

2022-23

Consolidated Financial Report

STATE BUDGET

2022-23

ACKNOWLEDGEMENT OF COUNTRY

We acknowledge Aboriginal people as the state's first peoples, nations and Traditional Owners of South Australian land and waters. We recognise that their unique cultural heritage, customs, spiritual beliefs and relationship with the land are of ongoing importance today, and we pay our respects to Elders past, present and emerging leaders of the future.

ACKNOWLEDGEMENTS

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**Government
of South Australia**

**Consolidated Financial Report
for the financial year ended 30 June 2023**

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Website: www.treasury.sa.gov.au

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Contents

Overview of the Consolidated Financial Report

Foreword	4
Key points	5

Financial Statements

Statement of comprehensive income for the year ended 30 June 2023	6
Statement of financial position as at 30 June 2023	8
Statement of changes in equity for the year ended 30 June 2023	9
Statement of cash flows for the year ended 30 June 2023	11

Notes to the Consolidated Financial Report

1. About this report	13
Statement of compliance	13
Basis of preparation	13
Reporting entity	13
Comparatives	14
Transactions and other economic flows	15
Investments in other public entities	15
Rounding	15
2. Revenue	
2.1 Taxation revenue	16
2.2 Grant revenue	17
2.3 Charges for goods and services	18
2.4 Interest income	19
2.5 Dividends and income tax equivalents	19
2.6 Other revenues	20
3. Expenses	
3.1 Employee expenses	21
3.2 Depreciation and amortisation	21
3.3 Use of goods and services	22
3.4 Interest expenses	23
3.5 Grant expenses	23
3.6 Other expenses	23
4. Economic flows	
4.1 Other net actuarial gains/(losses)	24
4.2 Other economic flows	24

5. Financial assets	
5.1 Cash and deposits	26
5.2 Receivables	26
5.3 Contract assets	27
5.4 Loans and advances	27
5.5 Investments and placements	28
5.6 Other equity investments	28
5.7 Interests in joint arrangements	29
6. Non-Financial assets	
6.1 Inventories	30
6.2 Machinery and equipment	30
6.3 Buildings and structures	32
6.4 Heritage assets	33
6.5 Biological assets	33
6.6 Intangible assets	33
6.7 Non-financial assets classified as held for sale	35
6.8 Other non-financial assets	35
6.9 Land	36
6.10 Reconciliation of non-financial assets	37
6.11 Right-of-use leased assets	39
6.12 Fair value hierarchy of non-financial assets	42
7. Liabilities	
7.1 Deposits held	47
7.2 Borrowings	47
7.3 Payables	48
7.4 Contract liabilities	48
7.5 Employee benefits	49
7.6 Unfunded superannuation liabilities	51
7.7 Superannuation fund deposits	57
7.8 Provisions (other than employee benefits)	57
7.9 Other liabilities	61
8. Cash flow	
8.1 Reconciliation of cash	62
8.2 Non-cash financing and investing activities	62
8.3 Reconciliation of net result to net cash flows from operating activities	62
8.4 Reconciliation of liabilities arising from financing activities	63
8.5 Cash flows for leases	63
9. Risks, commitments and contingencies	
9.1 Financial instrument disclosures	64
9.2 Aged commitments	77
9.3 Contingent assets and liabilities	79

10. Other disclosures

10.1 Disaggregated information	82
10.2 Reconciliation of Key Fiscal Aggregates to GFS Aggregates	90
10.3 Budgetary information (General Government sector only)	92
10.4 Total expenses and assets by COFOG	97
10.5 Related party transactions	99
10.6 Events after balance date	100
10.7 Other accounting policies	101
10.8 Details of controlled entities	102
10.9 Key technical terms used in the financial report	104
Statement by the Treasurer and Under Treasurer, Department of Treasury and Finance	108
Statement and commentary by the Auditor-General	110

Overview of the Consolidated Financial Report

Foreword

This is the Consolidated Financial Report (CFR) of the Government of South Australia for the financial year ended 30 June 2023. The CFR fulfils the Government's consolidated financial reporting requirements pursuant to generally accepted accounting principles (GAAP). The report has been prepared in accordance with applicable Australian Accounting Standards Board (AASB) Standards and Pronouncements, the *Public Finance and Audit Act 1987*, as amended, and is consistent with Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The CFR is only one component of the suite of publications that discharge the Government's financial accountability obligations.

It is important to note that notwithstanding the significant efforts of the Australian Accounting Standards Board to harmonise AASB 1049 with Government Finance Statistics (GFS) principles, some differences remain. The introduction of AASB 16 *Leases* from 1 July 2019 has significantly widened these differences as the Australian Bureau of Statistics (ABS) has not amended the GFS manual to account for changes in the new accounting standard and still applies the previous accounting standard. These differences are discussed further in Note 10.2 *Reconciliation of Key Fiscal Aggregates to GFS Aggregates*.

The Government's budget and fiscal targets for 2022-23 are presented in the annual budget, mid-year budget review and budget outcomes reports in accordance with the Uniform Presentation Framework (UPF) agreed by the Commonwealth Government and all state and territory governments. This UPF format differs to the presentation provided in this report, however recognition and measurement concepts applied under GAAP are similarly adopted. Primary discussion on variances to budget is published in the Final Budget Outcome (FBO) document. Some supplementary variance information is included in the CFR at Note 10.3 *Budgetary information*.

The Auditor-General has reviewed the CFR but has not provided a formal independent audit report, as there is no legislative requirement for the preparation, audit or presentation of a whole of government financial report as explained in the Auditor-General's letter at the end of this document.

While the CFR is presented for the government as a whole, Note 10.1 *Disaggregated information* to the financial report shows the financial performance, financial position and cash flow of the three major sectors of government: general government, public non-financial corporations and public financial corporations. These sectors are consistent with the classifications used by the Australian Bureau of Statistics.

The consolidated financial result is not simply the sum of the results of the three sectors. In arriving at a consolidated result, transactions between agencies are eliminated to present a consolidated picture of the financial relationship between the government as a whole and the 'rest of the world'.

KEY POINTS

The Government of South Australia recorded a net operating deficit of \$486 million (\$41 surplus million for the general government sector) in 2022-23. The general government surplus is in contrast to the \$249 million deficit forecast in the 2023-24 Budget for 2022-23.

Further details on the factors contributing to the improved general government sector result compared to the forecasts provided in the 2023-24 Budget are discussed in the 2022-23 Final Budget Outcome.

Key fiscal indicators recorded for 2022-23 for the general government sector and whole of government are summarised below:

General government sector

- The net result from transactions is a surplus of \$41 million.
- The net lending deficit is \$1.2 billion, reflecting the net result from transactions surplus and the net acquisition of non-financial assets throughout 2022-23.
- Net worth as at 30 June 2023 was \$55.9 billion, comprising assets of \$101.1 billion and liabilities of \$45.2 billion.

Whole of government

- The net result from transactions is a deficit of \$486 million.
- The net lending deficit is \$2 billion, reflecting the net result from transactions deficit and the net acquisition of non-financial assets throughout 2022-23.
- Net worth as at 30 June 2023 was \$55.9 billion, comprising assets of \$153.9 billion and liabilities of \$98 billion.
- Net worth is \$3.4 billion higher than at 30 June 2022, primarily due to an upward revaluation of fixed assets of \$4.3 billion, partly offset by an upward revaluation of the unfunded superannuation liability of \$586 million.

Financial Statements

Statement of comprehensive income for the year ended 30 June 2023

(\$ millions)

	Note	Whole of Government		General Government	
		2023	2022	2023	2022
Revenue from transactions					
Taxation revenues	2.1	5 622	5 292	5 866	5 513
Grant revenue	2.2	14 328	13 408	14 323	13 407
Charges for goods and services	2.3	5 198	5 013	3 062	2 991
Interest income	2.4	846	332	341	25
Dividends and income tax equivalents	2.5	75	75	214	207
Other revenues	2.6	1 715	1 640	1 602	1 568
Total revenue from transactions		27 785	25 760	25 408	23 711
Expenses from transactions					
Employee expenses	3.1	10 079	9 723	9 735	9 405
Superannuation interest cost		269	188	269	188
Other superannuation expenses		1 059	961	1 016	921
Depreciation and amortisation	3.2	2 041	1 961	1 516	1 447
Use of goods and services	3.3	7 141	6 849	6 426	6 147
Interest expenses	3.4	1 568	896	975	505
Grant expenses	3.5	3 084	3 629	3 361	3 818
Other expenses	3.6	3 031	2 667	2 070	2 109
Total expenses from transactions		28 271	26 874	25 367	24 540
Net result from transactions — Net operating balance		- 486	-1 114	41	- 829
Other economic flows — included in net result					
Net foreign exchange gains/(losses)		1	—	1	—
Net gain/(loss) on sale of non-financial assets		20	47	- 19	8
Net gain/(loss) on financial assets or liabilities at fair value		647	3 093	- 3	353
Impairment loss on receivables and contract assets		- 10	- 22	- 6	- 15
Net actuarial gain/(loss) on super defined benefit plans	7.6	- 586	2 289	- 586	2 289
Revaluations of deferred income tax equivalents		—	—	- 581	- 148
Other net actuarial gains/(losses)	4.1	- 343	444	- 49	194
Other economic flows	4.2	- 12	- 135	- 67	- 28
Total other economic flows — included in net result		- 284	5 716	-1 311	2 652
Net result		- 770	4 603	-1 269	1 823
Other economic flows — non-owner movements in equity					
Changes in asset revaluation reserve		4 304	712	4 083	859
Net gain/(loss) on equity investments in other sectors		—	—	704	2 568
Net gain/(loss) on financial assets at fair value through Comprehensive Income		- 11	50	- 8	26
Current year adjustments to equity		- 80	75	- 66	23
Prior period adjustments		—	33	—	33
Total other economic flows — non-owner movements in equity		4 213	870	4 714	3 510
Comprehensive result		3 443	5 472	3 444	5 332

Note: Totals may not add due to rounding.

Statement of comprehensive income for the year ended 30 June 2023 (continued)

(\$ millions)

	Note	Whole of Government		General Government	
		2023	2022	2023	2022
Transactions with owners					
Restructures		—	—	- 2	140
Total transactions with owners		—	—	- 2	140
Total change in net worth		3 443	5 472	3 443	5 472
Key fiscal aggregates					
Net operating balance		- 486	-1 114	41	- 829
Less net acquisition of non-financial assets		1 485	1 380	1 256	1 412
Net lending / borrowing		-1 971	-2 493	-1 215	-2 242

Note: Totals may not add due to rounding.

Statement of financial position as at 30 June 2023

(\$ millions)

	Note	2023	2022	2023	2022
				Whole of Government	General Government
Assets					
Financial assets					
Cash and deposits	5.1	2 718	2 151	10 987	10 979
Receivables	5.2	1 983	1 987	2 316	2 949
Contract assets	5.3	32	28	32	28
Loans and advances	5.4	2 713	2 462	132	107
Investments and placements	5.5	20 317	17 081	701	667
Investments in other public entities		—	—	20 565	19 671
Other equity investments	5.6	32 646	33 458	108	103
Total financial assets		60 408	57 167	34 840	34 503
Non-financial assets					
Produced assets					
Inventories	6.1	752	605	127	147
Machinery and equipment	6.2	2 096	1 999	1 662	1 588
Buildings and structures	6.3	64 973	61 940	47 356	44 005
Heritage assets	6.4	1 443	1 435	1 429	1 421
Biological assets	6.5	127	113	4	5
Intangible assets	6.6	488	502	451	467
Non-financial assets held for sale or transfer	6.7	19	14	157	156
Other non-financial assets	6.8	178	208	134	158
Right-of-use leased assets	6.11	4 004	4 006	3 849	3 833
Non-produced assets					
Land	6.9	18 865	16 362	10 597	8 787
Intangible assets	6.6	531	537	379	372
Non-financial assets held for sale or transfer	6.7	43	35	89	85
Right-of-use leased assets	6.11	1	2	1	1
Total non-financial assets		93 521	87 758	66 235	61 026
Total assets		153 929	144 925	101 075	95 529
Liabilities					
Deposits held	7.1	181	411	529	541
Borrowings	7.2	34 921	33 203	29 002	27 651
Payables	7.3	2 228	2 114	1 529	1 481
Contract liabilities	7.4	111	128	63	81
Employee benefits	7.5	3 081	3 066	2 983	2 965
Unfunded superannuation liabilities	7.6	7 518	7 065	7 518	7 065
Superannuation fund deposits	7.7	39 550	36 938	—	—
Provisions (other than employee benefits)	7.8	7 871	7 195	916	852
Other liabilities	7.9	2 549	2 326	2 615	2 414
Total liabilities		98 009	92 447	45 155	43 051
Net assets		55 920	52 478	55 920	52 478
Equity					
Retained earnings		5 866	6 599	273	1 411
Reserves					
Asset revaluation reserve		49 782	45 610	37 137	33 253
Other reserves		247	247	109	120
Investment reserve		26	23	26	23
Net equity investments in other sectors reserve		—	—	18 375	17 671
Total equity (Net worth)		55 920	52 478	55 920	52 478

Note: Totals may not add due to rounding.

Statement of changes in equity for the year ended 30 June 2023

(\$ millions)

	Asset Reval Reserve	Other/ Investment Reserves	Net Equity in Other Sectors Reserve	Retained Earnings	Total
Whole of Government					
Balance as at 30 June 2021	45 590	167	—	1 249	47 006
Gain/(loss) on revaluation of non-financial assets	712	—	—	—	712
Net gain on financial assets taken to equity	—	50	—	—	50
Current year adjustments — prior period	—	—	—	75	75
Transfers to/(from) reserves	- 686	53	—	633	—
Net income/expense recognised directly in equity for 2021-22	25	103	—	708	836
Net result for 2021-22	—	—	—	4 603	4 603
Total comprehensive result for 2021-22	25	103	—	5 311	5 439
Balance at 30 June 2022	45 615	269	—	6 560	52 444
Prior period adjustments	- 5	—	—	39	33
Restated balance at 30 June 2022	45 610	269	—	6 599	52 478
Gain/(loss) on revaluation of non-financial assets	4 304	—	—	—	4 304
Net gain on financial assets taken to equity	—	- 11	—	—	- 11
Current year adjustments — prior period	—	—	—	- 80	- 80
Transfers to/(from) reserves	- 132	15	—	117	—
Net income/expense recognised directly in equity for 2022-23	4 172	4	—	37	4 213
Net result for 2022-23	—	—	—	- 770	- 770
Total comprehensive result for 2022-23	4 172	4	—	- 733	3 443
Balance at 30 June 2023	49 782	273	—	5 866	55 920

(\$ millions)

	Asset Reval Reserve	Other/ Investment Reserves	Net Equity in Other Sectors Reserve	Retained Earnings	Total
General Government					
Balance as at 30 June 2021	32 873	116	15 103	-1 087	47 006
Gain/(loss) on revaluation of non-financial assets	859	—	—	—	859
Net gain on financial assets taken to equity	—	26	—	—	26
Net gain on equity investments in other sectors	—	—	2 568	—	2 568
Current year adjustments — prior period	—	—	—	23	23
Transfers to/(from) reserves	- 484	1	—	483	—
Net income/expense recognised directly in equity for 2021-22	376	27	2 568	505	3 476
Net result for 2021-22	—	—	—	1 823	1 823
Total comprehensive result for 2021-22	376	27	2 568	2 328	5 299
Transactions with SA Government as owner					
Net assets received/transferred from restructures	9	—	—	131	140
Balance at 30 June 2022	33 258	143	17 671	1 372	52 444
Prior period adjustments	- 5	—	—	39	33
Restated balance at 30 June 2022	33 253	143	17 671	1 411	52 478

Note: Totals may not add due to rounding.

Statement of changes in equity for the year ended 30 June 2023 (continued)

(\$ millions)

	Asset Reval Reserve	Other/ Investment Reserves	Net Equity in Other Sectors Reserve	Retained Earnings	Total
Gain/(loss) on revaluation of non-financial assets	4 083	—	—	—	4 083
Net gain on financial assets taken to equity	—	- 8	—	—	- 8
Net gain on equity investments in other sector entities	—	—	704	—	704
Current year adjustments — prior period	—	—	—	- 66	- 66
Transfers to/(from) reserves	- 199	-	—	199	—
Net income/expense recognised directly in equity for 2022-23	3 884	- 8	704	133	4 714
Net result for 2022-23	—	—	—	-1 269	-1 269
Total comprehensive result for 2022-23	3 884	- 8	704	-1 136	3 444
Transactions with SA Government as owner					
Net assets transferred/received from restructures	—	—	—	- 2	- 2
Balance at 30 June 2023	37 137	135	18 375	273	55 920

Note: Totals may not add due to rounding.

Statement of cash flows for the year ended 30 June 2023

(\$ millions)

	Note	2023	Whole of Government 2022	2023	General Government 2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash inflows (receipts)					
Taxes received		5 503	5 446	5 771	5 617
Grants received		14 510	13 130	14 505	13 130
Sales of goods and services		5 053	4 905	2 964	2 918
Interest receipts		828	321	296	15
Dividends and income tax equivalents received		75	75	187	230
Other receipts		2 239	2 101	2 019	2 060
Cash generated from operating activities		28 207	25 979	25 743	23 969
Cash outflows (payments)					
Payments to employees		-11 427	-11 177	-11 040	-10 814
Purchases of goods and services		-6 909	-6 670	-6 143	-6 104
Interest paid		-1 536	- 884	- 904	- 484
Grants paid		-3 138	-3 573	-3 415	-3 762
Other payments		-2 851	-2 963	-2 261	-2 392
Cash used in operating activities		-25 861	-25 268	-23 764	-23 556
Net cash provided by operating activities	8.3	2 345	711	1 979	413
CASH FLOWS FROM INVESTING ACTIVITIES					
Non-financial assets					
Sales of non-financial assets		146	208	48	91
Purchases of non-financial assets		-3 566	-3 434	-2 781	-2 769
Net cash flows from investments in non-financial assets		-3 420	-3 227	-2 733	-2 678
Financial assets (policy purposes)					
Advances repaid		593	777	52	44
Advances granted		- 867	- 504	- 266	- 279
Net cash flows from investments in financial assets		- 275	272	- 214	- 235
Financial assets (liquidity management purposes)					
Sales of investments		9 913	7 985	8	25
Purchases of investments		-10 071	-9 886	- 49	- 30
Net cash flows from investments in financial assets		- 158	-1 901	- 41	- 5
Net cash flows from investing activities		-3 852	-4 855	-2 987	-2 918
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash inflows (receipts)					
Deposits received		- 223	277	27	270
Borrowings		7 906	8 348	1 329	2 739
Cash generated from financing activities		7 683	8 625	1 355	3 009
Cash outflows (payments)					
Deposits paid		- 5	- 17	- 39	- 29
Borrowings		-5 605	-4 650	- 300	- 668
Cash used in financing activities		-5 609	-4 667	- 338	- 696
Net cash flows from financing activities		2 074	3 958	1 017	2 312
Net increase/ (decrease) in cash and cash equivalents		567	- 186	9	- 193
Cash and cash equivalents at beginning of the year		2 151	2 337	10 979	11 171
Cash and cash equivalents at the end of the year	8.1	2 718	2 151	10 987	10 979

Note: Totals may not add due to rounding.

Statement of cash flows for the year ended 30 June 2023 (continued)

(\$ millions)

	Note	Whole of Government		General Government	
		2023	2022	2023	2022
Key fiscal aggregates					
Net cash flows from operating activities		2 345	711	1 979	413
Net cash flows from investments in non-financial assets		-3 420	-3 227	-2 733	-2 678
Cash surplus/(deficit)		-1 075	-2 516	- 754	-2 265

Note: Totals may not add due to rounding.

Notes to the Financial Statements

1. About this report

To help in the understanding of the financial information presented in this report, the following notes set out significant accounting policies adopted in this report.

Statement of compliance

This general purpose financial report, including the financial statements of the general government sector and the whole of government, has been prepared in accordance with applicable Australian Accounting Standards; in particular with Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards and AASB 1049.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the reporting period ending 30 June 2023— refer to note 10.7 *Other accounting policies*.

In compliance with AASB 1049, where consistent with accounting standards, Government Finance Statistics (GFS) concepts, sources and methods are used. In Australia, GFS standards are promulgated by the Australian Bureau of Statistics (ABS).

This general purpose financial report is prepared based on the principles and rules contained in the GFS Manual (ABS publication - *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015*).

Basis of preparation

The consolidated statements have been prepared for the financial reporting period for the 12 months from 1 July 2022 to 30 June 2023. Except where otherwise stated, the report has been prepared using the full accrual basis of accounting, which recognises the effect of transactions and events when they occur, rather than recognising the effects of transactions and events when cash is received or paid.

Accounting policies are selected and applied in a manner that ensures the resulting financial information satisfies the concepts of relevance and reliability. The preparation of the consolidated statements requires the use of certain accounting estimates and requires judgement to be exercised in the process of applying accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the consolidated statements are outlined in the applicable notes.

The purpose of the general government financial statements is to provide users with information about the stewardship by the government in relation to its general government sector and accountability for the resources entrusted to it, information about the financial position, changes in net assets/(liabilities), performance and cash flows of the government's general government sector, and information that facilitates assessments of the macro-economic impact of the government's general government sector.

Reporting entity

The reporting entities are the Government of South Australia (whole of government) and the general government sector, and include entities under their control.

Where control of an entity is obtained during the financial year, its results are included in the statement of comprehensive income from the date control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

The whole of government reporting entity includes government departments (general government sector), non-financial corporations, financial corporations and other government-controlled entities. These entities are set out at Note 10.8 *Details of controlled entities*.

The whole of government reporting entity excludes local government bodies, universities, most marketing and professional regulatory authorities, and associations/financial institutions incorporated under state statute but not controlled by the government.

In the process of reporting both the whole of government and the general government sector as a separate reporting entity, all material inter-entity and intra-entity transactions and balances have been eliminated to the extent practicable.

Assets, liabilities, revenues and expenses that are reliably attributable to each broad sector of activities of the government are set out below. The sectors of government have been determined in accordance with the GFS framework, as follows:

General government (GG) sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those that are mainly non-market in nature, those that are largely for collective consumption by the community and those that involve the transfer or redistribution of income. These services are financed mainly through taxes, other compulsory levies and user charges.

Public non-financial corporations (PNFC) sector

The public non-financial corporations sector comprises bodies mainly engaged in the production of goods and services (of a non-financial nature) for sale in the market place at prices that aim to recover all, or most of, the costs involved. In general, they are legally distinguishable from the government that owns them.

Public financial corporations (PFC) sector

The public financial corporations sector comprises bodies primarily engaged in providing financial intermediation services or auxiliary financial services. They are able to incur financial liabilities on their own account for example taking deposits, issuing securities or providing insurance services, and to acquire financial assets in the market on their own account. They can also perform central borrowing functions.

The standard under which the general government sector financial statements are prepared does not require full application of AASB 10 *Consolidated Financial Statements* and AASB 139 *Financial Instruments: Recognition and Measurement*.

Assets, liabilities, income, expenses and cash flows of government controlled entities in the public non-financial corporations sector and the public financial corporations sector are not separately recognised in the general government sector financial statements.

Instead, the general government sector financial statements recognise an asset, being the controlling equity investment in those entities, and recognise a gain or loss, classified as an 'other economic flow', relating to changes in the carrying amount of that asset.

Comparatives

The presentation and classification of items in the financial statements are consistent with prior years except where specific accounting standards and/or accounting policy statements have required a change, or voluntary changes in accounting policies have been implemented.

AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* requires the correction of prior period errors retrospectively, subject to certain limitations, to permit comparability with the current year. The retrospective adjustment occurs by restating the comparative amount in the prior period. The restated comparative amounts do not replace the original financial statements for the preceding year.

Changes in accounting estimates are recognised in the period when the estimate is revised. Such changes are not adjusted retrospectively to the financial statements.

Transactions and other economic flows

The statement of comprehensive income distinguishes between 'transactions' and 'other economic flows' in a manner that is consistent with the principles in the ABS GFS Manual. Transaction flows result directly from a mutually agreed interaction between two parties. An 'other economic flow' is a change in volume or value of an asset, or a liability, that does not result from a transaction.

Investments in other public entities

The general government sector's interest in the PNFC and PFC sectors is accounted for as an equity investment based on the Government's proportional share of the carrying amount of net assets of those sectors (before consolidation adjustments) in accordance with AASB 1049.

The change in the carrying amount of these investments is consistent with the treatment of equity instruments measured at Fair Value through Other Comprehensive Income (FVOCI) in AASB 9 *Financial Instruments* that would otherwise be measured at Fair Value through Profit and Loss (FVTPL).

Rounding

All amounts in the financial report have been reported in Australian dollars and rounded to the nearest million dollars unless otherwise indicated. As a consequence, columns may not add due to rounding.

2. Revenue

2.1 Taxation revenue

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Taxes on employers' payroll and labour force	1 683	1 442	1 704	1 461
Taxes on property				
Stamp duties	1 224	1 365	1 224	1 365
Land tax	387	366	575	536
Emergency services levy	180	171	181	172
Natural resources management/Landscape board levy	18	17	18	17
Total taxes on property	1 809	1 918	1 998	2 090
Taxes on provision of goods and services				
Gambling	621	531	621	531
Stamp duties on insurance	605	557	613	564
Total taxes on the provision of goods and services	1 226	1 089	1 234	1 095
Taxes on the use of goods and performance of activities				
Motor vehicle registration	792	744	813	764
Other taxes on motor vehicles	48	47	48	47
Total taxes on the use of goods and performance of activities	840	791	860	811
Other taxation revenue	65	52	69	56
Total taxation revenues	5 622	5 292	5 866	5 513

Note: Totals may not add due to rounding.

State taxation revenue is non-contractual income arising from statutory requirements and is therefore recognised in accordance with AASB 1058 *Income of Not-For-Profit Entities*.

State taxation revenue is recognised when the underlying event that results in a right to receive income has occurred and assessments have been issued, or when the amount can be reliably measured. Major types of taxation revenue are:

- payroll tax
- stamp duties
- gambling taxes/levies
- motor vehicle registration
- natural resources management levy
- land tax
- emergency services levy

Relevant taxes as listed above paid by state government controlled entities to other government agencies are eliminated upon consolidation from the financial statements presented here.

The government is exempt from Commonwealth Government taxation except for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of an asset's acquisition cost or as part of an expense item.

Receivables and payables are stated with the amount of GST included. The amounts of GST receivable from, or payable to, the ATO are included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO. If GST is not payable to, or recoverable from the ATO, the commitments and contingencies are disclosed on a gross basis.

Payments for FBT are included as employee expenses — refer to note 3.1 *Employee expenses*.

2.2 Grant revenue

	(\$ millions)			
	Whole of Government		General Government	
	2023	2022	2023	2022
Current grant revenue				
General purpose grants	7 668	6 998	7 668	6 998
National partnership grants	458	558	458	558
Specific purpose grants	2 681	2 659	2 681	2 659
Specific purpose grants for on-passing	1 675	1 502	1 675	1 502
Total current grants from the Commonwealth Government	12 481	11 716	12 481	11 716
Other contributions and grants	740	698	736	700
Total current grant revenue	13 221	12 414	13 217	12 416
Capital grant revenue				
National partnership grants	970	868	970	868
Specific purpose grants	118	113	118	113
Other capital grants	18	11	17	9
Total capital grants from the Commonwealth Government	1 106	992	1 105	990
Other contributions and grants	1	1	1	1
Total capital grant revenue	1 107	994	1 106	991
Total grant revenue	14 328	13 408	14 323	13 407

Note: Totals may not add due to rounding.

Commonwealth funds have differing levels of specificity as to what they are used for.

GST revenue (referred to as General Purpose grants above) is untied funding distributed in accordance with the principle of Horizontal Fiscal Equalisation based on the total GST pool available for distribution to the States. The level of revenue recorded is consistent with outcomes provided in the Commonwealth Government's Final Budget Outcome.

National partnership grants and specific purpose grants are arrangements which require some funds to be used for specific objectives and outcomes.

In all cases, grant agreements with the Commonwealth are signed by a Minister on behalf of the Government. The 'contracts' are with the Crown, as opposed to a particular entity within the Crown. Ultimately, the Government is responsible for satisfying the requirements of the Commonwealth grant agreements. Therefore it is the Crown that is the principal to these contracts represented by the Department of Treasury and Finance Administered Items (DTF AI). As these contracts are not considered contracts with customers all Commonwealth grant funding provided through DTF AI is accounted for under AASB 1058.

Any contract balances in relation to national partnership grants and specific purpose grants are disclosed in Note 5.2 *Receivables* and Note 7.9 *Other liabilities*.

Other contributions and grants received to support the broad objectives of agencies are recognised as revenue under AASB 1058 when the agency obtains control of the cash. Capital grants are recognised as income under AASB 1058 as the underlying obligation is satisfied.

2.3 Charges for goods and services

	(\$ millions)			
	Whole of Government		General Government	
	2023	2022	2023	2022
Goods				
Gambling products (SA Lotteries)	565	538	565	538
Forestry products (Forestry SA)	16	15	—	—
Land sales	64	149	—	—
Other goods	42	21	27	16
Total charges for goods	688	723	592	555
Services				
Water related rates and charges (SA Water)	1 115	1 095	—	—
Health services	477	466	477	466
House rentals (South Australian Housing Trust)	288	274	—	—
Metro Ticket public transport sales	78	57	78	57
Rental income from investment properties	30	25	6	9
Other services	811	735	755	736
Total charges for services	2 799	2 651	1 316	1 268
Fees/levies				
Workers compensation levies	703	617	—	—
Compulsory Third Party Premiums (CTP Regulator)	45	43	45	43
Drivers licences	87	87	87	87
Other regulatory goods	876	891	1 021	1 039
Total charges for fees/levies	1 712	1 639	1 154	1 169
Total charges for goods and services	5 198	5 013	3 062	2 991

Note : Totals may not add due to rounding.

Cost of sales/charges in relation to goods were as follows:	62	155	15	54
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Cost of goods sold forms part of expenses for use of goods and services in the Statement of comprehensive income.

Most revenue from the sale of goods and services (excluding lease contract revenue) is revenue recognised from contracts with customers under AASB 15 *Revenue from contracts with customers*. Revenue is recognised when the control of the goods or services transfers to the customer. These revenues are disaggregated by type in the above table under 'Goods' and 'Services'.

The nature of contracts with customers for the sale of goods and services vary across many government departments and public authorities. As a result, information on performance obligations, significant judgements made and costs to obtain or fulfil a contract cannot be disclosed fully in the CFR. Further information on these disclosures are provided within the financial reports of these agencies.

Contract balances are disclosed in Note 5.3 *Contracts assets* and Note 7.4 *Contract Liabilities*.

Fees and levies (excluding revenue from insurance contracts) is revenue recognised predominantly under AASB 1058. These revenues are not considered as revenues from contracts with customers as these fees and levies are paid or payable to public sector entities in accordance with established laws and/or regulations. These compulsory transfers do not give rise to a contract liability or revenue under AASB 15, even if raised in respect of specific good and services. This is because the recipient entity does not promise to provide goods or services in an enforceable agreement.

Fees and levies are recognised when the fee or levy charge occurs.

2.4 Interest income

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Interest earnings: SAFA	541	185	—	—
Interest earnings: other agencies	288	136	320	9
Interest on finance leases	—	—	5	5
Other investment revenue	16	11	16	11
Total interest income	846	332	341	25

Note: Totals may not add due to rounding.

Interest on funds invested is recognised as it accrues using the effective interest rate method.

2.5 Dividends and income tax equivalents

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Dividends	75	75	124	152
Income tax equivalents	—	—	90	54
Total dividends and income tax equivalents	75	75	214	207

Note : Totals may not add due to rounding.

The general government sector receives a return from the state's PNFCs and PFCs in the form of dividends, tax equivalent payments and rate equivalent payments. Revenue is recognised in the period it is earned.

2.6 Other revenues

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Compulsory Third Party Insurance (CTP) collections	450	428	450	428
Lifetime Support Scheme Levy collections on behalf of Lifetime Support Authority	189	180	189	180
Royalties	379	383	379	383
Resources received free of charge	86	72	52	47
Fines and penalties	143	139	143	139
Other revenues	468	439	389	392
Total other revenues	1 715	1 640	1 602	1 568

Note: Totals may not add due to rounding.

Other revenues are non-contractual income of the Government and are therefore recognised in accordance with AASB 1058.

Royalties, fines and penalties are recognised similarly to taxation revenue and fees and levies as they arise from statutory requirements.

Resources received free of charge (including volunteer services) relate to goods and/or services being provided free of charge. Contribution of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

3. Expenses

3.1 Employee expenses

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Salaries and wages	8 638	8 324	8 329	8 042
Annual leave	1 091	1 048	1 065	1 020
Long service leave	225	207	214	200
Retention leave	44	43	43	42
TVSP payments	49	46	48	44
Board fees	13	13	12	11
Other employee related expenses	18	44	22	45
Total employee expenses	10 079	9 723	9 735	9 405

Note: Totals may not add due to rounding.

Employee expenses include wages and salaries, leave entitlements and redundancy payments.

Information on outstanding employee benefits is provided at Note 7.5 *Employee benefits*.

3.2 Depreciation and amortisation

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Depreciation				
Owned				
Buildings and structures				
Buildings	632	605	491	478
Water, sewerage and drainage	341	347	25	25
Road network, rail and bus tracks	503	436	503	436
Machinery and equipment				
Plant and equipment	150	167	110	127
Vehicles	78	75	78	75
Other depreciation	1	1	1	1
Total depreciation - owned assets	1 704	1 630	1 208	1 142
Right-of-use leased assets				
Buildings and structures				
Buildings	227	214	200	193
Machinery and equipment				
Plant and equipment	24	26	24	25
Vehicles	—	—	26	26
Total depreciation - Right-of-use leased assets	251	240	249	244
Total depreciation	1 955	1 870	1 458	1 386
Amortisation				
Intangible assets	86	91	58	61
Total amortisation	86	91	58	61
Total depreciation and amortisation	2 041	1 961	1 516	1 447

Note: Totals may not add due to rounding.

All non-financial assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential, and in a majority of cases, on a straight-line basis. Estimates of remaining useful lives are reassessed on a regular basis for all relevant assets.

Heritage assets are anticipated to have very long and indeterminate useful lives. Their service potential is not, in any material sense, consumed during the reporting period. As such, these assets are not depreciated.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity.

Intangible assets are amortised and assessed for impairment at each reporting date.

The following are estimated useful lives for the different asset classes:

Asset class	Useful life
Land	Not depreciated
Buildings and structures	
Buildings	1-200 years
Leasehold improvements	Life of lease
Road network	5-195 years
Rail and bus tracks	10-149 years
Water, sewerage and drainage	5-200 years
Other infrastructure assets	1-100 years
Machinery and equipment	
Plant and equipment	1-100 years
Vehicles	1-40 years
Heritage assets	Indeterminate
Intangible assets	1-45 years
Right-of-use leased assets	Life of lease

3.3 Use of goods and services

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Short-term and low value lease expenses	37	36	38	37
Variable lease expenses	13	12	12	12
Consultancy expenses	40	33	34	27
Contract service expenses	1 877	1 759	1 668	1 559
Computing and communication expenses	533	513	498	479
Repairs and maintenance expenses	601	553	413	356
Intra-government supplies and services	—	—	144	129
Other use of goods and services	4 042	3 944	3 618	3 548
Total use of goods and services	7 141	6 849	6 426	6 147

Note: Totals may not add due to rounding.

Expenses arising from the use of goods and services are recognised in the reporting period in which they are incurred.

3.4 Interest expenses

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Interest on borrowings	1 185	701	686	318
Interest charges on lease liabilities	229	162	226	158
Other finance cost expenses	154	33	63	29
Total interest expenses	1 568	896	975	505

Note: Totals may not add due to rounding.

Interest expenses include interest charges, including interest charges on leases and borrowing costs. Interest expenses are expensed in the period in which they are incurred.

3.5 Grant expenses

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Recurrent grants	1 080	1 405	984	1 355
Capital grants	40	73	40	73
Subsidies	435	557	636	754
Intra-government transfers	—	—	172	43
Other current transfer payments	1 528	1 594	1 528	1 594
Total grant expenses	3 084	3 629	3 361	3 818

Note: Totals may not add due to rounding.

Grant expenses are recognised to the extent that the services required to be performed by the grantee have been performed, or the grant eligibility criteria has been satisfied.

3.6 Other expenses

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
National Disability Insurance Scheme Contributions	708	684	708	684
RTWSA income/redemption related workers compensation payments	340	307	—	—
Compulsory Third Party Insurance (CTP) collections	382	363	382	363
Lifetime Support Scheme disbursement to Lifetime Support Authority	189	180	189	180
Gambling prizes/dividends	397	377	397	377
Medical related workers compensation payments	133	123	—	—
Remuneration of judiciary and members of Parliament	46	45	46	45
Bad debts	31	32	30	28
Assets donated	39	30	42	31
Other expenses	766	527	276	402
Total other expenses	3 031	2 667	2 070	2 109

Note: Totals may not add due to rounding.

4. Economic flows

Other economic flows are changes in volume or value of an asset or liability that do not result from transactions.

4.1 Other net actuarial gains/(losses)

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Revaluation of annual leave liability	- 8	- 22	- 8	- 22
Revaluation of long service leave liability	16	269	13	265
Revaluation of workers compensation liability	- 19	- 30	- 19	- 30
Revaluation of insurance claims provision	- 59	—	- 15	- 3
Revaluation of retention leave liability	2	1	2	1
Revaluation of other provisions	- 275	226	- 21	- 17
Total other net actuarial gains/(losses)	- 343	444	- 49	194

Note : Totals may not add due to rounding.

Gains or losses from the revaluation of employee leave, workers compensation and self-insurance claims provisions relating to events occurring in prior periods are recognised as other economic flows.

4.2 Other economic flows

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Amortisation of non-produced assets	- 2	- 2	—	—
Revision to accounting estimates	5	13	5	13
Net write-down of non-financial assets	- 22	- 147	- 72	- 41
Net gain(loss) on lease modification or termination	7	—	—	—
Total other economic flows	- 12	- 135	- 67	- 28

Note: Totals may not add due to rounding.

Other economic flows not tabled above include:

Net foreign exchange gains/(losses)

Gains or losses arising from exchange rate differences relating to amounts payable and receivable in foreign currencies are brought to account in the period in which the exchange rates change, with the exception of hedges of purchases of goods and services which are deferred and included in the measurement of purchase or sale.

Net gain/(loss) on sale of non-financial assets

Gains or losses from the sale of non-financial assets are recognised when control of the asset has passed to the buyer.

Net gain/(loss) on financial assets or liabilities at fair value

Gains or losses on financial assets or liabilities are recognised in the period that the assets or liabilities are re-measured.

Impairment loss on receivables and contract assets

Impairment losses on receivables and contract assets are measured by applying the AASB 9 *Financial instruments* simplified approach for all contractual receivables and contract assets by using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates.

Net actuarial gains/(losses) of superannuation defined benefit plans

Actuarial gains/(losses) on superannuation defined benefit plans are recognised in the period in which they occur.

Revaluations of deferred income tax equivalents

Deferred tax equivalent income and expenses are recognised in the GG sector as part of 'other economic flows — included in the operating result', as well as an asset/liability. The GG sector is the counterparty to the tax effect accounting entries recognised by the PNFC and PFC sector agencies that are part of the National Tax Equivalent Regime.

This treatment is adopted on the basis that the GG sector controls these sectors and therefore, these amounts. On consolidation, these tax equivalent entries are eliminated for the whole of government accounts.

5. Financial assets

5.1 Cash and deposits

	(\$ millions)			
	Whole of Government		General Government	
	2023	2022	2023	2022
Cash and cash equivalents ^(a)	2 612	2 046	10 879	10 872
Australian dollar term deposits	106	105	108	107
Total cash and deposits	2 718	2 151	10 987	10 979

Note: Totals may not add due to rounding.

(a) The general government sector includes the Treasurer's deposits with SAFA of \$9.279 billion (2021: \$9.747 billion)

Cash and deposits comprise cash on hand, cash at bank, deposits at call and those highly liquid investments with short periods to maturity, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

5.2 Receivables

	(\$ millions)			
	Whole of Government		General Government	
	2023	2022	2023	2022
Contractual				
Charges for goods and services	1 009	1 055	641	662
Accrued investment income	11	9	39	10
Other contractual receivables	369	544	356	529
Impairment allowance on contractual receivables	- 106	- 104	- 81	- 75
Statutory				
GST receivable	135	145	104	114
Tax equivalent receivable	—	—	823	1 326
Other taxes collectable	423	303	433	384
Other				
Derivatives receivable — SAFA interest rate swaps	143	35	—	—
Total receivables	1 983	1 987	2 316	2 949
Current	1 820	1 804	1 515	1 608
Non current	163	182	801	1 341
Total receivables	1 983	1 987	2 316	2 949

Note: Totals may not add due to rounding.

Contractual receivables are initially recognised at fair value plus any directly attributable transactions costs. These receivables are held with the objective of collecting the contractual cash flows and therefore are subsequently measured at amortised cost, less any impairment. Receivables are normally settled within 30 days after the issue of an invoice or when the goods/services have been provided under the contractual arrangement.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes.

Impairment of Receivables

Reconciliation of the movement in the impairment allowance on contractual receivables is shown as follows:

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Carrying amount at the beginning of the period	104	91	75	59
Increase/(Decrease) in allowance recognised in P&L	16	31	10	20
Amounts written off	- 14	- 18	- 5	- 3
Carrying amount at end of the period	106	104	81	75

Note: Totals may not add due to rounding.

Details regarding credit risk and the policies and methodology for determining impairment are set out in Note 9.1 *Financial instruments disclosures*.

5.3 Contract assets

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Charges for goods and services	25	25	25	25
Grant revenue	11	7	11	7
Impairment allowance on contract assets	- 4	- 4	- 4	- 4
Total contract assets	32	28	32	28
Current	32	28	32	28
Total contract assets	32	28	32	28

Note: Totals may not add due to rounding.

Contract assets primarily relate to the Government's rights to consideration for work completed but not yet billed at the reporting date on each individual contract. The contract assets are transferred to receivables when the rights become unconditional.

Contract assets are assessed for impairment in the same manner as trade receivables by applying the AASB 9 simplified approach to measure expected credit losses using the lifetime expected loss allowance. However, they are not classified as financial instruments for disclosure purposes.

Revenue from contracts with customers are disclosed in Note 2.3 *Charges for goods and services*.

5.4 Loans and advances

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Treasurer's loans	132	71	132	71
Loan advances	2 628	2 437	26	63
less Provision for doubtful debts - loan and advances	- 47	- 46	- 27	- 27
Total loans and advances	2 713	2 462	132	107

Note: Totals may not add due to rounding.

Loans and advances paid comprise loans made for policy purposes. As such, these advances are generally contracted at interest rates that are below market rates. Loan advances are initially measured at fair value plus transaction costs.

5.5 Investments and placements

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Marketable debt securities	15 730	12 908	—	1
Finance lease receivables	49	57	192	202
Other investments	4 537	4 116	509	464
Total investments and placements	20 317	17 081	701	667
Current	2 719	4 195	298	253
Non current	17 597	12 885	402	414
Total investments and placements	20 317	17 081	701	667

Note: Totals may not add due to rounding.

Investments and placements comprise marketable and non-marketable debt securities, convertible notes, redeemable preference shares, finance lease receivables and any other investments not classified as equity investments in listed or non-listed entities.

Further information on recognition and measurement of these assets are included in Note 9.1 *Financial instruments disclosures*.

The following table discloses the maturity analysis of the finance lease receivables, showing the undiscounted lease payments to be received under the following time bands:

Finance Lease Receivables

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Within one year	41	42	60	62
Later than one year but no longer than five years	3	5	73	69
Later than five years	6	10	83	98
Total undiscounted finance lease payments receivables	50	57	216	228
Less unearned income from finances	—	—	- 24	- 27
Total finance lease receivables	49	57	192	202

Note: Totals may not add due to rounding.

5.6 Other equity investments

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Equity in listed entities	19 643	20 297	75	70
Equity in unlisted entities	13 003	13 161	33	33
Total other equity investments	32 646	33 458	108	103

Note: Totals may not add due to rounding.

Other equity investments includes equity investments in listed and non-listed entities. These assets include those investments held under management by Funds SA that back the State Government's superannuation fund deposit liability and those investment assets held by Return to Work SA (RTWSA) that back insurance liabilities (outstanding claims).

These investments are valued at fair value.

5.7 Interests in joint arrangements

Joint arrangements are contractual arrangements between the State (or a subsidiary entity) and one or more other parties to undertake an economic activity that is subject to joint control.

Joint control only exists when decisions about the relevant activity require the unanimous consent of the parties sharing control.

The difference between a joint venture and a joint operation depends on the contractual rights and obligations of each party, rather than the legal structure of the joint arrangement.

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangements have rights to the net assets of the arrangements. Interests in joint ventures are accounted for by using the equity method, after initially being recognised at cost in the statement of financial position.

Joint operations are joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Interests in joint operations are accounted for using the proportionate consolidation method, with the State recognising its direct right to the assets, liabilities, revenues and expenses and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

Joint operations

Murray-Darling Basin Authority

During the year ended 30 June 2009, the agreements for the management of the assets and resources (the water) within the Murray-Darling Basin Commission (MDBC) were restructured and the Murray-Darling Basin Authority (MDBA) was established, replacing the MDBC.

Following the restructure, the venturers have a joint interest specifically in the infrastructure assets and water rights (as opposed to an interest in an entity controlling/holding the assets).

The MDBA assets are held in two separate reporting entities: the River Murray Operations (RMO) and the Living Murray Initiative (LMI). The RMO's primary assets include physical infrastructure, the LMI's primary assets include intangibles/water licenses. The share in the individually controlled assets was transferred at transition in the original proportions of the share of the entity held by the individual jurisdictions as follows: New South Wales 26.67 per cent; South Australia 26.67 per cent; Victoria 26.67 per cent; the Commonwealth Government 20 per cent.

The arrangement is classified as a joint operation and the Department for Environment and Water recognises, on behalf of the state, its direct right to the jointly held assets, revenues and expenses based on the percentage interest. This is accounted for using the proportionate consolidation method as detailed in the

	(\$ millions)			
	Whole of Government		General Government	
	2023	2022	2023	2022
Non-financial assets				
Buildings and structures (Note 6.3)	852	837	852	837
Machinery and equipment (Note 6.2)	5	4	5	4
Intangible assets (Note 6.6)	183	165	183	165
Total assets	1 040	1 007	1 040	1 007

Note: Totals may not add due to rounding.

For the year ended 30 June 2023, South Australia recognised an increase in its joint interest in the MDBA assets of \$33 million (increase of \$106 million in 2021–22), bringing the state's total recognition in the MDBA assets to \$1.040 billion (\$1.007 billion at 30 June 2022).

6. Non-Financial assets

6.1 Inventories

	(\$ millions)			
	Whole of Government		General Government	
	2023	2022	2023	2022
Work in progress	150	125	—	—
Raw materials and stores	23	22	12	13
Finished goods	9	12	2	2
Land held for resale	456	311	—	—
Other inventories	114	135	113	133
Total inventories	752	605	127	147
The above inventories were held as follows:				
Held for consumption by government controlled entities	12	12	1	—
Held for distribution at nominal cost	241	274	83	138
Held for other than distribution at nominal cost	500	319	44	9
Total inventories	752	605	127	147
Current	415	377	127	147
Non current	337	228	—	—
Total inventories	752	605	127	147

Note: Totals may not add due to rounding.

Inventories other than those held for distribution, are carried at the lower of cost and net realisable value under AASB 102 *Inventories*. For most agencies, cost is determined on either a first-in-first-out or average cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location, except for trading costs which are expensed as incurred.

Where inventories are acquired for no or nominal consideration, the cost is the current replacement cost as at the date of acquisition.

Inventories held for distribution are those inventories that the government distributes for no or nominal consideration. These are measured at cost and adjusted when applicable for any loss of service potential. Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition and development.

6.2 Machinery and equipment

	(\$ millions)			
	Whole of Government		General Government	
	2023	2022	2023	2022
Plant, equipment and vehicles at fair value	4 240	4 065	3 623	3 473
Accumulated depreciation	-2 392	-2 295	-2 208	-2 112
Total plant, equipment and vehicles at fair value	1 848	1 770	1 415	1 361
Plant, equipment and infrastructure under construction	248	229	247	227
Total machinery and equipment	2 096	1 999	1 662	1 588

Note: Totals may not add due to rounding.

All non-financial assets are measured initially at cost and subsequently revalued at fair value.

Fair value is measured having regard to the asset's highest and best use, and usually results in assets being valued at the current cost of replacing the future economic benefits that can be expected to be obtained from the remaining useful lives of the assets.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. The fair value of cash consideration with deferred settlement terms is determined by discounting any amounts payable in the future to their present value as at the date of acquisition. Present values are calculated using rates applicable to similar borrowing arrangements of the economic entity.

Revaluation of non-financial assets

All non-financial tangible assets are valued at fair value, and revaluation of non financial assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

Land, buildings and leasehold improvements are revalued, at a minimum, every six years. However, if at any time the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-financial tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued at fair value.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement for that class of asset previously recognised as an expense in the statement of comprehensive income, the increment is recognised as income.

Revaluation decrements are recognised immediately as an expense, except where they are debited directly to the asset revaluation reserve to the extent that a credit exists in the asset revaluation reserve in respect of the same class of asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset. Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

6.3 Buildings and structures

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Buildings				
Buildings at fair value	25 769	23 893	20 048	19 157
Accumulated depreciation	-10 023	-9 561	-9 654	-9 095
Total Buildings at fair value	15 745	14 332	10 394	10 062
Buildings under service concessions	780	586	—	—
Accumulated depreciation	- 10	- 8	—	—
Total Buildings under service concessions	770	579	—	—
Buildings under construction	824	696	590	551
Investment properties — buildings	45	42	17	14
Total buildings	17 385	15 649	11 000	10 626
Structures				
Water, sewerage and drainage assets at fair value	20 845	23 776	2 160	1 985
Accumulated depreciation	-9 223	-10 392	- 871	- 765
Total Water, sewerage and drainage assets at fair value	11 623	13 384	1 289	1 221
Water, sewerage and drainage assets under construction	904	768	7	22
Road network, bus and rail tracks at fair value	47 495	42 601	47 493	42 598
Accumulated depreciation	-14 041	-12 240	-14 039	-12 238
Total Road network, bus and rail tracks at fair value	33 455	30 361	33 454	30 360
Road network, bus and rail tracks under construction	1 606	1 776	1 606	1 776
Total structures	47 587	46 290	36 355	33 379
Total buildings and structures	64 973	61 940	47 356	44 005

Note: Totals may not add due to rounding.

Investment properties

All investment properties are reported as non-financial assets in the statement of financial position. In accordance with AASB 140 *Investment Property*, properties held to earn rental income or for capital gains purposes are classified as investment properties. Such properties are valued at fair value. Changes in fair value are recognised in the statement of comprehensive income and no depreciation expense or asset impairment is recognised.

Land and Buildings under Service Concession arrangements

Service concession assets relating to Land and Buildings are properties captured under AASB 1059 *Service Concession Assets* and relates to various arrangements that the South Australian Housing Trust (SAHT) has with Community Housing Providers (CHPs) where the CHPs provide affordable or social housing services on behalf of the SAHT.

6.4 Heritage assets

	(\$ millions)			
	Whole of Government		General Government	
	2023	2022	2023	2022
Heritage assets at fair value	1 444	1 436	1 430	1 422
Accumulated amortisation	- 1	- 1	- 1	- 1
Total heritage assets	1 443	1 435	1 429	1 421

Note: Totals may not add due to rounding.

Heritage assets primarily relate to heritage collections held by the Art Gallery Board, Museum Board and the Libraries Board of South Australia. These heritage collections are large and diverse.

In instances where there are sufficient observable transactions of similar assets, the market approach has been utilised to determine fair value. Where there is no active market for these heritage collections, valuations are performed using the cost approach (i.e. depreciated reproduction cost) taking into account the assets' characteristics and restrictions.

All valuations are performed by valuers that specialise in the valuation of heritage assets.

6.5 Biological assets

	(\$ millions)			
	Whole of Government		General Government	
	2023	2022	2023	2022
Standing timber (commercial forests)	124	109	—	—
Other plants and livestock	4	5	4	5
Total biological assets	127	113	4	5

Note: Totals may not add due to rounding.

Biological assets predominantly consist of standing timber. Standing timber is valued at the net present value of future cash flows. This policy is in accordance with the requirements of AASB 141 *Agriculture* and all amounts are calculated in pre-tax dollars.

6.6 Intangible assets

	(\$ millions)			
	Whole of Government		General Government	
	2023	2022	2023	2022
Intangible assets at cost	1 592	1 586	1 073	1 035
Accumulated amortisation	- 890	- 873	- 560	- 523
Total intangibles at cost	702	713	512	513
Intangibles under service concessions	322	330	322	330
Accumulated amortisation	- 4	- 3	- 4	- 3
Total intangibles under service concessions	318	327	318	327
Total intangibles	1 020	1 040	830	839

Note: Totals may not add due to rounding.

Intangible assets

An intangible asset is an indefinable non-monetary asset without physical substance. All intangible assets are reported as non-financial assets on the statement of financial position. Intangible assets are measured at cost and tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The government only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 *Intangible Assets* are expensed. Subsequent expenditure on intangible assets has not been capitalised.

Service Concession intangible assets

Service concession intangible assets consist of service concession data (\$309 million) comprising the State's Land Title Register and Valuation Roll, and service concession software (\$9 million) comprising the South Australian Integrated Land Information System (SAILIS Software).

In 2017-18, the Government entered into an agreement with a private sector operator to provide land titling, registration and valuation services to the Government. This arrangement falls under the requirements of *AASB 1059 Service Concession Arrangements: Grantors*.

The related liability (referred to as the grant of a right to the operator liability) is recognised as unearned revenue in Note 7.9 *Other liabilities*. This liability will be progressively reduced over the period of the arrangement, which is 47 years, on a straight line basis.

Service concession data assets are measured at current replacement cost based on AASB 13 *Fair Value Measurement* in accordance with AASB 1059. Service concession data are intangible assets with an indefinite life, meaning that the carrying amount of these assets are not amortised. The fair value of the data service concession asset is assessed at each year end.

The service concession software is measured at cost and amortised over the useful life of 11 years.

Valuation of service concession data assets

To comply with the requirements of AASB1059, a valuation of the data and the cost in replacing that data held within SAILIS was undertaken in 2022-23. This led to a \$7.5 million revaluation decrement (\$52.2 million increment) being recognised in 2022-23.

The current replacement cost of an asset is determined by reference to the replacement cost of a new modern equivalent of the asset, and adjusted to reflect losses in value attributable to physical depreciation/amortisation and obsolescence. This approach is also deemed to be the minimum cost to replace the existing asset with the same economic benefit.

The current replacement cost of service concession data was derived as a hypothetical exercise with the following assumptions:

- The information required to populate and recreate the register is available at no cost.
- The existence of physical or electronic copy of a record that can be used to recreate the data.
- SAILIS software, architecture and trained workforce required for data recreation are available.
- Only data that sits within the system is replicated.

Considering these assumptions, the minimum cost to replicate the existing service potential of service concession data is calculated based on:

- The cost of manually inputting and manipulating records, using the cost incurred by the current operator to process dealings/plan/titles at valuation date. These costs are then applied to the relevant total volume of records.
- The scanning and digitising costs i.e. the estimates of current cost to input non digital records into SAILIS.
- Due to the nature and complexity that might surround a data recreation project of this size, a contingency amount is included to cater for variations in the cost of recreating complicated records, technological requirements, quality assurance, timing and staffing.

The calculation of the fair value of service concession data assets requires judgements, estimates and assumptions relating to future events. The estimates and assumptions are based on previous experience and other factors considered reasonable in the circumstances, but that are inherently uncertain and unpredictable.

6.7 Non-financial assets held for sale or transfer

	Whole of		General	
	Government		Government	
	2023	2022	2023	2022
Machinery and equipment	11	5	6	5
Buildings and structures	7	8	144	146
Land	43	35	89	85
Other assets	1	—	7	6
Total non-financial assets held for sale or transfer	62	49	247	241

Note: Totals may not add due to rounding.

All non-financial assets held for sale or transfer are split into produced and non-produced non financial assets on the statement of financial position. In accordance with AASB 5 *Non-Current Assets Held for Sale and Discontinued Operations*, non financial assets held for sale are measured at the lower of carrying amount and fair value less costs to sell and have not been depreciated or amortised.

6.8 Other non-financial assets

	Whole of		General	
	Government		Government	
	2023	2022	2023	2022
Prepayments	145	168	106	127
Other non-financial assets	33	39	28	31
Total other non-financial assets	178	208	134	158

Note: Totals may not add due to rounding.

6.9 Land

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Site land at fair value	11 920	10 489	5 203	4 345
Land under roads	4 413	3 461	4 413	3 461
Land held under Service Concession	1 428	1 324	—	—
National parks and other 'land only' holdings at fair value	1 008	1 003	968	966
Investment properties — land	96	86	13	15
Total land	18 865	16 362	10 597	8 787

Note: Totals may not add due to rounding.

Land under roads

Accounting standard AASB 1051 Land Under Roads allows reporting entities to elect not to recognise land under roads acquired prior to 1 July 2008. This election has been made by the Department for Infrastructure and Transport (DIT) with respect to land under roads in its financial statements, with only land under roads acquired after 1 July 2008 having been recognised in accordance with the requirements of AASB 1051. However, AASB 1049 requires that where an accounting standard permits a choice of accounting policy, the policy that aligns with GFS principles must be chosen.

GFS principles require measurement of all assets at market value. Under this interpretation, the election permitted in AASB 1051 cannot be applied to the general government sector or whole of government reports.

Land under roads is revalued by the Valuer-General on a triennial basis, with annual updates applied where movements in value are considered material. The last triennial revaluation was performed as at 30 June 2023.

In the triennial review performed by the Valuer-general in 2022-23, Land under roads has increased by 50.3% (\$1.387 billion over three years, an increase of \$907 million from the 2021-22 indexed figure) since the last triennial revaluation at 30 June 2020. In accordance with the policy on valuation of land under roads, and applying the 'englobo' valuation methodology and using road network records of DIT, land under roads as at 30 June 2023 was revalued to \$4.142 billion. This amount is in addition to the amounts booked by DIT of \$271 million.

6.10 Reconciliation of non-financial assets

Reconciliations of the carrying amounts of each class of non-financial assets at the beginning and end of the year are as follows:

(\$ millions)

Whole of Government 2023	Machinery and equipment	Buildings and structures	Heritage assets	Biological assets	Intangible assets	Land	Total
Balance at 1 July 2022	1 999	61 940	1 435	113	1 040	16 362	82 889
Additions	323	2 066	2	1	38	18	2 449
Capitalised subsequent expenditure	63	820	—	—	12	—	895
Disposals	- 31	- 21	- 1	- 2	-	- 30	- 84
Transfers	- 32	- 315	4	—	36	258	- 49
Revaluation movements	5	2 005	3	14	- 7	2 243	4 263
Recoverable amount write-downs or impairment losses	- 3	- 51	—	—	- 3	—	- 57
Depreciation and amortisation expense	- 228	-1 476	- 1	—	- 88	—	-1 792
Other movements	—	4	—	1	- 9	13	10
Carrying amount 30 June 2023	2 096	64 973	1 443	127	1 020	18 865	88 524

(\$ millions)

Whole of Government 2022	Machinery and equipment	Buildings and structures	Heritage assets	Biological assets	Intangible assets	Land	Total
Balance at 1 July 2021	2 006	61 129	1 315	61	902	15 207	80 618
Additions	316	2 105	5	2	135	18	2 580
Capitalised subsequent expenditure	46	826	—	—	9	—	880
Disposals	- 32	- 16	—	- 2	- 2	- 46	- 97
Transfers	- 27	- 164	10	—	38	75	- 68
Revaluation movements	- 60	- 525	106	52	54	1 080	707
Recoverable amount write-downs or impairment losses	- 14	- 30	—	—	- 2	11	- 34
Depreciation and amortisation expense	- 242	-1 387	- 1	—	- 93	—	-1 723
Other movements	7	3	—	1	—	16	27
Carrying amount 30 June 2022	1 999	61 940	1 435	113	1 040	16 362	82 889

Note: Totals may not add due to rounding.

Reconciliation of non-financial assets (continued)

(\$ millions)

General Government 2023	Machinery and equipment	Buildings and structures	Heritage assets	Biological assets	Intangible assets	Land	Total
Balance at 1 July 2022	1 588	44 005	1 421	5	839	8 787	56 646
Additions	235	1 973	2	1	33	19	2 262
Capitalised subsequent expenditure	63	226	—	—	8	—	297
Disposals	- 6	- 10	- 1	- 2	-	- 15	- 33
Transfers	- 30	- 366	4	—	27	335	- 30
Revaluation movements	3	2 590	3	- 1	- 7	1 470	4 058
Recoverable amount write-downs or impairment losses	- 3	- 48	—	—	- 3	—	- 54
Depreciation and amortisation expense	- 188	- 1 019	- 1	—	- 58	—	- 1 266
Other movements	—	4	—	1	- 9	1	- 2
Carrying amount 30 June 2023	1 662	47 356	1 429	4	830	10 597	61 878

(\$ millions)

General Government 2022	Machinery and equipment	Buildings and structures	Heritage assets	Biological assets	Intangible assets	Land	Total
Balance at 1 July 2021	1 541	42 615	1 305	4	680	8 137	54 282
Additions	247	2 034	5	2	127	11	2 425
Capitalised subsequent expenditure	46	334	—	—	7	—	387
Disposals	- 5	- 5	—	- 2	- 2	- 19	- 33
Transfers	- 34	- 162	5	—	37	72	- 82
Revaluation movements	2	150	106	—	54	574	886
Recoverable amount write-downs or impairment losses	- 14	- 23	—	—	- 2	11	- 28
Depreciation and amortisation expense	- 202	- 939	- 1	—	- 61	—	- 1 202
Other movements	7	2	—	1	—	1	11
Carrying amount 30 June 2022	1 588	44 005	1 421	5	839	8 787	56 646

Note: Totals may not add due to rounding.

6.11 Right-of-use leased assets

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Machinery and equipment	219	242	259	281
Buildings and structures	3 785	3 764	3 590	3 553
Land	1	2	1	1
Total Right-of-use leased assets	4 004	4 008	3 850	3 834

Note: Totals may not add due to rounding.

Reconciliations of the carrying amounts of each class of right-of-use leased assets at the beginning and end of the year are as follows:

(\$ millions)

Whole of Government 2023	Machinery and equipment	Buildings and structures	Land	Total
Balance at 1 July 2022	242	3 764	2	4 008
Additions	2	225	- 1	226
Disposals	—	- 77	—	- 77
Transfers	- 1	96	—	94
Revaluation movements	—	7	—	7
Depreciation expense	- 24	- 227	—	- 251
Other movements	—	- 2	—	- 2
Carrying amount on 30 June 2023	219	3 785	1	4 004

(\$ millions)

General Government 2023	Machinery and equipment	Buildings and structures	Land	Total
Balance at 1 July 2022	281	3 553	1	3 834
Additions	29	221	—	251
Disposals	—	- 1	—	- 1
Transfers	- 1	12	—	11
Revaluation movements	—	7	—	7
Depreciation expense	- 50	- 200	—	- 249
Other movements	—	- 2	—	- 2
Carrying amount on 30 June 2023	259	3 590	1	3 850

Note: Totals may not add due to rounding.

Whole of Government 2022	Machinery and equipment	Buildings and structures	Land	Total
Balance at 1 July 2021	260	3 801	2	4 064
Additions	1	116	—	117
Disposals	—	- 1	—	- 1
Transfers	7	57	—	64
Revaluation movements	—	4	—	4
Depreciation expense	- 26	- 214	—	- 240
Other movements	—	1	—	1
Carrying amount on 30 June 2022	242	3 764	2	4 008

(\$ millions)

General Government 2022	Machinery and equipment	Buildings and structures	Land	Total
Balance at 1 July 2021	311	3 613	1	3 925
Additions	23	101	—	124
Disposals	- 1	- 2	—	- 2
Transfers	- 2	29	—	27
Revaluation movements	—	4	—	4
Depreciation expense	- 51	- 193	—	- 244
Other movements	—	1	—	1
Carrying amount on 30 June 2022	281	3 553	1	3 834

Note: Totals may not add due to rounding.

Right-of-use leased assets are measured at cost. Following initial recognition, right-of-use leased assets are carried at cost less any accumulated depreciation.

The lease liabilities related to the right-of-use leased assets are disclosed in Note 7.2 *Borrowings*. The maturity analysis of the lease liabilities is disclosed in Note 9.1 *Financial instrument disclosures*.

Any income from subleasing in the general government sector is reported in Note 2.3 *Charges for goods and services*.

Expenses related to leases are disclosed in Note 3.2 *Depreciation* and Note 3.4 *Interest expenses*.

Gains or losses arising from sale and leaseback transactions are disclosed in net gain/(loss) on sale of non-financial assets within other economic flows - included in net result.

Cash outflows related to leases are disclosed in Note 8.5 *Cash flows from leases*.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15,000 are not recognised as right-of-use leased assets. The associated lease payments are recognised as an expense and are disclosed in Note 3.3 *Use of goods and services*.

Right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable the Government to further its objectives, are also measured at cost. These right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, subject to impairment. These arrangements are not significant in number or value for the Government.

Major leases held by the Government include:

New Royal Adelaide Hospital financing arrangements

The Royal Adelaide Hospital (RAH) lease which commenced in June 2011, achieved commercial acceptance in June 2017, and is for 35 years. The SA Health Partnership Consortium trading as Celsus entered into an arrangement to finance, design, build, operate and maintain the new RAH. Under the arrangement, Celsus will maintain and provide non-medical support services including facilities management by Spotless and information and communication technology (ICT) support and maintenance by DXC Technology for the duration of the contract. The arrangement is referred to as a Public Private Partnership (PPP). At the conclusion of the contract in 2046, the Consolidated Entity will take full ownership of the RAH. Celsus have an obligation to deliver the RAH in a condition fit for its intended purpose and fully maintained in accordance with the agreed asset management plan.

Department for Infrastructure and Transport

Properties leased by the Department for Infrastructure and Transport from external landlords for office and other accommodation, on behalf of the whole of the government sector.

Department for Education

Education Works New Schools Public Private Partnership lease, which is a 30 year agreement entered into in July 2009 for the financing, design, construction, and maintenance of six schools. This agreement includes the provision of operational and maintenance services by the operator for a specified period of time, and is referred to as a Public Private Partnership.

In December 2019, the state of South Australia entered into a Project Deed for the delivery of the SA School Private Partnership Project for the finance, design, construction and maintenance of two birth-to-year 12 schools under a Public Private Partnership (PPP) agreement. The Northern School is in the Angle Vale suburb of Adelaide and the Southern School is in the Aldinga suburb of Adelaide. This is referred to as the SA Schools PPP agreement.

Under the PPP agreements, the government pays the operator over the period of the arrangement, subject to specified performance criteria being met. These estimated periodic payments relate to the ongoing operation and maintenance of the facilities accounted for as operating costs which are expensed in the Statement of Comprehensive Income.

6.12 Fair value hierarchy of non-financial assets

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The government classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

- Level 1 — traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 — not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 — not traded in an active market and are derived from unobservable inputs.

In determining fair value, the government has taken into account the characteristic of the asset (e.g. condition and location of the asset and restrictions on the sale or use of the asset), and the asset's highest and best use — that is physically possible, legally permissible and financially feasible.

The current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As there were no factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a 'fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years' are deemed to approximate fair value.

The following tables present the consolidated non-financial assets measured at fair value in the statement of financial position in accordance with the fair value hierarchy for both the whole of government and the general government sector.

The government had no valuations categorised into level 1.

(\$ millions)

Whole of Government 2023	Fair value	Level 2	Level 3
Recurring fair value measurements			
Machinery and equipment ^(a)	1 848	226	1 622
Buildings and structures ^(a)	61 435	5 567	55 867
Heritage assets	1 443	1 219	224
Biological assets	127	1	126
Land	18 253	12 164	6 089
Intangible assets under service concession (data assets)	309	—	309
Total recurring fair value measurements	83 415	19 178	64 237
Non-recurring fair value measurements			
Non-financial assets held for sale or transfer	62	52	9
Total non-recurring fair value measurements	62	52	9
Total fair value measurements	83 477	19 230	64 247

(\$ millions)

Whole of Government 2022	Fair value	Level 2	Level 3
Recurring fair value measurements			
Machinery and equipment ^(a)	1 770	215	1 555
Buildings and structures ^(a)	58 486	4 312	54 174
Heritage assets	1 435	1 225	210
Biological assets	113	1	112
Land	16 071	11 005	5 066
Intangible assets under service concession (data assets)	316	—	316
Total recurring fair value measurements	78 192	16 758	61 434
Non-recurring fair value measurements			
Non-financial assets held for sale or transfer	55	27	28
Total non-recurring fair value measurements	55	27	28
Total fair value measurements	78 247	16 785	61 462

(\$ millions)

General Government 2023	Fair value	Level 2	Level 3
Recurring fair value measurements			
Machinery and equipment ^(a)	1 415	13	1 402
Buildings and structures ^(a)	44 950	478	44 472
Heritage assets	1 429	1 215	215
Biological assets	4	1	2
Land	9 985	3 963	6 022
Intangible assets under service concession (data assets)	309	—	309
Total recurring fair value measurements	58 092	5 670	52 422
Non-recurring fair value measurements			
Non-financial assets held for sale or transfer	247	94	152
Total non-recurring fair value measurements	247	94	152
Total fair value measurements	58 339	5 764	52 574

Note: Totals may not add due to rounding.

(\$ millions)

General Government 2022	Fair value	Level 2	Level 3
Recurring fair value measurements			
Machinery and equipment ^(a)	1 361	16	1 345
Buildings and structures ^(a)	41 444	472	40 973
Heritage assets	1 421	1 211	210
Biological assets	5	1	4
Land	8 496	3 495	5 001
Intangible assets under service concession (data assets)	316	—	316
Total recurring fair value measurements	53 043	5 195	47 848
Non-recurring fair value measurements			
Non-financial assets held for sale or transfer	241	71	170
Total non-recurring fair value measurements	241	71	170
Total fair value measurements	53 284	5 266	48 018

Note: Totals may not add due to rounding.

(a) Machinery and equipment and Buildings and structures exclude all works under construction.

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2022. All transfers into and out of fair value hierarchy levels are recognised at the end of the reporting period.

Valuation techniques and inputs

Although observable inputs are used in determining fair value, and are subjective, the overall valuation would not be materially affected by reasonable possible alternative assumptions. There were no changes in valuation techniques during 2022-23.

The Department for Infrastructure and Transport, SA Water Corporation and the South Australian Housing Trust contribute to approximately 73 per cent of the total non-financial assets of the government. The techniques and inputs used in valuing those non-financial assets can vary depending on the nature of the asset for that agency. Further information on valuation techniques and inputs are provided in those agency's financial statements.

The following tables provide a reconciliation of fair value measurements using significant unobservable inputs (level 3).

(\$ millions)

Whole of Government 2023	Machinery and equipment	Buildings and structures	Heritage assets	Biological assets	Land	Intangible data assets under Service Concession	Total
Opening Balance at the beginning of the period	1 555	54 174	210	112	5 066	316	61 434
Acquisitions	180	1 786	1	1	19	—	1 988
Capitalised subsequent expenditure	13	223	—	—	—	—	236
Disposals	- 7	- 35	- 1	—	- 8	—	- 51
Resources received/(provided) free of charge	- 1	—	—	—	6	—	5
Net transfer in/(out) of level 3	26	15	—	—	45	—	86
Transfers between asset classes	52	268	11	—	52	—	383
Gains/(losses) for the period recognised in net result:							
Revaluation increment/decrement	2	7	—	15	1	—	25
Impairment losses/reversals	- 1	- 5	—	- 1	—	—	- 7
Depreciation	- 199	- 1 360	—	—	—	—	- 1 559
Gains/(losses) for the period recognised in other comprehensive income:							
Revaluation increment/decrement	3	793	3	- 1	907	- 7	1 698
Carrying amount at the end of the period	1 622	55 867	224	126	6 089	309	64 237

(\$ millions)

Whole of Government 2022	Machinery and equipment	Buildings and structures	Heritage assets	Biological assets	Land	Intangible data assets under Service Concession	Total
Opening Balance at the beginning of the period	1 626	52 911	211	60	4 682	264	59 754
Acquisitions	140	1 668	1	2	7	—	1 817
Capitalised subsequent expenditure	5	861	—	—	—	—	866
Disposals	- 5	- 6	—	—	- 3	—	- 14
Resources received/(provided) free of charge	—	4	—	—	1	—	5
Net transfer in/(out) of level 3	18	13	—	—	36	—	67
Transfers between asset classes	48	382	—	—	13	—	443
Gains/(losses) for the period recognised in net result:							
Revaluation increment/decrement	- 60	- 1	—	52	—	52	43
Impairment losses/reversals	—	- 3	—	- 1	—	—	- 5
Depreciation	- 215	- 1 287	—	—	—	—	- 1 502
Gains/(losses) for the period recognised in other comprehensive income:							
Revaluation increment/decrement	—	- 367	- 2	—	330	—	- 39
Carrying amount at the end of the period	1 555	54 174	210	112	5 066	316	61 434

Note: Totals may not add due to rounding.

(\$ millions)

General Government 2023	Machinery and equipment	Buildings and structures	Heritage assets	Biological assets	Intangible data assets under Service		Total
					Land	Concession	
Opening Balance at the beginning of the period	1 345	40 973	210	4	5 001	316	47 848
Acquisitions	165	1 358	1	1	19	—	1 544
Capitalised subsequent expenditure	13	223	—	—	—	—	235
Disposals	- 7	- 35	- 1	—	- 8	—	- 50
Resources received/(provided) free of charge	- 1	—	—	—	6	—	5
Net transfer in/(out) of level 3	26	15	—	—	45	—	86
Transfers between asset classes	45	268	1	—	52	—	367
Gains/(losses) for the period recognised in net result:							
Revaluation increment/decrement	—	7	—	—	—	—	7
Impairment losses/reversals	- 1	- 5	—	- 1	—	—	- 7
Depreciation	- 185	- 997	—	—	—	—	- 1 182
Gains/(losses) for the period recognised in other comprehensive income:							
Revaluation increment/decrement	3	2 664	3	- 1	907	- 7	3 569
Carrying amount at the end of the period	1 402	44 472	215	2	6 022	309	52 422

(\$ millions)

General Government 2022	Machinery and equipment	Buildings and structures	Heritage assets	Biological assets	Intangible data assets under Service		Total
					Land	Concession	
Opening Balance at the beginning of the period	1 352	39 326	211	3	4 617	264	45 773
Acquisitions	133	1 301	1	2	6	—	1 443
Capitalised subsequent expenditure	5	861	—	—	—	—	865
Disposals	- 4	- 6	—	—	- 3	—	- 13
Resources received/(provided) free of charge	—	4	—	—	1	—	5
Net transfer in/(out) of level 3	17	9	—	—	36	—	62
Transfers between asset classes	42	244	—	—	13	—	299
Gains/(losses) for the period recognised in net result:							
Revaluation increment/decrement	2	- 1	—	—	—	52	52
Impairment losses/reversals	—	- 3	—	- 1	—	—	- 5
Depreciation	- 200	- 917	—	—	—	—	- 1 118
Gains/(losses) for the period recognised in other comprehensive income:							
Revaluation increment/decrement	—	155	- 2	—	330	—	484
Carrying amount at the end of the period	1 345	40 973	210	4	5 001	316	47 848

Note: Totals may not add due to rounding.

7. Liabilities

7.1 Deposits held

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Deposits at call	181	411	529	541
Total deposits held	181	411	529	541

Note: Totals may not add due to rounding.

Deposits held represent liabilities for customer security deposits which can be refunded at any time. These deposits are recognised at no less than the amount payable on demand, in accordance with AASB 13 *Fair Value Measurement*.

7.2 Borrowings

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Debt securities	30 537	28 869	—	—
Lease liability	4 162	4 110	4 153	4 099
PPP Liability	219	224	219	224
Loan liability	3	—	24 630	23 328
Total borrowings	34 921	33 203	29 002	27 651

Note: Totals may not add due to rounding.

Borrowings comprise of debt securities, lease liabilities and loan liabilities held by the Government.

Further information on recognition and measurement of these liabilities are discussed in Note 9.1 *Financial instruments disclosures*.

Major types of leases held by the Government of South Australia are discussed under Note 6.11 *Right-of-use leased assets*.

7.3 Payables

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Contractual				
Creditors	572	653	436	517
Accruals	946	879	963	844
Other contractual payables	239	218	124	115
Statutory				
GST payable	15	14	2	2
Other taxes payable	1	1	1	1
Other statutory payables	2	2	2	2
Other				
Derivatives payable — SAFA interest rate swap	451	347	—	—
Total payables	2 228	2 115	1 529	1 481
Current	2 070	1 854	1 350	1 305
Non current	158	260	179	176
Total payables	2 228	2 115	1 529	1 481

Note: Totals may not add due to rounding.

Contractual payables represent liabilities for goods and services provided at the end of the financial year that are unpaid. They are measured at amortised cost and are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing.

Statutory payables do not arise from contracts and are recognised and measured similarly to contractual payables, but are not classified as financial instruments for disclosure purposes.

7.4 Contract liabilities

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Charges for goods and services	86	94	38	46
Grant revenue	25	34	25	34
Total contract liabilities	111	128	63	81
Current	109	127	63	81
Non current	1	2	—	—
Total contract liabilities	111	128	63	81

Note: Totals may not add due to rounding.

Contract liabilities primarily relate to advance consideration received from customers, for which revenue is recognised over time.

Revenue of \$102 million was recognised in 2022-23 for the whole of government (\$63 million in the general government sector) that was included in contract liabilities at 1 July 2022. No revenue was recognised in 2022-23 from performance obligations satisfied (or partially satisfied) in previous periods.

An analysis of the expected realisation of contract liabilities as revenue at 30 June 2023 is provided below:

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
2023-24	109	126	63	80
2024-25	1	2	—	1
2025-26 - onwards	1	1	—	—
Total contract liabilities	111	128	63	81

Note: Totals may not add due to rounding.

Unearned revenue not recognised from contracts with customers is disclosed in Note 7.9 *Other liabilities*.

Revenue from contracts with customers are disclosed in Note 2.2 *Grant revenue* and Note 2.3 *Charges for goods and services*.

7.5 Employee benefits

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Accrued wages and salaries	216	219	214	218
Annual leave	913	868	882	835
Long service leave	1 867	1 893	1 803	1 827
Retention leave	76	77	75	76
Other employee benefits	9	9	9	9
Total employee benefits	3 081	3 066	2 983	2 965
Current	1 410	1 358	1 363	1 311
Non current	1 671	1 708	1 620	1 654
Total employee benefits	3 081	3 066	2 983	2 965

Note: Totals may not add due to rounding.

Employee benefits (including wages, salaries, annual leave, long service leave, skills and experience retention leave, sick leave and superannuation benefits) reflect those benefits accrued as a result of services provided by employees up to the reporting date that remain unpaid.

In accordance with Australian Accounting Standard AASB 119 *Employee Benefits*, employee benefits expected to be settled within 12 months of the reporting date are measured at the nominal amounts expected to be paid on settlement. Employee benefits not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments using the project unit credit method.

In measuring the liability for non-vesting sick leave at reporting date, only that component of the accumulated benefits that are expected to result in payments to employees are recognised.

The estimated liability for long service leave is based on actuarial assumptions over the expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data across all South Australian government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. For 2022-23, the yield on long term Commonwealth Government bonds has increased from 3.5% (2021-22) to 4.0%. This increase in the bond yield, which is used as the rate to discount future long service leave cashflows, results in a decrease in the reported long service liability. As a result of the actuarial assessment performed, the salary inflation rate increased from the 2022 rate of 2.5% to 3.5% for long service liability.

The net financial effect of all actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$16 million at Whole of Government (\$13 million for General Government).

7.6 Unfunded superannuation liabilities

	(\$ millions)			
	Whole of Government		General Government	
	2023	2022	2023	2022
Unfunded superannuation liabilities	7 518	7 065	7 518	7 065
Total unfunded superannuation liabilities	7 518	7 065	7 518	7 065

Note: Totals may not add due to rounding.

This note provides information about the state's defined benefits superannuation schemes and contains information on:

- the various superannuation schemes
- funding status of plans (including actual return on plan assets and impact of assumptions on the movement in 2022-23 liabilities)
- reconciliations of the present value of the defined benefit obligation and the fair value of defined benefit plan assets
- major economic assumptions
- target asset allocation (by asset class).

SA Public Sector Defined Benefit Superannuation Schemes

The government and its controlled entities contribute, for their employees, to a number of defined benefit and defined contribution superannuation plans. The government administers the following defined benefit schemes:

- State Scheme — consists of a defined benefit pension scheme closed to new members from 31 May 1986 and a defined benefit lump sum scheme closed to new members from 4 May 1994
- Police Superannuation Scheme — a defined benefit pension scheme closed to new members from 1 June 1990
- Parliamentary Superannuation Scheme — consists of a defined benefit pension scheme closed to new members from 18 March 2006
- Judges' Pension Scheme — a defined benefit non-contributory pension scheme
- Governors' Pension Scheme — a defined benefit pension scheme for former Governors
- SA Ambulance Service Scheme — consists of a defined benefit scheme, closed to new members from 1 July 2008.

The government recognises a liability to these defined benefit plans in accordance with AASB 119 *Employee Benefits*. The liability represents the estimated present value of the defined benefit obligations for these plans as at reporting date, less the fair value of plan assets.

A separate annual financial report is prepared for each of the above defined benefit plans, in accordance with AASB 1056 *Superannuation Entities*.

Funding status of defined benefit plans

Details of the funding status of defined benefit plans as at reporting date, as determined by the Department of Treasury and Finance or by trustees of the various plans, are set in the table below. All defined benefit plans are either wholly or partly funded.

(\$ millions)

Defined benefit plans	Accrued benefits		Fair value plans assets		SA Govt liability (deficit) to plans	
	2023	2022	2023	2022	2023	2022
Govt of SA administered schemes ^(a)						
State scheme	10 707	10 494	4 562	4 674	6 145	5 820
Police scheme	3 671	3 484	2 375	2 279	1 295	1 205
Parliamentary super scheme	267	256	225	225	42	31
Judges' pension scheme	432	400	323	309	109	91
Governors' pension scheme	5	5	3	3	2	2
SA Ambulance scheme	264	266	284	296	- 20	- 30
Total Govt of SA administered schemes	15 346	14 905	7 771	7 786	7 574	7 119
Other schemes ^(b)	471	445	527	500	- 56	- 54
Member funded benefits	- 442	- 471	- 442	- 471	—	—
Total	15 374	14 879	7 856	7 814	7 518	7 065

Note : Totals may not add due to rounding.

(a) These schemes are administered by Super SA.

(b) Other schemes comprise of Metropolitan Fire Service and Electricity Industry Superannuation Schemes.

Calculations, including that of the government's liability (i.e. deficit) to the plans, are made on the basis that employment terms continue through as a 'going concern' — accrued benefits only.

Accrued benefits are measured as the present value of estimated future payments to employees arising from membership of the plan up to the reporting date.

As at 30 June 2023, the estimated present value of defined benefit obligations to employees was calculated using a discount rate of 4.2 per cent (3.9 per cent at 30 June 2022), equal to the market yield on the Commonwealth Government's long term bond rate at 30 June 2023.

The higher discount rate applied as at 30 June 2023 (4.2 per cent) compared with 30 June 2022 (3.9 per cent) resulted in a decrease (\$527 million) in the estimated present value of defined benefit obligations. The excess of accrued benefits over the fair value of a defined benefit plans' assets has been recognised as a liability in the statement of financial position.

Any liability in respect of defined contribution plans has been measured as the amount of the government's contribution that, under the terms of the plan, has accrued or is payable to the plan at reporting date.

Accounting standard AASB 119 *Employee Benefits* requires an entity to make various disclosures about defined benefit plans. As permitted by the standard, the following disclosures regarding the state's defined benefit plans are made on a total of all plans basis.

Reconciliation of the present value of the defined benefit obligation		
	(\$ millions)	
	Whole of Government 2023	General Government 2023
Accrued liability 30 June 2022	14 879	14 879
Current service cost	60	60
Interest cost	558	558
Contributions by plan recipients	10	10
Benefits paid	-1 064	-1 064
Impact of changes in demographic assumptions	95	95
Impact of changes in financial assumptions	381	381
Difference between actual and expected experience	455	455
Accrued liability 30 June 2023	15 374	15 374

Note: Totals may not add due to rounding.

Reconciliation of the fair value of the defined benefit plan assets		
	(\$ millions)	
	Whole of Government 2023	General Government 2023
Assets 30 June 2022	7 814	7 814
Interest income	289	289
Actual return on assets less Interest income	308	308
Employer contributions	499	499
Contributions by plan participants	10	10
Benefits and expenses paid	-1 064	-1 064
Assets 30 June 2023	7 856	7 856

Note: Totals may not add due to rounding.

There are no reimbursement rights recognised as assets.

Major economic assumptions

The government has applied the following major assumptions in assessing the defined benefit superannuation liabilities as at balance date.

	2023	2022
	% per annum	% per annum
Discount rate (gross of tax)	4.2	3.9
Expected long-term return on plan assets	7.0	6.5
Rate of salary increases	4.0	2.5
Long term CPI increases	2.5	2.0

Sensitivity analysis

The key risks associated with the State's defined benefit superannuation plans are:

- Investment risk – the risk that investment returns will be lower than assumed and that State contributions will need to increase to offset the shortfall;
- Wages growth risk – the risk that wages or salaries (on which future benefits are based) will rise more rapidly than assumed, thereby increasing defined benefits and requiring additional employer contributions;

- Pension growth risk – the risk that CPI and therefore pension increase will be higher than assumed, thereby increasing defined benefit pension payments and requiring additional employer contributions; and
- Longevity risk – the risk that pensioners will live longer than expected, thereby increasing defined benefit pension payments and requiring additional employer contributions.

To illustrate the impact that these assumptions can have on the State's superannuation liability, the defined benefit obligation has been remeasured under the scenarios below. The assumptions below have been adjusted while maintaining all other assumptions.

These scenarios are expected to have the following impact on the State's defined benefit obligation:

2022-23	Base case	Discount rate plus 0.5 per cent	Salary growth plus 0.5 per cent	Inflation rate plus 0.5 per cent
Discount rate (%)	4.2	4.7	4.2	4.2
Salary growth (%)	4.0	4.0	4.5	4.0
Inflation rate (%)	2.5	3.0	3.0	3.0
Change in defined benefit obligation %		-4.9	0.3	5.1
Present value in defined benefit obligation (\$ million)	15 374	14 626	15 419	16 153

2022-23	Base case	Discount rate less 0.5 per cent	Salary growth less 0.5 per cent	Inflation rate less 0.5 per cent
Discount rate (%)	4.2	3.7	4.2	4.2
Salary growth (%)	4.0	4.0	3.5	4.0
Inflation rate (%)	2.5	2.5	2.5	2.0
Change in defined benefit obligation %		5.3	-0.3	-4.7
Present value in defined benefit obligation (\$ million)	15 374	16 193	15 332	14 654

Rate of return on plan assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets in each class and allowing for the correlations of the investment return between asset classes.

The returns used for each asset class are net of investment fees. The actual return on plan assets was \$597 million in 2022-23.

Fund assets

The table below shows for each major category of plan assets, the percentage that each major category constitutes of the fair value of the total plan assets.

Asset class	Percentage invested			
	2023		2022	
	Active market	Non-active market	Active market	Non-active market
Australian equities	20.4	—	20.3	—
International equities	29.8	—	27.5	—
Property	0.8	16.3	1.1	16.0
Diversified strategies growth	5.9	13.5	6.7	12.7
Diversified strategies income	8.2	4.9	7.9	4.9
Cash	0.3	—	2.8	—
Total	65.4	34.6	66.4	33.6

Note: Totals may not add due to rounding.

Expected employer contributions

The estimated employer contributions expected to be paid to the defined benefit plans during the financial year beginning 1 July 2023 are \$579 million. These expected contributions represent a combination of past service employer contributions and an estimate of new service employer contributions.

Cumulative actuarial gains and losses	(\$ millions)				
	2023	2022	2021	2020	2019
Cumulative (loss)/gain at 1 July	-2 906	-5 195	-7 764	-8 906	-6 274
Recognised during the year	- 586	2 289	2 569	1 142	-2 632
Cumulative (loss)/gain at 30 June	-3 492	-2 906	-5 195	-7 764	-8 906

Note : Totals may not add due to rounding.

Historical information	(\$ millions)				
	2023	2022	2021	2020	2019
Present value of defined benefit obligation	15 374	14 879	18 047	19 638	21 472
Fair value of plan assets	7 856	7 814	8 459	7 163	7 636
Deficit in plan	7 518	7 065	9 588	12 474	13 836

Note: Totals may not add due to rounding.

An unfunded superannuation liability is recognised in respect of the defined benefit schemes, in accordance with AASB 119 *Employee Benefits*. It is measured as the difference between the estimated present value of members' accrued benefits at balance date and the estimated net market value of the superannuation schemes' assets at that date.

The present value of accrued benefits is based on expected future payments that arise from membership of the fund to the reporting date. The accrued benefits amount is calculated having regard to expected future wage and salary levels, experience of employee departures and their periods of service.

Actuarial gains and losses resulting from changes in measurement assumptions (e.g. discount rate and abnormal earning rates) are immediately recognised as part of 'other economic flows — included in net result'. The other components of the expenses are recognised in 'expenses from transactions'.

Superannuation interest cost

The carrying cost of unfunded superannuation liabilities is recognised as an interest cost. This cost is estimated based on the discount rate used to value the gross superannuation liability, less the expected return on plan assets.

Other superannuation expenses

The superannuation cost expense of the defined benefit plans relates to current service cost which is the cost of employer financed benefits that are expected to accrue for defined benefit members during the reporting period. The superannuation expense of the defined contribution plans is recognised as and when it falls due.

7.7 Superannuation fund deposits

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Liability of Funds SA to all superannuation plans	39 550	36 938	—	—
Total superannuation fund deposits	39 550	36 938	—	—

Note: Totals may not add due to rounding.

Superannuation fund deposits represents the State Government's liability in relation to investment funds held under management with Funds SA.

Investment assets under management backing this liability are presented under Note 5.5 *Investments and placements* and Note 5.6 *Other equity investments*.

All investments under management are valued at fair value.

7.8 Provisions (other than employee benefits)

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Workers compensation				
Return to Work SA (RTWSA) provisions	4 256	4 061	—	—
Other agencies workers compensation provisions	750	693	744	686
Total workers compensation provisions	5 006	4 754	744	686
Insurance claims				
Motor Accident Commission (MAC) motor vehicle compensation insurance claim provisions	209	292	—	—
South Australian Government Financing Authority (SAFA) insurance provisions	764	605	—	—
Other agencies insurance claims	139	140	136	137
Total insurance claims	1 111	1 038	136	137
Other provisions	1 754	1 403	37	30
Total provisions (other than employee benefits)	7 871	7 195	916	852
Current	1 700	1 560	161	157
Non current	6 172	5 635	755	695
Total provisions (other than employee benefits)	7 871	7 195	916	852

Note: Totals may not add due to rounding.

Provisions are recognised when the state has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to the provision is presented in the statement of comprehensive income net of any reimbursement.

Insurance contracts are contracts under which an entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified future event (the insured event) adversely affects the policyholder or other beneficiary. The Government's liabilities for outstanding claims are similar in nature to general insurance contracts and accordingly are treated as general insurance contracts for the purpose of AASB 1023 *General Insurance Contracts*.

The liability for outstanding claims is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date, with an additional risk margin to allow for the inherent uncertainty in the central estimate. The risk margin increases the probability that the net liability is adequately provided to a probability of sufficiency.

The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not yet reported, claims incurred but under reported and anticipated claims handling expenses including run-off provisions. The expected future payments are discounted to present value using an appropriate risk-free rate.

The claims expense or income in the Statement of Comprehensive Income comprise claims paid and the change in the liability for outstanding claims both reported and unreported, including the risk margin and claims handling expenses.

The assets backing insurance liabilities (outstanding claims) are those assets required to cover the insurance liabilities in Return to Work Corporation of South Australia (RTWSA), Motor Accident Commission (MAC) and South Australian Government Financing Authority (SAFA).

Movements in provisions for whole of government during the 2022–23 year

	(\$ millions)				
	RTWSA provisions	MAC provisions	SAFA provisions	Other provisions	Total
Carrying amount – opening balance	4 061	292	605	2 236	7 195
Additional /(reduction in) provisions recognised	737	- 16	257	581	1 559
Payments	- 543	- 68	- 99	- 182	- 892
Other movements	—	—	—	8	8
Carrying amount – closing balance	4 256	209	764	2 644	7 871

Note: Totals may not add due to rounding.

General Insurance contracts

Consistent with the requirements of AASB 1023 *General Insurance Contracts*, the information below provides further detail on general insurance contracts managed by RTWSA, MAC and SAFA only.

Total outstanding insurance claims (\$ millions)				
2023	RTWSA	MAC	SAFA	Total
Expected future claims payments (undiscounted)	7 164	210	736	8 110
Discount to present value	-3 518	- 35	- 137	-3 690
Central estimate	3 646	174	599	4 419
Risk/other margin applied	610	34	164	809
Liability for outstanding claims	4 256	209	764	5 228
Risk margin %	10.5-45	20	18-35	
Probability of adequacy %	75	80	75	

(\$ millions)				
2022	RTWSA	MAC	SAFA	Total
Expected future claims payments (undiscounted)	6 272	289	576	7 137
Discount to present value	-2 875	- 42	- 99	-3 016
Central estimate	3 397	247	477	4 121
Risk/other margin applied	664	45	129	838
Liability for outstanding claims	4 061	292	605	4 959
Risk margin %	10.5-45	18	5.4-35	
Probability of adequacy %	75	80	75	

Note: Totals may not add due to rounding.

RTWSA, MAC and SAFA have different methods for determining the risk margin, including ways in which diversification of risk has been allowed for.

The assets backing insurance liabilities are those assets required to cover the insurance liabilities. For SAFA these assets are those generated through premium revenue while for MAC all assets of an investment nature held by the MAC Fund are considered to be the for the purpose of backing insurance liabilities. RTWSA considers that substantially all of its assets, excluding property, plant and equipment, and intangible assets exist to back these insurance liabilities.

The key assumption indicators used in developing the valuation of the outstanding insurance claims across all government insurers are:

- inflation rate (normal and superimposed)
- discount rate
- duration and severity of claims
- claims handling expenses
- percentage risk margin.

The quantitative assumptions used by various insurers varies depending on the type of insurance contracts that are entered into. More information on these assumptions and any sensitivity analysis on these assumptions can be obtained in the respective agencies financial reports.

The Government of South Australia uses a range of policies to manage the risks associated with its insurance activities. The most relevant methods include:

- pricing
- reinsurance
- claims management
- investment management
- risk reduction.

Further information of the sensitivity to insurance risk, concentration of insurance risk and claims development information is provided in greater volume within the financial reports of RTWSA, MAC and SAFA.

The following tables provides further information in relation to the net underwriting result and the net claims incurred cost. Current year claims relate to risks borne in the current reporting period. Prior period claims relate to a reassessment of the risks borne in all previous reporting periods.

Net underwriting result				(\$ millions)
2023	RTWSA	MAC	SAFA	Total
Premium revenue	703	—	85	788
Outwards reinsurance expense	—	—	- 19	- 19
Net premium	703	—	66	770
Claims expense	- 762	—	- 181	- 943
Reinsurance and other recoveries income	17	—	4	21
Net claims	- 745	—	- 177	- 922
Other underwriting expenses	- 89	—	—	- 89
Other	- 89	—	—	- 89
Net underwriting result	- 131	—	- 110	- 242

Net underwriting result				(\$ millions)
2022	RTWSA	MAC	SAFA	Total
Premium revenue	617		73	690
Outwards reinsurance expense			- 17	- 17
Net premium	617	—	57	674
Claims expense	- 261		- 50	- 311
Reinsurance and other recoveries income	13		- 6	7
Net claims	- 249	—	- 55	- 304
Other underwriting expenses	- 79	—	—	- 79
Other	- 79	—	—	- 79
Net underwriting result	290	—	1	291

Note: Totals may not add due to rounding.

Net claims incurred									(\$ millions)
2023	RTWSA Current year	RTWSA Prior years	MAC Current year	MAC Prior years	SAFA Current year	SAFA Prior years	Total Current year	Total Prior years	
Gross claims incurred and related expenses — undiscounted	1 361	136	—	- 28	221	76	1 582	183	
Reinsurance and other recoveries — undiscounted	- 19	5	—	21	- 1	- 3	- 20	24	
Net claims incurred - undiscounted	1 342	141	—	- 7	220	73	1 562	207	
Discount and discount movement — gross claims incurred	- 535	- 133	—	7	- 32	- 7	- 567	- 133	
Discount and discount movement — reinsurance and other recoveries	3	- 1	—	- 6	—	—	3	- 7	
Net discount movement	- 532	- 134	—	1	- 32	- 6	- 564	- 140	
Net claims incurred	810	7	—	- 7	189	66	998	67	

Net claims incurred									(\$ millions)
2022	RTWSA Current year	RTWSA Prior years	MAC Current year	MAC Prior years	SAFA Current year	SAFA Prior years	Total Current year	Total Prior years	
Gross claims incurred and related expenses - undiscounted	1 242	- 1	—	- 4	98	20	1 340	15	
Reinsurance and other recoveries — undiscounted	- 18	- 6	—	- 3	- 1	4	- 18	- 5	
Net claims incurred - undiscounted	1 224	- 7	—	- 7	97	24	1 321	10	
Discount and discount movement — gross claims incurred	- 439	- 463	—	- 35	- 19	- 45	- 458	- 542	
Discount and discount movement — reinsurance and other recoveries	2	4	—	32	—	—	2	36	
Net discount movement	- 436	- 459	—	- 3	- 19	- 45	- 456	- 506	
Net claims incurred	788	- 466	—	- 10	78	- 20	866	- 496	

Note: Totals may not add due to rounding.

7.9 Other liabilities

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Unearned revenue	1 690	1 730	1 774	1 807
Other liabilities	860	596	841	608
Total other liabilities	2 549	2 326	2 615	2 414
Current	681	389	690	406
Non current	1 868	1 937	1 925	2 008
Total other liabilities	2 549	2 326	2 615	2 414

Note: Totals may not add due to rounding.

Unearned Revenue – Land Services SA

The Government recognises a liability in the whole of government and general government sector reflecting the unearned revenue arising from the consideration received for the commercialisation of the Government's land services operations. The recognition of the unearned revenue is calculated on a straight line basis over the term of the contract, reducing the liability.

As part of the overall proceeds received from the commercialisation of the Governments land services operations, the Government received \$80 million for the exclusive right to negotiate for any other registry managed by the State. On 16 December 2019 the Government decided not to proceed with the proposed further commercialisation of the State registries and opted to extend the term of the land services commercial agreement by seven (7) years.

At 30 June 2023, the unearned revenue balance was \$1.403 billion.

The transaction has been accounted in accordance with the principles outlined in AASB 1059 *Service Concession Arrangements: Grantor*. AASB 1059 was issued by the AASB in July 2017, and is a mandatory requirement from the 2020-21 financial reporting year. Its requirements are consistent with industry practice for revenue arising from this type of transaction.

On transition to AASB 1059 in 2020-21 financial year, the value of the land titles registry is now recognised as a service concession asset. Service concession data assets are measured at current replacement cost based on AASB 13 *Fair value measurement* in accordance with AASB 1059. Refer to Note 6.6 *Intangible assets* for further information.

Unearned Revenue – Commonwealth grants under AASB 1058

The Government recognises unearned revenue resulting from the adoption of AASB 1058 *Income of Not-for-Profit Entities*, where funding was received from the Commonwealth for capital projects mainly for the Department for Infrastructure and Transport and the Department for Health and Wellbeing.

At 30 June 2023, the unearned revenue balance was \$103.6 million.

8. Cash flow

8.1 Reconciliation of cash

For the purpose of the cash flow statement, the government considers cash to include cash on hand and in banks, term deposits and investments in money market instruments.

A reconciliation of cash and deposits at the end of the reporting period is shown below:

	(\$ millions)			
	Whole of Government		General Government	
	2023	2022	2023	2022
Cash and deposits disclosed in the statement of financial position (refer to note 5.1)	2 718	2 151	10 987	10 979
Balances per statement of cash flows	2 718	2 151	10 987	10 979

Note: Totals may not add due to rounding.

8.2 Non-cash financing and investing activities

There were no material non-cash financing and investing activities entered into during the reporting period.

8.3 Reconciliation of net result to net cash flows from operating activities

	(\$ millions)			
	Whole of Government		General Government	
	2023	2022	2023	2022
Net result	- 770	4 603	-1 269	1 823
Non-cash items in net result				
Depreciation and amortisation	2 043	1 963	1 516	1 447
Assets received/donated free of charge	- 48	- 42	- 10	- 16
Loss on revaluation of property, plant and equipment	25	113	—	24
(Gain)/loss on sale of property, plant and equipment	- 20	- 47	19	- 8
Net loss/(gain) on sale of investments	34	- 14	—	- 4
Net loss/(gain) on revaluation of investments	-4 089	- 925	—	- 381
Loss on write-off of assets	79	37	61	22
Loss/(gain) on write-down of assets	- 83	74	10	73
Net loss/(gain) on foreign currency exchange differences	- 1	—	- 1	—
Other revaluation (increments)/decrements	3 393	-2 241	3	- 44
Non-cash items in net result	1 333	-1 081	1 598	1 113
Movements in assets and liabilities				
(Increase)/decrease in inventories	29	- 68	—	2
Increase/(decrease) in unfunded superannuation liabilities	453	-2 523	453	-2 523
Increase/(decrease) in employee benefits	25	- 346	28	- 337
Change in other assets and liabilities	1 275	128	1 169	337
Movements in assets and liabilities	1 782	-2 810	1 650	-2 522
Net cash flows from operating activities	2 345	711	1 979	413

Note: Totals may not add due to rounding.

8.4 Reconciliation of liabilities arising from financing activities

2023 (\$ millions)

Whole of Government	2022	Cashflows	Non-cash charges	2023
Deposits at call	411	- 227	- 3	181
Debt Securities	28 869	2 554	- 886	30 537
Lease liability	4 110	- 241	293	4 162
Loan liability	—	3	—	3
PPP liability	224	- 13	8	219
Interest rate/foreign exchange swaps	347	—	104	451
Capitalisation of service rights	119	- 2	—	118
Total	34 081	2 074	- 484	35 670

General Government	2022	Cashflows	Non-cash charges	2023
Deposits at call	541	- 12	—	529
Lease liability	4 099	- 258	311	4 153
Loan liability	23 328	1 302	—	24 630
PPP liability	224	- 13	8	219
Capitalisation of service rights	119	- 2	—	118
Total	28 311	1 017	320	29 648

2022 (\$ millions)

Whole of Government	2021	Cashflows	Non-cash charges	2022
Deposits at call	138	260	13	411
Debt Securities	28 496	3 941	-3 568	28 869
Lease liability	4 180	- 249	179	4 110
PPP liability	219	- 3	7	224
Interest rate/foreign exchange swaps	375	9	- 36	347
Capitalisation of service rights	19	101	—	119
Total	33 426	4 060	-3 405	34 081

General Government	2021	Cashflows	Non-cash charges	2022
Deposits at call	286	241	14	541
Lease liability	4 178	- 266	188	4 099
Loan liability	20 987	2 341	—	23 328
PPP liability	219	- 3	7	224
Capitalisation of service rights	19	101	—	119
Total	25 688	2 415	209	28 311

Note: Totals may not add due to rounding.

8.5 Cash flows for leases

Total cash outflow for leases includes all payments made on leases in relation to principal payments, interest payments, short-term lease payments, low value lease payments and any variable lease payments. The aggregate of these payments for the whole of government and general government sector is provided below:

(\$ millions)

	Whole of Government		General Government	
	2023	2022	2023	2022
Total cash outflows for leases	519	459	535	473

Note: Totals may not add due to rounding.

9. Risks, commitments and contingencies

9.1 Financial instrument disclosures

Financial instruments arise out of contractual agreements from the government's operations or from requirements to finance the government's operations. These contracts give rise to financial assets and financial liabilities.

Certain financial assets and liabilities also arise under statute rather than a contract (for example taxes). These financial assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

The principal financial instruments of the South Australian public sector comprise:

Financial Assets	Financial Liabilities
Cash and cash equivalents	Deposits
Receivables	Payables
Loans and Advances	Lease liabilities
Investments (in equities and managed investment schemes)	Debt securities
Derivatives receivable	Derivatives payable

Categorisation of financial instruments

Categories of financial assets and financial liabilities under AASB 9 *Financial Instruments*

Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following conditions are met:

- the assets are held to collect contractual cash flows, and
- the contractual term gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less impairment.

The Government recognises non-derivative financial assets such as receivables (excluding statutory receivables) and certain loan advances in this category. They have fixed or determinable payments, which are not subsequently valued at fair value either because they are not quoted in an active market or they are intended to be held to maturity. Changes in these assets are accounted for in the statement of comprehensive income when impaired, derecognised or through an amortisation process.

Financial assets at fair value through other comprehensive income

Debt instruments are measured at fair value through other comprehensive income if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held to achieve the objective both by collecting the contractual cash flows and by selling financial assets, and
- the assets contractual terms give rise to cash flows that are solely payments of principal and interest.

Equity investments are measured at fair value through other comprehensive income if the assets are not held for trading and have been irrevocably elected at initial recognition to be recognised in this category.

These assets are initially recognised at fair value with subsequent change in fair value in other comprehensive income.

Upon disposal of any of the debt instruments, any related balance in the investment reserve is reclassified through net result. However, upon disposal of the equity instruments, any related balance in investment reserve is reclassified to retained earnings.

Financial assets at fair value through net result

Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through comprehensive income as explained above.

As an exception to the rules above, financial assets at initial recognition may be irrevocably designated as measured at fair value through net result if doing so eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise from measuring assets and liabilities or recognising the gains and losses on them on different bases.

The type of assets held by the Government in this category include money market deposits, discount securities, Commonwealth and state securities, floating rate notes, medium term notes, fixed interest deposits, letters of credit and investments managed by the South Australian Government Financing Authority (SAFA).

Financial liabilities at amortised cost

These liabilities are initially recognised on the date they are originated and are initially measured at fair value minus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost with any difference between initial recognised amount and the redemption value being recognised through net result over the period of the interest bearing liability, using the effective interest rate method.

The Government recognises financial liabilities such as payables (excluding statutory payables) and borrowings (including lease liabilities) in this category.

Financial liabilities at fair value through net result

These liabilities are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. They are measured at fair value initially. Subsequently, any changes in fair value are recognised in the net result as other economic flows.

The type of liabilities held by the Government in this category include Treasury notes, Australian bonds, credit foncier loans, commercial paper, overseas bonds and medium term notes principally raised by SAFA.

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which the derivative contract is entered into. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains and losses arising from changes in the fair value of derivatives after initial recognition are recognised in the comprehensive income statement as an 'other economic flow' included in net result.

Derivative financial instruments are employed, primarily by the public financial corporation's sector agencies, in fund raising, debt management and to provide efficient entry to or exit from markets or as a cost efficient substitute for the actual acquisition of securities. They are used to convert funding costs (e.g. from fixed to floating interest costs or floating to fixed), facilitate diversification of funding sources, to configure interest rate risk profiles and to manage foreign currency exposures.

Currency swaps are recorded in the statement of financial position on a gross basis and translated at the exchange rate applying at balance date.

Interest rate swaps are accounted for on a market value basis with interest receipts and interest payments accrued on a gross basis in the statement of financial position.

Financial futures and exchange traded interest rate option contracts are marked-to-market daily and the resultant change in value is recognised directly in net result. Forward rate agreements gains or losses are recognised directly in net result.

Foreign currency transactions are translated to Australian currency at the rate of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rate of exchange ruling on that date.

The carrying amounts of each of the above categories of financial assets and financial liabilities are:

(\$ millions)

Whole of Government 2023	Carrying amount	Cash and cash equivalents	FV through profit/loss (FVTPL)	FV through Other comprehensive Income (OCI)	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)
Financial assets						
Cash and cash equivalents	2 612	2 612	—	—	—	—
Receivables	1 283	—	—	—	1 283	—
Loans and advances	2 713	—	496	—	2 216	—
Investments	53 068	—	52 821	91	156	—
Derivatives receivable	143	—	143	—	—	—
Total financial assets	59 819	2 612	53 460	91	3 656	—
Financial liabilities						
Deposits	39 730	—	39 730	—	—	—
Payables	1 757	—	—	—	—	1 757
Borrowings						
Loan liabilities	3	—	—	—	—	3
Lease liabilities	4 162	—	—	—	—	4 162
Debt securities	30 537	—	30 537	—	—	—
PPP Liability	219	—	—	—	—	219
Derivatives payable	451	—	451	—	—	—
Total financial liabilities	76 859	—	70 718	—	—	6 141

Note: Totals may not add due to rounding.

(\$ millions)

Whole of Government 2022	Carrying amount	Cash and cash equivalents	FV through profit/loss (FVTPL)	FV through Other comprehensive Income (OCI)	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)
Financial assets						
Cash and cash equivalents	2 046	2 046	—	—	—	—
Receivables	1 504	—	5	1	1 498	—
Loans and advances	2 462	—	474	—	1 989	—
Investments	50 604	—	50 389	86	128	—
Derivatives receivable	35	—	35	—	—	—
Total financial assets	56 651	2 046	50 903	88	3 614	—
Financial liabilities						
Deposits	37 349	—	37 349	—	—	—
Payables	1 750	—	—	—	—	1 750
Borrowings						
Lease liabilities	4 110	—	—	—	—	4 110
Debt securities	28 869	—	28 869	—	—	—
PPP Liability	224	—	—	—	—	224
Derivatives payable	347	—	347	—	—	—
Total financial liabilities	72 649	—	66 565	—	—	6 083

Note: Totals may not add due to rounding.

Financial risk management

As part of its normal operations, the state is exposed to a number of financial risks including credit risk, liquidity risk and market risk (i.e. interest rate risk, foreign currency risk and equity price risk) through transactions involving its financial instruments.

The government's overall risk management objectives, policies and strategies focus on minimising financial risk exposures and seek to mitigate potential adverse effects.

SAFA is the government's central borrowing and investing authority. SAFA holds a level of investments for liquidity management purposes, and as the government's central investing authority it administers the management of the majority of the government's investments, along with acting as the government's central borrowing authority.

Risk management strategies to the government's financial assets are summarised below. Additional risk management information can be found in individual agencies' general purpose financial reports.

Credit risk

Credit Risk is the risk of financial loss and associated costs resulting from the failure of a counterparty to meet its financial obligations as and when they fall due. The government's largest holder of derivatives and investments is SAFA. SAFA incurs credit risk through undertaking its core functions of fundraising, debt management, liquidity management and the government's reinsurance program.

To minimise the potential for credit loss, SAFA ensures transactions and risks are diversified between counterparties and limited to dealing with highly rated banking and governmental institutions worldwide.

SAFA measures risk for physical securities at face value and the credit risk of derivative transactions using a mark-to-market methodology that includes an additional factor to cover potential future adverse market movements.

The concentration of credit risk by credit rating is detailed below:

(\$ millions)

Whole of Government 2023	Rating						Other Not rated ^(a)
	AAA	AA	AA+	A+	AA-		
Asset class							
Loans/investments	1 648	734	1 658	1 845	2 623	3 565	959
Interest rate swaps	—	—	—	—	205	—	6
Total	1 648	734	1 658	1 845	2 829	3 565	965

Note: Totals may not add due to rounding.

(\$ millions)

Whole of Government 2022	Rating						Other Not rated ^(a)
	AAA	AA+	AA-	A+	A		
Asset class							
Loans/investments	1 468	1 185	3 109	2 148	1 590	3 194	2 970
Interest rate swaps	—	—	159	—	—	—	8
Total	1 468	1 185	3 268	2 148	1 590	3 194	2 978

Note: Totals may not add due to rounding.

(a) 'Not rated' refers to amounts not classified under particular ratings.

Impairment of financial assets under AASB 9 Financial Instruments

The government records the allowance for expected loss for the relevant financial instruments using the expected credit loss approach.

The AASB 9 impairment assessment is made on the government's contractual receivables, statutory receivables and investments in debt instruments.

Equity instruments are not subject to impairment under AASB 9. While cash and cash equivalents are subject to the impairment requirements of AASB 9, these assets are considered to have low credit risk.

Impairment of contractual receivables

The government applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. Contractual receivables are grouped on shared credit risk characteristics and days past due and determines the credit loss rate on past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

The government's impairment loss allowance is provided as follows:

Credit loss allowance measured at lifetime expected credit losses (simplified approach)

(\$ millions)

On 30 June 2023	Current	1-30 days	31-60 days	61-90 days	More than	Total
	(not past due)	past due	past due	past due	90 days past due	
Expected credit loss rate (%)	2.4	10.8	11.2	23.4	15.6	7.6
Gross carrying amount of receivables	816	52	38	19	466	1 389
Credit loss allowance	19	6	4	4	73	106

Note: Totals may not add due to rounding.

(\$ millions)

On 30 June 2022	Current	1-30 days	31-60 days	61-90 days	More than	Total
	(not past due)	past due	past due	past due	90 days past due	
Expected credit loss rate (%)	1.8	9.1	16	23.4	15.3	6.5
Gross carrying amount of receivables	1 033	69	29	25	452	1 608
Credit loss allowance	18	6	5	6	69	104

Note: Totals may not add due to rounding.

A reconciliation of the impairment loss allowance for contractual receivables is provided in Note 5.2 *Receivables*.

An impairment loss is classified as an other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line.

Offsetting financial assets and financial liabilities

A master netting arrangement or similar arrangement can be set up with counterparties where required by general market practice. To the extent that these arrangements meet the criteria for offsetting in the statement of financial position, they are reported on a net basis. Financial instrument assets and liabilities are offset, with the net amount reported in the statement of financial position only where there is an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis.

The Government, through SAFA enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. Derivative asset and liability positions are accounted for at the transaction level, and are not offset at the counterparty level in the statement of financial position. The Government does not currently have a legally enforceable right to offset these positions in the usual course of business. The right to offset is enforceable only on the occurrence of future credit events, such as a default. The Government does not intend to settle these transactions on a net basis.

The following tables provide information on the impact of offsetting on the statement of financial position, as well as the financial impact of netting for instruments subject to an enforceable netting arrangement. The net amount column shows the impact on the Government's statement of financial position if all existing rights of offset were exercised.

(\$ millions)

Whole of Government 2023	Gross amounts offset in Statement of		Net amounts presented in Statement of		Related amounts not offset	Net amount
	Gross amounts	Financial Position	Financial Position	Financial Position		
Financial assets						
Derivatives receivable	291	- 149	143	- 137		6
Total financial assets	291	- 149	143	- 137		6
Financial liabilities						
Derivatives payable	600	- 149	451	- 440		11
Total financial liabilities	600	- 149	451	- 440		11

Note: Totals may not add due to rounding.

(\$ millions)

Whole of Government 2022	Gross amounts offset in Statement of		Net amounts presented in Statement of	Related amounts not offset	
	Gross amounts	Financial Position	Financial Position		Net amount
Financial assets					
Derivatives receivable	35	—	35	- 36	- 1
Total financial assets	35	—	35	- 36	- 1
Financial liabilities					
Borrowings	199	—	199	- 199	—
Derivatives payable	347	—	347	- 337	11
Total financial liabilities	546	—	546	- 535	11

Note: Totals may not add due to rounding.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments as they fall due. In order to manage liquidity risk, agencies such as SAFA have in place liquidity management guidelines, which require them to hold base levels of liquidity comprising highly marketable financial assets.

Liquid assets include cash, promissory notes, Commonwealth bonds, floating rate notes and negotiable discount securities. Adherence to guidelines enables the government to be in a position to meet the forecast cash demands and any unanticipated funding requirements of the South Australian public sector.

SAFA has chosen an approach to minimise the medium-term refinancing risks, which involves diversification of physical borrowings across the maturity spectrum, diversification of funding sources and the holding of liquid assets to assist in the management of refinancing and liquidity risk.

These strategies result in SAFA facing manageable funding demands from financial markets in any given period. This approach assists the maintenance of an orderly market place for SAFA's securities when refinancing maturing debt obligations. The below table summarises the maturity profile of the government's financial assets and liabilities:

(\$ millions)

Whole of Government 2023	1 year or less	1 to 5 years	Over 5 years	Nominal amount	Carrying amount
Financial assets					
Cash and cash equivalents	2 612	—	—	2 612	2 612
Receivables	970	259	55	1 283	1 283
Loans and advances	606	542	1 564	2 713	2 713
Investments	3 469	9 016	40 583	53 068	53 068
Derivatives receivable	4	- 4	142	143	143
Total financial assets	7 661	9 813	42 345	59 819	59 819
Financial liabilities					
Deposits held	181	—	39 550	39 730	39 730
Payables	1 685	72	—	1 757	1 757
Borrowings					
Loan liabilities	—	3	—	3	3
Lease liabilities	196	2 169	5 500	7 865	4 162
Debt securities	5 338	17 598	15 669	38 604	30 537
PPP liability	5	21	193	219	219
Derivatives payable	10	99	343	451	451
Total financial liabilities	7 414	19 962	61 254	88 630	76 859

Note: Totals may not add due to rounding.

(\$ millions)

Whole of Government 2022	1 year or less	1 to 5 years	Over 5 years	Nominal amount	Carrying amount
Financial assets					
Cash and cash equivalents	2 046	—	—	2 046	2 046
Receivables	1 140	223	141	1 504	1 504
Loans and advances	282	649	1 531	2 462	2 462
Investments	6 919	5 502	38 183	50 604	50 604
Derivatives receivable	8	17	10	35	35
Total financial assets	10 395	6 391	39 865	56 651	56 651
Financial liabilities					
Deposits held	411	—	36 938	37 349	37 349
Payables	1 500	247	2	1 750	1 750
Borrowings					
Lease liabilities	197	2 108	5 663	7 968	4 110
Debt securities	7 161	12 425	15 364	34 950	28 869
PPP liability	5	20	199	224	224
Derivatives payable	6	54	288	347	347
Total financial liabilities	9 280	14 854	58 454	82 587	72 649

Note: Totals may not add due to rounding.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The government's exposure to market risk is primarily through interest rate risk, price risk and foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The government is exposed to interest rate risk primarily through financial assets and liabilities, modified through derivative financial instruments such as interest rate futures contracts, interest rate swaps, interest rate options and forward rate agreements.

Limits on measures of interest rate risk for SAFA's portfolios are approved by the Under Treasurer and Treasurer, while limits on interest rate risk for portfolios managed on behalf of clients are set in consultation with the clients. Interest rate risk is managed by portfolios rather than from a total operations perspective. The current policy benchmark duration for the Treasurer's Cost of Funds portfolio is between 4-8 years.

Funds SA accepts deposits from the various superannuation schemes to invest on behalf of these schemes. Funds SA aims to earn the highest possible return on its investments for an appropriate level of risk.

The government has an indirect interest rate exposure in respect of its superannuation schemes (refer to Note 7.6 *Unfunded superannuation liabilities*). The risk is primarily due to possible adverse movements in the assets and liabilities of the superannuation schemes as a result of fluctuations in financial markets.

Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market pricing (other than arising from interest rate risk or currency risk). SAFA manages the sensitivity of its treasury portfolios for changes in market risk variables by calculating Value at Risk (VaR) daily and monitoring the calculated VaR against pre-determined exposure limits. VaR is the calculation of the potential loss due to rate movements for any one day.

Foreign currency risk

Foreign currency risk arises when the value of financial assets and liabilities fluctuate due to changes in foreign exchange rates. It is government policy that where possible, exposures should be hedged with the exception of certain financial corporations. At 30 June 2023, Funds SA has a policy to maintain a passive currency hedge over 27 per cent (26 per cent in 2022) of the developed markets component of international equities tax-exempt assets, 100 per cent (100 per cent in 2022) of international equities passive tax-exempt assets, 27 per cent (20 per cent in 2022) of international equities taxable assets and 22 per cent (20 per cent in 2022) of international equities passive taxable assets. This has the capacity to reduce overall portfolio volatility associated with movements in the value of foreign currencies in the absence of these instruments. The net unhedged market value of Funds SA's total portfolio as at 30 June 2023 was \$8.6 billion (\$8.1 billion).

SAFA has a policy of limiting its foreign currency risk, and has limits in place to protect against movements in foreign currency exchange rates. SAFA utilises foreign exchange swaps, foreign exchange and forward exchange contracts to manage the foreign currency exposures associated with foreign currency borrowings.

SAFA's total exposure to exchange rate risk (on a net basis) for the year ended 30 June 2023 is negative \$35,693 (negative \$58,957). No other material exposures existed in other public entities as at 30 June 2023.

Foreign currency transactions are translated to Australian currency at the rate of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Sensitivity analysis

Taking into account future expectations, economic forecasts and government's knowledge and experience of financial markets, it is believed that a reasonably possible increase or decrease in:

- exchange rates against the Australian dollar would be 10 per cent
- interest rates to which the government is exposed would be 1 per cent
- market prices (other than those arising from interest rate risk or currency risk) would be 1 percent.

A summary sensitivity analysis of the market risks to which the government is exposed to based on the above assumption changes is provided in the below tables:

A summary sensitivity analysis of the material risks to which the state is exposed in 2022-23 is provided below.

Whole of Government 2023	Carrying amount	Foreign exchange risk		Interest rate risk		Price risk		(\$ millions)					
		+10% profit	+10% equity	+10% profit	+10% equity	+1% profit	+1% equity		+1% profit	+1% equity			
Financial assets													
Cash and cash equivalents	2 612	—	—	—	—	10	10	-10	-10	—	—	—	—
Receivables	1 283	—	—	—	—	—	—	—	—	—	—	—	—
Loans and advances	2 745	—	—	—	—	2	2	-2	-2	2	2	-2	-2
Investments	53 068	920	797	-797	-920	152	152	-152	-152	82	82	-46	-45
Derivatives receivable	143	—	—	—	—	1	1	-1	-1	1	1	-1	-1
Total financial assets	59 851	920	797	-797	-920	166	166	-166	-166	85	85	-49	-48
Financial liabilities													
Deposits	39 730	859	859	-859	-859	—	—	—	—	—	—	—	—
Payables	1 757	—	—	—	—	—	—	—	—	—	—	—	—
Borrowings													
Loan liabilities	3	—	—	—	—	—	—	—	—	—	—	—	—
Lease liabilities	4 162	—	—	—	—	—	—	—	—	—	—	—	—
Debt securities	30 537	—	—	—	—	305	305	-305	-305	305	305	-305	-305
PPP liability	219	—	—	—	—	—	—	—	—	—	—	—	—
Derivatives payable	451	—	—	—	—	5	5	-5	-5	5	5	-5	-5
Total financial liabilities	76 859	859	859	-859	-859	310	310	-310	-310	310	310	-310	-310

Note: Totals may not add due to rounding.

Amounts above include at-call and short term as well as liabilities to superannuation plans.

A summary sensitivity analysis of the material risks to which the state is exposed in 2021-22 is provided below.

Whole of Government 2022	Carrying amount	Foreign exchange risk		Interest rate risk		Price risk		(\$ millions)
		+10% profit	+10% equity	+1% profit	+1% equity	+1% profit	+1% equity	
Financial assets								
Cash and cash equivalents	2 046	—	—	8	8	—	—	—
Receivables	1 504	—	—	—	—	—	—	—
Loans and advances	2 462	—	—	3	3	3	3	- 3
Investments	50 604	814	814	176	175	272	272	- 272
Derivatives receivable	35	—	—	—	—	—	—	—
Total financial assets	56 651	814	814	187	187	275	275	- 275
Financial liabilities								
Deposits	37 349	814	814	2	2	—	—	—
Payables	1 750	—	—	—	—	—	—	—
Borrowings								
Finance leases	4 110	—	—	—	—	—	—	—
Debt securities	28 869	—	—	289	289	289	289	- 289
PPP liability	224	—	—	—	—	—	—	—
Derivatives payable	347	—	—	3	3	3	3	- 3
Total financial liabilities	72 649	814	814	295	295	292	292	- 292

Note: Totals may not add due to rounding.

Fair value of financial instruments

The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments. These financial instruments include cash, deposits, receivables and payables, other than those relating to derivatives.

The carrying amount of all other financial assets and liabilities equates to their net fair value.

AASB 7 *Financial Instruments: Disclosures* requires financial instruments measured at fair value to be classified in accordance with a fair value hierarchy. The fair value hierarchy has the following three levels:

- Level 1 – derived from quoted prices in active markets for identical assets and liabilities
- Level 2 – derived from inputs other than quoted prices that are observable directly or indirectly
- Level 3 – derived from valuation techniques that include inputs for the asset/liability not based on observable market data.

Funds SA, SAFA, Homestart, MAC and RTWSA represent the majority of all financial instruments held at fair value in the whole of government.

The following table presents the consolidated financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy for these agencies only.

(\$ millions)

Whole of Government 2023	Level 1	Level 2	Level 3	Total Fair Value
Financial assets				
Cash and cash equivalents	1 070	—	—	1 070
Investments	30 214	10 668	9 898	50 780
Loans	16	2 366	200	2 582
Derivatives receivable	—	143	—	143
Total financial assets	31 300	13 176	10 098	54 575
Financial liabilities				
Deposits and short term borrowings	24 940	8 542	9 042	42 523
Bonds, notes and debentures	27 257	144	168	27 570
Derivatives payable	—	451	—	451
Total financial liabilities	52 197	9 137	9 210	70 544

(\$ millions)

Whole of Government 2022	Level 1	Level 2	Level 3	Total Fair Value
Financial assets				
Cash and cash equivalents	977	—	—	977
Investments	26 480	12 827	9 307	48 614
Loans	82	2 128	146	2 356
Derivatives receivable	—	58	—	58
Total financial assets	27 539	15 013	9 452	52 004
Financial liabilities				
Deposits and short term borrowings	22 446	8 000	9 078	39 525
Bonds, notes and debentures	26 210	113	185	26 508
Derivatives payable	—	347	—	347
Total financial liabilities	48 656	8 461	9 263	66 380

Note: Totals may not add due to rounding.

A reconciliation of the net level 3 financial assets and liabilities is provided in the following table:

	(\$ millions)	
Level 3 movement schedule (net)	2023	2022
Opening balance 1 July	189	105
Purchases/settlements	281	70
Sales/issues	- 35	- 22
Total gain/loss in Statement of Comprehensive Income	33	36
Transfers in/out level 3	421	—
Closing balance 30 June	888	189

Note: Totals may not add due to rounding.

9.2 Aged commitments

Aged commitments — capital

At the reporting date, the government had entered into contracts for the following capital expenditure. These obligations have not been recognised as liabilities due for payment:

	(\$ millions)			
	Whole of Government		General Government	
	2023	2022	2023	2022
not later than one year	2 222	1 526	1 803	1 240
later than one year but not later than five years	294	786	251	766
later than five years	25	49	25	49
Total aged commitments — capital	2 542	2 362	2 079	2 055

Aged commitments — operating

At the reporting date, the government had entered into contracts for the following operating expenditure. These obligations have not been recognised as liabilities due for payment:

	(\$ millions)			
	Whole of Government		General Government	
	2023	2022	2023	2022
not later than one year	2 226	2 242	1 894	1 939
later than one year but not later than five years	3 941	4 721	3 440	4 191
later than five years	2 617	3 559	2 048	2 957
Total aged commitments — operating	8 784	10 522	7 382	9 087
Total aged commitments	11 326	12 884	9 461	11 142

Aged commitments related to the following agencies:

Department for Infrastructure and Transport	5 093	5 750	5 093	5 750
Incorporated Health Services	1 837	1 940	1 840	1 942
South Australian Water Corporation	1 372	1 449	—	—
Department for Child Protection	682	929	683	930
South Australian Housing Trust	361	145	—	—
Department for Education	300	297	300	297
Department for Correctional Services	260	191	260	191
Department of the Premier and Cabinet	185	188	185	188
Attorney General's Department	180	942	180	942
Department of Treasury and Finance	133	64	133	64
Department of Human Services	117	87	117	87
Department for Energy and Mining	98	122	98	122
South Australia Police	91	57	91	57
Department for Health and Wellbeing	91	162	91	162
Department of Primary Industries and Regions	73	89	73	89
Other agencies	455	472	318	320
Total aged commitments	11 326	12 884	9 461	11 142

Note: Totals may not add due to rounding.

Discussion of major aged commitments

Department for Infrastructure and Transport

Capital commitments mainly relate to capital expenditure on construction projects relating to the road and rail networks, and the construction and upgrade of government buildings and facilities.

The department's other commitments include major service contracts for road and public transport operations. Accommodation expenses and short term and low value leases that do not meet the definition of a lease under AASB 16 *Leases* have been recognised as an expenditure commitment.

Incorporated Health Services

Expenditure commitments mainly relate to PPP operations and maintenance commitments in relation to the new Royal Adelaide Hospital.

South Australian Water Corporation

Capital commitments relate to the Corporation's capital program in delivering water and sewer infrastructure, property, plant and equipment assets.

Other expenditure commitments include amounts pursuant to contracts to operate, manage and maintain the Adelaide metropolitan water and sewer networks and treatment plants, and operate, maintain and provide energy for the Adelaide Desalination Project. These commitments reported are based on minimum contracted amounts payable at balance date and include an estimate for escalation of charges.

Department for Child Protection

Commitments relate to contracted service agreements for out of home care and family support services.

9.3 Contingent assets and liabilities

(a) Contingent assets

A contingent asset is a possible asset 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 entity. These can be classified into either quantifiable, where the potential economic benefit is known, or non-quantifiable.

New Royal Adelaide Hospital - financing arrangements

The new Royal Adelaide Hospital project is being delivered under a public-private partnership (PPP) agreement with Celsus. The agreement contains a number of indexation elements which relate to adjustments to certain service payments i.e. interest rate and refinancing service payment adjustments. Where the indexation element is closely related to a lease contract, such as the interest rate payment adjustment, it is not required to be separately accounted for as a derivative. The change in interest rate is accounted for as a contingent rental and expensed in the period incurred.

Like the interest rate service payment adjustment, the refinancing element is an embedded derivative. However, the economic characteristics and risks of this embedded derivative are not closely related to the lease contract and are required to be accounted for separately in the financial statements. The refinancing element could be considered akin to a purchase option in that the Hospital benefits from a portion of gains without exposure to any of the losses.

The valuation of this derivative would be derived via the present value of the estimated future cash flows over the life of the project based on observable interest yield curves, basis spread, credit spreads and option pricing models, as appropriate, adjusted for Celsus' credit risk, (i.e. forward curve of credit risk margin). The estimated value of the contingent asset is unable to be fully determined because of the following uncertain future events that will have an impact on Celsus' credit margin:

- Celsus' credit risk profiling and the number of times Celsus will refinance during the term of the PPP arrangement;
- The type of finance Celsus sources e.g. short-term debt from the banking market vs longer term debt potentially sourced via a private placement;
- Uncertainty around the margin negotiated and whether it will be higher or lower than those assumed margins in the financial modelling;
- Whether the Government of South Australia will make a capital contribution during the first or any refinancing points; and
- The lodgement and resolution of any claims under the PPP agreement.

(b) Contingent liabilities

A contingent liability is:

- a possible obligation that arises from past events where 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 entity, or
- a present obligation that arises from past events but is not recognised because 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 are also classified as either quantifiable or non-quantifiable.

(i) Quantifiable contingent liabilities: generic guarantee of government business' liabilities

The Treasurer generally explicitly guarantees the liabilities of government businesses under the enabling legislation for each of the entities. The *Public Corporations Act 1993* provides that the Treasurer guarantees all liabilities of public corporations established pursuant to that Act.

In accordance with AASB 1049 *Whole of Government and General Government Sector Reporting Requirements*, the value of the net assets of public corporations are recognised on the general government Statement of Financial Position under the line 'Investments in other public entities'. The carrying amount of the liabilities guaranteed by the Treasurer are therefore reflected in general government sector net worth.

(ii) Quantifiable contingent liabilities

	(\$ millions)			
	Whole of Government		General Government	
	2023	2022	2023	2022
Guarantees				
Treasurer's guarantee re — LGFA guarantees	680	693	680	693
Other guarantees	50	52	—	—
Total guarantees	729	745	680	693
Other indemnities / Legal	50	57	50	50
Other contingent liabilities	70	73	15	—
Total quantifiable contingent liabilities	849	874	744	743

Note: Totals may not add due to rounding.

Discussion of significant quantifiable contingent liabilities***Treasurer's guarantee of Local Government Finance Authority loans and other liabilities***

Pursuant to the *Local Government Finance Authority Act 1983*, liabilities incurred or assumed by the Local Government Finance Authority (LGFA) are guaranteed by the Treasurer. These liabilities include bank loans, loans provided by SAFA and other liabilities including deposits or loans from councils and prescribed local government bodies.

The total value of loans and liabilities as at 30 June 2023 was \$679.8 million (\$692.7 million at 30 June 2022).

The LGFA has also issued a financial guarantee on behalf of the Workers Compensation Scheme of the Local Government Association of South Australia in favour of RTWSA. The guarantee is fully secured against depositor funds held, the value of which will not be less than the value of any liability that might be incurred.

As at 30 June 2023, the amount of the liability was \$27.1 million (\$26.5 million at 30 June 2022).

Mutual Liability Scheme

The Treasurer has indemnified the fund of the Local Government Association (LGA) Mutual Liability Scheme for any admitted claim in the nature of a general liability that the LGA in respect of the Mutual Liability Scheme becomes legally liable to pay. For liability risks not covered under the state government's liability reinsurance program, the indemnity is capped at \$50 million for any one such admitted claim. Any losses that exceed the state government's liability reinsurance program limits and the \$50 million limit for liability risks not covered by the reinsurance program will be subject to separate negotiations between the LGA and the State Government.

Bond Guarantee Scheme

Under the bond guarantee scheme a guarantee for the bond is given to the landlord. In the event of a claim by a landlord, the Office of Consumer and Business Services makes a payment. The South Australian Housing Trust then reimburses the Office of Consumer and Business Services and the private rental customer becomes liable to the South Australian Housing Trust for the amount. The value of bond guarantees issued and outstanding at 30 June 2023 is \$49.552 million (\$52.076 million). The value of claims made this financial year is \$4.078 million (\$4.541 million).

Future Jobs fund

The government of South Australia established the Future Jobs Fund. The Fund provided grants and loans to non-government entities intended to create ongoing jobs in a range of sectors. The Fund is now closed to new applicants. Provision of loans and grants from the Fund has been contingent upon applicants meeting their obligations and performance milestones. The amount of undrawn loans and grants from the Fund as at 30 June 2023 was \$5.05 million (\$10.85 million).

In accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, contingent assets and liabilities are not recognised in the statement of financial position, but are disclosed by way of note and, if quantifiable, are measured at nominal value.

10. Other disclosures

10.1 Disaggregated information

For the purpose of this disclosure, effects of transactions and balances between sectors have not been eliminated but those between entities within each sector have been eliminated.

The financial impact of inter-sector transactions and balances is disclosed under the heading of 'Consolidated Eliminations' within the statements on the following pages.

Statement of comprehensive income for the year ended 30 June 2023

(\$ millions)

Sector of Government	General Government		Non Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue from transactions										
Taxation revenues	5 866	5 513	—	—	—	—	- 244	- 222	5 622	5 292
Grant revenue	14 323	13 407	348	287	8	8	- 352	- 294	14 328	13 408
Charges for goods and services	3 062	2 991	1 740	1 688	1 037	919	- 641	- 584	5 198	5 013
Interest income	341	25	26	8	1 715	842	-1 236	- 542	846	332
Dividends and income tax equivalents	214	207	1	4	70	61	- 209	- 196	75	75
Other revenues	1 602	1 568	96	107	35	86	- 19	- 121	1 715	1 640
Total revenue from transactions	25 408	23 711	2 212	2 093	2 865	1 915	- 2 701	- 1 959	27 785	25 760
Expenses from transactions										
Employee expenses	9 735	9 405	305	285	69	64	- 30	- 31	10 079	9 723
Superannuation interest cost	269	188	—	—	—	—	—	—	269	188
Other superannuation expenses	1 016	921	35	34	7	7	—	—	1 059	961
Depreciation and amortisation	1 516	1 447	530	523	25	27	- 30	- 35	2 041	1 961
Use of goods and services	6 426	6 147	944	878	70	84	- 300	- 260	7 141	6 849
Interest expenses	975	505	226	209	1 598	723	-1 231	- 541	1 568	896
Grant expenses	3 361	3 818	80	103	—	—	- 357	- 293	3 084	3 629
Income tax expense	—	—	66	25	24	22	- 90	- 47	—	—
Other expenses	2 070	2 109	286	301	1 220	869	- 545	- 612	3 031	2 667
Total expenses from transactions	25 367	24 540	2 472	2 357	3 014	1 796	- 2 582	- 1 819	28 271	26 874
Net result from transactions — Net operating balance	41	- 829	- 259	- 264	- 149	119	- 119	- 140	- 486	- 1 114
Other economic flows — included in net result										
Net foreign exchange gains/(losses)	1	—	—	—	—	—	—	—	1	—
Net gain/(loss) on sale of non-financial assets	- 19	8	29	29	9	11	—	—	20	47
Net gain/(loss) on financial assets or liabilities at fair value	- 3	353	29	67	363	- 271	258	2 945	647	3 093
Impairment loss on receivables and contract assets	- 6	- 15	- 3	- 7	- 1	1	—	—	- 10	- 22
Net actuarial gains/(losses) of superannuation defined benefit plans	- 586	2 289	—	—	—	—	—	—	- 586	2 289
Revaluation to deferred income tax equivalents	- 581	- 148	—	—	—	—	581	148	—	—
Other net actuarial gains/(losses)	- 49	194	2	2	- 245	247	- 52	—	- 343	444
Other economic flows	- 67	- 28	57	- 105	- 2	- 2	—	—	- 12	- 135
Total other economic flows — included in net result	- 1 311	2 652	114	- 14	125	- 14	787	3 093	- 284	5 716
Net result	- 1 269	1 823	- 145	- 278	- 24	105	668	2 953	- 770	4 603

Note: Totals may not add due to rounding.

Statement of comprehensive income for the year ended 30 June 2023 (continued)										
Sector of Government	(\$ millions)									
	General Government		Public Non Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Other economic flows — non-owner movements in equity										
Changes in asset revaluation reserve	4 083	859	802	—	—	—	- 581	- 148	4 304	712
Net gain/(loss) on equity investments in other sectors	704	2 568	—	—	—	—	- 704	- 2 568	—	—
Net gain/(loss) on financial assets at fair value through Comprehensive Income	- 8	26	—	—	- 4	24	—	—	- 11	50
Current year — error adjustments to equity	- 66	23	- 5	- 24	—	—	- 9	76	- 80	75
Prior Period adjustments	—	33	—	—	—	—	—	—	—	33
Total other economic flows — non-owner movements in equity	4 714	3 510	797	- 23	- 4	24	- 1 294	- 2 640	4 213	870
Comprehensive result	3 444	5 332	652	- 301	- 27	128	- 626	313	3 443	5 472
Transactions with owners										
Dividends/Capital returned	—	—	- 91	- 42	- 28	- 101	119	142	—	—
Restructures	- 2	140	2	- 140	—	—	—	—	—	—
Contributed capital	—	—	187	268	—	—	- 187	- 268	—	—
Total transactions with owners	- 2	140	98	86	- 28	- 101	- 68	- 125	—	—
Total change in net worth	3 443	5 472	749	- 215	- 56	28	- 694	188	3 443	5 472
Key fiscal aggregates										
Net operating balance	41	- 829	- 259	- 264	- 149	119	- 119	- 140	- 486	- 1 114
Less net acquisition of non-financial assets	1 256	1 412	216	- 43	15	2	- 2	9	1 485	1 380
Net lending/borrowing	- 1 215	- 2 242	- 475	- 220	- 165	117	- 117	- 149	- 1 971	- 2 493

Note: Totals may not add due to rounding.

Statement of financial position as at 30 June 2023

(\$ millions)

Sector of Government	General Government		Non Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
ASSETS										
Financial assets										
Cash and deposits	10 987	10 979	516	690	1 074	992	-9 860	-10 509	2 718	2 151
Receivables	2 316	2 949	357	352	439	271	-1 129	-1 585	1 983	1 987
Contract assets	32	28	—	—	—	—	—	—	32	28
Loans and advances	132	107	15	—	33 372	31 878	-30 806	-29 523	2 713	2 462
Investments and placements	701	667	33	40	19 731	16 537	-148	-163	20 317	17 081
Investments in other public entities	20 565	19 671	—	—	—	—	-20 565	-19 671	—	—
Other equity investments	108	103	11	10	32 527	33 345	—	—	32 646	33 458
Total financial assets	34 840	34 503	932	1 092	87 144	83 022	-62 507	-61 451	60 408	57 167
Non-financial assets										
Produced assets										
Inventories	127	147	625	457	—	—	—	—	752	605
Machinery and equipment	1 662	1 588	213	205	216	202	5	5	2 096	1 999
Buildings and structures	47 356	44 005	17 475	17 792	1	2	140	140	64 973	61 940
Heritage assets	1 429	1 421	10	10	—	—	4	4	1 443	1 435
Biological assets	4	5	124	109	—	—	—	—	127	113
Intangible assets	451	467	33	35	4	1	—	—	488	502
Non-financial assets held for sale or transfer	157	156	2	1	9	5	-149	-148	19	14
Other non-financial assets	134	158	126	113	55	41	-137	-105	178	208
Right-of-use leased assets	3 849	3 833	187	283	14	15	-47	-125	4 004	4 006
Non-produced assets										
Land	10 597	8 787	8 218	7 522	—	—	50	53	18 865	16 362
Intangible assets	379	372	141	156	11	9	—	—	531	537
Non-financial assets held for sale or transfer	89	85	3	3	—	—	-50	-53	43	35
Right-of-use leased assets	1	1	—	2	—	—	—	—	1	2
Total non-financial assets	66 235	61 026	27 158	26 687	311	275	-184	-230	93 521	87 758
Total assets	101 075	95 529	28 090	27 780	87 455	83 297	-62 691	-61 681	153 929	144 925

Note: Totals may not add due to rounding.

Statement of financial position as at 30 June 2023 (continued)

(\$ millions)

Sector of Government	General Government		Non Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
LIABILITIES										
Deposits held	529	541	1	4	9 528	10 356	-9 878	-10 490	181	411
Borrowings	29 002	27 651	8 447	8 322	30 553	28 885	-33 081	-31 655	34 921	33 203
Payables	1 529	1 481	313	394	650	516	-265	-276	2 228	2 114
Contract liabilities	63	81	23	19	25	29	—	—	111	128
Employee benefits	2 983	2 965	84	88	14	13	—	—	3 081	3 066
Unfunded superannuation liabilities	7 518	7 065	—	—	—	—	—	—	7 518	7 065
Superannuation fund deposits	—	—	—	—	39 550	36 938	—	—	39 550	36 938
Provisions (other than employee benefits)	916	852	35	32	6 921	6 311	—	—	7 871	7 195
Other liabilities	2 615	2 414	848	1 331	76	55	-991	-1 475	2 549	2 326
Total liabilities	45 155	43 051	9 750	10 189	87 317	83 104	-44 214	-43 897	98 009	92 447
Net assets	55 920	52 478	18 340	17 591	138	193	-18 478	-17 784	55 920	52 478
EQUITY										
Retained earnings	273	1 411	2 806	2 982	119	171	2 667	2 035	5 866	6 599
Contributed capital	—	—	2 190	2 000	—	—	-2 190	-2 000	—	—
Reserves										
Asset revaluation reserve	37 137	33 253	13 226	12 505	—	—	-581	-148	49 782	45 610
Other reserves	109	120	119	104	19	23	—	—	247	247
Investment reserve	26	23	—	—	—	—	—	—	26	23
Net equity investments in other sectors reserve	18 375	17 671	—	—	—	—	-18 375	-17 671	—	—
Total equity (Net worth)	55 920	52 478	18 340	17 591	138	193	-18 478	-17 784	55 920	52 478

Note: Totals may not add due to rounding.

Statement of changes in equity for the year ended 30 June 2023			
	Equity at 1 July 2022	Total comprehensive result (a)	Equity at 30 June 2023
Sector of Government			
General Government sector			
Retained earnings	1 411	-1 138	273
Asset revaluation reserve	33 253	3 884	37 137
Other reserves	120	- 11	109
Investment reserve	23	3	26
Net equity investments in other sectors reserve	17 671	704	18 375
Total General Government sector	52 478	3 443	55 920
Public Non-Financial sector			
Contributed capital	2 000	190	2 190
Retained earnings	2 982	- 176	2 806
Asset revaluation reserve	12 505	721	13 226
Other reserves	104	15	119
Investment reserve	—	—	—
Total Public Non-Financial sector	17 591	749	18 340
Public Financial Corporations sector			
Retained earnings	171	- 52	119
Other reserves	23	- 4	19
Total Public Financial Corporations sector	193	- 56	138
Total sector equity	70 262	4 136	74 398
Eliminations	-17 784	- 694	-18 478
Total Whole of Government	52 478	3 443	55 920

Note: Totals may not add due to rounding.

(a) Total comprehensive result (after transactions with owners)

Statement of cash flows for the year ended 30 June 2023

(\$ millions)

Sector of Government	General Government		Public Non Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES										
Cash inflows (receipts)										
Taxes received	5 771	5 617	—	—	—	—	- 269	- 171	5 503	5 446
Grants received	14 505	13 130	348	288	8	8	- 351	- 295	14 510	13 130
Sales of goods and services	2 964	2 918	1 694	1 641	1 030	941	- 636	- 595	5 053	4 905
Interest receipts	296	15	24	7	1 678	831	- 1 170	- 532	828	321
Dividends and income tax equivalents received	187	230	1	4	70	61	- 183	- 219	75	75
Other receipts	2 019	2 060	193	104	58	43	- 31	- 107	2 239	2 101
Cash generated from operating activities	25 743	23 969	2 260	2 044	2 844	1 884	- 2 640	- 1 919	28 207	25 979
Cash outflows (payments)										
Payments to employees	-11 040	-10 814	- 342	- 322	- 76	- 71	31	30	-11 427	-11 177
Purchases of goods and services	-6 143	-6 104	- 971	- 766	- 71	- 80	275	280	-6 909	-6 670
Interest paid	- 904	- 484	- 324	- 308	-1 589	- 742	1 281	650	-1 536	- 884
Grants paid	-3 415	-3 762	- 79	- 104	—	—	356	294	-3 138	-3 573
Other payments	-2 261	-2 392	- 356	- 304	- 768	- 732	535	465	-2 851	-2 963
Cash used in operating activities	-23 764	-23 556	-2 072	-1 804	-2 503	-1 625	2 478	1 718	-25 861	-25 268
Net cash flows from operating activities	1 979	413	188	240	340	259	- 162	- 201	2 345	711
CASH FLOWS FROM INVESTING ACTIVITIES										
Non-financial assets										
Sales of non-financial assets	48	91	58	72	40	44	—	—	146	208
Purchases of non-financial assets	-2 781	-2 769	- 707	- 599	- 78	- 66	—	—	-3 566	-3 434
Net cash flows from investments in non-financial assets	-2 733	-2 678	- 649	- 527	- 38	- 22	—	—	- 3 420	- 3 227
Financial assets (policy purposes)										
Advances repaid	52	44	1	2	1 690	1 839	-1 149	-1 109	593	777
Advances granted	-266	-279	- 15	—	-3 455	-4 028	2 869	3 803	- 867	- 504
Net cash flows from investments in financial assets	- 214	- 235	- 14	2	- 1 766	- 2 189	1 719	2 695	- 275	272

Note: Totals may not add due to rounding.

Statement of cash flows for the year ended 30 June 2023 (continued)

(\$ millions)

Sector of Government	General Government		Public Non Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Financial assets (liquidity management purposes)										
Sales of investments	8	25	—	—	9 905	7 960	—	—	9 913	7 985
Purchases of investments	-49	-30	-3	-2	-10 019	-9 854	—	—	-10 071	-9 886
Net cash flows from investments in financial assets	-41	-5	-3	-2	-114	-1 894	—	—	-158	-1 901
Net cash flows from investing activities	-2 987	-2 918	-667	-526	-1 917	-4 105	1 719	2 695	-3 852	-4 855
CASH FLOWS FROM FINANCING ACTIVITIES										
Cash inflows (receipts)										
Advances received	—	—	187	268	—	—	-187	-268	—	—
Deposits received	27	270	—	—	-864	82	614	-75	-223	277
Borrowings	1 329	2 739	1 341	797	7 904	8 348	-2 667	-3 536	7 906	8 348
Cash generated from financing activities	1 355	3 009	1 528	1 065	7 040	8 429	-2 240	-3 878	7 683	8 625
Cash outflows (payments)										
Dividends paid / Capital returned	—	—	-91	-42	-28	-108	119	150	—	—
Deposits paid	-39	-29	-1	-1	—	—	35	13	-5	-17
Borrowings	-300	-668	-1 131	-721	-5 352	-4 401	1 178	1 139	-5 605	-4 650
Cash used in financing activities	-338	-696	-1 224	-764	-5 380	-4 509	1 332	1 302	-5 609	-4 667
Net cash flows from financing activities	1 017	2 312	305	301	1 660	3 920	-907	-2 576	2 074	3 958
Net increase/(decrease) in cash and cash equivalents	9	-193	-174	14	83	74	650	-82	567	-186
Cash and cash equivalents at beginning of the year	10 979	11 171	690	675	992	917	-10 509	-10 427	2 151	2 337
Cash and cash equivalents at the end of the year	10 987	10 979	516	690	1 074	992	-9 860	-10 509	2 718	2 151
Key fiscal aggregates										
Net cash flows from operating activities	1 979	413	188	240	340	259	-162	-201	2 345	711
Net Cash flows from investment in non-financial assets	-2 733	-2 678	-649	-527	-38	-22	—	—	-3 420	-3 227
Dividends paid	—	—	-91	-42	-28	-108	119	150	—	—
Cash surplus/(deficit)	-754	-2 265	-552	-329	274	129	-43	-51	-1 075	-2 516

Note: Totals may not add due to rounding.

10.2 Reconciliation of Key Fiscal Aggregates to GFS Aggregates

This note identifies the convergence differences between the Australian Accounting standards reporting (which this report is based on) and GFS reporting.

In December 2019, AASB 2019-7 *Amendments to Australian Accounting Standards - Disclosure of GFS Measures of Key Fiscal aggregates and GAAP/GFS Reconciliations* was issued to modify AASB 1049 *Whole of Government and General Government Sector Financial Reporting* requirements by providing optional relief from the disclosure of key fiscal aggregates measured in accordance with the GFS where they differ from the fiscal aggregates provided pursuant to AASB 1049.

If the optional relief is adopted, AASB 2019-7 requires an explanation of how each of the key fiscal aggregates required per AASB 1049 is calculated and how it differs from the corresponding key fiscal aggregate measured in accordance with the ABS GFS.

The key fiscal aggregates, as defined in Note 10.9 *Key technical terms used in the financial report* are:

- Cash surplus/deficit
- Comprehensive result - total change in net worth
- Net lending/borrowing
- Net result from transactions - net operating balance
- Net worth

The convergence differences between AASB 1049 and the GFS and their expected impacts applying GFS methodology are outlined in the following table:

Convergence difference	AASB 1049 Treatment	ABS GFS Treatment	Fiscal aggregate impact
AASB 16 Leases			
	Operating leases are recognised on the statement of financial position under AASB 16 <i>Leases</i> unless the lease is shorter than 12 months or where the underlying assets are worth less than \$15,000.	Under GFS, operating leases are not recognised on the statement of financial position.	Cash surplus/deficit, Comprehensive result - total change in net worth, Net lending/borrowing, Net result from transactions - net operating balance, Net Worth.
AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities			
	Deferral of revenue recognition, such as where performance obligations exist or for capital grants from the Commonwealth Government, is under AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 1058 <i>Income of Not-for-Profit Entities</i> .	Under GFS, the deferral of revenue recognition, such as where performance obligations exist or for capital grants from the Commonwealth Government, is not recognised. This timing difference is expected to impact all the fiscal aggregates. While it is expected that there will not be a net change to the fiscal aggregates over time, there will be convergence differences in any given year.	Cash surplus/deficit, Comprehensive result - total change in net worth, Net lending/borrowing, Net result from transactions - net operating balance, Net Worth.

Convergence difference			
	AASB 1049 Treatment	ABS GFS Treatment	Fiscal aggregate impact
PNFC/PFC Dividends			
	Dividends are classified as after-profit distributions to owners.	Under GFS, dividends paid/payable are recognised as an expense from transactions on the comprehensive income statement.	Comprehensive result - total change in net worth, Net lending/borrowing, Net result from transactions - net operating balance, Net Worth.
Future tax benefits/ deferred tax liabilities			
	Tax effect accounting is adopted, whereby differences between tax and accounting bases are deferred as either future income tax benefit assets or provisions for deferred liabilities.	Under GFS, deferred tax is not recognised.	Comprehensive result - total change in net worth, Net lending/borrowing, Net result from transactions - net operating balance, Net Worth.
Impairment losses (doubtful debts) on receivables			
	Provision for impairment losses on receivables are included on the statement of financial position.	Under GFS, the act of creating provisions is not considered an economic event and is therefore not included in the statement of financial position.	Comprehensive result - total change in net worth, Net Worth.
Investment in other sector entities			
	The net worth of investments in other sector entities for the general government sector includes impairment losses on receivables, future tax benefits and deferred tax liabilities of the PNFC and PFC sector.	Under GFS, the determination of net worth is exclusive of this.	Comprehensive result - total change in net worth, Net Worth.

10.3 Budgetary information (General Government sector only)

The tables presented within this note provide a comparison of the original budget figures as presented in the 2022–23 Budget Statement to the 2022–23 final outcome figures as presented in accordance with AASB 1055 *Budgetary Reporting*.

The original budget figures presented in the 2022–23 Budget Statement are presented on the Uniform Presentation Framework basis (UPF). However, AASB 1055 requires that the original budget information be disclosed on the same basis, which includes in the same format, to facilitate a comparison of actuals against the budget.

Unlike the actuals, the original budget figures have not been subject to an audit process. As the Government of South Australia does not present budgets on the AASB 1055 presentational basis, a restated budget presentation is provided to align with the accounting presentation specified by the standard.

In addition, the Government of South Australia does not present budgets at a whole of government level and therefore, only the general government sector can be presented for this note.

Statement of comprehensive income for the year ended 30 June 2023

(\$ millions)

	Note	2022-23 Original budget	2022-23 Actual	Variance
Revenue from transactions				
Taxation revenues	a	5 286	5 866	580
Grant revenue		13 607	14 323	716
Charges for goods and services		2 924	3 062	138
Interest income	b	144	341	197
Dividends and income tax equivalents		242	214	- 28
Other revenues		1 585	1 602	17
Total revenue from transactions		23 787	25 408	1 621
Expenses from transactions				
Employee expenses		9 384	9 735	351
Superannuation interest cost		210	269	59
Other superannuation expenses		1 015	1 016	1
Depreciation and amortisation		1 475	1 516	41
Use of goods and services	c	5 589	6 426	837
Interest expenses	d	780	975	195
Grant expenses		3 067	3 361	294
Other expenses		2 034	2 070	36
Total expenses from transactions		23 554	25 367	1 813
Net result from transactions — Net operating balance		233	41	- 192
Other economic flows — included in net result				
Net foreign exchange gains/(losses)		—	1	1
Net gain/(loss) on sale of non-financial assets		9	- 19	- 28
Net gain/(loss) on financial assets or liabilities at fair value		2	- 3	- 5
Impairment loss on receivables and contract assets		- 7	- 6	1
Net actuarial gain/(loss) on super defined benefit plans	e	310	- 586	- 896
Revaluations of deferred income tax equivalents	f	107	- 581	- 688
Other net actuarial gains/(losses)	g	- 141	- 49	92
Other economic flows		—	- 67	- 67
Total other economic flows — included in net result		280	-1 311	-1 591
Net result		513	-1 269	-1 782
Other economic flows — non-owner movements in equity				
Changes in asset revaluation reserve	h	41	4 083	4 042
Net gain/(loss) on equity investments in other sectors	i	80	704	624
Net gain/(loss) on financial assets at fair value through Comprehensive Income		—	- 8	- 8
Current year adjustments to equity		—	- 66	- 66
Total other economic flows — non-owner movements in equity		122	4 714	4 592
Comprehensive result		635	3 444	2 809
Transactions with owners				
Restructures		—	- 2	- 2
Total transactions with owners		—	- 2	- 2
Total change in net worth		635	3 443	2 808
Key fiscal aggregates				
Net operating balance		233	41	- 192
Less net acquisition of non-financial assets		1 882	1 256	- 626
Net lending/borrowing		-1 650	-1 215	435

Note: Totals may not add due to rounding.

Statement of financial position as at 30 June 2023

(\$ millions)

	Note	2022-23 Original budget	2022-23 Actual	Variance
ASSETS				
Financial assets				
Cash and deposits		11 003	10 987	- 16
Receivables		2 736	2 316	- 420
Contract assets		30	32	2
Loans and advances		414	132	- 282
Investments and placements		650	701	51
Investments in other public entities		17 476	20 565	3 089
Other equity investments		82	108	26
Total financial assets		32 390	34 840	2 450
Non-financial assets				
Produced assets				
Inventories		140	127	- 13
Machinery and equipment		809	1 662	853
Buildings and structures		47 057	47 356	299
Heritage assets		1 301	1 429	128
Biological assets		4	4	—
Intangible assets		452	451	- 1
Non-financial assets held for sale or transfer		2	157	155
Other non-financial assets		115	134	19
Right-of-use leased assets		3 707	3 849	142
Non-produced assets				
Land		8 073	10 597	2 524
Intangible assets		217	379	162
Non-financial assets held for sale or transfer		27	89	62
Right-of-use leased assets		—	1	1
Total non-financial assets		61 905	66 235	4 330
Total assets		94 295	101 075	6 780
LIABILITIES				
Deposits held		282	529	247
Borrowings		30 788	29 002	-1 786
Payables		1 453	1 529	76
Contract liabilities		66	63	- 3
Employee benefits		3 443	2 983	- 460
Unfunded superannuation liabilities		7 458	7 518	60
Provisions (other than employee benefits)		882	916	34
Other liabilities		2 465	2 615	150
Total liabilities		46 836	45 155	-1 681
Net assets		47 460	55 920	8 460
EQUITY				
Retained earnings		- 773	273	1 046
Reserves				
Asset revaluation reserve		32 941	37 137	4 196
Other reserves		101	109	8
Investment reserve		15	26	11
Net equity investments in other sectors reserve		15 175	18 375	3 200
Total equity (Net worth)		47 460	55 920	8 460

Note: Totals may not add due to rounding.

Statement of cash flows for the year ended 30 June 2023

(\$ millions)

	Note	2022-23 Original budget	2022-23 Actual	Variance
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash inflows (receipts)				
Taxes received		5 281	5 771	490
Grants received		13 557	14 505	948
Sales of goods and services		2 816	2 964	148
Interest receipts		132	296	164
Dividends and income tax equivalents received		268	187	- 81
Other receipts		1 619	2 019	400
Cash generated from operating activities		23 673	25 743	2 070
Cash outflows (payments)				
Payments to employees		-10 820	-11 040	- 220
Purchases of goods and services		-5 591	-6 143	- 552
Interest paid		- 740	- 904	- 164
Grants paid		-3 061	-3 415	- 354
Other payments		-1 962	-2 261	- 299
Cash used in operating activities		-22 174	-23 764	-1 590
Net cash flows from operating activities		1 499	1 979	480
CASH FLOWS FROM INVESTING ACTIVITIES				
Non-financial assets				
Sales of non-financial assets		88	48	- 40
Purchases of non-financial assets		-3 275	-2 781	494
Net cash flows from investments in non-financial assets		-3 187	-2 733	454
Financial assets (policy purposes)				
Advances repaid		29	52	23
Advances granted		- 437	- 266	171
Net cash flows from investments in financial assets		- 409	- 214	195
Financial assets (liquidity management purposes)				
Sales of investments		2	8	6
Purchases of investments		- 13	- 49	- 36
Net cash flows from investments in financial assets		- 11	- 41	- 30
Net cash flows from investing activities		-3 606	-2 987	619
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash inflows (receipts)				
Deposits received		—	27	27
Borrowings		3 070	1 329	-1 741
Cash generated from financing activities		3 070	1 355	-1 715
Cash outflows (payments)				
Deposits paid		- 67	- 39	28
Borrowings		- 273	- 300	- 27
Cash used in financing activities		- 340	- 338	2
Net cash flows from financing activities		2 730	1 017	-1 713
Net increase/(decrease) in cash and cash equivalents		622	9	- 613
Cash and cash equivalents at beginning of the year		10 380	10 979	599
Cash and cash equivalents at the end of the year		11 003	10 987	- 16
Key fiscal aggregates				
Net cash flows from operating activities		1 499	1 979	480
Net Cash flows from investment in non-financial assets		-3 187	-2 733	454
Cash surplus/(deficit)		-1 688	- 754	934

Note: Totals may not add due to rounding.

Budget information provided refers to the original estimates as disclosed in the 2022–23 Budget papers and is not subject to audit. Explanation of the major variances between budget and actual outcomes is provided in the 2022-23 Final Budget Outcome.

Explanations of major variations between original budget and actual amounts

Statement of Comprehensive Income

(a) Taxation revenue was higher than the original budget largely due to higher conveyance duty collections (\$211 million) reflecting higher than expected growth in residential property values and transaction numbers, higher payroll tax revenue (\$151 million) reflecting higher than expected growth in taxable payrolls supported by stronger growth in labour market conditions, and higher gambling tax revenues (\$102 million) representing higher than expected collections from gaming machines and once off-betting operations tax revenue associated with compliance activity.

(b) Interest income was higher than the original budget due to higher interest rates on deposits.

(c) Use of goods and services was higher than original budget due to additional expenditure on policy items announced in the 2022-23 MYBR and various overspends across numerous agencies as discussed in the 2022-23 Final Budget Outcome (FBO).

(d) Interest expenses was higher than the original budget due to higher interest rates on borrowings.

(e) Net actuarial losses of superannuation defined benefit plans were higher than expected primarily due to changes in demographic and economic assumptions adopted at the 30 June 2022 triennial review of the South Australian Superannuation Scheme (SASS).

(f) Revaluations to the deferred tax equivalent receivable in the general government sector reflects equivalent movements to the deferred tax liability reported by SA Water.

(g) Variances pertaining to other actuarial gain/(losses) primarily relate to the downward revaluation of the long service liability.

(h) Changes in asset revaluation reserves increased since the original budget primarily due to the upward revaluation of the Department for Infrastructure non-financial assets (\$2.4 billion), of which most of the revaluation pertains to road network assets. An increase to land under roads assets (\$907 million) and an upward revaluation to non-financial assets in the Department for Education (\$429 million) also contributed to the increase.

(i) A higher net gain on equity investments in other sectors compared to the original budget reflects changes in the net assets of the PNFC and PFC upon consolidation during the period.

10.4 Total expenses and assets by COFOG

	(\$ millions)			
	Whole of Government		General Government	
	2023	2022	2023	2022
Total expenses from transactions by function				
General public services	2 843	1 873	2 173	1 580
Public order and safety	2 274	2 318	2 258	2 302
Economic affairs	823	1 121	789	1 099
Environmental protection	434	397	434	397
Housing and community amenities	1 133	1 298	352	444
Health	8 059	7 849	8 059	7 849
Recreation, Culture and Religion	1 104	1 158	1 004	1 088
Education	5 865	5 702	5 865	5 702
Social protection	3 700	3 235	2 398	2 157
Transport	2 037	1 924	2 036	1 923
Total expenses from transactions by function	28 271	26 874	25 367	24 540
Total assets by function				
General public services	55 209	55 323	41 744	40 083
Public order and safety	2 901	2 625	2 871	2 589
Economic affairs	1 160	1 023	834	755
Environmental protection	5 858	1 816	1 878	1 819
Housing and community amenities	15 584	17 261	2 005	2 288
Health	6 677	6 715	6 689	6 727
Recreation, Culture and Religion	5 395	5 438	4 713	4 779
Education	7 884	7 394	7 895	7 406
Social protection	21 085	18 299	453	341
Transport	32 177	29 031	31 992	28 742
Total assets by function	153 929	144 925	101 075	95 529

Note: Totals may not add due to rounding.

COFOG classifies expenses and assets of the public sector in terms of the purposes for which the transactions are made. The major groups reflect the broad objectives of government.

General public services

Include legislative and executive affairs, financial and fiscal affairs, external affairs, foreign economic aid, general services, basic research, general public services, public debt transactions, transfers of a general character between different levels of government, and research and development.

Public order and safety

Includes police services, civil and fire protection services, law courts, prisons, research and development.

Economic affairs

Includes general economic, commercial and labour affairs, agriculture, forestry, fishing and hunting, fuel and energy, mining, manufacturing and construction, communications, other industries and research and development.

Environmental protection

Includes waste management, waste water management, pollution abatement, protection of biodiversity and landscape, research and development.

Housing and community amenities

Includes housing development, community development, water supply, street lighting, research and development.

Health

Includes medical products, appliances and equipment, outpatient services, hospital services, mental health institutions, community health services, public health services, and research and development.

Recreation, culture and religion

Includes recreational and sporting services, cultural services, broadcasting and publishing services, religious and other community services, and research and development.

Education

Includes pre-primary, primary, secondary and tertiary education, subsidiary services to education, special education, transportation of students and research and development.

Social protection

Includes expenditure on sickness and disability, old age, survivors, family and children, unemployment, housing, and research and development.

Transport

Includes road transport, bus transport, water transport, rail transport, air transport, multi-mode urban transport, pipeline and other transport, and research and development.

10.5 Related party transactions

Whole of Government

The Government of South Australia (whole of government) reporting entity consists of all entities controlled by the state government. Transactions between these entities are eliminated and therefore not separately disclosed. These entities are set out in Note 10.8 *Details of controlled entities*.

Related parties of the Government of South Australia reporting entity include:

- key management personnel and their close family members
- other arrangements or entities controlled or jointly controlled by the ministers or their close family members
- all associates and joint ventures

Key Management Personnel (KMP)

Key management personnel are all Cabinet Ministers. Minister's compensation and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*. The aggregated remuneration for Cabinet Ministers is:

Compensation of Key Management Personnel

	(\$ millions)	
	2023	2022
Salaries and other short term employee benefits	7	6
Post-employment benefits	1	1
Total compensation	8	7

Transactions and balances with Key Management Personnel and other related parties

Given the breadth and depth of State Government activities, related parties will transact with the South Australian public sector in a manner consistent with other members of the public, involving the receipt of services and benefits, and payment of taxes and other government fees and charges.

General Government

The general government sector comprises public sector agencies that are wholly owned and controlled by the Government of South Australia and which are largely funded by central collected revenue such as taxes, royalties and Commonwealth grants. The agencies are engaged mainly in the provision of services outside the normal market mechanism, or that provide for the transfer of income for public policy purposes.

Related parties of the general government sector include:

- key management personnel and their close family members
- other arrangements or entities controlled or jointly controlled by the Ministers or their close family members
- all public non-financial and public financial corporations, included in Note 10.8 *Details of controlled entities*
- all associates and joint ventures of the Government of South Australia
- all SA public sector superannuation schemes.

Key Management Personnel (KMP)

For the general government sector, KMP include all Ministers that manage portfolios within the sector.

Compensation of all Ministers is disclosed above.

Significant transactions with government related entities

Transactions between general government agencies are eliminated on consolidation and are not included in this disclosure. The transactions below represent those between the general government sector and public corporations.

- land tax from SAHT (\$165 million);
- guarantee fees (\$117 million);
- interest revenue on the Treasurer's deposits with SAFA (\$295 million);
- dividend revenue from SA Water (\$50 million);
- interest loans expense (\$686 million);
- community service obligations to SA Water (\$136 million);
- equity capital contributions to SAHT (\$134 million);
- operating grant payments to SAHT (\$61 million);
- Treasurers' deposits with SAFA (\$9.279 billion);
- Treasurers' loans with SAFA (\$24.630 billion);
- past service liability contributions to South Australian public sector superannuation schemes (\$402 million).

10.6 Events after balance date

There were no events occurring after balance date that had material implications on these financial statements.

10.7 Other accounting policies

Changes in accounting policy

There have been no significant changes to accounting policies in the preparation of the 2022-23 Consolidated Financial Report.

Australian Accounting Standards issued that are not yet effective

Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective have not been applied to the 2022-23 Consolidated Financial Report. These accounting standards include:

- Amending Standard AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value of Non-Financial Assets of Not-for Profit Entities*. It will apply from the 2024-25 Consolidated Financial report. The impact of the change is still being assessed.
- AASB 17 *Insurance Contracts* establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts issued with discretionary participation features. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of AASB 17 have on the financial position, financial performance and cash flows. In December 2022 the AASB published AASB 2022-9: *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector*. This states that AASB 17 for public sector entities applies to annual reporting periods on or after 1 July 2026. At this time the estimated effects on the whole of government position are yet to be determined.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on public sector reporting.

10.8 Details of controlled entities

For the 2022-23 financial year, the entities listed below are controlled by the government and their income, expenses, assets, liabilities and equity have been included in the *Consolidated Financial Report*. Some of these entities control other entities, in which case the consolidated accounts include the entities' consolidated financial information. The government's interest in each of the public non-financial corporations and public financial corporations listed below is 100 per cent.

General Government Sector	
Adelaide Festival Corporation	Independent Gambling Authority
Adelaide Film Festival	Industry, Innovation and Science, Department for
Agents Indemnity Fund	Infrastructure and Transport, Department for
Alinytjara Wilurara Landscape Board	Infrastructure SA
Anzac Day Commemoration Fund	International Koala Centre of Excellence
Art Gallery Board, The	Joint Parliamentary Services
Attorney-General's Department	Kangaroo Island Landscape Board
Auditor-General's Department	Legislative Council
Board of Botanic Gardens and State Herbarium	Libraries Board of South Australia
Carrick Hill Trust	Limestone Coast Landscape Board
Child Protection, Department for	Lotteries Commission of South Australia (trading as SA Lotteries)
Coast Protection Board	Murraylands and Riverland Landscape Board
Commission on Excellence and Innovation in Health	Museum Board
Correctional Services, Department for	Native Vegetation Fund
Courts Administration Authority	Northern and Yorke Landscape Board
CTP Regulator (trading as CTP Insurance Regulator)	Office for Public Integrity
Dairy Authority of South Australia	Office for Recreation, Sport and Racing
Defence SA	Office of the Commissioner for Public Sector Employment
Dog and Cat Management Board	Office of Hydrogen Power South Australia
Dog Fence Board	Office of the Industry Advocate
Education, Department for	Office of the South Australian Productivity Commission
Education and Early Childhood Services Registration and Standards Board of South Australia	Outback Communities Authority
Electoral Commission of South Australia	Premier and Cabinet, Department of the
Energy and Mining, Department for	Premier's Delivery Unit
Environment and Water, Department for	Primary Industries and Regions, Department of
Environment Protection Authority	Professionals Standards Council
Essential Services Commission of South Australia	Residential Tenancies Fund
Eyre Peninsula Landscape Board	Retail Shop Leases Fund
Government Schools	SACE Board of South Australia
Green Adelaide Board	Second-hand Vehicles Compensation Fund
Green Industries SA	Small Business Commissioner
Health and Wellbeing, Department for	South Australia Police (South Australian Police Department, SAPOL)
Hills and Fleurieu Landscape Board	South Australian Ambulance Service
History Trust of South Australia	South Australian Arid Lands Landscape Board
House of Assembly	South Australian Country Arts Trust
Human Services, Department of	South Australian Country Fire Service (CFS)
Incorporated Hospitals and Health Services	South Australian Film Corporation
Independent Commission Against Corruption (ICAC)	

South Australian Fire and Emergency Services Commission (trading as SAFECOM)

South Australian Local Government Grants Commission

South Australian Metropolitan Fire Service (MFS)

South Australian Skills Commission

South Australian State Emergency Service (trading as SES)

South Australian Tourism Commission

South Eastern Water Conservation and Drainage Board

State Governor's Establishment

State Opera of South Australia

State Planning Commission

State Theatre Company of South Australia

Study Adelaide

TAFE SA

Trade and Investment, Department for

Treasury and Finance, Department of

Wellbeing SA

Public Non-Financial Corporations Sector

Adelaide Cemeteries Authority

Adelaide Festival Centre Trust

Adelaide Venue Management Corporation

Distribution Lessor Corporation

Generation Lessor Corporation

Public Trustee

South Australian Forestry Corporation (trading as ForestrySA)

South Australian Housing Trust (trading as South Australian Housing Authority)

South Australian Motor Sport Board

South Australian Water Corporation (trading as SA Water)

State Owned Generators Leasing Co Pty Ltd

Transmission Lessor Corporation

Urban Renewal Authority (trading as Renewal SA)

West Beach Trust (trading as Adelaide Shores)

Public Financial Corporations Sector

HomeStart Finance

Lifetime Support Authority

Motor Accident Commission

Return to Work Corporation of South Australia (trading as ReturnToWorkSA)

South Australian Government Financing Authority (trading as SAFA)

Superannuation Funds Management Corporation of South Australia (trading as Funds SA)

Changes to controlled entities/reporting structures since the 2021-22 Consolidated Financial Report

New entities

- Effective 8 September 2022, the South Australian Motor Sport Board was created under the South Australian Motor Sport Board Act 1984.

Other changes

- Effective 1 July 2022, the Department for Innovation and Skills was renamed to the Department for Industry, Innovation and Science.

Dissolved entities

- The Public Corporations (Australian Children's Performing Arts Company) Dissolution and Revocation regulations 2021 (dated 9 December 2021) proclaimed that the Australian Children's Performing Arts Company (trading as Windmill Performing Arts) is dissolved on 30 June 2022. Immediately before its dissolution, all its assets, rights and liabilities were transferred to the Minister for Education.

10.9 Key technical terms used in the financial report

Term	Definition
Australian Bureau of Statistics Government Finance Statistics (ABS GFS) Manual	The Australian Bureau of Statistics' publication <i>Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015</i> contains a comprehensive and definitive guide to the classification of financial aggregates for National Accounts and the Government Finance Statistics (GFS).
Comprehensive result - change in net worth	Comprehensive result - change in net worth is revenue from transactions less expenses from transactions plus other economic flows, and measures the variation in a government's accumulated assets and liabilities. It excludes any adjustments to the prior period and transactions with owners as owners.
Capital transfers	Transactions in which ownership of an asset other than cash and inventories is transferred from one institutional unit to another, in which cash is transferred to enable the recipient to acquire another asset, or in which the funds realised by the disposal of another asset are transferred, for which no economic benefits of equal value are receivable or payable in return.
Cash surplus/deficit	Equals net cash flows from operating activities plus net cash flows from acquisition and disposal of non-financial assets less distributions paid.
Classifications of the functions of government (COFOG)	Classifies outlays or expenditure transactions by the purpose served (e.g. health, education).
Contingent asset	A possible asset 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 entity.
Contingent liability	A possible financial obligation arising out of a condition, situation, guarantee or indemnity, the ultimate effect of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events.
Convergence difference	Relates to the difference between the amounts recognised in the financial statements compared with the amounts determined for GFS purposes as a result of differences in definition, recognition, measurement, classification and consolidation principles and rules.
Current transfers	The provision of something of value for no specific return or consideration and include grants, subsidies and donations.
Finance lease	Lease agreements that transfer substantially all the risks and benefits relating to ownership of an asset from the lessor (legal owner) to the lessee (party using the asset).
Financial asset	Includes any asset that is: <ul style="list-style-type: none"> (a) cash (b) an equity instrument of another entity (c) a contractual right: <ul style="list-style-type: none"> (i) to receive cash or another financial asset from another entity, or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity, or (d) a contract that will or may be settled in the entity's own equity instruments and is: <ul style="list-style-type: none"> (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments, or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity

Term	Definition
	instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.
General Government Sector (GGS)	The institutional sector comprising all government units and non-profit institutions controlled and mainly financed by government.
Government Finance Statistics (GFS)	Enables policymakers and analysts to study developments in the financial operations, financial position and liquidity situation of the government. More details about the GFS can be found in the Australian Bureau of Statistics (ABS) GFS Manual Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015.
Key fiscal aggregates	Financial aggregates are important for analysis purposes, including assessing the impact of a government and its sectors on the economy.
National Partnership Payments	Grants received from the Commonwealth Government to support delivery of specified projects, to facilitate reforms or to reward jurisdictions that deliver on national reforms.
Net acquisition/(disposal) of non-financial assets from transactions	Includes purchases (acquisitions) of non-financial assets less sales (disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. Purchases and sales (net acquisitions) of non-financial assets generally include accrued expenses and payables for capital items. Purchases exclude non-produced assets and valuables which are included in other movements in non-financial assets.
Net actuarial gains	Includes actuarial gains and losses on defined benefit superannuation plans, employee leave entitlements, workers compensation entitlements and various other provisions.
Net cash flows from investments in financial assets (liquidity management purposes)	Equals cash receipts from liquidation or repayment of investments in financial assets for liquidity management purposes less cash payments for such investments. Investment for liquidity management purposes means making funds available to others with no policy intent and with the aim of earning a commercial rate of return.
Net cash flows from investments in financial assets (policy purposes)	Equals cash receipts from the repayment and liquidation of investments in financial assets for policy purposes less cash payments for acquiring financial assets for policy purposes. Acquisition of financial assets for policy purposes is distinguished from investments in financial assets (liquidity management purposes) by the underlying government motivation for acquiring the assets. Acquisition of financial assets for policy purposes is motivated by government policies such as encouraging the development of certain industries or assisting citizens affected by natural disaster.
Net debt	Net debt measures a government's net stock of selected gross financial liabilities less financial assets. Net debt equals the sum of deposits held, advances received, loans and other borrowing less the sum of cash and deposits, advances paid and investments, loans and placements.
Net financial liabilities	Total liabilities less financial assets, other than equity in PNFCs and PFCs. This measure is broader than net debt as it includes significant liabilities other than borrowings for example accrued employee liabilities such as superannuation and long service leave entitlements.
Net financial worth	A measure of a government's net holdings of financial assets. It is calculated from the Uniform Presentation Framework balance sheet as financial assets minus liabilities. Net financial worth is a broader measure than net debt, in that it incorporates provisions such as superannuation, but excludes depreciation and doubtful debts as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities.

Term	Definition
Net lending/borrowing	<p>Equals net operating balance minus the net acquisition/disposal of non-financial assets. It is also equal to transactions in the net acquisition/disposal of financial assets minus the net incurrence of liabilities. It indicates the extent to which financial resources are placed at the disposal of the rest of the economy or the utilisation of financial resources generated by the rest of the economy.</p> <p>A net lending (fiscal surplus) balance indicates that the public sector is saving more than enough to finance all its investment spending. A net borrowing (fiscal deficit) position indicates that the public sector's level of investment is greater than its level of savings.</p>
Net result from transactions – net operating balance	Calculated from the Statement of Comprehensive Income as income from transactions less expenses from transactions. It is a summary measure of the ongoing sustainability of operations and excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.
Net other economic flows	Equals the net change in the volume or value of assets and liabilities that does not result from transactions.
Net result	Is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'.
Net worth	Is an economic measure of wealth and provides a relatively comprehensive picture of a government's overall financial position. It is calculated as total assets less total liabilities and less shares/contributed capital. For the GGS, net worth is assets less liabilities, since shares and contributed capital do not exist in a GGS context.
Non-financial assets	All assets that are not 'financial assets', predominantly land and other fixed assets.
Other revenues	Refers to revenue other than revenue from taxes, sales of goods and services, property income and Commonwealth Grants, etc. It includes revenue from fines other than penalties imposed by tax authorities.
Other economic flows	Changes in the volume or value of an asset or liability that do not result from transactions, for example revaluations.
Public Financial Corporations (PFC)	Is the institutional sector comprising resident government controlled corporations and quasi corporations mainly engaged in financial intermediation or provision of auxiliary financial services.
Public Non-Financial Corporations (PNFC)	Is the institutional sector comprising resident government controlled corporations and quasi corporations mainly engaged in the production of market goods and/or non-financial services.
Superannuation expenses	Includes all superannuation expenses from transactions except superannuation interest cost. It generally includes current service cost, which is the increase in entitlements associated with the employment services provided by employees in the current period. Superannuation actuarial gains and losses are excluded as they are considered other economic flows.
Superannuation interest cost	Represents the carrying cost of unfunded superannuation liabilities, net of interest revenue on plan assets of defined benefit schemes.
Tax Equivalent Regime (TER)	The mechanism to ensure that public corporations incur similar tax liabilities to privately owned organisations. Thus, greater parity exists between the cost structures of government controlled trading entities

Term	Definition
	and the private sector, aiding in the achievement of competitive neutrality.
Transactions	Interactions between two institutional units by mutual agreement or actions within a unit that are analytically useful to treat as transactions.
Unfunded superannuation liability	The amount by which the liabilities of a superannuation scheme or schemes (measured as the present value of expected future superannuation benefits that have accrued to members) at the reporting date exceeds the value of assets held by the superannuation scheme or schemes to meet those benefits.
Uniform Presentation Framework (UPF)	A uniform reporting framework agreed by the Australian Loan Council in 2000, which is a revision of the agreement reached at the 1991 Premiers' Conference. The UPF was further updated and reissued in April 2008 to incorporate the new accounting standard AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i> . The UPF specifies that the Commonwealth, state and territory governments will present a minimum set of budget and financial outcome information on the Government Finance Statistics basis according to an agreed format and specified Loan Council reporting arrangements.
Whole of government financial report	A financial report that is prepared in accordance with Australian Accounting Standards, including AASB 10 <i>Consolidated Financial Statements</i> , and thereby separately recognises assets, liabilities, income, expenses and cash flows of all entities under the control of the government on a line-by-line basis.

Statement by the Treasurer and Under Treasurer

The *Consolidated Financial Report* for the year ended 30 June 2023 for the state of South Australia has been prepared by the Department of Treasury and Finance through the consolidation of audited financial information provided by South Australian public sector controlled reporting entities.

In our opinion, the *Consolidated Financial Report*:

- has been prepared in accordance with Australian Accounting Standards, in particular AASB 1049: *Whole of Government and General Government Sector Financial Reporting* and the *Public Finance and Audit Act 1987*, as amended, and
- presents a true and fair view of the financial position of the Government of South Australia and the general government sector as at 30 June 2023 and the results of its operations and its cash flows for the year then ended.



Hon Stephen Mullighan

Treasurer

21 /12/2023



Rick Persse

Under Treasurer

15 /12/2023

**Statement and commentary
by the Auditor-General**



Our ref: A23/314

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22 December 2023

Mr R Persse
Under Treasurer
Department of Treasury and Finance
Level 8, State Administration Centre
200 Victoria Square
ADELAIDE SA 5000

Dear Mr Persse

Consolidated financial report for the year ended 30 June 2023

Our review of the South Australian Consolidated Financial Report (CFR) for the year ended 30 June 2023 was recently completed.

Background

AASB 1049 *Whole of Government and General Government Sector Financial Reporting* requires governments to prepare Whole of Government and General Government Sector financial reports in accordance with the standard. The CFR for the year ended 30 June 2023 comprises both the Whole of Government and General Government Sector financial reports.

Audit mandate and Auditor's Report

There is no requirement under the *Public Finance and Audit Act 1987* or other legislation to provide an independent auditor's report on the CFR. I have therefore not issued an independent auditor's report.

I do, however, consider it both valuable and consistent with wider public expectation that we review the credibility and validity of such financial information. As a result, we have performed sufficient work to provide the following observations on the CFR for the year ended 30 June 2023.

Scope of review

The CFR comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes to the Consolidated Financial Report
- a Statement by the Treasurer and Under Treasurer.

Our review of the CFR included a review of:

- the principles adopted in defining the economic entity
- controls and procedures within the Department of Treasury and Finance (DTF) for evaluating the reliability and validity of financial data forwarded by agencies
- processes for preparing the CFR
- compliance with appropriate legislation and accounting frameworks.

The review involved assessing controls exercised when preparing the CFR and ensuring that financial data submitted by agencies for inclusion in the CFR was consistent with their audited financial statements. Our work also included evaluating the accounting policies and significant accounting estimates unique to the CFR and review of compliance with Australian Accounting Standards.

Review findings and comments

Matters reflected in Independent Auditor's Reports for government agencies

I note that, while I have not modified my Independent Auditor's Reports of the Lifetime Support Authority and the Return to Work Corporation of South Australia for 2022-23, I drew attention to the inherent uncertainty associated with certain liabilities of these entities.

Other financial reporting matters

Preparation of the CFR requires DTF to collect and consolidate financial information from all government reporting entities, and then present this information in a meaningful and understandable manner.

Challenges faced by DTF in preparing the CFR include:

- ensuring the completeness and accuracy of financial information sourced from agencies, including ensuring that agencies have accurately advised DTF of their transactions and balances with other areas of government (to support elimination of financial data at the general government or whole of government level)
- presenting reliable financial information that meets the specific disclosure requirements of AASB 1049, but which are not disclosed in the audited financial reports of individual government agencies

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- obtaining reliable financial information to support a range of disclosure requirements of Australian Accounting Standards which, while included in the financial reports of individual government agencies, is not available in a format which supports meaningful disclosure in the CFR.

To meet these challenges, DTF exercises judgement as to the extent of checking procedures it performs, and the usefulness of the specific disclosure requirements of individual Australian Accounting Standards. The balance between the benefits achieved and the costs involved are a relevant consideration when exercising this judgement.

As part of my review of the CFR for 2022-23, I have identified matters that impact the preparation of future CFRs.

I will communicate these matters to you shortly in separate correspondence and will continue to liaise with DTF representatives to identify ways in which it can improve the quality of the CFR in an efficient and effective manner.

Other matters

I would like to pass on my appreciation to your staff for the assistance provided to my officers during the conduct of the review.

Should you or your colleagues require further elaboration or clarification on any matters outlined in this letter, my colleagues and I are available to meet to discuss them at your convenience.

Yours sincerely



Ian McGlen
Acting Auditor-General

STATE BUDGET

2022-23

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