

STATE BUDGET 2018–19

Mid-Year Budget Review



Government
of South Australia

STATE BUDGET 2018–19

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**Government
of South Australia**

Mid-Year Budget Review
2018–19

Presented by
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ISSN 1838-711X
Public-I3-AI

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Chapter 1: 2018–19 budget position and fiscal outlook

Overview

The 2018–19 Budget was released in September and delivered on the government’s election commitments, including creating more jobs in the state, lowering costs for households and businesses and delivering better services for South Australians. It did this while delivering operating surpluses in all years from 2018–19, ensuring election commitments were funded in a sustainable manner.

The 2018–19 Mid-Year Budget Review (MYBR) delivers surpluses in all years.

Following the September state budget, the MYBR sets out a limited number of new decisions. Operating and investing expenditure decisions in the general government sector total \$172.1 million over four years, including \$23.0 million to reduce the health portfolio’s 2018–19 savings target, \$60.0 million over two years for a phased recovery of the additional inefficiency that has been identified in the health system since the release of the 2018–19 Budget, \$48.2 million to meet the state’s funding commitments under the new school funding agreement with the Commonwealth Government and \$34.3 million to reflect further growth in the number of children in care. Further details of all initiatives by agency are provided in Appendix A.

The MYBR revises down state taxation estimates across the forward estimates by \$79 million. Conveyance duty revenues are expected to be lower than estimated at budget time, but payroll tax revenues are expected to be higher. The overall reduction in state taxation estimates has been partially offset by higher goods and services tax (GST) grant revenue, which has been revised up by \$41 million in 2021–22 reflecting the additional funding provided by the Commonwealth Government to ensure no state is worse off under the new GST distribution arrangements legislated by the Commonwealth Government.

As outlined in the 2018–19 Budget, the accounting treatment of the Land Services Commercialisation transaction was under review at the time the budget was prepared. The treatment of this transaction has now been resolved. As a consequence, the MYBR recognises the proceeds of the transaction as revenue (\$38 million) in each year over the 40 year life of the contract, and \$80 million in 2019–20 for either the exclusive right to negotiate regarding the commercialisation of another state registry or awarding an additional seven years on the land services contract. This improved both the net operating balance and net lending by these amounts from 2018–19 onwards. There is no change to the net debt position as a result of the revised accounting treatment.

The MYBR financial position is consistent with the government’s fiscal targets to deliver budget surpluses and restrain spending growth to sustainable levels. Compared with the 2018–19 Budget estimates, general government net debt has increased by \$247 million at 30 June 2022, and the net debt to revenue ratio has risen from 41.1 per cent to 42.1 per cent in 2021–22, remaining within affordable limits.

Both Standard and Poor’s and Moody’s Credit Rating Services have recognised the government’s disciplined fiscal approach to the budget in their respective credit opinions on the state of South Australia following the release of the 2018–19 Budget. Standard and Poor’s upgraded its rating of South Australia to AA+ from AA, as they believed the government’s disciplined approach towards

expenditure is likely to sustain ongoing operating surpluses. Moody's reaffirmed its rating of Aa1 for South Australia, noting that the state's level of debt remains moderate compared to our peers.

Economic forecasts remain unchanged except for Gross State Product (GSP) growth which is half a percentage point lower in 2018–19 and half a percentage point higher in 2019–20 reflecting the impact of dry weather conditions reducing winter crop production levels for export in 2018–19.

Fiscal targets

The government is committed to the fiscal targets set out in table 1.1.

Table 1.1: Fiscal targets

Target 1	Achieve a net operating surplus in the general government sector every year.
Target 2	Limit general government operating expenditure growth to trend growth in household income.
Target 3	Achieve a level of general government net debt that is sustainable over the forward estimates.

In addition to three main fiscal targets, the government also commits that:

- the operations of public corporations that cannot be paid for from their own revenue streams will be funded from the budget (consistent with the government's obligations under the Competition Principles Agreement)
- the defined benefit unfunded superannuation liability will be fully funded by 2034.

Table 1.2 provides the outcome of the fiscal targets based on 2018–19 MYBR estimates.

Table 1.2: Fiscal targets outcomes — 2018–19 MYBR estimates

	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Target 1: net operating balance surplus				
Target	Achieve a net operating surplus every year			
2018–19 MYBR estimate (\$m)	40	95	96	189
Target 2: operating expenditure growth				
Target	Average growth limited to trend growth in household income (4.5% per annum)			
2018–19 MYBR estimate				
- Annual (%)	-0.5%	2.4%	1.4%	3.0%
- Average (%)	Average growth of 1.6% per annum			
Target 3: sustainable net debt				
	Net debt to revenue ratio at a sustainable level			
	31.8%	35.1%	38.6%	42.1%

Target 1 reflects the government's commitment to funding operating expenditures from operating revenues. The 2018–19 MYBR projects a surplus in 2018–19 and in each year across the forward estimates.

Target 2 limits the growth in operating expenditure in order to maintain a pattern of sustainable growth having regard to trend income growth, irrespective of the annual growth in revenues.

The 2018–19 Budget emphasised expenditure restraint whilst meeting the election commitments to maintain the overall fiscal position. Average operating expenditure growth over four years is constrained to 1.6 per cent per annum, well below expected trend household income growth of 4.5 per cent per annum.

Target 3 requires the maintenance of reasonable debt levels that allows for sustainable borrowings for investment in key infrastructure without placing undue burdens on future generations. The general government net debt to revenue ratio has increased moderately over the forward estimates to 42.1 per cent at 30 June 2022 reflecting the government's substantial commitment to investing in state infrastructure.

In the 2018–19 Budget the non-financial public sector (NFPS) net debt was estimated to be \$17.0 billion at 30 June 2022. Based on the projections in the MYBR this will increase to \$17.2 billion.

Fiscal outlook

Table 1.3 shows the movement in the key fiscal indicators for the general government sector since the 2018–19 Budget.

Table 1.3: Fiscal outlook — Budget and Mid-Year Budget Review (\$million)

	2018–19	2019–20	2020–21	2021–22
Net operating balance				
Budget	48	105	166	211
MYBR	40	95	96	189
Change since 2018–19 Budget	- 8	- 10	- 70	- 22
Net lending				
Budget	- 866	- 714	- 651	- 928
MYBR	- 676	- 636	- 744	- 979
Change since 2018–19 Budget	190	78	- 94	- 51
Net debt				
Budget	6 288	7 076	7 749	8 651
MYBR	6 240	7 069	7 889	8 898
Change since 2018–19 Budget	- 47	- 7	140	247
Net debt to revenue ratio (%)				
Budget	32.1	35.5	38.0	41.1
MYBR	31.8	35.1	38.6	42.1
Change since 2018–19 Budget	-0.3	-0.4	0.6	1.0
Unfunded superannuation				
Budget	10 819	10 399	9 947	9 461
MYBR	10 854	10 444	10 000	9 522
Change since 2018–19 Budget	35	44	53	61

Note: Totals may not add due to rounding.

While marginally lower than estimated at the time of the 2018–19 Budget, net operating balance surpluses are forecast across all years consistent with the government's fiscal target.

The \$190 million improvement in the net lending deficit in 2018–19 is primarily a result of a change in the timing of investing expenditure. The improvement in the net lending deficit in 2019–20 is largely due to the change in accounting treatment for the \$80 million received from Land Services SA for either the exclusive right to negotiate regarding the commercialisation of another state registry or awarding an additional seven years on the land services contract.

Net debt is lower in 2018–19 and 2019–20 but higher in 2020–21 and 2021–22 than forecast at budget time.

The increase in the unfunded superannuation liability since the 2018–19 Budget is predominantly due to lower assumed earnings for 2018–19 based on year to date experience. Further details on the unfunded superannuation liability are provided later in Chapter 1.

The following table provides operating statement details for the general government sector for 2018–19 and the following three years.

Table 1.4: General government sector operating statement — 2018–19 to 2021–22 (\$million)

	2018–19 Budget	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Revenue					
Taxation revenue	4 587	4 570	4 737	4 901	5 104
Grants	11 251	11 169	11 459	11 756	12 159
Sales of goods and services	2 526	2 608	2 652	2 664	2 734
Interest income	26	25	27	29	29
Dividend and income tax equivalent income	451	467	391	332	342
Other	740	764	871	744	766
Total revenue	19 580	19 604	20 136	20 427	21 133
<i>less</i>					
Expenses					
Employee expenses	8 623	8 705	8 609	8 624	8 747
Superannuation expenses					
Superannuation interest cost	319	322	319	307	293
Other superannuation expenses	869	852	851	855	867
Depreciation and amortisation	1 073	1 072	1 098	1 142	1 150
Interest expenses	356	370	375	408	472
Other property expenses	—	—	—	—	—
Other operating expenses	5 162	5 065	5 759	5 886	6 251
Grants	3 129	3 179	3 030	3 108	3 164
Total expenses	19 532	19 564	20 042	20 330	20 944
<i>equals</i>					
Net operating balance	48	40	95	96	189
<i>plus</i>					
Other economic flows	626	1 056	658	697	735
<i>equals</i>					
Comprehensive result — total change in net worth	674	1 097	752	793	924
Net operating balance	48	40	95	96	189
<i>less</i>					
Net acquisition of non-financial assets					
Purchases of non-financial assets	2 236	2 043	1 894	2 027	2 355
<i>less</i> Sales of non-financial assets	249	256	66	45	37
<i>less</i> Depreciation	1 073	1 072	1 098	1 142	1 150
<i>plus</i> Change in inventories	—	—	—	—	—
<i>plus</i> Other movements in non-financial assets	—	—	—	—	—
<i>equals</i> Total net acquisition of non-financial assets	914	716	731	840	1 168
<i>equals</i>					
Net lending / borrowing	- 866	- 676	- 636	- 744	- 979

Note: Totals may not add due to rounding.

The following tables outline changes to the net operating balance and net lending since the 2018–19 Budget classified as policy or parameter items. Policy items are decisions taken by the government since the 2018–19 Budget. Parameter items are generally variations outside the government's control.

Table 1.5: Net operating balance — policy and parameter variations since the 2018–19 Budget (\$million)

	2018–19	2019–20	2020–21	2021–22
Estimate at 2018–19 Budget	48	105	166	211
Parameter and other variations				
Revenue — taxation	- 17	- 19	- 21	- 22
Revenue — other	34	218	65	102
Operating expenses	47	- 169	- 88	- 58
Net effect of parameter and other variations	64	30	- 44	21
Policy measures				
Revenue measures — taxation	—	—	—	—
Revenue measures — other	—	—	—	—
Revenue offsets — taxation	—	—	—	—
Revenue offsets	6	7	—	—
Operating expenses	- 79	- 47	- 26	- 43
Operating savings	—	—	—	—
Net effect of policy measures	- 72	- 40	- 26	- 43
Estimate at 2018–19 Mid-Year Budget Review	40	95	96	189

Note: Totals may not add due to rounding.

Table 1.6: Net lending — policy and parameter variations since the 2018–19 Budget (\$million)

	2018–19	2019–20	2020–21	2021–22
Estimate at 2018–19 Budget	- 866	- 714	- 651	- 928
Net effect of operating variations to 2018–19 MYBR	- 8	- 10	- 70	- 22
Parameter investing variations^(a)				
Investing expenditure	189	70	- 18	- 25
Asset sales	7	4	—	—
Depreciation	-1	-5	-4	-4
Total parameter investing variations	195	68	- 22	- 29
Policy investing variations in the 2018–19 MYBR				
Investing expenditure	4	20	- 2	—
Investing savings	—	—	—	—
Asset sales	—	—	—	—
Total policy investing variations	4	20	- 2	—
Estimate at 2018–19 Mid-Year Budget Review	- 676	- 636	- 744	- 979

Note: Totals may not add due to rounding.

(a) Investing variations relate to the movements in the net acquisition of non-financial assets.

Table 1.7: Major revenue and expense variations (parameter and other only) since the 2018–19 Budget (\$million)

	2018–19	2019–20	2020–21	2021–22
Revenue — taxation				
Payroll tax	7	7	8	8
Conveyances	-22	-25	-28	-32
Land tax — private	—	—	—	—
Land tax — public	—	—	—	—
Other property taxes	-1	—	—	3
Insurance taxes	—	—	—	—
Gambling tax	-1	-1	-2	-2
Motor vehicle taxes	—	—	—	—
Total taxation revenue	-17	-19	-21	-22
Revenue — other				
GST revenue grants	—	—	—	41
Commonwealth specific purpose and national partnership grants				
- SPP grants	—	—	—	—
- NP grants	-57	68	-14	-13
Other contributions and grants	4	2	1	1
Sales of goods and services	47	55	39	31
Dividends and income tax equivalents	15	-21	6	13
Interest income	—	—	—	—
Royalties	5	6	6	3
Other revenue	19	107	27	27
Total other revenue	34	218	65	102
Operating expenses				
Nominal superannuation interest expense	- 3	- 11	- 11	- 11
Interest expense	- 13	4	- 3	- 2
Depreciation	1	5	4	4
Carryovers (net of provision for slippage)	50	- 15	—	—
Other variations	12	- 152	- 78	- 49
Total expenses	47	- 169	- 88	- 58
Net capital investment expenditure				
Depreciation	- 1	- 5	- 4	- 4
Carryovers (net of provision for slippage)	101	- 3	- 4	—
Other variations	95	76	- 14	- 25
Total net capital investment expenditure	195	68	- 22	- 29

Note: Totals may not add due to rounding.

Operating revenue

Policy measures

There are no new revenue policy measures in the 2018–19 MYBR.

Parameter and other variations

Taxation revenue

Total taxation revenues have been revised down in all years mainly due to revisions to conveyance duty, partially offset by upward revisions to payroll tax.

Conveyance duty receipts have been revised down mainly reflecting lower than expected year to date growth in residential property values and transaction numbers, as well as lower transaction growth estimates from 2019–20. Conveyance duty receipts are still expected to grow in 2018–19, but more modestly than forecast in the 2018–19 Budget.

Payroll tax collections have been revised up in all years due to stronger than expected year to date growth in taxable payrolls since the 2018–19 Budget.

There has also been minor downward revisions to gambling revenue largely reflecting revisions to collections from the Adelaide Casino.

GST revenue grants

GST grant revenue estimates have been revised up in 2021–22 reflecting the projected impact of the new GST distribution arrangements introduced by the Commonwealth Government, which have now been passed by the Federal Parliament.

These changes are being phased in from 2021–22 to 2026–27. They change the equalisation formula which determines each state's share of GST. Following these changes jurisdictions will no longer be equalised to a standard that gives them the capacity to deliver services to the same level. Instead equalisation will be based on a standard based on the capacity of either New South Wales or Victoria. In addition a GST relativity floor will be introduced so that all jurisdictions will receive a minimum distribution level. From 2021–22 the Commonwealth Government will also increase the size of the GST pool distributed to the states and territories.

As part of the introduction of these changes the Commonwealth Government has also introduced a guarantee that no jurisdiction will receive less GST revenue under the new arrangements over the transition period (when compared with what they would have received had the previous arrangements still been in place). The new arrangements are projected by the Commonwealth to deliver additional revenue to South Australia of \$257 million over the period from 2021–22 to 2026–27, including an additional \$41 million in 2021–22.

Commonwealth specific purpose and national partnership grants

Commonwealth Government specific purpose grant estimates are unchanged from the 2018–19 Budget.

Commonwealth national partnership grant estimates have been revised up in 2019–20 and down in all other years, mainly due to the timing of Commonwealth payments to reflect current infrastructure construction schedules as well as the distribution of funding across projects including the Flinders Link (Tonsley rail line extension), Port Wakefield Overpass and Northern Connector.

Other contributions and grants

Upward revisions to revenue from other contributions and grants in 2018–19 mainly reflect the recognition of funding for the South Australian Tourism Commission from the local wine industry to conduct wine tourism campaigns in overseas markets, as well as the re-profile of Renewal SA capital grants to the Department of Planning, Transport and Infrastructure from 2017–18 to 2018–19 for the purpose of undertaking capital works on behalf of Renewal SA at Evanston. Revenue from other contributions and grants from 2019–20 are broadly consistent with estimates in the 2018–19 Budget.

Sales of goods and services

Sales of goods and services revenue has been revised up in all years mainly due to increased funding from the Commonwealth Government for specialised drugs provided under the Pharmaceutical Benefits Scheme and higher revenue from regulatory fees.

Regulatory fee revenues have been revised up primarily reflecting the establishment of a budget for the regulatory component of heavy vehicle registration revenue, which will be passed onto the Commonwealth's National Heavy Vehicle Regulator. In addition, upward revisions to regulatory fees include dog and cat registration fees which are now expected to be collected by the State Government through an online portal and then distributed to local councils. In both cases these higher revenues are matched by higher expenses.

Dividend and income tax equivalent income

Estimated dividend and income tax equivalent (ITE) revenue has been revised up in 2018–19 mainly due to a stronger than anticipated operating result in 2017–18 for Renewal SA which impacts the distributions received in 2018–19 as well as the receipt of a special dividend from Forestry SA reflecting the net returns from the divestment of land in the Mid-North region.

The downward revision in 2019–20 mainly reflects lower dividends from the Motor Accident Commission resulting from an increase in expected claims liabilities.

From 2020–21, dividends and ITE revenue has been revised up mainly due to expected lower borrowing costs for SA Water.

Interest income

Interest income projections are unchanged compared with estimates in the 2018–19 Budget.

Royalties

Royalty revenues have been revised up in all years mainly reflecting higher forecast petroleum production and prices. In 2018–19, the upward revision is partially offset by lower mineral royalty estimates largely due to lower production at Olympic Dam due to an unexpected acid plant outage.

Other revenue

Other revenue has been revised up in all years mainly due to the recognition of revenue received as part of the Land Services Commercialisation transaction. These revisions reflect a change in the accounting treatment since the 2018–19 Budget. The sales proceeds of \$1.525 billion are now being recognised uniformly over the 40 year term of the arrangement, which amounts to \$38.1 million annually from 2018–19. In addition, the receipt of \$80 million for providing the Exclusive Right to Negotiate has been recognised in 2019–20 when a decision is required on this Right.

General government sector revenue

Forward estimates of general government revenues are shown in table 1.8.

Table 1.8: General government revenue — forward estimates (\$million)

	2018–19 Budget	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Revenue — taxation					
Payroll tax	1 242	1 249	1 277	1 335	1 399
Conveyances	811	789	852	917	984
Land tax — private	383	383	405	379	390
Land tax — public	239	239	244	250	256
Other property taxes	367	367	378	388	396
Insurance taxes	474	474	492	512	533
Gambling tax	409	408	413	421	429
Motor vehicle taxes	661	661	675	699	718
Total taxation revenue	4 587	4 570	4 737	4 901	5 104
Revenue — other					
GST revenue grants	6 887	6 887	7 275	7 615	7 868
Commonwealth specific purpose and national partnership grants					
- SPP grants	2 968	2 968	3 110	3 261	3 415
- NP grants	1 241	1 191	946	752	749
Other contributions and grants	155	159	141	141	141
Sales of goods and services	2 526	2 572	2 639	2 650	2 721
Dividends and income tax equivalents	451	467	391	332	342
Interest income	26	25	27	29	29
Royalties	264	270	276	266	259
Other revenue	475	494	595	479	506
Total other revenue	14 993	15 034	15 400	15 525	16 029
Total revenue	19 580	19 604	20 136	20 427	21 133
Total revenue % change on previous year					
Total revenue nominal growth (%)		1.3	2.7	1.4	3.5
Total revenue real growth (%)		-0.9	0.5	-1.0	0.9

Note: Totals may not add due to rounding.

Negative real growth in 2018–19 is mainly due to a decrease in dividend payments from the Motor Accident Commission.

Underlying real terms growth in GST grant revenue, taxation revenue and specific purposes grants is expected from 2019–20. In 2020–21, this growth is more than offset by a decline in national partnership grant revenue.

National partnership grant revenue decreases over the forward estimates mainly reflecting the timing of payments from the Disability Care Australia Fund and the timing of payments for a number of infrastructure projects including the North-South Corridor Northern Connector and Darlington upgrade projects, duplication of the Joy Baluch AM Bridge and Gawler rail line electrification.

Expenditure

Policy measures

This section provides a summary of expenditure initiatives announced since the 2018–19 Budget. Full details of all policy measures and associated revenue offsets are shown in Appendix A.

The MYBR contains operating and investing expenditure initiatives in the general government sector of \$172.1 million over four years. These initiatives are summarised, by agency, in tables 1.10 and 1.11.

Table 1.9: Expenditure initiatives (\$million)

	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Operating expenditure initiatives	- 78.7	- 47.2	- 25.6	- 43.0
Revenue offsets	6.3	6.8	0.2	—
Operating savings	—	—	—	—
Total net operating initiatives	- 72.4	- 40.4	- 25.5	- 43.0
Investing expenditure initiatives	3.6	20.5	- 1.7	—
Revenue offsets	—	—	—	—
Investing sales	—	—	—	—
Asset sales	—	—	—	—
Total net investing initiatives	3.6	20.5	- 1.7	—

Note: Totals may not add due to rounding.

The major expenditure initiatives in the MYBR include:

- additional state funding of \$716.2 million over the period to 2026–27 (\$48.2 million up to 2021–22) to government schools under the National School Reform Agreement. The five year agreement commences on 1 January 2019 and secures Commonwealth funding for schools across South Australia
- \$101.9 million over two years to SA Health, incorporating \$23 million to reduce the health portfolio's savings target in 2018–19; \$60 million to allow for a phased recovery over two years of the additional inefficiency that has been identified in the system since the 2018–19 Budget; and \$18.9 million over twelve months for the engagement costs for KordaMentha in its role as implementation partner for the Central Adelaide Local Health Network Organisational and Financial Recovery Plan
- \$34.3 million over four years to meet additional costs for children in care
- \$14.7 million over three years for the Water Management Solutions program.

In addition to these initiatives, the Department for Education will be undertaking a project from within existing resources that will deliver high speed fibre optic internet connectivity to 98.8 per cent of South Australian government schools by mid-2020.

The MYBR also transfers the \$37.0 million for the right hand turn tram project from the budget of the Department of Planning, Transport and Infrastructure to a central provision. The utilisation of these funds will be considered as part of the 2019–20 Budget.

Table 1.10: Operating initiatives (\$million)

Agency	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Child Protection	- 5.0	- 9.1	- 9.8	- 10.5
Education	—	—	- 15.1	- 33.2
Emergency Services — SAFECOM	- 1.2	—	- 0.2	- 0.2
Environment and Water	- 2.5	- 3.8	- 1.4	—
Health and Wellbeing	- 70.1	- 31.8	—	—
Treasury and Finance Administered Items	—	- 2.5	0.8	0.8
Total operating initiatives	- 78.7	- 47.2	- 25.6	- 43.0

Note: Totals may not add due to rounding.

Table 1.11: Investing initiatives (\$million)

Agency	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Environment and Water	- 2.0	- 4.2	- 0.8	—
Planning, Transport and Infrastructure	7.3	26.4	—	—
Police	- 1.7	- 1.7	- 0.9	—
Total investing initiatives	3.6	20.5	- 1.7	—

Note: Totals may not add due to rounding.

Parameter and other variations

A number of parameter variations since the 2018–19 Budget contribute to the change in projected expenses and investing payments in 2018–19 and across the forward estimates, including:

- revision to estimates of depreciation expense reflecting latest asset values
- revision to interest expense reflecting latest estimates of interest rates and gross debt
- revision to nominal superannuation interest expense reflecting revised discount rate assumptions and investment returns
- variations to the accounting treatment for some transactions that have no net budget impact but both expenses and revenue vary
- the reclassification of some transactions in accordance with accounting standards.

The MYBR includes a provision for operating slippage of \$280 million and investing slippage of \$400 million in 2018–19, to reflect the tendency, on a whole of government basis, for underspending against approved programs and initiatives in the current financial year.

General government operating expenditure

Forward estimates of general government expenses are shown in table 1.12.

Table 1.12: General government expenditure — forward estimates (\$million)

	2018–19 Budget	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Employee expenses	8 623	8 705	8 609	8 624	8 747
Superannuation expenses					
Superannuation interest cost	319	322	319	307	293
Other superannuation expenses	869	852	851	855	867
Depreciation and amortisation	1 073	1 072	1 098	1 142	1 150
Interest expenses	356	370	375	408	472
Other property expenses	—	—	—	—	—
Other operating expenses	5 162	5 065	5 759	5 886	6 251
Grants	3 129	3 179	3 030	3 108	3 164
Total expenses	19 532	19 564	20 042	20 330	20 944
Total expenses % change on previous year					
Total expenses nominal growth (%)		-0.5%	2.4%	1.4%	3.0%
Total expenses real growth (%)		-2.7%	0.2%	-1.0%	0.5%

Note: Totals may not add due to rounding.

Average growth in expenses of 1.6 per cent per annum from 2018–19 to 2021–22 remains below trend growth in household income (4.5 per cent per annum), consistent with the government's fiscal target.

Employee expenses

Employee expenses are forecast to be higher across the forward estimates compared to the 2018–19 Budget due to a range of factors including a correction in the mix of expenses in South Australia Police from other superannuation expenses to employee expenses. Additional resources for Health, to reduce the portfolio's savings target in 2018–19 and to allow for further inefficiencies identified since the 2018–19 Budget, as well as for the Commonwealth Government funded Aged Care Assessment Program to fund and operate Aged Care Assessment Teams, results in higher employee expenses in 2018–19 and 2019–20. Higher employee expenses from 2020–21 reflect both the reclassification of expenditure from other operating expenses to employee expenses and additional resources in Education under the National School Reform Agreement.

Superannuation expenses

Since the 2018–19 Budget nominal superannuation expense has increased, primarily due to a higher assumed discount rate for the superannuation liability (refer to the Financial Position section for further details).

Depreciation and amortisation

The main asset types in the general government sector are buildings and improvements, plant, equipment and vehicles and road network.

Depreciation expense has been revised down since the 2018–19 Budget, primarily due to revaluations and changes in the useful life of vehicles in the Department of Planning, Transport and Infrastructure.

Interest expenses

Interest expenses comprise interest paid by the Treasurer to the South Australian Government Financing Authority (SAFA) on government borrowings and interest expenses of agencies related to finance leases.

Interest expenses have been revised up in 2018–19 since the 2018–19 Budget, as net debt at June 2018 was \$116 million higher than forecast at budget time. While the net debt position at June 2019 is slightly lower than forecast at budget time, the average level of net debt over the period is higher resulting in an increase in interest expenses.

Other operating expenses

Other operating expenses are forecast to be lower in 2018–19, 2020–21 and 2021–22 compared to the 2018–19 Budget, principally due to the reversal of provisions held in 2018–19 for carryovers from 2017–18, the reclassification of expenditure associated with the Energy Solution and the Economic and Business Growth Fund to grants across the forward estimates, and the reclassification of expenditure to employee expenses in 2020–21 and 2021–22 to reflect resourcing requirements in Education under the National School Reform Agreement. This is partially offset by additional expenditure on drugs for the treatment of cystic fibrosis and spinal muscular atrophy across the forward estimates. Other operating expenses are higher in 2019–20 compared to the 2018–19 Budget, primarily due to additional expenditure in 2019–20 for the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands Road Upgrade project.

Grants

Grant payments have been revised up across the forward estimates since the 2018–19 Budget due to carryovers from 2017–18 and the reclassification of expenditure associated with the Energy Solution and Economic and Business Growth Fund, previously budgeted as other operating expenses.

Full-time equivalents (FTEs)

The estimated aggregate workforce levels in the general government sector across the forward estimates as at the 2018–19 MYBR are shown in table 1.13.

Table 1.13: General government sector employment (FTEs as at 30 June)

	Full-time equivalent employees as at 30 June				
	2018 Estimate and Actual	2019 Estimate	2020 Estimate	2021 Estimate	2022 Estimate
As at 2018–19 Budget	85 461	84 118	82 356	81 712	81 448
As at 2018–19 Mid-Year Budget Review	84 951	84 580	82 642	81 796	81 708
Change since 2018–19 Budget	- 510	462	286	84	260

The changes in FTEs over the forward estimates are primarily due to the policy decisions announced in the MYBR, as well as additional FTEs in Health at 30 June 2019 and 30 June 2020 for the Commonwealth Government funded Aged Care Assessment Program.

Including the transfer of state government disability services to the non-government sector as part of the state's transition to the National Disability Insurance Scheme, FTEs in the general government sector are estimated to decrease by 3243 between 30 June 2018 and 30 June 2022. This compares to a decrease of 4013 FTEs over the same period that was forecast at the time of the 2018–19 Budget. The smaller decrease over the same period is primarily due to actual FTEs at 30 June 2018 being 510 less than estimated in the 2018–19 Budget, as well as new initiatives announced in the MYBR.

The net impact of policy decisions reflected in the MYBR on general government sector FTEs over the forward estimates period is shown in table 1.14.

Table 1.14: Full-time equivalent impacts of policy decisions in the 2018–19 MYBR (FTEs as at 30 June)

	2018–19	2019–20	2020–21	2021–22
Expenditure initiatives	361	174	107	191
Savings measures	—	—	—	—
Total FTE impact of policy decisions	361	174	107	191

The major expenditure initiatives that have FTEs associated with them are:

- Health and Wellbeing — 352 FTEs at 30 June 2019, reflecting the impact of the additional hospital network inefficiency identified in the final 2017–18 result, which will be corrected over the next two years, phasing out by 30 June 2021 and a reduction in the portfolio’s savings target in 2018–19
- Education — an additional 165 FTEs by 30 June 2022 associated with the National School Reform Agreement
- Child Protection — an additional 26 FTEs by 30 June 2022 to meet current growth projections for children in care.

General government investing expenditure

Forward estimates of general government investing expenditure are shown in table 1.15.

Table 1.15: General government sector investing expenditure — forward estimates (\$million)

	2018–19 Budget	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
General government investing expenditure					
Purchases of non-financial assets	2 236	2 043	1 894	2 027	2 355

Purchases of non-financial assets are expected to be \$2.0 billion in 2018–19. The forward estimates contain a major infrastructure investment program of \$8.3 billion in the general government sector over four years. Changes across the forward estimates largely reflect updated estimates of the timing of a range of projects.

The general government sector capital investment program reflects continued significant investment by the government in delivery of its election commitments, including the construction of 270 high security beds at Yatala Labour Prison, a country health capital works renewal strategy, construction of an overpass at the intersection of the Copper Coast Highway and Augusta Highway at Port Wakefield, and provisions to commence the construction of a national Aboriginal art and cultures gallery and international school of culinary excellence, hospitality and tourism at Lot Fourteen.

The capital investment program also includes joint state and Commonwealth Government upgrades to the North-South Corridor, Gawler line electrification, and the duplication of the Joy Baluch AM Bridge in Port Augusta. Other major investments include the redevelopment of metropolitan and country hospitals, the major redevelopment of the Adelaide Festival Centre precinct in partnership with the private sector, and the new northern and southern metropolitan schools, and a new school in Whyalla.

Financial position

Tables 1.16 and 1.17 show the updated estimates for key balance sheet indicators for both the general government and non-financial public sectors.

Table 1.16: Key balance sheet indicators — general government sector

As at 30 June	2018 Outcome	2019 Budget	2019 MYBR	2020 Estimate	2021 Estimate	2022 Estimate
Net debt						
\$m	5 447	6 288	6 240	7 069	7 889	8 898
% of total revenue	28.2	32.1	31.8	35.1	38.6	42.1
Unfunded superannuation						
\$m	11 288	10 819	10 854	10 444	10 000	9 522
% of total revenue	58.4	55.3	55.4	51.9	49.0	45.1
Net financial liabilities						
\$m	22 816	21 766	23 285	23 781	24 343	25 028
% of total revenue	118.0	111.2	118.8	118.1	119.2	118.4
Net financial worth						
\$m	-2 920	-1 366	-2 595	-2 603	-2 695	-2 983
% of total revenue	-15.1	-7.0	-13.2	-12.9	-13.2	-14.1
Net worth						
\$m	43 085	44 591	44 181	44 934	45 727	46 652
% of total revenue	222.7	227.7	225.4	223.1	223.9	220.7

Table 1.17: Key balance sheet indicators — non-financial public sector

As at 30 June	2018 Outcome	2019 Budget	2019 MYBR	2020 Estimate	2021 Estimate	2022 Estimate
Net debt						
\$m	12 950	14 284	14 182	15 358	16 117	17 156
% of total revenue	63.5	69.1	68.6	72.3	74.6	77.0
Unfunded superannuation						
\$m	11 288	10 819	10 854	10 444	10 000	9 522
% of total revenue	55.4	52.4	52.5	49.2	46.3	42.7
Net financial liabilities						
\$m	30 564	29 916	31 439	32 269	32 741	33 430
% of total revenue	149.9	144.8	152.0	152.0	151.5	150.0
Net financial worth						
\$m	-29 523	-28 510	-30 068	-30 934	-31 406	-32 089
% of total revenue	-144.8	-138.0	-145.4	-145.7	-145.4	-144.0
Net worth						
\$m	43 085	44 591	44 181	44 934	45 727	46 652
% of total revenue	211.4	215.8	213.6	211.7	211.6	209.4

Note: Totals may not add due to rounding.

Net debt

General government net debt is forecast to be \$6.2 billion at 30 June 2019, a \$48 million improvement from the estimate as at 2018–19 Budget, and is projected to be \$8.9 billion as at 30 June 2022 (\$247 million above the projected debt in the 2018–19 Budget).

The \$48 million improvement in net debt in 2018–19 is the result of an improvement in the net lending deficit (\$190 million) from the estimate at the time of the 2018–19 Budget, partly offset by the impact of the 2017–18 year end outcome increase of net debt of \$116 million.

The net debt of the public non-financial corporations (PNFC) sector is forecast to be \$7.9 billion at 30 June 2019, a \$55 million improvement from the estimate as at 2018–19 Budget, and is projected to be \$8.3 billion as at 30 June 2022 (\$62 million below the projected debt in the 2018–19 Budget).

The \$55 million improvement in net debt in 2018–19 is largely the result of the impact of the 2017–18 year end outcome decrease of net debt of \$55 million.

The PNFC sector includes SA Water which makes up the largest component (approximately 85 per cent) of net debt in that sector.

The combined non-financial public sector (NFPS) net debt as at 30 June 2019 is expected to be \$14.2 billion, a \$102 million improvement since 2018–19 Budget. At 30 June 2022, NFPS net debt is projected to be \$17.2 billion. The change in NFPS net debt across the forward estimates is predominantly driven by changes in the general government sector.

Unfunded superannuation

The estimated unfunded superannuation liability at 30 June 2019, and across the forward estimates, has increased since the 2018–19 Budget.

This is mainly attributed to a decrease in the assumed earnings rate, which does not increase the unfunded superannuation liability itself, but lowers expected earnings on superannuation assets.

Earnings on superannuation assets for 2018–19 are currently projected to be 5.0 per cent reflecting recent investment market weakness. This compares with 11.7 per cent at the time of the 2018–19 Budget. These lower investment returns contribute to the increase in the unfunded superannuation liability. The assumed annual earnings rate beyond the 2018–19 year is 7.0 per cent, reflecting the long-term earnings rate target, consistent with forecasts in the 2018–19 Budget.

The net impact of lower earnings on superannuation assets is partially offset by the impact of the higher discount rate, which has decreased the value of future superannuation obligations. The prevailing annualised bond rate has increased to 3.0 per cent, increasing by 0.1 per cent since the time of the 2018–19 Budget.

The net result of variations in the earnings and discount rates, and other minor adjustments, is an increase of \$35 million in the estimated unfunded superannuation liability at 30 June 2019 compared with the estimate in the 2018–19 Budget. The unfunded superannuation liability is now expected to be \$10.854 billion at 30 June 2019 with the liability decreasing over the forward estimates to \$9.5 billion by 30 June 2022.

It should be noted that the unfunded liability is a long-term liability. While financial market volatility in the recent past has resulted in multi-billion dollar revisions to the value of the liability recorded on the balance sheet, there has been no material change in the actual expected payments to beneficiaries underlying the liability.

The government remains committed and on track to meet its target of fully funding the defined benefit superannuation liability by 2034.

The change in the book value of the liability resulting from the updated assumptions is reflected in the operating statement under the other economic flows — refer to table 1.4 in this chapter and table B.16 in Appendix B.

Net financial liabilities

General government sector net financial liabilities are forecast to be \$23.3 billion at 30 June 2019, an increase of \$1.6 billion from the estimate as at 2018–19 Budget, and is projected to be \$25.0 billion at 30 June 2022.

The increase of \$1.6 billion in 2018–19 is largely the result of the revised accounting treatment of the Land Services Commercialisation transaction which has resulted in unearned revenue of \$1.5 billion being recognised as a liability in the general government sector. In addition to the unearned revenue liability, a further \$80 million has been recognised as a liability relating to the Exclusive Right to Negotiate, reflecting the possible repayment to Land Services SA if the state does not proceed with the commercialisation of another state registry or award an additional seven years on the contract.

Chapter 2: The economic context

Overview

Global economic growth remains solid, although downside risks to the global outlook have increased following the escalation of trade tensions over recent months. Amid the trade uncertainties, the possible failure of Brexit negotiations and tightening financial conditions for emerging market and developing economies pose additional risks. The International Monetary Fund estimates global growth to be 3.7 per cent in 2017 and forecast growth to remain steady at that rate in 2018 and 2019. While economic growth in China remains solid, it is slowing in line with China's policy objective to balance financial risks while maintaining growth.

The Australian economy grew by 2.8 per cent in 2017–18, up from 2.3 per cent recorded in 2016–17. Contributing significantly to growth have been household consumption, public consumption, non-mining business investment and exports. Australia's terms of trade remain positive with prices of energy and other bulk commodities having been stronger than projected over the past year. Base metal prices, however, have declined sharply since the escalation in the trade conflict between the United States of America and China.

While some central banks have commenced tightening monetary policy, returning to more normal policy rates is expected to be a gradual process. In Australia, inflation and wages growth has been low with both expected to rise only gradually over time. The Reserve Bank of Australia in its latest Statement on Monetary Policy is forecasting national Gross Domestic Product growth of 3¼ per cent per annum in 2018–19 and 2019–20. This reflects an upward revision to forecasts mainly due to strength in infrastructure investment and non-residential construction. National growth is, however, expected to ease in the latter part of the forecast period, as the contribution from liquefied natural gas exports diminishes.

The South Australian economy grew by 2.0 per cent in 2017–18. State Final Demand growth was a solid 3.3 per cent, matching growth in national Domestic Final Demand. Employment in South Australia has grown by 12 400 or 1.5 per cent through the year to October 2018, reducing the state's trend unemployment rate to 5.5 per cent, down from 5.9 per cent a year earlier.

International tourism and education increased in 2017–18. Supported by a lower Australian dollar, international student enrolments (calendar year to September 2018) were up 6.7 per cent compared to the corresponding period a year earlier. International tourist numbers were up by 6.6 per cent in 2017–18, with spending by international tourists up by 8.0 per cent over the same period.

Winter crop production in South Australia fell by 35 per cent in 2017–18 following the record production level achieved in 2016–17. Due to continuing dry weather, the outlook for the South Australian farm sector has deteriorated since the 2018–19 Budget forecasts were framed, at which time, the latest available Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) forecast for South Australia's winter crop production in 2018–19 was 7.2 million tonnes — slightly higher than the 2017–18 harvest. There has, however, been a deterioration in the 2018–19 winter crop estimates since then. Latest forecasts issued by ABARES and the Department of Primary Industries and Regions (PIRSA) indicate a 2018–19 winter crop of 5.2 million tonnes and 4.9 million tonnes (respectively) — 25 to 29 per cent lower than that recorded in 2017–18.

Economic Forecasts

Economic forecasts in the MYBR are largely unchanged from those presented at budget time, with Gross State Product (GSP) being the only economic parameter to change due to the impact of dry weather conditions on agricultural production. The GSP growth forecast for 2018–19 has been revised downward by $\frac{1}{2}$ of a percentage point, reflecting the impact of adverse weather conditions on winter crop production. An assumed return to longer-term average winter crop production volumes adds a $\frac{1}{2}$ of a percentage point to GSP growth in 2019–20.

Employment growth in South Australia is expected to be $1\frac{1}{2}$ per cent in 2018–19, consistent with the budget forecast.

Inflation forecasts remain unchanged from budget, with the Adelaide CPI estimated to rise by $2\frac{1}{4}$ per cent in 2018–19, rising gradually to reach the mid-point of the RBA's target range of 2 to 3 per cent in 2020–21.

Forecasts and projections for South Australia take into consideration the expected performance of the national economy over the medium term, relative population growth rates and spare capacity in the South Australian economy.

Table 2.1: Key economic indicators — Australia and South Australia real growth rates (% per annum)

	2017–18 Actual	2018–19 Budget Forecast	2018–19 Revised Forecast	2019–20 Projection	2020–21 Projection	2021–22 Projection
Australia^(a)						
Gross Domestic Product (GDP)	2.8	3	n.a.	3	3	3
South Australia						
Gross State Product (GSP)	2.0	$2\frac{1}{4}$	$1\frac{3}{4}$	$2\frac{3}{4}$	$2\frac{1}{4}$	$2\frac{1}{4}$
State Final Demand (SFD)	3.3	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{4}$	$2\frac{1}{4}$	$2\frac{1}{4}$
Employment	2.1	$1\frac{1}{2}$	$1\frac{1}{2}$	1	1	1
Adelaide Consumer Price Index (CPI)	2.2	$2\frac{1}{4}$	$2\frac{1}{4}$	$2\frac{1}{4}$	$2\frac{1}{2}$	$2\frac{1}{2}$

Note: Forecasts and projections are based largely on underlying national economic and state population trends, climatic conditions impacting on farm sector production and emerging major projects.

(a) Australian forecasts are from the Australian Government 2018–19 Budget.

Appendix A: Policy measures by agency

Overview

This appendix describes the expenditure initiatives in the general government sector since the 2018–19 Budget.

Increased expenditures are recorded as negative (-) items, while increased revenues are recorded as positive (+) items.

Revenue offsets in this section include revenues received from external parties, including the Commonwealth Government, for the specific purpose of, and incidental to, an expenditure initiative.

Initiatives are typically ongoing in nature unless an explicit Cabinet decision is made to the contrary.

Table A.1: Policy measures (\$million)

	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Operating expenditure initiatives	- 78.7	- 47.2	- 25.6	- 43.0
Revenue offsets	6.3	6.8	0.2	—
Operating savings	—	—	—	—
Total operating initiatives	- 72.4	- 40.4	- 25.5	- 43.0
Investing expenditure initiatives	3.6	20.5	- 1.7	—
Revenue offsets	—	—	—	—
Investing savings	—	—	—	—
Asset sales	—	—	—	—
Total investing initiatives	3.6	20.5	- 1.7	—
FTEs	361	174	107	191

Note: Totals may not add due to rounding.

Details of these items are included in the following tables.

Department for Child Protection

Child Protection — additional resources

Budget implications (\$000)

	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Operating expenses	-4 950	-9 097	-9 766	-10 464
Full time equivalents	—	23	25	26

This initiative provides \$34.3 million over four years to meet additional costs for children in out of home care. There has been higher than expected growth in children in care in the first half of 2018–19, with the additional resourcing expected to meet current growth projections.

Department for Education

Improved internet services for South Australian government schools

Budget implications (\$000)

	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Operating expenses	—	—	—	—

This initiative will deliver high speed fibre optic internet connectivity to 98.8 per cent of South Australian government schools by mid 2020.

The cost of the initiative will be met from within existing budgets. The value of the initiative is not being disclosed for commercial in confidence reasons.

National School Reform Agreement — additional state funding

Budget implications (\$000)

	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Operating expenses	—	—	-15 086	-33 154
Full time equivalents	—	—	77	165

The government has committed to provide additional state funding of \$716.2 million over the period to 2026–27 to government schools under the National School Reform Agreement. The five year agreement commences on 1 January 2019 and secures Commonwealth Government funding for schools across South Australia.

South Australian Fire and Emergency Services Commission

Emergency Alert Phase 4

Budget implications (\$000)

	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Operating expenses	-1 170	—	-197	-186

This initiative provides \$1.2 million in 2018–19 and around \$200 000 per annum from 2020–21 for South Australia's ongoing support for the national Emergency Alert contract, which provides emergency services agencies with the ability to send warning messages to members of the community about current or potential emergencies. This includes \$439 000 towards South Australia's contribution to the technical upgrade of the existing system while the negotiations with the new supplier are finalised.

Department for Environment and Water

Water Management Solutions

Budget implications (\$000)

	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Operating revenue	6 300	6 750	183	—
Operating expenses	-2 500	-3 800	-1 403	—
Investing payments	-2 000	-4 200	-800	—
Full time equivalents	9	11	5	—

This initiative provides \$14.7 million over three years for the Water Management Solutions program. The Commonwealth Government is providing 90 per cent of funding and the state government 10 per cent. The program aims to implement a new water register for South Australia, replacing the current water register and offering vastly improved services to both water licence holders and government through improved transaction times, access to water market information, trade processing capability and water resource reporting.

Department for Health and Wellbeing

Central Adelaide Local Health Network Organisational and Financial Recovery Plan

Budget implications (\$000)

	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Operating expenses	-11 100	-7 800	—	—

This initiative provides \$18.9 million over twelve months for the engagement costs for KordaMentha in its role as implementation partner for the Central Adelaide Local Health Network (CALHN) Organisational and Financial Recovery Plan.

KordaMentha's two reports have been publicly released, and outline the significant organisational and financial issues facing CALHN, as well as the required turnaround plan. The successful turnaround of CALHN is essential to ensure the organisation can continue to deliver the valuable services at a high quality expected by the community, but more efficiently and at a cost that is reasonable for the taxpayer.

Establishment of a sustainable, efficient health system

Budget implications (\$000)

	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Operating expenses	-59 000	-24 000	—	—
Full time equivalents	352	140	—	—

The 2018–19 Budget outlined a revised financial framework for the Health portfolio, setting a more sustainable objective of delivering services at national average efficiency levels by 2021–22. Savings targets for the portfolio were reduced substantially reflecting this objective.

The government remains committed to this objective, however the level of inefficiency and unbudgeted cost in our public hospitals was worse than expected in the final 2017–18 result. Health's 2017–18 final result, and performance over the first part of 2018–19 suggests that it will not be able to achieve its full savings targets for 2018–19. It also means that the system has further inefficiencies that now must also be addressed. This highlights the significance of the reform challenge underway to ensure our health system is sustainable into the future. Other jurisdictions are delivering hospital services more efficiently than South Australia, without compromising on patient care and outcomes.

The government has engaged KordaMentha as an implementation partner to drive the necessary reforms required to the Central Adelaide Local Health Network, to be overseen by the CALHN board. Other local health networks have also begun implementing the necessary reforms to become more efficient.

The MYBR provides an additional \$83 million over two years, \$23 million in 2018–19 to reduce the portfolio's savings target this year, and \$60 million to allow for a phased recovery over two years of the additional inefficiency that has been identified in the system since the release of the 2018–19 Budget.

\$ millions	2018–19	2019–20	2020–21	2021–22
Health Savings — 2018-19 Budget	82	187	280	381
Health Savings — 2018-19 MYBR	59	187	280	381
<i>Difference (reduction in savings)</i>	-23	—	—	—
Additional inefficiency — retraction	-36	-24	—	—
Total operating support	-59	-24	—	—

Department of Planning, Transport and Infrastructure

Removal of tram right turn project

Budget implications (\$000)

	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Investing payments	9 000	28 000	—	—

This measure removes an allocated \$37.0 million from the budget of the Department of Planning, Transport and Infrastructure for the construction of a right-hand turn for trams at the intersection of King William Street and North Terrace.

The \$37.0 million has been transferred to a central provision. The utilisation of these funds will be considered as part of the 2019–20 Budget.

Upgrade of Cape Jervis Port Infrastructure

Budget implications (\$000)

	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Investing payments	-1 700	-1 600	—	—

This initiative provides \$3.3 million over two years to undertake critical infrastructure work at Cape Jervis. This will include replacement of the berthing structure and upgrades to the existing outer jetty.

This will enable continued access to Kangaroo Island.

South Australia Police

Community Safety Infrastructure — APY Lands

Budget implications (\$000)

	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Investing payments	-1 712	-1 712	-856	—

This initiative provides \$4.3 million for capital works projects which include a new multi-agency facility at Umuwa in the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands, to be shared by South Australia Police, the Department for Child Protection, and Child Protection Services. In addition, police complexes will be built at Fregon, Indulkana and Pipalyatjara. Funding for this infrastructure was provided by the Commonwealth Government.

The new Umuwa facility will include offices and interview rooms for police and other agencies. The facility will facilitate improved coordination and collaboration of multi-agency teams focussed on child protection, family and domestic violence, and drug and alcohol abuse in the APY Lands. The multi-agency approach will enable improvements in case management, forensic interviewing and early intervention and prevention strategies. This integrated approach will also strengthen information

sharing between government agencies to enhance community safety and child protection outcomes across the APY Lands.

The provision of new police facilities in Fregon, Indulkana and Pipalyatjara will enable an enhanced police presence in the communities.

Administered Items for the Department of Treasury and Finance

Adelaide Oval Hotel

Budget implications (\$000)

	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Operating expenses (net)	—	-2 473	810	814

The government will provide a loan of up to \$42 million in 2019–20 to the Adelaide Oval Stadium Management Authority (AOSMA), to construct a 128 room four-star hotel to be integrated into the existing façade of the Adelaide Oval eastern stand. The hotel is scheduled for completion by June 2020 and will become the first stadium in Australia to feature an integrated hotel. Once complete, the hotel will create 120 ongoing full-time equivalent jobs.

The loan will be provided on a term of 10 years at a fixed rate of 4.5 per cent per annum, with the residual principal to be refinanced by AOSMA at year 10. There is no cost to government as the rate of interest being charged on the loan to AOSMA substantially exceeds the government's cost of borrowing those funds.

In line with accounting standards, the difference between the actual loan value (\$42 million) and the fair value of the loan measured using a market interest rate is recognised as an expense up-front in 2019–20. Net interest receipts are then recognised as a benefit when they are received.

Appendix B: Uniform presentation framework

Overview

By agreement between the Commonwealth Government and the states and territories, each jurisdiction presents financial information on a Uniform Presentation Framework (UPF) basis in their budget papers, mid-year budget update and budget outcome reporting. The tables in this appendix present information for South Australia on the UPF basis.

The primary objective of the UPF is to ensure that Commonwealth, state and territory governments provide a common ‘core’ of financial information in their budget-related papers to enable direct comparisons of each government’s budget and financial results.

In October 2007, the Australian Accounting Standards Board (AASB) issued a new standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting* applicable from 1 July 2008. Consistent with the disclosure requirements of AASB 1049, the Australian Loan Council approved a revised UPF in March 2008. The tables in this appendix reflect the requirements of the 2008 revision to the UPF.

The *Australian System of Government Finance Statistics: Concepts, Sources and Methods*, published by the Australian Bureau of Statistics (ABS), requires that provisions for doubtful debts be excluded from the balance sheet. Consistent with the Commonwealth Government’s methodology, South Australia has not adopted this treatment in the UPF reports because excluding such provisions would overstate the value of assets in the balance sheet (and would therefore be inconsistent with the market valuation principle).

UNIFORM PRESENTATION FRAMEWORK TABLES

Table B.1: General government sector operating statement (\$million)

	2018–19 Budget	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Revenue					
Taxation revenue	4 587	4 570	4 737	4 901	5 104
Grants	11 251	11 169	11 459	11 756	12 159
Sales of goods and services	2 526	2 608	2 652	2 664	2 734
Interest income	26	25	27	29	29
Dividend and income tax equivalent income	451	467	391	332	342
Other	740	764	871	744	766
Total revenue	19 580	19 604	20 136	20 427	21 133
<i>less</i>					
Expenses					
Employee expenses	8 623	8 705	8 609	8 624	8 747
Superannuation expenses					
Superannuation interest cost	319	322	319	307	293
Other superannuation expenses	869	852	851	855	867
Depreciation and amortisation	1 073	1 072	1 098	1 142	1 150
Interest expenses	356	370	375	408	472
Other property expenses	—	—	—	—	—
Other operating expenses	5 162	5 065	5 759	5 886	6 251
Grants	3 129	3 179	3 030	3 108	3 164
Total expenses	19 532	19 564	20 042	20 330	20 944
<i>equals</i>					
Net operating balance	48	40	95	96	189
<i>plus</i>					
Other economic flows	626	1 056	658	697	735
<i>equals</i>					
Comprehensive result – total change in net worth	674	1 097	752	793	924
Net operating balance	48	40	95	96	189
<i>less</i>					
Net acquisition of non-financial assets					
Purchases of non-financial assets	2 236	2 043	1 894	2 027	2 355
less Sales of non-financial assets	249	256	66	45	37
less Depreciation	1 073	1 072	1 098	1 142	1 150
plus Change in inventories	—	—	—	—	—
plus Other movements in non-financial assets	—	—	—	—	—
<i>equals</i> Total net acquisition of non-financial assets	914	716	731	840	1 168
<i>equals</i>					
Net lending / borrowing	-866	-676	-636	-744	-979

Note: Totals may not add due to rounding.

Table B.2: Public non-financial corporations (public trading enterprises) sector operating statement (\$million)

	2018–19 Budget	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Revenue					
Taxation revenue	—	—	—	—	—
Grants	579	566	561	595	605
Sales of goods and services	1 755	1 757	1 822	1 882	1 890
Interest income	4	4	4	5	6
Dividend and income tax equivalent income	3	3	5	1	1
Other	152	153	144	164	154
Total revenue	2 492	2 483	2 536	2 648	2 655
<i>less</i>					
Expenses					
Employee expenses	260	265	264	264	262
Superannuation expenses					
Superannuation interest cost	—	—	—	—	—
Other superannuation expenses	32	33	33	34	34
Depreciation and amortisation	463	491	496	528	552
Interest expenses	293	288	301	305	298
Other property expenses	250	264	292	272	289
Other operating expenses	1 166	1 162	1 125	1 221	1 174
Grants	114	104	96	100	100
Total expenses	2 579	2 607	2 607	2 722	2 708
<i>equals</i>					
Net operating balance	-87	-124	-71	-74	-53
<i>plus</i>					
Other economic flows	599	587	595	543	444
<i>equals</i>					
Comprehensive result – total change in net worth	513	463	524	469	391
Net operating balance	-87	-124	-71	-74	-53
<i>less</i>					
Net acquisition of non-financial assets					
Purchases of non-financial assets	912	953	828	429	469
less Sales of non-financial assets	209	208	142	87	85
less Depreciation	463	491	496	528	552
plus Change in inventories	150	62	88	-19	-35
plus Other movements in non-financial assets	—	—	—	—	—
equals Total net acquisition of non-financial assets	389	316	279	-205	-202
<i>equals</i>					
Net lending / borrowing	-476	-440	-349	132	149

Note: Totals may not add due to rounding.

Table B.3: Non-financial public sector operating statement (\$million)

	2018–19 Budget	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Revenue					
Taxation revenue	4 217	4 202	4 354	4 511	4 705
Grants	11 252	11 168	11 459	11 756	12 159
Sales of goods and services	4 084	4 169	4 274	4 344	4 420
Interest income	25	25	27	30	30
Dividend and income tax equivalent income	210	209	108	66	58
Other	878	909	1 008	900	911
Total revenue	20 665	20 682	21 230	21 607	22 283
<i>less</i>					
Expenses					
Employee expenses	8 883	8 970	8 874	8 888	9 008
Superannuation expenses					
Superannuation interest cost	319	322	319	307	293
Other superannuation expenses	901	884	885	889	901
Depreciation and amortisation	1 536	1 563	1 594	1 670	1 702
Interest expenses	645	653	672	708	765
Other property expenses	—	—	—	—	—
Other operating expenses	5 755	5 658	6 297	6 511	6 819
Grants	2 665	2 716	2 566	2 613	2 659
Total expenses	20 704	20 766	21 206	21 584	22 147
<i>equals</i>					
Net operating balance	-38	-84	24	22	136
<i>plus</i>					
Other economic flows	712	1 181	729	771	789
<i>equals</i>					
Comprehensive result – total change in net worth	674	1 097	752	793	924
Net operating balance	-38	-84	24	22	136
<i>less</i>					
Net acquisition of non-financial assets					
Purchases of non-financial assets	3 148	2 997	2 723	2 456	2 824
less Sales of non-financial assets	459	464	208	132	122
less Depreciation	1 536	1 563	1 594	1 670	1 702
plus Change in inventories	150	62	88	-19	-35
plus Other movements in non-financial assets	—	—	—	—	—
equals Total net acquisition of non-financial assets	1 303	1 031	1 009	635	966
<i>equals</i>					
Net lending / borrowing	-1 342	-1 116	-986	-613	-830

Note: Totals may not add due to rounding.

Table B.4: General government sector balance sheet (\$million)

	2018–19 Budget	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Assets					
Financial assets					
Cash and deposits	1 274	1 490	1 481	1 494	1 511
Advances paid	150	89	108	99	93
Investments, loans and placements	391	421	433	445	457
Receivables	639	629	640	605	577
Equity					
Investments in other public sector entities	20 400	20 690	21 178	21 648	22 045
Investments — other	28	28	28	28	28
Other financial assets	111	90	90	89	90
Total financial assets	22 994	23 436	23 956	24 408	24 800
Non-financial assets					
Land and other fixed assets	45 937	46 744	47 505	48 390	49 602
Other non-financial assets	21	32	32	32	33
Total non-financial assets	45 957	46 777	47 537	48 422	49 635
Total assets	68 951	70 213	71 493	72 830	74 435
Liabilities					
Deposits held	329	293	305	317	318
Advances received	221	209	200	187	178
Borrowing	7 554	7 738	8 586	9 423	10 462
Superannuation	10 819	10 854	10 444	10 000	9 522
Other employee benefits	3 067	3 041	3 204	3 335	3 435
Payables	1 236	1 109	1 119	1 127	1 132
Other liabilities	1 135	2 788	2 701	2 714	2 736
Total liabilities	24 360	26 031	26 559	27 103	27 784
Net Worth	44 591	44 181	44 934	45 727	46 652
Net financial worth (a)	-1 366	-2 595	-2 603	-2 695	-2 983
Net financial liabilities	21 766	23 285	23 781	24 343	25 028
Net debt (b)	6 288	6 240	7 069	7 889	8 898

Note: Totals may not add due to rounding.

(a) Net financial worth equals total financial assets minus total liabilities.

(b) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

Table B.5: Public non-financial corporations (public trading enterprises) sector balance sheet (\$million)

	2018–19 Budget	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Assets					
Financial assets					
Cash and deposits	228	222	230	252	283
Advances paid	—	—	—	—	—
Investments, loans and placements	18	19	18	17	18
Receivables	280	244	248	251	259
Equity					
Investments in other public sector entities	—	—	—	—	—
Investments — other	13	15	15	15	15
Other financial assets	25	29	23	18	13
Total financial assets	564	529	533	553	587
Non-financial assets					
Land and other fixed assets	27 141	27 461	28 318	28 698	29 093
Other non-financial assets	5	12	13	13	13
Total non-financial assets	27 146	27 473	28 331	28 711	29 106
Total assets	27 711	28 002	28 865	29 264	29 693
Liabilities					
Deposits held	1	—	1	1	2
Advances received	33	33	33	33	33
Borrowing	8 207	8 149	8 503	8 463	8 523
Superannuation	—	—	—	—	—
Other employee benefits	64	65	66	65	62
Payables	296	372	369	368	367
Other liabilities	115	63	50	21	2
Total liabilities	8 717	8 683	9 021	8 951	8 990
Net Worth	18 994	19 319	19 843	20 313	20 704
Net financial worth (a)	-8 153	-8 154	-8 488	-8 398	-8 402
Net financial liabilities	8 153	8 154	8 488	8 398	8 402
Net debt (b)	7 996	7 941	8 288	8 228	8 258

Note: Totals may not add due to rounding.

(a) Net financial worth equals total financial assets minus total liabilities.

(b) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

Table B.6: Non-financial public sector balance sheet (\$million)

	2018–19 Budget	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Assets					
Financial assets					
Cash and deposits	1 316	1 610	1 598	1 620	1 667
Advances paid	117	56	75	66	60
Investments, loans and placements	409	440	451	462	475
Receivables	909	813	854	844	848
Equity					
Investments in other public sector entities	1 406	1 371	1 334	1 335	1 341
Investments — other	42	43	43	43	43
Other financial assets	131	102	96	90	86
Total financial assets	4 330	4 435	4 450	4 461	4 519
Non-financial assets					
Land and other fixed assets	73 078	74 205	75 823	77 088	78 696
Other non-financial assets	23	45	45	45	45
Total non-financial assets	73 101	74 250	75 868	77 133	78 741
Total assets	77 431	78 685	80 318	81 594	83 260
Liabilities					
Deposits held	144	192	192	193	193
Advances received	221	209	200	187	178
Borrowing	15 762	15 888	17 090	17 887	18 987
Superannuation	10 819	10 854	10 444	10 000	9 522
Other employee benefits	3 131	3 106	3 270	3 400	3 497
Payables	1 490	1 402	1 409	1 415	1 419
Other liabilities	1 273	2 853	2 780	2 785	2 813
Total liabilities	32 840	34 503	35 384	35 867	36 609
Net Worth	44 591	44 181	44 934	45 727	46 652
Net financial worth (a)	-28 510	-30 068	-30 934	-31 406	-32 089
Net financial liabilities	29 916	31 439	32 269	32 741	33 430
Net debt (b)	14 284	14 182	15 358	16 117	17 156

Note: Totals may not add due to rounding.

(a) Net financial worth equals total financial assets minus total liabilities.

(b) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

Table B.7: General government sector cash flow statement (\$million)

	2018–19 Budget	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Cash receipts from operating activities					
Taxes received	4 583	4 562	4 732	4 908	5 102
Receipts from sales of goods and services	2 509	2 592	2 636	2 647	2 717
Grants and subsidies received	11 251	11 169	11 459	11 756	12 159
Interest receipts	26	25	27	29	29
Dividends and income tax equivalents	469	500	420	354	367
Other receipts	713	700	713	700	723
Total operating receipts	19 551	19 548	19 986	20 394	21 097
Cash payments for operating activities					
Payments for employees	-9 872	-9 938	-9 842	-9 915	-10 102
Payments for goods and services	-4 813	-4 704	-4 858	-4 929	-5 212
Grants and subsidies paid	-3 235	-3 281	-3 153	-3 236	-3 296
Interest paid	-356	-370	-375	-408	-472
Other payments	-176	-200	-703	-763	-836
Total operating payments	-18 452	-18 492	-18 931	-19 251	-19 918
Net cash flows from operating activities	1 099	1 056	1 055	1 143	1 179
Net cash flows from investments in non-financial assets					
Sales of non-financial assets	199	203	42	20	12
Purchases of non-financial assets (a)	-2 200	-2 007	-1 870	-2 002	-2 068
Net cash flows from investment in non-financial assets	-2 001	-1 804	-1 828	-1 981	-2 056
Net cash flows from investments in financial assets for policy purposes (b)	-60	-46	-33	51	159
Net cash flows from investments in financial assets for liquidity purposes	-12	-12	-12	-12	-12
Net cash flows from financing activities					
Advances received (net)	-10	-18	-9	-13	-9
Borrowing (net)	1 020	937	828	836	778
Deposits received (net)	-25	-106	11	12	2
Dividends paid	—	—	—	—	—
Other financing (net)	2	2	1	1	1
Net cash flows from financing activities	987	816	832	836	771
Net increase/(decrease) in cash held	13	9	14	37	42
Net cash flows from operating activities	1 099	1 056	1 055	1 143	1 179
Net cash flows from investments in non-financial assets	-2 001	-1 804	-1 828	-1 981	-2 056
Dividends paid	—	—	—	—	—
Cash surplus / (deficit)	-902	-748	-773	-838	-877

Note: Totals may not add due to rounding.

(a) The ABS disaggregates this item into new and secondhand non-financial assets.

(b) Includes equity acquisitions and disposals.

Table B.8: Public non-financial corporations (public trading enterprises) sector cash flow statement (\$million)

	2018–19 Budget	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Cash receipts from operating activities					
Taxes received	—	—	—	—	—
Receipts from sales of goods and services	1 679	1 683	1 737	1 794	1 801
Grants and subsidies received	579	566	561	595	605
Interest receipts	4	4	4	5	6
Dividends and income tax equivalents	3	3	5	1	1
Other receipts	212	201	203	204	203
Total operating receipts	2 476	2 456	2 509	2 600	2 616
Cash payments for operating activities					
Payments for employees	-313	-319	-311	-313	-315
Payments for goods and services	-896	-806	-798	-779	-706
Grants and subsidies paid	-114	-104	-96	-100	-100
Interest paid	-294	-289	-302	-305	-298
Other payments	-496	-507	-505	-504	-520
Total operating payments	-2 114	-2 025	-2 013	-2 000	-1 938
Net cash flows from operating activities	363	431	497	600	677
Net cash flows from investments in non-financial assets					
Sales of non-financial assets	209	208	142	87	85
Purchases of non-financial assets (a)	-888	-929	-805	-404	-444
Net cash flows from investment in non-financial assets	-679	-721	-663	-317	-359
Net cash flows from investments in financial assets for policy purposes (b)	—	—	—	—	—
Net cash flows from investments in financial assets for liquidity purposes	1	1	1	1	—
Net cash flows from financing activities					
Advances received (net)	46	34	17	-42	-153
Borrowing (net)	365	356	354	-40	61
Deposits received (net)	—	—	—	—	—
Dividends paid	-169	-184	-198	-181	-195
Other financing (net)	—	—	—	—	—
Net cash flows from financing activities	242	206	173	-262	-287
Net increase/(decrease) in cash held	-73	-82	8	22	31
Net cash flows from operating activities	363	431	497	600	677
Net cash flows from investments in non-financial assets	-679	-721	-663	-317	-359
Dividends paid	-169	-184	-198	-181	-195
Cash surplus / (deficit)	-485	-474	-364	102	123

Note: Totals may not add due to rounding.

(a) The ABS disaggregates this item into new and secondhand non-financial assets.

(b) Includes equity acquisitions and disposals.

Table B.9: Non-financial public sector cash flow statement (\$million)

	2018–19 Budget	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Cash receipts from operating activities					
Taxes received	4 213	4 194	4 349	4 518	4 702
Receipts from sales of goods and services	4 050	4 137	4 233	4 302	4 379
Grants and subsidies received	11 252	11 168	11 459	11 756	12 159
Interest receipts	25	25	27	30	30
Dividends and income tax equivalents	209	209	110	66	58
Other receipts	855	835	848	835	854
Total operating receipts	20 603	20 568	21 026	21 506	22 182
Cash payments for operating activities					
Payments for employees	-10 172	-10 243	-10 139	-10 213	-10 401
Payments for goods and services	-5 542	-5 343	-5 485	-5 535	-5 744
Grants and subsidies paid	-2 770	-2 819	-2 689	-2 740	-2 791
Interest paid	-646	-654	-673	-708	-765
Other payments	-180	-207	-687	-747	-820
Total operating payments	-19 310	-19 266	-19 673	-19 943	-20 521
Net cash flows from operating activities	1 293	1 303	1 354	1 562	1 661
Net cash flows from investments in non-financial assets					
Sales of non-financial assets	408	411	184	108	97
Purchases of non-financial assets (a)	-3 088	-2 936	-2 675	-2 406	-2 512
Net cash flows from investment in non-financial assets	-2 679	-2 525	-2 491	-2 298	-2 415
Net cash flows from investments in financial assets for policy purposes (b)	-13	-12	-16	10	7
Net cash flows from investments in financial assets for liquidity purposes	-11	-11	-11	-11	-12
Net cash flows from financing activities					
Advances received (net)	-10	-18	-9	-13	-9
Borrowing (net)	1 384	1 293	1 182	796	838
Deposits received (net)	—	—	—	—	—
Dividends paid	—	—	—	—	—
Other financing (net)	2	2	1	1	1
Net cash flows from financing activities	1 377	1 278	1 175	785	831
Net increase/(decrease) in cash held	-34	32	11	47	71
Net cash flows from operating activities	1 293	1 303	1 354	1 562	1 661
Net cash flows from investments in non-financial assets	-2 679	-2 525	-2 491	-2 298	-2 415
Dividends paid	—	—	—	—	—
Cash surplus / (deficit)	-1 387	-1 222	-1 137	-736	-754

Note: Totals may not add due to rounding.

(a) The ABS disaggregates this item into new and secondhand non-financial assets.

(b) Includes equity acquisitions and disposals.

Table B.10: General government sector derivation of ABS GFS cash surplus/deficit (\$million)

	2018–19 Budget	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Cash surplus / (deficit)	-902	-748	-773	-838	-877
Acquisitions under finance leases and similar arrangements (a)	-1	-1	—	—	-261
ABS GFS Surplus (+)/deficit (-)including finance leases and similar arrangements	-903	-749	-773	-838	-1,138

Table B.11: Public non-financial corporations (public trading enterprises) sector derivation of ABS GFS cash surplus/deficit (\$million)

Cash surplus / (deficit)	-485	-474	-364	102	123
Acquisitions under finance leases and similar arrangements (a)	—	—	—	—	—
ABS GFS Surplus (+)/deficit (-)including finance leases and similar arrangements	-485	-474	-364	102	123

Table B.12: Non-financial public sector derivation of ABS cash surplus/deficit (\$million)

Cash surplus / (deficit)	-1,387	-1,222	-1,137	-736	-754
Acquisitions under finance leases and similar arrangements (a)	-1	-1	—	—	-261
ABS GFS Surplus (+)/deficit (-)including finance leases and similar arrangements	-1,388	-1,223	-1,137	-736	-1,015

Note: Totals may not add due to rounding.

(a) Finance leases are shown with a negative sign as they are deducted in compiling the ABS GFS cash surplus/deficit.

Table B.13: General government sector taxes (\$million) (a)

	2018–19 Budget	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Taxes on employers' payroll and labour force	1 242	1 249	1 277	1 335	1 399
Taxes on property					
Land taxes	622	622	649	629	646
Stamp duties on financial and capital transactions	966	943	1 015	1 084	1 150
Financial institutions' transaction taxes	—	—	—	—	—
Other	213	213	215	222	230
Total	1 801	1 778	1 879	1 934	2 026
Taxes on the provision of goods and services					
Excises and levies	—	—	—	—	—
Taxes on gambling	409	408	413	421	429
Taxes on insurance	474	474	492	512	533
Total	883	882	905	933	961
Taxes on use of goods and performance of activities					
Motor vehicle taxes	661	661	675	699	718
Other	—	—	—	—	—
Total	661	661	675	699	718
Total GFS taxation revenue	4 587	4 570	4 737	4 901	5 104

Note: Totals may not add due to rounding.

(a) Excludes taxes paid by general government entities.

Table B.14(a): General government sector grant revenue (\$million)

	2018–19 Budget	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Current grant revenue					
Current grants from the Commonwealth					
General purpose grants	6 887	6 887	7 275	7 615	7 868
National partnership grants	491	503	234	209	206
National partnership grants for on-passing	104	106	166	171	177
Specific purpose grants	1 964	1 928	2 057	2 168	2 286
Specific purpose grants for on-passing	897	897	931	970	1 009
Total current grants from the Commonwealth	10 344	10 321	10 663	11 133	11 546
Other contributions and grants	137	140	131	131	131
Total current grant revenue	10 481	10 461	10 793	11 264	11 678
Capital grant revenue					
Capital grants from the Commonwealth					
General purpose grants	—	—	—	—	—
National partnership grants	645	582	546	372	365
Specific purpose grants	107	107	109	110	107
Specific purpose grants for on-passing	—	—	—	—	—
Other capital grants	11	11	5	5	5
Total capital grants from the Commonwealth	764	700	660	486	476
Other contributions and grants	7	7	5	5	5
Total capital grant revenue	770	708	665	491	481
Total grant revenue	11 251	11 169	11 459	11 756	12 159

Table B.14(b): General government sector grant expense (\$million)

	2017–18 Budget	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Current grant expense					
State/territory government	3	3	3	3	3
Local government	65	75	69	76	77
Local government on-passing	104	106	163	168	174
Private and not-for-profit sector	1 123	1 160	983	980	977
Private and not-for-profit sector on-passing	897	897	934	973	1 013
Grants to other sectors of government	589	589	572	598	613
Other	270	269	245	249	245
Total current grant expense	3 051	3 098	2 969	3 047	3 102
Capital grant expense					
State/territory government	—	—	—	—	—
Local government	4	4	—	—	—
Local government on-passing	—	—	—	—	—
Private and not-for-profit sector	73	76	62	61	62
Private and not-for-profit sector on-passing	—	—	—	—	—
Grants to other sectors of government	—	—	—	—	—
Other	—	—	—	—	—
Total capital grant expense	77	80	62	61	62
Total grant expense	3 129	3 179	3 030	3 108	3 164

Note: Totals may not add due to rounding.

Table B.15: General government sector dividend and income tax equivalent income (\$million)

	2018–19 Budget	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Dividend and income tax equivalent income from PNFC sector	244	260	288	268	285
Dividend and income tax equivalent income from PFC sector	206	205	102	63	56
Other dividend income	1	1	1	1	1
Total dividend and income tax equivalent income	451	467	391	332	342

Note: Totals may not add due to rounding.

Table B.16: Movement in general government net worth (\$million)

	2018–19 Budget	2018–19 MYBR	2019–20 Estimate	2020–21 Estimate	2021–22 Estimate
Net worth at beginning of year	43 917	43 085	44 181	44 934	45 727
Change in net worth from operating transactions:					
Net operating balance	48	40	95	96	189
Change in net worth from other economic flows:					
Movement in net assets of PFCs ^(a)	- 49	338	- 34	2	6
Movement in net assets of PNFCs ^(a)	466	429	508	511	544
Revaluation of unfunded superannuation liability	301	350	290	294	297
Revaluation of long service leave liability	- 96	- 96	- 98	- 99	- 101
Revaluation of annual leave liability	- 15	- 15	- 16	- 16	- 16
Revaluation of workers compensation liability	- 16	- 16	- 17	- 17	- 17
Revaluation of non-financial assets	41	41	41	41	41
Other revaluation adjustments	- 6	27	- 18	- 19	- 18
Total other economic flows	626	1 056	658	697	735
Net worth at year end	44 591	44 181	44 934	45 727	46 652

Note: Totals may not add due to rounding.

(a) Net equity injections from, and the return of equity to, the general government sector.

Table B.17: General Government sector expenses by function (\$million)^(a)

	2018–19 Budget	2018–19 MYBR
General public services	1 171	1 189
Executive and legislative organs, financial and fiscal affairs, external affairs	233	233
Foreign economic aid	—	—
General services	128	130
Basic research	—	—
Research and development — general public services	—	—
Public debt transactions	675	692
Transfers of a general character between different levels of government	80	79
General public services not elsewhere classified	54	55
Defence^(b)	—	—
Public order and safety	1 950	1 950
Police services	874	867
Civil and fire protection services	317	315
Law courts	394	395
Prisons	345	343
Research and development — public order and safety	—	—
Public order and safety not elsewhere classified	20	30
Economic affairs	747	762
General economic, commercial and labour affairs	192	204
Agriculture, forestry, fishing and hunting	116	117
Fuel and energy	148	149
Mining, manufacturing and construction	54	54
Communication	25	25
Other industries	131	130
Research and development — economic affairs	82	82
Economic affairs not elsewhere classified	—	—
Environmental protection	489	525
Waste management	—	—
Waste water management	13	18
Pollution abatement	45	46
Protection of biodiversity and landscape	431	460
Research and development — environmental protection	—	—
Environmental protection not elsewhere classified	—	—
Housing and community amenities	687	673
Housing development	348	345
Community development	147	134
Water supply	192	193
Street lighting	—	—
Research and development — housing and community amenities	—	—
Housing and community amenities not elsewhere classified	—	—
Health	6 202	6 274
Medical products, appliances and equipment	47	74
Outpatient services	572	571
Hospital services	4 836	4 877
Mental health institutions	—	—
Community health services	407	406
Public health services	191	196

	2018–19 Budget	2018–19 MYBR
Research and development — health	14	16
Health not elsewhere classified	135	134
Recreation, culture and religion	387	386
Recreational and sporting services	125	125
Cultural services	256	255
Broadcasting and publishing services	—	—
Religious and other community services	—	—
Research and development — recreation, culture and religion	—	—
Recreation, culture and religion not elsewhere classified	6	6
Education	4 972	4 932
Pre-primary and primary education	2 624	2 599
Secondary education	1 640	1 626
Tertiary education	615	615
Education not definable by level	3	3
Subsidiary services to education	51	51
Research and development — education	—	—
Education not elsewhere classified	38	38
Social protection	1 660	1 648
Sickness and disability	745	738
Old age	100	103
Survivors	14	14
Family and children	490	486
Unemployment	—	—
Housing	54	54
Social exclusion not elsewhere classified	224	221
Research and development — social protection	—	—
Social protection not elsewhere classified	33	32
Transport	1 266	1 225
Road transport	610	570
Bus transport	—	—
Water transport	32	31
Railway transport	77	79
Air transport	6	6
Multi-mode urban transport	510	508
Pipeline and other transport	—	—
Research and development — transport	2	—
Transport not elsewhere classified	30	29
Total GFS expenses	19 532	19 564

Note: Totals may not add due to rounding.

- (a) Expenses by function data is derived from information submitted by government departments and agencies. The processes for deriving this data are subject to ongoing refinements. Consequently the data may be subject to future revisions.
- (b) The ABS defines 'defence' as expenditure on military and civil defence affairs, foreign military aid and defence research. The expenditure of Defence SA is included in 'economic affairs'.

Table B.18: General government sector capital expenditure by function (\$million)^(a)

	2018–19 Budget	2018–19 MYBR
General public services	14	29
Defence ^(b)	—	—
Public order and safety	104	99
Economic affairs	335	332
Environmental protection	79	61
Housing and community amenities	13	11
Health	168	129
Recreation, culture and religion	85	84
Education	251	232
Social protection	7	8
Transport	1 179	1 059
Total capital expenditure	2 236	2 043

Note: Totals may not add due to rounding.

- (a) Expenses by function data is derived from information submitted by government departments and agencies. The processes for deriving this data are subject to ongoing refinements. Consequently the data may be subject to future revisions.
- (b) The ABS defines 'defence' as expenditure on military and civil defence affairs, foreign military aid and defence research. The expenditure of Defence SA is included in 'economic affairs'.

Appendix C: General government and non-financial public sector financial statistics time series

The following tables provide historical data on key fiscal aggregates. Data provided (excluding the unfunded superannuation liability) is sourced for 1998–99 from *Australian Bureau of Statistics Government Finance Statistics 2007–08* (catalogue number 5512.0) and for 1999–2000 to 2017–18 from budget outcome publications for South Australia.

Real-growth calculations using Gross State Product (GSP) and Consumer Price Index (CPI) data up to 2017–18 is sourced from the latest Australian Bureau of Statistics (ABS) publications.

As historical data in this time series has not been back-cast to reflect classification and accounting changes, care must be taken in interpreting the data.

General government sector

Table C.1: General government sector key operating statement aggregates

	Revenue			Expenses			Net operating balance	Net acquisition of non-financial assets	Net lending
	\$m	% real growth	% GSP	\$m	% real growth	% GSP	\$m	\$m	\$m
1998–99	7 290		16.5	7 505		17.0	- 215	19	- 233
1999–2000	7 644	2.3	16.4	7 974	3.6	17.1	- 330	140	- 471
2000–01	8 108	3.0	16.3	8 406	2.4	16.9	- 297	102	- 399
2001–02	8 538	2.1	15.9	8 713	0.5	16.2	- 174	- 50	- 124
2002–03	9 346	5.2	16.5	8 898	-1.8	15.7	448	34	414
2003–04	9 955	3.4	16.7	9 570	4.4	16.0	385	- 38	424
2004–05	10 592	3.9	17.1	10 368	5.8	16.8	224	105	119
2005–06	11 242	2.9	17.1	11 040	3.3	16.8	202	119	83
2006–07	11 757	1.9	16.6	11 547	1.9	16.3	209	139	71
2007–08	12 879	6.1	16.8	12 414	4.1	16.2	464	242	222
2008–09	13 531	1.9	16.8	13 764	7.5	17.1	- 233	639	- 872
2009–10 ^(a)	15 534	12.3	18.3	15 347	9.1	18.1	187	1 279	-1 092
2010–11 ^(a)	15 017	-6.3	16.5	15 069	-4.9	16.6	- 53	1 370	-1 422
2011–12	15 905	3.2	17.1	16 164	4.5	17.4	- 258	839	-1 098
2012–13	15 333	-5.5	16.1	16 282	-1.3	17.1	- 948	55	-1 003
2013–14 ^(b)	15 343	-2.4	15.7	16 415	-1.7	16.8	-1 071	661	-1 733
2014–15	16 549	6.2	16.7	16 738	0.4	16.9	- 189	- 78	- 111
2015–16	17 362	4.0	17.4	17 062	1.1	17.1	300	204	96
2016–17	18 480	4.8	17.8	18 037	4.1	17.4	443	2 814	-2 371
2017–18	19 344	2.3	18.0	19 657	6.6	18.3	- 313	665	- 977
2018–19	19 604	-0.9	17.6	19 564	-2.7	17.5	40	716	- 676
2019–20	20 136	0.5	17.3	20 042	0.2	17.2	95	731	- 636

	Revenue			Expenses			Net operating balance	Net acquisition of non-financial assets	Net lending
	\$m	% real growth	% GSP	\$m	% real growth	% GSP	\$m	\$m	\$m
2020–21	20 427	-1.0	16.8	20 330	-1.0	16.7	96	840	- 744
2021–22	21 133	0.9	16.6	20 944	0.5	16.4	189	1 168	- 979

Note: Totals may not add due to rounding

- (a) In 2009–10 and 2010–11 revenue, expenses and net acquisition of non-financial assets are impacted by the Commonwealth Government's Nation Building — Economic Stimulus Plan.
- (b) There is a structural break in 2013–14 in the presentation of interest income and interest expense. Interest income earned on cash and deposits is offset with interest expense on the borrowings the Treasurer has with the South Australian Government Financing Authority (SAFA). This results in a reduction to interest income and interest expense accordingly.

Table C.2: General government sector key balance sheet aggregates (\$million)

As at 30 June	Net debt ^(a)			^(b) Unfunded superannuation \$m	Net financial liabilities \$m	Net financial worth \$m	Net worth \$m
	\$m	% of revenue	% of GSP				
1988	859						
1989	694						
1990	854						
1991	1 817						
1992	4 610						
1993	7 884						
1994	7 113						
1995	5 815						
1996	5 512						
1997	4 983						
1998	4 762						
1999	4 779	65.6	10.8	3 909	9 733	1 894	10 624
2000	1 920	25.1	4.1	3 543	6 911	2 986	12 445
2001	1 246	15.4	2.5	3 249	6 093	4 091	14 816
2002	1 303	15.3	2.4	3 998	6 907	3 559	14 721
2003	666	7.1	1.2	4 445	6 974	3 500	15 288
2004	224	2.3	0.4	5 668	7 858	3 842	15 760
2005	144	1.4	0.2	7 227	9 393	3 853	16 359
2006	- 119	-1.1	-0.2	6 146	8 171	5 846	19 703
2007 ^(c)	- 24	-0.2	0.0	5 075	7 254	8 110	22 128
2008 ^{(d)(e)(f)}	- 276	-2.1	-0.4	6 468	8 078	7 580	23 741
2009	475	3.5	0.6	8 939	11 562	5 551	24 146
2010	1 402	9.0	1.7	9 478	13 182	6 551	36 231
2011	2 930	19.5	3.2	9 096	14 313	7 299	40 958
2012 ^(g)	4 165	26.2	4.5	13 523	20 332	1 413	37 199
2013	5 227	34.1	5.5	11 085	19 079	1 742	39 363
2014 ^(h)	7 071	46.1	7.2	10 877	20 761	1 056	39 654
2015 ⁽ⁱ⁾	3 929	23.7	4.0	11 358	18 296	1 374	40 121
2016 ^(j)	4 393	25.3	4.4	14 029	21 372	-2 049	37 741
2017	6 110	33.1	5.9	11 448	21 614	-1 990	42 433
2018	5 447	28.2	5.1	11 288	22 816	-2 920	43 085
2019	6 240	31.8	5.6	10 854	23 285	-2 595	44 181
2020	7 069	35.1	6.1	10 444	23 781	-2 603	44 934
2021	7 889	38.6	6.5	10 000	24 343	-2 695	45 727
2022	8 898	42.1	7.0	9 522	25 028	-2 983	46 652

Note: Totals may not add due to rounding.

- (a) Net debt data for the years before 1999 are sourced from ABS, *Government Financial Estimates 2003–04* (catalogue number 5501).

- (b) There is a structural break in the methodology used to calculate superannuation liabilities between June 2003 and June 2004. This accounting change, which involved the adoption of the Commonwealth Government bond rate for valuation purposes in line with AASB 119, *Employee Benefits*, resulted in a significant increase in superannuation liabilities.
- (c) There is a structural break in 2007 reflecting the amalgamation of SAFA and SAICORP on 1 July 2006. The transfer of SAICORP's assets and liabilities from the general government sector to the public financial corporations sector resulted in an increase in general government net debt of \$99 million at 1 July 2006 and an increase in net financial liabilities of \$90 million at 1 July 2006.
- (d) There is a structural break in 2008 reflecting the transfer of rail assets from TransAdelaide to the general government sector. This resulted in an increase in net debt and net financial liabilities of \$66 million in 2007–08, and a reduction in net financial worth of \$591 million, with no impact on net worth.
- (e) There is a structural break in 2008 reflecting the transfer of assets from the Adelaide Festival Centre Trust to the general government sector. This resulted in an increase in net debt and net financial liabilities of \$28 million in 2007–08, and a reduction in net financial worth of \$76 million, with no impact on net worth.
- (f) There is a structural break in 2008 reflecting the first time recognition on the general government balance sheet of South Australia's share of the net assets of the Murray-Darling Basin Commission. This had no impact on net debt, however resulted in a reduction in net financial liabilities of \$615 million in 2007–08, and an increase in net financial worth and net worth of \$615 million.
- (g) There is a structural break in 2012 reflecting the transfer of the Rail Commissioner to the general government sector. This resulted in a reduction in net debt of \$6 million, an increase in net financial liabilities of \$37 million, and a reduction in net financial worth of \$144 million in 2011–12, with no impact on net worth.
- (h) There is a structural break in 2014 reflecting the transfer of the Lotteries Commission of South Australia (SA Lotteries) to the general government sector. This resulted in a reduction in net debt of \$46 million, a reduction in net financial liabilities of \$1 million, with no impact on net worth.
- (i) There is a structural break in 2015 reflecting the government's decision to reduce its equity in SA Water. This resulted in a once-off \$2.7 billion return of capital to the Consolidated Account in 2014–15. The restructure resulted in a reduction in distributions paid to government partially offset by increased guarantee fees payable and lower borrowing costs.
- (j) There is a structural break in 2016 reflecting the transfer of the South Australian Motor Sport Board to the general government sector. This resulted in an increase in net financial liabilities of \$3 million, and a reduction in net financial worth of \$12 million in 2015–16, with no impact on net worth.

Table C.3: General government sector receipts, payments and surplus (\$million)^(a)

	Receipts	Payments	ABS Cash Surplus
1979–80	1 891	1 671	220
1980–81	2 065	1 917	148
1981–82	2 210	2 122	87
1982–83	2 664	2 507	156
1983–84	2 988	2 734	255
1984–85	3 380	3 057	324
1985–86	3 634	3 161	474
1986–87	3 956	3 416	540
1987–88	4 307	3 858	449
1988–89	4 630	3 977	653
1989–90	4 973	4 370	603
1990–91	5 260	4 796	463
1991–92	5 387	5 396	-10
1992–93	5 967	5 456	512
1993–94	6 087	6 024	63
1994–95	6 155	6 220	-66
1995–96	6 405	6 164	241
1996–97	6 379	6 282	97
1997–98	6 988	6 724	264
1998–99	7 165	7 041	123
1999–2000	7 676	7 915	- 239
2000–01	8 278	8 387	-108
2001–02	8 698	8 748	-50
2002–03	9 522	8 864	658
2003–04	10 023	9 502	522
2004–05	11 252	11 059	193
2005–06	11 480	11 293	187
2006–07	12 090	12 116	- 26
2007–08	12 932	12 552	379
2008–09	13 579	14 299	- 721
2009–10	15 837	16 991	-1 154
2010–11	15 331	16 851	-1 520
2011–12	16 556	17 594	-1 038
2012–13	16 489	17 655	-1 166
2013–14	15 434	17 232	-1 797
2014–15	16 768	16 652	116
2015–16	17 144	17 357	- 213
2016–17	19 338	21 566	-2 228
2017–18	21 384	20 682	702
2018–19	19 751	20 500	- 749
2019–20	20 028	20 801	- 773
2020–21	20 415	21 253	- 838
2021–22	21 109	22 247	-1 138

Note: Totals may not add due to rounding.

- (a) There is a break in the series between 1998–99 and 1999–2000. Data for the years before 1999–2000 are sourced from the ABS and are consistent with ABS GFS reporting requirements on a cash basis. Capital receipts and payments, including payments associated with the provision of financial support for state owned financial institutions (which were treated by the ABS then as an 'investment in financial assets for policy purposes') are not included in the series before 1999–2000. After 1998–99, data is derived from an accrual ABS GFS reporting framework, with receipts proxied by receipts from operating activities and sales of non-financial assets, and payments proxied by payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases and similar arrangements. Due to the associated methodological and data-source changes, time series data that encompass measures derived under both cash and accrual accounting should be used with caution.

Table C.4: General government sector operating statement (\$million)

	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22
Revenue										
Taxation revenue	4 104	4 085	4 376	4 409	4 431	4 558	4 570	4 737	4 901	5 104
Grants	7 669	7 804	8 350	8 997	9 958	10 677	11 169	11 459	11 756	12 159
Sales of goods and services	2 115	2 265	2 329	2 455	2 568	2 637	2 608	2 652	2 664	2 734
Interest income ^(a)	134	40	28	24	25	23	25	27	29	29
Dividend and income tax equivalent income	446	398	791	792	645	677	467	391	332	342
Other	865	752	674	686	852	771	764	871	744	766
Total revenue	15 333	15 343	16 549	17 362	18 480	19 344	19 604	20 136	20 427	21 133
less Expenses										
Employee expenses	7 105	7 353	7 493	7 721	8 010	8 420	8 705	8 609	8 624	8 747
Superannuation expenses										
Superannuation interest cost	314	468	438	402	345	348	322	319	307	293
Other superannuation expenses	675	736	738	744	767	805	852	851	855	867
Depreciation and amortisation	762	812	853	890	928	1 016	1 072	1 098	1 142	1 150
Interest expenses ^(a)	386	300	254	210	192	443	370	375	408	472
Other operating expenses	4 313	4 169	4 173	4 398	4 771	5 326	5 065	5 759	5 886	6 251
Grants	2 726	2 577	2 790	2 698	3 025	3 299	3 179	3 030	3 108	3 164
Total expenses	16 282	16 415	16 738	17 062	18 037	19 657	19 564	20 042	20 330	20 944
equals Net operating balance	- 948	-1 071	- 189	300	443	- 313	40	95	96	189
plus Other economic flows	3 113	1 362	628	-2 621	4 250	867	1 056	658	697	735
equals Comprehensive result — total change in net worth	2 164	291	439	-2 321	4 693	554	1 097	752	793	924
Net operating balance	- 948	-1 071	- 189	300	443	- 313	40	95	96	189
less Net acquisition of non-financial assets										
Purchases of non-financial assets	2 008	1 590	937	1 162	4 460	1 999	2 043	1 894	2 027	2 355
less Sales of non-financial assets	1 197	117	166	66	722	320	256	66	45	37
less Depreciation	762	812	853	890	928	1 016	1 072	1 098	1 142	1 150
plus Change in inventories	7	1	4	- 3	3	1	—	—	—	—
plus Other movements in non-financial assets	—	—	—	—	—	—	—	—	—	—
equals Total net acquisition of non-financial assets	55	661	- 78	204	2 814	665	716	731	840	1 168
equals Net lending / borrowing	-1 003	-1 733	- 111	96	-2 371	- 977	- 676	- 636	- 744	- 979

Note: Totals may not add due to rounding.

(a) There is a structural break in 2013–14 in the presentation of interest income and interest expense. Interest income earned on cash and deposits is offset with interest expense on the borrowings the Treasurer has with SAFA. This results in a reduction to interest income and interest expense accordingly.

Table C.5: General government sector balance sheet (\$million)

As at 30 June	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assets										
Financial assets										
Cash and deposits	1 113	1 104	1 110	1 088	1 268	1 506	1 490	1 481	1 494	1 511
Advances paid	176	66	57	57	63	69	89	108	99	93
Investments, loans and placements	226	247	271	292	367	408	421	433	445	457
Receivables	730	671	610	896	739	647	629	640	605	577
Equity										
Investments in other public sector entities	20 821	21 816	19 669	19 322	19 624	19 896	20 690	21 178	21 648	22 045
Investments — other	831	836	865	890	32	28	28	28	28	28
Other financial assets	56	39	79	86	105	91	90	90	89	90
Total financial assets	23 954	24 779	22 661	22 632	22 198	22 646	23 436	23 956	24 408	24 800
Non-financial assets										
Land and other fixed assets	37 616	38 593	38 747	39 781	44 402	45 972	46 744	47 505	48 390	49 602
Other non-financial assets	5	5	1	9	21	32	32	32	32	33
Total non-financial assets	37 621	38 599	38 748	39 790	44 423	46 005	46 777	47 537	48 422	49 635
Total assets	61 575	63 378	61 409	62 422	66 621	68 650	70 213	71 493	72 830	74 435
Liabilities										
Deposits held	392	356	377	478	275	399	293	305	317	318
Advances received	232	214	252	234	234	231	209	200	187	178
Borrowing	6 118	7 918	4 737	5 119	7 300	6 801	7 738	8 586	9 423	10 462
Superannuation	11 085	10 877	11 358	14 029	11 448	11 288	10 854	10 444	10 000	9 522
Other employee benefits	2 457	2 452	2 622	2 829	2 772	2 907	3 041	3 204	3 335	3 435
Payables	1 019	936	1 089	1 089	1 245	1 103	1 109	1 119	1 127	1 132
Other liabilities	908	970	852	904	915	2 836	2 788	2 701	2 714	2 736
Total liabilities	22 212	23 723	21 288	24 681	24 188	25 565	26 031	26 559	27 103	27 784
Net worth	39 363	39 654	40 121	37 741	42 433	43 085	44 181	44 934	45 727	46 652
Net financial worth ^(c)	1 742	1 056	1 374	-2 049	-1 990	-2 920	-2 595	-2 603	-2 695	-2 983
Net financial liabilities ^{(a)(c)}	19 079	20 761	18 296	21 372	21 614	22 816	23 285	23 781	24 343	25 028
Net debt ^{(a)(b)}	5 227	7 071	3 929	4 393	6 110	5 447	6 240	7 069	7 889	8 898

Note: Totals may not add due to rounding.

(a) There is a structural break in 2014 reflecting the transfer of the Lotteries Commission of South Australia (SA Lotteries) to the general government sector. This resulted in a reduction in net debt of \$46 million, a reduction in net financial liabilities of \$1 million in 2013–14, with no impact on net worth.

- (b) There is a structural break in 2015 reflecting the government's decision to reduce its equity in SA Water. This resulted in a once-off \$2.7 billion return of capital to the Consolidated Account in 2014–15. The restructure resulted in a reduction in distributions paid to government partially offset by increased guarantee fees payable and lower borrowing costs.
- (c) There is a structural break in 2016 reflecting the transfer of the South Australian Motor Sport Board to the general government sector. This resulted in an increase in net financial liabilities of \$3 million, and a reduction in net financial worth of \$12 million in 2015–16, with no impact on net worth.

Non-financial public sector

Table C.6: Non-financial public sector key operating statement aggregates

	Revenue			Expenses			Net operating balance \$m	Net acquisition of non- financial assets \$m	Net lending \$m
	\$m	% real growth	% GSP	\$m	% real growth	% GSP			
1998–99	9 468		21.5	9 597		21.8	- 129	- 115	- 14
1999–2000	9 206	-5.2	19.8	9 552	-2.9	20.5	- 346	-3 508	3 161
2000–01	9 051	-4.5	18.2	9 279	-5.7	18.6	- 228	-1 111	883
2001–02	9 367	0.3	17.5	9 487	-0.9	17.7	- 120	- 124	5
2002–03	10 172	4.4	17.9	9 696	-1.7	17.1	476	72	405
2003–04	10 707	2.2	18.0	10 294	3.1	17.3	413	33	379
2004–05	11 343	3.5	18.3	11 029	4.6	17.8	314	125	189
2005–06	11 807	0.9	17.9	11 634	2.3	17.7	172	53	119
2006–07	12 321	1.7	17.4	12 175	2.0	17.2	147	173	- 26
2007–08	13 634	7.1	17.8	13 065	3.9	17.0	569	303	266
2008–09	14 360	2.1	17.8	14 567	8.1	18.1	- 207	1 249	-1 456
2009–10 ^(a)	16 315	11.2	19.2	15 679	5.3	18.5	636	2 361	-1 725
2010–11 ^(a)	15 960	-5.2	17.6	15 939	-1.5	17.6	21	1 920	-1 898
2011–12	16 866	3.0	18.1	16 908	3.3	18.2	- 41	1 383	-1 424
2012–13	16 494	-4.1	17.3	17 152	-0.6	18.0	- 657	64	- 721
2013–14 ^(b)	16 399	-3.1	16.8	17 627	0.2	18.0	-1 229	715	-1 944
2014–15	17 651	6.0	17.8	17 965	0.4	18.1	- 314	- 198	- 116
2015–16	18 461	3.7	18.5	18 310	1.0	18.4	151	205	- 54
2016–17	19 447	3.8	18.7	19 228	3.4	18.5	219	3 359	-3 140
2017–18	20 384	2.5	19.0	20 768	5.6	19.3	- 384	728	-1 112
2018–19	20 682	-0.8	18.5	20 766	-2.2	18.6	- 84	1 031	-1 116
2019–20	21 230	0.4	18.2	21 206	-0.1	18.2	24	1 009	- 986
2020–21	21 607	-0.7	17.8	21 584	-0.7	17.7	22	635	- 613
2021–22	22 283	0.6	17.5	22 147	0.1	17.4	136	966	- 830

Note: Totals may not add due to rounding.

- (a) In 2009–10 and 2010–11 revenue, expenses and net acquisition of non-financial assets are impacted by the Commonwealth Government's Nation Building — Economic Stimulus Plan.
- (b) There is a structural break in 2013–14 in the presentation of interest income and interest expense. Interest income earned on cash and deposits is offset with interest expense on the borrowings the Treasurer has with SAFA. This results in a reduction to interest income and interest expense accordingly.

Table C.7: Non-financial public sector key balance sheet aggregates (\$million)

As at 30 June	Net debt ^(a)			^(b) Unfunded superannuation \$m	Net financial liabilities \$m	Net financial worth \$m	Net worth \$m
	\$m	% of revenue	% of GSP				
1988	4 397						
1989	4 197						
1990	4 457						
1991	5 418						
1992	8 142						
1993	11 610						
1994	10 550						
1995	8 844						
1996	8 432						
1997	8 170						
1998	7 927						
1999	7 657	80.9	17.4	3 909	13 099	-12 256	10 624
2000	4 355	47.3	9.3	3 543	9 914	-8 986	12 445
2001	3 223	35.6	6.5	3 249	8 151	-7 109	14 816
2002	3 317	35.4	6.2	3 998	8 973	-7 902	14 721
2003	2 696	26.5	4.8	4 445	9 096	-8 811	15 288
2004	2 285	21.3	3.8	5 668	10 031	-9 550	15 760
2005	2 126	18.7	3.4	7 227	11 511	-11 004	16 359
2006	1 786	15.1	2.7	6 146	10 451	-9 889	19 703
2007 ^(c)	1 989	16.1	2.8	5 075	9 518	-8 795	22 128
2008 ^{(d)(e)}	1 611	11.8	2.1	6 468	10 208	-10 487	23 741
2009	2 872	20.0	3.6	8 939	14 302	-14 921	24 146
2010	4 487	27.5	5.3	9 478	16 626	-16 997	36 231
2011	6 541	41.0	7.2	9 096	18 273	-18 402	40 958
2012	7 996	47.4	8.6	13 523	24 500	-25 123	37 199
2013	8 949	54.3	9.4	11 085	23 064	-23 223	39 363
2014	10 964	66.9	11.2	10 877	24 811	-24 080	39 654
2015	10 676	60.5	10.8	11 358	25 167	-23 750	40 121
2016	10 912	59.1	11.0	14 029	28 281	-27 355	37 741
2017	13 529	69.6	13.0	11 448	29 200	-28 042	42 433
2018	12 950	63.5	12.1	11 288	30 564	-29 523	43 085
2019	14 182	68.6	12.7	10 854	31 439	-30 068	44 181
2020	15 358	72.3	13.2	10 444	32 269	-30 934	44 934
2021	16 117	74.6	13.2	10 000	32 741	-31 406	45 727
2022	17 156	77.0	13.5	9 522	33 430	-32 089	46 652

Note: Totals may not add due to rounding.

- (a) Net debt data for the years before 1999 are sourced from the ABS, Government Financial Estimates 2003–04 (catalogue number 5501).
- (b) There is a structural break in the methodology used to calculate superannuation liabilities between June 2003 and June 2004. This accounting change, which involved the adoption of the Commonwealth Government bond rate for valuation purposes in line with AASB 119, Employee Benefits, resulted in a significant increase in superannuation liabilities.
- (c) There is a structural break in 2007 reflecting the amalgamation of SAFA and SAICORP on 1 July 2006. The transfer of SAICORP's assets and liabilities from the general government sector to the public financial corporations sector resulted in an increase in non-financial public sector net debt of \$99 million at 1 July 2006 and an increase in net financial liabilities of \$90 million at 1 July 2006.
- (d) There is a structural break in 2008 reflecting the amalgamation of the public financial corporation, South Australian Community Housing Authority, with the public non-financial corporation, South Australian Housing Trust. This resulted in an increase in net debt and net financial liabilities and a decrease in net financial worth of \$98 million in 2007–08, with no impact on net worth.
- (e) There is a structural break in 2008 reflecting the first time recognition on the general government balance sheet of South Australia's share of the net assets of the Murray-Darling Basin Commission. This had no impact on net debt, however resulted in a reduction in net financial liabilities of \$615 million in 2007–08, and an increase in net financial worth and net worth of \$615 million.

Table C.8: Non-financial public sector receipts, payments and surplus^(a) (\$million)

	Receipts	Payments	ABS Cash surplus
1979–80	2 681	2 388	292
1980–81	2 877	2 649	228
1981–82	3 145	2 963	182
1982–83	3 651	3 356	295
1983–84	4 383	4 014	369
1984–85	4 887	4 356	531
1985–86	5 172	4 415	757
1986–87	5 542	4 790	752
1987–88	6 078	5 299	780
1988–89	6 946	5 784	1 162
1989–90	7 517	6 465	1 052
1990–91	7 830	6 839	991
1991–92	8 352	7 969	383
1992–93	8 939	7 946	993
1993–94	8 761	8 119	642
1994–95	8 570	8 142	428
1995–96	8 985	8 654	331
1996–97	8 908	8 532	375
1997–98	9 426	8 895	532
1998–99	9 301	8 692	609
1999–2000	13 014	9 501	3 513
2000–01	10 572	9 414	1 158
2001–02	9 726	9 722	4
2002–03	10 439	9 805	634
2003–04	10 891	10 403	488
2004–05	12 051	11 786	265
2005–06	12 239	11 868	370
2006–07	12 684	12 809	- 125
2007–08	13 943	13 477	466
2008–09	14 563	15 806	-1 243
2009–10	16 847	18 695	-1 849
2010–11	16 548	18 553	-2 004
2011–12	17 431	18 863	-1 432
2012–13	17 814	19 133	-1 319
2013–14	16 640	18 647	-2 007
2014–15	17 841	17 896	- 55
2015–16	18 485	18 623	- 138
2016–17	19 593	22 779	-3 186
2017–18	22 532	21 904	629
2018–19	20 979	22 203	-1 223
2019–20	21 210	22 347	-1 137
2020–21	21 613	22 349	- 736
2021–22	22 279	23 294	-1 015

Note: Totals may not add due to rounding.

- (a) There is a break in the series between 1998–99 and 1999–2000. Data for the years before 1999–2000 is sourced from the ABS and are consistent with ABS GFS reporting requirements on a cash basis. Capital receipts and payments, including payments associated with the provision of financial support for state owned financial institutions, which were treated by the ABS then as an ‘investment in financial assets for policy purposes’, are not included in this series before 1999–2000. After 1998–99, data are derived from an accrual ABS GFS reporting framework, with receipts proxied by receipts from operating activities and sales of non-financial assets, and payments proxied by payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases and similar arrangements. Due to the associated methodological and data-source changes, time series data that encompass measures derived under both cash and accrual accounting should be used with caution.

Table C.9: Non-financial public sector operating statement (\$million)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue										
Taxation revenue	3 726	3 805	4 072	4 083	4 072	4 198	4 202	4 354	4 511	4 705
Grants	7 697	7 806	8 350	8 996	9 959	10 678	11 168	11 459	11 756	12 159
Sales of goods and services	3 949	3 844	3 968	4 138	4 062	4 208	4 169	4 274	4 344	4 420
Interest income ^(a)	131	46	34	33	32	24	25	27	30	30
Dividend and income tax equivalent income	56	81	504	466	442	429	209	108	66	58
Other	935	816	724	746	881	847	909	1 008	900	911
Total revenue	16 494	16 399	17 651	18 461	19 447	20 384	20 682	21 230	21 607	22 283
/less Expenses										
Employee expenses	7 299	7 544	7 683	7 913	8 208	8 626	8 970	8 874	8 888	9 008
Superannuation expenses										
Superannuation interest cost	314	468	438	402	345	348	322	319	307	293
Other superannuation expenses	700	762	764	771	794	832	884	885	889	901
Depreciation and amortisation	1 166	1 236	1 275	1 321	1 367	1 490	1 563	1 594	1 670	1 702
Interest expenses ^(a)	599	509	519	483	472	720	653	672	708	765
Other operating expenses	4 849	4 892	4 886	5 045	5 358	5 917	5 658	6 297	6 511	6 819
Grants	2 224	2 218	2 401	2 376	2 685	2 835	2 716	2 566	2 613	2 659
Total expenses	17 152	17 627	17 965	18 310	19 228	20 768	20 766	21 206	21 584	22 147
equals Net operating balance	- 657	- 1 229	- 314	151	219	- 384	- 84	24	22	136
plus Other economic flows	2 822	1 520	753	- 2 472	4 474	938	1 181	729	771	789
equals Comprehensive result - total change in net worth	2 164	291	439	- 2 321	4 693	554	1 097	752	793	924
Net operating balance	- 657	- 1 229	- 314	151	219	- 384	- 84	24	22	136
/less Net acquisition of non-financial assets										
Purchases of non-financial assets	2 683	2 126	1 429	1 704	4 947	2 682	2 997	2 723	2 456	2 824
less Sales of non-financial assets	1 428	333	297	195	228	431	464	208	132	122
less Depreciation	1 166	1 236	1 275	1 321	1 367	1 490	1 563	1 594	1 670	1 702
plus Change in inventories	- 26	158	- 55	17	7	- 33	62	88	- 19	- 35
plus Other movements in non-financial assets	—	—	—	—	—	—	—	—	—	—
equals Total net acquisition of non-financial assets	64	715	- 198	205	3 359	728	1 031	1 009	635	966
equals Net lending / borrowing	- 721	- 1 944	- 116	- 54	- 3 140	- 1 112	- 1 116	- 986	- 613	- 830

Note: Totals may not add due to rounding.

(a) There is a structural break in 2013-14 in the presentation of interest income and interest expense. Interest income earned on cash and deposits is offset with interest expense on the borrowings the Treasurer has with SAFA. This results in a reduction to interest income and interest expense accordingly.

Table C.10: Non-financial public sector balance sheet (\$million)

As at 30 June	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assets										
Financial assets										
Cash and deposits	1 440	1 354	1 326	1 506	1 443	1 603	1 610	1 598	1 620	1 667
Advances paid	62	55	24	24	30	36	56	75	66	60
Investments, loans and placements	270	293	317	340	421	429	440	451	462	475
Receivables	877	803	837	951	975	801	813	854	844	848
Equity										
Investments in other public sector entities	- 159	731	1 416	926	1 158	1 040	1 371	1 334	1 335	1 341
Investments - other	848	853	883	905	45	43	43	43	43	43
Other financial assets	56	39	83	92	118	93	102	96	90	86
Total financial assets	3 394	4 129	4 887	4 743	4 191	4 045	4 435	4 450	4 461	4 519
Non-financial assets										
Land and fixed assets	62 574	63 726	63 868	65 084	70 454	72 564	74 205	75 823	77 088	78 696
Other non-financial assets	12	8	4	13	22	44	45	45	45	45
Total non-financial assets	62 586	63 734	63 872	65 096	70 476	72 608	74 250	75 868	77 133	78 741
Total assets	65 981	67 863	68 759	69 839	74 667	76 654	78 685	80 318	81 594	83 260
Liabilities										
Deposits held	172	183	204	226	143	191	192	192	193	193
Advances received	232	214	252	234	234	231	209	200	187	178
Borrowing	10 318	12 270	11 888	12 322	15 047	14 596	15 888	17 090	17 887	18 987
Superannuation	11 085	10 877	11 358	14 029	11 448	11 288	10 854	10 444	10 000	9 522
Other employee benefits	2 531	2 525	2 695	2 902	2 843	2 980	3 106	3 270	3 400	3 497
Payables	1 215	1 102	1 304	1 320	1 481	1 383	1 402	1 409	1 415	1 419
Other liabilities	1 064	1 038	937	1 066	1 038	2 899	2 853	2 780	2 785	2 813
Total liabilities	26 617	28 209	28 637	32 099	32 234	33 569	34 503	35 384	35 867	36 609
Net worth	39 363	39 654	40 121	37 741	42 433	43 085	44 181	44 934	45 727	46 652
Net financial worth	-23 223	-24 080	-23 750	-27 355	-28 042	-29 523	-30 068	-30 934	-31 406	-32 089
Net financial liabilities	23 064	24 811	25 167	28 281	29 200	30 564	31 439	32 269	32 741	33 430
Net debt	8 949	10 964	10 676	10 912	13 529	12 950	14 182	15 358	16 117	17 156

Note: Totals may not add due to rounding.

STATE BUDGET 2018–19

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