

Mid-Year Budget Review



2017-18



Government
of South Australia

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**Government
of South Australia**

**Mid-Year Budget Review
2017–18**

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ISSN 1838-711X
Public-I3-AI

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Chapter 1: 2017–18 budget position and fiscal outlook

Overview

The 2017–18 Mid-Year Budget Review (MYBR) continues the government’s focus on investing in the state’s future. The government has recently announced a significant additional commitment to the state’s education system, funding both an upgrade to government school infrastructure as well as increased funding for non-government schools. The government will also build on its significant recent investment in the health system providing additional resources for hospital services, and a major upgrade of the Modbury Hospital. Further funding is provided for a number of road infrastructure projects.

This has been possible as the proceeds from the Land Services commercialisation transaction were \$855 million higher than that included in the 2017–18 Budget (actual proceeds of \$1.605 billion compared to \$750 million estimated at the time of the Budget).

The MYBR contains net operating and investing expenditure initiatives in the general government sector of \$1.1 billion over four years. The major initiatives are summarised later in this chapter, with details of all initiatives by agency provided in Appendix A.

Infrastructure investment continues to be a priority of this government.

The general government infrastructure program grows from \$1.7 billion in 2016–17 (excluding the finance lease for the new Royal Adelaide Hospital) to \$1.9 billion in 2017–18, a record \$2.3 billion in 2018–19 and over \$1.8 billion in each of 2019–20 and 2020–21. In total this is \$836 million more over the four year period 2017–18 to 2020–21 compared to budget.

While the South Australian Parliament did not support the introduction of the major bank levy, the government has continued to manage its fiscal position to provide net operating balance surpluses over the forward estimates on the back of returning the budget to surplus in both 2015–16 and 2016–17. Debt levels remain within the government’s fiscal targets, and are lower than at budget time notwithstanding the new initiatives funded in the MYBR.

The maintenance of budget surpluses is an important element of the government’s fiscal strategy and the major bank levy not progressing has required the adoption of new budget improvement measures. The government has already announced an increase to the stamp duty surcharge on foreign buyers purchasing residential property from the 4 per cent announced at the time of the last budget to 7 per cent. This is estimated to raise an additional \$10 million in revenue per annum. The government will also require agencies to find efficiency savings over the forward estimates of \$370 million. The efficiency measure has been allocated to agencies in a manner that ensures key frontline services are not directly impacted. Further details on these measures can be found in Appendix A.

The MYBR incorporates revised revenue estimates across the forward estimates period. State taxation estimates have been revised down across the forward estimates by \$564 million, predominantly as a result of not proceeding with the major bank levy. Conveyance duty and gambling 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 GST grant revenue which has been revised up by \$348 million over the forward estimates mainly due to an expected increase in South Australia's share of the national pool.

The MYBR financial position is consistent with the government's fiscal targets to deliver budget surpluses, and maintain spending growth and debt levels within affordable limits.

Fiscal targets

The government remains 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 operating expenditure growth to trend growth in household income
Target 3	Achieve a level of general government net debt that remains affordable over the forward estimates — a maximum ratio of net debt to revenue of 35 per cent

Underpinning the general government sector debt target, the government continues its commitment 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 2017–18 MYBR estimates.

Table 1.2: Fiscal targets outcomes — 2017–18 MYBR estimates

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Target 1: net operating balance surplus				
Target	Achieve a net operating surplus every year			
2017–18 MYBR estimate (\$m)	12	14	110	334
Target 2: operating expenditure growth				
Target (%)	Limit to trend growth in household income (4.5% per annum)			
2017–18 MYBR estimate (%)				
– Annual (%)	6.2%	0.5%	1.0%	2.1%
– Average (%)	Average growth of 2.5% per annum			
Target 3: net debt to revenue ratio				
Target (%)	Less than 35%			
2017–18 MYBR estimate (%)	25.6%	30.5%	32.3%	32.9%

The government's fiscal targets are met across the forward estimates. As was the case at the 2017–18 Budget, operating expenditure growth for 2017–18 is above trend growth in household income, reflecting the impact of one-off items such as the commencement of service payments (including associated interest charges and amortisation) for the new Royal Adelaide Hospital and additional resources provided for child protection in response to the Child Protection Systems Royal Commission. The 2017–18 MYBR includes additional resources for health services and for children in care.

Over the course of the forward estimates period, projected average growth in operating expenditure is 2.5 per cent, keeping spending well below the 4.5 per cent per annum growth target.

Fiscal outlook

Table 1.3 shows the movement in the key fiscal indicators for the general government sector since the 2017–18 Budget.

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

	2017–18	2018–19	2019–20	2020–21
Net operating balance				
Budget	72	132	193	462
MYBR	12	14	110	334
Change since 2017–18 Budget	- 59	- 118	- 83	- 128
Net lending				
Budget	228	- 685	- 203	72
MYBR	1 065	- 996	- 583	- 390
Change since 2017–18 Budget	837	- 311	- 380	- 462
Net debt				
Budget	6 072	6 733	6 808	6 687
MYBR	4 914	5 873	6 315	6 638
Change since 2017–18 Budget	-1 158	- 861	- 493	- 48
Net debt to revenue ratio (%)				
Budget	31.7	34.9	34.8	33.1
MYBR	25.6	30.5	32.3	32.9
Change since 2017–18 Budget	-6.1	-4.4	-2.5	-0.2
Unfunded superannuation				
Budget	10 898	10 547	10 164	9 748
MYBR	10 532	10 189	9 815	9 409
Change since 2017–18 Budget	- 365	- 358	- 350	- 339

Note: Totals may not add due to rounding.

While lower than estimated at the time of the 2017–18 Budget, net operating balance surpluses are still forecast across all years consistent with the government's fiscal target.

The \$837 million improvement in the net lending surplus in 2017–18 is primarily a result of the additional proceeds from the Land Services commercialisation transaction. The proceeds of \$1.605 billion from this transaction were \$855 million more than estimated in the 2017–18 Budget. The net lending deficits in 2018–19 and over the forward estimates are larger than forecast at budget time which largely reflects the policy decisions of the government over the forward estimates. Further details of the policy decisions are included in Appendix A.

The lower net debt position in 2017–18 reflects a better than forecast fiscal outcome in 2016–17 and the additional proceeds from the Land Services commercialisation transaction. Net debt is lower in 2020–21 than forecast at budget time.

In December 2016 the state discontinued the State Administration Centre (SAC) precinct sales process being managed by its agent. The SAC Building will remain a state owned asset. The precinct for sale will now comprise of the Education Building (31 Flinders Street), Wakefield House (30 Wakefield Street), Torrens Building (220 Victoria Square), 12 Victoria Place and Hemmings Place (vacant land). It is anticipated that the precinct sales process will commence in the second quarter of 2018.

The decrease in the unfunded superannuation liability since the 2017–18 Budget is predominantly due to an increase in assumed earnings for 2017–18 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 2017–18 and the following three years.

Table 1.4: General government sector operating statement — 2017–18 to 2020–21 (\$million)

	2017–18 Budget	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Revenue					
Taxation revenue	4 629	4 493	4 655	4 858	5 068
Grants	10 661	10 735	10 839	10 985	11 408
Sales of goods and services	2 568	2 609	2 631	2 688	2 722
Interest income	25	25	26	27	29
Dividend and income tax equivalent income	592	644	389	284	256
Other	673	668	730	721	713
Total revenue	19 148	19 174	19 270	19 564	20 196
<i>less</i>					
Expenses					
Employee expenses	8 272	8 362	8 381	8 453	8 515
Superannuation expenses					
Superannuation interest cost	363	348	341	329	317
Other superannuation expenses	850	858	863	871	880
Depreciation and amortisation	1 003	1 015	1 050	1 076	1 110
Interest expenses	426	418	347	367	395
Other property expenses	—	—	—	—	—
Other operating expenses	5 129	4 959	5 170	5 354	5 562
Grants	3 033	3 201	3 105	3 002	3 084
Total expenses	19 076	19 161	19 257	19 453	19 863
<i>equals</i>					
Net operating balance	72	12	14	110	334
<i>plus</i>					
Other economic flows	348	1 370	646	698	707
<i>equals</i>					
Comprehensive result — total change in net worth	420	1 382	660	809	1 040
Net operating balance	72	12	14	110	334
<i>less</i>					
Net acquisition of non-financial assets					
Purchases of non-financial assets	2 185	1 948	2 278	1 832	1 871
<i>less</i> Sales of non-financial assets	1 338	1 979	210	53	27
<i>less</i> Depreciation	1 003	1 015	1 050	1 076	1 110
<i>plus</i> Change in inventories	—	- 6	- 9	- 9	- 9
<i>plus</i> Other movements in non-financial assets	—	—	—	—	—
<i>equals</i> Total net acquisition of non-financial assets	- 157	-1 053	1 010	693	724
<i>equals</i>					
Net lending / borrowing	228	1 065	- 996	- 583	- 390

Note: Totals may not add due to rounding.

The following tables outline changes to the net operating balance and net lending since the 2017–18 Budget classified as policy or parameter items. Policy items are decisions taken by the Government of South Australia since the 2017–18 Budget. Parameter items are generally variations outside the government's control.

Table 1.5: Net operating balance — policy and parameter variations since the 2017–18 Budget (\$million)

	2017–18	2018–19	2019–20	2020–21
Estimate at 2017–18 Budget	72	132	193	462
Parameter and other variations				
Revenue — taxation	- 44	- 49	- 62	- 76
Revenue — other	127	43	61	96
Operating expenses	117	88	3	- 10
Net effect of parameter and other variations	200	82	2	10
Policy measures				
Revenue measures — taxation	- 92	- 79	- 79	- 84
Revenue measures — other	—	—	—	—
Revenue offsets — taxation	—	—	—	—
Revenue offsets	35	47	86	58
Operating expenses	- 202	- 168	- 92	- 112
Net effect of policy measures	- 260	- 200	- 85	- 138
Estimate at 2017–18 Mid-Year Budget Review	12	14	110	334

Note: Totals may not add due to rounding.

Table 1.6: Net lending — policy and parameter variations since the 2017–18 Budget (\$million)

	2017–18	2018–19	2019–20	2020–21
Estimate at 2017–18 Budget	228	- 685	- 203	72
Net effect of operating variations to 2017–18 MYBR	- 59	- 118	- 83	- 128
Investing variations^(a)				
Parameter variations	939	- 77	- 75	43
Policy variations	- 42	- 116	- 223	- 377
Total investing variations	896	- 193	- 297	- 334
Estimate at 2017–18 Mid-Year Budget Review	1 065	- 996	- 583	- 390

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 2017–18 Budget (\$million)

	2017–18	2018–19	2019–20	2020–21
Revenue — taxation				
Payroll tax	14	11	9	6
Conveyances	-43	-46	-56	-67
Land tax - private	-3	-3	-3	-3
Land tax - public	—	-1	-1	-1
Other property taxes	-4	-2	2	1
Insurance taxes	—	-1	-1	-1
Gambling tax	-10	-10	-11	-11
Motor vehicle taxes	3	3	-1	-1
Total taxation revenue	-44	-49	-62	-76
Revenue — other				
GST revenue grants	47	61	123	117
Commonwealth specific purpose and national partnership grants				
- SPP grants	—	—	—	—
- NP grants	-7	-45	-65	-11
Other contributions and grants	—	5	-1	-1
Sales of goods and services	39	-3	-16	-30
Dividends and income tax equivalents	52	-4	-1	-1
Interest income	—	—	—	—
Royalties	-15	1	2	3
Other revenue	11	28	19	19
Total other revenue	127	43	61	96
Operating expenses				
Nominal superannuation interest expense	15	12	11	11
Interest expense	8	17	13	- 3
Depreciation	- 12	- 15	- 20	- 21
Carryovers (net of provision for slippage)	- 6	- 75	- 20	- 7
Other variations	112	150	18	11
Total expenses	117	88	3	- 10
Net capital investment expenditure				
Depreciation	12	15	20	21
Carryovers (net of provision for slippage)	- 42	- 27	- 6	0
Other variations	969	- 65	- 88	22
Total net capital investment expenditure	939	- 77	- 75	43

Note: Totals may not add due to rounding.

Operating revenue

Policy measures

A summary of total revenue measures is shown in table 1.8.

Table 1.8: Revenue measures (\$million)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Revenue — taxation measures				
Increase the conveyance duty surcharge on foreign buyers of residential property	4.7	10.0	10.6	11.3
Multi-peril crop insurance exemption	-0.1	-0.3	-0.3	-0.3
Reversal of the South Australian major bank levy	-97.0	-89.0	-89.0	-95.0
Total revenue measures — taxation	-92.4	-79.3	-78.7	-84.0

Further detail on policy measures is provided in Appendix A.

Parameter and other variations

Taxation revenue

Total taxation revenues have been revised down in all years mainly due to revisions to conveyance duty and gambling taxes, 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 both residential and non-residential transactions, as well as lower transaction growth estimates from 2018–19.

Gambling revenue has been revised down in all years largely reflecting the impact of lower than expected year to date collections from gaming machines.

Land tax revenue has been revised down in all years primarily reflecting the impact of updated site value growth estimates and billing data.

Payroll tax collections have been revised up in all years due to stronger than expected growth in taxable payrolls since the 2017–18 Budget.

GST revenue grants

GST grant revenue estimates have been revised up primarily reflecting stronger than expected national GST collections in 2016–17 and upward revisions to South Australia's expected share of the GST pool, partially offset by lower relative population growth estimates.

GST pool forecasts have been revised up in all years reflecting that actual GST collections in 2016–17 were higher than estimated in the Commonwealth's 2017–18 Budget. It is assumed that this flows through to future years as a base effect with no change in GST pool growth forecasts.

Revised estimates of South Australia's grant share mainly reflect updated revenue estimates included in other jurisdictions' 2017–18 Budgets. The continued stronger conveyance duty revenue and upwards revisions to mining royalty revenue in other jurisdictions results in an increase in South Australia's estimated grant share from 2018–19. In addition, South Australia's grant share is estimated

to increase from 2019–20 reflecting the Commonwealth Grants Commission’s expected assessment of National Disability Insurance Scheme expenditure.

South Australia’s relative population growth across the forward estimates is expected to be lower than forecast in the 2017–18 Budget consistent with data released in the 2016 Census. This reduces South Australia’s expected share of the GST pool in all years.

Commonwealth specific purpose and national partnership grants

Commonwealth Government specific purpose grant estimates are unchanged from the 2017–18 Budget.

Commonwealth national partnership (NP) grant estimates have been revised down in all years. The downward revision in 2017–18 mainly reflects changes in the timing of funding for a number of road and rail transport infrastructure projects, including funding for the Tonsley rail extension, North-South Corridor Darlington and Torrens to Torrens South Road projects. This is partially offset by the receipt of payments associated with a number of NPs including the Remote Housing and Pay Equity for the Social and Community Services Sector NPs, which were originally expected in 2016–17.

The downward revisions from 2018–19 shown in table 1.7 reflect the removal of provisions associated with Commonwealth Government transport funding (which are now shown as, and offset by, specific policy measures) as well as the transition to new arrangements under the National Partnership on Essential Vaccines under which actual vaccines are received from the Commonwealth instead of funding.

Other contributions and grants

Revisions to other contributions and grants primarily reflect that funding from Mobil for groyne fortification works at Port Stanvac will now be received in 2018–19 instead of 2017–18. The associated downward revision in 2017–18 is offset by a payment from Flinders Power associated with its earlier than budgeted surrender of its sub-lease over the Leigh Creek Railway.

Sales of goods and services

Revenue from sales of goods and services has been revised up in 2017–18 and down in future years.

Underlying downward revisions in all years mainly reflect the transfer of Commonwealth Government contributions associated with the transfer of domiciliary care services to the non-government sector as well as lower than expected regulatory fee revenues from property transfers due to lower than expected transaction volumes.

The downward revision is more than offset in 2017–18, and partially offset from 2018–19 by the impact of higher Commonwealth Government contributions associated with a new Hepatitis C medication available on the Pharmaceutical Benefits Scheme.

Dividend and income tax equivalent income

Estimated dividend and income tax equivalent (ITE) revenue has been revised upward in 2017–18 primarily reflecting an increase in distributions from SA Water, HomeStart and the South Australian Government Financing Authority (SAFA). The improved distributions include both better than expected results in 2016–17 and expected operating conditions for SA Water in 2017–18. HomeStart’s dividend reflects 100 per cent of profits in 2016–17 and 2017–18 (up from 60 per cent), which reflects HomeStart’s contribution to the broader agency efficiency measure introduced in the MYBR.

The downward revision in dividends and ITEs in 2018–19 is mainly due to lower distributions from the Urban Renewal Authority.

Interest income

Interest income is estimated using projections of interest rates applicable to government financial assets. Interest income is unchanged compared with estimates in the 2017–18 Budget.

Royalties

Royalty revenues have been revised down in 2017–18 mainly due to the production impact at Olympic Dam as a result of major smelter maintenance works during the first half of the year.

From 2018–19, royalty estimates have been revised up slightly mainly reflecting higher mineral production forecasts.

Other revenue

Other revenue has been revised up in all years mainly reflecting higher contributed assets associated with the transition to new arrangements under the National Partnership on Essential Vaccines under which actual vaccines are received from the Commonwealth Government instead of funding.

General government sector revenue

Forward estimates of general government revenues are shown in table 1.9.

Table 1.9: General government revenue — forward estimates (\$million)

	2017–18 Budget	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Revenue — taxation					
Payroll tax	1 156	1 170	1 222	1 277	1 335
Conveyances	850	812	819	894	973
Land tax - private	373	370	381	394	406
Land tax - public	230	230	234	239	245
Other property taxes	532	431	461	478	486
Insurance taxes	456	456	473	492	512
Gambling tax	398	388	402	408	415
Motor vehicle taxes	634	637	662	677	697
Total taxation revenue	4 629	4 493	4 655	4 858	5 068
Revenue — other					
GST revenue grants	6 303	6 350	6 615	6 909	7 287
Commonwealth specific purpose and national partnership grants					
- SPP grants	2 923	2 923	2 942	3 078	3 221
- NP grants	1 294	1 321	1 144	868	769
Other contributions and grants	141	141	138	130	130
Sales of goods and services	2 568	2 609	2 631	2 688	2 722
Dividends and income tax equivalents	592	644	389	284	256
Interest income	25	25	26	27	29
Royalties	251	236	253	268	256
Other revenue	422	433	476	453	457
Total other revenue	14 519	14 681	14 615	14 705	15 128
Total revenue	19 148	19 174	19 270	19 564	20 196
Total revenue % change on previous year					
Total revenue nominal growth (%)		3.8	0.5	1.5	3.2
Total revenue real growth (%)		1.7	-1.7	-1.0	0.7

Note: Totals may not add due to rounding.

Growth in operating revenue in 2017–18 is mainly driven by increases in GST grant revenue and Commonwealth Government capital grant funding, partially offset by a decrease in other revenue mainly reflecting once off revenue from residual premiums associated with the transition to the new Compulsory Third Party arrangements received in 2016–17.

Negative real growth in 2018–19 and 2019–20, and the moderate real growth in 2020–21, largely reflect declines in Commonwealth Government national partnership grants, including for capital purposes, offset by increases in GST grant revenue. Negative growth in 2018–19 and 2019–20 is also impacted by a decrease in dividend payments from the Motor Accident Commission.

The profile of Commonwealth Government capital grant funding reflects the timing of payments for projects including the Northern Connector road project, North-South Corridor Darlington upgrade and the Torrens rail junction project.

It is expected that South Australia's share of the national GST pool will decrease slightly from 10.1 per cent in 2017–18 to 10.0 per cent by 2020–21. The decline in South Australia's share of national GST largely reflects a decline in South Australia's relative population growth and expected share of Commonwealth Government grant payments (between 2015–16 and 2017–18). This is mostly offset by an increase to South Australia's relativity resulting from the continued strength in other jurisdictions' conveyance duty revenue and increases in mining royalty revenue.

Expenditure

Policy measures

This section provides a summary of expenditure initiatives announced since the 2017–18 Budget. Full details of all policy measures and associated revenue offsets are shown in Appendix A.

The MYBR contains net operating and investing expenditure related initiatives in the general government sector of \$1.1 billion over four years. These initiatives are summarised, by agency, in tables 1.11 and 1.12.

Table 1.10: Expenditure initiatives (\$million)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenditure initiatives	- 215.0	- 260.4	- 226.6	- 242.5
Revenue offsets	14.9	9.8	6.0	10.4
Operating savings	12.9	92.2	134.8	130.3
Total net operating initiatives	- 187.2	- 158.4	- 85.9	- 101.7
Investing expenditure initiatives	- 42.4	- 115.8	- 222.7	- 376.7
Revenue offsets	20.0	37.5	80.0	47.6
Asset Sales	—	—	—	—
Total net investing initiatives	- 22.5	- 78.3	- 142.7	- 329.1

Note: Totals may not add due to rounding.

As a result of the South Australian Parliament not passing legislation required to introduce the major bank levy, the government will implement a new budget improvement measure. The government will introduce an efficiency measure across government agencies and key public non-financial corporations. The efficiency savings have been allocated based on the level of back office activities in agencies. For budgeting purposes the measure has been allocated across both employee expenses and supplies and services but Chief Executives will have discretion as to how the efficiency will be achieved based on the operational needs of their agencies. The measure ensures that key frontline

services including nurses, doctors, teachers, police, ambulance officers and firefighters, will not be directly impacted.

The major expenditure initiatives in the MYBR include:

- \$467.4 million over four years for additional hospital services in South Australia including to support the transition to the new Royal Adelaide Hospital. This additional support responds to ongoing growth in the health system and the need to provide more services to support patients and achieve high quality health outcomes for South Australians
- \$372.6 million over four years (as part of a total project cost of \$692 million) for the Building Better Schools infrastructure program to improve, refurbish and expand capacity at 91 public primary and secondary schools across the state
- \$200 million for the duplication of the Joy Baluch AM Bridge in Port Augusta. A commitment from the Commonwealth Government is sought to partner with the state. Consistent with other projects located on the National Land Transport Network, the \$200 million project is proposed to be funded on an 80:20 basis, with the state government committing \$40 million towards the project and seeking a contribution of \$160 million from the Commonwealth
- \$159.1 million over four years to meet additional costs for children in care, particularly in residential and commercial care. This is in addition to \$518 million of additional resources provided in the 2016–17 Mid-Year Budget Review and the 2017–18 Budget to the state's child protection system
- \$96 million over four years for the redevelopment of the old Royal Adelaide Hospital site. In September 2017, the government announced that Renewal SA would project manage the redevelopment of the old Royal Adelaide Hospital site. The redevelopment seeks to retain for commercial reuse and sale both existing heritage buildings and several functioning commercial buildings. Costs to government include those associated with demolition and remediation of the site, delivery of site infrastructure and services to new development sites and the marketing and sales of allotments and buildings
- \$82.4 million over four years for upgrades and additional services at Modbury Hospital, including:
 - \$35.4 million for the creation of an acute surgical ward to enable a broader range of more complex elective surgery to be performed at the hospital
 - \$22.5 million for other refurbishment works to upgrade the general amenity of the hospital and ensure it is able to continue delivering quality services to the residents of the north-eastern suburbs into the future
 - \$15.6 million for the creation of a new purpose built palliative care facility
 - \$8.9 million for the creation of an acute medical unit by relocating the short stay general medical unit next to the emergency department and the new emergency extended care unit
- \$80.6 million for additional state funding over three years to the non-government school sector. This funding will increase the state contribution to the Catholic and Independent schooling sectors to 22 per cent of the Schooling Resource Standard, to bring state funding into line with the national average of state funding. In addition, each sector will receive \$5.5 million per annum for infrastructure upgrades
- \$41.5 million over four years for mental health and disability services to provide additional support to some of the most vulnerable people in the state, including:
 - \$17.1 million to reinstate the intensive home based support service that was formerly funded by the Commonwealth
 - \$10.3 million over four years to establish a Borderline Personality Disorder Centre of Excellence

- \$1.5 million over four years to support the construction of additional changing places facilities in partnership with local government and private/community providers. This is in addition to the \$200 000 provided in the 2017–18 Budget
- \$1.5 million in 2017–18 and \$3.6 million (indexed) from 2018–19 to continue to fund the Centre for Disability Health at Modbury and maintain the cross-departmental exceptional needs unit while the National Disability Insurance Scheme continues to roll out
- \$20.0 million to upgrade Golden Grove Road from Park Lake Drive to One Tree Hill Road, including a roundabout at Golden Grove Road and Hancock Road intersection
- \$11.8 million over three years for a number of road and public transport projects around metropolitan Adelaide including:
 - \$6.0 million to upgrade the intersection of Port Road, West Lakes Boulevard and Cheltenham Parade
 - \$4.0 million to upgrade the intersection of Main North Road with Tulloch Road
 - \$1.3 million to upgrade the North East Road and South Para intersection
 - \$500 000 for a planning study to investigate options to extend the O-Bahn Busway from Tea Tree Plaza to Golden Grove.

Table 1.11: Operating initiatives (\$million)

Agency	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Attorney-General	—	—	—	—
Auditor-General	—	—	—	—
Child Protection	- 24.7	- 44.6	- 44.0	- 45.8
Communities and Social Inclusion	- 2.1	- 10.0	- 0.5	—
Correctional Services	—	—	—	—
Courts	—	—	—	—
Defence SA	- 1.0	- 1.0	- 1.0	- 1.0
Education and Child Development	—	- 31.5	- 22.9	- 26.2
Electoral Commission	—	—	—	—
Emergency Services — CFS	—	—	—	—
Emergency Services — MFS	—	—	—	—
Emergency Services — SAFECOM	—	—	—	—
Emergency Services — SES	—	—	—	—
Environment Protection Authority	—	—	—	—
Environment, Water and Natural Resources	- 0.1	—	—	—
Office of Green Industries SA	—	—	—	—
Health and Ageing	- 148.0	- 122.0	- 114.4	- 112.1
Legislature	—	—	—	—
Planning, Transport and Infrastructure	- 4.3	- 3.1	- 5.2	- 4.8
Police	—	—	—	—
Premier and Cabinet	- 1.3	—	—	—
Primary Industries and Regions	—	—	—	—
State Development	- 4.8	- 6.1	- 5.9	- 6.3
Tourism	- 5.8	- 4.1	- 3.3	- 3.5
Treasury and Finance	—	—	—	—
Across Government				
Mental Health and Disability Services	- 5.9	- 11.1	- 11.7	- 12.4
Urban Renewal Authority	- 15.7	- 25.4	- 17.7	- 30.5
SA Water	- 1.2	- 1.6	—	—
Total operating initiatives	- 215.0	- 260.4	- 226.6	- 242.5

Note: Totals may not add due to rounding.

Table 1.12: Investing initiatives (\$million)

Agency	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Attorney-General	—	—	—	—
Auditor-General	—	—	—	—
Child Protection	—	—	—	—
Communities and Social Inclusion	—	—	—	—
Correctional Services	—	- 3.4	—	—
Courts	—	—	—	—
Defence SA	—	—	—	—
Education and Child Development	- 1.9	- 19.8	- 77.0	- 274.0
Electoral Commission	—	—	—	—
Emergency Services — CFS	—	—	—	—
Emergency Services — MFS	—	—	—	—
Emergency Services — SAFECOM	—	—	—	—
Emergency Services — SES	—	—	—	—
Environment Protection Authority	—	—	—	—
Environment, Water and Natural Resources	- 0.4	—	—	—
Office of Green Industries SA	—	—	—	—
Health and Ageing	- 2.0	- 11.1	- 30.6	- 38.8
Legislature	—	—	—	—
Planning, Transport and Infrastructure	- 32.7	- 77.2	- 110.8	- 59.5
Police	—	—	—	—
Premier and Cabinet	—	—	—	—
Primary Industries and Regions	—	—	—	—
State Development	—	—	—	—
Tourism	—	—	—	—
Treasury and Finance	—	—	—	—
Across Government				
Mental Health and Disability Services	- 0.4	—	—	—
Urban Renewal Authority	- 5.0	- 4.4	- 4.4	- 4.4
SA Water	—	—	—	—
Total investing initiatives	- 42.4	- 115.8	- 222.7	- 376.7

Note: Totals may not add due to rounding.

Parameter and other variations

A number of parameter variations since the 2017–18 Budget contribute to the change in projected expenses and investing payments in 2017–18 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 assumptions and investment returns
- variations to 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 \$290 million and investing slippage of \$460 million in 2017–18, 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 1.13.

Table 1.13: General government expenditure — forward estimates (\$million)

	2017–18 Budget	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Employee expenses	8 272	8 362	8 381	8 453	8 515
Superannuation expenses	—	—	—	—	—
Superannuation interest cost	363	348	341	329	317
Other superannuation expenses	850	858	863	871	880
Depreciation and amortisation	1 003	1 015	1 050	1 076	1 110
Interest expenses	426	418	347	367	395
Other property expenses	—	—	—	—	—
Other operating expenses	5 129	4 959	5 170	5 354	5 562
Grants	3 033	3 201	3 105	3 002	3 084
Total expenses	19 076	19 161	19 257	19 453	19 863
Total expenses % change on previous year					
Total expenses nominal growth (%)		6.2%	0.5%	1.0%	2.1%
Total expenses real growth (%)		4.2%	-1.7%	-1.4%	-0.4%

Note: Totals may not add due to rounding.

Average growth in expenses of 2.5 per cent per annum from 2017–18 to 2020–21 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 2017–18 Budget, primarily due to the additional resources provided to South Australia's health system and for increased student enrolments in government schools. This is partially offset by reductions as a result of the new efficiency measure.

Superannuation expenses

The nominal superannuation interest expense has been revised down since the 2017–18 Budget largely due to a higher assumed rate of return on the assets funding the superannuation liability in 2017–18.

Depreciation and amortisation

The main asset types comprising general government depreciation across the forward estimates are building and improvements, plant, equipment and vehicles and road network.

Depreciation expense in 2017–18 and across the forward estimates has been revised up since the 2017–18 Budget, primarily due to a revaluation of assets in the Department for Education and Child Development at 30 June 2017 which has resulted in a significant increase in the value of depreciable assets.

Interest expenses

Interest expenses comprise interest paid by the Treasurer to SAFA on government borrowings and interest expenses of agencies related to finance leases.

Interest expense in 2017–18 to 2019–20 has been revised down since the 2017–18 Budget, primarily due to the improvement in net debt following the additional proceeds from the Land Services commercialisation transaction.

Other operating (non-employee) expenses

Other operating (non-employee) expenses for 2017–18 have been revised down since the 2017–18 Budget, principally due to the reversal of provisions held for carryovers from 2016–17. Other operating expenses are also lower in 2018–19 before increasing in 2019–20 and 2020–21. The increases are primarily due to new expenditure initiatives announced since the 2017–18 Budget and additional expenditure in Health and Ageing associated with a new agreement with the Commonwealth Government for the purchase of Hepatitis C medication under the Pharmaceutical Benefits Scheme.

Grants

Grant payments have been revised up across the forward estimates since the 2017–18 Budget due to carryovers from 2016–17 and costs associated with additional support for children in care and increased state funding for non-government schools.

Full-time equivalents (FTEs)

The estimated aggregate workforce levels in the general government sector across the forward estimates as at the 2017–18 MYBR are shown in table 1.14.

Table 1.14: General government sector employment (FTEs as at 30 June)

	Full-time equivalent employees as at 30 June				
	2017 Actual	2018 Estimate	2019 Estimate	2020 Estimate	2021 Estimate
As at 2017–18 Mid-Year Budget Review	83 090	84 874	83 531	82 540	82 827

The FTE estimates shown in Table 1.14 are not directly comparable with estimates previously published in the budget papers.

FTE estimates have always been presented on the basis that they reflect 30 June estimates. While for many agencies June FTE levels are similar to average FTE levels across the financial year, in the Department for Education and Child Development FTE levels are higher in June than average levels because of the seasonal nature of the Education and Child Development workforce.

Forward estimates of FTE levels have not previously reflected this June higher level in the Department for Education and Child Development. This pattern has now been reflected in the estimates, thus the FTE levels shown in Table 1.14 are higher than previously published. Abstracting from this measurement issue, the underlying movements in FTE levels are:

- an increase of 1,784 FTEs as at June 2018 compared to June 2017. This is largely attributable to the policy decisions that have been taken in recent budgets and in the 2017–18 MYBR. These increases have largely been in frontline service areas including health and education
- a decrease of 263 FTEs between June 2017 and June 2021. This compares to a decrease of 405 FTEs over the same period that was forecast at the time of the 2017–18 Budget.

The net impact of policy decisions reflected in the MYBR on general government sector FTEs over the forward estimates period is shown in table 1.15.

Table 1.15: Full-time equivalent impacts of policy decisions in the 2017–18 MYBR (FTEs as at 30 June)

	2017–18	2018–19	2019–20	2020–21
Expenditure initiatives	777	739	677	664
Savings measures	-75	-523	-753	-753
Total FTE impact of policy decisions	702	215	-76	-89

The major expenditure initiative that has associated FTEs is additional resources for health services — an increase of 770 FTEs in 2017–18 reducing to 636 FTEs by 2020–21.

General government investing expenditure

Forward estimates of general government investing expenditure are shown in table 1.16.

Table 1.16: General government sector investing expenditure — forward estimates (\$million)

	2017–18 Budget	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
General government investing expenditure					
Purchases of non-financial assets	2 185	1 948	2 278	1 832	1 871

Purchases of non-financial assets are expected to be \$1.9 billion in 2017–18. The forward estimates contain a major infrastructure investment program of \$7.9 billion in the general government sector over four years.

The general government sector capital investment program reflects continued significant investment by the government in transport, health and education infrastructure. This includes joint state and Commonwealth Government upgrades to the North-South Corridor and the duplication of the Joy Baluch AM Bridge in Port Augusta. Other major investments include major public transport projects, the Building Better Schools initiative, the redevelopment of the Modbury Hospital, and the major redevelopment of the Adelaide Festival Centre precinct in partnership with the private sector.

As announced in the 2017–18 Budget, planning work for Stage 2 of the Main South Road Duplication project has commenced. Funding has been committed for Stage 2 works, which will continue the duplication of South Road from Aldinga to Sellicks Beach.

While the 2017–18 expenditure is lower than that estimated at the time of the budget due to changes in the timing of projects, expenditure over the period 2018–19 to 2020–21 has increased since the 2017–18 Budget mainly as a result of new capital projects including:

- the Building Better Schools initiative
- upgrades and additional services at Modbury Hospital
- duplication of the Joy Baluch AM Bridge.

Total investing expenditure is \$836 million higher over the period 2017–18 to 2020–21 compared to the budget.

Financial position

Tables 1.17 and 1.18 show the updated estimates for key balance sheet indicators for both the general government and non-financial public sectors.

Table 1.17: Key balance sheet indicators — general government sector

As at 30 June	2017 Outcome	2018 Budget	2018 MYBR	2019 Estimate	2020 Estimate	2021 Estimate
Net debt						
\$m	6 110	6 072	4 914	5 873	6 315	6 638
% of total revenue	33.1	31.7	25.6	30.5	32.3	32.9
Unfunded superannuation						
\$m	11 448	10 898	10 532	10 189	9 815	9 409
% of total revenue	62.0	56.9	54.9	52.9	50.2	46.6
Net financial liabilities						
\$m	21 614	21 483	19 784	20 554	20 863	20 984
% of total revenue	117.0	112.2	103.2	106.7	106.6	103.9
Net financial worth						
\$m	-1 990	-1 376	412	33	104	376
% of total revenue	-10.8	-7.2	2.1	0.2	0.5	1.9
Net worth						
\$m	42 433	41 943	43 815	44 475	45 284	46 324
% of total revenue	229.6	219.0	228.5	230.8	231.5	229.4

Table 1.18: Key balance sheet indicators — non-financial public sector

As at 30 June	2017 Outcome	2018 Budget	2018 MYBR	2019 Estimate	2020 Estimate	2021 Estimate
Net debt						
\$m	13 529	13 942	12 782	13 979	14 495	14 916
% of total revenue	69.6	68.9	63.2	68.6	70.2	69.9
Unfunded superannuation						
\$m	11 448	10 898	10 532	10 189	9 815	9 409
% of total revenue	58.9	53.9	52.1	50.0	47.5	44.1
Net financial liabilities						
\$m	29 200	29 510	27 829	28 826	29 191	29 401
% of total revenue	150.2	145.9	137.7	141.5	141.4	137.8
Net financial worth						
\$m	-28 042	-28 648	-26 513	-27 571	-27 954	-28 152
% of total revenue	-144.2	-141.6	-131.2	-135.4	-135.4	-131.9
Net worth						
\$m	42 433	41 943	43 815	44 475	45 284	46 324
% of total revenue	218.2	207.3	216.8	218.4	219.4	217.1

Net debt

General government net debt is forecast to be \$4.9 billion at 30 June 2018, a \$1.2 billion improvement from the estimate as at 2017–18 Budget, and is projected to be \$6.6 billion as at 30 June 2021 (\$49 million below the projected debt in the 2017–18 Budget).

The \$1.2 billion improvement in net debt in 2017–18 is primarily the result of additional proceeds from the Land Services commercialisation transaction and a better than forecast fiscal outcome in 2016–17.

A general government net debt to revenue ratio of 25.6 per cent is forecast at 30 June 2018, 6.1 percentage points lower than at the 2017–18 Budget. The net debt to revenue ratio is expected to increase to 32.9 per cent in June 2021. The government's fiscal target to maintain a maximum general government sector net debt to revenue ratio of less than 35 per cent is achieved over all years of the forward estimates.

The net debt of the public non-financial corporations (PNFC) sector is expected to be \$7.87 billion at 30 June 2018. 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 2018 is expected to be \$12.8 billion, a \$1.2 billion improvement since 2017–18 Budget. At 30 June 2021, NFPS net debt is projected to be \$14.9 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 2018, and across the forward estimates, has decreased since the 2017–18 Budget. This is mainly attributed to an increase in assumed earnings.

Earnings on superannuation assets for 2017–18 are currently projected to be at 8.9 per cent compared with 7 per cent at the time of the 2017–18 Budget, which contributes to the reduction in the superannuation liability. The assumed annual earnings rate beyond the 2017–18 year is still expected to be 7.0 per cent, reflecting the long-term earnings rate target.

The prevailing annualised bond rate remains at 3.3 per cent as it was at the time of the 2017–18 Budget, so fluctuations in the discount rate have not impacted the value of the future superannuation obligations between the budget and the MYBR.

The net result of variations in earnings and other minor adjustments is a decrease of \$365 million in the estimated unfunded superannuation liability at 30 June 2018 compared with the estimate of \$10.9 billion in the 2017–18 Budget. The unfunded superannuation liability is now expected to be \$10.5 billion at 30 June 2018, reducing over the forward estimates to \$9.4 billion by 30 June 2021.

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 \$19.8 billion at 30 June 2018, increasing to \$21.0 billion at 30 June 2021. This is a decrease in each year across the forward estimates compared to the 2017–18 Budget, driven by the decrease in the unfunded superannuation liability as outlined above.

Chapter 2: The economic context

Overview

Global economic growth has gathered momentum over the course of 2017. Following stronger than anticipated growth in the first half of the year, in October the International Monetary Fund (IMF) revised up its world growth forecasts to 3.6 per cent in 2017 and 3.7 per cent in 2018.

The Australian economy grew by 2.0 per cent in 2016–17, down from 2.8 per cent recorded in 2015–16. Contributing significantly to growth have been resource exports (which have grown strongly following increased mineral production capacity), along with growth in household and government spending and residential construction activity. Chinese demand for steel has largely supported commodity prices, although demand is expected to be lower going forward. While accommodative monetary policy has assisted investment in housing, predominantly in Sydney and Melbourne, this appears to have peaked. Nonetheless, the number of building approvals suggests the amount of work in the pipeline will contribute to growth over the next couple of years.

While some central banks have commenced tightening monetary policy, the return 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 Australian dollar is expected to remain low enough to continue to provide some assistance with the adjustment of the economy to the lower terms of trade. The Reserve Bank of Australia (RBA) in its latest Statement on Monetary Policy is forecasting national GDP growth of 2¾ per cent per annum for 2017–18 rising to 3¼ per cent in 2018–19, commenting that resource exports are likely to make a further significant contribution to GDP growth, as existing plants ramp up production and new plants come on line.

The performance of the South Australian economy has improved over the past year. Despite the large structural adjustment challenges arising from the cessation of car manufacturing and the gap in defence shipbuilding, the South Australian economy grew by a solid 2.2 per cent in 2016–17. State Final Demand (SFD) growth was 4.4 per cent through the year to the September quarter 2017, the second strongest growth among the states and above national growth in Domestic Final Demand (DFD) of 2.8 per cent. Employment in South Australia has grown by 10 800 or 1.3 per cent through the year to November 2017.

A lower Australian dollar has benefited South Australian non-mining export industries. Growth in agribusiness, international education and tourism, have supported the South Australian economy over the last 12 months. The volume of South Australia's exports through the year to the September quarter 2017 was 14 per cent higher than in the previous year, with the volume of goods exports rising by 17 per cent and services exports up by 5.2 per cent.

The growth in services exports reflects growing international student enrolments, which were 5.1 per cent higher in the year to October 2017 compared with the same period a year earlier, and growing tourism, with international tourist numbers up by 2.8 per cent in the year to September 2017. Spending by international tourists grew by 13 per cent over the same period.

The state's agricultural sector experienced a record winter crop in 2016–17 providing a significant contribution to 2016–17 GSP growth. The Australian Bureau of Agricultural and Resource Economics and Sciences forecasts the South Australian winter crop will be around 43 per cent lower in 2017–18, but while down, this is only 7.5 per cent lower than the five year average to 2015–16.

Adelaide inflation rose by 1.6 per cent in 2016–17, below the 1.8 per cent for the weighted average of the eight capital cities.

Economic Forecasts

Economic forecasts in the Mid-Year Budget Review are largely unchanged from those presented at budget time, with the State Final Demand (SFD) being the only economic parameter to change. The SFD growth forecast for 2017–18 has been revised upward by $\frac{1}{4}$ of a percentage point, reflecting robust spending in the economy.

Despite automotive manufacturing in South Australia having come to an end, GSP is nonetheless estimated to grow by $2\frac{1}{4}$ per cent in real terms in 2017–18, supported by continued growth in international education, tourism, significant public sector investment including in energy projects, the Northern Connector project, the South Road Torrens to Torrens project and the Darlington Upgrade. GSP is forecast to increase by $2\frac{1}{4}$ per cent per annum through to 2020–21.

Employment growth in South Australia is expected to be 1 per cent in 2017–18 (consistent with the budget forecast) and to be maintained at that rate of growth out to 2020–21. South Australia's trend unemployment rate was 5.8 per cent in November, down from 6.6 per cent a year earlier.

Inflation forecasts remain unchanged from budget, with the Adelaide CPI estimated to rise by 2 per cent in 2017–18, rising gradually to reach the mid-point of the RBA's target range of 2 to 3 per cent in 2019–20.

Forecasts and projections for South Australia take into consideration the expected performance of the national economy over the medium term and 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)

	2016–17 Actual	2017–18 Budget Forecast	2017–18 Revised Forecast	2018–19 Projection	2019–20 Projection	2020–21 Projection
Australia^(a)						
Gross Domestic Product (GDP)	2.0	$2\frac{3}{4}$	n.a.	3	3	3
South Australia						
Gross State Product (GSP)	2.2	$2\frac{1}{4}$	$2\frac{1}{4}$	$2\frac{1}{4}$	$2\frac{1}{4}$	$2\frac{1}{4}$
State Final Demand (SFD)	3.0	$2\frac{1}{4}$	$2\frac{1}{2}$	$2\frac{1}{4}$	$2\frac{1}{4}$	$2\frac{1}{4}$
Employment	1.3	1	1	1	1	1
Adelaide Consumer Price Index (CPI)	1.6	2	2	$2\frac{1}{4}$	$2\frac{1}{2}$	$2\frac{1}{2}$

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 2017–18 Budget.

Appendix A: Policy measures by agency

Overview

This appendix describes the revenue measures and expenditure initiatives in the general government sector since the 2017–18 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)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Revenue measures — Taxation	- 92.4	- 79.3	- 78.7	- 84.0
Revenue measures — Other	—	—	—	—
Operating expenditure initiatives	- 215.0	- 260.4	- 226.6	- 242.5
Revenue offsets — Taxation	—	—	—	—
Revenue offsets — Other	14.9	9.8	6.0	10.4
Operating savings	12.9	92.2	134.8	130.3
Total operating initiatives	- 279.6	- 237.7	- 164.5	- 185.7
Investing expenditure initiatives	- 42.4	- 115.8	- 222.7	- 376.7
Revenue offsets	20.0	37.5	80.0	47.6
Investing savings	—	—	—	—
Asset sales	—	—	—	—
Total investing initiatives	- 22.5	- 78.3	- 142.7	- 329.1
FTEs	702.4	215.3	- 76.2	- 89.2

Note: Totals may not add due to rounding.

Details of these items are included in the following tables.

Revenue Measures

Reversal of the South Australian major bank levy

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating revenue	-97 000	-89 000	-89 000	-95 000

Legislation enabling the South Australian Major Bank Levy was not passed by the South Australian Parliament. This reverses the expected benefit that was included in the 2017–18 Budget.

Increase the conveyance duty surcharge on foreign buyers of residential property*Budget implications (\$000)*

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating revenue	4 700	10 000	10 600	11 300

A conveyance duty surcharge on purchases of residential property by foreign buyers and temporary residents, commencing from 1 January 2018 was announced in the 2017–18 Budget at a rate of four per cent. The duty surcharge will now be seven per cent. This surcharge will be in addition to any other conveyance duty payable on the transfer of residential property.

New South Wales, Victoria and Queensland also levy a similar surcharge on foreign buyers of certain property and Western Australia has indicated that it will introduce a surcharge in 2019.

Multi-peril crop insurance exemption*Budget implications (\$000)*

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating revenue	-138	-275	-275	-275

A stamp duty exemption will be provided on multi-peril crop insurance premiums from 1 January 2018. Multi-peril crop insurance provides cover for a broad range of events including fire, frost, hail and drought. It is estimated that this exemption will provide a benefit to around 100 insurance policies each year.

Across Government**Efficiency measure***Budget implications (\$000)*

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	12 877	92 213	134 778	130 349
Full time equivalents	-75	-523	-753	-753

The government will introduce an efficiency measure across government agencies and key Public Non-Financial Corporations. The efficiency savings have been allocated based on the level of back office activities in agencies.

For budgeting purposes the measure has been allocated across both employee expenses and supplies and services but Chief Executives will have discretion as to how the efficiency will be achieved based on the operational needs of their agencies. The measure ensures that key frontline services including nurses, doctors, teachers, police, ambulance officers and firefighters will not be directly impacted.

Table A.2: Efficiency measure by entity

	2017–18 \$000	2018–19 \$000	2019–20 \$000	2020–21 \$000
Entity				
Attorney General's	931	6 751	9 867	10 015
Child Protection	253	1 831	2 676	2 716
Communities and Social Inclusion	1 002	7 265	10 627	10 801
Correctional Services	241	1 749	2 557	2 595
Courts Administration Authority	254	1 843	2 694	2 735
Education and Child Development	705	5 109	7 468	7 580
Environment, Water and Natural Resources	506	3 672	5 367	5 448
Health and Ageing	3 695	26 788	39 153	39 741
Planning, Transport and Infrastructure	1 188	8 613	12 589	12 778
Police	420	3 046	4 452	4 519
Premier and Cabinet	751	5 445	7 958	8 077
Primary Industries and Regions	256	1 858	2 715	2 756
Renewal SA	131	955	1 387	1 394
SA Water ^(a)	600	4 348	6 355	—
State Development	1 330	9 644	14 095	14 307
Treasury and Finance	248	1 799	2 630	2 669
Other	364	1 496	2 186	2 219
Total	12 877	92 213	134 778	130 349

Note: Totals may not add due to rounding.

(a) SA Water benefit reduces to nil in 2020–21 due to the commencement of a new regulatory pricing period and it is assumed that the Essential Services Commission of South Australia will capture the cost reduction into lower water prices.

Mental Health and Disability Services

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-5 859	-11 110	-11 726	-12 355
Investing payments	-408	—	—	—
Full time equivalents	—	6	6	6

This initiative provides \$5.9 million in 2017–18 and \$11.1 million (indexed) per annum as well as \$408 000 of investing expenditure for additional mental health and disability related support and services. It includes:

- Intensive home based support service (IHBSS) — \$17.1 million over four years to reinstate the service. This service was formerly funded by the Commonwealth Government. The IHBSS provides short-term intensive home based support services for people with mental health issues, focusing on improving resilience, promoting recovery and allowing the person to remain in their homes, preventing an acute admission to a mental health facility, or enabling people to return home sooner following an admission.
- Borderline personality disorder (BPD) centre of excellence — \$10.3 million over four years to establish a borderline personality disorder centre of excellence, staffed by specialist clinicians who will link and work directly with adult community mental health teams as well as child and adolescent mental health services to deliver a BPD specialist service.
- Changing places facilities — \$1.5 million over four years to support the construction of additional changing places facilities in partnership with local government and private/community providers. This is in addition to the \$200 000 provided in the 2017–18 budget. Depending on the cost of each facility, it is estimated that the additional funding could bring the total number of changing places facilities up to around 40 over time. This scheme is managed by the Department for Communities and Social Inclusion.
- Continued funding for the Centre for Disability Health and Exceptional Needs Unit — \$1.5 million in 2017–18 and \$3.6 million (indexed) from 2018–19 to ensure these services continue as full implementation of the National Disability Insurance Scheme (NDIS) occurs in South Australia.

Department for Child Protection

Child Protection — additional resources

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-24 712	-44 563	-44 026	-45 757

This initiative provides \$24.7 million in 2017–18 and around \$44.0 million per annum from 2018–19 to 2020–21 to meet additional costs for children in care, reflecting a higher number of children in care at 30 June 2017 as well as costs associated with the provision of residential and commercial care.

This is in addition to the \$432 million provided in the 2016–17 Mid-Year Budget Review to reform the state's child protection system in response to the Child Protection Systems Royal Commission Report: The life they deserve. A further \$86.5 million was provided in the 2017–18 Budget for additional costs for children in care.

Department for Communities and Social Inclusion

Disabilities Services Support

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-897	-9 998	-459	—
Full time equivalents	—	55	3	—

This initiative provides \$11.4 million over three years to continue to support the ongoing rollout of the National Disability Insurance Scheme (NDIS). Full NDIS implementation is scheduled to occur from 2018–19.

The additional resources will be used to manage client transitions to the NDIS, support the development of mainstream interfaces, including health and educational services, with the NDIS and support exiting state funded grant contracts as clients transfer to the NDIS.

Supported Community Accommodation Services

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-950	—	—	—

This initiative provides \$950 000 in 2017–18 for the establishment of a public corporation for supported community accommodation services which are currently provided by the Department for Communities and Social Inclusion. The transfer of these services to the public corporation will facilitate efficient and sustainable service provision in line with reforms under the National Disability Insurance Scheme.

Welfare Rights Centre

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-300	—	—	—

This initiative provides \$300 000 in 2017–18 for the expansion of services provided by the Welfare Rights Centre Housing Legal Clinic.

The Welfare Rights Centre (WRC) provides state-wide specialist social security legal services to those experiencing disadvantage. WRC currently operates the housing legal clinic, a pro bono legal service for people who are homeless or at risk of homelessness where support is provided through advocacy, referral, representation and mediation. The expanded service will include additional support in the areas of advocacy, social work, administration and coordination.

Department for Correctional Services

Adelaide Women's Prison — Additional Accommodation

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Investing payments	—	-3 350	—	—

This initiative provides \$3.4 million in investing expenditure to increase the number of additional beds being constructed at the Adelaide Women's Prison from 20 to 40. This will assist in meeting demand. The additional funding will complement funding provided in the 2016–17 Mid-Year Budget Review to construct 20 beds and upgrade infrastructure. The beds are expected to be commissioned in June 2019.

Defence SA

South Australian Space Industry Centre

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-1 000	-1 000	-1 000	-1 000

Ahead of the recent 68th International Astronautical Congress held in Adelaide, the government announced the creation of a South Australian Space Industry Centre (SASIC) in South Australia to develop a space industry cluster, space innovation programs and industry development activities.

To support the activities of SASIC, this initiative provides \$4 million for the establishment of a Space Innovation Fund which will allocate \$1 million a year to support training scholarships, incubation services for entrepreneurs to convert ideas into early stage businesses, and a space accelerator program for early stage space-tech companies to allow them to develop their technology and build channels to access investment.

Department for Education and Child Development

Building Better Schools

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Investing payments	-1 880	-19 775	-76 971	-274 000

This initiative provides \$692.2 million over six years for an infrastructure upgrade program for 91 public primary and secondary schools, with about one in five schools across South Australia to be upgraded. This will be the largest ever single commitment to school infrastructure in the state's history. The initiative will focus on improving and refurbishing school infrastructure and increasing student capacity, with the allocation per school ranging from \$2 million to \$30 million. The expenditure is partially met by \$162.9 million of existing funding within DECD's capital program.

Administered Items for the Department for Education and Child Development

Increase funding to non-government schools

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	—	-31 471	-22 925	-26 206

This initiative provides an additional \$109.7 million of state funding over four years to the non-government school sector, including \$29.1 million in 2021–22.

This funding will increase the state contribution to the Catholic and Independent schooling sectors to 22 per cent of the Schooling Resource Standard, to bring state funding into line with the national average of state funding. The Schooling Resource Standard is a standard developed as part of the Gonski Review, and is an estimate of how much total public funding a school needs to meet students' educational needs.

In addition, each sector will receive \$5.5 million per annum for infrastructure upgrades. Overall, funding to the Catholic and Independent schooling sectors is expected to increase by \$53.9 million and \$55.8 million respectively over four years.

Department of Environment, Water and Natural Resources

National Partnership on developing demand-driver infrastructure for the tourism industry

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating revenue	539	—	—	—
Operating expenses	-123	—	—	—
Investing payments	-416	—	—	—

This initiative recognises \$539 000 of additional Commonwealth Government funding in 2017–18 for continuing upgrades to visitor precincts at the Naracoorte Caves including the Victoria Fossil Cave precinct and the Wonambi Fossil Centre foyer area. The funding will also be used to complete a scoping study for in-cave audio visual experiences at the Victoria Fossil Cave. The Department of Environment, Water and Natural Resources will be matching the Commonwealth Government funding from existing resources.

Department for Health and Ageing

Health services additional resources

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-132 300	-112 700	-111 700	-110 700
Full time equivalents	770	655	645	636

This initiative provides \$467.4 million over four years for additional resources in South Australia's hospitals. This responds to ongoing service requirements in the health system and ensures high quality health outcomes can be delivered for South Australians. This includes additional support to ensure the safe, effective and efficient transition to the new Royal Adelaide Hospital.

Modbury Hospital — upgrades and additional services

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Investing payments	-2 000	-11 063	-30 553	-38 790

This initiative provides \$82.4 million over four years for upgrades and additional services at Modbury Hospital. The upgrades include:

- \$35.4 million for the creation of an acute surgical ward to enable a broader range of more complex elective surgery to be performed at the hospital
- \$22.5 million for other refurbishment works to upgrade the general amenity of the hospital and ensure it is able to continue delivering quality services to the residents of the north-eastern suburbs into the future
- \$15.6 million for the creation of a new purpose built palliative care facility
- \$8.9 million for the creation of an acute medical unit by relocating the short stay general medical unit next to the emergency department and the new emergency extended care unit.

National Partnership Agreement on Public Dental Services for Adults

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating revenue	11 732	9 381	—	—
Operating expenses	-14 402	-6 631	—	—
Full time equivalents	1	1	—	—

This initiative recognises \$21.1 million of Commonwealth Government funding over two years under the National Partnership Agreement on Public Dental Services for Adults, which was signed in October 2017. The funding will be used to improve the oral health of adult patients in particular those at high risk of, or with major oral health problems, including Indigenous people and those from rural and regional areas in South Australia.

The funding will ensure that low income adult patients receive 34 155 dental services over the next two years.

Project Agreement on Improving Trachoma Control for Indigenous Australians*Budget implications (\$000)*

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating revenue	1 299	1 325	1 353	1 377
Operating expenses	-1 299	-1 325	-1 353	-1 377
Full time equivalents	1	1	1	1

This initiative recognises \$5.4 million of Commonwealth Government funding over four years under the Project Agreement on Improving Trachoma Control Services for Indigenous Australians, which was signed in October 2017. This funding will be used to assist more Indigenous Australians in accessing the delivery of eye health services, screening and other support services.

Trial of integrated domiciliary care service*Budget implications (\$000)*

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	—	-1 313	-1 312	—

This initiative provides \$2.6 million over two years to fund Silver Chain to undertake a trial of an integrated peri-end-of-life program for patients in their last two to three years of life. The trial is aimed at reducing hospital utilisation and costs and increasing the level of satisfaction and control by patients during their end of life journey.

Department of Planning, Transport and Infrastructure**City of Unley — Goodwood Oval Sport Facility***Budget implications (\$000)*

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-2 500	—	—	—

This initiative provides \$2.5 million toward the upgrade of the Goodwood Oval sport facility. The Office for Recreation and Sport will work with the City of Unley to develop a design solution that will provide a modern and fit for purpose facility for the community.

Duplication of the Joy Baluch AM Bridge*Budget implications (\$000)*

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating revenue	—	32 400	80 000	47 600
Investing payments	-500	-40 000	-100 000	-59 500

The Government of South Australia has committed \$40 million to the duplication of the Joy Baluch AM Bridge in Port Augusta, representing a 20 per cent contribution to the expected \$200 million overall cost, with the remaining funds to be sought in partnership with the Commonwealth Government.

The bridge is a critical link on the National Land Transport Network, particularly for freight and tourism, as well as providing local access connections within Port Augusta. The duplication will improve freight efficiency and provide safety benefits for all road users and pedestrians.

Golden Grove Road Upgrade

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Investing payments	-200	-10 000	-9 800	—

This initiative provides \$20 million to upgrade Golden Grove Road from Park Lake Drive to One Tree Hill Road, including a roundabout at Golden Grove and Hancock Road intersection.

Heavy Vehicle Inspection Scheme (HVIS)

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating revenue	819	1 143	1 148	1 152
Operating expenses	-819	-1 143	-1 148	-1 152
Full time equivalents	3	5	7	7

This initiative provides for the implementation of an inspection scheme to ensure that heavy vehicles over four years of age will be inspected every two years, and vehicles over 10 years of age annually. The aim is to improve the roadworthiness of vehicles and contribute to road safety outcomes by decreasing the likelihood of fatalities and property damage. These vehicles currently operating on South Australian roads do not undergo any form of roadworthy inspection in their lifetime, unless issued with a defect notice.

This scheme is part of the government's response to the recommendations of the Deputy State Coroner following the Coronial Inquest into the fatal crash in January 2014, involving a heavy vehicle on the down track of the South Eastern Freeway.

The initiative will be delivered through private inspectors across the state.

Lobethal Freight Access Upgrade

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating revenue	11 290	2 710	—	—
Investing payments	-10 890	-2 710	—	—

This initiative provides \$14 million, including \$400 000 in 2016–17, for the Lobethal freight access project which will upgrade 34 kilometres of road between Lobethal and Palmer to extend the restricted access vehicle (RAV) network within the Adelaide Hills region.

The extension of the RAV network will provide a freight route, which can accommodate higher productivity vehicles and improve safety, productivity and efficiency in the transport of goods to and from the Lobethal area.

This project is funded by the Commonwealth Government.

National Heavy Vehicle Regulator*Budget implications (\$000)*

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-490	-490	-490	—

This initiative provides \$490 000 per annum for three years as South Australia's contribution to progress the National Heavy Vehicle Regulator safety and compliance regulatory platform.

The National Heavy Vehicle Regulator will provide a national set of laws for heavy vehicles under the Heavy Vehicle National Law, delivering a comprehensive range of services under a consistent regulatory framework.

Port Dock Railway Line*Budget implications (\$000)*

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	—	-1 168	-3 551	-3 639
Investing payments	-4 200	-12 200	—	—
Full time equivalents	—	14	14	14

This initiative provides \$16.4 million over two years to build a new one-kilometre spur line and train station in the heart of Port Adelaide. Announced by the government in June 2017, the line will be linked to the existing Outer Harbor railway line and will link the Port's commercial centre and the Dock One residential precinct to the Adelaide CBD.

Ongoing operating expenditure of \$1.2 million in 2018–19 and then \$3.5 million per annum (indexed) is provided to support the operation of services along this line.

Road and Public Transport Improvements*Budget implications (\$000)*

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-200	-300	—	—
Investing payments	-400	-9 920	-980	—

This initiative provides \$11.8 million over three years for a number of road and public transport projects around metropolitan Adelaide to improve traffic flow and road safety, including:

- \$6.0 million to upgrade the intersection of Port Road, West Lakes Boulevard and Cheltenham Parade
- \$4.0 million to upgrade the intersection of Main North Road and Tulloch Road
- \$1.3 million to upgrade the North East Road and South Para intersection, including providing a left turn slip lane
- \$500 000 for a planning study to investigate options to extend the O-Bahn Busway from Tea Tree Plaza to Golden Grove.

South Australian Women in Sport Taskforce

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-300	—	—	—

This initiative provides \$300 000 for the Office for Recreation and Sport to implement a plan to encourage and promote women's sport in South Australia. Activities will focus on increasing participation and the status of women's sport.

Upgrade of Diesel Rail Cars

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Investing payments	-7 880	—	—	—

This initiative provides \$7.9 million in 2017–18 to upgrade the propulsion systems of 20 diesel rail cars.

In the 2016–17 Budget, the government funded the upgrade of 50 diesel railcars, and this initiative will ensure that all required diesel railcars are upgraded.

Upgrading Regional Roads

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating revenue	8 660	2 340	—	—
Investing payments	-8 660	-2 340	—	—

This initiative provides \$11.0 million over two years for road works in regional South Australia as part of the Regional Roads Program. Projects include shoulder sealing on the Sturt Highway, overtaking lanes and widening of the Rocky River Bridge.

This project is funded by the Commonwealth Government.

Department of the Premier and Cabinet

Enhanced Security and Emergency Management Arrangements

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-1 270	—	—	—

This initiative provides \$1.3 million in 2017–18 for enhanced state security and emergency management arrangements, including \$1.0 million to support prevention and preparedness activities in terrorism and emergency management, \$60 000 to connect Adelaide Oval CCTV to the Police Operations centre and \$210 000 to develop a social media analytics capability.

Department of State Development

Establishment of the Australian Institute for Machine Learning

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-1 000	-1 650	-1 650	-1 500

The Government of South Australia will invest \$7.1 million over five years (\$5.8 million over the forward estimates) to contribute to the establishment of the Australian Institute for Machine Learning (the Institute) by the University of Adelaide. This includes support for the Institute to undertake important research on behalf of the government, and to establish it as an anchor tenant on the old Royal Adelaide Hospital site.

The Institute will be an Australian first, led by experts from the University's Australian Centre for Visual Technologies, and will deliver programs that will help establish South Australia as a leader in artificial intelligence.

The contribution by government will fund research into key priority areas for the state, including to support identifying ways in which government services can be improved, and to build defence industry capability.

The Institute will also help to support and upskill local business, and attract international investment in an industry that has the potential to deliver significant social, economic and environmental benefits.

Increase to Screen Production Investment Fund

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-800	—	—	—

This initiative provides \$800 000 in 2017–18 to the South Australian Film Corporation to secure the Pine Gap television series for production in South Australia.

This brings the total support for the Screen Production Investment Fund to \$2.2 million in 2017–18.

Digital Games Development Hub

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-500	-1 000	-500	—

This initiative provides funding of \$2 million over three years to establish a digital games development hub. The hub will provide support for game developers and make the state attractive for start-ups and game development companies to establish and grow a business.

The program will provide for:

- the establishment of a new hub to be operated by Games Plus, with \$450 000 to be used to fit-out a suitable accommodation space in the city
- a \$1.35 million grant program to support game production
- a \$200 000 suite of industry development and education programs.

NDIS Industry Development and Market Coordinator General*Budget implications (\$000)*

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-500	-500	—	—
Full time equivalents	1	1	—	—

This measure provides \$1 million over two years to support the appointment of a NDIS Industry Development and Market Coordinator General. The appointment will assist with the implementation of an industry strategy to develop a dynamic supply chain across South Australia. The strategy will assist in the development of the disability services market in response to funding changes following the implementation of the NDIS.

Office of the Industry Advocate*Budget implications (\$000)*

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-135	-137	-140	—
Full time equivalents	1	1	1	—

This initiative provides additional resources to support the functions of the Industry Advocate. The Industry Advocate supports South Australian businesses to build capacity to participate in government contracts and ensures compliance with the South Australian Industry Participation Policy.

Post Production, Digital and Visual Effects Scheme*Budget implications (\$000)*

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-1 900	-2 830	-3 600	-4 750

This measure provides additional funding to the South Australian Film Corporation to expand the Post Production, Digital and Visual Effects (PDV) grant scheme. This scheme will replace the previous grant scheme which was capped at \$150 000 per film.

The grant scheme is designed to attract large-budget film productions that use Visual Effects (VFX) in blockbuster films. It will also support the global demand for content intended for video on-demand services.

South Australian Tourism Commission

Adelaide 500

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-4 190	-1 600	-1 800	-2 000

This initiative provides \$9.6 million over four years to support delivery of the annual Adelaide 500 event.

International motorbike racing

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	—	-1 000	-1 000	-1 000

This initiative provides \$3 million to support a three year agreement to bring international motorbike racing to South Australia.

With the first event to be held next year, The Bend Motorsport Park will host a round of the FIM Asia Road Racing Championship.

This will be the first time the FIM Asia Road Racing Championship has come to Australia, with rounds currently held in Malaysia, Thailand, Japan, Indonesia, and India. The event is to be hosted in conjunction with a round of the Australian Superbike Championship.

When completed, The Bend racing circuit will be one of the longest permanent circuits in the world, and the latest circuit built to the FIA Category 2 and FIM Category A standards.

Mary MacKillop Museum and Memorial Walk

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-250	—	—	—

This initiative provides a state contribution of \$250 000 to the Sisters of Saint Joseph towards the cost to redevelop the Mary MacKillop Museum and establish a Mary MacKillop Walking Trail in Norwood and Kensington.

The establishment of a contemporary museum and walking trail, together with access to the Bethany Conference facility, historic Chapel and the gardens of the Kensington Josephite Convent where Mary MacKillop lived, will attract religious pilgrims and tourists to Adelaide and be an educational experience for the general public and school students alike to discover the life and legacy of Australia's first Saint.

Port Adelaide Passenger Terminal

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-900	-950	—	—

This initiative provides an industry development grant of \$1.9 million over two years for the enhancement of cruise ship facilities at the Port Adelaide Passenger Terminal.

WOMADelaide

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-500	-500	-513	-527

This initiative provides \$500 000 per annum (indexed from 2018–19) in additional support to WOMADelaide for the continuation of innovative and diversified programming, staging and presentation formats ensuring its status as a major national attraction.

SA Water

Safe Drinking Water Supplies for Anangu Pitjantjatjara Yankunytjatjara Lands Communities

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating expenses	-1 190	-1 590	—	—

This initiative provides \$2.78 million over two years for SA Water to upgrade water supply and distribution infrastructure at Murputja, Kanpi, Nyapari and Watinuma for the provision of safe drinking water to the four APY Lands communities.

The ongoing maintenance and operating costs for the water supply to the four communities is estimated at approximately \$100 000 per annum and is to be funded through SA Water's existing Remote Communities budget.

SA Water currently has responsibility for water and wastewater services in 18 Aboriginal remote communities in the state.

Urban Renewal Authority

Renewal of the Old Royal Adelaide Hospital

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating revenue	1 009	-1 334	3 890	8 072
Operating expenses	-15 738	-25 418	-17 715	-30 508
Investing payments	-5 000	-4 433	-4 433	-4 433

In September 2017, the government announced that Renewal SA would project manage the redevelopment of the old Royal Adelaide Hospital site. The redevelopment seeks to retain for commercial reuse and sale both existing heritage buildings and several functioning commercial buildings. The balance of the land will be cleared with two hectares integrated with the Botanic Gardens and the remainder to deliver a new commercial and innovation precinct, and an accommodation precinct which is predominantly for student housing, aged care and short stay accommodation for research and sabbatical purposes. The budget impacts reflect costs to government associated with demolition and remediation of the site, delivery of site infrastructure and services to new development sites and the marketing and sales of allotments and buildings. The redevelopment includes SA Pathology remaining on the site and will be staged over nine years.

Public Trustee

Public Trustee estate management

Budget implications (\$000)

	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Operating revenue	-460	-674	-426	-159

This initiative provides \$2.1 million over four years to meet increased demand for personal estate services for vulnerable South Australians and to assist with reducing caseloads in estate services. The additional expenditure will reduce dividend and income tax equivalent payments by \$1.7 million by 2020–21.

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)

	2017–18 Budget	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Revenue					
Taxation revenue	4 629	4 493	4 655	4 858	5 068
Grants	10 661	10 735	10 839	10 985	11 408
Sales of goods and services	2 568	2 609	2 631	2 688	2 722
Interest income	25	25	26	27	29
Dividend and income tax equivalent income	592	644	389	284	256
Other	673	668	730	721	713
Total revenue	19 148	19 174	19 270	19 564	20 196
<i>less</i>					
Expenses					
Employee expenses	8 272	8 362	8 381	8 453	8 515
Superannuation expenses					
Superannuation interest cost	363	348	341	329	317
Other superannuation expenses	850	858	863	871	880
Depreciation and amortisation	1 003	1 015	1 050	1 076	1 110
Interest expenses	426	418	347	367	395
Other property expenses	—	—	—	—	—
Other operating expenses	5 129	4 959	5 170	5 354	5 562
Grants	3 033	3 201	3 105	3 002	3 084
Total expenses	19 076	19 161	19 257	19 453	19 863
<i>equals</i>					
Net operating balance	72	12	14	110	334
<i>plus</i>					
Other economic flows	348	1 370	646	698	707
<i>equals</i>					
Comprehensive result – total change in net worth	420	1 382	660	809	1 040
Net operating balance	72	12	14	110	334
<i>less</i>					
Net acquisition of non-financial assets					
Purchases of non-financial assets	2 185	1 948	2 278	1 832	1 871
less Sales of non-financial assets	1 338	1 979	210	53	27
less Depreciation	1 003	1 015	1 050	1 076	1 110
plus Change in inventories	—	-6	-9	-9	-9
plus Other movements in non-financial assets	—	—	—	—	—
<i>equals</i> Total net acquisition of non-financial assets	-157	-1 053	1 010	693	724
<i>equals</i>					
Net lending / borrowing	228	1 065	-996	-583	-390

Note: Totals may not add due to rounding.

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

	2017–18 Budget	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Revenue					
Taxation revenue	—	—	—	—	—
Grants	419	415	476	482	496
Sales of goods and services	1 741	1 751	1 803	1 814	1 893
Interest income	6	4	5	6	7
Dividend and income tax equivalent income	4	4	6	1	1
Other	214	198	162	148	148
Total revenue	2 383	2 372	2 452	2 452	2 545
<i>less</i>					
Expenses					
Employee expenses	204	208	209	213	216
Superannuation expenses					
Superannuation interest cost	—	—	—	—	—
Other superannuation expenses	26	26	26	27	27
Depreciation and amortisation	454	465	476	487	514
Interest expenses	297	289	300	309	315
Other property expenses	238	269	228	215	220
Other operating expenses	1 253	1 227	1 229	1 226	1 301
Grants	35	46	38	25	25
Total expenses	2 507	2 530	2 507	2 502	2 618
<i>equals</i>					
Net operating balance	-124	-158	-55	-51	-73
<i>plus</i>					
Other economic flows	572	572	507	448	453
<i>equals</i>					
Comprehensive result – total change in net worth	448	414	452	398	380
Net operating balance	-124	-158	-55	-51	-73
<i>less</i>					
Net acquisition of non-financial assets					
Purchases of non-financial assets	818	903	731	480	481
less Sales of non-financial assets	159	178	157	139	45
less Depreciation	454	465	476	487	514
plus Change in inventories	-14	18	-17	-7	-62
plus Other movements in non-financial assets	—	—	—	—	—
equals Total net acquisition of non-financial assets	190	279	82	-153	-141
<i>equals</i>					
Net lending / borrowing	-314	-436	-137	102	68

Note: Totals may not add due to rounding.

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

	2017–18 Budget	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Revenue					
Taxation revenue	4 269	4 137	4 284	4 468	4 666
Grants	10 661	10 729	10 840	10 986	11 408
Sales of goods and services	4 052	4 095	4 165	4 227	4 340
Interest income	25	25	26	28	31
Dividend and income tax equivalent income	364	385	173	76	43
Other	860	839	879	857	848
Total revenue	20 231	20 210	20 367	20 642	21 338
<i>less</i>					
Expenses					
Employee expenses	8 476	8 570	8 590	8 666	8 731
Superannuation expenses					
Superannuation interest cost	363	348	341	329	317
Other superannuation expenses	876	884	889	898	908
Depreciation and amortisation	1 458	1 480	1 526	1 563	1 625
Interest expenses	717	703	642	672	705
Other property expenses	—	—	—	—	—
Other operating expenses	5 756	5 555	5 752	5 909	6 179
Grants	2 637	2 814	2 667	2 546	2 613
Total expenses	20 283	20 355	20 408	20 583	21 077
<i>equals</i>					
Net operating balance	-52	-145	-41	60	261
<i>plus</i>					
Other economic flows	472	1 527	701	749	779
<i>equals</i>					
Comprehensive result – total change in net worth	420	1 382	660	809	1 040
Net operating balance	-52	-145	-41	60	261
<i>less</i>					
Net acquisition of non-financial assets					
Purchases of non-financial assets	2 972	2 831	3 009	2 312	2 351
less Sales of non-financial assets	1 467	2 137	366	192	72
less Depreciation	1 458	1 480	1 526	1 563	1 625
plus Change in inventories	-14	12	-26	-17	-71
plus Other movements in non-financial assets	—	—	—	—	—
equals Total net acquisition of non-financial assets	34	-775	1 091	540	583
<i>equals</i>					
Net lending / borrowing	-86	629	-1 133	-480	-322

Note: Totals may not add due to rounding.

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

	2017–18 Budget	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Assets					
Financial assets					
Cash and deposits	1 080	1 255	1 255	1 261	1 278
Advances paid	76	74	72	67	58
Investments, loans and placements	316	379	391	403	415
Receivables	606	649	672	655	637
Equity					
Investments in other public sector entities	20 107	20 196	20 587	20 967	21 359
Investments — other	24	28	28	28	28
Other financial assets	91	111	111	110	109
Total financial assets	22 300	22 692	23 116	23 491	23 886
Non-financial assets					
Land and other fixed assets	43 311	43 383	44 422	45 159	45 928
Other non-financial assets	9	21	21	21	21
Total non-financial assets	43 319	43 404	44 443	45 180	45 949
Total assets	65 619	66 096	67 558	68 671	69 835
Liabilities					
Deposits held	246	183	189	196	203
Advances received	227	229	221	211	193
Borrowing	7 071	6 210	7 181	7 639	7 994
Superannuation	10 898	10 532	10 189	9 815	9 409
Other employee benefits	3 000	2 899	3 034	3 197	3 328
Payables	1 166	1 267	1 273	1 283	1 290
Other liabilities	1 069	959	997	1 046	1 094
Total liabilities	23 676	22 280	23 083	23 387	23 511
Net Worth	41 943	43 815	44 475	45 284	46 324
Net financial worth (a)	-1 376	412	33	104	376
Net financial liabilities	21 483	19 784	20 554	20 863	20 984
Net debt (b)	6 072	4 914	5 873	6 315	6 638

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)

	2017–18 Budget	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Assets					
Financial assets					
Cash and deposits	228	139	146	232	256
Advances paid	—	—	—	—	—
Investments, loans and placements	49	54	53	53	54
Receivables	278	287	285	289	293
Equity					
Investments in other public sector entities	—	—	—	—	—
Investments — other	14	13	13	13	13
Other financial assets	6	17	17	17	17
Total financial assets	575	510	515	605	633
Non-financial assets					
Land and other fixed assets	27 262	26 923	27 601	28 055	28 524
Other non-financial assets	12	4	5	6	6
Total non-financial assets	27 274	26 927	27 606	28 061	28 530
Total assets	27 850	27 438	28 121	28 665	29 163
Liabilities					
Deposits held	40	—	1	1	2
Advances received	33	33	33	33	33
Borrowing	8 074	8 027	8 271	8 430	8 552
Superannuation	—	—	—	—	—
Other employee benefits	75	72	73	74	74
Payables	297	279	282	285	289
Other liabilities	87	146	129	112	104
Total liabilities	8 605	8 557	8 789	8 936	9 054
Net Worth	19 245	18 880	19 332	19 730	20 110
Net financial worth (a)	-8 030	-8 047	-8 274	-8 331	-8 420
Net financial liabilities	8 030	8 047	8 274	8 331	8 420
Net debt (b)	7 870	7 867	8 106	8 180	8 276

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)

	2017–18 Budget	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Assets					
Financial assets					
Cash and deposits	1 248	1 354	1 354	1 439	1 474
Advances paid	43	41	39	34	25
Investments, loans and placements	365	433	444	457	469
Receivables	880	898	933	932	932
Equity					
Investments in other public sector entities	862	1 316	1 255	1 237	1 250
Investments — other	39	42	42	42	42
Other financial assets	96	124	124	123	122
Total financial assets	3 533	4 207	4 190	4 263	4 314
Non-financial assets					
Land and other fixed assets	70 573	70 306	72 023	73 214	74 452
Other non-financial assets	18	23	23	24	24
Total non-financial assets	70 591	70 329	72 046	73 239	74 476
Total assets	74 124	74 536	76 237	77 502	78 790
Liabilities					
Deposits held	226	143	144	144	144
Advances received	227	229	221	211	193
Borrowing	15 145	14 238	15 453	16 070	16 547
Superannuation	10 898	10 532	10 189	9 815	9 409
Other employee benefits	3 075	2 971	3 106	3 271	3 402
Payables	1 403	1 506	1 514	1 527	1 537
Other liabilities	1 208	1 101	1 134	1 181	1 234
Total liabilities	32 181	30 720	31 761	32 218	32 466
Net Worth	41 943	43 815	44 475	45 284	46 324
Net financial worth (a)	-28 648	-26 513	-27 571	-27 954	-28 152
Net financial liabilities	29 510	27 829	28 826	29 191	29 401
Net debt (b)	13 942	12 782	13 979	14 495	14 916

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)

	2017–18 Budget	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Cash receipts from operating activities					
Taxes received	4 601	4 489	4 653	4 856	5 066
Receipts from sales of goods and services	2 552	2 593	2 616	2 672	2 706
Grants and subsidies received	10 661	10 779	10 839	10 985	11 408
Interest receipts	25	25	26	27	29
Dividends and income tax equivalents	608	732	402	298	270
Other receipts	662	655	679	715	703
Total operating receipts	19 108	19 273	19 214	19 553	20 182
Cash payments for operating activities					
Payments for employees	-9 531	-9 634	-9 637	-9 703	-9 828
Payments for goods and services	-4 766	-4 522	-4 781	-4 924	-5 153
Grants and subsidies paid	-3 131	-3 282	-3 233	-3 135	-3 220
Interest paid	-426	-418	-347	-368	-395
Other payments	-185	-247	-210	-216	-216
Total operating payments	-18 039	-18 103	-18 208	-18 345	-18 812
Net cash flows from operating activities	1 070	1 170	1 006	1 208	1 370
Net cash flows from investments in non-financial assets					
Sales of non-financial assets	1 299	1 922	196	39	12
Purchases of non-financial assets (a)	-2 165	-1 925	-2 243	-1 808	-1 846
Net cash flows from investment in non-financial assets	-866	-4	-2 047	-1 769	-1 834
Net cash flows from investments in financial assets for policy purposes (b)	28	27	98	165	165
Net cash flows from investments in financial assets for liquidity purposes	-9	-9	-12	-12	-12
Net cash flows from financing activities					
Advances received (net)	-7	—	-8	-10	-18
Borrowing (net)	-131	-1 088	977	438	363
Deposits received (net)	-64	-92	6	7	7
Dividends paid	—	—	—	—	—
Other financing (net)	—	—	1	1	1
Net cash flows from financing activities	-201	-1 179	976	436	353
Net increase/(decrease) in cash held	22	6	21	29	42
Net cash flows from operating activities	1 070	1 170	1 006	1 208	1 370
Net cash flows from investments in non-financial assets	-866	-4	-2 047	-1 769	-1 834
Dividends paid	—	—	—	—	—
Cash surplus / (deficit)	203	1 167	-1 041	-560	-464

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)

	2017–18 Budget	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Cash receipts from operating activities					
Taxes received	—	—	—	—	—
Receipts from sales of goods and services	1 654	1 663	1 723	1 728	1 807
Grants and subsidies received	419	415	476	482	496
Interest receipts	6	4	5	6	7
Dividends and income tax equivalents	4	4	6	1	1
Other receipts	260	244	201	189	198
Total operating receipts	2 343	2 331	2 411	2 407	2 509
Cash payments for operating activities					
Payments for employees	-243	-247	-248	-253	-257
Payments for goods and services	-838	-850	-802	-790	-799
Grants and subsidies paid	-35	-46	-38	-25	-25
Interest paid	-298	-290	-301	-310	-315
Other payments	-462	-454	-472	-486	-495
Total operating payments	-1 875	-1 886	-1 861	-1 863	-1 891
Net cash flows from operating activities	468	445	550	544	618
Net cash flows from investments in non-financial assets					
Sales of non-financial assets	159	178	157	139	45
Purchases of non-financial assets (a)	-782	-867	-708	-456	-456
Net cash flows from investment in non-financial assets	-623	-689	-551	-318	-411
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
Net cash flows from financing activities					
Advances received (net)	-12	-20	-89	-158	-156
Borrowing (net)	256	281	244	159	121
Deposits received (net)	—	—	—	—	—
Dividends paid	-162	-185	-149	-142	-147
Other financing (net)	—	—	—	—	—
Net cash flows from financing activities	82	76	6	-141	-182
Net increase/(decrease) in cash held	-73	-168	7	86	25
Net cash flows from operating activities	468	445	550	544	618
Net cash flows from investments in non-financial assets	-623	-689	-551	-318	-411
Dividends paid	-162	-185	-149	-142	-147
Cash surplus / (deficit)	-317	-429	-149	84	60

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)

	2017–18 Budget	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Cash receipts from operating activities					
Taxes received	4 241	4 134	4 281	4 465	4 664
Receipts from sales of goods and services	4 006	4 048	4 128	4 186	4 300
Grants and subsidies received	10 661	10 774	10 840	10 986	11 408
Interest receipts	25	25	26	28	31
Dividends and income tax equivalents	364	468	173	76	43
Other receipts	851	829	811	833	827
Total operating receipts	20 148	20 277	20 258	20 574	21 274
Cash payments for operating activities					
Payments for employees	-9 761	-9 869	-9 872	-9 942	-10 071
Payments for goods and services	-5 374	-5 134	-5 342	-5 468	-5 706
Grants and subsidies paid	-2 747	-2 906	-2 795	-2 678	-2 749
Interest paid	-718	-704	-643	-673	-706
Other payments	-173	-233	-198	-203	-203
Total operating payments	-18 773	-18 846	-18 851	-18 964	-19 434
Net cash flows from operating activities	1 375	1 431	1 408	1 610	1 841
Net cash flows from investments in non-financial assets					
Sales of non-financial assets	1 439	2 091	352	178	57
Purchases of non-financial assets (a)	-2 928	-2 784	-2 950	-2 264	-2 301
Net cash flows from investment in non-financial assets	-1 489	-693	-2 598	-2 086	-2 245
Net cash flows from investments in financial assets for policy purposes (b)	16	7	9	7	9
Net cash flows from investments in financial assets for liquidity purposes	-9	-9	-11	-12	-13
Net cash flows from financing activities					
Advances received (net)	-7	—	-8	-10	-18
Borrowing (net)	125	-807	1 221	597	484
Deposits received (net)	—	—	—	—	—
Dividends paid	—	—	—	—	—
Other financing (net)	—	—	1	1	1
Net cash flows from financing activities	119	-806	1 215	589	468
Net increase/(decrease) in cash held	13	-70	22	108	60
Net cash flows from operating activities	1 375	1 431	1 408	1 610	1 841
Net cash flows from investments in non-financial assets	-1 489	-693	-2 598	-2 086	-2 245
Dividends paid	—	—	—	—	—
Cash surplus / (deficit)	-114	738	-1 190	-476	-404

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)

	2017–18 Budget	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Cash surplus / (deficit)	203	1,167	-1,041	-560	-464
Acquisitions under finance leases and similar arrangements (a)	—	—	—	—	—
ABS GFS Surplus (+)/deficit (-)including finance leases and similar arrangements	203	1,167	-1,041	-560	-464

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

Cash surplus / (deficit)	-317	-429	-149	84	60
Acquisitions under finance leases and similar arrangements (a)	—	—	—	—	—
ABS GFS Surplus (+)/deficit (-)including finance leases and similar arrangements	-317	-429	-149	84	60

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

Cash surplus / (deficit)	-114	738	-1,190	-476	-404
Acquisitions under finance leases and similar arrangements (a)	—	—	—	—	—
ABS GFS Surplus (+)/deficit (-)including finance leases and similar arrangements	-114	738	-1,190	-476	-404

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)

	2017–18 Budget	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Taxes on employers' payroll and labour force	1 156	1 170	1 222	1 277	1 335
Taxes on property					
Land taxes	603	600	615	633	650
Stamp duties on financial and capital transactions	1 005	963	985	1 075	1 159
Financial institutions' transaction taxes	—	—	—	—	—
Other	377	280	295	297	301
Total	1 985	1 842	1 895	2 005	2 109
Taxes on the provision of goods and services					
Excises and levies	—	—	—	—	—
Taxes on gambling	398	388	402	408	415
Taxes on insurance	456	456	473	492	512
Total	854	843	875	900	927
Taxes on use of goods and performance of activities					
Motor vehicle taxes	634	637	662	677	697
Other	—	—	—	—	—
Total	634	637	662	677	697
Total GFS taxation revenue	4 629	4 493	4 655	4 858	5 068

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)

	2017–18 Budget	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Current grant revenue					
Current grants from the Commonwealth					
General purpose grants	6 303	6 350	6 615	6 909	7 287
National partnership grants	384	414	402	184	183
National partnership grants for on-passing	110	110	185	168	169
Specific purpose grants	1 969	1 969	1 953	2 051	2 152
Specific purpose grants for on-passing	859	859	893	930	969
Total current grants from the Commonwealth	9 624	9 702	10 048	10 242	10 760
Other contributions and grants	129	128	129	121	121
Total current grant revenue	9 753	9 829	10 176	10 363	10 881
Capital grant revenue					
Capital grants from the Commonwealth					
General purpose grants	—	—	—	—	—
National partnership grants	800	797	557	516	418
Specific purpose grants	95	95	96	97	100
Specific purpose grants for on-passing	—	—	—	—	—
Other capital grants	8	8	5	5	5
Total capital grants from the Commonwealth	903	900	658	617	522
Other contributions and grants	5	6	5	5	5
Total capital grant revenue	908	906	663	622	527
Total grant revenue	10 661	10 735	10 839	10 985	11 408

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

	2017–18 Budget	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Current grant expense					
State/territory government	3	3	3	3	3
Local government	56	71	57	59	66
Local government on-passing	106	106	182	165	165
Private and not-for-profit sector	1 267	1 401	1 183	1 107	1 143
Private and not-for-profit sector on-passing	864	862	896	933	972
Grants to other sectors of government	435	425	492	500	508
Other	220	226	240	184	175
Total current grant expense	2 951	3 095	3 054	2 950	3 032
Capital grant expense					
State/territory government	—	—	—	—	—
Local government	6	11	—	—	—
Local government on-passing	—	—	—	—	—
Private and not-for-profit sector	77	94	51	52	52
Private and not-for-profit sector on-passing	—	—	—	—	—
Grants to other sectors of government	—	—	—	—	—
Other	—	—	—	—	—
Total capital grant expense	82	106	51	52	52
Total grant expense	3 033	3 201	3 105	3 002	3 084

Note: Totals may not add due to rounding.

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

	2017–18 Budget	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Dividend and income tax equivalent income from PNFC sector	232	263	222	209	214
Dividend and income tax equivalent income from PFC sector	359	379	166	73	41
Other dividend income	1	1	1	1	1
Total dividend and income tax equivalent income	592	644	389	284	256

Note: Totals may not add due to rounding.

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

	2017–18 Budget	2017–18 MYBR	2018–19 Estimate	2019–20 Estimate	2020–21 Estimate
Net worth at beginning of year	41 523	42 433	43 815	44 475	45 284
Change in net worth from operating transactions:					
Net operating balance	72	12	14	110	334
Change in net worth from other economic flows:					
Movement in net assets of PFCs ^(a)	- 248	174	- 54	- 16	13
Movement in net assets of PNFCs ^(a)	460	434	541	556	536
Revaluation of unfunded superannuation liability	257	838	265	268	270
Revaluation of long service leave liability	- 94	- 94	- 96	- 98	- 99
Revaluation of annual leave liability	- 15	- 15	- 15	- 16	- 16
Revaluation of workers compensation liability	- 16	- 16	- 16	- 17	- 17
Revaluation of non-financial assets	41	41	41	41	41
Other revaluation adjustments	- 36	7	- 20	- 20	- 22
Total other economic flows	348	1 370	646	698	707
Net worth at year end	41 943	43 815	44 475	45 284	46 324

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: Loan Council Allocation 2017–18^(a) (\$million)

	2017–18 Budget	2017–18 MYBR
General government sector cash deficit/surplus	-203	-1167
PNFC sector cash deficit/surplus	317	429
Total non-financial public sector cash deficit/(surplus)^(b)	114	-738
Acquisitions under finance leases and similar arrangements	—	—
ABS Government Finance Statistics cash deficit/(surplus)	114	-738
Less: Net cash flows from investments in financial assets for policy purposes	16	7
Adjusted total non-financial public sector cash deficit/(surplus)	98	-745
Memorandum items ^(c)		
Operating leases ^(d)	-102	-107
Recourse asset sales	—	—
Superannuation ^(e)	-180	-297
Local government	41	27
Home finance schemes	148	106
Total memorandum items	-93	-272
LCA deficit/(surplus)^{(f)(g)}	5	-1 017

Note: Totals may not add due to rounding.

(a) For the purposes of this table a surplus is represented as a negative, while a deficit is a positive.

(b) The sum of the general government and PNFC sector may not equal the non-financial public sector deficit due to intersectoral transfers, which are netted out in the calculation of the total figure. These figures exclude statutory marketing authorities.

(c) Excludes universities.

(d) Increase/decrease in the net present value (NPV) of operating leases with an NPV of \$5 million or greater.

(e) Includes both 'payments in excess of emerging costs of superannuation' and 'interest earnings on employer balances'.

(f) The 2 per cent of total revenue tolerance limit around South Australia's 2017–18 LCA is \$401 million.

(g) South Australia does not have any proposed infrastructure projects with private sector involvement that meets the recognition criteria for 2017–18.

Table B.18: General Government sector expenses by function (\$million)^{(a)(b)}

	2017–18 Budget	2017–18 MYBR
General public services	1 296	1 283
Executive and legislative organs, financial and fiscal affairs, external affairs	240	243
Foreign economic aid	—	—
General services	86	88
Basic research	—	—
Research and development — general public services	—	—
Public debt transactions	789	766
Transfers of a general character between different levels of government	123	122
General public services not elsewhere classified	58	63
Defence^(c)	—	—
Public order and safety	1 873	1 869
Police services	872	858
Civil and fire protection services	297	294
Law courts	345	358
Prisons	339	336
Research and development — public order and safety	—	—
Public order and safety not elsewhere classified	19	22
Economic affairs	730	769
General economic, commercial and labour affairs	199	189
Agriculture, forestry, fishing and hunting	110	114
Fuel and energy	155	186
Mining, manufacturing and construction	69	74
Communication	16	27
Other industries	101	100
Research and development — economic affairs	80	79
Economic affairs not elsewhere classified	—	—
Environmental protection	390	416
Waste management	—	—
Waste water management	10	15
Pollution abatement	42	39
Protection of biodiversity and landscape	338	362
Research and development — environmental protection	—	—
Environmental protection not elsewhere classified	—	—
Housing and community amenities	663	650
Housing development	359	343
Community development	129	126
Water supply	176	181
Street lighting	—	—
Research and development — housing and community amenities	—	—
Housing and community amenities not elsewhere classified	—	—

Table B.18: General Government sector expenses by function (\$million)^{(a)(b)} (continued)

	2017–18 Budget	2017–18 MYBR
Health	5 939	5 943
Medical products, appliances and equipment	24	51
Outpatient services	540	540
Hospital services	4 650	4 620
Mental health institutions	—	—
Community health services	390	389
Public health services	161	164
Research and development — health	11	16
Health not elsewhere classified	164	164
Recreation, culture and religion	406	437
Recreational and sporting services	167	175
Cultural services	233	256
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	4 805	4 770
Pre-primary and primary education	2 555	2 541
Secondary education	1 589	1 577
Tertiary education	584	572
Education not definable by level	3	3
Subsidiary services to education	48	47
Research and development — education	—	—
Education not elsewhere classified	26	30
Social protection	1 713	1 774
Sickness and disability	757	799
Old age	120	119
Survivors	99	97
Family and children	442	466
Unemployment	—	—
Housing	87	83
Social exclusion not elsewhere classified	181	174
Research and development — social protection	—	—
Social protection not elsewhere classified	27	36
Transport	1 261	1 249
Road transport	631	615
Bus transport	—	—
Water transport	31	31
Railway transport	57	59
Air transport	2	9
Multi-mode urban transport	509	504
Pipeline and other transport	—	—
Research and development — transport	—	2
Transport not elsewhere classified	30	29
Total GFS expenses	19 076	19 161

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) For the first time, the 2017-18 MYBR expenditure data is presented using the Classification of the Functions of Government — Australia (COFOG-A) coding system which replaces the former Government Purpose Classification (GPC). The 2017-18 Budget expenditure has been reclassified to COFOG-A for comparison purposes.
- (c) 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 'other economic affairs'.

Table B.19: General government sector capital expenditure by function (\$million)^{(a)(b)}

	2017-18 Budget	2017-18 MYBR
General public services	10	23
Defence ^(c)	—	—
Public order and safety	108	138
Economic affairs	144	94
Environmental protection	84	37
Housing and community amenities	38	44
Health	167	204
Recreation, culture and religion	91	75
Education	233	256
Social protection	10	12
Transport	1 298	1 065
Total capital expenditure	2 185	1 948

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) For the first time, the 2017-18 MYBR expenditure data is presented using the Classification of the Functions of Government — Australia (COFOG-A) coding system which replaces the former Government Purpose Classification (GPC). The 2017-18 Budget expenditure has been reclassified to COFOG-A for comparison purposes.
- (c) 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 'other 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 2016–17 from budget outcome publications for South Australia.

Real-growth calculations using Gross State Product (GSP) and Consumer Price Index (CPI) data up to 2016–17 is sourced from the latest Australian Bureau of Statistics (ABS) publications. Department of the Premier and Cabinet forecasts are used for the forward estimates.

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	16.3	- 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	16.7	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	16.6	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	17.9	18 037	4.1	17.5	443	2 814	-2 371
2017–18	19 174	1.7	17.9	19 161	4.2	17.9	12	-1 053	1 065
2018–19	19 270	-1.7	17.2	19 257	-1.7	17.2	14	1 010	- 996
2019–20	19 564	-1.0	16.8	19 453	-1.4	16.7	110	693	- 583
2020–21	20 196	0.7	16.5	19 863	-0.4	16.2	334	724	- 390

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	4 914	25.6	4.6	10 532	19 784	412	43 815
2019	5 873	30.5	5.3	10 189	20 554	33	44 475
2020	6 315	32.3	5.4	9 815	20 863	104	45 284
2021	6 638	32.9	5.4	9 409	20 984	376	46 324

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	21 195	20 028	1 167
2018–19	19 410	20 451	-1 041
2019–20	19 592	20 152	- 560
2020–21	20 194	20 658	- 464

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)

	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21
Revenue										
Taxation revenue	3 854	4 104	4 085	4 376	4 409	4 431	4 493	4 655	4 858	5 068
Grants	8 668	7 669	7 804	8 350	8 997	9 958	10 735	10 839	10 985	11 408
Sales of goods and services	2 015	2 115	2 265	2 329	2 455	2 568	2 609	2 631	2 688	2 722
Interest income ^(a)	172	134	40	28	24	25	25	26	27	29
Dividend and income tax equivalent income	385	446	398	791	792	645	644	389	284	256
Other	811	865	752	674	686	852	668	730	721	713
Total revenue	15 905	15 333	15 343	16 549	17 362	18 480	19 174	19 270	19 564	20 196
less Expenses										
Employee expenses	6 770	7 105	7 353	7 493	7 721	8 010	8 362	8 381	8 453	8 515
Superannuation expenses										
Superannuation interest cost	407	314	468	438	402	345	348	341	329	317
Other superannuation expenses	666	675	736	738	744	767	858	863	871	880
Depreciation and amortisation	718	762	812	853	890	928	1 015	1 050	1 076	1 110
Interest expenses ^(a)	427	386	300	254	210	192	418	347	367	395
Other operating expenses	3 993	4 313	4 169	4 173	4 398	4 771	4 959	5 170	5 354	5 562
Grants	3 183	2 726	2 577	2 790	2 698	3 025	3 201	3 105	3 002	3 084
Total expenses	16 164	16 282	16 415	16 738	17 062	18 037	19 161	19 257	19 453	19 863
equals Net operating balance	-258	-948	-1 071	-189	300	443	12	14	110	334
plus Other economic flows	-3 556	3 113	1 362	628	-2 621	4 250	1 370	646	698	707
equals Comprehensive result - total change in net worth	-3 814	2 164	291	439	-2 321	4 693	1 382	660	809	1 040
Net operating balance	-258	-948	-1 071	-189	300	443	12	14	110	334
less Net acquisition of non-financial assets										
Purchases of non-financial assets	1 876	2 008	1 590	937	1 162	4 460	1 948	2 278	1 832	1 871
less Sales of non-financial assets	322	1 197	117	166	66	722	1 979	210	53	27
less Depreciation	718	762	812	853	890	928	1 015	1 050	1 076	1 110
plus Change in inventories	3	7	1	4	-3	3	-6	-9	-9	-9
plus Other movements in non-financial assets	—	—	—	—	—	—	—	—	—	—
equals Total net acquisition of non-financial assets	839	55	661	-78	204	2 814	-1 053	1 010	693	724
equals Net lending / borrowing	-1 098	-1 003	-1 733	-111	96	-2 371	1 065	-996	-583	-390

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assets										
Financial assets										
Cash and deposits ^(a)	916	1 113	1 104	1 110	1 088	1 268	1 255	1 255	1 261	1 278
Advances paid	550	176	66	57	57	63	74	72	67	58
Investments, loans and placements	200	226	247	271	292	367	379	391	403	415
Receivables	539	730	671	610	896	739	649	672	655	637
Equity										
Investments in other public sector entities	21 745	20 821	21 816	19 669	19 322	19 624	20 196	20 587	20 967	21 359
Investments — other	836	831	836	865	890	32	28	28	28	28
Other financial assets	125	56	39	79	86	105	111	111	110	109
Total financial assets	24 912	23 954	24 779	22 661	22 632	22 198	22 692	23 116	23 491	23 886
Non-financial assets										
Land and other fixed assets	35 779	37 616	38 593	38 747	39 781	44 402	43 383	44 422	45 159	45 928
Other non-financial assets	6	5	5	1	9	21	21	21	21	21
Total non-financial assets	35 785	37 621	38 599	38 748	39 790	44 423	43 404	44 443	45 180	45 949
Total assets	60 698	61 575	63 378	61 409	62 422	66 621	66 096	67 558	68 671	69 835
Liabilities										
Deposits held	397	392	356	377	478	275	183	189	196	203
Advances received	590	232	214	252	234	234	229	221	211	193
Borrowing ^(a)	4 843	6 118	7 918	4 737	5 119	7 300	6 210	7 181	7 639	7 994
Superannuation	13 523	11 085	10 877	11 358	14 029	11 448	10 532	10 189	9 815	9 409
Other employee benefits	2 408	2 457	2 452	2 622	2 829	2 772	2 899	3 034	3 197	3 328
Payables	898	1 019	936	1 089	1 089	1 245	1 267	1 273	1 283	1 290
Other liabilities	840	908	970	852	904	915	959	997	1 046	1 094
Total liabilities	23 499	22 212	23 723	21 288	24 681	24 188	22 280	23 083	23 387	23 511
Net worth	37 199	39 363	39 654	40 121	37 741	42 433	43 815	44 475	45 284	46 324
Net financial worth ^{(b)(e)}	1 413	1 742	1 056	1 374	-2 049	-1 990	412	33	104	376
Net financial liabilities ^{(b)(c)(e)}	20 332	19 079	20 761	18 296	21 372	21 614	19 784	20 554	20 863	20 984
Net debt ^{(b)(c)(d)}	4 165	5 227	7 071	3 929	4 393	6 110	4 914	5 873	6 315	6 638

Note: Totals may not add due to rounding.

- (a) There is a structural break in 2012 reflecting that cash and deposits held by the Treasurer are offset with borrowings the Treasurer has with SAFA. This resulted in a reduction in cash and deposits, and borrowings of \$3.134 billion, with no impact on both net worth and net debt.
- (b) 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.
- (c) 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.
- (d) 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.
- (e) 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	Net acquisition of non- financial assets	Net lending
	\$m	% real growth	% GSP	\$m	% real growth	% GSP	\$m	\$m	\$m
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	18.0	9 696	-1.7	17.1	476	72	405
2003–04	10 707	2.2	17.9	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	18.8	19 228	3.4	18.6	219	3 359	-3 140
2017–18	20 210	1.9	18.9	20 355	3.8	19.0	- 145	- 775	629
2018–19	20 367	-1.4	18.2	20 408	-1.9	18.3	- 41	1 091	-1 133
2019–20	20 642	-1.1	17.7	20 583	-1.6	17.6	60	540	- 480
2020–21	21 338	0.8	17.4	21 077	-0.1	17.2	261	583	- 322

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	9.4	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	13.1	11 448	29 200	-28 042	42 433
2018	12 782	63.2	12.0	10 532	27 829	-26 513	43 815
2019	13 979	68.6	12.5	10 189	28 826	-27 571	44 475
2020	14 495	70.2	12.4	9 815	29 191	-27 954	45 284
2021	14 916	69.9	12.2	9 409	29 401	-28 152	46 324

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	22 368	21 630	738
2018–19	20 611	21 801	-1 190
2019–20	20 752	21 228	- 476
2020–21	21 331	21 735	- 404

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)

	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21
Revenue										
Taxation revenue	3 476	3 726	3 805	4 072	4 083	4 072	4 137	4 284	4 468	4 666
Grants	8 705	7 697	7 806	8 350	8 996	9 959	10 729	10 840	10 986	11 408
Sales of goods and services	3 589	3 949	3 844	3 968	4 138	4 062	4 095	4 165	4 227	4 340
Interest income ^(a)	163	131	46	34	33	32	25	26	28	31
Dividend and income tax equivalent income	51	56	81	504	466	442	385	173	76	43
Other	883	935	816	724	746	881	839	879	857	848
Total revenue	16 866	16 494	16 399	17 651	18 461	19 447	20 210	20 367	20 642	21 338
less Expenses										
Employee expenses	6 959	7 299	7 544	7 683	7 913	8 208	8 570	8 590	8 666	8 731
Superannuation expenses										
Superannuation interest cost	407	314	468	438	402	345	348	341	329	317
Other superannuation expenses	692	700	762	764	771	794	884	889	898	908
Depreciation and amortisation	1 078	1 166	1 236	1 275	1 321	1 367	1 480	1 526	1 563	1 625
Interest expenses ^(a)	639	599	509	519	483	472	703	642	672	705
Other operating expenses	4 716	4 849	4 892	4 886	5 045	5 358	5 555	5 752	5 909	6 179
Grants	2 417	2 224	2 218	2 401	2 376	2 685	2 814	2 667	2 546	2 613
Total expenses	16 908	17 152	17 627	17 965	18 310	19 228	20 355	20 408	20 583	21 077
equals Net operating balance	- 41	- 657	- 1 229	- 314	151	219	- 145	- 41	60	261
plus Other economic flows	-3 772	2 822	1 520	753	-2 472	4 474	1 527	701	749	779
equals Comprehensive result — total change in net worth	-3 814	2 164	291	439	-2 321	4 693	1 382	660	809	1 040
Net operating balance	- 41	- 657	- 1 229	- 314	151	219	- 145	- 41	60	261
less Net acquisition of non-financial assets										
Purchases of non-financial assets	2 750	2 683	2 126	1 429	1 704	4 947	2 831	3 009	2 312	2 351
less Sales of non-financial assets	331	1 428	333	297	195	228	2 137	366	192	72
less Depreciation	1 078	1 166	1 236	1 275	1 321	1 367	1 480	1 526	1 563	1 625
plus Change in inventories	41	- 26	158	- 55	17	7	12	- 26	- 17	- 71
plus Other movements in non-financial assets	—	—	—	—	—	—	—	—	—	—
equals Total net acquisition of non-financial assets	1 383	64	715	- 198	205	3 359	- 775	1 091	540	583
equals Net lending / borrowing	-1 424	- 721	-1 944	- 116	- 54	-3 140	629	-1 133	- 480	- 322

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assets										
Financial assets										
Cash and deposits ^(a)	1 207	1 440	1 354	1 326	1 506	1 443	1 354	1 354	1 439	1 474
Advances paid	77	62	55	24	24	30	41	39	34	25
Investments, loans and placements	242	270	293	317	340	421	433	444	457	469
Receivables	662	877	803	837	951	975	898	933	932	932
Equity										
Investments in other public sector entities	- 623	- 159	731	1 416	926	1 158	1 316	1 255	1 237	1 250
Investments — other	852	848	853	883	905	45	42	42	42	42
Other financial assets	126	56	39	83	92	118	124	124	123	122
Total financial assets	2 543	3 394	4 129	4 887	4 743	4 191	4 207	4 190	4 263	4 314
Non-financial assets										
Land and fixed assets	62 311	62 574	63 726	63 868	65 084	70 454	70 306	72 023	73 214	74 452
Other non-financial assets	12	12	8	4	13	22	23	23	24	24
Total non-financial assets	62 322	62 586	63 734	63 872	65 096	70 476	70 329	72 046	73 239	74 476
Total assets	64 866	65 981	67 863	68 759	69 839	74 667	74 536	76 237	77 502	78 790
Liabilities										
Deposits held	177	172	183	204	226	143	143	144	144	144
Advances received	590	232	214	252	234	234	229	221	211	193
Borrowing ^(a)	8 755	10 318	12 270	11 888	12 322	15 047	14 238	15 453	16 070	16 547
Superannuation	13 523	11 085	10 877	11 358	14 029	11 448	10 532	10 189	9 815	9 409
Other employee benefits	2 486	2 531	2 525	2 695	2 902	2 843	2 971	3 106	3 271	3 402
Payables	1 204	1 215	1 102	1 304	1 320	1 481	1 506	1 514	1 527	1 537
Other liabilities	932	1 064	1 038	937	1 066	1 038	1 101	1 134	1 181	1 234
Total liabilities	27 667	26 617	28 209	28 637	32 099	32 234	30 720	31 761	32 218	32 466
Net worth	37 199	39 363	39 654	40 121	37 741	42 433	43 815	44 475	45 284	46 324
Net financial worth	-25 123	-23 223	-24 080	-23 750	-27 355	-28 042	-26 513	-27 571	-27 954	-28 152
Net financial liabilities	24 500	23 064	24 811	25 167	28 281	29 200	27 829	28 826	29 191	29 401
Net debt	7 996	8 949	10 964	10 676	10 912	13 529	12 782	13 979	14 495	14 916

Note: Totals may not add due to rounding.

(a) There is a structural break in 2012 reflecting that cash and deposits held by the Treasurer are offset with borrowings that the Treasurer has with SAFA. This results in a reduction in cash and deposits, and borrowings of \$3.134 billion, with no impact on both net worth and net debt.

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