



2005|06

FINAL BUDGET OUTCOME

Presented by the Honourable Kevin Foley MP
Deputy Premier and Treasurer of South Australia
for the information of Honourable Members



Government
of South Australia



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of South Australia**

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FOREWORD

The Final Budget Outcome document reports the 2005-06 financial results for the Government of South Australia's key fiscal targets and provides an analysis of these results against earlier estimates.

Chapter 1 provides an overview of the 2005-06 final outcomes with the focus on the general government sector financial outcomes and financial liabilities. The chapter includes:

- a discussion of variations between the 2005-06 final outcome for revenues and expenses of the general government sector and estimates included in the 2006-07 Budget;
- public sector net debt and superannuation liability levels as at 30 June 2006; and
- contingent liabilities as at 30 June 2006.

Chapter 2 provides an assessment of the performance of the South Australian economy in 2005-06.

The appendices to this document provide the following information:

- **Appendix A** contains the *Uniform Presentation Framework* reporting for the general government sector, the public non-financial corporations sector, the non-financial public sector and the public financial corporations sector. Further information is also provided on general government sector taxation revenue, expenses and capital expenditure by function.
- **Appendix B** details the Loan Council Allocation for 2005-06.
- **Appendix C** summarises the receipts and payments of the Consolidated Account.
- **Appendix D** contains a list of South Australian Public Sector agencies.
- **Appendix E** provides a time series of financial statistics.

This document provides explanation of variations between estimates included in the 2006-07 Budget and the 2005-06 outcome. Variations between the estimates included in the 2006-07 Budget and the 2005-06 Budget are discussed in the 2006-07 Budget Papers.

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CHAPTER 1: FINAL BUDGET OUTCOME 2005-06

Overview

The Government of South Australia recorded a net operating surplus of \$202 million in 2005-06. This represents an improvement of \$55 million on the net operating surplus of \$147 million forecast at the time of the 2006-07 Budget.

The stronger budget surplus in 2005-06 compared with estimates in the 2006-07 Budget reflects:

- higher than anticipated current grants, largely comprising specific purpose recurrent grants received from the Commonwealth Government; and
- improvements from sales of goods and services, which in turn reflects higher than expected health unit fees and higher user charges across a number of agencies.

These increases were partially offset by an increase in employee expenses.

The operating surplus achieved in 2005-06 is consistent with the Government's fiscal target to achieve at least a net operating balance in the general government sector in every year. Strong operating surpluses improve the Government's capacity to fund its capital investment program and continue to maintain low levels of debt. Net debt for the general government sector at June 2006 was negative \$119 million, \$263 million lower than at June 2005.

The second component of the Government's fiscal strategy is to achieve net lending outcomes that ensure the ratio of net financial liabilities to revenue continues to decline toward that of other triple-A rated states. The net lending surplus was \$83 million in 2005-06, \$5 million below the estimate included in the 2006-07 Budget, a result of the higher net operating balance being more than offset by higher than anticipated capital expenditure. The ratio of general government sector net financial liabilities to revenue at 30 June 2006 was 72.7 per cent, 16 percentage points lower than at June 2005. The reduction in the net financial liabilities to revenue ratio from 2005 is largely due to the impact of interest rate movements on the unfunded superannuation liability at June 2006.

The unfunded superannuation liability has decreased by more than \$1000 million in 2005-06, mainly as a result of an increase in the discount rate used to value the superannuation liability and stronger than expected investment returns achieved by Funds SA in 2005-06.

The cash surplus for the year was \$187 million, \$104 million higher than the accrual net lending surplus of \$83 million. The cash and accrual measures differ mainly due to:

- differences in accruing superannuation expenses and the cash payments for superannuation during the year; and
- the receipt of \$100 million advance funding from the Commonwealth Government on 30 June 2006 for AusLink road works, which will be recognised as revenue as the associated expenditure occurs.

Table 1.1: General government sector aggregates (\$ million)

	2004-05 Outcome	2005-06 Estimate at 2005-06 Budget^(a)	2005-06 Estimate at 2006-07 Budget^(a)	2005-06 Outcome^(a)
Revenue	10 592	10 721	11 088	11 242
Expenses	-10 368	-10 670	-10 942	-11 040
Net operating balance	224	51	147	202
Gross fixed capital formation	- 576	- 497	- 515	- 573
Depreciation	453	456	456	454
Change in inventories	18	—	—	—
Accrual net lending	119	10	88	83
<i>Memorandum items:</i>				
Cash surplus	193	- 11	145	187
Net Debt	144	127	- 67	- 119
Unfunded Superannuation	7 227	6 569	6 147	6 146

- a) For the purposes of preparing the budget estimates some expenses, particularly those in health units, were reported net of revenue, whereas in the Final Budget Outcome they are reported in gross terms (that is, without the associated revenue being subtracted). This accounting difference means that both expenses and revenues are boosted relative to earlier estimates.

Table 1.2: Net operating balance - policy and parameter variations since the 2005-06 Budget (\$ million)

	2005-06
Estimate at 2005-06 Budget	51
Parameter and other variations	
Revenue - taxation	120
Revenue - other	252
Operating expenses	-155
Net effect of parameter and other variations	217
Policy measures up to the Budget	
Revenue - taxation	-1
Revenue - other	-6
Revenue offsets	3
Operating expenses	-217
Net effect of policy measures up to the 2006-07 Budget	-221
Use of provisions set aside in the 2005-06 Budget and the 2005-06 Mid Year Budget Review	
Operating expenses	100
Estimate at 2006-07 Budget	147
Parameter and other variations	
Revenue - taxation	-2
Revenue - other	155
Operating expenses	-98
Net effect of parameter and other variations	55
Final outcome	202

Note: Totals may not add due to rounding

Table 1.3: Net lending - policy and parameter variations since the 2005-06 Budget (\$ million)

	2005-06
Estimate at 2005-06 Budget	10
Net effect of operating variations	96
Investing variations^(a)	
Net effect of parameter variations	-1
Policy variations up to the 2006-07 Budget	-17
Total investing variations	-18
Estimate at 2006-07 Budget	88
Net effect of operating variations after the 2006-07 Budget	55
Investing variations^(a)	
Net effect of parameter variations	-60
Final outcome	83

Note: Totals may not add due to rounding

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

The General Government Sector

The 2005-06 general government sector operating statement is presented in Table 1.4. A full set of financial statements produced in accordance with the *Uniform Presentation Framework* is provided in Appendix A.

Table 1.4: General government sector operating statement 2005-06 (\$ million)

	2005-06 Estimate at 2005-06 Budget	2005-06 Estimate at 2006-07 Budget	2005-06 Outcome
GFS Revenue			
Taxation revenue	2 862	2 982	2 979
Current grants	5 427	5 502	5 556
Capital grants	182	197	221
Sales of goods and services	1 227	1 295	1 333
Interest income	154	155	147
Other	868	958	1 006
Total revenue	10 721	11 088	11 242
<i>less</i>			
GFS expenses			
Gross operating expenses			
Employee expenses	4 780	4 992	5 124
Depreciation	456	456	454
Other operating expenses	3 014	2 848	2 808
Nominal superannuation interest expense	307	344	344
Other interest expenses	242	221	223
Other property expenses	—	—	—
Current transfers	1 853	1 978	1 975
Capital transfers	19	103	112
Total expenses	10 670	10 942	11 040
<i>equals</i>			
GFS net operating balance	51	147	202
<i>less</i>			
Net acquisition of non-financial assets			
Purchases of non-financial assets	636	653	717
<i>less Sales of non-financial assets</i>	139	138	144
<i>less Depreciation</i>	456	456	454
<i>plus Change in inventories</i>	—	—	—
<i>plus Other movements in non-financial assets</i>	—	—	—
<i>equals Total net acquisition of non-financial assets</i>	41	59	119
<i>equals</i>			
GFS net lending	10	88	83

The major items contributing to the general government sector financial outcome compared with the estimate included in the 2006-07 Budget are discussed below.

Operating Revenue

Operating revenues for 2005-06 were \$154 million higher than the estimated result at the time of the 2006-07 Budget.

Taxation revenue

Taxation revenue fell short of the estimated outcome by slightly more than \$2 million. Shortfalls for payroll tax and water catchment levies were partly offset by higher than expected tax revenue from gambling (mainly Lotteries Commission) and motor vehicle taxes (mainly registration fee revenue).

Table 1.5 provides further details of variations in actual tax receipts for 2005-06 relative to the estimated outcome at the time of the 2006-07 Budget.

Table 1.5: Taxation variations (\$ million)

	Variations in actual collections for 2005-06 against estimated result as at 2006-07 Budget
Water catchment levies	-2.6
Payroll tax	-2.2
Motor vehicle taxes	1.5
Gambling taxes	1.3
Other taxes	-0.1
Total taxation	-2.1

Totals may not add due to rounding

Current grants

Current grants exceeded the estimated result by \$54 million, of which nearly \$24 million relates to specific purpose recurrent grants from the Commonwealth for expenditure on State purposes (largely health and aboriginal projects), nearly \$16 million relates to on-passed specific purpose recurrent grants (largely for non-government schools) and \$15 million relates to non-Commonwealth grants.

GST revenue grants and competition grants for 2005-06 are unchanged from the estimated outcome at the time of the 2006-07 Budget.

Capital grants

Capital grants exceeded the estimated outcome by \$23 million of which \$16 million relates to specific purpose Commonwealth grants (mainly capital grants to non-government schools) and nearly \$8 million relates to the recognition of revenue associated with donated assets (mainly in the Health sector).

Sales of goods and services

Revenue from sales of goods and services exceeded the estimated result by \$38 million, of which \$21 million relates to health unit fees, \$10 million relates to the transport sector (including commissions, workers compensation recoveries and property-related income), \$18 million from other user charges across various agencies. These increases are partially offset by an \$11 million shortfall in TAFE fees.

Interest income

Interest income for 2005-06 was \$8 million lower than the estimated outcome at the time of the 2006-07 Budget. The final June 2006 outcome for general government cash balances was \$95 million higher than the estimate shown in the 2006-07 Budget, however variations in the interest rates applicable to government deposits relative to earlier estimates more than offset improvements to interest revenue arising from higher than estimated cash balances.

Other revenue

Other State revenues exceeded the estimated result by \$48 million, of which \$31 million relates to health (including donations, private practice fees and residential bonds), \$7 million

relates to distributions from public corporations, \$6 million relates to additional property-related rental income for the Department of Environment and Heritage and \$4 million relates to smaller amounts spread over various agencies.

Operating expenses

The final outcome for total operating expenses in 2005-06 is \$98 million higher than the estimate reported in the 2006-07 Budget.

The major contributor to the higher than estimated total operating expenses is employee expenses in the health related entities, which are around \$70 million higher than the 2006-07 Budget estimate. This higher than expected outcome is associated with higher than estimated revenues in health units for Commonwealth funded programs; sales of goods and services; and fees charges and donations discussed earlier in this chapter.

Compared with the 2005-06 estimate reported in the 2006-07 Budget, the 2005-06 outcome for operating expenses reflects various reclassifications between categories of expense. The most significant of these reclassifications is between employee expenses and other operating expenses. Earlier estimates, by their nature, are often based on incomplete information as to the precise mix of final expenditure. Agency year end procedures and the annual audit process provide final clarity for the classification of expenses.

Whilst not as significant as previous years, accounting variations also contributed to the higher than estimated level of operating expenses. For example, in some cases, the budget estimates reflect expenses net of related revenues, whereas outcomes for the same expenses and revenues are reported on a gross basis. This difference in accounting treatment is reflected in both higher levels of revenue and expense in the final outcome compared with previous estimates.

A number of agencies reported lower expenditure in 2005-06 than previously estimated. Some of this lower expenditure will be carried over into later years.

Fixed capital formation

The net acquisition of non financial assets is a positive \$119 million in 2005-06. This outcome is \$60 million higher than the 2005-06 estimate reported in the 2006-07 Budget.

The higher 2005-06 outcome for the net acquisition of non financial assets compared with estimate reported in the 2006-07 Budget reflects higher annual program expenditure by health units of \$24 million and higher expenditure on fleet purchases of \$19 million. Donated assets of \$11 million in 2005-06, mainly to the health and arts areas, also contributed to the higher than estimated net acquisition of non financial assets. These transactions add to the net worth of the general government sector and consequently an equal amount of revenue has also been recorded.

Expenses by function

Table 1.6 shows general government expenses by function according to Australian Bureau of Statistics Government Purpose Classification (GPC). Health (27.8 per cent) and Education (25.8 per cent) expenditures accounted for a significant component of government expenditures in 2005-06.

There are a number of small variations in functional expenditure between the 2005-06 GPC estimates and the 2005-06 outcome. These variations are, in part, due to a wide variety of reclassifications as a result of improved data arising from ongoing improvements to data collection methodology.

Accounting variations referred to earlier in this chapter, (especially the 'grossing up' of revenue and expenses across government), also contribute to the variations in functional data relative to earlier estimates.

Major variations between the 2005-06 GPC estimates provided at the 2006-07 Budget and the 2005-06 outcome are provided below.

Education

Compared with estimates in the 2006-07 Budget, the 2005-06 outcome for this function is \$32 million higher. This reflects higher than estimated grant payments, (mainly to non government schools), of \$21 million associated with higher than estimated Commonwealth grant revenue. Higher than estimated expenses of \$11 million largely relating to employment growth in the TAFE sector also contributed to the higher than expected outcome for this function.

Health

As discussed above, the 2005-06 outcome for employee expenses in the health related entities is around \$70 million higher than estimated in the 2006-07 Budget in part arising from higher than estimated health related revenues. This variation is by far the largest contributor to the \$83 million higher expenditure for this function relative to earlier estimates.

Housing and community amenities

The final outcome for this function is \$15 million lower than estimated in the 2006-07 Budget. This is largely due to \$7 million lower than estimated First Home Owner Grant payments in 2005-06.

Agriculture, forestry, fishing and hunting

This function reflects lower than estimated operating expenditure in the Primary Industries and Resources (PIRSA) portfolio. In particular 2005-06 expenses for PIRSA's Rural Solutions program were \$6 million lower than earlier estimates (offset in the operating result by lower than expected revenue from the sales of goods and services).

A \$4 million reclassification from operating expenditure to investing expenditure in the final outcome for the South Australian Research and Development Institute (SARDI) also contributed to the lower than estimated outcome for this function.

Table 1.6: General government expenses by functions (\$ million)

	2005-06 Estimate at 2005-06 Budget	2005-06 Estimate at 2006-07 Budget	2005-06 Outcome
General public services	222	209	206
Defence	—	—	—
Public order and safety	1 030	1 036	1 036
Education	2 751	2 814	2 846
Health	2 917	2 981	3 064
Social security and welfare	647	672	673
Housing and community amenities	867	948	933
Recreation and culture	264	291	299
Fuel and energy	44	44	44
Agriculture, forestry, fishing and hunting	196	219	207
Mining and mineral resources (other than fuels); manufacturing and construction	91	85	84
Transport and communications	713	732	734
Other economic affairs	171	175	176
Other purposes	756	737	739
Total GFS expenses	10 670	10 942	11 040

Totals may not add due to rounding

Balance sheet indicators

Compared with estimates at the time of the 2006-07 Budget, some balance sheet indicators, in particular net debt and net worth, have improved. This reflects the achievement of a larger cash surplus than estimated at the time of the budget and, in the case of net worth, the improvement in asset valuations within the general government sector.

General government sector

Table 1.7: Key balance sheet indicators — general government sector

	June 2005 Outcome	June 2006 Estimate at 2005-06 Budget	June 2006 Estimate at 2006-07 Budget	June 2006 Outcome
Net debt				
\$m	144	127	- 67	- 119
% of total revenue	1.4	1.2	- 0.6	- 1.1
Unfunded superannuation				
\$m	7 227	6 569	6 147	6 146
% of total revenue	68.2	61.3	55.4	54.7
Net financial liabilities^(a)				
\$m	9 392	8 476	8 026	8 171
% of total revenue	88.7	79.1	72.4	72.7
Net financial worth				
\$m	3 853	4 979	5 861	5 846
% of total revenue	36.4	46.4	52.9	52.0
Net worth				
\$m	16 359	17 065	18 350	19 703
% of total revenue	154.4	159.2	165.5	175.3

(a) The June 2005 outcome and the June 2006 Estimate at 2005-06 Budget have been revised from previously published numbers to reflect a revised methodology for calculating net financial liabilities. Equity investments in non-Government of South Australia entities were not formerly recorded as financial assets and were therefore excluded from net financial liabilities. These assets are now included in the calculation of financial assets.

General government sector net debt fell to negative \$119 million at 30 June 2006. This result is an \$52 million improvement relative to the estimate at the time of the 2006-07 Budget, mainly due to a larger than anticipated cash surplus.

In June 2006, the government received a \$100 million advance payment from the Commonwealth Government for AusLink road works. These funds will be spent on AusLink projects progressively over the next four years. Removing this impact from reported net debt of negative \$119 million would result in a negative debt position of \$19 million. Table 1.8 provides a reconciliation of the movement in general government net debt in 2005-06.

Table 1.8: Movement in net debt — general government sector (\$ million)

Net debt at 30 June 2005	144
Decrease in net debt:	
General government cash surplus	187
SA Water - repayment of equity	74
Net revaluation of financial investments	30
Other adjustments	-28
Decrease in net debt	263
Net debt at 30 June 2006	-119

The repayment of equity by SA Water of \$74 million relates to the implementation of the new *Financial Ownership Framework* arrangements for public non-financial corporations in 2005-06. This once-off return of equity relates to the timing of Community Service

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Obligation cash flows and does not represent any variation in the Corporation's earnings distribution regime.

The unfunded superannuation liability was \$6146 million at June 2006, consistent with estimates in the 2006-07 Budget.

Table 1.9 provides a reconciliation of the movement in the unfunded superannuation liability in 2005-06. The unfunded superannuation liability is \$1081 million lower than at June 2005.

Table 1.9: Movement in unfunded Superannuation Liability (\$ million)

Unfunded superannuation liability as at 30 June 2005	7 227
Nominal superannuation interest expense ^(a)	344
Past service payments	- 260
Higher returns on investments ^(b)	- 505
Changed discount rate ^(c)	-1 048
Change in actuarial assumptions - 2005 Police Superannuation Scheme triennial review	182
Variation between actual and expected experience	223
Other movements	- 17
Unfunded superannuation liability as at 30 June 2006	6 146

(a) The nominal superannuation interest expense represents the increase during the year in the present value of the defined benefit obligation, which arises because the benefits are one period closer to settlement.

(b) Reflecting a final earnings rate for 2005-06 of 19.2 per cent.

(c) Reflecting a discount rate of 5.9 per cent, compared with 5.2 per cent at June 2005.

The reduction in the unfunded superannuation liability at 30 June 2006 compared with 30 June 2005 is due to:

- an increase in discount rate (the long term Commonwealth Bond rate) used to value the unfunded superannuation liability from 5.2 per cent to 5.9 per cent. The revised discount rate has decreased the estimated unfunded liability by \$1 048 million; and
- higher than expected earnings on assets during 2005-06 by Funds SA. Funds SA achieved an earnings rate of 19.2 per cent in 2005-06, substantially above the long term assumed earnings rate of 7.0 per cent. The higher than expected earnings decreased the unfunded superannuation liability by \$505 million.

The decrease in the unfunded superannuation liability was partially offset by:

- the impact of the triennial review of the Police Superannuation Scheme and revised actuarial assumptions. The findings of the Police Superannuation Scheme triennial review increased the unfunded superannuation liability by \$182 million at 30 June 2006; and
- the inclusion of updated member data, including a police salary restructure, lower than expected lump sum scheme age retirements and other changes as a result of experience being different from valuation assumptions, including the higher than assumed increase in the consumer price index in 2005-06, which increased the unfunded superannuation liability by \$223 million at June 2006.

The Government's fiscal target includes the achievement of net lending outcomes that ensure the ratio of net financial liabilities to revenue continues to decline towards that of other triple-A rated states. In addition to net debt and unfunded superannuation liabilities, net financial liabilities include other financial assets (excluding equity held in the public

non-financial corporations and public financial corporations) and other financial liabilities, the largest component being provisions for employee entitlements. Provisions for employee entitlements, including long service leave, is the second largest component of net financial liabilities (\$1701 million) after unfunded superannuation.

Net financial liabilities amounted to \$8171 million at June 2006, an increase of \$145 million relative to the estimate at the time of the 2006-07 Budget. This increase is primarily the result of the reduction in net debt (\$52 million), an increase in other employee entitlements and provisions (\$142 million) and a reduction in other non-equity net assets (\$64 million). The 2006-07 Budget estimate reflected the inclusion of net deferred tax assets relating to future net tax receivable from the public non-financial corporations sector. While this treatment is consistent with the requirements of Australian Accounting Standards, the Australian Bureau of Statistics has advised that deferred tax assets and liabilities should not be recognised under GFS principles and accordingly, those assets and liabilities have now been removed from the balance sheet. This accounting change accounts for \$57 million of the \$64 million reduction in net other non-equity assets.

This increase in net financial liabilities, together with an increase in the revenue relative to the previous estimate (\$154 million), has resulted in the net financial liabilities to revenue ratio increasing to 72.7 per cent at 30 June 2006, from an estimate of 72.4 percent in the 2006-07 Budget.

Net financial worth and net worth improved during 2005-06, although the improvement in net financial worth was lower than estimated in the 2006-07 Budget. Net worth of \$19 703 million at 30 June 2006 was higher than estimated at the time of the 2006-07 Budget mainly reflecting the improved net operating balance, increases in the value of non-financial assets of agencies and an increase in the value of the general government sector's equity in the public non-financial corporations sector, arising from an increase in the value of public non-financial corporations sector assets.

Table 1.10 shows movements in net worth attributable to operating transactions and other items.

Table 1.10: 2005-06 Movement in general government sector net worth (\$ million)

Net worth at beginning of year	16 359
Change in net worth from operating transactions:	
Net operating balance	202
Change in net worth from other economic flows:	
Movement in net assets of PFCs	55
Movement in net assets of PNFCs	716
SA Water return of equity	74
Revaluation of unfunded superannuation liability ^(a)	1 165
Revaluation of land and fixed assets	1 310
Derecognition of land under roads and water	-19
Revaluation of other employee entitlements and provisions	-114
Other revaluation adjustments ^(b)	-46
<i>Subtotal</i>	
Total other economic flows	<u>3 142</u>
Net worth at year end	<u>19 703</u>

(a) As shown in Table 1.9, the unfunded superannuation liability decreased by \$1081 million in 2005-06. Excluding the nominal superannuation interest expense of \$344 million, which is included in the net operating balance, and the past service superannuation cash payment (\$260 million), which does not impact on net worth, the movement in the unfunded superannuation liability was \$1165 million.

(b) Other revaluation adjustments includes revaluations of financial investments and revaluations arising from the adoption of AIFRS.

The net worth of the general government sector has increased by \$3344 million in 2005-06. The net operating balance contributed \$202 million to the increase.

During 2005-06, the value of the general government sector's investment in public non-financial corporations increased by \$716 million. The increase is primarily attributed to an increase in the value of the South Australian Housing Trust's freehold land and buildings of around \$525 million, resulting from the sustained upward trend in the residential property market. SA Water recorded an increase in net assets of around \$89 million, largely due to a \$183 million revaluation of water and sewerage assets, partially offset by the repayment of capital to the general government sector of \$74 million (discussed below). The Adelaide Festival Centre Trust and the Aboriginal Housing Authority also recorded increases in net assets during 2005-06.

General government equity in the net assets of public financial corporations increased by \$55 million in 2005-06. This included an increase in the retained earnings of the Motor Accident Commission (\$101 million) arising from profits recorded for 2005-06. The South Australian Community Housing Authority also recorded an increase in net assets of \$51 million, largely due to a \$39 million increase in the value of debentured properties. These increases were offset by a reduction in net assets of the South Australian Government Financing Authority (SAFA) of \$51 million, which reflected the payment of a distribution to the government of \$87.5 million (and net profit of \$36.4 million), as part of a planned reduction in SAFA's capital base. WorkCover's net assets decreased by \$48 million in 2005-06, primarily reflecting an increase in long-term provisions.

Revaluation of general government sector land and fixed assets amounted to \$1 310 million in 2005-06. The Department for Environment and Heritage (\$365 million), the Department of Health (\$353 million) and the Department for Transport, Energy and Infrastructure (\$334 million) accounted for the majority of this increase. Other departments recording increases in the value of their non financial assets include the Department of Education and

Children's Services (\$71 million), the Art Gallery (\$45 million) and the Courts Administration Authority (\$30 million).

Revaluation of employee entitlements and provisions amounted to \$114 million in 2005-06 reflecting:

- an increase in employee leave provisions of \$80 million, largely due to a revaluation of long service leave liabilities for the Department of Education and Children's Services (\$32 million) and the Department of Health (\$20 million); and
- a \$31 million revaluation of insurance provisions, \$21 million of this increase relates to the South Australian Government Captive Insurance Corporation.

The decrease in the unfunded superannuation liability of \$1 165 million, as discussed above, also contributed to the improvement in net worth.

Non-financial public sector

Table 1.11 sets out the key balance sheet indicators for the non-financial public sector (which is comprised of the general government sector and public non-financial corporations sector).

Table 1.11: Key balance sheet indicators at 30 June — non-financial public sector

	June 05 Outcome	June 06 Estimate at 2005-06 Budget	June 06 Estimate at 2006-07 Budget	June 06 Outcome
Net debt				
\$m	2 126	2 284	1 941	1 786
% of total revenue	18.7	20.2	16.7	15.1
Unfunded superannuation				
\$m	7 227	6 569	6 147	6 146
% of total revenue	63.7	58.1	52.9	52.1
Net financial liabilities^(a)				
\$m	11 511	10 862	10 358	10 451
% of total revenue	101.5	96.1	89.1	88.5
Net financial worth				
\$m	-11 004	-10 352	-9 773	-9 889
% of total revenue	- 97.0	- 91.6	- 84.1	- 83.8
Net worth				
\$m	16 359	17 065	18 350	19 703
% of total revenue	144.2	150.9	157.9	166.9

(a) The June 2005 outcome and the June 2006 Estimate at 2005-06 Budget have been revised from previously published numbers to reflect a revised methodology for calculating net financial liabilities. Equity investments in non-Government of South Australia entities were not formerly recorded as financial assets and were therefore excluded from net financial liabilities. These assets are now included in the calculation of financial assets.

Non-financial public sector net debt fell by \$340 million in 2005-06, reflecting a decrease in net debt in the general government and public non-financial corporations sectors. The public non-financial corporations component of net debt at June 2006 was \$1905 million. This is a decrease of \$77 million since June 2005 and is \$103 million lower than estimated at the time of the 2006-07 Budget.

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The net worth of the non-financial public sector at June 2006 was \$19 703 million, \$1353 million higher than the estimate reported in the 2006-07 Budget.

The negative net financial worth position (\$9889 million) largely reflects the net debt plus unfunded superannuation and other employee entitlements and provisions (\$1795 million) mainly comprising long service leave entitlements, plus other net equity and non equity financial assets and liabilities.

The negative net financial worth position of the non-financial public sector of \$9889 million contrasts with the positive net financial worth of the general government sector of \$5846 million. This variation largely reflects equity, (recognised as a financial asset), in the public non-financial corporations sector held by the general government sector. This asset is eliminated in the consolidation of the non-financial public sector.

Contingent liabilities

Contingent liabilities are not recognised in the balance sheet because:

- they represent a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Government;
- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities often arise as a result of legislative provisions that require the Government to guarantee the liabilities of a number of public sector organisations, particularly those in the public financial corporations sector.

Any material losses resulting from unfavourable legal decisions are recognised in the Government's financial statements as and when the decisions are final.

Table 1.12: Contingent liabilities of the Government of South Australia to entities external to the public sector (\$ million)

	30 June 2005	30 June 2006
Guarantees ^{(a)(b)}	662	680
Net present value of operating leases ^{(c)(d)}	260	224
Other ^{(a)(e)}	28	20
Total	950	924

(a) Valued at nominal values. No adjustments have been made to take into account the probability of actual liabilities occurring.

(b) Includes the total liabilities of the Local Government Financing Authority (\$372m) that are guaranteed by the Government of South Australia pursuant to the *Local Government Finance Authority Act 1983*.

(c) Net present value (NPV) of operating leases with a NPV of \$1 million or greater.

(d) An estimate of \$181 million was reported in the 2004-05 Final Budget Outcome. This has been amended to reflect the final position at 30 June 2005.

(e) Includes contingent liabilities in respect of joint venture schemes, indemnities and claims subject to legal negotiations.

The level of public sector contingent liabilities decreased by \$26 million during 2005-06 from \$950 million at 30 June 2005 to \$924 million at 30 June 2006. This is mainly due to a \$36 million reduction in the net present value of operating leases, partly offset by smaller net upward variations in the estimated value of various guarantees and other contingent liabilities.

CHAPTER 2: ECONOMIC PERFORMANCE

National economic performance for the year 2005-06

The national economy continued its solid growth momentum in 2005-06. Demand growth outpaced production for the fifth consecutive year, reflecting the income boost from Australia's strong terms of trade. Real growth in Gross Domestic Product (GDP) was 2.9 per cent during 2005-06 (similar to the 2004-05 performance) but Domestic Final Demand grew by a much stronger 4.3 per cent. National employment grew by a strong 2.2 per cent.

Inflationary pressures increased in 2005-06, with strong demand growth, higher oil prices, and Cyclone Larry's impact on the price of bananas the major contributors. The national Consumer Price Index (CPI) rose by 3.2 per cent in 2005-06, higher than the Commonwealth's initial 2005-06 Budget estimate of 2¾ per cent growth.

South Australian economic performance for the year 2005-06

South Australia's Gross State Product (GSP) grew by 2.2 per cent in 2005-06, slightly below the original budget forecast of 2½ per cent. Gross State Product data is considered by the Australian Bureau of Statistics as an 'experimental series' and consequently estimates should be treated with caution. There have been some significant revisions to previous years' GSP figures. For example GSP growth for 2003-04 was initially estimated to be 4.3 per cent, then revised down to 2.8 per cent and then revised up to 3.8 per cent in the most recent statistics.

The farm sector provided stimulus to South Australia's economic growth in 2005-06. According to ABARE, South Australian winter crop production was 37 per cent higher than in 2004-05.

State Final Demand (SFD) increased by 1.6 per cent in real terms during 2005-06, slowing from the 4.3 per cent pace recorded in 2004-05. This was lower than the original Budget forecast of 2½ per cent growth.

Slower growth in household spending was a significant factor explaining the moderation in overall SFD growth in South Australia. Household consumption expenditure rose by 1.9 per cent in real terms, down from 3.6 per cent in 2004-05. Growth in consumer spending did start to pick up again during the first half of 2006.

Business investment in new assets remained at high levels, rising 1.7 per cent in real terms in 2005-06 to be 57 per cent higher than in 2001-02. Housing construction continued to grow, with an increase in dwelling investment of 2.2 per cent underpinned by a large amount of work 'in the pipeline', and moderate household formation.

Total government expenditure (Commonwealth, State, and local) rose by 2.6 per cent in real terms in South Australia during 2005-06.

South Australia's overseas good exports increased by 6.6 per cent in volume terms during 2005-06. The value of overseas good exports rose by an even larger 13 per cent in 2005-06, reflecting higher commodity prices.

Chapter 2: Economic Performance

South Australia's labour market remained strong in 2005-06 with employment increasing by 1.7 per cent in year average terms, which was above the Budget forecast of 1¼ per cent. The unemployment rate averaged 5.0 per cent in 2005-06, down from 5.5 per cent in 2004-05 and the lowest financial year average since monthly surveys commenced in 1978.

Table 2.1: Economic Parameters — Australia and South Australia real growth rates (per cent per annum), 2005-06

	2005-06 Forecast at 2005-06 Budget	2005-06 Estimate at 2006-07 Budget	Outcome
Australia			
Gross Domestic Product	3	2.7	2.9
Domestic Final Demand	3½	4.2	4.3
Employment	1¾	2.2	2.2
Consumer Price Index ^(a)	2¾	3.2	3.2
South Australia			
Gross State Product	2½	3	2.2
State Final Demand	2½	2.6	1.6
Employment	1¼	1.7	1.7
Consumer Price Index ^(b)	2¾	3.2	3.2

Sources: 2005-06 and 2006-07 Commonwealth and South Australian Budget Papers, and the Australian Bureau of Statistics.

(a) Consumer Price Index for Australia is a weighted average of the 8 capital cities.

(b) Consumer Price Index for Adelaide.

UNIFORM PRESENTATION FRAMEWORK TABLES

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

	2005-06 Estimate at 2006-07 Budget	2005-06 Outcome
GFS revenue		
Taxation revenue	2 982	2 979
Current grants	5 502	5 556
Capital grants	197	221
Sales of goods and services	1 295	1 333
Interest income	155	147
Other	958	1 006
Total revenue	11 088	11 242
<i>less</i>		
GFS expenses		
Gross operating expenses		
Employee expenses	4 992	5 124
Depreciation	456	454
Other operating expenses	2 848	2 808
Nominal superannuation interest expense	344	344
Other interest expenses	221	223
Other property expenses	—	—
Current transfers	1 978	1 975
Capital transfers	103	112
Total expenses	10 942	11 040
<i>equals</i>		
GFS net operating balance	147	202
<i>less</i>		
Net acquisition of non-financial assets		
Purchases of non-financial assets	653	717
less Sales of non-financial assets	138	144
less Depreciation	456	454
plus Change in inventories	—	—
plus Other movements in non-financial assets	—	—
<i>equals</i> Total net acquisition of non-financial assets	59	119
<i>equals</i>		
GFS net lending / borrowing	88	83

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

	2005-06 Estimate at 2006-07 Budget	2005-06 Outcome
GFS revenue		
Taxation revenue	—	—
Current grants and subsidies	420	408
Capital grants	38	92
Sales of goods and services	1 338	1 413
Interest income	20	22
Other	118	57
Total revenue	1 935	1 992
<i>less</i>		
GFS expenses		
Gross operating expenses		
Employee expenses	228	230
Depreciation	227	239
Other operating expenses	897	861
Nominal superannuation interest expense	—	—
Other interest expenses	138	144
Other property expenses	434	445
Current transfers	37	95
Capital transfers	10	9
Total expenses	1 972	2 022
<i>equals</i>		
GFS net operating balance	-37	-30
<i>less</i>		
Net acquisition of non-financial assets		
Purchases of non-financial assets	351	458
less Sales of non-financial assets	146	284
less Depreciation	227	239
plus Change in inventories	—	—
plus Other movements in non-financial assets	—	—
equals Total net acquisition of non-financial assets	-23	-65
<i>equals</i>		
GFS net lending / borrowing	-14	35

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

	2005-06 Estimate at 2006-07 Budget	2005-06 Outcome
GFS revenue		
Taxation revenue	2 753	2 749
Current grants	5 499	5 562
Capital grants	236	287
Sales of goods and services	2 398	2 494
Interest income	115	113
Other	621	601
Total revenue	11 622	11 807
<i>less</i>		
GFS expenses		
Gross operating expenses		
Employee expenses	5 169	5 307
Depreciation	683	692
Other operating expenses	3 310	3 206
Nominal superannuation interest expense	344	344
Other interest expenses	298	310
Other property expenses	13	13
Current transfers	1 583	1 641
Capital transfers	113	121
Total expenses	11 512	11 634
<i>equals</i>		
GFS net operating balance	110	172
<i>less</i>		
Net acquisition of non-financial assets		
Purchases of non-financial assets	955	1 127
less Sales of non-financial assets	236	381
less Depreciation	683	692
plus Change in inventories	—	—
plus Other movements in non-financial assets	—	—
<i>equals</i> Total net acquisition of non-financial assets	36	53
<i>equals</i>		
GFS net lending / borrowing	74	119

Table A.4 Public financial corporations sector operating statement (\$ million)

	2005-06 Outcome
GFS revenue	
Taxation revenue	—
Current grants	29
Capital grants	—
Sales of goods and services	950
Interest income	847
Other	68
Total revenue	1 893
<i>less</i>	
GFS expenses	
Gross operating expenses	
Employee expenses	38
Depreciation	8
Other operating expenses	503
Nominal superannuation interest expense	1
Other interest expenses	734
Other property expenses	105
Current transfers	477
Capital transfers	—
Total expenses	1 866
<i>equals</i>	
GFS net operating balance	27
<i>less</i>	
Net acquisition of non-financial assets	
Purchases of non-financial assets	19
less Sales of non-financial assets	20
less Depreciation	8
plus Change in inventories	—
plus Other movements in non-financial assets	—
<i>equals</i> Total net acquisition of non-financial assets	-9
<i>equals</i>	
GFS net lending / borrowing	36

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

	2005-06 Estimate at 2006-07 Budget	2005-06 Outcome
Assets		
Financial assets		
Cash and deposits	2 115	2 210
Advances paid	916	902
Investments, loans and placements	173	180
Other non-equity assets	560	498
Equity	14 050	14 190
Total financial assets	17 815	17 979
Non-financial assets		
Land and fixed assets	12 480	13 840
Other non-financial assets	9	17
Total non-financial assets	12 489	13 857
Total assets	30 303	31 836
Liabilities		
Deposits held	326	282
Advances received	643	682
Borrowing	2 168	2 209
Unfunded superannuation liability	6 147	6 146
Other employee entitlements and provisions	1 559	1 701
Other non-equity liabilities	1 111	1 113
Total liabilities	11 953	12 133
Net worth	18 350	19 703
Net financial worth (a)	5 861	5 846
Net debt (b)	-67	-119

(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 A.6 Public non-financial corporations (public trading enterprises) sector balance sheet (\$ million)

	2005-06 Estimate at 2006-07 Budget	2005-06 Outcome
Assets		
Financial assets		
Cash and deposits	265	306
Advances paid	21	30
Investments, loans and placements	12	24
Other non-equity assets	115	150
Equity	30	26
Total financial assets	442	535
Non-financial assets		
Land and fixed assets	15 617	15 724
Other non-financial assets	50	27
Total non-financial assets	15 667	15 751
Total assets	16 109	16 286
Liabilities		
Deposits held	7	9
Advances received	908	882
Borrowing	1 391	1 374
Unfunded superannuation liability	—	—
Other employee entitlements and provisions	78	94
Other non-equity liabilities	424	472
Total liabilities	2 808	2 831
Net worth	13 302	13 455
Net financial worth (a)	-2 365	-2 296
Net debt (b)	2 008	1 905

(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 A.7 Non-financial public sector balance sheet (\$ million)

	2005-06 Estimate at 2006-07 Budget	2005-06 Outcome
Assets		
Financial assets		
Cash and deposits	2 192	2 372
Advances paid	62	83
Investments, loans and placements	184	204
Other non-equity assets	390	482
Equity	778	761
Total financial assets	3 606	3 902
Non-financial assets		
Land and fixed assets	28 097	29 564
Other non-financial assets	25	28
Total non-financial assets	28 122	29 592
Total assets	31 728	33 494
Liabilities		
Deposits held	145	147
Advances received	676	715
Borrowing	3 559	3 583
Unfunded superannuation liability	6 147	6 146
Other employee entitlements and provisions	1 636	1 795
Other non-equity liabilities	1 216	1 404
Total liabilities	13 378	13 790
Net worth	18 350	19 703
Net financial worth (a)	-9 773	-9 889
Net debt (b)	1 941	1 786

(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 A.8 Public financial corporations sector balance sheet (\$ million)

	2005-06 Outcome
Assets	
Financial assets	
Cash and deposits	314
Advances paid	5 916
Investments, loans and placements	4 669
Other non-equity assets	293
Equity	627
Total financial assets	11 820
Non-financial assets	
Land and fixed assets	740
Other non-financial assets	9
Total non-financial assets	749
Total assets	12 569
Liabilities	
Deposits held	2 510
Advances received	—
Borrowing	5 745
Unfunded superannuation liability	—
Other employee entitlements and provisions	13
Other non-equity liabilities	3 739
Total liabilities	12 007
Net worth	562
Net financial worth (a)	-187
Net debt (b)	-2 646

(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 A.9 General government sector cash flow statement (\$ million)

	2005-06 Estimate at 2006-07 Budget	2005-06 Outcome
Cash receipts from operating activities		
Taxes received	2 942	2 940
Receipts from sales of goods and services	1 280	1 283
Grants received	5 777	5 728
Other receipts	1 112	1 390
Total receipts	11 111	11 342
Cash payments for operating activities		
Payment for goods and services	-8 023	-8 055
Grants and subsidies paid	-2 140	-2 103
Interest paid	-221	-227
Other payments	-57	-202
Total payments	-10 442	-10 587
Net cash flows from operating activities	669	756
Net cash flows from investments in non-financial assets		
Sales of non-financial assets	127	138
Purchases of non-financial assets (a)	-650	-705
Net cash flows from investments in non-financial assets	-523	-567
Net cash flows from investments in financial assets for policy purposes (b)	151	158
Net cash flows from investments in financial assets for liquidity purposes	-16	-8
Net cash flows from financing activities		
Advances received (net)	-43	1
Borrowing (net)	-95	-54
Deposits received (net)	15	-1
Dividends paid	—	—
Other financing (net)	—	—
Net cash flows from financing activities	-124	-55
Net increase in cash held	157	284
Net cash from operating activities and investments in non-financial assets	145	188
Distributions paid	—	—
Finance leases and similar arrangements (c)	—	-1
Surplus / deficit	145	187

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

(b) Includes equity acquisitions, disposals and privatisations (net).

(c) Finance leases are shown as a negative as they are deducted in compiling the surplus/deficit.

Table A.10 Public non-financial corporations (public trading enterprises) sector cash flow statement (\$ million)

	2005-06 Estimate at 2006-07 Budget	2005-06 Outcome
Cash receipts from operating activities		
Taxes received	—	—
Receipts from sales of goods and services	1 307	1 355
Grants/subsidies received	421	423
Other receipts	237	266
Total receipts	1 965	2 044
Cash payments for operating activities		
Payment for goods and services	-666	-654
Grants and subsidies paid	-31	-11
Interest paid	-138	-145
Other payments	-512	-519
Total payments	-1 348	-1 329
Net cash flows from operating activities	618	715
Net cash flows from investments in non-financial assets		
Sales of non-financial assets	146	284
Purchases of non-financial assets (a)	-312	-391
Net cash flows from investments in non-financial assets	-166	-107
Net cash flows from investments in financial assets for policy purposes (b)	1	-5
Net cash flows from investments in financial assets for liquidity purposes	—	-4
Net cash flows from financing activities		
Advances received (net)	-101	-120
Borrowing (net)	5	-18
Deposits received (net)	—	9
Dividends paid	-419	-425
Other financing (net)	—	—
Net cash flows from financing activities	-515	-554
Net increase in cash held	-62	46
Net cash from operating activities and investments in non-financial assets		
Distributions paid	-419	-425
Finance leases and similar arrangements (c)	—	—
Surplus / deficit	32	183

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

(b) Includes equity acquisitions, disposals and privatisations (net).

(c) Finance leases are shown as a negative as they are deducted in compiling the surplus/deficit.

Table A.11 Non-financial public sector cash flow statement (\$ million)

	2005-06 Estimate at 2006-07 Budget	2005-06 Outcome
Cash receipts from operating activities		
Taxes received	2 726	2 731
Receipts from sales of goods and services	2 352	2 398
Grants received	5 774	5 733
Other receipts	756	1 002
Total receipts	11 609	11 864
Cash payments for operating activities		
Payment for goods and services	-8 403	-8 494
Grants and subsidies paid	-1 749	-1 696
Interest paid	-298	-316
Other payments	-292	-312
Total payments	-10 742	-10 818
Net cash flows from operating activities	867	1 045
Net cash flows from investments in non-financial assets		
Sales of non-financial assets	225	375
Purchases of non-financial assets (a)	-914	-1 049
Net cash flows from investments in non-financial assets	-689	-674
Net cash flows from investments in financial assets for policy purposes (b)	19	34
Net cash flows from investments in financial assets for liquidity purposes	-15	-11
Net cash flows from financing activities		
Advances received (net)	-43	—
Borrowing (net)	-91	-72
Deposits received (net)	—	-1
Dividends paid	—	—
Other financing (net)	—	—
Net cash flows from financing activities	-134	-73
Net increase in cash held	48	321
Net cash from operating activities and investments in non-financial assets	178	372
Distributions paid	—	—
Finance leases and similar arrangements (c)	—	-1
Surplus / deficit	178	370

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

(b) Includes equity acquisitions, disposals and privatisations (net).

(c) Finance leases are shown as a negative as they are deducted in compiling the surplus/deficit.

Table A.12 Public financial corporations sector cash flow statement (\$ million)

	2005-06 Outcome
Cash receipts from operating activities	
Taxes received	—
Receipts from sales of goods and services	848
Grants received	31
Other receipts	1 062
Total receipts	1 941
Cash payments for operating activities	
Payment for goods and services	-785
Grants and subsidies paid	-2
Interest paid	-735
Other payments	-135
Total payments	-1 657
Net cash flows from operating activities	284
Net cash flows from investments in non-financial assets	
Sales of non-financial assets	20
Purchases of non-financial assets (a)	-19
Net cash flows from investments in non-financial assets	—
Net cash flows from investments in financial assets for policy purposes (b)	1
Net cash flows from investments in financial assets for liquidity purposes	126
Net cash flows from financing activities	
Advances received (net)	—
Borrowing (net)	—
Deposits received (net)	—
Dividends paid	-105
Other financing (net)	—
Net cash flows from financing activities	-105
Net increase in cash held	306
Net cash from operating activities and investments in non-financial assets	284
Distributions paid	-105
Finance leases and similar arrangements (c)	—
Surplus / deficit	179

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

(b) Includes equity acquisitions, disposals and privatisations (net).

(c) Finance leases are shown as a negative as they are deducted in compiling the surplus/deficit.

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

	2005-06 Estimate at 2006-07 Budget	2005-06 Outcome
Taxes on employers' payroll and labour force	795	792
Taxes on property		
Land taxes	291	291
Stamp duties on financial and capital transactions	683	683
Financial institutions' transaction taxes	6	6
Other	142	139
Total	1 121	1 119
Taxes on the provision of goods and services		
Excises and levies	—	—
Taxes on gambling	399	401
Taxes on insurance	284	284
Total	683	684
Taxes on use of goods and performance of activities		
Motor vehicle taxes	383	384
Total	383	384
Total GFS taxation revenue	2 982	2 979

(a) Excludes taxes paid by general government entities.

APPENDIX A

Table A.14: General government sector expenses by function^(a) (\$ million)

	2005-06 Estimate at 2006-07 Budget	2005-06 Outcome
General Public Services	209	206
Government superannuation benefits	—	—
Other general public services	209	206
Defence	—	—
Public order and safety	1 036	1 036
Police and fire protection services	603	595
Law courts and legal services	264	266
Prisons and corrective services	165	169
Other public order and safety	4	6
Education	2 814	2 846
Primary and secondary education	2 265	2 284
Tertiary education	387	400
Pre-school education and education not definable by level	136	136
Transportation of students	19	19
Education n.e.c.	7	7
Health	2 981	3 064
Acute care institutions	2 403	2 507
Mental health institutions	—	—
Nursing homes for the aged	—	—
Community health services	317	309
Public health services	241	241
Pharmaceuticals, medical aids and appliances	—	—
Health research	—	—
Health administration n.e.c.	19	6
Social security and welfare	672	673
Social security	133	128
Welfare services	484	482
Social security and welfare services n.e.c.	55	62
Housing and community amenities	948	933
Housing and community development	485	470
Water supply	196	189
Sanitation and protection of the environment	243	250
Other community amenities	23	24
Recreation and culture	291	299
Recreation facilities and services	141	143
Cultural facilities and services	137	147
Broadcasting and film production	6	5
Recreation and culture n.e.c.	8	4

APPENDIX A

Table A.14: General government sector expenses by function^(a) (\$ million)

	2005-06 Estimate at 2006-07 Budget	2005-06 Outcome
Fuel and energy	44	44
Fuel affairs and services	22	22
Electricity and other energy	2	2
Fuel and energy n.e.c.	20	20
Agriculture, forestry, fishing and hunting	219	207
Agriculture	209	197
Forestry, fishing and hunting	10	10
Mining and mineral resources other than fuels; manufacturing; and construction	85	84
Mining and mineral resources other than fuels	5	4
Manufacturing	6	6
Construction	74	74
Transport and communications	732	734
Road transport	334	346
Water transport	47	48
Rail transport	15	16
Air transport	—	—
Pipelines	—	—
Other transport	308	297
Communications	28	28
Other economic affairs	175	176
Storage, saleyards and markets	—	—
Tourism and area promotion	40	40
Labour and employment affairs	47	49
Other economic affairs	88	86
Other purposes	737	739
Public debt transactions	274	274
General purpose inter-government transactions	95	95
Natural disaster relief	12	13
Nominal superannuation interest expense	344	344
Other purposes n.e.c.	12	13
Total GFS expenses	10 942	11 040

(a) Expenses by function data are derived from information submitted by government departments and agencies. The processes for deriving these data are subject to ongoing refinements. Consequently the data may be subject to future revisions.

APPENDIX A

Table A.15: General government sector capital expenditure by function^(a) (\$ million)

	2005-06 Estimate at 2006-07 Budget	2005-06 Outcome
General public services	155	171
Defence	—	—
Public order and safety	68	67
Education	61	69
Health	94	116
Social security and welfare	7	12
Housing and community amenities	8	6
Recreation and culture	9	14
Fuel and energy	1	—
Agriculture, forestry, fishing and hunting	7	10
Mining and mineral resources other than fuels; manufacturing; and construction	1	1
Transport and communications	236	237
Other economic affairs	1	—
Other purposes	2	1
Total capital expenditure	650	705

(a) Expenses by function data are derived from information submitted by government departments and agencies. The processes for deriving these data are subject to ongoing refinements. Consequently the data may be subject to future revisions.

Table A.16: 2005-06 movement in general government sector net worth (statement of other economic flows) (\$ million)

Net worth at beginning of year	16 359
Change in net worth from operating transactions:	
Net operating balance	202
Change in net worth from other economic flows:	
Movement in net assets of PFCs	55
Movement in net assets of PNFCs	716
SA Water return of equity	74
Revaluation of unfunded superannuation liability ^(a)	1 165
Revaluation of land and fixed assets	1 310
Derecognition of land under roads and water	-19
Revaluation of other employee entitlements and provisions	-114
Other revaluation adjustments ^(b)	-46
<i>Subtotal</i>	
Total other economic flows	3 142
Net worth at year end	19 703

(a) The unfunded superannuation liability decreased by \$1081 million in 2005-06. Excluding the nominal superannuation interest expense of \$344 million, which is included in the net operating balance, and the past service superannuation cash payment (\$260 million), which does not impact on net worth, the movement in the unfunded superannuation liability was \$1165 million.

(b) Other revaluation adjustments includes revaluations of financial investments and revaluations arising from the adoption of AIFRS.

LOAN COUNCIL ALLOCATION REPORT

The Australian Loan Council – a ministerial council comprising the Commonwealth, State and Territory Treasurers – was established in 1927 to coordinate public sector borrowing in Australia. It is now primarily concerned with ensuring the transparency and accountability of public sector borrowing rather than, as in the past, securing adherence to strict borrowing limits.

Loan Council Allocation (LCA) nominations, required in March each year, are intended to provide an indication of each government's probable call on financial markets over the forthcoming financial year. The Loan Council, having regard to each jurisdiction's fiscal position and reasonable infrastructure requirements, along with the macroeconomic implications of the aggregate figure, then considers the nominations at its annual meeting.

Nominated LCAs for 2005-06, for all jurisdictions and in aggregate, were reviewed and endorsed by the 144th meeting of the Australian Loan Council on 23 March 2005.

Following the endorsement of LCA nominations, jurisdictions are further required to update their nominated LCAs at budget time for changes in economic parameters and policy decisions, and also provide an LCA outcome at the end of the financial year. A tolerance limit of 2 per cent of total public sector revenue, set at nomination time, applies between both the nomination and budget, and the budget and outcome LCAs. If the tolerance limit is exceeded, the Loan Council must be notified and a report detailing the reasons for change released publicly.

South Australia's Budget and outcome LCAs for 2005-06 are shown in Table B.1. The table is prepared in accordance with the requirements of the accrual UPF, endorsed by Loan Council in March 2000.

As Table B.1 indicates, South Australia recorded an LCA surplus of \$1022 million for 2005-06. This is a significant increase over the 2005-06 Budget (May 2005) estimated surplus of \$289 million, due to considerable improvements in both the General Government and Public Non-Financial Public Sector results since that time and much better than anticipated returns from FundsSA (which impact on the superannuation memorandum item). These increases to the surplus were partly offset by the impact of an increase in Homestart borrowing limits.

As a result of these movements, South Australia's 2005-06 LCA outcome exceeds the 2 per cent of total revenue tolerance limit applied to the May 2005 budget-time LCA.

APPENDIX B

Table B.1 Loan Council Allocation 2005-06^(a)

	2005-06 Estimate at 2005-06 Budget \$m	2005-06 Outcome \$m
General government sector cash deficit/surplus.....	11	-187
PNFC sector cash deficit/surplus	40	-183
Total non-financial public sector cash deficit/surplus ^(b)	51	-370
Net cash flows from investments in financial assets for policy purposes ^(c)	-38	-34
Adjusted total non-financial public sector cash deficit/surplus	13	-404
Memorandum items ^(d)		
Operating leases ^(e)	-40	-26
Recourse asset sales	—	—
Superannuation ^(f)	-293	-764
Local government.....	26	31
Home finance schemes	5	141
Total memorandum items.....	-302	-618
LCA deficit/surplus ^{(g)(h)}	-289	-1 022

- (a) For the purposes of this table a surplus amount is represented as a negative, while a deficit is a positive.
- (b) The sum of the deficits 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. The figures exclude statutory marketing authorities.
- (c) This item is the negative of net advances paid under a cash accounting framework.
- (d) Excludes universities.
- (e) Increase/decrease in the net present value (NPV) of operating leases with an NPV of \$5 million or greater.
- (f) Includes both 'payments in excess of emerging costs of superannuation' and 'interest earnings on employer balances'.
- (g) The 2 per cent of total revenue tolerance limit around South Australia's 2005-06 LCA is \$223 million.
- (h) South Australia had no infrastructure projects with private sector involvement that met the recognition criteria for 2005-06.

CONSOLIDATED ACCOUNT

Table C.1: Summary of receipts and payments (\$000)

	2005-06 Budget	2005-06 Outcome
Receipts		
Taxation	2 661 870	2 782 948
Commonwealth General Purpose Grants	3 510 800	3 505 957
Commonwealth Specific Purpose Grants	73 453	74 793
Contributions from State Undertakings	586 871	594 073
Fees and Charges	133 493	231 757
Recoveries	88 986	113 226
Royalties	94 000	121 893
Other Receipts	296 218	270 149
Total Receipts	7 445 691	7 694 796
Payments		
Appropriation Act	7 420 370	7 553 518
Specific Appropriation Authorised in Various Acts	109 581	117 723
Total Payments	7 529 951	7 671 241
Consolidated Account Financing Requirement(+)/surplus(-)	84 260	- 23 555
Repayment of debt		
The surplus for 2005-06 has been applied, pursuant to section 16(4) (a) of the <i>Public Finance and Audit Act 1987</i> , to reduce the level of debt serviced from the Consolidated Account.		

Table C.2: Estimates of receipts (\$000)

	2005-06 Budget	2005-06 Outcome
Taxation		
Payroll Tax	932 600	959 681
Commonwealth Places Mirror Payroll Tax ^(a)	16 300	16 789
Stamp Duties	997 530	1 124 020
Commonwealth Places Mirror Stamp Duties ^(a)	1 000	652
Land Tax	272 400	251 706
Commonwealth Places Mirror Land Tax ^(a)	1 300	754
Debits Tax	5 100	5 552
Commonwealth Places Mirror Debits Tax ^(a)	—	39
Other Taxes on Property	10	64
River Murray Levy	19 700	20 143
Gaming Machines Tax	307 400	293 157
Contribution from Lotteries Commission of South Australia	78 324	76 454
Contribution from Casino Operations	18 200	22 905
Contribution from South Australian Totalizator Agency Board	8 900	9 101
Contribution from On-course Totalizators, Bookmakers and Small Lotteries	2 906	1 932
Recoup from Recreation and Sport Fund	200	—
Total Taxation Receipts	2 661 870	2 782 948
Commonwealth general purpose grants		
Competition Grants	50 300	51 350
GST Revenue Grants	3 460 500	3 454 608
Total Commonwealth General Purpose Payments	3 510 800	3 505 957
Commonwealth specific purpose grants^(b)		
Companies Code — Fees	12 264	12 264
Concessions to Pensioners and Others	19 519	19 538
Debt Redemption Assistance	29 848	29 850
Legal Aid	11 349	13 142
Native Title Legislation — Administration	473	—
Total Commonwealth Specific Purpose Payments	73 453	74 793

Totals may not add due to rounding

- (a) Taxes akin to State taxes are levied on activities conducted on Commonwealth places under the authority of Commonwealth mirror tax legislation. Revenue is retained by the State.
- (b) Refers only to those Commonwealth Specific Purpose Grants paid to the Consolidated Account and not those paid directly to agencies.

Table C.2: Estimates of receipts (\$000) (continued)

	2005-06 Budget	2005-06 Outcome
Contributions from State undertakings		
Department for Administrative and Information Services ^(c) —		
Dividend	100 552	16 514
Income Tax Equivalent	3 562	1 825
Local Government Rate Equivalent	623	494
Department of Trade and Economic Development —		
Dividend	1 196	—
Forestry SA —		
Dividend	20 181	34 665
Income Tax Equivalent	13 573	15 521
Local Government Rate Equivalent	1	—
Funds SA —		
Local Government Rate Equivalent	170	142
HomeStart Finance —		
Income Tax Equivalent	1 007	2 012
Land Management Corporation —		
Dividend	14 180	35 686
Income Tax Equivalent	2 645	5 584
Local Government Rate Equivalent	110	114
Lotteries Commission —		
Income Tax Equivalent	7 687	7 761
Local Government Rate Equivalent	12	—
Police Security Services —		
Income Tax Equivalent	112	165
Public Trustee Office —		
Dividend	769	1 195
Income Tax Equivalent	474	1 410
Local Government Rate Equivalent	28	25
SA Water Corporation —		
Dividend	201 357	217 455
Income Tax Equivalent	79 929	95 399
Local Government Rate Equivalent	1 930	—
South Australian Asset Management Corporation —		
Dividend	6 000	6 000
South Australian Government Captive Insurance Corporation —		
Income Tax Equivalent	1 552	3 916
South Australian Government Employee Residential Properties —		
Dividend	1 156	1 156
Income Tax Equivalent	493	257
South Australian Government Financing Authority —		
Dividend	89 000	87 553
Income Tax Equivalent	14 000	15 447
South Australian Housing Trust —		
Income Tax Equivalent	15 015	7 511

(c) Land services fees previously paid to Consolidated Account as a dividend by the Department for Administrative and Information Services now appear under Fees and Charges.

Table C.2: Estimates of receipts (\$000) (continued)

	2005-06 Budget	2005-06 Outcome
TransAdelaide —		
Dividend	4 063	34 757
Income Tax Equivalent	1 262	—
Local Government Rate Equivalent	83	77
Department for Transport, Energy and Infrastructure —		
Dividend	3 688	987
Local Government Rate Equivalent	82	—
West Beach Trust —		
Income Tax Equivalent	379	446
Total Contributions from State Undertakings	586 871	594 073
Fees and charges^(d)		
Auditor-General's Department - Fees for audit and other sundry receipts	8 963	9 085
Court and Probate fees	17 720	18 628
Court fines	9 070	15 047
Guarantee fees	16 278	19 623
Infringement Notice Schemes - Expiation fees	80 411	55 902
Land Services ^(e)	—	113 054
Natural Resource Management penalties	1 025	409
Sundry fees	26	8
Total Fees and Charges	133 493	231 757
Recoveries		
Child Abuse Protection Program	200	200
Contribution to the cost of private plated vehicles	10	1
Environmental Enhancement Levy	3 663	—
Essential Services Commission of SA	4 977	5 049
Helicopter service	1 757	2 031
Independent Gaming Corporation contribution to Gamblers' Rehabilitation Fund	1 500	1 500
Legislature	564	7
Light motor vehicle fleet	4 300	341
National Tax Equivalent Program	12	—
Proceeds from sale of residual CBA Lease Vehicles	—	11 108
Qualco-Sunlands Groundwater	250	229
Return of cash to Consolidated Account — Cash Alignment Policy	68 685	41 912

Totals may not add due to rounding

(d) Refers only to those fees and charges paid to the Consolidated Account.

(e) Land services fees paid to Consolidated Account were previously shown as a dividend from the Department for Administrative and Information Services.

Table C.2: Estimates of receipts (\$000) (continued)

	2005-06 Budget	2005-06 Outcome
Return of deposit account balances	—	14 004
Return of deposit account balances — Superannuation	—	34 000
Sale of evidence/transcripts	1 235	941
Sale of Government Gazette	150	—
Sundry recoupments	121	182
Unclaimed monies	1 562	1 721
Total Recoveries	88 986	113 226
Royalties		
Department of Primary Industries and Resources	94 000	121 893
Total Royalties	94 000	121 893
Other receipts		
Interest on investments	78 597	80 528
Interest recoveries from general government entities	15 708	11 082
Interest recoveries from public non-financial corporations	46 883	43 214
Interest recoveries from universities	1 414	1 414
Interest recoveries private sector	82	407
Repayment of advances —		
Adelaide Festival Centre Trust	926	—
Administered Items for the Department for Transport, Energy and Infrastructure	151	151
Department for Transport, Energy and Infrastructure	—	1 319
Department of Health	551	566
Department of Primary Industries and Resources	1 017	200
Land Management Corporation	79	73
Lotteries Commission of South Australia	1 637	1 637
Medical Board of South Australia	12	12
Minister for Education and Children's Services	1 500	2 500
Renmark Irrigation Trust	91	91
SA Country Arts Trust	20	20
South Australian Government Employee Residential Properties	1 193	—
South Australian Housing Trust	18 558	18 560
South Australian Tourism Commission	147	148
TransAdelaide	5 381	6 165
University of South Australia	15 000	15 000
West Beach Trust	80	—
Other	4	—
Repayment of equity capital contributions —		
Department for Administrative and Information Services	9 545	—
Department of Health	16 963	—
SA Water Corporation	74 340	74 340
South Australia Police	—	6 256
Other —		
Other recoveries	382	421
Sale of land and buildings	5 957	6 045
Total Other Receipts	296 218	270 149
Total Consolidated Account Receipts	7 445 691	7 694 796

Totals may not add due to rounding

APPENDIX C

Table C.3: Estimates of payments (\$000)

	2005-06 Budget	2005-06 Outcome
Premier and Cabinet		
Department of the Premier and Cabinet	63 025	57 533
Administered Items for the Department of the Premier and Cabinet	17 732	25 876
State Governor's Establishment	2 725	2 725
Arts SA	95 071	96 226
Tourism		
South Australian Tourism Commission	45 314	47 596
Minister for Tourism	4 634	4 634
Auditor-General		
Auditor-General's Department	10 386	10 407
Administered Items for the Auditor-General's Department	812	460
Treasury and Finance		
Department of Treasury and Finance	45 050	39 400
Administered Items for the Department of Treasury and Finance	1 029 798	1 107 341
Independent Gambling Authority	1 386	1 386
Trade and Economic Development		
Department of Trade and Economic Development	59 469	45 536
Office of the Venture Capital Board	10 520	2 520
Primary Industries and Resources		
Department of Primary Industries and Resources	116 141	116 577
Administered Items for the Department of Primary Industries and Resources	202 287	214 117
Office of Local Government	2 626	3 376
Administered Items for the Office of Local Government	1 082	1 074
Offices for Sustainable Social, Environmental and Economic Development	1 816	1 816
Planning SA	15 689	15 300
Administered Items for Planning SA	870	858
Justice		
Attorney-General's Department	68 761	68 634
Administered Items for Attorney-General's Department	47 046	50 849
Courts Administration Authority	71 263	71 940
Department for Correctional Services	134 305	133 369
South Australia Police	439 438	427 046
Administered Items for Police and Emergency Services	5 306	6 566
State Electoral Office	9 843	9 972

APPENDIX C

Table C.3: Estimates of payments (\$000) (continued)

	2005-06 Budget	2005-06 Outcome
Health		
Department of Health	1 475 210	1 501 308
Administered Items for the Department of Health	46 907	42 210
Families and Communities		
Department for Families and Communities	585 245	605 088
Administered Items for the Department for Families and Communities	134 929	119 909
Education and Children's Services		
Department of Education and Children's Services	1 494 042	1 505 967
Administered Items for the Department of Education and Children's Services	133 773	135 803
Further Education, Employment, Science and Technology		
Department of Further Education, Employment, Science and Technology	256 273	241 176
Environment and Conservation and the River Murray		
Department for Environment and Heritage	121 759	121 573
Administered Items for the Department for Environment and Heritage	3 587	3 589
Department of Water, Land and Biodiversity Conservation	84 859	85 089
Administered Items for the Department of Water, Land and Biodiversity Conservation	28 719	21 891
Environment Protection Authority	7 074	8 889
Transport, Energy and Infrastructure		
Department of Transport, Energy and Infrastructure	354 873	394 001
Administered Items for the Department of Transport, Energy and Infrastructure	13 767	13 730
TransAdelaide	2 787	2 336
Administrative and Information Services		
Department for Administrative and Information Services	153 425	167 046
Administered Items for the Department for Administrative and Information Services	2 743	2 743
Legislature		
House of Assembly	6 604	6 345
Joint Parliamentary Services	7 332	7 684
Legislative Council	4 067	4 007
Total Payments Appropriated for Departments and Ministers	7 420 370	7 553 518
Payments for which specific appropriation is authorised in various Acts (from Table C.4)	109 581	117 723
Total Consolidated Account Payments	7 529 951	7 671 241

Tables may not add due to rounding

Table C.4: Appropriation for other purposes (\$000)

	2005-06 Budget	2005-06 Outcome
Payments for which specific appropriation is authorised in various Acts		
Salaries and Allowances		
Agent-General — Pursuant to Agent-General Act 1901	289	278
Auditor-General — Pursuant to Public Finance and Audit Act 1987	228	234
Commissioner of Police — Pursuant to Police Act 1988	241	319
Electoral Commissioner and Deputy Electoral Commissioner — Pursuant to Electoral Act 1985	412	251
Employee Ombudsman - Pursuant to the Industrial and Employee Relations Act 1994	94	69
Governor — Pursuant to Constitution Act 1934	212	229
Judges — Pursuant to Remuneration Act 1990		
Chief Justice	483	510
Judges	15 903	15 820
Magistrates — Pursuant to Remuneration Act 1990	10 528	10 724
Members of various Standing Committees — Pursuant to Parliamentary Remuneration Act 1990 and Parliamentary Committees (Miscellaneous) Act 1991	558	568
Ombudsman — Pursuant to Ombudsman Act 1972	215	236
Parliamentary Salaries and Electorate and Expense Allowances — Ministers, Officers and Members of Parliament — Pursuant to Parliamentary Remuneration Act 1990	10 785	10 994
Senior Judge and Judges of the Industrial Relations Commission — Pursuant to Remuneration Act 1990	1 466	2 062
Solicitor-General — Pursuant to Solicitor-General Act 1972	254	411
Valuer-General — Pursuant to Valuation of Land Act 1971	108	44
Total Salaries and Allowances	41 776	42 749
Other		
Contribution for injuries suffered as a result of the commission of criminal offences — Pursuant to Victims of Crime Act 2001	6 205	6 200
Electoral Districts Boundaries Commission — Pursuant to Constitution Act 1934	—	75
First Home Owners' Grants — Pursuant to First Home Owner Grant Act 2000	61 600	68 700
Total Other	67 805	74 975
Total payments authorised by various Acts	109 581	117 723

Totals may not add due to rounding

SOUTH AUSTRALIAN STATE PUBLIC SECTOR ORGANISATIONS

Organisation Name	General Government Sector	Public Non-Financial Corporations Sector	Financial Corporations Sector
2007 World Police and Fire Games Corporation	*		
Aboriginal Housing Authority		*	
Adelaide Cemeteries Authority		*	
Adelaide Convention Centre Corporation		*	
Adelaide Entertainments Corporation (trading as Adelaide Entertainment Centre)		*	
Adelaide Festival Centre Trust		*	
Adelaide Festival Corporation	*		
Adelaide Film Festival	*		
Adelaide and Mount Lofty Ranges Natural Resources Management Board	*		
Alinytjara Wilurara Natural Resources Management Board	*		
Administrative and Information Services, Department for	*		
Animal and Plant Control Commission	*		
Arid Areas Catchment Water Management Board	*		
Art Gallery Board, The	*		
Attorney-General's Department	*		
Auditor-General's Department	*		
Australian Children's Performing Arts Company (trading as Windmill Performing Arts)	*		
Bio Innovation SA	*		
Carrick Hill Trust	*		
Consolidated Schools	*		
Correctional Services, Department for	*		
Courts Administration Authority	*		
Dairy Authority of South Australia	*		
Distribution Lessor Corporation		*	
Education Adelaide	*		
Education and Children's Services, Department of	*		
Electricity Supply Industry Planning Council	*		
Emergency Services Administrative Unit	*		
Environment and Heritage, Department for	*		
Environment Protection Authority	*		
Essential Services Commission of SA	*		
Eyre Peninsula Catchment Water Management Board	*		
Eyre Peninsula Natural Resources Management Board	*		
Families and Communities, Department for	*		
Further Education, Employment, Science and Technology, Department of	*		

APPENDIX D

Organisation Name	General Government Sector	Public Non-Financial Corporations Sector	Financial Corporations Sector
Generation Lessor Corporation		*	
Health, Department of	*		
History Trust of South Australia	*		
HomeStart Finance			*
House of Assembly	*		
Independent Gambling Authority	*		
Incorporated Disability Services	*		
Incorporated Health Services	*		
Joint Parliamentary Services	*		
Justice, Department of	*		
Kangaroo Island Natural Resources Management Board	*		
Land Management Corporation		*	
Legislative Council	*		
Libraries Board of South Australia	*		
Lotteries Commission of South Australia		*	
Motor Accident Commission			*
Museum Board	*		
Natural Gas Authority of South Australia		*	
Northern Adelaide and Barossa Catchment Water Management Board	*		
Northern and Yorke Natural Resources Management Board	*		
Office of Public Employment	*		
Onkaparinga Catchment Water Management Board	*		
Outback Areas Community Development Trust	*		
Patawalonga Catchment Water Management Board	*		
Playford Centre	*		
Port Adelaide Maritime Corporation	*		
Premier and Cabinet, Department of the	*		
Primary Industries and Resources, Department of	*		
Public Trustee		*	
RESI Corporation		*	
River Murray Catchment Water Management Board	*		
Senior Secondary Assessment Board of South Australia	*		
South Australia Police (aka South Australian Police Department, SAPOL)	*		
South Australian Ambulance Service	*		
South Australian Arid Lands Natural Resources Management Board	*		
South Australian Asset Management Corporation			*
South Australian Centre for Trauma and Injury Recovery Incorporated (trading as TRACsa)	*		
South Australian Community Housing Authority			*
South Australian Country Arts Trust	*		

APPENDIX D

Organisation Name	General Government Sector	Public Non-Financial Corporations Sector	Financial Corporations Sector
South Australian Country Fire Service	*		
South Australian Film Corporation.....	*		
South Australian Fire and Emergency Services Commission (trading as SAFECOM)	*		
South Australian Forestry Corporation (trading as Forestry SA)		*	
South Australian Government Captive Insurance Corporation (trading as SAICORP).....	*		
South Australian Government Employee Residential Properties.....		*	
South Australian Government Financing Authority (trading as SAFA).....			*
South Australian Housing Trust.....		*	
South Australian Infrastructure Corporation		*	
South Australian Local Government Grants Commission.....	*		
South Australian Metropolitan Fire Service	*		
South Australian Motor Sport Board		*	
South Australian Tourism Commission	*		
South Australian Murray Darling Basin Natural Resources Management Board.....	*		
South Australian State Emergency Service (trading as SES)	*		
South Australian Tourism Commission	*		
South Australian Water Corporation (trading as SA Water).....		*	
South East Catchment Water Management Board.....	*		
South East Natural Resources Management Board.....	*		
South Eastern Water Conservation and Drainage Board	*		
State Electoral Office.....	*		
State Governor's Establishment	*		
State Opera of South Australia	*		
State Procurement Board.....	*		
State Theatre Company of South Australia	*		
Superannuation Funds Management Corporation of South Australia (trading as Funds SA)			*
Torrens Catchment Water Management Board	*		
Trade and Economic Development, Department of.....	*		
TransAdelaide		*	
Transmission Lessor Corporation.....		*	
Transport, Energy and Infrastructure, Department for.....	*		
Treasury and Finance, Department of.....	*		
Venture Capital Board, Office of the	*		
Venue Management, Office of.....	*		
Water, Land and Biodiversity Conservation, Department of	*		
West Beach Trust (trading as Adelaide Shores).....		*	
WorkCover Corporation of South Australia.....			*
Zero Waste SA, Office of.....	*		

APPENDIX D

Organisation Name	General Government Sector	Public Non-Financial Corporations Sector	Financial Corporations Sector
<u>Changes to controlled entities / reporting structures since the previous Final Budget Outcome:</u>			
<u>New Entities:</u>			
The following eight Natural Resources Management Boards were established on 9 December 2004, but progressively became operational throughout the course of the 2005-06 financial year:			
Adelaide and Mount Lofty Ranges Natural Resources Management Board.....	*		
Alinytjara Wilurara Natural Resources Management Board	*		
Eyre Peninsula Natural Resources Management Board	*		
Kangaroo Island Natural Resources Management Board	*		
Northern and Yorke Natural Resources Management Board	*		
South Australian Arid Lands Natural Resources Management Board.....	*		
South Australian Murray Darling Basin Natural Resources Management Board.....	*		
South East Natural Resources Management Board.....	*		
<u>Organisations established during 2005-06 financial year:</u>			
Port Adelaide Maritime Corporation (effective from 5/12/05).....	*		
South Australian Centre for Trauma and Injury Recovery Incorporated (trading as TRACsa) (effective from 24/4/06).....	*		
South Australian Fire and Emergency Services Commission (trading as SAFECOM) (effective from 1/10/05).....	*		
South Australian State Emergency Service (trading as SES) (effective from 1/10/05)	*		
<u>Name Changes:</u>			
Playford Centre was previously known as the Information Industries Development Centre (operational from 19/05/05).....	*		
State Procurement Board was previously known as the State Supply Board (assented to on 29/07/04, effective from 4/10/05).....	*		
Transport, Energy and Infrastructure, Department for was previously known as the Department of Transport and Urban Planning (proclaimed 30/06/05, effective from 30/05/05)	*		
<u>Dissolved Entities:</u>			
Animal and Plant Control Commission (effective from 25/01/06)	*		
Arid Areas Catchment Water Management Board (effective from 25/01/06)	*		
Emergency Services Administrative Unit (effective from 31/12/05)	*		
Eyre Peninsula Catchment Water Management Board (effective from 25/01/2006)	*		
Northern Adelaide and Barossa Catchment Water Management Board (effective from 25/01/06).....	*		
Onkaparinga Catchment Water Management Board (effective from 25/01/06)	*		

APPENDIX D

Organisation Name	General Government Sector	Public Non-Financial Corporations Sector	Financial Corporations Sector
Patawalonga Catchment Water Management Board (effective from 25/01/06)	*		
River Murray Catchment Water Management Board (effective from 25/01/06)	*		
South East Catchment Water Management Board (effective from 25/01/06)	*		
Torrens Catchment Water Management Board (effective from 25/01/06)	*		
<u>Other Reporting Changes of Significance:</u>			
Consolidated financial data from the following areas are included in the consolidated financial report:			
Board of the Botanic Gardens and State Herbarium (included as a reporting entity within the Department for Environment and Heritage)	*		
Government schools	*		
Incorporated Health Services	*		
Incorporated Disability Services	*		
Office of Public Transport (became a reporting Division within the Department for Transport, Energy and Infrastructure, approved 26/06/06).....	*		
<u>Future Changes of Significance:</u>			
Administrative and Information Services, Department for, and the Office of Public Employment	*		
On 28 September 2006 it was announced that these general government classified entities were to be dissolved, effective from 1 October 2006. Functions of these entities are being transferred to other general government entities, namely the Department of Treasury and Finance, the Department of the Premier and Cabinet, the Department for Transport, Energy and Infrastructure, and the Attorney-General's Department			
The South Australian Government Captive Insurance Corporation (trading as SAICORP)	*		*
This general government classified entity was dissolved, effective from 1 July 2006, and was amalgamated with the South Australian Government Financing Authority (SAFA) from that date. The insurance function of the former SAICORP has now been established as a division of SAFA which in turn will continue to trade in the captive insurance business using the SAICORP brand name. The operations of the amalgamated entity are classified to the public financial corporations sector			
Subject to legislative change, the Aboriginal Housing Authority (public non-financial corporation), South Australian Housing Trust (public non-financial corporation) and South Australian Community Housing Authority (public financial corporation) are expected to be legally merged into a single public non-financial corporation sector entity in 2006-07.	*	*	*
This entity will form a new business unit, Housing SA, which was created within the Department for Families and Communities on 1 July 2006. Housing SA will provide a single entry point for integrated waiting list, tenancy management and rental programs			

APPENDIX D

GENERAL GOVERNMENT AND NON-FINANCIAL PUBLIC SECTOR FINANCIAL STATISTICS TIME SERIES

The following tables provide historical data on key fiscal aggregates. Data (excluding the unfunded superannuation liability) provided is sourced for 1998–99 from Australian Bureau of Statistics Government Financial Estimates 2003–04 (catalogue number 5512.0) and 1999–2000 to 2005–06 from Budget Outcome publications for South Australia.

Data is provided from 1998–99, the first year for which information is available in the accrual format. Prior to 1998–99, government finances were measured using a cash-based methodology.

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

Table E.1: General government 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	7 297		17.4	7 505		17.9	-208	19	-227
1999-2000	7 644	2.2	17.4	7 974	3.6	18.2	-330	140	-471
2000-01	8 108	3.0	17.1	8 406	2.3	17.7	-297	102	-399
2001-02	8 538	2.0	16.8	8 713	0.4	17.1	-174	-50	-124
2002-03	9 346	5.2	17.4	8 898	-1.8	16.6	448	34	414
2003-04	9 955	3.4	17.5	9 570	4.4	16.9	385	-38	424
2004-05	10 592	4.0	17.7	10 368	5.9	17.3	224	105	119
2005-06	11 242	2.9	17.9	11 040	3.2	17.6	202	119	83

APPENDIX E

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

As at 30 June	Net debt	Unfunded superannuation ^(a)	Net Financial Liabilities	Net financial worth	Net worth
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	4 780	3 909	9 733	1 892	10 622
2000	1 920	3 543	6 911	2 986	12 447
2001	1 246	3 249	6 094	4 091	14 788
2002	1 303	3 998	6 907	3 559	14 706
2003	666	4 445	6 974	3 500	15 288
2004	224	5 668	7 858	3 842	15 760
2005	144	7 227	9 392	3 853	16 359
2006	- 119	6 146	8 171	5 846	19 703

(a) 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 the new accounting standard on employee benefits, resulted in a significant increase in superannuation liabilities.

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

	Receipts	Payments	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	4 356	531
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

(a) There is a break in the series between 1998-99 and 1999-2000. Data for the years up to and including 1998-99 are sourced from the Australian Bureau of Statistics (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 as an "investment in financial assets for policy purposes") are not included in the series before 1999-2000. From 1999-2000 onwards, 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. 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.

APPENDIX E

Table E.4: General government sector operating statement^(a) (\$ million)

	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
GFS revenue								
Taxation revenue	2 433	2 748	2 197	2 193	2 431	2 806	2 941	2 979
Current grants	2 914	3 098	3 992	4 485	4 638	4 906	5 206	5 556
Capital grants ^(e)	—	—	—	—	209	191	212	221
Sales of goods and services	733	696	982	902	997	1 165	1 244	1 333
Interest income	143	215	169	131	146	172	161	147
Other	1 074	888	768	827	925	715	829	1 006
<i>Total revenue</i>	7 297	7 644	8 108	8 538	9 346	9 955	10 592	11 242
<i>less</i>								
GFS expenses								
Gross operating expenses	5 296	5 694	6 216	6 489	6 524	7 053	7 907	8 385
Nominal superannuation interest expense	277	274	248	244	299	354	351	344
Other interest expenses	643	601	353	272	297	253	248	223
Other property expenses	—	—	—	—	—	—	—	—
Current transfers	1 208	1 345	1 545	1 663	1 724	1 894	1 824	1 975
Capital transfers	81	59	43	44	54	16	38	112
<i>Total expenses</i>	7 505	7 974	8 406	8 713	8 898	9 570	10 368	11 040
<i>equals</i>								
GFS net operating balance	-208	-330	-297	-174	448	385	224	202
<i>less</i>								
Net acquisition of non-financial assets								
Gross fixed capital formation	364	478	427	337	433	406	576	573
<i>less</i> Depreciation	323	337	322	390	401	435	453	454
<i>plus</i> Change in inventories	-2	—	-3	3	2	-10	-18	—
<i>plus</i> Other movements in non-financial assets	-21	—	—	—	—	—	—	—
<i>equals</i> Total net acquisition of non-financial assets	19	140	102	-50	34	-38	105	119
<i>equals</i>								
GFS net lending	-227	-471	-399	-124	414	424	119	83

(a) Prior to 2002-03, capital grants were not reported separately.

APPENDIX E

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

As at June	1999	2000	2001	2002	2003	2004	2005	2006
Assets								
Financial assets								
Cash and deposits	1 884	3 187	1 806	1 844	2 052	2 178	1 960	2 210
Advances paid	1 304	—	1 258	1 233	1 167	1 133	959	902
Investments, loans and placements	12	1 608	127	170	170	154	170	180
Other non-equity assets	409	360	325	311	289	386	434	498
Equity	11 661	9 914	10 158	10 454	10 479	11 811	13 391	14 190
Total financial assets	15 270	15 068	13 673	14 012	14 157	15 661	16 915	17 979
Non-financial assets								
Land and fixed assets	8 674	9 270	10 636	11 076	11 710	11 835	12 411	13 840
Other non-financial assets	56	191	62	71	78	83	94	17
Total non-financial assets	8 730	9 461	10 697	11 146	11 788	11 917	12 505	13 857
Total assets	24 000	24 529	24 371	25 158	25 945	27 579	29 420	31 836
Liabilities								
Deposits held	522	639	470	401	329	309	283	282
Advances received	1 099	935	844	790	780	733	686	682
Borrowing	6 359	5 140	3 123	3 359	2 947	2 648	2 265	2 209
Unfunded superannuation liability ^(a)	3 909	3 543	3 249	3 998	4 445	5 668	7 227	6 146
Other employee entitlements and provisions	612	840	976	1 057	1 352	1 495	1 599	1 701
Other non-equity liabilities	877	985	920	847	806	967	1 002	1 113
Total liabilities	13 378	12 082	9 583	10 453	10 658	11 819	13 061	12 133
Net worth	10 622	12 447	14 788	14 706	15 288	15 760	16 359	19 703
Net financial worth	1 892	2 986	4 091	3 559	3 500	3 842	3 853	5 846
Net debt	4 780	1 920	1 246	1 303	666	224	144	- 119

(a) 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 the new accounting standard on employee benefits, resulted in a significant increase in superannuation liabilities.

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Table E.6: General government expenses by function^(a) (\$ million)

	2002-03	2003-04	2004-05	2005-06
	Outcome	Outcome	Outcome	Outcome
General public services	260	329	217	206
Defence	—	—	—	—
Public order and safety	882	900	957	1 036
Education	2 239	2 420	2 641	2 846
Health	2 357	2 563	2 824	3 064
Social security and welfare	533	545	714	673
Housing and community amenities	622	710	839	933
Recreation and culture	248	255	286	299
Fuel and energy	35	87	40	44
Agriculture, forestry, fishing and hunting	161	189	188	207
Mining, manufacturing and construction	98	87	68	84
Transport and communications	589	624	661	734
Other economic affairs	254	219	226	176
Other purposes	620	642	707	739
Total GFS expenses	8 898	9 570	10 368	11 040

(a) Expenses by function data are derived from information submitted by government departments and agencies. The processes for deriving these data are subject to ongoing refinements. Consequently the data may be subject to future revisions.

Non-Financial Public Sector

Table E.7: Non-financial public sector key operating statement aggregates

	Revenue		%	Expenses			Net Operating Balance	Net acquisition of non-financial assets	Net lending
	\$m	% real growth		\$m	% real growth	%			
			GSP			GSP	\$m	\$m	\$m
1998-99	9 474		22.5	9 607		22.9	-133	-115	-18
1999-2000	9 206	-5.2	21.0	9 552	-3.0	21.8	-346	-3 508	3 161
2000-01	9 051	-4.5	19.1	9 279	-5.7	19.6	-228	-1 111	883
2001-02	9 367	0.3	18.4	9 487	-0.9	18.7	-120	- 124	5
2002-03	10 172	4.4	19.0	9 696	-1.7	18.1	476	72	405
2003-04	10 707	2.2	18.9	10 294	3.1	18.1	413	33	379
2004-05	11 343	3.5	19.0	11 029	4.7	18.4	314	125	189
2005-06	11 807	0.9	18.8	11 634	2.3	18.5	172	53	119

Table E.8: Non-financial public sector key balance sheet aggregates (\$ million)

As at 30 June	Net debt	Unfunded superannuation ^(a)	Net financial liabilities	Net financial worth	Net worth
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	7 658	3 909	13 099	-12 258	10 622
2000	4 355	3 543	9 914	-8 986	12 445
2001	3 223	3 249	8 152	-7 109	14 816
2002	3 317	3 998	8 973	-7 902	14 721
2003	2 696	4 445	9 096	-8 811	15 288
2004	2 285	5 668	10 031	-9 550	15 760
2005	2 126	7 227	11 511	-11 004	16 359
2006	1 786	6 146	10 451	-9 889	19 703

(a) 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 the new accounting standard on employee benefits, resulted in a significant increase in superannuation liabilities.

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Table E.9: Non-financial public sector receipts, payments and surplus^(a) (\$ million)

	Receipts	Payments	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

- a) There is a break in the series between 1998-99 and 1999-2000. Data for the years up to and including 1998-99 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 this series from 1999-2000 onwards, 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. 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.

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Table E.10: Non-financial public sector operating statement^(a) (\$ million)

	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
GFS revenue								
Taxation revenue	2 237	2 527	2 024	2 027	2 272	2 629	2 731	2 749
Current grants	2 914	3 106	3 995	4 488	4 641	4 909	5 206	5 562
Capital grants ^(a)	—	—	—	—	237	215	257	287
Sales of goods and services	3 606	2 869	2 401	2 107	2 272	2 446	2 481	2 494
Interest income	81	176	121	85	103	125	135	113
Other	637	528	510	660	648	382	533	601
<i>Total revenue</i>	9 474	9 206	9 051	9 367	10 172	10 707	11 343	11 807
<i>less</i>								
GFS expenses								
Gross operating expenses	7 662	7 585	7 461	7 625	7 689	8 219	8 798	9 205
Nominal superannuation interest expense	277	274	248	244	299	354	351	344
Other interest expenses	834	782	447	354	374	315	333	310
Other property expenses	5	3	—	—	3	15	23	13
Current transfers	765	860	1 080	1 220	1 276	1 375	1 486	1 641
Capital transfers	63	48	43	44	54	16	38	121
<i>Total expenses</i>	9 607	9 552	9 279	9 487	9 696	10 294	11 029	11 634
<i>equals</i>								
GFS net operating balance	- 132	- 346	- 228	- 120	476	413	314	172
<i>less</i>								
Net acquisition of non-financial assets								
Gross fixed capital formation	670	-2 280	- 594	479	666	687	805	746
<i>less</i> Depreciation	658	607	512	588	603	651	682	692
<i>plus</i> Change in inventories	- 101	10	- 5	- 15	9	- 3	1	—
<i>plus</i> Other movements in non-financial assets	- 26	- 630	—	—	—	—	—	—
<i>equals</i> Total net acquisition of non-financial assets	- 115	-3 508	-1 111	- 124	72	33	125	53
<i>equals</i>								
GFS net lending	- 18	3 161	883	5	405	379	189	119

(a) Prior to 2002-03, capital grants were not reported separately.

APPENDIX E

Table E.11: Non-financial public sector balance sheet (\$ million)

As at June	1999	2000	2001	2002	2003	2004	2005	2006
Assets								
Financial assets								
Cash and deposits	2 016	3 303	1 932	1 915	2 124	2 250	2 129	2 372
Advances paid	198	—	184	189	192	186	80	83
Investments, loans and placements	11	385	143	182	182	164	180	204
Other non-equity assets	610	358	332	337	294	356	376	482
Equity	894	966	1 076	1 098	309	618	684	761
Total financial assets	3 729	5 012	3 666	3 720	3 100	3 574	3 450	3 902
Non-financial assets								
Land and fixed assets	22 822	21 209	21 914	22 605	24 074	25 285	27 338	29 564
Other non-financial assets	58	222	11	17	24	24	25	28
Total non-financial assets	22 880	21 431	21 925	22 622	24 098	25 309	27 363	29 592
Total assets	26 609	26 444	25 592	26 342	27 199	28 883	30 813	33 494
Liabilities								
Deposits held	407	440	252	190	148	122	155	147
Advances received	1 099	935	844	790	780	733	719	715
Borrowing	8 377	6 668	4 386	4 623	4 267	4 030	3 642	3 583
Unfunded superannuation liability ^(a)	3 909	3 543	3 249	3 998	4 445	5 668	7 227	6 146
Other employee entitlements and provisions	1 024	987	1 068	1 137	1 419	1 586	1 693	1 795
Other non-equity liabilities	1 171	1 425	977	884	853	984	1 019	1 404
Total liabilities	15 987	13 998	10 776	11 622	11 911	13 124	14 454	13 790
Net worth	10 622	12 445	14 816	14 721	15 288	15 760	16 359	19 703
Net financial worth	-12 258	-8 986	-7 109	-7 902	-8 811	-9 550	-11 004	-9 889
Net debt	7 658	4 355	3 223	3 317	2 696	2 285	2 126	1 786

(a) 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 the new accounting standard on employee benefits, resulted in a significant increase in superannuation liabilities.