 18 503 | 17 825 | 17 714 | 17 186 |
| FTEs as at 30 June (No.) | 5 | 5 | 5 | 5 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$0.7 million increase in expenses is primarily due to:

- the reallocation of expenditure for the Mortlock Wing State Library Restoration capital investment program from sub-program 4.3 — Access to Art, Museum and Heritage Services and Preservation of State Collections (\$1.2 million)

partially offset by

- once-off expenditure in 2016–17 relating to the Mortlock Building Heritage Restoration of Stonework project (\$0.3 million).

2016–17 Estimated Result/2016–17 Budget

No major variations.

2016–17 Estimated Result/2015–16 Actual

The \$0.6 million increase in expenses is primarily due to:

- a carryover of expenditure from 2015–16 to 2016–17 for the Centre of Democracy exhibition (\$0.4 million)
- additional expenditure in 2016–17 relating to the Mortlock Building Heritage Restoration of Stonework project (\$0.3 million)

Highlights 2016–17

- Developed and implemented a three-year program of exhibition, education and outreach activities.
- Commenced renewal of the State Library's collection management systems including catalogues and archival management systems to ensure ongoing preservation and access.
- Launched the new State Library website to support learning and research, and provided easier access to the library's digitised collections, other online content and services.
- Continued the heritage restoration works along the North Terrace cultural precinct including the commencement of stonework restorations on the State Library's Mortlock building.

Targets 2017–18

- Participate in the National and State Libraries Australasia National Digital Deposit Network project, leading to efficiencies in legal deposit processes for the publishers of born-digital South Australian materials and increased access to Australian digital publications for South Australians.
- Present an exhibition in association with the National Archives on the history of Woomera as part of the 68th International Astronautical Congress to be held in Adelaide in September 2017.
- Launch of a new online platform Recollect, which will allow the delivery of digital content online from the State Library collections, including access to oral histories, and provide the capacity for the public to add content.
- Launch a regional State Library roadshow concept to present activities in regional public libraries and community groups and schools, to commence in Mount Gambier in October 2017.

Performance indicators

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|---|---------------------------|---|---------------------------|---------------------------|
| Percentage of library reference enquiries resolved within agreed customer timeframe | 92% | 93% | 92% | 97% |

Activity indicators

| | 2017–18 Projection | 2016–17 Estimated Result | 2016–17 Projection | 2015–16 Actual |
|--|-------------------------------|---|-------------------------------|---------------------------|
| No. of State Library visitors | 670 000 | 670 000 | 650 000 | 647 711 |
| No. of State Library website visitors | 1 250 000 | 1 250 000 | 1 200 000 | 1 242 765 |
| Amount of external revenue received | \$1.3m | \$1.8m | \$1.2m | \$1.8m |
| External revenue received as a percentage of total revenue | 9% | 12% | 8% | 12% |

Sub-program 4.2: Support to Public Libraries and Community Information Services**Description/objective**

Provide support and information services to the community and public libraries.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------|---------------------------|---|---------------------------|---------------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 20 854 | 20 364 | 20 553 | 20 367 |
| Income..... | — | — | — | 14 |
| Net cost of sub-program | 20 854 | 20 364 | 20 553 | 20 353 |
| FTEs as at 30 June (No.) | 2 | 2 | 2 | 2 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

No major variations.

2016–17 Estimated Result/2016–17 Budget

No major variations.

2016–17 Estimated Result/2015–16 Actual

No major variations.

Highlights 2016–17

- Completed the Statewide radio frequency identification project.
- Implemented the Public Library Network's Tomorrow's Libraries strategic plan.
- Reviewed the provision of public library internet services and the public internet service framework to increase internet speed and enhance user experience.
- Worked with regional councils to undertake community led planning on the future role of school community libraries now that the One Card project has provided new possibilities for library service delivery.

Targets 2017–18

- Continue to implement the Public Library Network's Tomorrow's Libraries strategic plan.
- Commence implementation of projects contained within the digital strategy across the public library network.
- Undertake a procurement process for the delivery and mechanical sorting of library materials.
- Commence implementation of the joint funded Local Government Association and Libraries Board workforce strategy.

Activity indicators

| | 2017–18 Projection | 2016–17 Estimated Result | 2016–17 Projection | 2015–16 Actual |
|---------------------------------------|-------------------------------|---|-------------------------------|---------------------------|
| No. of items purchased and catalogued | 285 000 | 285 000 | 268 000 | 258 000 |

Sub-program 4.3: Access to Art, Museum and Heritage Services and Preservation of State Collections

Description/objective

Provision of museum, visual arts and preservation services that enable the state's cultural, heritage and arts assets to be maintained and kept accessible to the community.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------|---------------------------|---|---------------------------|---------------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 39 752 | 40 312 | 37 139 | 38 691 |
| Income..... | 6 068 | 3 367 | 872 | 3 222 |
| Net cost of sub-program | 33 684 | 36 945 | 36 267 | 35 469 |
| FTEs as at 30 June (No.) | 42 | 42 | 42 | 42 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$0.6 million decrease in expenses is primarily due to:

- expenditure by the Art Gallery of South Australia for a new international exhibition in 2016–17 (\$2.0 million)
- the reallocation of expenditure for the Mortlock Wing State Library Restoration capital investment program to sub-program 4.1—State Library and Statewide Information Services (\$1.2 million)
- once-off relocation and operating costs in 2016–17 as part of the Arts Infrastructure and Storage Project (\$1.0 million)
- expenditure in 2016–17 for employee termination payments (\$0.2 million)

partially offset by

- additional expenditure in 2017–18 for the Art Gallery of South Australia's TARNANTHI — Contemporary Aboriginal and Torres Strait Islander Art Festival (\$3.0 million)
- additional expenditure associated with the design for a proposed new art gallery, Adelaide Contemporary (\$1.4 million).

The \$2.7 million increase in income is primarily due to:

- additional funding in 2017–18 to the Art Gallery of South Australia from BHP Billiton for the TARNANTHI — Contemporary Aboriginal and Torres Strait Islander Art Festival (\$3.0 million)
- movement in allocation of overheads between financial years which are allocated across programs in line with total program revenue (\$0.8 million)

partially offset by

- a once-off funding from the Department for Education and Child Development for relocation and operating costs in 2016–17 as part of the Arts Infrastructure and Storage Project (\$1.0 million).

2016–17 Estimated Result/2016–17 Budget

The \$3.2 million increase in expenses is primarily due to:

- expenditure for the Art Gallery of South Australia's TARNANTHI — Contemporary Aboriginal and Torres Strait Islander Art Festival (\$1.0 million)
- once-off relocation and operating costs in 2016–17 as part of the Arts Infrastructure and Storage Project, and ongoing rental costs (\$1.4 million)
- operating expenditure for the History Trust of South Australia to develop the Centre of Democracy exhibition (\$0.4 million)
- expenditure in 2016–17 for employee termination payments (\$0.2 million).

The \$2.5 million increase in income is primarily due to:

- a once-off funding from the Department for Education and Child Development for relocation and operating costs in 2016–17 as part of the Arts Infrastructure and Storage Project, and ongoing rental costs (\$1.4 million)
- funding to the Art Gallery of South Australia from BHP Billiton for the TARNANTHI— Contemporary Aboriginal and Torres Strait Islander Art Festival (\$1.0 million).

2016–17 Estimated Result/2015–16 Actual

The \$1.6 million increase in expenses is primarily due to:

- once-off relocation and operating costs in 2016–17 as part of the Arts Infrastructure and Storage Project, and ongoing rental costs (\$1.4 million)
- increased expenditure in 2016–17 for the Art Gallery of South Australia for a new international exhibition (\$1.1 million)
- expenditure in 2016–17 associated with the design for a proposed new art gallery, Adelaide Contemporary (\$0.5 million)
- expenditure in 2016–17 for termination payments (\$0.2 million)

partially offset by

- decrease in expenditure in 2016–17 for the Art Gallery of South Australia's TARNANTHI — Contemporary Aboriginal and Torres Strait Islander Art Festival (\$1.3 million).

The \$0.1 million increase in income is primarily due to:

- funding from the Department for Education and Child Development for once-off relocation and operating costs in 2016–17 as part of the Arts Infrastructure and Storage Project, and ongoing rental costs (\$1.4 million)

partially offset by

- decrease in funding in 2016–17 to the Art Gallery of South Australia from BHP Billiton for the TARNANTHI — Contemporary Aboriginal and Torres Strait Islander Art Festival (\$1.3 million).

Highlights 2016–17

- Progressed the business case for the Adelaide Contemporary proposal.
- Presented the exhibitions, Sappers & Shrapnel: Contemporary Art and the Art of the Trenches and Versus Rodin at the Art Gallery of South Australia.
- Developed and presented an exhibition by the South Australian Maritime Museum of artwork from Nicholas Baudin's voyages, bringing collections from France for a national tour of six Australian museums.
- Presented the Yidaki: Didjeridu and the Sounds of Australia and the British Museum's Curious Beasts: From Durer to Goya at the South Australian Museum.
- Facilitated a program of activities at Carrick Hill to celebrate the 30th anniversary of the public opening of the house, which included an exhibition and documentary on the life and work of Stanley Spencer.
- Opened the Centre for Democracy in the Institute Building on North Terrace, a joint History Trust of South Australia and State Library of South Australia initiative.

Targets 2017–18

- Launch the State History collection (feature collections) on Google Arts and Culture platform.
- Launch the Game Garage exhibition at the National Motor Museum exploring motor culture and video gaming, and undertake a national tour of Bush Mechanics.
- Present an exhibition at the South Australian Museum on the evolution of Australian dinosaurs entitled Dinosaur rEvolution — Secrets of Survival.
- Present an exhibition of the work of Arthur Streeton, contained in the Carrick Hill collection, demonstrating the artist's treatment of bush, sea, river and mountains.

- Present the TARNANTHI Festival of Contemporary Aboriginal and Torres Strait Islander Art at the Art Gallery of South Australia with the involvement of at least 25 partner organisations in South Australia.
- Undertake an international design competitive process to determine the architectural design for a proposed new art gallery, Adelaide Contemporary.

Performance indicators

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|--|------------------------|--------------------------------|-------------------|-------------------|
| Amount of external revenue received (and per cent of total revenue): | | | | |
| • Art Gallery of South Australia | \$5.9m (25%) | \$5.7m (21%) | \$5.9m (25%) | \$5.9m (22%) |
| • SA Museum | \$5.0m (26%) | \$4.7m (22%) | \$5.0m (28%) | \$4.8m (24%) |
| • Carrick Hill | \$0.5m (51%) | \$0.5m (53%) | \$0.5m (53%) | \$0.6m (62%) |
| • History SA | \$1.6m (24%) | \$2.0m (26%) | \$1.5m (22%) | \$1.8m (25%) |
| • Artlab | \$0.8m (26%) | \$0.7m (26%) | \$0.8m (53%) | \$0.7m (26%) |
| No. of scientific peer review publications (SA Museum) | 130 | 130 | 130 | 183 |

Activity indicators

| | 2017–18 Projection | 2016–17 Estimated Result | 2016–17 Projection | 2015–16 Actual |
|----------------------------------|-----------------------|--------------------------------|-----------------------|-------------------|
| No. of visitors to the: | | | | |
| • Art Gallery of South Australia | 780 000 | 781 000 | 780 000 | 788 453 |
| • SA Museum | 725 000 | 744 000 | 720 000 | 730 223 |
| • Carrick Hill | 65 000 | 68 000 | 68 000 | 71 675 |
| • History SA | 530 000 | 530 000 | 500 000 | 563 728 |

Sub-program 4.4: Arts Industry Development and Access to Artistic Product**Description/objective**

Provide services that increase opportunities for artists, cultural tourism, festivals and events and provide for productions, exhibitions, tours and events to the community.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 89 807 | 86 490 | 87 132 | 83 878 |
| Income..... | 9 201 | 8 188 | 8 083 | 8 214 |
| Net cost of sub-program | 80 606 | 78 302 | 79 049 | 75 664 |
| FTEs as at 30 June (No.) | 49 | 49 | 43 | 42 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$3.3 million increase in expenses is primarily due to:

- additional support for major events at the 2018 Adelaide Festival of Arts (\$1.3 million)
- additional support for arts and cultural sustainability programs (\$1.1 million)
- once-off expenditure in 2017–18 for the presentation of the 2018 Film Festival (\$1.1 million)
- additional expenditure in 2017–18 for new events following the re-opening of the Adelaide Festival Centre upon completion of the North Face works (\$1.0 million)
- additional depreciation costs in 2017–18 associated with the Adelaide Festival Centre Precinct project (\$1.0 million)
- additional expenditure in 2017–18 approved as part of the 2016–17 Budget to maintain arts activities and support for arts and cultural sustainability programs (\$1.0 million)
- additional ongoing support from 2017–18 for the Adelaide Fringe (\$1.0 million)
- the payment of a subsidy in 2017–18 for Her Majesty's Theatre redevelopment (\$0.5 million)
- additional support in 2016–17 for Adelaide as a United Nations Educational, Scientific and Cultural Organisation (UNESCO) City of Music through the establishment of a Live Music Fund (\$0.5 million).
- the reclassification of expenditure in 2016–17 for the Adelaide Studios — Hardstand Extension Project and the Film Set Construction Workshop (\$0.4 million)
- increased expenditure in 2017–18 associated with the contribution from PIRSA to support arts and cultural projects in regional South Australia (\$0.4 million)

partially offset by

- once-off grant funding in 2016–17 to the City of Mount Gambier to enable the purchase of the Riddoch Art Gallery Collection from Country Arts SA (\$2.1 million)
- reduced expenditure in 2017–18 in line with the construction program for the Adelaide Festival Centre Precinct project (\$1.6 million)
- once-off grant funding in 2016–17 to the Heysen Heritage Appeal to secure The Cedars and progress the future construction of a cultural precinct centred around Sir Hans Heysen's estate (\$1.0 million)
- once-off support in 2016–17 to the Adelaide Festival Corporation for the Adelaide exclusive presentation of the major opera Saul at the 2017 Adelaide Festival of Arts (\$0.7 million)
- once-off expenditure in 2016–17 to produce the movie Storm Boy (\$0.5 million)
- once-off expenditure in 2016–17 for the Riverbank Floating Palais (\$0.3 million).

2016–17 Estimated Result/2016–17 Budget

The \$0.6 million decrease in expenses is primarily due to the movement in allocation of overheads between financial years which are allocated across programs in line with total program expenditure.

2016–17 Estimated Result/2015–16 Actual

The \$2.6 million increase in expenses is primarily due to:

- expenditure in 2016–17 to maintain arts activities (\$3.0 million)
- a once-off grant funding in 2016–17 to the City of Mount Gambier for the Riddoch Art Gallery Collection (\$2.1 million)

- additional expenditure for the Adelaide Festival Centre Precinct project (\$1.3 million)
- a once-off grant funding in 2016–17 to the Heysen Heritage Appeal to secure The Cedars and progress the future construction of a cultural precinct centred around Sir Hans Heysen's estate (\$1.0 million)
- additional ongoing support from 2016–17 to the Adelaide Festival Centre Trust for the OzAsia Festival (\$0.8 million)
- once-off support in 2016–17 to the Adelaide Festival Corporation for the Adelaide exclusive presentation of the major opera Saul at the 2017 Adelaide Festival of Arts (\$0.7 million)
- additional depreciation costs from 2016–17 associated with the Adelaide Festival Centre Precinct project (\$0.7 million)
- once-off expenditure in 2016–17 to produce the movie Storm Boy (\$0.5 million)
- once-off expenditure in 2016–17 for the Riverbank Floating Palais (\$0.3 million)
- the commencement of support in 2016–17 for Adelaide as a UNESCO City of Music through the establishment of a Live Music Fund (\$0.3 million)

partially offset by

- the upgrade of infrastructure in 2015–16 at regional arts theatres by Country Arts SA (\$4.3 million)
- the movement in allocation of overheads between financial years which are allocated across programs in line with total program expenditure (\$1.8 million)
- once-off support in 2015–16 to the South Australian Film Corporation for the Screen Production Investment Fund (\$1.0 million)
- the reclassification of expenditure in 2016–17 for the Adelaide Studios Hardstand Extension Project and the Film Set Construction Workshop (\$0.4 million).

Highlights 2016–17

- Implemented the first year of the UNESCO City of Music Events Fund to support live music events and new festivals that have the potential to grow into major tourist attractions.
- Commenced work on the \$22 million redevelopment of the Adelaide Festival Centre's Northern Promenade.
- Invested in Adelaide Festival Centre's OzAsia Festival to enable it to reach its full potential as a world-class artistic event, becoming a city-wide spring activation program focused on Asian culture and supporting the internationalisation of the state's economy.
- Provided additional support to the Adelaide Festival of Arts to present Barrie Kosky's production of Saul at the 2017 Festival which contributed to the achievement of the Festival's highest ever box office in its 57 year history.
- Undertook concept design for the redevelopment of Her Majesty's Theatre.
- Led the delivery of the Made in Adelaide initiative in Edinburgh, Scotland, in partnership with other South Australian arts stakeholders, during the Edinburgh Festival and Fringe, promoting and showcasing our state's artistic product.

Targets 2017–18

- Support the delivery of three unique live music events for South Australia through the UNESCO City of Music Events Fund.
- In partnership with the Adelaide Festival Centre Trust, complete detailed design and documentation and commence construction on the redevelopment of Her Majesty's Theatre.

- Complete the works on the Northern Promenade and interiors of the Adelaide Festival Centre, together with technical equipment upgrade within the theatres and conduct public launch activities.
- Develop an Aboriginal arts strategy by consulting widely to identify mechanisms for the objectives and goals of the sector to be realised through partnerships and cross portfolio collaborations.
- Develop and deliver the Made in Adelaide initiative, to be delivered in Edinburgh in August 2017, to capitalise on the success of the pilot. The initiative will extend the reach, profile and reputation of South Australian artists and festivals in new international markets, and increase Adelaide's visibility as a cultural tourism destination and Australia's festival city.
- Support the growth of the Adelaide Fringe by making it more viable for artists to tour their work to Adelaide and keeping ticket prices low for audiences.
- Invest in the Adelaide Festival to enable the commissioning and presentation of major international work at the 2018 Festival.

Performance indicators

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| Level of customer satisfaction: attendees at the Adelaide Festival Centre | >60% | >80% | >80% | 82% |
| <i>The redevelopment works at the Adelaide Festival Centre and closure of the Festival Theatre for five months in 2017–18, will have an impact on customer satisfaction in this period.</i> | | | | |
| Theatre utilisation achieved by the Adelaide Festival Centre | 45% | >70% | >70% | 74% |
| <i>The redevelopment works at the Adelaide Festival Centre and closure of the Festival Theatre for five months in 2017–18, will have an impact on customer satisfaction in this period.</i> | | | | |
| Amount of external revenue received (and percentage of total revenue): | | | | |
| <ul style="list-style-type: none"> Country Arts SA | \$4.3m | \$6.6m | \$4.6m | \$4.6m |
| <i>The 2016–17 Estimated Result percentage of external revenue is higher than the 2016–17 Target percentage due to unbudgeted sale of the Riddoch Art Collection in 2016–17.</i> | (46%) | (57%) | (47%) | (33%) |
| <ul style="list-style-type: none"> State Opera | \$2.6m | \$3.1m | \$3.6m | \$3.6m |
| <i>Limited access to the Festival Theatre in 2016–17 and 2017–18 will result in a decline in State Opera production revenue (external revenue) in this period.</i> | (61%) | (66%) | (70%) | (69%) |
| <ul style="list-style-type: none"> State Theatre | \$4.0m | \$4.9m | \$4.1m | \$4.4m |
| <i>State Theatre has estimated external revenue of \$4.9 million in 2016–17, compared to a target of \$4.1 million. This is due to higher grossing productions, The Secret River and 1984, being programmed after the budget target was set, plus the box office success of The 39 Steps.</i> | (62%) | (66%) | (62%) | (65%) |
| <ul style="list-style-type: none"> Adelaide Festival Centre | \$13.5m | \$23m | \$22.5m | \$25.9m |
| <i>The redevelopment works at the Adelaide Festival Centre, and closure of the Festival Theatre for five months in 2017–18, will have an impact on external revenue in this period.</i> | (36%) | (61%) | (65%) | (60%) |
| Maintain artistic standards: | | | | |
| <ul style="list-style-type: none"> State Opera | | | | |
| – assessment by external independent panel each session | Positive | Positive | Positive | Positive |
| – survey audience for response (per cent positive) | 80% | 80% | 80% | 80% |
| <ul style="list-style-type: none"> State Theatre | | | | |
| – external review/peer panel review (per cent positive) | 80% | 80% | 80% | 92% |
| – survey audience for response (per cent positive) | 80% | 89% | 80% | 94% |

Activity indicators

| | 2017–18 Projection | 2016–17 Estimated Result | 2016–17 Projection | 2015–16 Actual |
|--|-----------------------|--------------------------------|-----------------------|-------------------|
| No. of Independent Makers and Presenters grant applications | 240 | 230 | 250 | 212 |
| No. of Independent Makers and Presenters grant applications approved | 100 | 97 | 100 | 102 |
| Average size of an Independent Makers and Presenters grant | \$10 500 | \$10 797 | \$10 000 | \$12 900 |
| Total no. of attendances achieved by: | | | | |
| • Country Arts SA | | | | |
| – paid seats at performances and exhibition/gallery attendances | 111 000 | 108 000 | 99 000 | 102 000 |
| – unpaid attendances | 24 000 | 17 000 | 28 000 | 131 000 |
| • State Opera | | | | |
| – paid seats at performances | 10 000 | 12 500 | 12 500 | 14 921 |
| – unpaid attendances | 2 000 | 2 000 | 2 000 | 1 741 |
| <i>Limited access to the Festival Theatre in 2016–17 and 2017–18 will result in a decline in State Opera paid attendances during this period.</i> | | | | |
| • State Theatre | | | | |
| – paid seats at performances | 45 500 | 51 626 | 45 000 | 42 431 |
| – unpaid attendances | 5 000 | 6 126 | 4 900 | 8 078 |
| • Adelaide Festival Centre | 525 000 | 890 000 | 890 000 | 1 066 935 |
| <i>The redevelopment works at the Adelaide Festival Centre and closure of the Festival Theatre for five months in 2017–18 will have an impact on attendances in this period.</i> | | | | |

Program 5: Health Industries

Description/objective

Increase investment and employment in South Australia's health and biomedical sector to achieve the government's vision for the state to become a globally recognised leader in health research, ageing and related services and products.

Program summary—expenses, income and FTEs

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses..... | 1 843 | 1 611 | 1 387 | 1 322 |
| Supplies and services..... | 1 086 | 1 045 | 1 163 | 586 |
| Depreciation and amortisation expenses..... | 23 | 12 | 11 | 11 |
| Grants and subsidies..... | 4 494 | — | 20 | 13 |
| Intra-government transfer expenses..... | 536 | 1 016 | 3 | — |
| Other expenses | 11 | 4 | 11 | 1 |
| Total expenses | 7 993 | 3 688 | 2 595 | 1 933 |
| Net cost of providing services | 7 993 | 3 688 | 2 595 | 1 933 |
| FTEs as at 30 June (No.)^(a) | 9 | 9 | 8 | 7 |

(a) Includes an estimated allocation of FTEs associated with corporate overheads.

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$4.3 million increase in expenses is primarily due to additional expenditure for the Health Industries Fund (\$4.0 million).

2016–17 Estimated Result/2016–17 Budget

The \$1.1 million increase in expenses is primarily due to the establishment of the Health Industries Fund in 2016–17 (\$1.0 million).

2016–17 Estimated Result/2015–16 Actual

The \$1.8 million increase in expenses is primarily due:

- the establishment of the Health Industries Fund in 2016–17 (\$1.0 million)
- lower expenditure in 2015–16 associated with a delay in implementation of marketing and international development activities (\$0.4 million)
- lower expenditure in 2015–16 associated with a delay in recruitment (\$0.2 million).

Highlights 2016–17

- Attracted Somark Innovations, a company which has developed a breakthrough technology that will greatly improve the efficiency and accuracy of pre-clinical medical research and resulted in the establishment of its development and manufacturing operations at Tonsley Innovation District.

- Attracted Singapore-based GEN1 Biotechnology Pty Ltd, a biopharmaceutical company which will build a fill-and-finish factory producing injectable medicines in Adelaide to serve both the Australian and international market.
- Attracted Japan-based Irom Group Co Ltd to invest in CMAX Clinical Research Pty Ltd, a Phase-1 clinical trials unit in Adelaide and pioneered the introduction of the site management organisation model for conducting clinical trials to Australia from Adelaide.
- Attracted Singapore-based company Firmaskin, creators of a revolutionary app that helps doctors diagnose, manage and treat skin cancer.
- Supported the establishment of Adelaide company Australian Aged Care and Health Export Services, a partnership between the ACH Group, the University of South Australia and TAFE SA, created to pursue trading opportunities with aged care businesses in China, which has already delivered Chinese investment to South Australia.
- Undertook a mission to Suzhou Province, China to help attract investment to South Australia and opened a United Kingdom initiative for Health Industries South Australia across the United Kingdom and Europe.

Targets 2017–18

- Strengthen the promotion of Health Industries South Australia to the market to attract more investment and jobs to the South Australian economy.
- Increase the investments in South Australia by maximising opportunities created through our China and United Kingdom initiatives.
- Promote the Health Industries Fund to attract companies to South Australia.
- Support and promote companies brought to South Australia by Health Industries South Australia.

Performance indicators

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| Attract new major health and biomedical companies to establish facilities in South Australia | 4 | 4 | 2 | 3 |
| Secure significant health/biomedical conferences to South Australia | 4 | 4 | 3 | 4 |

Activity indicators

| | 2017–18 Projection | 2016–17 Estimated Result | 2016–17 Projection | 2015–16 Actual |
|---|-----------------------|--------------------------------|-----------------------|-------------------|
| Promote South Australia in target markets by participating in delegations and business trips | 4 | 4 | 2 | 4 |
| Develop relationships with health and biomedical clusters and industry organisations outside of Australia by signing agreements to create international opportunities for local life sciences companies | 2 | 2 | 2 | 2 |
| Secure significant health and biomedical conferences for South Australia | 4 | 4 | 3 | 4 |

Program 6: Growing Small Business

Description/objective

Supports small businesses to establish, grow and be sustainable through the operations of the Small Business Unit, the Office of the Small Business Commissioner and the Office of the Industry Advocate. This program is closely linked to the work of the Simpler Regulation Unit within the Department of Treasury and Finance.

Sub-programs

- 6.1 Opportunities for Small Business
- 6.2 Office of the Industry Advocate

Program summary—expenses, income and FTEs

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses..... | 3 026 | 3 291 | 2 640 | 2 180 |
| Supplies and services..... | 1 505 | 1 624 | 1 860 | 926 |
| Depreciation and amortisation expense | 32 | 33 | 32 | 22 |
| Grants and subsidies..... | 7 414 | 5 296 | 3 964 | 1 098 |
| Intra-government transfer expenses..... | 50 | 42 | 10 | — |
| Other expenses | 15 | 10 | 21 | 2 |
| Total expenses | 12 042 | 10 296 | 8 527 | 4 228 |
| Income | | | | |
| Intra-government transfers | — | — | — | 713 |
| Sales of goods and services..... | — | — | — | 18 |
| Other income | — | — | — | 58 |
| Total income | — | — | — | 789 |
| Net cost of providing services | 12 042 | 10 296 | 8 527 | 3 439 |
| FTEs as at 30 June (No.)^(a) | 23 | 27 | 21 | 19 |

(a) Includes an estimated allocation of FTEs associated with corporate overheads.

Sub-program 6.1: Opportunities for Small Business

Description/objective

The Small Business Unit supports small businesses to establish, grow and be sustainable by:

- providing information, resources and advice
- supporting business capability development
- promoting business growth through innovation
- supporting small businesses and start-ups in northern Adelaide through the Small Business Development Fund.

The Office of the Small Business Commissioner supports business through alternative dispute resolution processes and provision of information on government services. The Small Business Commissioner is responsible for the administration and provision of information on the *Retail and Commercial Leases Act 1995* and the *Building and Construction Industry Security of Payment Act 2009*, while having certain statutory responsibilities under the *Late Payment of Government Debts Act 2013* and the *Work Health and Safety Act 2012*.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 9 748 | 7 413 | 5 752 | 2 368 |
| Income..... | — | — | — | 774 |
| Net cost of sub-program | 9 748 | 7 413 | 5 752 | 1 594 |
| FTEs as at 30 June (No.) | 10 | 12 | 9 | 8 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$2.3 million increase in expenses is primarily due to increased expenditure in line with the forward strategy for the Small Business Development Fund (\$2.5 million).

2016–17 Estimated Result/2016–17 Budget

The \$1.7 million increase in expenses is primarily due to a realignment of expenditure associated with the Centre for Business Growth from sub-program 1.1 — Industry Development (\$1.4 million).

2016–17 Estimated Result/2015–16 Actual

The \$5.0 million increase in expenses is primarily due to:

- commencement of the Small Business Development Fund in 2016–17 (\$3.3 million)
- movement in allocation of overheads between financial years which are allocated across programs in line with total program expenditure (\$0.6 million)
- additional expenditure in 2016–17 in line with the forward strategy for support to the University of South Australia (UniSA) Centre for Business Growth (\$0.6 million)

The \$0.8 million decrease in income is primarily due to a once-off contribution in 2015–16 from the Department of the Premier and Cabinet to support UniSA's Centre for Business Growth program (\$0.7 million).

Highlights 2016–17

Opportunities for Small Business.

- Delivered the Small Business Development Fund, a grant program to support small business expansion and start-ups in northern Adelaide, which has supported the creation of more than 300 new jobs in its first year of operation.
- Delivered capability development workshops to more than 300 small businesses across the state, and supported the development and growth of a further 950 businesses through programs delivered by our partner organisations, including Business SA, the UniSA Centre for Business Growth program and the Polaris Centre.
- Collaborated with the Commonwealth Government to deliver a single, integrated phone information and advisory service to South Australian small businesses that provides one point of contact for both state and federal government support.
- Supported 56 small businesses to become export ready by participating in workshop training programs in metropolitan and regional South Australia.

Office of the Small Business Commissioner.

- Officially opened the Small Business Centre at 99 Gawler Place Adelaide to provide greater support and access to current and potential small business owners to assist their business.
- Finalised legislative changes following a review of the *Building and Construction Industry Security of Payment Act 2009* and *Retail and Commercial Leases Act 1995* due for introduction to State Parliament in June 2017.
- Delivered 32 information sessions for small business including six in regional South Australia, significantly exceeding target.

Targets 2017–18

Opportunities for Small Business.

- Build the capabilities of South Australian small businesses by supporting small business programs and services, including business coaching, business workshops and small business advisory services.
- Support job creation in northern Adelaide through the Small Business Development Fund.
- Support the growth and competitiveness of South Australian small businesses through targeted small business engagement.

Office of the Small Business Commissioner.

- Implement an ongoing education program to inform businesses in the building industry about their rights, obligations and processes to secure payment for work undertaken.
- Develop a joint program with South Australian councils to promote recognition of small business and their needs in the local government area.
- Implement webinar and video facilities to allow greater access to information sessions undertaken by the Office of the Small Business Commissioner.
- Support the legislative process for amendments to the *Building and Construction Industry Security of Payment Act 2009* and the *Retail and Commercial Lease Act 1995*.
- Implement a new information technology system to manage retail bonds that will allow the processing of bonds online, replacing a largely paper-based system.

Performance indicators

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| Opportunities for Small Business | | | | |
| Businesses attending Small Business Workshops <i>Merged with No. of firms supported to build business capability Activity indicator.</i> | n.a. | 303 | 250 | n.a. |
| No. of businesses provided with solutions to support their growth and competitiveness <i>New indicator</i> | 150 | n.a. | n.a. | n.a. |
| No. of businesses supported by the Small Business Development Fund <i>New indicator</i> | 100 | 92 | n.a. | n.a. |
| Office of the Small Business Commissioner | | | | |
| Dispute Resolution Cases <i>Total new cases opened.</i> | 273 | 260 | 241 | 279 |
| Dispute Resolution Cases <i>Total cases closed successfully where both parties were in agreement and settlement/payment finalised.</i> | 136 | 129 | 129 | 135 |
| Dispute Resolution Cases <i>Total cases closed including cases from previous years.</i> | 235 | 224 | 224 | 239 |
| Dispute Resolution Cases <i>Cases successfully closed/total cases closed.</i> | 58% | 58% | 58% | 56% |

Activity indicators

| | 2017–18 Projection | 2016–17 Estimated Result | 2016–17 Projection | 2015–16 Actual |
|--|-----------------------|--------------------------------|-----------------------|-------------------|
| Opportunities for Small Business | | | | |
| No. of firms provided with base-level business information resources | 14 000 | 14 373 | 10 469 | 9 504 |
| No. of firms supported to build business capability | 1 200 | 1 252 | 710 | 645 |
| Office of the Small Business Commissioner | | | | |
| Small Business Commissioner Act — number of enquiries | 1 344 | 1 280 | 1 275 | 1 285 |
| Retail and Commercial Leases Act — number of enquiries | 1 313 | 1 250 | 1 444 | 1 392 |
| Security of Payments Act — number of enquiries | 80 | 52 | 77 | 68 |
| Other Jurisdiction — number of enquiries | 728 | 693 | 379 | 390 |
| Total enquiries — Office of the Small Business Commissioner | 3 465 | 3 275 | 3 175 | 3 135 |
| Events | | | | |
| Number of Events/Training Sessions | 24 | 32 | 19 | 18 |
| Website Statistics | | | | |
| Number of visits to the website | 29 673 | 28 260 | 22 656 | 22 652 |

Sub-program 6.2: Office of the Industry Advocate

Description/objective

The Office of the Industry Advocate investigates, monitors and ensures compliance with the South Australian Industry Participation Policy (IPP), investigates complaints about industry participation in government contracts, oversees supplier commitments in industry participation plans and assists small to medium enterprises (SMEs) to participate in government procurement processes.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 2 294 | 2 883 | 2 775 | 1 860 |
| Income..... | — | — | — | 15 |
| Net cost of sub-program | 2 294 | 2 883 | 2 775 | 1 845 |
| FTEs as at 30 June (No.) | 13 | 15 | 12 | 11 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$0.6 million decrease in expenses is primarily due to additional expenditure in 2016–17 for steelmaking support initiatives (\$0.4 million).

2016–17 Estimated Result/2016–17 Budget

No major variations.

2016–17 Estimated Result/2015–16 Actual

The \$1.0 million increase in expenses is primarily due to:

- additional expenditure in 2016–17 for steelmaking support initiatives (\$0.4 million)
- additional ongoing support from 2016–17 to develop the capabilities of businesses to capitalise on opportunities resulting from government procurement (\$0.4 million).

Highlights 2016–17

- Led reform and consultation of the draft South Australian IPP and the Industry Advocate Bill.
- Monitored the compliance with industry participation requirements of agencies and advised how strategically important procurement can generate maximum economic contribution.
- Established a new industry participation plan model for major ICT and health industries.
- Ensured government construction contracts use steel from Australian Standards certified mills and fabricators, through a surveillance program and progressed South Australian based steel fabricators through the National Structural Steelwork Compliance Scheme.
- Supported Aboriginal businesses to successfully tender for government contracts, removing barriers and identifying opportunities to increase Aboriginal business participation.

Targets 2017–18

- Commence operations under the *Industry Advocate Act 2017* and implement a revised South Australian IPP.
- Assist local businesses to win tenders through the connecting with business program, meet the buyer events, and supplying to government workshops.
- Deliver strong results from goods and services procurement with an increase in value of goods and services from local business over the historic baseline.
- Develop value and economic contribution from South Australian construction works and monitor delivery of industry participation policy plan outcomes on construction works.

- Support across government initiatives such as energy market procurements and the digital transformation program.
- Lead the Aboriginal economic participation procurement initiative including monitoring agency performance against agreed targets.
- Promote the registration of all South Australian Aboriginal owned businesses on Aboriginal Business Connect to raise their profile and ensure they maximise opportunities to provide goods and services to the Government of South Australia.
- Simplify industry participation tender requirements for business.

Performance indicators

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| % of value of goods and services contracts awarded to suppliers in SA | 81% | 81% | 81% | 64% |
| Construction projects above \$50m awarded in 2015–16: | | | | |
| • per cent of SA residents labour hours in the Head Contract | 85% | 91% | 85% | 86% |
| • per cent of estimated \$ spend on SA residents, SA capital equipment and SA products or services from work packages | 90% | 89% | 90% | 91% |
| Meet the Buyer events | | | | |
| • per cent satisfied attendees | 90% | 84% | 90% | 94% |
| Supplying to Government workshops | | | | |
| • per cent satisfied attendees | 95% | 100% | 95% | 95% |
| Registration of South Australian Business on South Australia's online register of Aboriginal business, Aboriginal Business Connect. | 100 | 74 | 60 | n.a. |

Activity indicators

| | 2017–18 Projection | 2016–17 Estimated Result | 2016–17 Projection | 2015–16 Actual |
|-----------------------------------|-----------------------|--------------------------------|-----------------------|-------------------|
| Meet the Buyer events | | | | |
| • Number of attendees | 1 000 | 1 286 | 1 800 | 1 035 |
| Supplying to Government workshops | | | | |
| • Number of attendees | 250 | 232 | 180 | 111 |
| Industry Participation Plans | | | | |
| • Number of Plans assessed | 700 | 640 | n.a. | n.a. |
| <i>New Indicator</i> | | | | |
| Acquisition Plans | | | | |
| • Number of Plans assessed | 130 | 105 | n.a. | n.a. |
| <i>New Indicator</i> | | | | |

Program 7: International Engagement, Trade, Migration and International Education

Description/objective

Develop and implement strategies and programs that facilitate international exports, the growth of the international education sector and maximise the benefits of skilled and business migration.

Program summary—expenses, income and FTEs

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses..... | 8 942 | 9 097 | 7 990 | 8 060 |
| Supplies and services..... | 5 782 | 6 469 | 6 983 | 6 359 |
| Depreciation and amortisation expenses..... | 50 | 140 | 77 | 164 |
| Borrowing costs..... | 12 | 12 | 12 | 29 |
| Grants and subsidies..... | 1 491 | 3 189 | 2 181 | 927 |
| Intra-government transfers..... | 4 971 | 1 960 | 1 898 | 1 853 |
| Other expenses..... | 23 | 19 | 38 | 37 |
| Total expenses | 21 271 | 20 886 | 19 179 | 17 429 |
| Income | | | | |
| Commonwealth Government revenues..... | 357 | 351 | 351 | 348 |
| Intra-government transfers..... | 107 | 173 | — | 114 |
| Fees, fines and penalties..... | 700 | 700 | 700 | 724 |
| Sales of goods and services..... | 155 | 17 | 6 | 75 |
| Other income..... | 103 | 333 | 7 | 847 |
| Total income | 1 422 | 1 574 | 1 064 | 2 108 |
| Net cost of providing services | 19 849 | 19 312 | 18 115 | 15 321 |
| FTEs as at 30 June (No.)^(a) | 77 | 79 | 64 | 71 |

(a) Includes an estimated allocation of FTEs associated with corporate overheads.

Financial commentary

2017–18 Budget/2016–17 Estimated Result

No major variations.

2016–17 Estimated Result/2016–17 Budget

The \$1.7 million increase in expenses is primarily due to:

- a carryover of expenditure from 2015–16 to 2016–17 for the Export Partnership Program (\$0.9 million)
- additional expenditure in 2016–17 for international engagement in inbound and outbound missions (\$0.4 million)
- contribution from program 8 — Investment Attraction South Australia to support the Singapore embedded office until 2018–19 (\$0.2 million).

The \$0.5 million increase in income is primarily due to a once-off contribution from delegates in 2016–17 for international engagement in inbound and outbound missions (\$0.4 million).

2016–17 Estimated Result/2015–16 Actual

The \$3.5 million increase in expenses is primarily due to:

- higher expenditure to accelerate export activities as part of the Export Partnership Program (\$2.0 million)
- additional ongoing expenditure commencing 2016–17 to advance the South Australia China Engagement Strategy (\$0.7 million)
- a re-profile of expenditure from 2015–16 for the Destination Adelaide initiative (\$0.5 million)
- additional support in 2016–17 to assist Business SA in developing South Australian SMEs engage in the export market (\$0.3 million).

The \$0.5 million decrease in income is primarily due to:

- once-off contributions from South Australian government agencies in 2015–16 for the Singapore and Kuala Lumpur Alumni dinner (\$0.3 million)
- additional revenue received in 2015–16 from delegates for outbound missions (\$0.2 million).

Highlights 2016–17

- Led seven outbound and 28 inbound business missions to support greater engagement with target markets, underpinning continued growth in South Australia's exports and trade-related jobs.
- Supported the creation of an estimated 1030 jobs in South Australia by achieving the state nomination migration target of 2400 for skilled migrants, and nearly twice the target of 250 for business migrants, with an estimated 550 nominations, expected to bring in at least \$440 million of investment.
- Achieved growth of 6.6 per cent in international students to 34 177 enrolments in December 2016.
- Delivered 17 business education program sessions, further assisting South Australian businesses to achieve international export success.
- Continued to deliver the Tradestart advisory program in partnership with Austrade through the Export Partnership Program to support businesses to develop new export markets.
- Delivered the international education action plan and established the Ministerial advisory council.

Targets 2017–18

- Increase the number of jobs related to exports (currently estimated at 72 000) and contribute to continuing growth in the value and volume of South Australia's exports.
- Deliver the government's international program of inbound and outbound business missions in support of greater commercial engagement with target markets.
- Continue a comprehensive business education program to support business achieve trade success.
- Achieve 2400 general skills migration nominations and 350 business migration nominations.
- Achieve the target for South Australia's number of international students of 35 500 by the end of 2017.
- Continue to deliver the Tradestart advisory program in partnership with Austrade and the Export Partnership Program, supporting businesses in developing new markets.

Performance indicators

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| Business migration (892, 893, 888 Visa): | | | | |
| • no. of state nominations approved | 60 | 55 | 30 | 59 |
| • no. of jobs created | 60 | 48 | 18 | 42 |
| • value of investments | \$25m | \$20m | \$15m | \$20m |
| <i>The 888 visa has been added to indicator in 2017–18.</i> | | | | |
| <i>The 892, 893, 888 visa outcomes relate to business migrants who have successfully met migration requirements and can now apply for permanent residency. These outcomes are verified after two years.</i> | | | | |
| Business migration (132, 188 Visa) | | | | |
| • no. of state nominations approved | 350 | 550 | 250 | 266 |
| • no. of jobs created (FTE) | 850 | 1 030 | 300 | 438 |
| • value of investments | \$360m | \$440m | \$125m | \$207m |
| <i>The 132, 188 visa results relate to investment outcomes anticipated by new business migrants nominated by the state to support their visa application to undertake business activities in South Australia. These outcomes are verified after two years.</i> | | | | |
| <i>This replaces the 'No. of business skills nominations approved — new migrants (188, 132 visa subclass)' indicator.</i> | | | | |
| Support South Australian companies to achieve export success in Shandong, China | 20 | 20 | 20 | n.a. |
| Support South Australian companies to achieve export success through state government led engagement programs with China, India, South East Asia, Europe, North Asia and the Middle East North Africa region. | 60 | 36 | 30 | 15 |
| Total number of supported new export successes | 50 | 59 | 50 | 53 |
| International student numbers | 35 500 | 34 177 | 34 060 | 32 066 |

Activity indicators

| | 2017–18 Projection | 2016–17 Estimated Result | 2016–17 Projection | 2015–16 Actual |
|--|-----------------------|--------------------------------|-----------------------|-------------------|
| • No. of applications processed for advice by Regional Certifying Body (RCB) | 300 | 588 | 600 | 639 |
| <i>The number of applications received for RCB advice, and those with a 'satisfied' outcome in 2015–16 was similar to the previous year. The number of applications and satisfied advice outcomes is expected to decrease slightly in 2016–17 due to softer labour market conditions and an increased level of integrity focus from the Commonwealth Government.</i> | | | | |
| • No. of skilled nominations approved (489, 190 Visa subclass) | 2 400 | 2 400 | 2 400 | 2 439 |
| • No. of business skills nominations approved — new migrants (188, 132 visa subclass) | n.a. | n.a. | 250 | n.a. |
| <i>This indicator is replaced by 'Business migration (132, 188 Visa)' indicator in 2017–18</i> | | | | |
| <i>General factors that affect the demand for state nomination and South Australian employer nomination advice by the RCB are job opportunities, global and national competition for skilled migrants, restrictedness of nomination or visa eligibility criteria imposed by the Government of South Australia or Commonwealth Department of Immigration and Border Protection (DIBP) and global economic conditions.</i> | | | | |
| International Engagement and Trade | | | | |
| • Deliver a program of government led outbound missions | 8 | 7 | 7 | n.a. |
| • Deliver a program of government arranged inbound missions | 27 | 28 | 15 | n.a. |
| • Delivery of Business Education program sessions | 15 | 17 | 14 | n.a. |
| • New chapters of the South Australia Club | — | 4 | 3 | n.a. |

Program 8: Investment Attraction South Australia

Description/objective

Lead and coordinate across government investment attraction activity and seek and establish investment across major industry sectors.

Attract new investors and businesses to South Australia, and identify business development opportunities for the state.

Program summary—expenses, income and FTEs

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses..... | 6 210 | 5 710 | 6 087 | 3 444 |
| Supplies and services..... | 2 740 | 3 059 | 2 845 | 994 |
| Grants and subsidies..... | 21 475 | 13 390 | 14 550 | 105 |
| Intra-government transfers | 1 450 | 2 620 | 225 | — |
| Other expenses | — | — | — | 8 |
| Total expenses | 31 875 | 24 779 | 23 707 | 4 551 |
| Income | | | | |
| Intra-government transfers | 1 850 | — | — | 1 400 |
| Total income | 1 850 | — | — | 1 400 |
| Net cost of providing services | 30 025 | 24 779 | 23 707 | 3 151 |
| FTEs as at 30 June (No.) | 41 | 41 | 41 | 29 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$7.1 million increase in expenses is primarily due to:

- additional expenditure in 2017–18 for the Economic Investment Fund to further support and secure new investment in South Australia and the creation of new jobs (\$10.0 million)

partially offset by

- reduced expenditure in 2017–18 in line with the forward plan of the Economic Investment Fund (\$3.1 million).

The \$1.9 million increase in income is due to a contribution in 2017–18 to the Economic Investment Fund from the PIRSA Regional Development Fund.

2016–17 Estimated Result/2016–17 Budget

The \$1.1 million increase in expenses is primarily due to:

- a carryover of expenditure from 2015–16 to 2016–17 for the Economic Investment Fund (\$1.7 million)

partially offset by

- re-profile of expenditure from 2016–17 across the forward estimates in line with the forward plan for the Economic Investment Fund (\$0.5 million)
- contribution to program 7 — International Engagement, Trade, Migration and International Education to support the Singapore embedded office (\$0.2 million).

2016–17 Estimated Result/2015–16 Actual

The \$20.2 million increase in expenses is primarily due to:

- additional expenditure for the Economic Investment Fund in 2016–17 (\$15.9 million)
- the establishment of Investment Attraction South Australia in 2016–17 (\$4.3 million)

The \$1.4 million decrease in income is due to a contribution in 2015–16 to the Economic Investment Fund from PIRSA's Regional Development Fund.

Highlights 2016–17

- Secured six company investments that will result in more than \$127 million of capital investment for the state, and created more than 1700 direct and associated jobs for South Australians, bringing the total number of jobs to more than 5500 to date.
- Identified and attracted new investors to the state and facilitated growth and reinvestment from firms with an existing presence in the state.
- Developed an international market strategy in conjunction with the global advisory board, through close relationships with overseas officers and developed a targeting strategy within the sector business teams.
- Packaged and promoted investment ready projects for the international and national markets.
- Participated in business missions led by the Minister for Investment and Trade developing bespoke investment programs.

Targets 2017–18

- Create new and transformational jobs through investment in targeted sectors and contribute towards the delivery of 6000 jobs by the end of 2017.
- Maximise the amount of capital investment in South Australia and the economic impact to the economy from investment projects.
- Develop a suite of investment ready projects in South Australia that can be promoted to international investors and companies.
- Promote South Australia as a global business location, informing investors of the business propositions and opportunities available, identify and target new potential investors and manage an investment portfolio of leads and enquiries.
- Target new business opportunities that add to economic transformation.

Performance indicators

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|---|---------------------------|---|---------------------------|---------------------------|
| Total No. of estimated jobs from projects secured by Investment Attraction South Australia | 6 000 | n.a | n.a | n.a |
| <i>The 2017–18 target reflects the total number of jobs to be secured since the agency's inception in October 2015.</i> | | | | |
| <i>New indicator.</i> | | | | |

Program 9: Employment and Skills Formation

Description/objective

Strengthen the economic prosperity and social wellbeing of South Australians through:

- strategic employment, skills formation and workforce development
- implementing the WorkReady and Jobs and Skills policies.

Sub-programs

9.1 Training, Employment, Skills and Higher Education

9.2 TAFE SA

9.3 Quality Assurance and Regulatory Services

Program summary—expenses, income and FTEs

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses..... | 239 062 | 255 608 | 243 413 | 253 708 |
| Supplies and services..... | 131 156 | 104 059 | 110 943 | 98 640 |
| Depreciation and amortisation expenses..... | 7 640 | 19 699 | 8 564 | 25 588 |
| Grants and subsidies..... | 90 380 | 89 852 | 91 131 | 96 186 |
| Intra-government transfers | 1 118 | 1 089 | 491 | 327 |
| Other expenses | 8 352 | 2 716 | 2 833 | 7 417 |
| Total expenses | 477 708 | 473 023 | 457 375 | 481 866 |
| Income | | | | |
| Commonwealth Government revenues | 2 697 | 40 051 | 39 734 | 29 899 |
| Intra-government transfers | 1 118 | 3 598 | 1 109 | 1 266 |
| Other grants..... | 2 100 | 2 346 | 2 143 | 2 177 |
| Sales of goods and services..... | 110 169 | 103 721 | 111 648 | 95 193 |
| Interest revenues..... | — | — | — | 379 |
| Net gain or loss from disposal of assets | — | -114 705 | 1 348 | -8 642 |
| Other income | 2 476 | 3 166 | 2 571 | 3 608 |
| Total income | 118 560 | 38 177 | 158 553 | 123 880 |
| Net cost of providing services | 359 148 | 434 846 | 298 822 | 357 986 |
| FTEs as at 30 June (No.)^(a) | 2 334 | 2 490 | 2 480 | 2 564 |

(a) Includes an estimated allocation of FTEs associated with corporate overheads, which are applied across sub-programs 9.1 and 9.3 only.

Sub-program 9.1: Training, Employment, Skills and Higher Education

Description/objective

Coordinate high quality training, employment and skills development targeted to South Australia's economic priorities, economic transformation and jobs through:

- aligning the investment of public funds with strategic needs
- vocational education and training (VET) provided by TAFE SA and other registered training organisations
- supporting individuals and employers to develop workforce skills that are linked to employment opportunities, such as through apprenticeships
- supporting employer-led projects that focus on assisting job seekers and people with barriers to employment, to gain a job in their local communities
- supporting industries affected by economic restructuring to generate jobs and support vulnerable workers to gain the skills required to transition to new jobs
- building foundation skills through vocational and community education, providing career advice, skills recognition and employment services that prepare people for training and/or job opportunities
- fostering collaboration between government, universities and industry in areas with economic potential for the state and support the higher education sector in sustaining the state's reputation for high quality teaching, learning and research
- providing state and national policy advice on training, employment, skills and higher education policies and planning.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget ^(a) | 2015–16 Actual |
|---------------------------------|-------------------|--------------------------------|----------------------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 192 385 | 163 388 | 129 615 | 165 834 |
| Income..... | 2 242 | -71 616 | 41 297 | 22 810 |
| Net cost of sub-program | 190 143 | 235 004 | 88 318 | 143 024 |
| FTEs as at 30 June (No.) | 258 | 283 | 265 | 293 |

(a) The 2016–17 Budget amounts contained in the 2017–18 Agency Statements for sub-program 9.1 — Training, Employment, Skills and Higher Education differ from those amounts contained in the 2016–17 Agency Statements due to the presentation of TAFE SA in the new sub-program 9.2 — TAFE SA. The 2016–17 Budget amounts in these statements have been amended for comparative purposes.

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$29.0 million increase in expenses is primarily due to:

- additional expenditure associated with the sale and leaseback of the key TAFE SA campus assets to Renewal SA in March 2017 (\$29.6 million)
- the movement in the allocation of overheads between financial years which are allocated across programs in line with total program expenditure (\$1.9 million)

partially offset by

- once off expenditure in 2016–17 associated with skills and employment capital projects (\$2.3 million).

The \$73.9 million increase in income is primarily due to:

- a net loss on disposal on the transfer of key TAFE SA campus assets in 2016–17 to Renewal SA (\$113.1 million)
- a net loss on disposal of the Millicent campus in 2016–17 (\$2.2 million)

partially offset by

- a decrease in Commonwealth Government funding relating to the current National Partnership Agreement on Skills Reform which ends in 2016–17. At this stage the Commonwealth Government has not reached an agreement with the states on the proposed replacement Skilling Australia Fund (\$37.5 million)
- once-off revenue in 2016–17 from the Department for Communities and Social Inclusion (DCSI) for the Disability Sector Skills and Employment Development Project (\$1.8 million).

2016–17 Estimated Result/2016–17 Budget

The \$33.8 million increase in expenses is primarily due to:

- additional expenditure associated with the timing of the sale and leaseback of key TAFE SA campus assets to Renewal SA (\$29.0 million)
- once-off expenditure in 2016–17 associated with Skills and Employment capital projects (\$2.3 million)
- the movement in the allocation of overheads between financial years which are allocated across programs in line with total program expenditure (\$1.4 million)

partially offset by

- the realignment of budget associated with the Office of Training and Skills Commission to sub-program 9.3 — Quality Assurance and Regulatory Services (\$1.6 million).

The \$112.9 million decrease in income is primarily due to:

- a net loss on disposal on the transfer of key TAFE SA campus assets in 2016–17 to Renewal SA (\$113.1 million)
- a net loss on disposal from the sale of Millicent Campus in 2016–17 (\$2.2 million)

partially offset by

- once-off revenue in 2016–17 from DCSI for the Disability Sector Skills and Employment Development Project (\$1.8 million).

2016–17 Estimated Result/2015–16 Actual

The \$2.4 million decrease in expenses is primarily due to:

- improved targeting of training across the vocational education and training sector (\$8.0 million)
- the movement in allocation of overheads between financial years which are allocated across programs in line with total program expenditure (\$4.6 million)
- the de-recognition in 2015–16 of assets located on Aboriginal Lands to reflect control of the assets by the Aboriginal landholding authorities (\$1.6 million)
- cessation of the allocation of resources for a Ministerial Office (\$1.5 million).

partially offset by

- expenditure associated with the sale and leaseback key TAFE SA campus assets to Renewal SA in 2016–17 (\$11.5 million)

- once off expenditure in 2016–17 associated with Skills and Employment capital projects (\$2.3 million).

The \$94.4 million decrease in income is primarily due to:

- a net loss on disposal on the transfer of key TAFE SA campus assets in 2016–17 to Renewal SA (\$113.1 million)
- a net loss from the sale of Millicent Campus in 2016–17 (\$2.2 million)

partially offset by

- an increase of Commonwealth Funding in 2016–17 under the National Partnership Agreement on Skills Reform (\$10.1 million)
- a net loss on disposal from the sale of Marlestone and O'Halloran Hill campuses in 2015–16 (\$9.1 million)
- once-off revenue in 2016–17 from DCSI for the Disability Sector Skills and Employment Development Project (\$1.8 million).

Highlights 2016–17

- Implemented the WorkReady policy by increasing contestability, introducing a consistent pre-enrolment Upfront Assessment of Need process and increasing the flexibility of the Jobs First initiative to target disadvantaged job seekers.
- Strengthened engagement with business and industry on the skills needed for their current and future workforce, including the implementation of the National Disability Insurance Scheme (NDIS).
- Achieved a 57.5 per cent apprentice completion rate in trade occupations, 11.3 percentage points above the national average, and the highest trade completion rate in Australia.
- Supported around 3500 completions by domestic students for undergraduate tertiary qualifications in specified STEM fields of education in 2015, an increase of more than 660 (23 per cent) completions against the 2009 baseline year.
- Strengthened collaboration between government, higher education and industry to drive agreed projects such as the knowledge exchange program to improve leadership in organisations by helping more staff and students boost their skills through exchanges between government, higher education, not-for-profit sector and industry sectors.
- Delivered the 2017 regional summit on the changing nature of the workforce including industry engagement, and workforce issues affecting the regions.
- Implemented the pre-service STEM teacher industry engagement project at the University of South Australia and Flinders University and continued to deliver the defence and STEM scholarship and internship program that provides real-world, industry-based learning opportunities for the next generation of STEM professionals.

Targets 2017–18

- Improve understanding of workforce needs, including through direct engagement with stakeholders to better target employment, skill development and training initiatives, particularly in regional areas.
- Improve responsiveness to the needs of employers, students and job seekers through refining Jobs First employment projects and introducing WorkReady qualifications quotas and projects.
- Increase and diversify the disability sector workforce, by preparing new workers to enter the industry and existing workers to upskill, in response to the roll out of the NDIS.

- Strengthen the Adult Community Education (ACE) program, in collaboration with the ACE sector and the Training and Skills Commission, to respond to the foundation skills needs of adult learners.
- Strengthen the skills, higher education and research capabilities for defence, including through collaboration with France.
- Continue to support the South Australian STEM tertiary student engagement with local defence and STEM focussed companies.

Performance indicators^(a)

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| No of people participating in VET in South Australia ^(b) <i>This indicator replaces ' % of South Australians aged 15 to 64 participating in VET' indicator and 'Annual hours of VET delivery (million)' indicator. The 2015–16 Actual, 2016–17 Estimated Result and 2017–18 Target are for government funded people only. The 2015–16 Actual shows 2015 data which is the latest available. National Centre for Vocational Education Research (NCVER) will release 2016 figures in July 2017.</i> | 72 500 | 70 900 | n.a. | 86 300 |
| No. of qualification completions <i>New indicator. NCVER collects the number of completions for a full year over a two-year period and this leads to a one-year lag in reporting this data. The 2015–16 Actual shows 2014 data which is the latest available. NCVER will release 2015 completion figures in July 2017.</i> | 26 600 | 32 700 | n.a. | n.a. |
| % of qualification completions at Certificate III and above ^(a) <i>The 2016–17 Target underestimated the number of Certificate I and II level enrolments continuing through the training system has led to a higher number of qualifications at Certificate I and II being completed as a proportion of all qualifications being completed resulting in a lower 2016–17 Estimated Result.</i> | 70.0% | 65.7% | 73.0% | 70.7% |
| Qualification completion rate <i>New indicator. NCVER estimates the completion rate for those commencing a qualification at the Certificate I level and above in a given year. The latest figure available is for VET programs commenced in 2014 and is reported under the 2015–16 Actual.</i> | 35.0% | 32.0% | n.a. | n.a. |
| Load pass rates <i>Load pass rates report the extent to which students pass their assessment in an assessable module or unit of competency.</i> | 87.5% | 85.4% | 87.5% | 86.8% |
| % of apprentices and trainees completing their training contract <i>Results are based on the most recent confirmed completion rates available from the NCVER. The 2016–17 Estimated Result is for apprentices and trainees who commenced in 2011.</i> | 57.0% | 56.9% | 57.0% | 56.5% |
| % of VET graduates who improved their employment circumstances after training ^(a) <i>New indicator. This replaces ' % of VET graduates employed or in further study after the training' indicator. The 2015–16 Actual, 2016–17 Estimated Result and 2017–18 Target are for government funded people only. The 2015–16 Actual shows 2015 data. Improved employment status after training is employment status changing from not employed before training to be employed after training OR employed at a higher skill level after training OR received a job-related benefit. An individual may have reported a positive response to more than one measure contributing to improved employment status after training.</i> | 60.0% | 53.7% | n.a. | n.a. |
| % of VET graduates in further study after training ^(a) <i>New indicator. Replaces indicator % of VET graduates employed or in further study after the training. This indicator has a different scope from the one it replaces. The 2015–16 Actual, 2016–17 Estimated Result and 2017–18 Target are for government funded people only. The 2015–16 Actual shows 2015 data.</i> | 35.0% | 30.1% | n.a. | n.a. |

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| No. of participants in employment projects and services <i>The 2016–17 Estimated Result and 2017–18 Target reflect the refocusing of employment projects and services to target the more disadvantaged jobs seekers and lower demand for projects and services in non-metropolitan South Australia.</i> | 8 000 | 8 700 | 15 250 | 9 600 |
| No. of participants gaining a job through employment projects and services <i>The 2016–17 Estimated Result is due to the lower number of participants in employment projects and services. An estimated 52.8 per cent of participants gained a job.</i> | 4 400 | 4 600 | 7 200 | 6 000 |
| No. of participants in pathways projects and services <i>The introduction of the Australian Skills Quality Authority requirements for the course length, delivery and assessment of participants in foundation skills in May-June 2016 resulted in fewer enrolments in higher quality courses in 2016–17.</i> <i>The 2017–18 Target reflects a change from reporting on the number of enrolments in non-accredited ACE courses units to the number of participants</i> <i>Pathway projects and services provide individuals with foundation learning that supports pathways to higher level courses that lead to entry level jobs.</i> | 9 000 | 11 300 | 27 400 | 14 300 |
| No. of commencements by domestic students in undergraduate and postgraduate studies in STEM fields of education each year <i>Data is by calendar year and is reported by the Commonwealth Department of Education and Training in August of the following year.</i> <i>The 2015–16 Actual is for the 2015 calendar year. The 2016–17 Target is for the 2016 calendar year. The 2017–18 Target is for the 2017 calendar year.</i> | 13 100 | 11 500 | 12 150 | 11 100 |
| Support South Australian STEM student engagement with local defence and STEM focused companies | | | | |
| • No. of STEM scholarships program | 15 | 15 | 10 | 10 |
| • No. of STEM internships program | 10 | 10 | 9 | 9 |
| % of qualification completions at certificate III and above categorised by student groups: | 70.0% | 65.7% | 73.0% | 70.7% |
| • % of Indigenous students | n.a. | 51.1% | 50.0% | 42.5% |
| • % of students with a disability | n.a. | 55.2% | 58.0% | 56.8% |
| • % of mature age students (45–64) | n.a. | 74.3% | 77.0% | 80.8% |
| <i>NCVER collects the number of completions for a full year over a two-year period and this leads to a one-year lag in reporting this data. The 2015–16 Actual shows 2014 data which is the latest available. NCVER will release 2015 completion figures in July 2017.</i> <i>The '% of Indigenous students', '% of students with a disability' and '% of mature age students (45–64)' portion of this indicator is redundant for 2017–18 as the National Partnerships Agreement for Skills Reform Implementation Plan that set targets for student groups concludes in 2016–17.</i> | | | | |

Activity indicators^(a)

| | 2017–18 Projection | 2016–17 Estimated Result | 2016–17 Projection | 2015–16 Actual |
|---|-----------------------|--------------------------------|-----------------------|-------------------|
| Government expenditure per annual hours of VET delivery | \$20.00 | \$17.30 | \$15.80 | \$15.01 |
| <i>In 2017 the Productivity Commission's Report on Government Services changed how expenditure was reported: The 2017–18 Projection is based on the Productivity Commission's approach.</i> | | | | |
| <i>Data is aligned to Commonwealth Government and state recurrent and specific funding under the National Agreement for Skills and Workforce Development with the Commonwealth Government, unless otherwise stated. Targets and results are for calendar years.</i> | | | | |

(a) All performance indicators are new for Agency Statement purposes. This is a new sub-program in 2017–18.

Sub-program 9.2: TAFE SA

Description/objective

Deliver high quality training and skills development targeted to South Australia's economic priorities, economic transformation and jobs through:

- providing innovative training to individuals and employers to develop workforce skills that are linked to employment opportunities
- building foundation skills through vocational and community education, providing career advice, skills recognition and employment services that prepare people for training and/or job opportunities.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget ^(a) | 2015–16 Actual |
|-----------------------------------|-------------------|--------------------------------|----------------------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 279 830 | 303 958 | 324 135 | 309 945 |
| Income..... | 116 318 | 109 793 | 117 256 | 101 067 |
| Net cost of sub-program | 163 512 | 194 165 | 206 879 | 208 878 |
| Add Intra-portfolio expenses..... | 54 041 | 32 176 | 927 | 21 228 |
| Less Intra-portfolio income | 220 359 | 228 300 | 211 385 | 234 287 |
| Operating Surplus | 2 806 | 1 959 | 3 579 | 4 181 |
| FTEs as at 30 June (No.) | 2 046 | 2 176 | 2 190 | 2 245 |

(a) The 2016–17 Budget amounts contained in the 2017–18 Agency Statements for sub-program 9.2—TAFE SA were previously reported within sub-program 9.1—Training, Employment, Skills and Higher Education. For comparative purposes, the 2016–17 Budget amounts in these statements have been amended.

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$24.1 million decrease in expenses is primarily due to:

- operational efficiencies and improved targeting of training in line with the TAFE SA forward strategy (\$18.5 million)
- the cessation of Shared Services SA charging arrangements from 1 July 2017 (\$3.3 million)
- lower expenditure associated with targeted voluntary separation packages (TVSP) in 2016–17 (\$1.7 million).

The \$6.5 million increase in income is primarily due to increased fee for service revenue in 2017–18 in line with the TAFE SA forward strategy (\$6.9 million).

The \$21.9 million increase in intra-portfolio expenses is primarily due to increased lease payments following the sale and leaseback of key TAFE SA campus assets to Renewal SA (\$22.1 million).

The \$7.9 million decrease in intra-portfolio income is primarily due to:

- reduced government funding in line with the TAFE SA forward strategy (\$23.5 million)
- funding for Shared Services SA charges ceasing from 1 July 2017 (\$3.3 million)
- funding for TVSP payments provided in 2016–17 (\$1.7 million)

partially offset by

- increased funding for higher lease payments in 2016–17 following the sale and leaseback of key TAFE SA campus assets to Renewal SA (\$22.1 million).

2016–17 Estimated Result/2016–17 Budget

The \$20.2 million decrease in expenses is primarily due to:

- the reclassification of lease payments on key TAFE SA campus assets to intra-portfolio expenses (\$20.1 million)
- lower expenditure based on market review (\$8.0 million)

partially offset by

- once-off costs in 2016–17 relating to the TAFE Act Enterprise Agreement (\$3.7 million)
- carryover of expenditure from 2015–16 to 2016–17 for Strategic Initiative projects (\$1.7 million)
- increased expenditure in 2016–17 for employee separation payments (\$1.7 million).

The \$7.5 million decrease in income is primarily due to market based revision of external revenue targets (\$7.9 million).

The \$31.2 million increase in intra-portfolio expenses is primarily due to changes in the funding arrangement for the use of TAFE SA campus assets (\$31.3 million).

The \$16.9 million increase in intra-portfolio income is primarily due to:

- additional funding for lease payments in 2016–17 following the sale and leaseback of key TAFE SA campus assets to Renewal SA (\$10.7 million)
- once-off funding in 2016–17 relating to the TAFE Act Enterprise Agreement (\$3.7 million)
- increased funding for employee separation payments provided in 2016–17 (\$1.7 million).

2016–17 Estimated Result/2015–16 Actual

The \$6.0 million decrease in expenses is primarily due to:

- operational efficiencies in 2016–17 in line with the TAFE SA forward strategy (\$7.4 million)
- lower employee separation payments in 2016–17 (\$2.8 million)

partially offset by

- once-off costs in 2016–17 relating to the TAFE Act Enterprise Agreement (\$3.7 million).

The \$8.7 million increase in income is primarily due to increased fee for service revenue in 2016–17 associated with the implementation of the TAFE SA forward strategy (\$9.3 million).

The \$10.9 million increase in intra-portfolio expenses is primarily due to increased lease payments following the sale and leaseback of key TAFE SA campus assets to Renewal SA in 2016–17 (\$11.0 million).

The \$6.0 million decrease in intra-portfolio income is primarily due to:

- a reduction in intra-portfolio funding in line with TAFE SA forward strategy (\$18.0 million)
- reduced funding in 2016–17 for TVSP reimbursements (\$1.8 million)
- once-off capital funding in 2015–16 for the TAFE SA Campus Efficiency program (\$1.7 million)

partially offset by

- increased funding in 2016–17 for lease payments following the sale and leaseback of key TAFE SA campus assets to Renewal SA (\$11.2 million)
- increased funding in 2016–17 for costs relating to the TAFE Act Enterprise Agreement (\$3.7 million).

Highlights 2016–17

- Awarded South Australia's 2016 Large Training Provider of the Year, recognising TAFE SA's engagement with industry and quality training delivery.
- Delivered programs which provided individuals with foundation skills and training resulting in pathways to further education and career outcomes.
- Continued implementation of the Improving Access to Education strategy by delivering training across the state to meet localised training needs.

Targets 2017–18

- Support the WorkReady policy objectives by successfully delivering on the 2016 to 2019 TAFE SA strategic plan with focus on the four strategic goals:
 - Deliver innovative training to a transforming society
 - Build a high performance culture
 - Meet customers' expectations
 - Grow profitable external income.
- Continue implementing the improving access strategy to improve delivery methodology and better align with local community and business needs.
- Support the economic priority to be recognised as the knowledge state by exporting services to overseas markets through the global engagement and export strategy.

Performance indicators

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| No. of people participating in VET in South Australia through TAFE SA <i>New indicator. The 2015–16 Actual, 2016–17 Estimated Result and 2017–18 Target are for government funded people only. TAFE SA data complies with the Australian Vocational Education and Training Management Information Statistical Standard</i> | 45 300 | 45 300 | — | 47 100 |
| No. of qualification completions through TAFE SA <i>NCVER collects the number of completions for a full year over a two year period and this leads to a one year lag in reporting this data. The 2015–16 Actual shows 2014 data which is the latest available. NCVER will release 2015 completion figures in July 2017.</i> | 17 760 | 18 500 | — | 21 500 |
| TAFE SA Load pass rates <i>Load pass rates report the extent to which students pass their assessment in an assessable module or unit of competency. The 2016–17 Target is reported in the TAFE SA Performance Statement. TAFE SA data complies with the Australian Vocational Education and Training Management Information Statistical Standard.</i> | 87.0% | 84.8% | 87.5% | 85.2% |
| % of TAFE SA VET graduates who improved their employment circumstances after training <i>New indicator. The 2015–16 Actual, 2016–17 Estimated Result and 2017–18 Target are for government funded people only. The 2015–16 Actual shows 2015 data. Data for this indicator is released annually in December by NCVER. Improved employment status after training is employment status changing from not employed before training to be employed after training OR employed at a higher skill level after training OR received a job-related benefit. An individual may have reported a positive response to more than one measure contributing to improved employment status after training.</i> | 60.0% | 49.9% | — | 60.2% |
| % of TAFE SA VET graduates in further study after training <i>New indicator. The 2015–16 Actual, 2016–17 Estimated Result and 2017–18 Target are for government funded people only. The 2015–16 Actual shows 2015 data. Data for this indicator is released annually in December by NCVER.</i> | 36.9% | 37.5% | — | 36.9% |
| % of TAFE SA VET graduates rating their satisfaction with quality of training at four or more on a scale of 1 (strongly disagree) to 5 (strongly agree) <i>The 2016–17 Target is reported in the TAFE SA Performance Statement. Data for this indicator is released annually in December by NCVER.</i> | 90.0% | 88.6% | 90% | 88.8% |

Sub-program 9.3: Quality Assurance and Regulatory Services

Description/objective

Administer the state's vocational education and training system through:

- quality assurance of WorkReady training providers and other training organisations in accordance with contract terms and conditions
- quality oversight by the Training and Skills Commission
- regulating and administering the apprenticeship and traineeship system
- providing state and national policy advice.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 5 493 | 5 677 | 3 625 | 6 087 |
| Income..... | — | — | — | 3 |
| Net cost of sub-program | 5 493 | 5 677 | 3 625 | 6 084 |
| FTEs as at 30 June (No.) | 30 | 31 | 25 | 26 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

No major variations.

2016–17 Estimated Result/2016–17 Budget

The \$2.1 million increase in expenses is primarily due to:

- realignment of budget associated with the Office of Training and Skills Commission from sub-program 9.1 — Training, Employment, Skills and Higher Education (\$1.6 million)
- depreciation costs relating to the apprenticeship and traineeship online application system previously recognised as a departmental wide overhead (\$0.5 million).

2016–17 Estimated Result/2015–16 Actual

No major variations.

Highlights 2016–17

- Strengthened the capability of providers to implement upfront assessment of individuals' needs and foundation skills.
- Conducted reviews for skills and employment services providers to assess compliance with quality standards and contractual obligations and monitored WorkReady training providers, using a suite of risk indicators.
- Increased levels of collaboration with national authorities, including the Fair Work Ombudsman and the Australian Skills Quality Authority.
- Continued the implementation of national harmonisation principles through consultation with employers and employee associations on changes to the regulation of apprenticeships and traineeships.
- Assisted almost 900 clients for the 2016 calendar year through the Office of the Training Advocate to address enquiries or complaints and assist with dispute resolution relating to VET, higher education, apprenticeships/traineeships, international education and adult community education.

Targets 2017–18

- Implement a risk-based approach to monitoring quality standards and compliance with the terms and conditions of WorkReady funding agreements and the *Training and Skills Development Act 2008*.
- Review the Training and Skills Commission guidelines to ensure responsiveness to a changing economic environment.

- Provide a responsive, confidential tailored service to the public to address employment and/or training related enquiries or complaints and assist with dispute resolution relating to VET, higher education, apprenticeships/traineeships, international education and adult community education.

Performance indicators

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| % of VET graduates rating their satisfaction with quality of training at four or more on a scale of 1 (strongly disagree) to 5 (strongly agree) | 90.0% | 87.0% | 90.0% | 88.5% |
| <i>VET performance indicator data is aligned to Commonwealth Government and state recurrent and specific funding under the National Agreement for Skills and Workforce Development, unless otherwise stated. Targets and results for are for calendar years unless otherwise stated.</i> | | | | |
| % of training contracts approved within 5 days from time of receipt | 95.0% | 95.0% | 95.0% | n.a. |
| <i>From 2016–17 this replaces the '% of training contracts approved within 10 days from time of receipt' indicator.</i> | | | | |
| <i>There is no data for 2015–16 Actual. The results are calculated from the point at which all completed training documentation is received for approval.</i> | | | | |
| % of satisfied clients as measured through annual sample surveys: | | | | |
| • trainees/apprentices | 95.0% | 93.9% | 95.0% | 95.0% |
| • employers | 95.0% | 95.0% | 95.0% | 92.0% |

Department of State Development **Statement of comprehensive income**

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses | | | | |
| Salaries, wages, annual and sick leave..... | 239 655 | 277 040 | 267 985 | 271 275 |
| Long service leave..... | 9 119 | 10 351 | 10 318 | 11 622 |
| Payroll tax..... | 13 362 | 15 630 | 15 287 | 15 867 |
| Superannuation..... | 25 204 | 28 464 | 28 547 | 28 489 |
| Other..... | 3 104 | 5 207 | 4 274 | 9 867 |
| Supplies and services | | | | |
| General supplies and services..... | 154 035 | 153 589 | 170 846 | 153 597 |
| Consultancy expenses..... | 2 650 | 3 811 | 5 326 | 5 072 |
| Depreciation and amortisation..... | 16 553 | 29 707 | 20 083 | 35 690 |
| Borrowing costs..... | 12 | 12 | 12 | 30 |
| Grants and subsidies..... | 186 421 | 182 995 | 203 693 | 174 924 |
| Intra government transfers..... | 125 354 | 128 340 | 117 111 | 116 462 |
| Other expenses..... | 8 770 | 3 914 | 4 134 | 11 532 |
| Total expenses | 784 239 | 839 060 | 847 616 | 834 427 |
| Income | | | | |
| Commonwealth revenues..... | 3 054 | 40 430 | 40 320 | 30 898 |
| Intra-government transfers..... | 5 665 | 16 797 | 12 818 | 15 872 |
| Other grants..... | 2 254 | 2 471 | 2 143 | 2 186 |
| Fees, fines and penalties..... | 700 | 17 013 | 22 926 | 22 460 |
| Sales of goods and services..... | 120 016 | 115 454 | 124 292 | 106 766 |
| Interest revenues..... | — | — | — | 398 |
| Net gain or loss on disposal of assets..... | -300 | -114 705 | 1 539 | -8 626 |
| Resources received free of charge..... | 300 | — | 300 | 767 |
| Other income..... | 6 996 | 7 055 | 5 608 | 10 293 |
| Total income | 138 685 | 84 515 | 209 946 | 181 014 |
| Net cost of providing services | 645 554 | 754 545 | 637 670 | 653 413 |
| Income from/expenses to state government | | | | |
| Income | | | | |
| Appropriation..... | 658 864 | 580 992 | 638 999 | 636 262 |
| Other income..... | — | 5 384 | — | 5 018 |
| Expenses | | | | |
| Cash alignment..... | — | 46 321 | — | — |
| Payments to Consolidated Account..... | 18 919 | 610 973 | 652 319 | 7 873 |
| Net income from/expenses to state government | 639 945 | -70 918 | -13 320 | 633 407 |
| Net Result | -5 609 | -825 463 | -650 990 | -20 006 |
| Other comprehensive income | | | | |
| Net gain on financial assets taken to equity..... | — | — | — | 466 |
| Changes in property, plant and equipment asset revaluation surplus..... | — | — | — | -3 321 |
| Total comprehensive result | -5 609 | -825 463 | -650 990 | -22 861 |

Department of State Development

Statement of financial position

| | 2017–18 Budget \$000 | 2016–17 Estimated Result \$000 | 2016–17 Budget \$000 | 2015–16 Actual \$000 |
|---------------------------------------|----------------------------|---|----------------------------|----------------------------|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents..... | 125 083 | 125 286 | 137 618 | 182 495 |
| Receivables..... | 22 280 | 22 355 | 126 978 | 22 430 |
| Inventories..... | 1 166 | 1 166 | 1 404 | 1 166 |
| Other current assets..... | 1 479 | 1 552 | 2 561 | 1 625 |
| Non-current assets held for sale..... | 3 018 | 3 018 | 30 011 | 16 191 |
| Total current assets | 153 026 | 153 377 | 298 572 | 223 907 |
| Non current assets | | | | |
| Financial assets..... | 6 951 | 6 951 | 6 484 | 6 951 |
| Land and improvements..... | 248 264 | 216 296 | 309 917 | 928 864 |
| Plant and equipment..... | 28 291 | 30 220 | 31 863 | 26 759 |
| Heritage assets..... | 5 271 | 5 271 | 5 265 | 5 271 |
| Intangible assets..... | 27 459 | 29 418 | 31 103 | 29 072 |
| Total non-current assets | 316 236 | 288 156 | 384 632 | 996 917 |
| Total assets | 469 262 | 441 533 | 683 204 | 1 220 824 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Payables..... | 49 604 | 48 593 | 169 531 | 47 582 |
| Employee benefits | | | | |
| Salaries and wages..... | 2 728 | 2 682 | 2 522 | 1 780 |
| Annual leave..... | 15 348 | 15 039 | 14 806 | 14 705 |
| Long service leave..... | 4 739 | 4 394 | 4 911 | 4 049 |
| Other..... | 6 349 | 6 271 | 6 593 | 6 193 |
| Short-term provisions..... | 2 642 | 2 567 | 2 119 | 2 492 |
| Other current liabilities..... | 12 869 | 12 869 | 11 032 | 12 629 |
| Total current liabilities | 94 279 | 92 415 | 211 514 | 89 430 |
| Non current liabilities | | | | |
| Long-term employee benefits | | | | |
| Long service leave..... | 88 768 | 81 177 | 84 054 | 73 513 |
| Other..... | 288 | 288 | 209 | 288 |
| Long-term provisions..... | 8 199 | 7 948 | 6 167 | 8 123 |
| Other non-current liabilities..... | 2 543 | 3 096 | 1 036 | 1 349 |
| Total non-current liabilities | 99 798 | 92 509 | 91 466 | 83 273 |
| Total liabilities | 194 077 | 184 924 | 302 980 | 172 703 |
| Net assets | 275 185 | 256 609 | 380 224 | 1 048 121 |

Department of State Development
Statement of financial position

| | | 2016–17 | | |
|--------------------------------|----------------|----------------|----------------|------------------|
| | 2017–18 | Estimated | 2016–17 | 2015–16 |
| | Budget | Result | Budget | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Equity | | | | |
| Contributed capital..... | 90 326 | 66 141 | 66 141 | 32 190 |
| Retained earnings..... | 176 493 | 182 102 | 302 863 | 1 007 565 |
| Asset revaluation reserve..... | 4 020 | 4 020 | 7 340 | 4 020 |
| Other reserves..... | 4 346 | 4 346 | 3 880 | 4 346 |
| Total equity | 275 185 | 256 609 | 380 224 | 1 048 121 |

Balances as at 30 June end of period.

Department of State Development

Statement of cash flows

| | 2017–18 Budget \$000 | 2016–17 Estimated Result \$000 | 2016–17 Budget \$000 | 2015–16 Actual \$000 |
|--|----------------------------|---|----------------------------|----------------------------|
| Operating activities | | | | |
| Cash outflows | | | | |
| Employee benefit payments..... | 281 000 | 326 706 | 316 523 | 338 579 |
| Payments for supplies and services..... | 157 137 | 155 312 | 176 384 | 263 333 |
| Interest paid..... | 12 | 12 | 12 | 30 |
| Grants and subsidies..... | 186 421 | 182 995 | 203 693 | 185 518 |
| Intra-government transfers..... | 125 354 | 128 340 | 117 111 | 116 387 |
| Other payments..... | 8 030 | 3 335 | 3 366 | 2 622 |
| Cash used in operations | 757 954 | 796 700 | 817 089 | 906 469 |
| Cash inflows | | | | |
| Intra-government transfers..... | 5 665 | 16 797 | 12 818 | 27 522 |
| Commonwealth receipts..... | 3 054 | 40 430 | 40 320 | 30 650 |
| Other grants..... | 2 254 | 2 471 | 2 143 | 1 601 |
| Fees, fines and penalties..... | 700 | 17 013 | 22 926 | 22 355 |
| Sales of goods and services..... | 120 082 | 115 520 | 124 358 | 173 805 |
| Interest received..... | — | — | — | 398 |
| Dividends received..... | 600 | 600 | 600 | 375 |
| GST received..... | — | — | — | 3 433 |
| Other receipts..... | 5 899 | 6 105 | 4 469 | 29 593 |
| Cash generated from operations | 138 254 | 198 936 | 207 634 | 289 732 |
| State government | | | | |
| Appropriation..... | 658 864 | 580 992 | 638 999 | 636 262 |
| Other receipts..... | — | 5 384 | — | 5 018 |
| Payments | | | | |
| Cash alignment..... | — | 46 321 | — | — |
| Other..... | 18 919 | 610 973 | 652 319 | 7 873 |
| Net cash provided by state government | 639 945 | -70 918 | -13 320 | 633 407 |
| Net cash provided by (+)/used in (-) operating activities | 20 245 | -668 682 | -622 775 | 16 670 |
| Investing activities | | | | |
| Cash outflows | | | | |
| Purchase of property, plant and equipment..... | 61 759 | 32 883 | 55 595 | 25 427 |
| Purchase of intangibles..... | 1 984 | 4 413 | 2 374 | 5 937 |
| Cash used in investing activities | 63 743 | 37 296 | 57 969 | 31 364 |
| Cash inflows | | | | |
| Proceeds from sale of property, plant and equipment..... | 19 110 | 614 818 | 656 636 | 9 642 |
| Cash generated from investing activities | 19 110 | 614 818 | 656 636 | 9 642 |
| Net cash provided by (+)/used in (-) investing activities | -44 633 | 577 522 | 598 667 | -21 722 |

Department of State Development **Statement of cash flows**

| | 2017–18 Budget \$000 | 2016–17 Estimated Result \$000 | 2016–17 Budget \$000 | 2015–16 Actual \$000 |
|--|----------------------------|---|----------------------------|----------------------------|
| Financing activities | | | | |
| <i>Cash inflows</i> | | | | |
| Capital contributions from state government..... | 24 185 | 33 951 | 33 951 | 1 475 |
| Cash generated from financing activities | 24 185 | 33 951 | 33 951 | 1 475 |
| Net cash provided by (+)/used in (-) financing activities | 24 185 | 33 951 | 33 951 | 1 475 |
| Net increase (+)/decrease (-) in cash equivalents | -203 | -57 209 | 9 843 | -3 577 |
| Cash and cash equivalents at the start of the period | 125 286 | 182 495 | 127 775 | 186 072 |
| Cash and cash equivalents at the end of the period | 125 083 | 125 286 | 137 618 | 182 495 |
| Non cash transactions | | | | |
| Assets received (+)/donated (-) free of charge..... | 300 | — | 300 | 22 |

Admininistered Items for the Department of State Development

Statement of comprehensive income

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses | | | | |
| Salaries, wages, annual and sick leave..... | 734 | 723 | 727 | 808 |
| Supplies and services | | | | |
| General supplies and services..... | — | 600 | — | 695 |
| Consultancy expenses..... | — | — | — | 177 |
| Grants and subsidies..... | 4 296 | 1 486 | 1 341 | 685 |
| Intra government transfers..... | 4 195 | 6 540 | 6 687 | 7 459 |
| Other expenses..... | 5 630 | 150 987 | 258 018 | 211 849 |
| Total expenses | 14 855 | 160 336 | 266 773 | 221 673 |
| Income | | | | |
| Intra-government transfers..... | — | — | — | 89 |
| Sales of goods and services..... | — | 23 | — | 11 |
| Interest revenues..... | — | — | — | 676 |
| Other income..... | — | 150 544 | 255 598 | 212 091 |
| Total income | — | 150 567 | 255 598 | 212 867 |
| Income from/expenses to state government | | | | |
| Income | | | | |
| Appropriation..... | 14 645 | 9 169 | 11 175 | 9 534 |
| Other income..... | — | — | — | 2 |
| Net income from/expenses to state government | 14 645 | 9 169 | 11 175 | 9 536 |
| Total comprehensive result | -210 | -600 | — | 730 |

Admininistered Items for the Department of State Development

Statement of financial position

| | 2017–18 Budget \$000 | 2016–17 Estimated Result \$000 | 2016–17 Budget \$000 | 2015–16 Actual \$000 |
|----------------------------------|----------------------------|---|----------------------------|----------------------------|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents..... | 49 298 | 49 508 | 48 961 | 50 108 |
| Receivables..... | 7 354 | 7 354 | 3 835 | 7 354 |
| Total current assets | 56 652 | 56 862 | 52 796 | 57 462 |
| Total assets | 56 652 | 56 862 | 52 796 | 57 462 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Payables..... | 22 165 | 22 165 | 18 597 | 22 165 |
| Other current liabilities..... | 3 | 3 | 3 | 3 |
| Total current liabilities | 22 168 | 22 168 | 18 600 | 22 168 |
| Total liabilities | 22 168 | 22 168 | 18 600 | 22 168 |
| Net assets | 34 484 | 34 694 | 34 196 | 35 294 |
| Equity | | | | |
| Retained earnings..... | 34 484 | 34 694 | 34 196 | 35 294 |
| Total equity | 34 484 | 34 694 | 34 196 | 35 294 |

Balances as at 30 June end of period.

Administered Items for the Department of State Development

Statement of cash flows

| | 2017-18 Budget \$000 | 2016-17 Estimated Result \$000 | 2016-17 Budget \$000 | 2015-16 Actual \$000 |
|--|----------------------------|---|----------------------------|----------------------------|
| Operating activities | | | | |
| Cash outflows | | | | |
| Employee benefit payments..... | 734 | 723 | 727 | 808 |
| Payments for supplies and services..... | — | 600 | — | 1 528 |
| Grants and subsidies..... | 4 296 | 1 486 | 1 341 | 685 |
| Intra-government transfers..... | 4 195 | 6 540 | 6 687 | 7 459 |
| Other payments..... | 5 630 | 150 987 | 258 018 | 207 624 |
| Cash used in operations | 14 855 | 160 336 | 266 773 | 218 104 |
| Cash inflows | | | | |
| Intra-government transfers..... | — | — | — | 89 |
| Sales of goods and services..... | — | 23 | — | 11 |
| Interest received..... | — | — | — | 622 |
| Other receipts..... | — | 150 544 | 255 598 | 208 625 |
| Cash generated from operations | — | 150 567 | 255 598 | 209 347 |
| State government | | | | |
| Appropriation..... | 14 645 | 9 169 | 11 175 | 9 534 |
| Other receipts..... | — | — | — | 2 |
| Net cash provided by state government | 14 645 | 9 169 | 11 175 | 9 536 |
| Net cash provided by (+)/used in (-) operating activities | -210 | -600 | — | 779 |
| Net increase (+)/decrease (-) in cash equivalents | -210 | -600 | — | 779 |
| Cash and cash equivalents at the start of the period | 49 508 | 50 108 | 48 961 | 49 329 |
| Cash and cash equivalents at the end of the period | 49 298 | 49 508 | 48 961 | 50 108 |

Summary of major variations

The following commentary relates to variations between the 2017–18 Budget and the 2016–17 Estimated Result.

Statement of comprehensive income — controlled

Expenses

The \$54.8 million decrease in expenses is primarily due to:

- the machinery of government transfer of the Office of the Economic Development Board and Resources and Energy Group to the Department of the Premier and Cabinet (\$58.9 million)
- operational efficiencies and improved targeting of training in line with the TAFE SA forward strategy (\$18.5 million)
- reduced expenditure in 2017–18 in line with the forward strategy for the automotive component of Our Jobs Plan (\$7.6 million)
- cessation of Shared Services SA charging arrangement from 1 July 2017 (\$6.0 million)
- reduced expenditure in 2017–18 in line with the forward strategy for the industry development components of Our Jobs Plan (\$5.8 million)
- reduced expenditure in 2017–18 in line with the forward plan of the Economic Investment Fund (\$3.1 million)

partially offset by

- additional expenditure associated with the sale and leaseback of key TAFE SA campus assets to Renewal SA in 2016–17 (\$29.6 million)
- additional expenditure in 2017–18 for the Economic Investment Fund to further support and secure new investment in South Australia and the creation of new jobs (\$10.0 million)
- additional expenditure in 2017–18 for the Health Industries South Australia Business Attraction Fund (\$4.0 million).

Income

The \$54.1 million increase in income is primarily due to:

- a net loss on disposal 2016–17 on the transfer of key TAFE SA campus assets in to Renewal SA (\$113.1 million)
- increased fee for service revenue in 2017–18 in line with the TAFE SA forward strategy (\$6.9 million)

partially offset by

- a decrease in Commonwealth Government funding relating to the current National Partnership Agreement on Skills Reform which ends in 2016–17. At this stage the Commonwealth Government has not reached an agreement with the states on the proposed replacement Skilling Australia Fund (\$37.5 million)
- the machinery of government transfer of the Resources and Energy Group to the Department of the Premier and Cabinet (\$31.0 million).

Statement of financial position — controlled

The \$27.7 million increase in total assets is primarily due to:

- an increase in land and improvements through acquisitions (\$59.0 million), partially offset by disposals (\$19.0 million) and depreciation of (\$9.0 million).

The \$9.2 million increase in total liabilities is primarily due to growth in long service leave provision.

Statement of cash flows — controlled

The movements in cash outflows and inflows are generally consistent with the changes discussed above under the statement of comprehensive income except for depreciation associated with the Renewal SA transfer.

Statement of comprehensive income — administered items

The \$145.5 million decrease in expenses and \$150.6 million decrease in income are primarily due to the machinery of government transfer of the administration of royalties to the Department of the Premier and Cabinet.

Statement of financial position — administered items

No major variations.

Statement of cash flows — administered items

The movements in cash outflows and inflows are generally consistent with the changes discussed above under the statement of comprehensive income.

Additional information for administered items

Additional information on administered items is included in the following table.

Additional information

Office of the Small Business Commissioner

Description/objective

The Office of the Small Business Commissioner supports business through alternative dispute resolution processes and provision of information on government services. The Small Business Commissioner is responsible for the administration and provision of information on the *Retail and Commercial Leases Act 1995* and the *Building and Construction Industry Security of Payment Act 2009*, while having certain statutory responsibilities under the *Late Payment of Government Debts Act 2013* and the *Work Health and Safety Act 2012*.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Operating Expenses | 2 157 | 1 934 | 1 861 | 1 591 |
| Income ^(a) | 2 042 | 1 738 | 1 740 | 2 364 |
| Net cost of sub-program | 115 | 196 | 121 | -773 |
| Investing expenses | — | 550 | — | — |
| Net cost of sub-program (including investing) | 115 | 746 | 121 | -773 |
| FTEs as at 30 June (No.) | 10 | 9 | 9 | 9 |

(a) The Office of the Small Business Commissioner is funded via an intra-government transfer payment from administered items of the Department of State Development. This is shown as income in the table above.

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The increase in expenses and income is primarily due to the commencement from 2017–18 of an ongoing education campaign focusing on amendments to the *Building and Construction Security of Payment Act 2009* (\$0.3 million).

The \$0.6 million decrease in investing expenses is due to a carryover of expenditure from 2015–16 to 2016–17 to complete the fit-out of new premises for the Office of the Small Business Commissioner.

2016–17 Estimated Result/2016–17 Budget

The \$0.6 million increase in investing expenses is due to a carryover of expenditure from 2015–16 to 2016–17 to complete the fit-out of new premises for the office of the Small Business Commissioner.

2016–17 Estimated Result/2015–16 Actual

The \$0.3 million increase in expenses is due to additional expenditure in 2016–17 to facilitate business mediation services and other functions performed by the office.

The \$0.6 million decrease in income is due to once-off funding received in 2015–16 for the fit-out of new premises for the Office of the Small Business Commissioner.

The \$0.6 million increase in investing expenses is due to a carryover of expenditure from 2015–16 to 2016–17 to complete the fit-out of new premises for the Office of the Small Business Commissioner.

**Additional information for administered items for the
Department of State Development
Statement of cash flows**

| | 2017–18 Budget \$000 | 2016–17 Estimated Result \$000 | 2016–17 Budget \$000 | 2015–16 Actual \$000 |
|--|----------------------------|---|----------------------------|----------------------------|
| Operating activities | | | | |
| Cash outflows | | | | |
| Employee benefit payments | | | | |
| Parliamentary salaries and electorate expense allowances | 734 | 723 | 727 | 808 |
| Grants and subsidies | | | | |
| APY Lands — additional services | 4 269 | 1 486 | 1 341 | 686 |
| Supplies and services | | | | |
| APY Lands — additional services | — | — | — | 346 |
| Aboriginal Communities — additional services | — | 231 | — | 38 |
| Commonwealth Essential Services capital works fund | — | 369 | — | 476 |
| Intra-government transfers | | | | |
| APY Lands — additional services | 2 378 | 5 000 | 5 145 | 5 295 |
| Small Business Commissioner..... | 1 844 | 1 540 | 1 542 | 2 164 |
| Other payments | | | | |
| South Australian Stolen Generations Reparation Scheme..... | 5 630 | 420 | 2 420 | — |
| Cash used in operations | 14 855 | 9 769 | 11 175 | 9 813 |
| Cash inflows | | | | |
| Intra-government Transfers | | | | |
| Other..... | — | — | — | 89 |
| Sales of Goods and Services | | | | |
| Interest received | | | | |
| APY Lands — additional services | — | — | — | 340 |
| Aboriginal Communities — additional services | — | — | — | 335 |
| Other..... | — | — | — | 1 |
| Cash generated from operations | — | — | — | 765 |

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| State government | | | | |
| Appropriation | | | | |
| Parliamentary salaries and electorate expense allowances | 734 | 723 | 727 | 834 |
| APY Lands — additional services | 6 647 | 6 486 | 6 486 | 6 328 |
| Small Business Commissioner | 1 844 | 1 540 | 1 542 | 2 164 |
| South Australian Stolen Generations Reparation Scheme | 5 420 | 420 | 2 420 | 210 |
| Net cash provided by state government | 14 645 | 9 169 | 11 175 | 9 536 |
| Net cash provided by (+)/used in (-) operating activities | 210 | 600 | — | -488 |
| Net increase (+)/decrease (-) in cash equivalents | 210 | 600 | — | -488 |
| Cash and cash equivalents at the start of the financial year (as at 1 July) | 49 508 | 50 108 | 48 961 | 49 620 |
| Cash and cash equivalents at the end of the financial year (as at 30 June) | 49 298 | 49 508 | 48 961 | 50 108 |

**Additional information for administered items for the
Department of State Development
Reconciliation to statement of cash flows**

| | 2017–18 Budget \$000 | 2016–17 Estimated Result \$000 | 2016–17 Budget \$000 | 2015–16 Actual \$000 |
|--|----------------------------|---|----------------------------|----------------------------|
| Reconciliation to operating payments | | | | |
| Operating payments (as per additional information for administered items) | 14 855 | 9 769 | 11 175 | 9 813 |
| <i>Add:</i> Transferred out: | | | | |
| Mintabie and private royalties | — | — | — | 11 |
| Receipts paid to Consolidated Account | — | 148 348 | 251 538 | 204 425 |
| Native Title Agreement — royalty | — | 2 219 | 4 060 | 3 855 |
| Equals: Operating payments (as per administered items statement of cash flows) | 14 855 | 160 336 | 266 773 | 218 104 |
| Reconciliation to operating receipts | | | | |
| Operating receipts (as per additional information for administered items) | — | — | — | 765 |
| <i>Add:</i> Transferred out: | | | | |
| Mintabie and private royalties | — | — | — | 11 |
| Mining royalties | — | 148 348 | 251 538 | 204 515 |
| Native Title Agreement — royalty | — | 2 219 | 4 060 | 4 056 |
| Equals: Operating receipts (as per administered items statement of cash flows) | — | 150 567 | 255 598 | 209 347 |

Agency: South Australian Tourism Commission

Minister for Tourism

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Objective

The South Australian Tourism Commission (SATC) markets South Australia as a holiday destination nationally and internationally and builds the state's events calendar by securing, developing and expanding major events and festivals to grow the visitor economy and create jobs for the state. SATC is working towards achieving the state's tourism annual expenditure potential of \$8 billion by 2020.

Ministerial responsibilities

| Minister | Programs | Sub-programs |
|--|------------------------|---|
| The Hon. LWK Bignell Minister for Tourism | 1. Tourism Development | 1.1 Destination Development 1.2 Strategy and Policy |
| | 2. Tourism Events | Nil |
| | 3. Tourism Marketing | 3.1 Domestic Marketing 3.2 International and Trade Marketing |
| | | |

Statutes

The Department of the Premier and Cabinet maintains a list of statutes applicable to ministers.

Workforce summary

| Agency | FTEs as at 30 June | | |
|--|----------------------------------|---|----------------------------------|
| | 2017–18 Budget ^(a) | 2016–17 Estimated Result ^(a) | 2015–16 Actual ^(b) |
| South Australian Tourism Commission..... | 128.2 | 126.2 | 126.9 |
| Total | 128.2 | 126.2 | 126.9 |

(a) The 2017–18 Budget and 2016–17 Estimated Result reflect the established FTE caps.

(b) Data published by the Office for the Public Sector (Department of the Premier and Cabinet).

Program net cost of services summary

| Program | Net cost of services | | | |
|-----------------------------|----------------------|--------------------------------|-------------------|-------------------|
| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
| | \$000 | \$000 | \$000 | \$000 |
| 1. Tourism Development..... | 15 229 | 15 644 | 8 096 | 8 354 |
| 2. Tourism Events | 38 763 | 37 319 | 34 202 | 23 880 |
| 3. Tourism Marketing | 35 120 | 35 390 | 38 073 | 38 989 |
| Total | 89 112 | 88 353 | 80 371 | 71 223 |

Investing expenditure summary

The 2017–18 investment program is \$646 000.

This program represents minor information technology and other equipment works.

| | Estimated completion Quarter | Total project cost \$000 | 2017–18 Budget \$000 | 2016–17 Estimated Result \$000 | 2016–17 Budget \$000 |
|------------------------------------|------------------------------------|-----------------------------------|----------------------------|---|----------------------------|
| Investments | | | | | |
| Major projects | | | | | |
| Pageant and Events Warehouse | Dec 2016 | 487 | — | 456 | — |
| Total major projects | | 487 | — | 456 | — |
| Annual program | | | | | |
| Capital works and equipment | n.a. | n.a. | 646 | 633 | 636 |
| Total annual programs | | | 646 | 633 | 636 |
| Total investing expenditure | | | 646 | 1 089 | 636 |

Program 1: Tourism Development

Description/objective

To build tourism opportunity by improving visitor access into and around the state, building industry capability and providing advice to the industry in terms of research, policy and planning.

Sub-programs

- 1.1 Destination Development
- 1.2 Strategy and Policy

Program summary — expenses, income and FTEs

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses..... | 2 428 | 2 216 | 1 904 | 2 215 |
| Supplies and services..... | 5 107 | 2 333 | 1 354 | 1 983 |
| Depreciation and amortisation expenses..... | 54 | 57 | 62 | 46 |
| Grants and subsidies..... | 8 093 | 11 651 | 4 979 | 4 280 |
| Intra-government transfers | 1 | — | — | — |
| Other expenses | 22 | 21 | 18 | 46 |
| Total expenses | 15 705 | 16 278 | 8 317 | 8 570 |
| Income | | | | |
| Commonwealth revenues | — | 250 | — | — |
| Sales of goods and services..... | 476 | 384 | 221 | 216 |
| Total income | 476 | 634 | 221 | 216 |
| Net cost of providing services | 15 229 | 15 644 | 8 096 | 8 354 |
| FTEs as at 30 June (No.) | 15.4 | 13.2 | 12.6 | 13.2 |

Sub-program 1.1: Destination Development

Description/objective

To facilitate the building of tourism capability in South Australia in terms of increasing industry capability, promoting tourism infrastructure investment and improving ease of access to and within the state, including facilitating cruise ship arrivals.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 7 071 | 11 153 | 2 794 | 3 326 |
| Income..... | 448 | 634 | 221 | 216 |
| Net cost of sub-program | 6 623 | 10 519 | 2 573 | 3 110 |
| FTEs as at 30 June (No.) | 8.8 | 8.7 | 8.3 | 8.7 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$4.0 million decrease in expenses is primarily due to contractual arrangements associated with providers of transport access to South Australia (\$4.0 million).

2016–17 Estimated Result/2016–17 Budget

The \$7.9 million increase in net cost is primarily due to contractual arrangements associated with providers of transport access to South Australia (\$7.7 million).

2016–17 Estimated Result/2015–16 Actual

The \$7.8 million increase in expenses is due to:

- contractual arrangements associated with providers of transport access to South Australia (\$7.2 million)
- provision of signage and wi-fi infrastructure along South Australia's six regional touring routes (\$0.5 million)
- an increase in support for regional tourism organisations (\$0.1 million).

Highlights 2016–17

- Secured China Southern Airlines to commence direct services to Adelaide from mainland China in December 2016, in cooperation with Adelaide Airport Limited, delivering an expected \$23.4 million boost to the South Australian economy annually.
- Partnered with Adelaide Airport, Adelaide Convention Bureau and Tourism Australia to win the bid to host World Routes 2019. The conference is a worldwide aviation business meeting and trade show event which will attract more than 3000 airline and airport delegates to Adelaide.
- Delivered the Understanding China project to assist those involved in the visitor economy to prepare for and capitalise on the expected increase in Chinese visitation to South Australia.
- Established Chinese language signage from Adelaide Airport to provide directional assistance for Chinese visitors to Adelaide and immediate regions.
- Hosted a record 49 cruise ship visits to South Australian ports, with a total capacity of 106 194 passenger and crew days at port. There were 28 cruise ship visits to the Port Adelaide Passenger Terminal, 16 visits to Kangaroo Island's Penneshaw and five visits to Port Lincoln.

- Commenced the implementation of the signage and wi-fi infrastructure project along South Australia's six regional touring routes, aimed at increasing visitation and driving regional dispersal. The signage will promote the experiences available along each route and wi-fi connectivity will allow visitors to access tourism information, make online bookings and access social media forums to share South Australian tourism messages during their travels.
- Provided ongoing financial and in kind support to regional tourism organisations, including the accreditation of the state's visitor information centres and co-funding the annual convention of the Australian Regional Tourism Network.

Targets 2017–18

- Continue to work with and support international, domestic and regional airlines to encourage increased direct flights to and within South Australia and to ensure that current capacity is maintained. In addition, to encourage domestic airlines to commence services to regional destinations.
- Host 68 cruise ship visits to South Australian ports with a total capacity of 162 983 passenger and crew days at port. This will target 37 visits to the Port Adelaide Passenger Terminal with four overnight stays, 21 visits to Kangaroo Island's Penneshaw and 10 visits to Port Lincoln.
- Increase South Australia's range of saleable tourism product by working with tourism operators to build their capability and develop new and enhanced tourism products with high consumer appeal in key target markets.
- Complete the regional visitor strategy aimed at aligning available resources to agreed priorities to drive regional visitor expenditure.

Sub-program 1.2: Strategy and Policy

Description/objective

To develop and influence strategies and policies to support government economic and tourism objectives, provide market research that underpins those policies and provide valuable robust data for the tourism industry to help plan for future growth.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 8 634 | 5 125 | 5 523 | 5 244 |
| Income..... | 28 | — | — | — |
| Net cost of sub-program | 8 606 | 5 125 | 5 523 | 5 244 |
| FTEs as at 30 June (No.) | 6.6 | 4.5 | 4.3 | 4.5 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$3.5 million increase in expenses is primarily due to additional investment in the Convention Bid Fund to bid for national and international business conventions at the Adelaide Convention Centre.

2016–17 Estimated Result/2016–17 Budget

No major variations.

2016–17 Estimated Result/2015–16 Actual

No major variations.

Highlights 2016–17

- Conducted cooperative international research with Tourism Australia to identify the core drivers of tourism appeal for South Australia, with results flowing into international marketing strategies.
- Undertook measurement of the South Australian tourism industry through partnership with Tourism Research Australia. This research quantifies the tourism industry reaching a record \$6.3 billion in visitor expenditure in the year to December 2016. South Australia is on track to achieve our headline target of \$8.0 billion in annual visitor expenditure by 2020.
- Secured 24 conventions in the 2016–17 year, which will attract more than 32 000 delegates and 164 000 bed nights with an estimated economic value of more than \$167 million. The Convention Bid Fund is delivering a return on investment to the Government of South Australia of greater than 41:1.
- Secured Commonwealth Government funding under the national Tourism Demand Driver Infrastructure program to enhance South Australian tourism experiences.
- Negotiated an agreement for the provision of a training program for tourism operators in 2016–17, in collaboration with the South Australian Tourism Industry Council (SATIC). In addition, successfully partnered with SATIC to implement an improved South Australian Tourism Awards process to support local winners on the national stage.
- Continued to collaborate with organisations including Tourism Australia and Business SA to promote positive tourism messages to key stakeholders and to highlight the importance of the visitor economy and the role of tourism in transforming the South Australian economy.

Targets 2017–18

- Undertake measurement of the South Australian tourism industry through Tourism Research Australia and ensure reporting against the key metrics outlined in the South Australian Tourism Plan 2020 and the Commission Corporate Plan 2018–2020.
- Develop and publish the Regional Tourism Satellite Accounts to quantify the value of the visitor economy and its contribution to employment across each of the 11 tourism regions in South Australia.
- Attract conference delegates to the Adelaide Convention Centre, generating significant bed nights which supports the local hotel industry and local jobs.
- Implement the Nature Based Tourism Strategy, in partnership with the Department of Environment, Water and Natural Resources.
- Identify candidate projects for the Commonwealth Government's Tourism Demand Driver Infrastructure program for 2017–18.
- Contribute to the success of the tourism industry by identifying where planning, policy and project objectives of government agencies and industry can be utilised, influenced or improved for the benefit of tourism.

Program 2: Tourism Events

Description/objective

To strategically build and promote the state's event calendar by developing and attracting new events and managing and growing existing events.

Program summary — expenses, income and FTEs

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses..... | 6 322 | 5 930 | 4 703 | 6 145 |
| Supplies and services..... | 54 278 | 53 931 | 47 500 | 48 580 |
| Depreciation and amortisation expenses..... | 2 090 | 2 100 | 1 967 | 1 709 |
| Grants and subsidies..... | 1 021 | 20 | 7 387 | 4 562 |
| Intra-government transfers | 4 | 2 | — | — |
| Other expenses | 69 | 68 | 42 | 1 319 |
| Total expenses | 63 784 | 62 051 | 61 599 | 62 315 |
| Income | | | | |
| Intra-government transfers | — | — | — | 11 785 |
| Sales of goods and services..... | 24 919 | 24 632 | 27 397 | 26 290 |
| Interest revenue..... | 102 | 100 | — | 360 |
| Total income | 25 021 | 24 732 | 27 397 | 38 435 |
| Net cost of providing services | 38 763 | 37 319 | 34 202 | 23 880 |
| FTEs as at 30 June (No.) | 53.0 | 52.2 | 49.9 | 52.5 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The \$1.7 million increase in expenses is due to operating costs for managed events, including the 2017–18 Bridgestone World Solar Challenge, which was not staged in 2016–17.

2016–17 Estimated Result/2016–17 Budget

The \$2.7 million decrease in income is primarily due to reduced revenue from managed events (\$2.3 million).

The \$0.5 million increase in expenses is primarily due to an increase in operating costs for managed events.

2016–17 Estimated Result/2015–16 Actual

The \$13.7 million decrease in income is due to:

- the transfer of the functions of the South Australian Motor Sport Board to the SATC in 2015–16 and associated revised funding flows (\$11.8 million)
- a decrease in revenue associated with managed events including the Bridgestone World Solar Challenge, which was not staged in 2016–17 (\$1.6 million).

Highlights 2016–17

- The 2017 Santos Tour Down Under had a record year attracting 43 000 event specific visitors, injecting \$56.5 million into the South Australian economy and creating 683 full-time equivalent jobs as well as generating \$202 million of media coverage. The Santos Women's Tour, classified as a Union Cycliste Internationale (UCI) 2.2 ranked event, saw 17 teams competing including 10 international teams.
- The 2017 Clipsal 500 Adelaide continued to deliver strong economic and tourism benefit for South Australia. This year's event saw the arrival of SuperEnduroX, a combination of motocross and supercross, off-road and trails motorcycle competition and marked the first race for Simona de Silvestro as the first full time female Virgin Australia Supercars Championship driver.
- Tasting Australia 2017 showcased the best of South Australia's food, beverage and wine, with Town Square attracting more than 52 000 people over eight days and housing the new Glasshouse Kitchen restaurant. The 2017 event attracted influential international and national chefs and media and saw sixty per cent of the 131 ticketed events sold out, including Marco Pierre White's three ticketed events.
- The 2016 Adelaide Fashion Festival was expanded to five days incorporating 18 events across the program including 10 designer runways. The focus on industry growth continued through collaborative runway shows featuring multiple designers, facilitating trade mission opportunities in key international markets and profiling South Australia's creative skills across fashion and design.
- A total of 20 international, national and regional events were sponsored or staged through the Events Bid Fund. These events included the 2017 ISPS Handa Australian Women's Open Golf, 2016 International Netball Quad Series Test Match — Australia versus England, T20 Cricket International Double Header and the Adelaide Motorsport Festival. Other events sponsored outside of the Events Bid Fund included the Australian International Three Day Equestrian event, World Tennis Challenge, WOMADelaide, Feast Festival, Adelaide Fringe in Mount Gambier and uneARTh Fringe in Whyalla.
- Secured fifteen events through the Events Bid Fund, which are forecast to inject \$33 million into the South Australian economy. These events include Mundine versus Green II boxing match, FIFA World Cup Qualifier Socceroos versus Saudi Arabia, NRL Sydney Roosters versus Melbourne Storm, Hybrid World Adelaide 2017, 2018 Special Olympics and the 2017 AFL Hall of Fame.

Targets 2017–18

- Secure new events aligned with South Australia's strengths including arts and culture, live music, food and wine, sport, mass participation events, with a focus on events utilising key infrastructure, events out of peak periods and events which contribute to creating compelling clusters.
- Support, grow and promote existing events to deliver strong economic benefits for South Australia, generate media and broadcast coverage and provide visitors with additional reasons to visit South Australia.
- Further develop Tasting Australia as an annual event, which delivers strong tourism benefits and growth to the food, beverage and wine industries.
- Grow the Santos Tour Down Under, with a focus on celebrating the 20th edition of the event.
- Celebrate the Bridgestone World Solar Challenge's 30th year anniversary. Maximise business outcomes by using the event to showcase South Australia's credentials in innovation, new technologies and sustainable energy solutions.
- Provide leadership to the South Australian events and festivals industry, and develop the capacity building program for major, regional and local community events and festivals across the state.

Program 3: Tourism Marketing

Description/objective

To develop and implement marketing activities and campaigns to increase the number of international and national visitors to and within South Australia.

Sub-programs

- 3.1 Domestic Marketing
- 3.2 International and Trade Marketing

Program summary — expenses, income and FTEs

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses..... | 6 026 | 6 293 | 4 556 | 5 497 |
| Supplies and services..... | 29 618 | 29 275 | 32 295 | 32 715 |
| Depreciation and amortisation expenses..... | 166 | 176 | 304 | 141 |
| Grants and subsidies..... | 17 | 58 | 1 094 | 1 015 |
| Intra-government expenses..... | 5 | 19 | — | — |
| Other expenses | 68 | 66 | 90 | 173 |
| Total expenses | 35 900 | 35 887 | 38 339 | 39 541 |
| Income | | | | |
| Sales of goods and services..... | 780 | 497 | 266 | 552 |
| Total income | 780 | 497 | 266 | 552 |
| Net cost of providing services | 35 120 | 35 390 | 38 073 | 38 989 |
| FTEs as at 30 June (No.) | 59.8 | 60.8 | 58.2 | 61.2 |

Sub-program 3.1: Domestic Marketing

Description/objective

To develop and implement national marketing campaigns to grow awareness of the state's tourism experiences and as a result increase visitation to and within South Australia.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 19 907 | 19 834 | 21 418 | 22 075 |
| Income..... | 208 | 16 | 70 | 125 |
| Net cost of sub-program | 19 699 | 19 818 | 21 348 | 21 950 |
| FTEs as at 30 June (No.) | 42.5 | 41.8 | 40.0 | 42.1 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

No major variations.

2016–17 Estimated Result/2016–17 Budget

The \$1.5 million decrease in net cost is due to:

- a reduction in domestic marketing campaigns including Network SA and co-operative marketing campaigns with partners (\$0.8 million)
- the implementation of operational efficiencies (\$0.4 million)
- a decrease in expenditure associated with the Commission's online development projects (\$0.3 million).

2016–17 Estimated Result/2015–16 Actual

The \$2.1 million decrease in net cost is due to:

- completion of projects in 2015–16 including 'The Project' television show and Cricket Australia marketing (\$0.8 million)
- a reduction in domestic marketing campaigns such as Network SA and co-operative marketing campaigns with partners (\$0.7 million)
- the implementation of operational efficiencies in 2016–17 (\$0.6 million).

Highlights 2016–17

- Promoted Adelaide and regional South Australia in key national markets as part of the new global marketing campaign through television, cinema and online advertising with a focus on showcasing destination food and wine experiences, wildlife encounters and events.
- Encouraged intrastate visitation via region specific television commercials, which highlighted hero experiences and events in each region as part of the South Australian tourism offering. In addition, provided each regional tourism organisation with funding for direct to consumer marketing activities to drive regional visitation.

- Increased the Commission's collective social media following by 447 000, to a record 1.24 million followers across Instagram, Facebook and Twitter, significantly expanding the reach of South Australian tourism messaging direct to consumers. The email database has grown to a record 323 403 subscribers.
- Enhanced digital marketing functions to generate more direct bookings for tourism operators and industry partners such as airlines.
- South Australia won the right to host the World's 50 Best Restaurants Academy Chairs, a group of some of the world's most influential people in food and wine, which will help drive significant domestic and international coverage of South Australian's food and wine offering. These influencers experienced some of South Australia's best vineyards and restaurants and met with local producers and chefs.
- Undertook a campaign with Webjet to promote South Australia nationally and drive consumers to book a South Australian holiday via the Webjet website.

Targets 2017–18

- Promote Adelaide and regional South Australia nationally on television and online through the global marketing campaign. The television commercials will be refreshed with new footage to complement the existing experiences ensuring new tourism product and destination experiences are featured.
- Secure national coverage across key media outlets to position South Australia as a must-see travel destination through familiarisations, publicity initiatives and sponsored television programs.
- Promote Adelaide and regional South Australia through the SATC's social media channels, including Facebook, Instagram, Twitter and YouTube, with engaging content and inspiring imagery to position the state as a must-see travel destination and grow the number of followers.
- Build on the strategy of generating more direct bookings for South Australian tourism operators and key industry partners. Continue to enhance South Australia's tourism consumer website, through the addition of new assets, including campaign landing pages, Tripadvisor reviews, consolidation of international language pages and personalisation of content based on specific user behaviours.
- Partner with leading travel trade to conduct cooperative marketing campaigns in key interstate markets to further grow awareness of, and visitation to South Australia.

Sub-program 3.2: International and Trade Marketing

Description/objective

Position South Australia as a compelling part of an Australian journey for overseas visitors by working cooperatively with distribution partners and implementing marketing campaigns to ensure consumers are aware of, and visit, South Australia as a holiday destination.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses..... | 15 993 | 16 053 | 16 921 | 17 466 |
| Income..... | 572 | 481 | 196 | 427 |
| Net cost of sub-program | 15 421 | 15 572 | 16 725 | 17 039 |
| FTEs as at 30 June (No.) | 17.3 | 19.0 | 18.2 | 19.1 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

No major variations.

2016–17 Estimated Result/2016–17 Budget

The \$0.9 million decrease in expenses is due to:

- a reduction in international marketing campaigns including co-operative activity with various partners (\$0.5 million)
- the implementation of operational efficiencies (\$0.4 million).

2016–17 Estimated Result/2015–16 Actual

The \$1.4 million decrease in expenses is primarily due to:

- a reduction in international marketing campaigns in some markets and co-operative marketing campaigns with various partners (\$0.7 million)
- one-off projects which occurred in 2015–16 including the Tourism Australia Coastal Aquatic campaign (\$0.4 million)
- the implementation of operational efficiencies in 2016–17 (\$0.3 million).

Highlights 2016–17

- Implemented the new global marketing campaign in key international markets, featuring two purpose shot commercials showcasing South Australia's key tourism experiences and destinations. The commercials were modified into multiple versions featuring the tourism experiences that have high appeal to specific markets, and were used across digital and print media, and in campaigns with trade and airline partners.
- In Singapore, Malaysia and India, online campaigns aimed at increasing awareness of and demand for South Australian holidays were conducted with key airline partners Singapore Airlines and Malaysia Airlines. The campaigns featured the new South Australian global commercial, which directed consumers to southaustralia.com and utilised online advertising and social media platforms.
- Promoted China Southern Airlines' direct service to Adelaide in cooperation with Tourism Australia and China Southern Airlines to increase awareness of the new service and drive visitation to South Australia. This included undertaking an online and social media advertising campaign.
- Undertook an online campaign in the United Kingdom, Germany, France and Italy to further promote awareness of Qatar Airways' direct flights to Adelaide. The campaign featured the new global commercial and included search engine marketing, online advertising and social media activity that directed consumers to the Qatar Airways website to book a flight to Adelaide.
- Conducted a major campaign in New Zealand to drive demand for South Australian holidays by allowing consumers to build their own itineraries which could be booked online through retail partners offering special deals and packages. Key elements of the campaign include television, online and social media advertising.
- In North America, partnered with Travel and Leisure Magazine to undertake a campaign comprising stories, images and videos showcasing South Australia's experiences and product that have high appeal with the market audience. The campaign was promoted through the Travel and Leisure website, which also featured itineraries incorporating the South Australian experiences and product being showcased.

Targets 2017–18

- Undertake cooperative marketing campaigns with travel trade and airline partners in key international markets to increase consumer reach and grow demand for South Australia as a holiday destination. As part of the campaigns, online consumer behaviour will be identified to allow targeted marketing of consumers in the future with an interest in booking a South Australia holiday.
- Utilise the global marketing campaign commercial to promote the best of South Australia's experiences and products as a critical component of international marketing activity.
- Undertake a range of marketing activities in China, to increase awareness of and grow visitation to South Australia. Marketing activities will include partnering with China Southern Airlines and Tourism Australia to increase sales of China Southern Airlines' direct flights.
- Work cooperatively with Air New Zealand in the North American and New Zealand markets to promote the airline's Dreamliner service and increase awareness of the direct flights to Adelaide and in turn, increase visitation to South Australia from these markets.
- Participate in, and stage key trade events in Australia and overseas to ensure that South Australian products and experiences are represented at these events, and that these products are included in key retail and wholesale packages. In addition, provide international and national travel buyers with the opportunity to experience Australia's tourism offering first-hand through media and trade familiarisations.

South Australian Tourism Commission

Statement of comprehensive income

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses | | | | |
| Salaries, wages, annual and sick leave..... | 12 156 | 11 863 | 9 399 | 11 428 |
| Long service leave..... | 361 | 321 | 234 | 401 |
| Payroll tax..... | 683 | 646 | 470 | 629 |
| Superannuation..... | 1 203 | 1 117 | 884 | 1 042 |
| Other..... | 373 | 492 | 176 | 357 |
| Supplies and services | | | | |
| General supplies and services..... | 89 003 | 85 472 | 81 149 | 83 075 |
| Consultancy expenses..... | — | 67 | — | 203 |
| Depreciation and amortisation..... | 2 310 | 2 333 | 2 333 | 1 896 |
| Grants and subsidies..... | 9 131 | 11 729 | 13 460 | 9 857 |
| Intra government transfers..... | 10 | 21 | — | — |
| Other expenses..... | 159 | 155 | 150 | 1 538 |
| Total expenses | 115 389 | 114 216 | 108 255 | 110 426 |
| Income | | | | |
| Commonwealth revenues..... | — | 250 | — | — |
| Intra-government transfers..... | — | — | — | 11 785 |
| Sales of goods and services..... | 26 175 | 25 513 | 27 884 | 25 899 |
| Interest revenues..... | 102 | 100 | — | 360 |
| Other income..... | — | — | — | 1 159 |
| Total income | 26 277 | 25 863 | 27 884 | 39 203 |
| Net cost of providing services | 89 112 | 88 353 | 80 371 | 71 223 |
| Income from/expenses to state government | | | | |
| Income | | | | |
| Appropriation..... | 89 112 | 79 603 | 80 371 | 69 495 |
| Other income..... | — | 8 750 | — | 1 821 |
| Net income from/expenses to state government | 89 112 | 88 353 | 80 371 | 71 316 |
| Total comprehensive result | — | — | — | 93 |

South Australian Tourism Commission

Statement of financial position

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--------------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents..... | 13 913 | 12 169 | 13 874 | 10 819 |
| Receivables..... | 1 458 | 1 574 | 1 796 | 1 691 |
| Other current assets..... | 401 | 401 | 102 | 401 |
| Total current assets | 15 772 | 14 144 | 15 772 | 12 911 |
| Non current assets | | | | |
| Plant and equipment..... | 10 099 | 11 763 | 12 039 | 13 007 |
| Other non-current assets..... | 22 | 22 | — | 22 |
| Total non-current assets | 10 121 | 11 785 | 12 039 | 13 029 |
| Total assets | 25 893 | 25 929 | 27 811 | 25 940 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Payables..... | 4 389 | 4 389 | 4 091 | 4 389 |
| Employee benefits | | | | |
| Salaries and wages..... | 203 | 206 | 237 | 182 |
| Annual leave..... | 685 | 696 | 685 | 707 |
| Long service leave..... | 279 | 279 | 368 | 279 |
| Other..... | 46 | 46 | 31 | 46 |
| Short-term provisions..... | 13 | 13 | 13 | 13 |
| Other current liabilities..... | 1 519 | 1 519 | 2 846 | 1 519 |
| Total current liabilities | 7 134 | 7 148 | 8 271 | 7 135 |
| Non current liabilities | | | | |
| Long-term employee benefits | | | | |
| Long service leave..... | 1 859 | 1 859 | 1 583 | 1 859 |
| Long-term provisions..... | 25 | 23 | 24 | 23 |
| Other non-current liabilities..... | 424 | 448 | 501 | 472 |
| Total non-current liabilities | 2 308 | 2 330 | 2 108 | 2 354 |
| Total liabilities | 9 442 | 9 478 | 10 379 | 9 489 |
| Net assets | 16 451 | 16 451 | 17 432 | 16 451 |
| Equity | | | | |
| Contributed capital..... | 64 | 64 | 64 | 64 |
| Retained earnings..... | 13 737 | 13 737 | 13 619 | 13 737 |
| Asset revaluation reserve..... | 2 650 | 2 650 | 2 649 | 2 650 |
| Other reserves..... | — | — | 1 100 | — |
| Total equity | 16 451 | 16 451 | 17 432 | 16 451 |

Balances as at 30 June end of period.

South Australian Tourism Commission

Statement of cash flows

| | 2017-18 Budget | 2016-17 Estimated Result | 2016-17 Budget | 2015-16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Operating activities | | | | |
| Cash outflows | | | | |
| Employee benefit payments..... | 14 788 | 14 426 | 11 150 | 13 614 |
| Payments for supplies and services..... | 89 027 | 85 563 | 81 173 | 90 490 |
| Grants and subsidies..... | 9 131 | 11 729 | 13 460 | 9 857 |
| Intra-government transfers..... | 10 | 21 | — | — |
| Other payments..... | 159 | 155 | 150 | 80 |
| Cash used in operations | 113 115 | 111 894 | 105 933 | 114 041 |
| Cash inflows | | | | |
| Intra-government transfers..... | — | — | — | 11 785 |
| Commonwealth receipts..... | — | 250 | — | — |
| Sales of goods and services..... | 26 291 | 25 048 | 27 884 | 27 180 |
| Interest received..... | 102 | 100 | — | 360 |
| GST received..... | — | — | — | 5 371 |
| Other receipts..... | — | 582 | 117 | 80 |
| Cash generated from operations | 26 393 | 25 980 | 28 001 | 44 776 |
| State government | | | | |
| Appropriation..... | 89 112 | 79 603 | 80 371 | 69 495 |
| Other receipts..... | — | 8 750 | — | 1 821 |
| Net cash provided by state government | 89 112 | 88 353 | 80 371 | 71 316 |
| Net cash provided by (+)/used in (-) operating activities | 2 390 | 2 439 | 2 439 | 2 051 |
| Investing activities | | | | |
| Cash outflows | | | | |
| Purchase of property, plant and equipment..... | 646 | 1 089 | 636 | 449 |
| Cash used in investing activities | 646 | 1 089 | 636 | 449 |
| Cash inflows | | | | |
| Proceeds from sale of property, plant and equipment..... | — | — | — | 2 |
| Cash generated from investing activities | — | — | — | 2 |
| Net cash provided by (+)/used in (-) investing activities | -646 | -1 089 | -636 | -447 |
| Financing activities | | | | |
| Cash inflows | | | | |
| Cash transfers from restructuring activities..... | — | — | — | 4 805 |
| Cash generated from financing activities | — | — | — | 4 805 |
| Net cash provided by (+)/used in (-) financing activities | — | — | — | 4 805 |
| Net increase (+)/decrease (-) in cash equivalents | 1 744 | 1 350 | 1 803 | 6 409 |
| Cash and cash equivalents at the start of the period | 12 169 | 10 819 | 12 071 | 4 410 |
| Cash and cash equivalents at the end of the period | 13 913 | 12 169 | 13 874 | 10 819 |

Summary of major variations

The following commentary relates to variations between the 2017–18 Budget and the 2016–17 Estimated Result.

Statement of comprehensive income — controlled

Expenses

The \$1.2 million increase in expenses is primarily due to:

- additional investment in the Convention Bid Fund aimed towards bidding for national and international business conventions at the newly expanded Adelaide Convention Centre (\$3.5 million)
- an increase in expenditure associated with supporting events including operating costs for managed events including the Bridgestone World Solar Challenge, which was not staged in 2016–17 (\$1.7 million)

partially offset by

- lower expenditure in 2017-18 relating to contractual arrangements associated with providers of transport access to South Australia (\$4.0 million).

Income

No major variations.

Statement of financial position — controlled

No major variations.

Statement of cash flows — controlled

No major variations.

Agency: Department of Treasury and Finance

Minister for Consumer and Business Services

Treasurer

Minister for Finance

Minister for Veterans' Affairs

Minister for Transport and Infrastructure

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Objective

To ensure that the South Australian public sector is accountable in both policy and financial terms to the government of the day. To provide economic and financial services to, and on behalf of, the Government of South Australia.

Ministerial responsibilities

| Minister | Programs | Sub-programs |
|---|---|---|
| The Hon. JR Rau Minister for Consumer and Business Services | 1. Gambling Policy | Nil |
| The Hon. T Koutsantonis Treasurer Minister for Finance | 2. Accountability for Public Sector Resources | Nil |
| | 3. Treasury Services | Nil |
| | 4. Financial Services Provision | 4.1 Revenue Collection and Management 4.2 Insurance and Fleet Services 4.3 Superannuation Services 4.4 CTP Insurance Regulator |
| The Hon. MLJ Hamilton-Smith Minister for Veterans' Affairs | 5. Veterans' Affairs | Nil |
| The Hon. SC Mullighan Minister for Transport and Infrastructure | 6. Office of the Valuer-General | Nil |

Administered items

In addition to the above responsibilities, the agency administers the following items on behalf of the Treasurer:

- Assets and liabilities held on behalf of the state by the Treasurer
- Consolidated Account items
- Special Act salaries for the Valuer-General
- Special deposit accounts.

Statutes

The Department of the Premier and Cabinet maintains a list of statutes applicable to ministers.

Ministerial office resources

| Minister | 2017–18 Budget | |
|-------------------------------|-------------------|------|
| | Cost of provision | |
| | \$000 | FTE |
| The Hon. T Koutsantonis | 2 119 | 13.0 |

Workforce summary

| Agency | FTEs as at 30 June | | |
|---|----------------------------------|--|--|
| | 2017–18 Budget ^(a) | 2016–17 Estimated Result ^{(a)(b)} | 2015–16 Actual ^{(b)(c)(d)} |
| Department of Treasury and Finance | 763.3 | 787.7 | 655.4 |
| Administered items for the Department of Treasury and Finance | 216.7 | 216.7 | 200.0 |
| Total | 980.0 | 1 004.4 | 856.4 |
| <i>Add: FTEs transferred out:</i> | | | |
| Procurement Policy and Governance on 1 July 2017 | — | 10.9 | 11.8 |
| <i>Less: FTEs transferred in:</i> | | | |
| Office of the Valuer-General on 1 July 2016 | — | — | 70.6 |
| Equals | 980.0 | 1 015.3 | 808.50 |

(a) The 2017–18 Budget and 2016–17 Estimated Result reflect the established FTE caps.

(b) The Procurement Policy and Governance sub-program transfers from the Department of Treasury and Finance to the Department of the Premier and Cabinet on 1 July 2017.

(c) Data published by the Office for the Public Sector (Department of the Premier and Cabinet).

(d) The Office of the Valuer-General transferred from the Department of Planning, Transport and Infrastructure to the Department of Treasury and Finance on 1 July 2016.

Program net cost of services summary

| Program | Net cost of services | | | |
|---|----------------------|--------------------------------|-------------------|-------------------|
| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
| | \$000 | \$000 | \$000 | \$000 |
| 1. Gambling Policy | 456 | 515 | 452 | 447 |
| 2. Accountability for Public Sector Resources | 23 011 | 32 980 | 19 654 | 28 768 |
| 3. Treasury Services | 750 | 36 | 750 | -26 |
| 4. Financial Services Provision | 36 503 | 23 344 | 28 260 | 33 822 |
| 5. Veterans' Affairs | 1 488 | 11 528 | 1 328 | -3 987 |
| 6. Office of the Valuer-General | 5 023 | 3 393 | -2 514 | -6 495 |
| Total | 67 231 | 71 796 | 47 930 | 52 529 |

Reconciliation to agency net cost of providing services

Add: Net costs transferred out:

Procurement Policy and Governance to the
Department of the Premier and Cabinet
on 1 July 2017^(a)

— 1 856 2 058 1 927

Less: Net costs transferred in:

Office of the Valuer-General from the Department
of Planning, Transport and Infrastructure on
1 July 2016

— — — -6 495

Equals: Net cost of providing services (as per
agency statement of comprehensive income)

67 231 73 652 49 988 60 951

(a) The State Procurement Board remains an Administered Item of the Department of Treasury and Finance. A number of the training and support services for procurement have been transferred to the Department of the Premier and Cabinet to align with the work of the Chief Procurement Officer.

Investing expenditure summary

The 2017–18 investment program is \$5.9 million.

This program provides for ongoing maintenance and improvement of systems and capabilities to deliver high quality services to government.

| | Estimated completion | Total project cost | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget |
|--|----------------------|--------------------|----------------|--------------------------|----------------|
| Investments | Quarter | \$000 | \$000 | \$000 | \$000 |
| New projects | | | | | |
| National Register of Foreign Ownership of Land titles..... | Jun 2018 | 1 200 | 670 | 530 | — |
| Personal Injury Register — CTP Insurance Regulator..... | Jun 2017 | 1 600 | — | 1 600 | — |
| RevenueSA — ICT System..... | Jun 2018 | 1 960 | 1 960 | — | — |
| Wagering Tax Administration System.. | Jun 2018 | 507 | 100 | 407 | — |
| Total new projects | | 5 267 | 2 730 | 2 537 | — |
| Existing projects | | | | | |
| Budget and monitoring system upgrade..... | Jun 2018 | 850 | 87 | — | — |
| Super SA ICT System Solution | Jun 2018 | 11 962 | 1 669 | 8 590 | 7 169 |
| Total existing projects | | 12 812 | 1 756 | 8 590 | 7 169 |
| Annual programs | | | | | |
| Minor capital works and equipment..... | n.a. | n.a. | 919 | 5 042 | 743 |
| RevenueSA Information On-line system (RIO) | n.a. | n.a. | 534 | 2 649 | 3 099 |
| Total annual programs | | | 1 453 | 7 691 | 3 842 |
| Total investing expenditure | | 18 079 | 5 939 | 18 818 | 11 011 |

Program 1: Gambling Policy

Description/objective

The Department of Treasury and Finance provides policy advice to the government on economic, social and regulatory issues associated with gambling.

Program summary – expenses, income and FTEs

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses | 259 | 337 | 260 | 333 |
| Supplies and services | 185 | 158 | 170 | 98 |
| Depreciation and amortisation expenses | 5 | 5 | 5 | 3 |
| Intra-government transfers | 2 | 5 | 6 | 20 |
| Other expenses | 9 | 13 | 14 | — |
| Total expenses | 460 | 518 | 455 | 454 |
| Income | | | | |
| Sales of goods and services | 4 | 3 | 3 | 6 |
| Other Income | — | — | — | 1 |
| Total income | 4 | 3 | 3 | 7 |
| Net cost of providing services | 456 | 515 | 452 | 447 |
| FTEs as at 30 June (No.) | 1.9 | 2.5 | 2.4 | 2.6 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

No major variations.

2016–17 Estimated Result/2016–17 Budget

No major variations.

2016–17 Estimated Result/2015–16 Actual

No major variations.

Highlights 2016–17

- Progressed changes to the *Authorised Betting Operations Act 2000* to provide for the introduction of a new place of consumption wagering tax.
- Provided support to the Minister for Consumer and Business Services and the Treasurer in relation to Illegal Offshore Wagering Reform and a National Consumer Protection Framework for online wagering.
- Provided advice and support in relation to future terrestrial wagering arrangements in South Australia.
- Commenced amendments to the *Collections for Charitable Purposes Act 1939* to reduce red-tape and reporting duplication for the South Australian charity sector.

Targets 2017–18

- Commence regulatory and tax arrangements for the new place of consumption wagering tax.
- Lead an interjurisdictional working group on options for a consistent national wagering tax based on the place of consumption.
- Progress outcomes, including any required legislative amendments, in relation to the Illegal Offshore Wagering Reform process and a National Consumer Protection Framework.

Program 2: Accountability for Public Sector Resources

Description/objective

Treasury and Finance has the role of ensuring accountability for public sector resources through providing policy, economic and financial advice to the government and coordinating resource allocations for government programs and priorities at the whole of government level.

Treasury and Finance provides support to the government through delivering a range of key projects aimed at maximising commercial outcomes for government. These projects progress policy reforms and commercial initiatives for the economic benefit of the state.

Program summary – expenses, income and FTEs

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses | 16 296 | 19 384 | 15 269 | 16 602 |
| Supplies and services | 5 789 | 15 268 | 4 268 | 12 056 |
| Depreciation and amortisation expenses | 456 | 320 | 370 | 166 |
| Grants and subsidies | 179 | 29 | 29 | — |
| Intra-government transfers | 221 | 316 | 624 | 2 699 |
| Other expenses | 867 | 903 | 976 | — |
| Total expenses | 23 808 | 36 220 | 21 536 | 31 523 |
| Income | | | | |
| Intra-government transfers | 333 | 341 | 264 | 279 |
| Sales of goods and services | 381 | 1 236 | 555 | 502 |
| Other income | 83 | 1 663 | 1 063 | 1 974 |
| Total income | 797 | 3 240 | 1 882 | 2 755 |
| Net cost of providing services | 23 011 | 32 980 | 19 654 | 28 768 |
| FTEs as at 30 June (No.) | 141.5 | 159.4 | 126.3 | 131.4 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The decrease in expenditure is primarily related to:

- decrease in expenditure relating to the Land Services Commercialisation project (\$7.3 million)
- decrease in expenditure relating to the Compulsory Third Party (CTP) Insurance Market Reform project (\$4.9 million).

The decrease in revenue is primarily related to the transfer of the budget for the banking rebate revenue relating to the whole of government banking contract to Administered Items (\$1.6 million).

2016–17 Estimated Result/2016–17 Budget

The increase in expenditure is primarily due to:

- additional expenditure for the Land Services Commercialisation project (\$7.3 million)
- additional expenditure for the CTP Insurance Market Reform project (\$4.9 million)
- establishment of the HomeStart project in 2016–17 (\$1.1 million)
- establishment of the Disability and Domiciliary Care Service reform project in 2016–17 (\$0.8 million).

The increase in revenue is primarily related to additional cost recovery income for the transition of banking services (\$0.6 million).

2016–17 Estimated Result/2015–16 Actual

The increase in expenditure is primarily due to:

- additional expenditure for the Land Services Commercialisation project in 2016–17 (\$7.3 million)
- establishment of the HomeStart project in 2016–17 (\$1.1 million)
- establishment of the Disability and Domiciliary Care Service reform project in 2016–17 (\$0.8 million)
- reallocation of corporate overhead resources across programs (\$0.8 million)
- establishment of the Medvet project in 2016–17 (\$0.4 million)

partially offset by

- decrease in expenditure relating to the CTP Insurance Market Reform project (\$6.2 million).

Highlights 2016–17

- Produced and published the consolidated Government of South Australia financial statements for 2015–16, the 2016–17 Mid-Year Budget Review (MYBR) and the 2017–18 Budget.
- Provided support and advice in relation to the proposed new Intergovernmental Agreement on Competition and Productivity enhancing reforms.
- Prepared for the implementation of the new Australian Government Finance Statistics standard, to support enhanced Australian Bureau of Statistics reporting.
- Completed monthly performance and financial monitoring of agencies, to ensure resources were being managed appropriately and to provide progress updates on key government initiatives and priorities, including infrastructure programs.
- Achieved ‘go live’ of the new private CTP Insurance market on 1 July 2016.
- Supported the CTP Insurance Regulator (CTPIR) during establishment, and with progressing the CTP Insurance market reforms during the transitional period.
- Significantly progressed the commercialisation of a range of transactional land services and functions currently delivered by the Department of Planning, Transport and Infrastructure (DPTI).
- Co-ordinated an across government review of redundant legislation and regulations and implemented their repeal in support of South Australia’s economic priority, Best Place to do Business.
- Co-ordinated an across agency project to prepare for the implementation of the Taxable Payments Annual Reporting requirement.
- Assumed responsibility for managing unsolicited proposals to government.

Targets 2017–18

- Produce and publish the consolidated Government of South Australia financial statements for 2016–17, the 2017–18 MYBR and the 2018–19 Budget.
- Assist the government to establish a Parliamentary Budget Advisory Service (PBAS) to provide election costing advice for election candidates in the 2018 election.
- Assist the government in implementing the SA Energy Plan.
- Simplify the Treasurer’s Instructions to increase agility in government decision making, whilst maintaining a strong governance framework.
- Achieve certification of the South Australian water access regime.
- Effectively manage the Motor Accident Commission (MAC) Fund as delegated by MAC in order to maximise value.
- Successfully complete the transition of Domiciliary Care services, currently delivered by the Department for Communities and Social Inclusion (DCSI), to the non-government sector.
- Finalise the contractual arrangements for the commercialisation of a range of transactional land services and functions currently delivered by DPTI, and commence providing transitional support services with the new service provider.
- Prepare advice for the government in relation to the Productivity Commission’s Inquiry into Australia’s System of Horizontal Fiscal Equalisation and the Commonwealth Grants Commission’s 2020 Methodology Review.

Program 3: Treasury Services

Description/objective

Management of the government's financial assets and liabilities and provision of certainty of funding to the state.

Program summary — expenses, income and FTEs

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses | 5 761 | 5 129 | 5 656 | 4 281 |
| Supplies and services | 1 066 | 801 | 1 690 | 1 352 |
| Total expenses | 6 827 | 5 930 | 7 346 | 5 633 |
| Income | | | | |
| Sales of goods and services | 6 077 | 5 894 | 6 596 | 5 659 |
| Total income | 6 077 | 5 894 | 6 596 | 5 659 |
| Net cost of providing services | 750 | 36 | 750 | -26 |
| FTEs as at 30 June (No.) | 45.3 | 46.1 | 41.1 | 49.0 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The increase in expenditure is primarily due to administration costs for the South Australian Venture Capital Fund (\$0.8 million)

2016–17 Estimated Result/2016–17 Budget

The decrease in expenditure is primarily related to a delay in the establishment of the South Australian Venture Capital Fund (\$0.8 million)

The decrease in revenue is due to lower cost recovery in 2016–17.

2016–17 Estimated Result/2015–16 Actual

No major variations.

Highlights 2016–17

- Extended the South Australian Government Financing Authority's (SAFA) debt profile with increased investor penetration.
- Accessed markets to successfully raise \$5.5 billion of short and long term funding to refinance existing financial maturities and build SAFA's liquidity buffer.
- Implemented a new liquidity policy in line with Australian Prudential Regulatory Authority (APRA) standards.
- Completed the establishment of the South Australian Venture Capital Fund which will provide venture capital to partner with private sector financiers to help build high growth companies in the state.

Targets 2017–18

- Continue to broaden SAFA's profile and penetration with investors to enable cost effective refinancing of existing short and long term debt.

Performance indicators

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|--|---------------------------|---|---------------------------|---------------------------|
| % of debt financing demands of the state and its instrumentalities met during year | 100% | 100% | 100% | 100% |
| % of clients satisfied with the SAFA services — assessed on timeliness, cost effectiveness and flexibility in service delivery | 90% | 90% | 90% | 100% |

Program 4: Financial Services Provision

Description/objective

The Department of Treasury and Finance has the role of providing a range of whole of government services including liability management, collection of taxes, insurance, superannuation and fleet administration.

Sub-programs

4.1 Revenue Collection and Management

4.2 Insurance and Fleet Services

4.3 Superannuation Services

4.4 CTP Insurance Regulator

Program summary – expenses, income and FTEs

| | 2017–18 Budget ^(a) | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--|----------------------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses | 39 284 | 39 124 | 35 104 | 40 083 |
| Supplies and services | 34 505 | 34 898 | 27 303 | 24 624 |
| Depreciation and amortisation expenses | 4 309 | 2 981 | 3 077 | 2 752 |
| Intra-government transfers | 2 513 | 2 579 | 2 801 | 1 865 |
| Other expenses | 1 537 | 1 423 | 1 797 | — |
| Total expenses | 82 148 | 81 005 | 70 082 | 69 324 |
| Income | | | | |
| Fees, fines and penalties | 527 | 282 | 321 | 342 |
| Intra-government transfers | — | 1 200 | — | — |
| Sales of goods and services | 45 118 | 56 179 | 41 501 | 34 769 |
| Other income | — | — | — | 391 |
| Total income | 45 645 | 57 661 | 41 822 | 35 502 |
| Net cost of providing services | 36 503 | 23 344 | 28 260 | 33 822 |
| FTEs as at 30 June (No.) | 467.0 | 470.4 | 414.2 | 393.7 |

(a) The 2016–17 Budget Sub-program 4.4, Procurement Policy and Governance transfers to the Department of the Premier and Cabinet on 1 July 2017.

Sub-program 4.1: Revenue Collection and Management

Description/objective

Management of taxation legislation, revenue systems and compliance systems to enable the government to raise revenue using its taxation powers and the provision of policy advice on taxation issues. Management of various grants and subsidy schemes for the government.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | 43 629 | 41 554 | 42 611 | 42 716 |
| Income | 7 722 | 8 326 | 7 244 | 7 439 |
| Net cost of sub-program | 35 907 | 33 228 | 35 367 | 35 277 |
| FTEs as at 30 June (No.) | 221.4 | 220.7 | 231.8 | 208.5 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The increase in expenditure is primarily due to:

- an increase in expenditure relating to the ongoing support of the state taxation revenue system (\$0.8 million)
- an increase in expenditure relating to the administration of Wagering Tax (\$0.5 million)
- an increase in expenditure relating to the administration of the Jobs Accelerator Grant (\$0.3 million).

The decrease in revenue is primarily due to the once-off recovery in 2016–17 from the Commonwealth for the system build costs of the National Register of Foreign Ownership of Land Titles (\$1.2 million).

2016–17 Estimated Result/2016–17 Budget

The decrease in expenditure is primarily due to:

- reallocation of corporate overhead resources across programs (\$2.7 million)

partially offset by

- increase in expenditure relating to the ongoing support of the state taxation revenue system (\$1.7 million).

The increase in revenue is primarily due to a recovery received for the Commonwealth for the system build costs of the National Register of Foreign Ownership of Land Titles (\$1.2 million).

2016–17 Estimated Result/2015–16 Actual

The decrease in expenditure is primarily due to:

- implementation of savings measures allocated to the sub-program (\$0.6 million)
- decrease in expenditure relating to the ongoing support of the state taxation revenue system in 2016–17 (\$0.5 million).

The increase in revenue is primarily due to a recovery received from the Commonwealth for the system build costs of the National Register of Foreign Ownership of Land Titles in 2016–17 (\$1.2 million).

Highlights 2016–17

- Drafted legislative changes to implement the government's tax changes announced in the 2015–16 MYBR and 2016–17 Budget.
- Reviewed the compliance risk management process.

Targets 2017–18

- Implement measures to support the abolition of stamp duty on non-residential property transfers and stamp duty on the transfer of units in a unit trust.
- Administration of Job Accelerator Grant Scheme payments.
- Introduction of a new tax on net state wagering revenue of Australian based betting operations offering services in South Australia.
- Implement legislative and administrative changes for tax changes, including the conveyance duty surcharge on foreign buyers of residential property, the off-the-plan apartment assistance and the South Australian major bank levy.

Performance indicators

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|--|---------------------------|---|---------------------------|---------------------------|
| Revenue resulting from compliance initiatives | \$56.3m | \$81.2m | \$79.4m | \$59.6m |
| <i>Lower forecast revenue from compliance activities in 2017-18 primarily reflects lower expected collections from stamp duty on insurance due to the winding down of the life insurance rider compliance program.</i> | | | | |
| <i>The 2015-16 Actual Result consists of a 13 month reporting period due to the deployment of RevenueSA's replacement state taxation system</i> | | | | |
| % of revenue banked on day of receipt | >97% | 99.6% | >97% | 98.4% |
| Cost for collection of \$100 tax (on a cash basis) | <65 cents | <57 cents | <65 cents | <54 cents |

Activity indicators

| | 2017–18 Projection | 2016–17 Estimated Result | 2016–17 Projection | 2015–16 Actual |
|---|-------------------------------|---|-------------------------------|---------------------------|
| Taxation revenue collected by RevenueSA | \$3.6bn | \$3.9bn | \$3.8bn | \$3.9bn |

Sub-program 4.2: Insurance and Fleet Services**Description/objective**

The objectives of this sub-program include:

- insurance cover to government agencies through the insurance and reinsurance of government risks
- advice to the government on issues relating to insurance and the management of risks
- provision of fleet management services to agencies and vehicle disposal services to government.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | 7 862 | 7 715 | 7 570 | 7 191 |
| Income | 7 862 | 7 851 | 7 570 | 7 165 |
| Net cost of sub-program | — | -136 | — | 26 |
| FTEs as at 30 June (No.) | 40.9 | 41.6 | 45.2 | 40.8 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

No major variations.

2016–17 Estimated Result/2016–17 Budget

No major variations.

2016–17 Estimated Result/2015–16 Actual

The increase in revenue is primarily due to cost recovery of higher expenditure in 2016–17.

Highlights 2016–17

- Renewed the government's catastrophe reinsurance program on favourable terms.
- Reviewed the government's reinsurance risk retention strategy.
- Reviewed the government's insurance cover for environmental risks.
- Undertook catastrophe modelling to determine the state's potential financial exposure to catastrophic risks.
- Renewed reinsurance arrangements for the distribution of building indemnity insurance to homeowners.
- Increased the number of low emission vehicles in the government's fleet.

Targets 2017–18

- Renew the government's catastrophe reinsurance program on favourable terms.
- Increase the number of low emission vehicles in the government's fleet.

Performance indicators

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|--|---|--|--|--|
| Eligible clients issued with agency agreements | 100% | 100% | 100% | 100% |
| Comprehensive government catastrophe reinsurance program at a competitive market price | Selected catastrophic risks covered at competitive market prices | Selected catastrophic risks covered at competitive market prices | Selected catastrophic risks covered at competitive market prices | Selected catastrophic risks covered at competitive market prices |
| Operating expense per \$100 premium revenue | \$4.74 | \$4.84 | <\$5.50 | \$4.80 |
| % of low emission vehicles | 20% | 9% | 10% | 7% |

Activity indicators

| | 2017–18 Projection | 2016–17 Estimated Result | 2016–17 Projection | 2015–16 Actual |
|-------------------------------|-------------------------------|---|-------------------------------|---------------------------|
| No. of new vehicles purchased | 2 700 | 2 000 | 2 350 | 2 607 |
| No. of vehicles disposed | 2 700 | 2 000 | 2 500 | 3 070 |

Sub-program 4.3: Superannuation Services**Description/objective**

The objectives of this sub-program are to:

- administer the various public sector superannuation schemes for the South Australian Superannuation Board and the Southern Select Super Corporation, as well as the superannuation arrangements for parliamentarians, judges and former governors
- provide superannuation policy and legislative advice to the South Australian Superannuation Board, the Southern Select Super Corporation, the Under Treasurer, the Treasurer and the Minister for Finance.

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---------------------------------|---------------------------|---|---------------------------|---------------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | 22 038 | 21 460 | 19 901 | 19 417 |
| Income | 22 917 | 30 025 | 27 008 | 20 898 |
| Net cost of sub-program | -879 | -8 565 | -7 107 | -1 481 |
| FTEs as at 30 June (No.) | 174.6 | 177.5 | 137.2 | 144.4 |

Financial commentary*2017–18 Budget/2016–17 Estimated Result*

The increase in expenditure is primarily due to an increase in operating expenditure relating to the Super SA ICT System Solution project (\$0.5 million).

The decrease in revenue is primarily due to the cost recovery of lower budgeted capital expenditure in 2017–18 on the Super SA ICT System Solution project (\$7.5 million).

2016–17 Estimated Result/2016–17 Budget

The increase in expenditure is primarily due to an increase in operational and project expenditure, including costs for the Super SA ICT System Solution project in 2016–17.

The increase in revenue is primarily due to:

- an increase in cost recovery due to the carryover of a capital budget amount from 2015-16 relating to the Super SA ICT System Solution project (\$2.0 million)
- increased cost recovery in 2016–17 (\$1.0 million).

2016–17 Estimated Result/2015–16 Actual

The increase in expenditure is primarily due to an increase in operational and project expenditure including costs for the Super SA ICT System Solution project in 2016–17.

The increase in revenue is primarily due to:

- increase in cost recovery due to an increase in the capital budget in 2016–17 relating to the Super SA ICT System Solution project (\$7.4 million)
- lower cost recovery in 2015–16 (\$2.7 million).

Highlights 2016–17

- Substantial progress achieved towards the implementation of Phase 1 of the next generation commercial administration system with accompanying electronic document and workflow management capabilities.
- Implemented structural change within the office to support the next generation commercial administration system.
- Completed implementation of the new accounting standard for Superannuation Entities — Australian Accounting Standards Boards (AASB) 1056.
- Implemented changes to administration systems and processes to support Funds SA's investment option review.

Targets 2017–18

- Complete implementation of Phase 1, and undertake implementation of Phase 2, of the next generation commercial administration system with accompanying electronic document and workflow management capabilities.
- Implement approved changes to insurance products.
- Implement Early Release of Funds on compassionate/hardship grounds.

Performance indicators

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|---|--|--|--|--|
| Achievement of approved service level standards by 30 June each year <i>2016–17 estimated result is due to member demand for services and increased activity exceeding staffing capacity whilst the office supports significant projects for Commonwealth Government budget changes and administration system replacement.</i> | 95% | 81% | 95% | 80% |
| Issue of member statements by 31 August | 98% | 98% | 98% | 97% |
| No. of days to issue superannuant payment summaries from 1 July | 14 | 14 | 14 | 14 |
| Benchmarking of administrative costs with industry standards — remain in the most cost efficient quartile of industry standards while providing additional services to members | Remain in the most cost efficient quartile | Remain in the most cost efficient quartile | Remain in the most cost efficient quartile | Remain in the most cost efficient quartile |

Activity indicators

| | 2017–18 Projection | 2016–17 Estimated Result | 2016–17 Projection | 2015–16 Actual |
|---|-----------------------|--------------------------------|-----------------------|-------------------|
| No. of contributors/members in state schemes: | | | | |
| • Members | 212 000 | 211 500 | 211 000 | 210 640 |
| • Triple S Scheme active contributors | 29 200 | 29 400 | 29 400 | 29 595 |

Sub-program 4.4: Compulsory Third Party Insurance Regulator**Description/objective**

The Compulsory Third Party Insurance Regulator (CTPIR) is an independent statutory authority under the *Compulsory Third Party Insurance Regulation Act 2016*. The CTPIR has been established to oversee and regulate the new market-based CTP Insurance model that commenced in South Australia on 1 July 2016.

From 1 July 2016, CTP Insurance has been provided by four well known and established insurers charging identical premiums set by the CTPIR. This model will operate for three years, before transitioning to a fully competitive market on 1 July 2019.

| | 2017–18 Budget | 2016–17 Estimated Result ^(a) | 2016–17 Budget | 2015–16 Actual |
|---------------------------------|-------------------|---|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | 8 619 | 10 276 | — | — |
| Income | 7 144 | 11 459 | — | — |
| Net cost of sub-program | 1 475 | -1 183 | — | — |
| FTEs as at 30 June (No.) | 30.1 | 30.6 | — | — |

(a) The operations of the CTPIR branch commenced in the Department of Treasury and Finance on 1 July 2016

Financial commentary*2017–18 Budget/2016–17 Estimated Result*

The decrease in expenditure is primarily due to additional expenditure in 2016–17 to establish the ongoing operations of the CTPIR (\$1.7 million).

The decrease in revenue is due to lower cost recovery in 2017–18 (\$4.3 million).

2016–17 Estimated Result/2016–17 Budget

As this sub-program was established in July 2016, there is no applicable comparison for the 2016–17 Budget.

2016–17 Estimated Result/2015–16 Actual

As this sub-program was established in July 2016, there is no applicable comparison for the 2015–16 financial year.

Highlights 2016–17

- Established the CTPIR office to support and implement the CTP Insurance market reforms.
- Progressed the CTP Insurance market reforms, including the establishment of Compliance, Scheme Reporting and Claim Performance Frameworks.
- Determined CTP Premiums payable for 2017–18.
- Transferred the administration of the Motor Accident Injury Assessment Scheme from the Motor Accident Commission to the CTPIR office.

Targets 2017–18

- Further progress the CTP Insurance market reforms towards a competitive market in 2019–20.
- Monitor and enforce Approved Insurer compliance with contractual obligations.
- Implement an early intervention and injury recovery framework for claimants.

Activity indicators

| | 2017–18 Projection | 2016–17 Estimated Result | 2016–17 Projection | 2015–16 Actual |
|--|-------------------------------|---|-------------------------------|---------------------------|
| Number of vehicles Insured ('000s) <i>Annualised, excluding trailers.</i> | 1 434 | 1 420 | — | — |
| Number of Approved Insurers <i>Approved under Part 4 of the Motor Vehicles Act 1959.</i> | 4 | 4 | — | — |
| Value of Accounts Paid within 30 days <i>Calculated in accordance with Treasurer's Instruction 11: Payment of Creditors Accounts.</i> | 100% | 100% | — | — |

Program 5: Veterans' Affairs

Description/objective

Veterans' Affairs (Veterans SA) supports our ex-servicemen and women and those who support them, by providing a central contact point for information about the state government's services to veterans across departments, including health, transport, disability and mental health.

Veterans SA provides administrative support to the Veterans' Advisory Council to ensure veterans receive a voice at the highest levels of government and helps to raise public awareness of the sacrifices made by South Australia's veterans.

Program summary—expenses, income and FTEs

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses | 1 012 | 999 | 906 | 1 043 |
| Supplies and services | 311 | 333 | 225 | 312 |
| Depreciation and amortisation expenses | 23 | 14 | 21 | 10 |
| Grants and subsidies | 283 | 283 | 283 | 246 |
| Intra-government transfers | 360 | 423 | 374 | 424 |
| Other expenses | 43 | 10 011 | 56 | - |
| Total expenses | 2 032 | 12 063 | 1 865 | 2 035 |
| Income | | | | |
| Commonwealth revenues | — | — | — | 5 000 |
| Intra-government transfers | 25 | 25 | 25 | 25 |
| Other grants | 500 | 500 | 500 | 956 |
| Sales of goods and services | 19 | 10 | 12 | 21 |
| Other Income | — | — | — | 20 |
| Total income | 544 | 535 | 537 | 6 022 |
| Net cost of providing services | 1 488 | 11 528 | 1 328 | -3 987 |
| FTEs as at 30 June (No.) | 7.5 | 7.6 | 7.0 | 8.1 |

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The decrease in expenditure is due to the transfer of the completed Anzac Centenary Memorial Garden Walk asset to the Adelaide City Council in 2016–17 (\$10.0 million).

2016–17 Estimated Result/2016–17 Budget

The increase in expenditure is due to the transfer of the completed Anzac Centenary Memorial Garden Walk asset to the Adelaide City Council in 2016–17 (\$10.0 million).

2016–17 Estimated Result/2015–16 Actual

The increase in expenditure is due to the transfer of the completed Anzac Centenary Memorial Garden Walk asset to the Adelaide City Council in 2016–17 (\$10.0 million).

The decrease in revenue is due to the receipt in 2015–16 of the Commonwealth Government's contribution to the Anzac Centenary Memorial Garden Walk asset (\$5.0 million).

Highlights 2016–17

- Chaired the Memorialisation Group to appropriately recognise military service at the Jamie Larcombe Centre and provide advice as a member of the Oversight Panel for the development of the Centre.
- Implemented the Regional Engagement Strategy, based around the Cheer-Up Hut re-creations in Mount Gambier, Port Augusta and Loxton to commemorate a century of service throughout South Australia.
- Led a successful official delegation to the centenary commemorations for the Battles of Fromelles and Pozieres.
- Continued development of the South Australian official Centenary of Anzac website.
- Attendance at the inaugural Veterans Ministers' Round Table.
- Signed a new ten year agreement with Centennial Park Cemetery Authority (Centennial Park) for the protection of veterans' graves and memorials in the Derrick Gardens and RSL Walls areas of Centennial Park.
- Worked with the Veterans Health Advisory Council on the review and implementation of a veterans' healthcare pathway linked to the *Framework for Veterans' Health Care 2012–2016*.

Targets 2017–18

- Work with SA Health, the veteran community and key stakeholders to deliver the Jamie Larcombe Centre.
- Complete and launch the South Australian Anzac Centenary book project 'SA in the Great War'.
- Develop a strategy for the establishment of a Defence/Veterans hub at Anzac House, Torrens Parade Ground, with satellite hubs at Glenside and Edinburgh.
- Work with the Commonwealth Government to develop appropriate events to commemorate the Centenary of Armistice Day in 2018.
- Work with the Adelaide City Council and the broader veteran community to relocate the Dardanelles Cenotaph from its current location in Adelaide's southwest parklands to the northern end of the new Anzac Centenary Memorial Walk.
- Assist the Headstone Project Committee to locate, identify and memorialise World War One veterans who returned from conflict and now lie in unmarked graves in South Australia.

Program 6: Office of the Valuer-General

Description/objective

The Valuer-General is the state's independent statutory officer responsible for determining property valuations on both the site value of land and the capital value of land including improvements on an annual basis. The property valuations are utilised by local government and state based statutory authorities for the levying of rates and taxes. The Valuer-General also provides various valuation services for government along with the collation of data which forms part of the centralised land information system and economic cadastre.

Program summary—expenses, income and FTEs^(a)

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget ^(a) | 2015–16 Actual |
|--|-------------------|--------------------------------|----------------------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses | 9 915 | 10 370 | 8 302 | 6 120 |
| Supplies and services | 8 374 | 6 075 | 2 904 | 1 277 |
| Depreciation and amortisation expenses | 321 | 196 | 37 | — |
| Intra-government transfers | 148 | 198 | 41 | — |
| Other expenses | 610 | 573 | 98 | — |
| Total expenses | 19 368 | 17 412 | 11 382 | 7 397 |
| Income | | | | |
| Fees, fines and penalties | 13 850 | 13 875 | 13 836 | 13 740 |
| Sales of goods and services | 495 | 144 | 60 | 109 |
| Other Income | — | — | — | 43 |
| Total income | 14 345 | 14 019 | 13 896 | 13 892 |
| Net cost of providing services | 5 023 | 3 393 | -2 514 | -6 495 |
| FTEs as at 30 June (No.) | 100.1 | 101.7 | 97.8 | 70.6 |

(a) The Office of the Valuer-General transferred from the Department of Planning, Transport and Infrastructure to the Department of Treasury and Finance on 1 July 2016.

Financial commentary

2017–18 Budget/2016–17 Estimated Result

The increase in expenditure is primarily due to additional support to the Office of the Valuer-General to undertake improvements in the processes for the valuation of properties in South Australia (\$1.7 million).

2016–17 Estimated Result/2016–17 Budget

The increase in expenditure is primarily due to:

- the reallocation of corporate overhead resources across programs (\$3.6 million)
- transfer of residual expenditure budget from the Department of Planning and Infrastructure to support the operations of the Valuer-General (\$2.4 million).

2016–17 Estimated Result/2015–16 Actual

The increase in expenditure is primarily due to:

- increase in the reallocation of corporate overhead resources across programs in 2016–17 (\$4.2 million)
- additional support to the Office of the Valuer-General to undertake improvements in the processes for the valuation of properties in South Australia (\$2.8 million)
- transfer of residual expenditure budget from the Department of Planning and Infrastructure to support the operations of the Valuer-General (\$2.4 million).

Highlights 2016–17

- Commencement of the project planning and operational components of the revaluation program in conjunction with transparency and accountability initiatives.
- Exceeded assessment records growth including new records to facilitate the Rural Property Addressing project undertaken in remote areas of South Australia — (target 916 000 assessments, estimated result 920 000 assessments).
- Appointment of the next three-year term of the panels of land valuers in accordance with Section 25A of the *Valuation of Land Act 1971*.

Targets 2017–18

- Continuation of the revaluation program.
- Anticipated records assessment growth — target 925 000 assessments.

Performance indicators^(a)

| | 2017–18 Target | 2016–17 Estimated Result | 2016–17 Target | 2015–16 Actual |
|---|---------------------------|---|---------------------------|---------------------------|
| Percentage of valuations where value is upheld | 99.6% | 99.88% | 99.6% | 99.84% |
| Percentage of new valuation records created within four weeks following deposit of a plan of division | 70.0% | 80.0% | 65.0% | 65.0% |

- (a) The Office of the Valuer-General transferred from the Department of Planning, Transport and Infrastructure to the Department of Treasury and Finance on 1 July 2016.

Treasury and Finance

Statement of comprehensive income

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses | | | | |
| Salaries, wages, annual and sick leave..... | 60 268 | 64 079 | 55 622 | 48 783 |
| Long service leave..... | 1 519 | 1 549 | 1 389 | 4 067 |
| Payroll tax..... | 2 215 | 2 322 | 2 001 | 2 966 |
| Superannuation..... | 5 960 | 6 063 | 5 234 | 6 692 |
| Other..... | 2 565 | 2 533 | 2 623 | 1 397 |
| Supplies and services | | | | |
| General supplies and services..... | 47 685 | 48 773 | 34 761 | 35 888 |
| Consultancy expenses..... | 2 141 | 8 715 | 1 970 | 2 832 |
| Depreciation and amortisation..... | 5 114 | 3 536 | 3 536 | 2 946 |
| Borrowing costs..... | 404 | 404 | 404 | — |
| Grants and subsidies..... | 462 | 312 | 312 | 246 |
| Intra government transfers..... | 3 244 | 3 751 | 3 876 | 5 116 |
| Other expenses..... | 3 066 | 12 982 | 3 011 | — |
| Total expenses | 134 643 | 155 019 | 114 739 | 110 933 |
| Income | | | | |
| Commonwealth revenues..... | — | — | — | 5 000 |
| Intra-government transfers..... | 358 | 1 566 | 289 | 304 |
| Other grants..... | 500 | 500 | 500 | 956 |
| Fees, fines and penalties..... | 14 377 | 14 157 | 14 157 | 342 |
| Sales of goods and services..... | 52 094 | 63 481 | 48 742 | 40 987 |
| Other income..... | 83 | 1 663 | 1 063 | 2 393 |
| Total income | 67 412 | 81 367 | 64 751 | 49 982 |
| Net cost of providing services | 67 231 | 73 652 | 49 988 | 60 951 |
| Income from/expenses to state government | | | | |
| Income | | | | |
| Appropriation..... | 66 733 | 59 565 | 55 641 | 64 792 |
| Other income..... | — | 12 870 | — | 11 632 |
| Net income from/expenses to state government | 66 733 | 72 435 | 55 641 | 76 424 |
| Total comprehensive result | -498 | -1 217 | 5 653 | 15 473 |

Treasury and Finance

Statement of financial position

| | 2017–18 Budget \$000 | 2016–17 Estimated Result \$000 | 2016–17 Budget \$000 | 2015–16 Actual \$000 |
|--------------------------------------|----------------------------|---|----------------------------|----------------------------|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents..... | 9 173 | 6 021 | 10 154 | 10 331 |
| Receivables..... | 8 281 | 8 232 | 5 245 | 8 183 |
| Total current assets | 17 454 | 14 253 | 15 399 | 18 514 |
| Non current assets | | | | |
| Land and improvements..... | 4 079 | 4 762 | 554 | 927 |
| Plant and equipment..... | 2 759 | 2 107 | 3 183 | 11 298 |
| Intangible assets..... | 40 708 | 39 852 | 37 183 | 29 185 |
| Other non-current assets..... | — | — | 6 | — |
| Total non-current assets | 47 546 | 46 721 | 40 926 | 41 410 |
| Total assets | 65 000 | 60 974 | 56 325 | 59 924 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Payables..... | 7 368 | 7 306 | 7 946 | 7 244 |
| Employee benefits | | | | |
| Salaries and wages..... | 1 117 | 947 | 665 | 791 |
| Annual leave..... | 4 492 | 4 429 | 3 983 | 4 356 |
| Long service leave..... | 1 693 | 1 674 | 1 825 | 1 655 |
| Other..... | 396 | 396 | 276 | 396 |
| Short-term provisions..... | 201 | 196 | 184 | 191 |
| Total current liabilities | 15 267 | 14 948 | 14 879 | 14 633 |
| Non current liabilities | | | | |
| Long-term employee benefits | | | | |
| Long service leave..... | 17 316 | 16 670 | 14 354 | 15 967 |
| Long-term provisions..... | 398 | 374 | 519 | 387 |
| Total non-current liabilities | 17 714 | 17 044 | 14 873 | 16 354 |
| Total liabilities | 32 981 | 31 992 | 29 752 | 30 987 |
| Net assets | 32 019 | 28 982 | 26 573 | 28 937 |
| Equity | | | | |
| Contributed capital..... | 5 344 | 1 809 | 1 809 | 547 |
| Retained earnings..... | 26 675 | 27 173 | 24 764 | 28 390 |
| Total equity | 32 019 | 28 982 | 26 573 | 28 937 |

Balances as at 30 June end of period.

Treasury and Finance

Statement of cash flows

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Operating activities | | | | |
| Cash outflows | | | | |
| Employee benefit payments..... | 71 570 | 75 572 | 65 895 | 59 695 |
| Payments for supplies and services..... | 49 826 | 57 488 | 36 731 | 45 863 |
| Interest paid..... | 404 | 404 | 404 | — |
| Grants and subsidies..... | 462 | 312 | 312 | 246 |
| Intra-government transfers..... | 3 244 | 3 751 | 3 876 | 5 116 |
| Other payments..... | 2 930 | 2 879 | 2 879 | 1 215 |
| Cash used in operations | 128 436 | 140 406 | 110 097 | 112 135 |
| Cash inflows | | | | |
| Intra-government transfers..... | 358 | 1 566 | 289 | 304 |
| Commonwealth receipts..... | — | — | — | 5 000 |
| Other grants..... | 500 | 500 | 500 | 956 |
| Fees, fines and penalties..... | 14 377 | 14 157 | 14 157 | 342 |
| Sales of goods and services..... | 52 024 | 63 411 | 48 672 | 41 941 |
| GST received..... | — | — | — | 3 355 |
| Other receipts..... | — | 1 583 | 983 | 1 371 |
| Cash generated from operations | 67 259 | 81 217 | 64 601 | 53 269 |
| State government | | | | |
| Appropriation..... | 66 733 | 59 565 | 55 641 | 64 792 |
| Other receipts..... | — | 12 870 | — | 11 632 |
| Net cash provided by state government | 66 733 | 72 435 | 55 641 | 76 424 |
| Net cash provided by (+)/used in (-) operating activities | 5 556 | 13 246 | 10 145 | 17 558 |
| Investing activities | | | | |
| Cash outflows | | | | |
| Purchase of property, plant and equipment..... | 919 | 5 013 | 1 314 | 10 268 |
| Purchase of intangibles..... | 5 020 | 13 805 | 9 697 | 6 642 |
| Cash used in investing activities | 5 939 | 18 818 | 11 011 | 16 910 |
| Net cash provided by (+)/used in (-) investing activities | -5 939 | -18 818 | -11 011 | -16 910 |
| Financing activities | | | | |
| Cash inflows | | | | |
| Capital contributions from state government..... | 3 535 | 1 262 | 1 262 | — |
| Cash generated from financing activities | 3 535 | 1 262 | 1 262 | — |
| Net cash provided by (+)/used in (-) financing activities | 3 535 | 1 262 | 1 262 | — |

Treasury and Finance
Statement of cash flows

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Net increase (+)/decrease (-) in cash equivalents | 3 152 | -4 310 | 396 | 648 |
| Cash and cash equivalents at the start of the period | 6 021 | 10 331 | 9 758 | 9 683 |
| Cash and cash equivalents at the end of the period | 9 173 | 6 021 | 10 154 | 10 331 |
| Non cash transactions | | | | |
| Assets received (+)/donated (-) free of charge..... | — | -9 971 | — | — |

Administered items for the Department of Treasury and Finance

Statement of comprehensive income^(a)

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Expenses | | | | |
| Employee benefit expenses | | | | |
| Salaries, wages, annual and sick leave | 495 | 488 | 490 | 337 |
| Revaluation of unfunded superannuation liability ^(b) | -256 900 | -2 699 000 | -238 700 | 2 683 200 |
| Supplies and services | | | | |
| General supplies and services | 69 660 | 50 293 | 48 710 | 51 338 |
| Borrowing costs | 633 295 | 591 958 | 675 249 | 676 604 |
| Grants and subsidies | 1 938 774 | 355 699 | 1 204 655 | 1 344 279 |
| Intra-government transfers | 698 294 | 260 718 | 386 485 | 286 707 |
| Other expenses | 10 861 617 | 10 884 491 | 10 329 308 | 10 264 521 |
| Total expenses | 13 945 235 | 9 444 647 | 12 406 197 | 15 306 986 |
| Income | | | | |
| Taxation | 3 735 134 | 3 555 946 | 3 630 282 | 3 599 588 |
| Tax equivalent revenues | 95 229 | 172 469 | 78 555 | 126 137 |
| Commonwealth revenues | 6 610 840 | 6 237 644 | 6 404 849 | 5 860 408 |
| Intra-government transfers | 16 788 | 15 485 | 15 485 | 9 878 |
| Fees, fines and penalties | 155 224 | 133 182 | 139 158 | 123 470 |
| Sales of goods and services | 198 | 192 | 192 | 105 |
| Interest revenues | 122 647 | 85 813 | 103 604 | 74 980 |
| Dividend income | 184 480 | 163 846 | 148 083 | 265 894 |
| Other income ^(c) | 46 601 | 432 777 | 45 003 | 311 511 |
| Total income | 10 967 141 | 10 797 354 | 10 565 211 | 10 371 971 |
| State government | | | | |
| Income | | | | |
| Appropriation | 1 788 931 | 1 396 227 | 1 616 077 | 1 613 581 |
| Expenses | | | | |
| Cash alignment | — | 169 387 | — | 140 638 |
| Net income from/expenses to state government | 1 788 931 | 1 226 840 | 1 616 077 | 1 472 943 |
| Net result | -1 189 163 | 2 579 547 | -224 909 | -3 462 072 |

(a) This statement reflects the aggregated transactions of the Department of Treasury and Finance Consolidated Account items and the Treasury and Finance Administered Items Account.

(b) The 2016–17 estimated result predominantly reflects the impact of a higher discount rate used to value the unfunded superannuation liability in accordance with Australian Accounting Standards.

(c) Budget figures do not include the return of surplus cash held by agencies at 30 June 2016 to the Consolidated Account in accordance with the cash alignment policy.

Administered items for the Department of Treasury and Finance

Statement of financial position^(a)

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--|--------------------|--------------------------------|--------------------|--------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 312 759 | 312 759 | 410 408 | 312 759 |
| Receivables | 187 906 | 178 778 | 180 371 | 457 283 |
| Non-current assets held for sale | 557 | 557 | 557 | 557 |
| Total current assets | 501 222 | 492 094 | 591 336 | 770 599 |
| Non-current assets | | | | |
| Financial assets | 6 403 329 | 6 202 915 | 6 307 562 | 5 838 970 |
| Intangible assets | 325 | 325 | 325 | 325 |
| Total non-current assets | 6 403 654 | 6 203 240 | 6 307 887 | 5 839 295 |
| Total assets | 6 904 876 | 6 695 334 | 6 899 223 | 6 609 894 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Payables | 26 067 | 26 067 | 23 179 | 26 024 |
| Short-term borrowings | 8 168 620 | 6 337 970 | 6 728 601 | 5 324 980 |
| Employee benefits | | | | |
| Superannuation | 443 100 | 426 000 | 476 200 | 457 900 |
| Other current liabilities | 33 700 | 33 700 | 33 700 | 47 394 |
| Total current liabilities | 8 671 487 | 6 823 737 | 7 261 680 | 5 856 298 |
| Non-current liabilities | | | | |
| Long-term borrowings | 4 272 766 | 4 385 011 | 4 407 882 | 5 059 138 |
| Long-term employee benefits | | | | |
| Superannuation | 10 454 400 | 10 791 200 | 11 702 100 | 13 571 200 |
| Total non-current liabilities | 14 727 166 | 15 176 211 | 16 109 982 | 18 630 338 |
| Total liabilities | 23 398 653 | 21 999 948 | 23 371 662 | 24 486 636 |
| Net assets | -16 493 777 | -15 304 614 | -16 472 439 | -17 876 742 |
| Equity | | | | |
| Retained earnings | -16 493 777 | -15 304 614 | -16 472 439 | -17 876 742 |
| Total equity | -16 493 777 | -15 304 614 | -16 472 439 | -17 876 742 |

(a) This statement reflects the aggregated transactions of the Department of Treasury and Finance Consolidated Account Items and the Treasury and Finance Administered Items Account. The balances are reported as at 30 June end of period.

Administered items for the Department of Treasury and Finance

Consolidated Account items

Statement of cash flows

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Operating activities | | | | |
| Cash inflows | | | | |
| Taxation | | | | |
| Betting operations tax ^(a) | 30 000 | — | — | — |
| Contribution from Casino Operations | 18 300 | 18 000 | 18 800 | 20 193 |
| Contribution from SA Lotteries | 72 168 | 73 415 | 79 522 | 78 178 |
| Land tax | 599 199 | 798 500 | 590 999 | 348 988 |
| Commonwealth places mirror land tax ^(b) | 1 500 | 1 400 | 1 400 | 1 409 |
| Other taxes on property | — | — | — | 25 |
| Payroll tax | 1 398 205 | 1 365 891 | 1 391 964 | 1 340 958 |
| Commonwealth places mirror payroll tax ^(b) | 24 500 | 23 900 | 24 400 | 23 442 |
| Stamp duties | 1 489 005 | 1 491 873 | 1 519 517 | 1 557 715 |
| Commonwealth places mirror stamp duties ^(b) | 268 | 267 | 267 | 284 |
| South Australian major bank levy ^(c) | 73 000 | — | — | — |
| Commonwealth receipts | | | | |
| Commonwealth general purpose grants | | | | |
| GST revenue grants | 6 302 600 | 5 920 200 | 6 100 500 | 5 613 934 |
| Commonwealth specific purpose grants | | | | |
| Council of Australian Governments funding arrangements | 308 240 | 303 744 | 304 349 | 300 908 |
| Interest receipts | | | | |
| Interest on investments | 120 849 | 83 879 | 101 742 | 74 095 |
| Interest recoveries | 1 798 | 1 934 | 1 862 | 1 767 |
| Dividends and distributions | | | | |
| Adelaide Cemeteries Authority | | | | |
| Income tax equivalent | 98 | 61 | — | — |
| Adelaide Venue Management Corporation | | | | |
| Dividend | 1 600 | 1 600 | 1 600 | 1 583 |
| Income tax equivalent | — | — | — | 448 |
| Arrangements with private electricity entities | | | | |
| Local government rate equivalent | 248 | 238 | 243 | 235 |
| Department of Planning, Transport and Infrastructure | | | | |
| Income tax equivalent | 2 614 | 2 614 | 2 614 | 1 400 |
| Local government rate equivalent | 1 041 | 1 016 | 1 016 | — |
| Flinders Ports | | | | |
| Payment in lieu of other taxes | 2 625 | 2 561 | 2 561 | 2 349 |
| ForestrySA | | | | |
| Dividend | 5 962 | 3 575 | — | — |
| Funds SA | | | | |
| Local government rate equivalent | 233 | 227 | 227 | — |
| Generation Lessor Corporation | | | | |
| Dividend | — | 2 900 | — | — |

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| HomeStart Finance | | | | |
| Dividend | 6 510 | 7 115 | 6 801 | 11 466 |
| Income tax equivalent | 4 650 | 4 830 | 4 858 | 4 864 |
| Public Trustee | | | | |
| Dividend | 381 | 260 | 475 | 227 |
| Income tax equivalent | 251 | 189 | 296 | 315 |
| Renewal SA | | | | |
| Dividend | 13 853 | 2 059 | 2 650 | 7 199 |
| Income tax equivalent | 3 178 | 941 | — | — |
| Local government rate equivalent | 3 534 | 1 077 | 1 078 | — |
| Return to Work Corporation of South Australia | | | | |
| Income tax equivalent | — | 86 300 | — | — |
| South Australian Water Corporation | | | | |
| Dividend | 138 768 | 121 581 | 121 758 | 204 918 |
| Income tax equivalent | 81 636 | 104 638 | 75 582 | 107 273 |
| Local government rate equivalent | 1 979 | 1 931 | 1 575 | — |
| Scope Global Pty Ltd (formerly Austraining Pty Ltd) | | | | |
| Income tax equivalent | 600 | 600 | 600 | 336 |
| South Australian Government Employee Residential Properties | | | | |
| Dividend | 1 706 | 1 706 | 1 706 | 1 706 |
| Income tax equivalent | 465 | 465 | 465 | 675 |
| South Australian Government Financing Authority | | | | |
| Dividend | 15 700 | 23 050 | 13 093 | 38 864 |
| Income tax equivalent | 10 380 | 13 996 | 10 711 | 3 870 |
| West Beach Trust | | | | |
| Income tax equivalent | 86 | 7 | 2 | — |
| Other receipts | | | | |
| Adelaide Oval Sublease Fee | 400 | 200 | 200 | — |
| Department of Planning, Transport and Infrastructure | 10 621 | 10 432 | 10 432 | 11 919 |
| Essential Services Commission of South Australia | 13 356 | 12 917 | 12 917 | 7 529 |
| Fire damage and insurance cost (SAICORP Fund 2) | — | 7 200 | — | — |
| Forfeited Bank Guarantee — Building Sale | — | 5 000 | — | — |
| Guarantee fees | 155 224 | 133 182 | 139 158 | 124 011 |
| Government Banking Contract Rebate | 1 136 | — | — | — |
| Independent Gaming Corporation contribution to Gamblers Rehabilitation Fund | 2 000 | 2 000 | 2 000 | 2 000 |
| Metropolitan Drainage Fund | 7 | 7 | 7 | 15 |
| National Tax Equivalent Program | 50 | 50 | 50 | — |
| NRM Levy — Treasurer's Water Licences ^(d) | 376 | 364 | 364 | 353 |
| Return of cash to Consolidated Account — cash alignment | — | 373 945 | — | 291 790 |
| Return of deposit account balances | — | — | — | 544 |
| Return of deposit account balances — superannuation | 30 000 | 30 000 | 30 000 | — |

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Return to public sector employment – ETSA employees | — | 1 629 | — | — |
| Sundry fees..... | 37 | 36 | 36 | 105 |
| Sundry recoupment..... | 961 | 156 | 156 | — |
| Unclaimed monies | 2 018 | 1 957 | 1 957 | 3 116 |
| Total receipts for Consolidated Account | 10 953 916 | 11 047 615 | 10 582 510 | 10 191 006 |
| Surplus from the Consolidated Account | — | — | — | — |
| Cash outflows | | | | |
| Employee benefit payments | | | | |
| Minister's salary, electorate and expense allowance | 354 | 349 | 351 | 337 |
| Valuer-General ^(e) | 141 | 139 | 139 | — |
| Grants, subsidies and transfers | | | | |
| First Home Owner Grants | 36 057 | 35 722 | 33 117 | 35 181 |
| Payments to fund Consolidated Account | 1 722 775 | 173 319 | 979 053 | 1 154 030 |
| Total payments appropriated under various acts | 36 552 | 36 210 | 33 607 | 35 518 |
| Total payments funded by borrowings | 1 722 775 | 173 319 | 979 053 | 1 154 030 |
| Investing activities | | | | |
| Cash inflows | | | | |
| Repayment of advances | | | | |
| Administered items for the Department of Planning, Transport and Infrastructure | 209 | 209 | 209 | 297 |
| Department for Health and Ageing..... | 3 546 | 3 033 | 3 157 | 2 569 |
| Department of Primary Industries and Regions | 1 000 | 17 008 | 3 000 | 23 008 |
| Renmark Irrigation Trust | 79 | 75 | 79 | 72 |
| Royal Zoological Society of South Australia | 263 | 251 | 251 | 240 |
| Return of capital | | | | |
| Defence SA..... | 101 823 | — | — | — |
| HomeStart Finance | — | — | — | 15 610 |
| South Australian Water Corporation | 63 780 | 71 208 | — | — |
| Total receipts for Consolidated Account | 170 700 | 91 784 | 6 696 | 41 796 |
| Financing activities | | | | |
| Cash inflows | | | | |
| Borrowings | | | | |
| Borrowings to fund Consolidated Account | 1 722 775 | 173 319 | 979 053 | 1 154 030 |
| Other | | | | |
| Deposits with Treasurer | 1 830 650 | 1 012 990 | 1 371 639 | 767 008 |
| Total borrowings | 1 722 775 | 173 319 | 979 053 | 1 154 030 |
| Total receipts re cash and deposits | 1 830 650 | 1 012 990 | 1 371 639 | 767 008 |

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Cash outflows | | | | |
| Repayment of borrowings | | | | |
| South Australian Government Financing Authority | — | — | — | — |
| Other payments | | | | |
| Deposits with South Australian Government Financing Authority | 1 830 650 | 1 012 990 | 1 371 639 | 767 008 |
| Total payments funded by Consolidated Account Surplus | — | — | — | — |
| Total payments re cash and deposits | 1 830 650 | 1 012 990 | 1 371 639 | 767 008 |
| Net impact on Consolidated Account | 11 088 064 | 11 103 189 | 10 555 599 | 10 197 284 |
| Net impact on cash and deposits | — | — | — | — |

- (a) A place of consumption betting operations tax of 15 per cent on the net state wagering revenue of all wagering operators offering services to South Australia will apply from 1 July 2017.
- (b) Taxes akin to state taxes are levied on activities conducted on Commonwealth places under the authority of Commonwealth mirror tax legislation. Revenue is retained by the state.
- (c) A South Australian major bank levy is to be introduced from 1 July 2017 and will apply to all Authorised Deposit Banking Institutions liable for the Commonwealth major bank levy.
- (d) As part of the financial closure of the forward sale of the State's Green Triangle forest plantations the Treasurer retained the water licenses. These are administered by the Department of Treasury and Finance.
- (e) Cabinet approved the transfer of the Office of the Valuer-General from the Department of Planning, Transport and Infrastructure (DPTI) to the Department of Treasury and Finance (DTF) effective 1 July 2016.

Administered items for the Department of Treasury and Finance
Treasury and Finance Administered Items Account
Statement of cash flows

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Operating activities | | | | |
| Cash outflows | | | | |
| Employee benefit payments | | | | |
| Past service superannuation payments | 426 000 | 457 900 | 457 900 | 413 800 |
| Police superannuation, guaranteed minimum retirement benefit | 1 000 | 1 000 | 1 000 | — |
| Payments for supplies and services | | | | |
| Adelaide Festival Centre Trust Loan Forgiveness | — | 1 333 | — | — |
| National Tax Equivalent Program | 60 | 60 | 60 | 2 |
| Repayment of unclaimed monies | 350 | 750 | 350 | 1 036 |
| South Australian Made Campaign | — | — | — | 2 000 |
| State share of GST administration costs | 44 200 | 48 100 | 48 300 | 48 300 |
| Interest paid | | | | |
| Interest paid on deposit accounts and other monies | 24 523 | 23 030 | 27 997 | 27 871 |
| Interest on borrowings | 245 572 | 223 928 | 255 052 | 244 386 |
| Grants, subsidies and transfers | | | | |
| Adelaide Convention Centre ^(a) | — | — | — | 14 978 |
| Adelaide Oval Sublease Fee | 400 | 200 | 200 | — |
| Adelaide Venue Management Corporation ^(a) | 19 516 | 17 973 | 22 803 | — |
| Building Indemnity Insurance | 1 356 | 2 310 | 2 112 | 3 936 |
| Charitable and Social Welfare Fund | 4 000 | 4 000 | 4 000 | 4 000 |
| Community Development Fund | 20 000 | 20 000 | 20 000 | 20 000 |
| Community Support Grants and Donations ^(b) | 172 | 1 128 | 150 | 150 |
| Community Wastewater Management Schemes (benefits to households in goods and services) | 4 207 | 4 104 | 4 104 | 4 004 |
| Consumer Advocacy and Research Fund | 277 | 276 | 276 | 272 |
| Contingency provisions — employee entitlements | 68 537 | 16 654 | 50 122 | 37 787 |
| Contingency provisions — investing contingencies | 114 327 | 6 700 | 35 530 | 58 850 |
| Contingency provisions — supplies and services | 397 522 | 111 847 | 180 412 | 62 388 |
| Cross Billing and Budget Neutrality Payments ^(c) | — | — | — | 51 700 |
| Department for Communities and Social Inclusion | 4 345 | 3 845 | 3 845 | 3 845 |
| Department of Environment, Water and Natural Resources | 530 | 517 | 869 | 162 |
| Department of State Development ^(d) | — | 9 711 | 9 711 | 9 328 |
| Department of the Premier and Cabinet ^(d) | 10 127 | — | — | — |
| Department of Treasury and Finance | 356 | 348 | 348 | 279 |
| Emergency Services Agencies Funding | — | — | — | 2 100 |
| Emergency services levy — land and business regulations | 276 | 276 | 276 | 269 |
| Emergency services levy remissions | 24 909 | 25 004 | 24 569 | 26 484 |
| Essential Services Commission of South Australia | 524 | 680 | 680 | 330 |
| Fire damage and insurance costs (SAICORP Fund No. 2) | 7 000 | — | 7 000 | — |
| Future Jobs Fund ^(e) | 25 000 | — | — | — |

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| ForestrySA..... | 4 681 | 6 271 | 2 289 | 2 356 |
| Gamblers Rehabilitation Fund..... | 2 000 | 2 000 | 2 000 | 2 000 |
| Grant to South Australian Ice Sports Federation Incorporated | — | — | — | 1 070 |
| Housing Construction Grant ^(f) | — | 500 | — | 5 301 |
| Industry Financial Assistance Account..... | 700 | 6 950 | 700 | 700 |
| Job Accelerator Grant ^(g) | 33 300 | — | — | — |
| Local Government Taxation Equivalent Fund | 600 | 600 | 600 | 357 |
| Metropolitan drainage systems maintenance..... | 999 | 2 533 | 1 242 | 1 060 |
| NRM Levy — Treasurer's Water Licences..... | 376 | 364 | 364 | 353 |
| Renewal SA | 11 893 | 13 038 | 64 060 | 23 039 |
| Residual electricity entities..... | 500 | 500 | 500 | 500 |
| Riverbank Precinct Authority..... | 753 | 734 | 734 | 716 |
| Return to public sector employment — ETSA employees..... | — | 2 006 | — | 1 886 |
| South Australian Tourism Commission ^(h) | — | — | — | 11 785 |
| SA Lotteries | 1 510 | 1 462 | 1 962 | — |
| South Australian Water Corporation | 123 379 | 117 655 | 117 420 | 116 169 |
| Seniors Housing Grant ⁽ⁱ⁾ | 800 | 2 500 | 2 500 | 2 979 |
| Small Business Payroll Tax Rebate..... | 11 935 | 11 500 | 9 400 | 11 164 |
| Sport and Recreation Fund..... | 3 500 | 3 500 | 3 500 | 3 500 |
| State Procurement Board..... | 337 | 450 | 450 | 439 |
| Support services to parliamentarians..... | 23 534 | 23 689 | 23 393 | 22 963 |
| Other payments | | | | |
| Other payments | 100 | 100 | 50 | 197 |
| Overpayment of income tax equivalent..... | — | 170 | — | — |
| Payments to the South Australian Superannuation Fund | 30 000 | 30 000 | 30 000 | — |
| Refunds and remissions | 118 | 7 042 | 118 | 41 619 |
| Cash used in operations | 1 696 102 | 1 215 238 | 1 418 949 | 1 288 410 |
| State government | | | | |
| Appropriation | 1 752 379 | 1 360 017 | 1 582 470 | 1 613 581 |
| Payments | | | | |
| Cash alignment..... | — | 169 387 | — | 140 638 |
| Net cash provided by state government | 1 752 379 | 1 190 630 | 1 582 470 | 1 472 943 |
| Net cash provided by (+)/used in (-) operating activities | 56 277 | -24 608 | 163 521 | 184 533 |
| Investing activities | | | | |
| Cash outflows | | | | |
| Other payments | | | | |
| Advances granted | | | | |
| Department of Primary Industries and Regions | — | 15 000 | — | — |
| Equity capital contributions | | | | |
| Adelaide Festival Centre Trust..... | 18 919 | — | — | — |
| Renewal SA | — | 113 918 | 145 000 | 135 000 |
| South Australian Housing Trust | 14 788 | 12 017 | 14 374 | 22 924 |

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| South Australian Water Corporation | 18 200 | — | — | — |
| Cash used in investing activities | 51 907 | 140 935 | 159 374 | 157 924 |
| Net cash provided by (+)/used in (-) investing activities | -51 907 | -140 935 | -159 374 | -157 924 |
| Financing activities | | | | |
| Cash outflows | | | | |
| Repayment of borrowings | | | | |
| South Australian Government Financing Authority ^(j) | 4 370 | 3 843 | 4 147 | 3 930 |
| Cash used in financing activities | 4 370 | 3 843 | 4 147 | 3 930 |
| Net cash provided by (+)/used in (-) financing activities | -4 370 | -3 843 | -4 147 | -3 930 |
| Net increase(+)/decrease (-) in cash equivalents | — | -169 386 | — | 22 679 |
| Cash and cash equivalents at the start of the financial year (as at 1 July) | 26 257 | 195 643 | 32 326 | 172 964 |
| Cash and cash equivalents at the end of the financial year (as at 30 June) | 26 257 | 26 257 | 32 326 | 195 643 |

Note: Totals may not add due to rounding.

- (a) The Adelaide Entertainments Corporation and Adelaide Convention Centre merged to form Adelaide Venue Management Corporation effective 1 August 2015.
- (b) Reflects the government's decision to provide additional grant and donation payments to the South Australian community. The 2016–17 Estimated Result includes amounts that were budgeted in Contingency provisions — supplies and services.
- (c) A \$51.7 million Cross Billing and Budget Neutrality payment in 2015–16 for accrued expenses for amounts due in 2013–14 and 2014–15 to the Commonwealth Government relating to changes in responsibility for aged care and specialist disability services. From 2015–16 onwards the budget for this payment has been transferred to the Department of Communities and Social Inclusion.
- (d) The Resources and Energy Group of the Department of State Development (DSD) transferred to the Department of the Premier and Cabinet (DPC) on 1 April 2017. As a result, payments for the Office of the Technical Regulator previously paid to DSD are paid to DPC.
- (e) The State Government has committed \$200 million for a Future Jobs Fund with five areas of focus, Shipbuilding and Defence, Renewable Energy and Mining, Tourism, Food and Wine, Health Services and Research, and IT and Creative Industries. The Government will be calling on the Commonwealth to match the State's \$200 million commitment to jobs.
- (f) On 15 October 2012, the First Home Owner Bonus was replaced with the Housing Construction Grant which is available for new home contracts entered into until 31 December 2013 (inclusive).
- (g) The Job Accelerator Grant was introduced to support business to grow and create new employment opportunities. The grant will be made available for every new employee hired and maintained for two years by eligible businesses with total payroll of \$5 million and less.
- (h) In 2015–16 the functions of the South Australian Motor Sport Board (SAMSB) were transferred to the South Australian Tourism Commission (SATC). From 2016–17 the functions of the SAMSB will be funded through appropriation rather than grants and subsidies.
- (i) Relates to the grant of up to \$8 500 for people over 60 years of age who want to right size their principal place of residence and purchase a new age-appropriate home to live in. The grant is available for eligible new home contracts entered into between 1 July 2014 and 30 June 2016 (inclusive). Payments in 2017–18 reflect the processing of residual applications.
- (j) Relates to repayment of loans for the Flinders Medical Carpark with Health.

Administered items for the Department of Treasury and Finance

Other Accounts

Statement of cash flows

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|---|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Operating activities | | | | |
| Receipts | | | | |
| Taxation | | | | |
| Emergency services levy — state government | 6 621 | 6 697 | 6 731 | 2 012 |
| Emergency services levy — other | 213 172 | 224 316 | 213 062 | 204 470 |
| Local Government Taxation Equivalent Fund | — | — | — | 1 763 |
| Sales of goods and services | | | | |
| Essential Services Commission of South Australia | 199 | 189 | 189 | 36 |
| Housing Loans Redemption Fund | 2 | 2 | 2 | — |
| State Procurement Board | — | — | — | 84 |
| Interest received | | | | |
| Country Price Equalisation Scheme | — | — | — | 319 |
| Housing Loans Redemption Fund | 552 | 552 | 552 | 244 |
| Industry Financial Assistance Account | — | — | — | 39 |
| Local Government Disaster Fund | 3 018 | 3 018 | 3 018 | 547 |
| Local Government Taxation Equivalent Fund | 35 | 35 | 35 | 6 |
| ANZAC Day Commemoration Council | — | — | — | 2 |
| Intra-government transfers | | | | |
| Community Development Fund | 20 000 | 20 000 | 20 000 | 20 000 |
| Community Emergency Services Fund — state government | 1 163 | 1 171 | 771 | 299 |
| Community Emergency Services Fund — other | 23 747 | 23 832 | 23 798 | 26 185 |
| Essential Services Commission of South Australia | 524 | 680 | 680 | 330 |
| Local Government Taxation Equivalent Fund | 600 | 600 | 600 | 0 |
| Industry Financial Assistance Account | 4 534 | 16 436 | 9 621 | — |
| State Procurement Board | 337 | 450 | 450 | 442 |
| Support services to parliamentarians | 23 534 | 23 689 | 23 393 | 22 963 |
| Anzac Day Commemoration Council | 350 | 350 | 350 | 350 |
| Grants and subsidies | | | | |
| Industry Financial Assistance Account | — | — | — | 7 515 |
| Intergovernmental Federal Financial Relations | 2 509 625 | 2 082 998 | 2 281 983 | 1 675 234 |
| Local Government Taxation Equivalent Fund | 2 025 | 2 025 | 2 025 | — |
| Other receipts | | | | |
| Community Emergency Services Fund | 428 | 424 | 424 | 444 |
| Essential Services Commission of South Australia | 18 118 | 17 221 | 17 221 | 3 660 |
| Local Government Taxation Equivalent Fund | — | — | — | 357 |
| Industry Financial Assistance Account | 332 | 167 | — | 2 312 |
| CTP Insurance Regulator ^(a) | 110 695 | 114 006 | — | — |
| Support services to parliamentarians | — | — | — | 10 |
| Treasurer's Interest in National Wine Centre | 6 | 5 | 5 | 25 |
| Total receipts | 2 939 617 | 2 538 863 | 2 604 910 | 1 969 648 |

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Payments | | | | |
| Employee benefit payments | | | | |
| Essential Services Commission of South Australia | 4 237 | 3 513 | 3 513 | 3 415 |
| State Procurement Board | 42 | 41 | 41 | 61 |
| Support services to parliamentarians | 16 877 | 16 732 | 16 502 | 17 188 |
| Anzac Day Commemoration Council | — | — | — | 5 |
| Payments for supplies and services | | | | |
| Essential Services Commission of South Australia | 1 836 | 1 613 | 1 613 | 1 645 |
| Housing Loans Redemption Fund | 26 | 25 | 25 | — |
| CTP Insurance Regulator ^(a) | 27 983 | 31 747 | — | — |
| State Procurement Board | 286 | 401 | 401 | 515 |
| Support services to parliamentarians | 7 239 | 7 613 | 7 075 | 6 013 |
| Treasurer's Interest in National Wine Centre | 44 | 318 | 43 | 434 |
| Anzac Day Commemoration Council | 10 | 10 | 10 | — |
| Intra-government transfers | | | | |
| Community Development Fund | 20 000 | 20 000 | 20 000 | 20 000 |
| Community Emergency Services Fund | 245 131 | 256 440 | 244 786 | 233 410 |
| Essential Services Commission of South Australia | 13 356 | 12 917 | 12 917 | — |
| CTP Insurance Regulator ^(a) | 26 154 | 26 089 | — | — |
| Grants and subsidies | | | | |
| Local Government Concessions | — | — | — | — |
| Industry Financial Assistance Account | 4 534 | 18 272 | 10 781 | -5 805 |
| Intergovernmental Federal Financial Relations | 2 430 838 | 2 070 283 | 2 229 796 | 1 697 758 |
| Local Government Disaster Fund | 1 615 | 3 091 | 1 576 | 64 |
| Local Government Taxation Equivalent Fund | 2 660 | 2 660 | 2 660 | 2 130 |
| CTP Insurance Regulator ^(a) | 5 300 | 5 300 | — | — |
| Support services to parliamentarians | — | — | — | 1 |
| Anzac Day Commemoration Council | 340 | 340 | 340 | 345 |
| Payments to government | | | | |
| Intergovernmental Federal Financial Relations | 60 835 | 22 042 | 58 661 | — |
| Other payments | | | | |
| Essential Services Commission of South Australia | 7 | 7 | 7 | 26 |
| Independent Gambling Authority | — | — | — | — |
| Industry Financial Assistance Account | — | — | — | 2 429 |
| Local Government Disaster Fund | 145 | 145 | 145 | — |
| CTP Insurance Regulator ^(a) | 52 008 | 50 120 | — | — |
| State Procurement Board | 6 | 6 | 6 | — |
| Support services to parliamentarians | 25 | 24 | 24 | 1 |
| Total payments | 2 921 534 | 2 549 749 | 2 610 922 | 1 979 635 |
| Net cash provided by operating activities | 18 083 | -10 886 | -6 012 | -9 987 |

| | 2017–18 Budget | 2016–17 Estimated Result | 2016–17 Budget | 2015–16 Actual |
|--|-------------------|--------------------------------|-------------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Investing activities | | | | |
| Payments | | | | |
| Purchase of plant and equipment | | | | |
| Essential Services Commission of South Australia | 77 | 134 | 134 | — |
| Support services to parliamentarians | — | 506 | — | — |
| Purchase of intangible assets | | | | |
| Essential Services Commission of South Australia | -77 | 261 | -74 | 72 |
| Total payments | — | 901 | 60 | 72 |
| Net cash provided by investing activities | — | -901 | -60 | -72 |
| Financing activities | | | | |
| Cash inflows | | | | |
| Proceeds from other financial Assets | | | | |
| Industry Financial Assistance Account | 4 000 | — | — | — |
| Cash generated from financing activities | 4 000 | — | — | — |
| Cash outflows | | | | |
| Granted other financial assets | | | | |
| Industry Financial Assistance Account | — | 8 750 | — | — |
| Cash used in financing activities | — | 8 750 | — | — |
| Net cash provided by financing activities | 4 000 | -8 750 | — | — |
| Net increase (+)/decrease (-) in cash equivalents | 22 083 | -20 537 | -6 072 | -10 059 |

(a) The CTP Insurance Regulator was established, effective 12 May 2016, under the *Compulsory Third Party Insurance Regulation Act 2016*.

Summary of major variations

The following commentary relates to variations between the 2017–18 Budget and the 2016–17 Estimated Result.

Controlled Items

Statement of comprehensive income — controlled

Expenses

The \$20.4 million decrease in expenditure is primarily due to:

- a decrease in expenditure relating to the proposed once off transfer of the completed Anzac Centenary Memorial Garden Walk asset to the Adelaide City Council (\$10.0 million)
- a decrease in expenditure relating to the Land Services Commercialisation project (\$7.3 million)
- a decrease in expenditure relating to the Compulsory Third Party Insurance Market Reform project (\$4.9 million).

Income

The \$14.0 million decrease in revenue is primarily due to:

- a decrease in the recovery of revenue related to the Super SA ICT System Solution project (\$6.9 million)
- a decrease in the recovery of revenue related to the establishment of the Compulsory Third Party Insurance Regulator Office (\$4.4 million)
- the transfer of banking rebate revenue budget relating to the whole of government banking contract to Administered Items (\$1.6 million)
- a decrease in the recovery of revenue related to the National Register of Foreign Ownership of Land Titles project (\$1.2 million).

Statement of financial position — controlled

No major variations.

Statement of cash flows — controlled

The movements in cash outflows and inflows are generally consistent with the changes discussed above under the statement of comprehensive income and the statement of financial position.

Administered items

The administered items for the Department of Treasury and Finance include the Consolidated Account items, special deposit accounts and the assets and liabilities held on behalf of the state by the Treasurer. The more significant assets and liabilities include cash and deposits at call, loans made to other government entities, past superannuation liabilities and borrowings. For presentation purposes, three cash flow statements have been prepared: Consolidated Account items, Treasury and Finance Administered Items Account, and Other Accounts. This format has been used to provide clarity given the volume of items administered by the department.

The Consolidated Account items cash flow statement presents administered receipts collected on behalf of the government and paid to the Consolidated Account. The statement also includes administered payments that are funded by specific appropriation authorised in various Acts.

The Treasury and Finance Administered Items Account cash flow statement presents payments administered on behalf of the government and funded by appropriation authorised in the annual *Appropriation Act*.

The Other accounts cash flow statement presents the receipts and payments for the remaining special deposit accounts administered by the department.

Statement of Comprehensive Income

Expenses

Material variances arise from:

- employee benefits expense — revaluation of unfunded superannuation liability. The 2016–17 estimated result reflects the impact of a higher discount rate used to value the unfunded liability in accordance with the Australian Accounting Stanadards. It also reflects a higher expected return on superannuation assets in 2016–17 compared to the assumed long-term rate of 7.0 per cent used for the 2017–18 Budget;
- grants and subsidies are lower in 2016–17 compared to 2017–18 reflecting the impact of Renewal SA's purchase of TAFE SA properties for around \$650 million paid to the Consolidated Account in 2016–17, reducing the borrowing requirement in that year. Significant additional resources have also been provided in 2017–18 to build the economy and create jobs, take charge of our energy future and invest in core services.

Income

Material variances arise from:

- tax equivalent payment from the Return to Work Corporation of South Australia in 2016–17 of \$86.3 million due to an estimated profit of \$287.5 million in 2016–17
- higher taxation revenue due to the introduction of the betting operations tax from 2017–18 and the South Australian major bank levy
- higher Commonwealth revenues reflect higher GST revenue grants in 2017–18 as a result of growth in the GST pool and South Australia's grant share
- higher fees, fines and penalties in 2017–18 mainly due to an increase in the guarantee fees as a result of increased borrowings by SA Water
- higher interest income on investments in 2016–17 due to an increase in deposits with SAFA
- higher dividend income in 2017–18 compared to 2016–17 estimated result due to higher dividends in SA Water primarily due to higher forecast water sales in 2017–18
- Other income — return of surplus cash held by agencies at 30 June 2016 to the Consolidated Account in 2016–17 in accordance with the cash alignment policy.

Statement of Cash flows –Consolidated Account

Operating activities

Material variances arise from:

- taxation measures including:
 - introduction of the betting operations tax. A place of consumption betting operations tax of 15 per cent on the net state wagering revenue of all wagering operators offering services to South Australia will apply from 1 July 2017.
 - lower land tax due to a higher proportion of 2015–16 land tax liabilities collected in 2016–17.
 - higher payroll tax collections reflecting growth in taxable payrolls.

- introduction of the South Australian major bank levy. A levy will apply to all Authorised Deposit Banking Institutions liable for federal major bank levy from 1 July 2017.
- Commonwealth receipts arising from higher GST revenue grants in 2017–18 due to growth in the GST pool and South Australia’s grant share.
- dividends and distributions:
 - higher dividend income from Renewal SA in 2017–18 than for the 2016–17 Estimated Result due to the full year recognition of rent revenue from the TAFE SA properties
 - tax equivalent payment from Return to Work Corporation of South Australia in 2016–17 due to an estimated profit of \$287.5 million in 2016–17
 - higher dividend income in 2017–18 compared to the 2016–17 Estimated Result due to higher dividends in SA Water, primarily due to higher forecast water sales in 2017–18.

Other receipts:

- higher guarantee fees in 2017–18 primarily as a result of increased borrowings by SA Water
- the return of cash to the Consolidated Account in 2016–17 in accordance with the cash alignment policy.

Investing activities

Material variances arise from:

- Return of capital by:
 - Defence SA following sale of Techport Australia including the Common User Facility, Shipbuilding Expansion Area and Maritime Skills Centre to the Commonwealth Government
 - SA Water due to maintaining the gearing ratio at 45 per cent in 2016–17 and across the forward estimates.

Statement of cash flows — Treasury and Finance Administered Items

Operating activities

Material variances arise from:

- employee benefit payments — past service payments decrease due mainly to the impact of higher than expected investment earnings in 2016–17.
- grants subsidies and transfers:
 - higher contingency provisions — higher supplies and services and investing provisions
 - lower housing construction grant in 2016–17 reflecting the expiration of the grant on 31 December 2013. Payments in 2015–16 reflect the processing of residual applications as there is a lag between a new home contract being entered into and the payment of the grant
 - higher refunds and remissions in 2016–17 reflecting the payment of ex-gratia relief for transactions that were undertaken while legislation was being passed relating to a number of the government’s tax reform measures introduced in the 2015–16 Budget.

Investing activities

Material variances arise from:

- other payments:
 - payments to the Department of Primary Industries and Regions in 2016–17 reflecting the Farm Finance Concessional Loan Scheme

- equity capital contribution to Adelaide Festival Centre Trust in 2017–18 to fund the purchase of the existing Her Majesty’s Theatre asset from Arts SA
- equity capital contributions to Renewal SA in 2016–17 to partially fund the purchase of TAFE SA properties from Department of State Development
- lower equity contributions to the South Australian Housing Trust in 2016–17 in line with Commonwealth revenues associated with the National Partnership Agreement for Remote Indigenous Housing
- equity capital contributions in SA Water in 2017–18 to fund Northern Adelaide Irrigation Scheme.

Statement of cash flows — other accounts

Operating Activities

Receipts

Material variances arise from:

- taxation — a decrease in receipts raised as part of the Emergency Services Levy (ESL) due to later than expected collection of some fixed property amounts relating to 2015–16 increasing 2016–17 receipts
- grants and subsidies — an increase in receipts due to increased payments from the Commonwealth primarily for scheduled transport infrastructure (mainly the Goodwood and Torrens rail junctions, the South Road Darlington upgrade, Tonsley rail extension and APY Lands upgrade projects), as well as for the National Disability Insurance Scheme.

Payments

Material variances arise from:

- grants and subsidies — an increase in payments is primarily due to increased payments for scheduled transport infrastructure (mainly the Goodwood and Torrens rail junctions, South Road Darlington upgrade, Tonsley rail extension and APY Lands upgrade projects) as well as for the National Disability Insurance Scheme. This is offset by a decrease in payments primarily due to the Whyalla Small Business Loan Scheme included in 2016–17, together with a carryover of unspent funds from 2015–16 to 2016–17 for the Industry Financial Assistance Account
- intra government transfers — a decrease in payments is due to higher than expected transfers of 2015–16 fixed property ESL receipts being made to the Community Emergency Services Fund in 2016–17.

Accounting standards

The financial statements included in the 2017–18 Agency Statements are special purpose financial statements.

Estimates in these financial statements have been prepared on a basis consistent with:

- Australian Accounting Standards, except where these notes indicate otherwise
- accounting policies expected to be used in preparing historically orientated general purpose financial statements for that year, and the same accounting policies have been used for the subsequent forecast years (forward estimates).

Reporting entities

The financial statements include all estimated assets, liabilities, incomes and expenses of individual agencies.

Consistent with Australian Accounting Standards, estimated transactions and balances that are controlled are budgeted for, and reported on, separately to estimated transactions and balances which are administered but not controlled by the agency.

Activities that are ‘controlled’ are those where the agency delivers services and governs the financial and operating policies so as to obtain benefits from these activities and assets in the pursuit of its objectives.

Generally, activities that are ‘administered’ are those where the agency provides a service or function on behalf of the Minister and is unable to use the resources for the furtherance of its own objectives.

Basis of accounting and measurement

The estimated financial statements include a statement of comprehensive income, statement of financial position and a statement of cash flows.

The format of these estimated financial statements is consistent with the model financial statements (prepared by the Department of Treasury and Finance for statutory reporting requirements) and is consistent with the requirements of AASB 101 *Presentation of Financial Statements* and AASB 107 *Statement of Cash Flows*.

The accrual basis of accounting has been applied in the preparation of the estimated financial statements whereby estimated assets, liabilities, equity, incomes and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Assets

Most government assets are valued at their written-down current cost. Otherwise agencies adopt one of the following measurement bases:

- fair value — is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.
- market value — amount that uses prices and other relevant information generated by market transactions involving identical or comparable assets.
- current cost — amount that would be required currently to replace the service capacity of an asset.

All non-current tangible assets, with a cost of acquisition greater than \$1.0 million and a useful life of more than three years, are required to be valued at fair value unless excluded from the scope of Australian Accounting Standard AASB 116 *Property, Plant and Equipment* and/or an alternative valuation is specified by another accounting standard.

All intangible assets are measured at cost.

Depreciation and amortisation

All non-current assets having limited useful lives are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential. The most common method used for calculating depreciation expense is the straight line method.

Certain heritage assets have very long and indeterminate useful lives. Their service potential has not, in any material sense, been consumed during the reporting period. As such, no amount for depreciation has been recognised in respect of those assets.

Assets acquired under finance leases are depreciated/amortised over the period during which the government is expected to benefit from use of the leased asset.

Employee benefits

Employee benefits (including salaries and wages, annual leave, long service leave, skills and experience retention leave, sick leave and superannuation benefits) reflect those benefits accrued as a result of services provided by employees up to the reporting date.

Short-term employee benefits (expected to be settled within 12 months after the end of the reporting period in which the employee rendered the services) are measured at a nominal amount based on the remuneration rates an agency expects to pay. Examples of short-term employee benefits include salaries and wages and annual leave.

Long-term employee benefits (other than short-term) are measured at the present value of estimated future cash flows. An example of a long-term employee benefit is long service leave.

Sick leave

For the majority of agencies, no liability will be recognised for sick leave.

There is no liability for non-vesting sick leave (a non-vesting entitlement is that which does not constitute a legal obligation of the employing agency until a valid claim is made by an employee or an event has occurred) if, on average, sick leave taken is less than total entitlements accruing.

Vesting sick leave entitlements are rare for state government employees.

Superannuation

For most state government controlled agencies, the Treasurer assumes the accrued superannuation liability in return for periodic payments from agencies. Therefore, unless there are contributions due but not yet paid at the reporting date, there is no superannuation liability recorded for the agency.

Two types of superannuation plans are in operation currently in the public sector: defined benefit plans and defined contribution plans. In a defined benefit plan, a member's entitlement is determined by reference to a formula based on years of membership and/or salary levels. In a defined contribution plan, a member's entitlement is determined by reference to accumulated contributions made to the plan together with investment earnings thereon.

Under existing arrangements, the Treasurer is liable for any net deficiency in assets for the defined benefits plans. Deficits in defined benefit superannuation plans are recognised as liabilities in the statement of financial position for the Treasurer. The deficits are measured as the excess of employees' accrued benefits resulting from services up to the reporting date over the fair value of the plan's assets as at the reporting date.

Income recognition

Wherever possible, income is recognised when the transaction or event giving rise to the income occurs. As a result, all items of income are normally reported in the statement of comprehensive income when an agency obtains control over the respective amounts. In circumstances where it is not possible to determine objectively when control over the asset passes to the agency, the amounts are recognised upon receipt.

Appropriation

The investment program requirements for agencies included in the agency statements may be funded through operating appropriation, operating receipts, the proceeds of asset sales, grants and through Commonwealth payments. Where the investment requirements of an agency are not funded from these sources, the state government funding of an agency's investment program will generally be treated as an equity contribution from the government, as representative owner. These contributions are treated as contributions to equity rather than income in an agency.

Funds appropriated, but not required to meet current year cash outflows will be deposited with the Treasurer and will show as an asset in the agency's statement of financial position.

Cash alignment policy

Where agencies have returned excess cash held to the Treasurer in accordance with the cash alignment policy, the payment is generally recorded as 'expenses to state government' in the statement of comprehensive income. Some agencies have elected to repay debt or return contributed capital with excess cash balances. These transactions will be reflected in the statement of financial position.

Rounding

All estimated amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

Due to rounding, there may be instances where estimated financial statements and tables do not add correctly.

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State Budget 2017–18

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