

Consolidated Financial Report 2021-22



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**Government
of South Australia**

**Consolidated Financial Report
for the financial year ended 30 June 2022**

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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 2022. 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 2021-22 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 \$1.1 billion (\$829 million for the general government sector) in 2021-22. The general government deficit is higher than that reported for 2020-21 but lower than forecast in the 2022-23 Budget for 2021-22.

Further details on the factors contributing to the lower general government sector deficit compared to the forecasts provided in the 2022-23 Budget are discussed in the 2021-22 Final Budget Outcome.

Key fiscal indicators recorded for 2021-22 for the general government sector and whole of government are summarised below:

General government sector

- The net result from transactions is a deficit of \$829 million.
- The net lending deficit is \$2.2 billion, reflecting the net result from transactions deficit and the net acquisition of non-financial assets throughout 2021-22.
- Net worth as at 30 June 2022 was \$52.4 billion, comprising assets of \$95.5 billion and liabilities of \$43.1 billion.

Whole of government

- The net result from transactions is a deficit of \$1.1 billion.
- The net lending deficit is \$2.5 billion, reflecting the net result from transactions deficit and the net acquisition of non-financial assets throughout 2021-22.
- Net worth as at 30 June 2022 was \$52.4 billion, comprising assets of \$145 billion and liabilities of \$92.6 billion.
- Net worth is \$5.4 billion higher than at 30 June 2021, primarily due to a downward revaluation of the unfunded superannuation liability of \$2.3 billion, and a \$3.1 billion gain on valuation of financial assets and liabilities. The gains on financial assets and liabilities primarily reflects gains made by SAFA on their borrowings in the marketplace during 2021-22.

Financial Statements

Statement of comprehensive income for the year ended 30 June 2022

(\$ millions)

	Note	Whole of Government		General Government	
		2022	2021	2022	2021
Revenue from transactions					
Taxation revenues	2.1	5 292	4 652	5 513	4 865
Grant revenue	2.2	13 408	12 152	13 407	12 150
Charges for goods and services	2.3	5 013	4 613	2 991	2 804
Interest income	2.4	332	382	25	37
Dividends and income tax equivalents	2.5	75	87	207	250
Other revenues	2.6	1 640	1 604	1 568	1 533
Total revenue from transactions		25 760	23 490	23 711	21 638
Expenses from transactions					
Employee expenses	3.1	9 723	9 296	9 405	8 989
Superannuation interest cost		188	183	188	183
Other superannuation expenses		961	893	921	858
Depreciation and amortisation	3.2	1 961	1 913	1 447	1 414
Use of goods and services	3.3	6 849	5 934	6 147	5 299
Interest expenses	3.4	896	927	505	442
Grant expenses	3.5	3 629	2 830	3 818	3 011
Other expenses	3.6	2 667	2 955	2 109	2 004
Total expenses from transactions		26 874	24 931	24 540	22 200
Net result from transactions — Net operating balance		-1 114	-1 441	- 829	- 563
Other economic flows — included in net result					
Net gain/(loss) on sale of non-financial assets		47	35	8	6
Net gain/(loss) on financial assets or liabilities at fair value		3 093	1 182	353	16
Impairment loss on receivables and contract assets		- 22	- 13	- 15	- 7
Net actuarial gain/(loss) on super defined benefit plans	7.6	2 289	2 569	2 289	2 569
Revaluations of deferred income tax equivalents		—	—	- 148	129
Other net actuarial gains/(losses)	4.1	444	- 786	194	4
Other economic flows	4.2	- 135	- 56	- 28	- 15
Total other economic flows — included in net result		5 716	2 930	2 652	2 702
Net result		4 603	1 490	1 823	2 140
Other economic flows — non-owner movements in equity					
Changes in asset revaluation reserve		712	1 765	859	1 129
Net gain/(loss) on equity investments in other sectors		—	—	2 568	- 32
Net gain/(loss) on financial assets at fair value through Comprehensive Income		50	61	26	58
Current year adjustments to equity		75	- 20	23	—
Total other economic flows — non-owner movements in equity		836	1 806	3 476	1 156
Comprehensive result		5 439	3 296	5 299	3 296

Note: Totals may not add due to rounding.

Statement of comprehensive income for the year ended 30 June 2022 (continued)

(\$ millions)

	Note	Whole of Government		General Government	
		2022	2021	2022	2021
Transactions with owners					
Restructures		—	—	140	—
Total transactions with owners		—	—	140	—
Total change in net worth		5 439	3 296	5 439	3 296
Key fiscal aggregates					
Net operating balance		-1 114	-1 441	- 829	- 563
Less net acquisition of non-financial assets		1 380	1 409	1 412	1 204
Net lending / borrowing		-2 493	-2 849	-2 242	-1 766

Note: Totals may not add due to rounding.

Statement of financial position as at 30 June 2022

(\$ millions)

	Note	2022	2021	2022	2021
				Whole of Government	General Government
Assets					
Financial assets					
Cash and deposits	5.1	2 151	2 337	10 979	11 171
Receivables	5.2	1 987	2 070	2 949	2 992
Contract assets	5.3	150	87	28	30
Loans and advances	5.4	2 462	2 718	107	145
Investments and placements	5.5	17 041	14 972	627	643
Investments in other public entities		—	—	19 671	16 912
Other equity investments	5.6	33 458	36 650	103	90
Interests in joint arrangements	5.7	—	2	—	—
Total financial assets		57 249	58 837	34 463	31 984
Non-financial assets					
Produced assets					
Inventories	6.1	605	647	147	140
Machinery and equipment	6.2	1 995	2 006	1 588	1 541
Buildings and structures	6.3	61 800	61 129	44 005	42 615
Heritage assets	6.4	1 431	1 315	1 421	1 305
Biological assets	6.5	113	61	5	4
Intangible assets	6.6	502	428	467	392
Non-financial assets classified as held for sale	6.7	176	14	170	5
Other non-financial assets	6.8	208	216	158	166
Right-of-use leased assets	6.11	4 006	4 061	3 833	3 924
Non-produced assets					
Land	6.9	16 309	15 207	8 787	8 137
Intangible assets	6.6	537	474	372	288
Non-financial assets classified as held for sale	6.7	81	46	78	32
Right-of-use leased assets	6.11	2	2	1	1
Total non-financial assets		87 765	85 606	61 032	58 550
Total assets		145 014	144 443	95 496	90 533
Liabilities					
Deposits held	7.1	411	138	541	286
Borrowings	7.2	33 203	32 895	27 651	25 384
Payables	7.3	2 210	2 167	1 577	1 529
Contract liabilities	7.4	251	138	81	66
Employee benefits	7.5	3 066	3 405	2 965	3 295
Unfunded superannuation liabilities	7.6	7 065	9 588	7 065	9 588
Superannuation fund deposits	7.7	36 938	39 182	—	—
Provisions (other than employee benefits)	7.8	7 195	7 392	852	802
Other liabilities	7.9	2 231	2 533	2 319	2 577
Total liabilities		92 569	97 437	43 051	43 528
Net assets		52 444	47 006	52 444	47 006
Equity					
Retained earnings		6 560	1 249	1 372	-1 087
Reserves					
Asset revaluation reserve		45 615	45 590	33 258	32 873
Other reserves		247	151	120	101
Investment reserve		23	15	23	15
Net equity investments in other sectors reserve		—	—	17 671	15 103
Total equity (Net worth)		52 444	47 006	52 444	47 006

Note: Totals may not add due to rounding.

Statement of changes in equity for the year ended 30 June 2022

(\$ millions)

	Asset Reval Reserve	Other/ Investment Reserves	Net Equity in Other Sectors Reserve	Retained Earnings	Total
Whole of Government					
Balance as at 30 June 2020	43 398	122	—	- 93	43 426
Prior period adjustments	284	—	—	—	284
Restated balance at 30 June 2020	43 682	122	—	- 93	43 710
Gain/(loss) on revaluation of non-financial assets	1 765	—	—	—	1 765
Net gain on financial assets taken to equity	—	61	—	—	61
Current year adjustments — prior period	—	—	—	- 20	- 20
Transfers to/(from) reserves	143	- 16	—	- 127	—
Net income/expense recognised directly in equity for 2020-21	1 908	45	—	- 147	1 806
Net result for 2020-21	—	—	—	1 490	1 490
Total comprehensive result for 2020-21	1 908	45	—	1 343	3 296
Balance 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

(\$ millions)

	Asset Reval Reserve	Other/ Investment Reserves	Net Equity in Other Sectors Reserve	Retained Earnings	Total
General Government					
Balance as at 30 June 2020	31 572	66	15 134	-3 345	43 426
Prior period adjustments	284	—	—	—	284
Restated balance at 30 June 2020	31 855	66	15 134	-3 345	43 710
Gain/(loss) on revaluation of non-financial assets	1 129	—	—	—	1 129
Net gain on financial assets taken to equity	—	58	—	—	58
Net gain on equity investments in other sectors	—	—	- 32	—	- 32
Transfers to/(from) reserves	- 111	- 7	—	119	—
Net income/expense recognised directly in equity for 2020-21	1 018	51	- 32	119	1 156
Net result for 2020-21	—	—	—	2 140	2 140
Total comprehensive result for 2020-21	1 018	51	- 32	2 259	3 296
Balance at 30 June 2021	32 873	116	15 103	-1 087	47 006

Note: Totals may not add due to rounding.

Statement of changes in equity for the year ended 30 June 2022 (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	859	—	—	—	859
Net gain on financial assets taken to equity	—	26	—	—	26
Net gain on equity investments in other sector entities	—	—	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 transferred/received from restructures	9	—	—	131	140
Balance at 30 June 2022	33 258	143	17 671	1 372	52 444

Note: Totals may not add due to rounding.

Statement of cash flows for the year ended 30 June 2022

(\$ millions)

	Note	2022	Whole of Government 2021	2022	General Government 2021
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash inflows (receipts)					
Taxes received		5 446	4 590	5 617	4 901
Grants received		13 130	11 088	13 130	11 086
Sales of goods and services		4 905	4 411	2 918	2 553
Interest receipts		321	367	15	22
Dividends and income tax equivalents received		75	87	230	212
Other receipts		2 101	1 652	2 060	1 807
Cash generated from operating activities		25 979	22 195	23 969	20 582
Cash outflows (payments)					
Payments to employees		-11 177	-10 618	-10 814	-10 273
Purchases of goods and services		-6 670	-5 941	-6 104	-5 240
Interest paid		- 884	- 921	- 484	- 434
Grants paid		-3 573	-2 823	-3 762	-3 004
Other payments		-2 963	-2 420	-2 392	-2 148
Cash used in operating activities		-25 268	-22 723	-23 556	-21 099
Net cash provided by operating activities	8.3	711	- 528	413	- 517
CASH FLOWS FROM INVESTING ACTIVITIES					
Non-financial assets					
Sales of non-financial assets		208	211	91	112
Purchases of non-financial assets		-3 434	-3 024	-2 769	-2 303
Net cash flows from investments in non-financial assets		-3 227	-2 813	-2 678	-2 191
Financial assets (policy purposes)					
Advances repaid		777	608	44	78
Advances granted		- 504	- 600	- 279	- 289
Net cash flows from investments in financial assets		272	8	- 235	- 211
Financial assets (liquidity management purposes)					
Sales of investments		7 985	7 256	25	31
Purchases of investments		-9 886	-8 908	- 30	- 31
Net cash flows from investments in financial assets		-1 901	-1 652	- 5	—
Net cash flows from investing activities		-4 855	-4 457	-2 918	-2 403
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash inflows (receipts)					
Deposits received		277	36	270	99
Borrowings		8 348	7 336	2 739	4 102
Cash generated from financing activities		8 625	7 372	3 009	4 201
Cash outflows (payments)					
Deposits paid		- 17	- 62	- 29	- 159
Borrowings		-4 650	-3 480	- 668	- 279
Cash used in financing activities		-4 667	-3 542	- 696	- 438
Net cash flows from financing activities		3 958	3 831	2 312	3 763
Net increase/ (decrease) in cash and cash equivalents		- 186	-1 154	- 193	843
Cash and cash equivalents at beginning of the year		2 337	3 491	11 171	10 328
Cash and cash equivalents at the end of the year	8.1	2 151	2 337	10 979	11 171

Note: Totals may not add due to rounding.

Statement of cash flows for the year ended 30 June 2022 (continued)

(\$ millions)

	Note	Whole of Government		General Government	
		2022	2021	2022	2021
Key fiscal aggregates					
Net cash flows from operating activities		711	- 528	413	- 517
Net cash flows from investments in non-financial assets		-3 227	-2 813	-2 678	-2 191
Cash surplus/(deficit)		-2 516	-3 341	-2 265	-2 709

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 2022— 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 2021 to 30 June 2022. 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	
	2022	2021	2022	2021
Taxes on employers' payroll and labour force	1 442	1 299	1 461	1 318
Taxes on property				
Stamp duties	1 365	1 019	1 365	1 022
Land tax	366	351	536	513
Emergency services levy	171	165	172	167
Natural resources management/Landscape board levy	17	17	17	17
Total taxes on property	1 918	1 553	2 090	1 718
Taxes on provision of goods and services				
Gambling	531	486	531	486
Stamp duties on insurance	557	510	564	516
Total taxes on the provision of goods and services	1 089	996	1 095	1 002
Taxes on the use of goods and performance of activities				
Motor vehicle registration	744	708	764	727
Other taxes on motor vehicles	47	46	47	46
Total taxes on the use of goods and performance of activities	791	754	811	773
Other taxation revenue	52	51	56	54
Total taxation revenues	5 292	4 652	5 513	4 865

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	
	2022	2021	2022	2021
Current grant revenue				
General purpose grants	6 998	6 848	6 998	6 848
National partnership grants	558	360	558	360
Specific purpose grants	2 659	2 257	2 659	2 257
Specific purpose grants for on-passing	1 502	1 053	1 502	1 053
Total current grants from the Commonwealth Government	11 716	10 518	11 716	10 518
Other contributions and grants	698	678	700	678
Total current grant revenue	12 414	11 195	12 416	11 196
Capital grant revenue				
National partnership grants	868	829	868	829
Specific purpose grants	113	112	113	112
Other capital grants	11	15	9	12
Total capital grants from the Commonwealth Government	992	956	990	953
Other contributions and grants	1	1	1	1
Total capital grant revenue	994	957	991	954
Total grant revenue	13 408	12 152	13 407	12 150

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	
	2022	2021	2022	2021
Goods				
Gambling products (SA Lotteries)	538	508	538	508
Forestry products (Forestry SA)	15	13	—	—
Land sales	149	69	—	—
Other goods	21	28	16	21
Total charges for goods	723	618	555	529
Services				
Water related rates and charges (SA Water)	1 095	1 074	—	—
Health services	466	451	466	451
House rentals (South Australian Housing Trust)	274	263	—	—
Metro Ticket public transport sales	57	60	57	60
Rental income from investment properties	25	22	9	10
Other services	735	712	736	721
Total charges for services	2 651	2 582	1 268	1 242
Fees/levies				
Workers compensation levies	617	533	—	—
Compulsory Third Party Premiums (CTP Regulator)	43	42	43	42
Drivers licences	87	73	87	73
Other regulatory goods	891	766	1 039	918
Total charges for fees/levies	1 639	1 413	1 169	1 032
Total charges for goods and services	5 013	4 613	2 991	2 804
Note : Totals may not add due to rounding.				
Cost of sales/charges in relation to goods were as follows:	155	75	54	19

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	
	2022	2021	2022	2021
Interest earnings: SAFA	185	225	—	—
Interest earnings: other agencies	136	141	9	17
Interest on finance leases	—	—	5	5
Other investment revenue	11	16	11	15
Total interest income	332	382	25	37

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	
	2022	2021	2022	2021
Dividends	75	87	152	159
Income tax equivalents	—	—	54	91
Total dividends and income tax equivalents	75	87	207	250

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	
	2022	2021	2022	2021
Compulsory Third Party Insurance (CTP) collections	428	423	428	423
Lifetime Support Scheme Levy collections on behalf of Lifetime Support Authority	180	169	180	169
Royalties	383	323	383	323
Resources received free of charge	72	74	47	41
Fines and penalties	139	146	139	146
Other revenues	439	470	392	431
Total other revenues	1 640	1 604	1 568	1 533

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	
	2022	2021	2022	2021
Salaries and wages	8 324	8 004	8 042	7 729
Annual leave	1 048	987	1 020	962
Long service leave	207	195	200	190
Retention leave	43	41	42	40
TVSP payments	46	38	44	34
Board fees	13	11	11	10
Other employee related expenses	44	21	45	23
Total employee expenses	9 723	9 296	9 405	8 989

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	
	2022	2021	2022	2021
Depreciation				
<u>Owned</u>				
Buildings and structures				
Buildings	605	585	478	455
Water, sewerage and drainage	347	332	25	25
Road network, rail and bus tracks	436	432	436	432
Machinery and equipment				
Plant and equipment	167	164	127	124
Vehicles	75	74	75	74
Other depreciation	1	1	1	1
Total depreciation - owned assets	1 630	1 587	1 142	1 110
<u>Right-of-use leased assets</u>				
Buildings and structures				
Buildings	214	209	193	189
Machinery and equipment				
Plant and equipment	26	25	25	25
Vehicles	—	—	26	31
Total depreciation - Right-of-use leased assets	240	234	244	245
Total depreciation	1 870	1 822	1 386	1 355
Amortisation				
Intangible assets	91	91	61	59
Total amortisation	91	91	61	59
Total depreciation and amortisation	1 961	1 913	1 447	1 414

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	1-44 years
Right-of-use leased assets	Life of lease

3.3 Use of goods and services

(\$ millions)

	Whole of Government		General Government	
	2022	2021	2022	2021
Short-term and low value lease expenses	36	24	37	18
Variable lease expenses	12	5	12	5
Consultancy expenses	33	27	27	23
Contract service expenses	1 759	1 469	1 559	1 305
Computing and communication expenses	513	451	479	416
Repairs and maintenance expenses	553	519	356	321
Intra-government supplies and services	—	—	129	119
Other use of goods and services	3 944	3 438	3 548	3 094
Total use of goods and services	6 849	5 934	6 147	5 299

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	
	2022	2021	2022	2021
Interest on borrowings	701	746	318	269
Interest charges on lease liabilities	162	153	158	149
Other finance cost expenses	33	28	29	24
Total interest expenses	896	927	505	442

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	
	2022	2021	2022	2021
Recurrent grants	1 405	1 165	1 355	1 085
Capital grants	73	25	73	25
Subsidies	557	455	754	658
Intra-government transfers	—	—	43	58
Other current transfer payments	1 594	1 186	1 594	1 186
Total grant expenses	3 629	2 830	3 818	3 011

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	
	2022	2021	2022	2021
National Disability Insurance Scheme Contributions	684	656	684	656
RTWSA income/redemption related workers compensation payments	307	282	—	—
Compulsory Third Party Insurance (CTP) collections	363	358	363	358
Lifetime Support Scheme disbursement to Lifetime Support Authority	180	169	180	169
Gambling prizes/dividends	377	365	377	365
Medical related workers compensation payments	123	119	—	—
Remuneration of judiciary and members of Parliament	45	44	45	44
Bad debts	32	33	28	33
Assets donated	30	38	31	38
Other expenses	527	891	402	341
Total other expenses	2 667	2 955	2 109	2 004

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	
	2022	2021	2022	2021
Revaluation of annual leave liability	- 22	- 14	- 22	- 14
Revaluation of long service leave liability	269	87	265	84
Revaluation of workers compensation liability	- 30	- 43	- 30	- 42
Revaluation of insurance claims provision	—	- 33	- 3	- 29
Revaluation of retention leave liability	1	2	1	2
Revaluation of other provisions	226	- 786	- 17	3
Total other net actuarial gains/(losses)	444	- 786	194	4

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	
	2022	2021	2022	2021
Amortisation of non-produced assets	- 2	- 1	—	—
Revision to accounting estimates	13	43	13	43
Net write-down of non-financial assets	- 147	- 97	- 41	- 58
Total other economic flows	- 135	- 56	- 28	- 15

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	
	2022	2021	2022	2021
Cash and cash equivalents ^(a)	2 046	2 230	10 872	11 062
Australian dollar term deposits	105	107	107	108
Total cash and deposits	2 151	2 337	10 979	11 171

Note: Totals may not add due to rounding.

(a) The general government sector includes the Treasurer's deposits with SAFA of \$9.747 billion (2021: \$9.693 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	
	2022	2021	2022	2021
Contractual				
Charges for goods and services	1 055	973	662	676
Accrued investment income	9	10	10	22
Other contractual receivables	544	456	529	442
Impairment allowance on contractual receivables	- 104	- 91	- 75	- 59
Statutory				
GST receivable	145	154	114	129
Tax equivalent receivable	—	—	1 326	1 501
Other taxes collectable	303	271	384	281
Other				
Derivatives receivable — SAFA foreign exchange swaps	—	266	—	—
Derivatives receivable — SAFA interest rate swaps	35	30	—	—
Total receivables	1 987	2 070	2 949	2 992
Current	1 804	1 981	1 608	1 513
Non current	182	89	1 341	1 480
Total receivables	1 987	2 070	2 949	2 992

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	
	2022	2021	2022	2021
Carrying amount at the beginning of the period	91	89	59	58
Increase/(Decrease) in allowance recognised in P&L	31	13	20	7
Amounts written off	- 18	- 11	- 3	- 6
Carrying amount at end of the period	104	91	75	59

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

	Whole of Government		General Government	
	2022	2021	2022	2021
Charges for goods and services	147	91	25	34
Grant revenue	7	3	7	3
Impairment allowance on contract assets	- 4	- 7	- 4	- 7
Total contract assets	150	87	28	30
Current	39	34	28	30
Non current	111	54	—	—
Total contract assets	150	87	28	30

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	
	2022	2021	2022	2021
Treasurer's loans	71	78	71	78
Loan advances	2 437	2 688	63	94
less Provision for doubtful debts - loan and advances	- 46	- 48	- 27	- 27
Total loans and advances	2 462	2 718	107	145

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	
	2022	2021	2022	2021
Marketable debt securities	12 908	11 037	1	—
Finance lease receivables	17	22	162	176
Other investments	4 116	3 913	464	468
Total investments and placements	17 041	14 972	627	643
Current	4 155	3 487	213	215
Non current	12 885	11 485	414	428
Total investments and placements	17 041	14 972	627	643

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	
	2022	2021	2022	2021
Within one year	2	2	22	28
Later than one year but no longer than five years	5	8	69	67
Later than five years	10	13	98	113
Total undiscounted finance lease payments receivables	17	24	188	208
Less unearned income from finances	—	- 1	- 27	- 32
Total finance lease receivables	17	22	162	176

Note: Totals may not add due to rounding.

5.6 Other equity investments

(\$ millions)

	Whole of Government		General Government	
	2022	2021	2022	2021
Equity in listed entities	20 297	24 682	70	48
Equity in unlisted entities	13 161	11 968	33	42
Total other equity investments	33 458	36 650	103	90

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 ventures

(\$ millions)

	Whole of Government		General Government	
	2022	2021	2022	2021
Joint ventures	—	2	—	—
Total interests in joint ventures	—	2	—	—

Note: Totals may not add due to rounding.

The following table provides a summary of South Australia's investment in joint ventures:

	Whole of Government		General Government	
	2022	2021	2022	2021
Carrying amount at beginning of period	2	4	—	—
Share of profit after income tax	3	2	—	—
Distributions/repayments	- 5	- 4	—	—
Carrying amount at end of period	—	2	—	—

Note: Totals may not add due to rounding.

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 following table:

	Whole of Government		General Government	
	2022	2021	2022	2021
Non-financial assets				
Buildings and structures (Note 6.3)	837	733	837	733
Machinery and equipment (Note 6.2)	4	4	4	4
Intangible assets (Note 6.6)	165	163	165	163
Total assets	1 007	901	1 007	901

Note: Totals may not add due to rounding.

For the year ended 30 June 2022, South Australia recognised an increase in its joint interest in the MDBA assets of \$106 million (increase of \$2 million in 2020–21), bringing the state's total recognition in the MDBA assets to \$1 billion (\$901 million at 30 June 2021).

6. Non-Financial assets

6.1 Inventories

(\$ millions)

	Whole of Government		General Government	
	2022	2021	2022	2021
Work in progress	125	137	—	—
Raw materials and stores	22	19	13	10
Finished goods	12	18	2	2
Land held for resale	311	343	—	—
Other inventories	135	130	133	128
Total inventories	605	647	147	140
The above inventories were held as follows:				
Held for consumption by government controlled entities	12	12	—	1
Held for distribution at nominal cost	274	286	138	130
Held for other than distribution at nominal cost	319	350	9	9
Total inventories	605	647	147	140
Current	377	346	147	140
Non current	228	302	—	—
Total inventories	605	647	147	140

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	
	2022	2021	2022	2021
Plant, equipment and vehicles at fair value	4 058	4 018	3 473	3 393
Accumulated depreciation	-2 292	-2 187	-2 112	-2 026
Total plant, equipment and vehicles at fair value	1 765	1 831	1 361	1 367
Plant, equipment and infrastructure under construction	229	175	227	174
Total machinery and equipment	1 995	2 006	1 588	1 541

Note: Totals may not add due to rounding.

6.3 Buildings and structures

(\$ millions)

	Whole of Government		General Government	
	2022	2021	2022	2021
Buildings				
Buildings at fair value	23 389	22 369	18 944	17 680
Accumulated depreciation	-9 406	-8 967	-9 093	-8 696
Total Buildings at fair value	13 982	13 402	9 850	8 984
Buildings under service concessions	586	634	—	—
Accumulated depreciation	- 8	- 8	—	—
Total Buildings under service concessions	579	626	—	—
Buildings under construction as part of PPP arrangements	212	213	212	213
Buildings under construction	694	1 188	551	1 056
Investment properties — buildings	42	39	14	12
Total buildings	15 509	15 469	10 626	10 265
Structures				
Water, sewerage and drainage assets at fair value	23 776	24 272	1 985	1 905
Accumulated depreciation	-10 392	-10 496	- 765	- 774
Total Water, sewerage and drainage assets at fair value	13 384	13 776	1 221	1 131
Water, sewerage and drainage assets under construction	768	685	22	21
Road network, bus and rail tracks at fair value	42 601	41 502	42 598	41 499
Accumulated depreciation	-12 240	-11 918	-12 238	-11 916
Total Road network, bus and rail tracks at fair value	30 361	29 585	30 360	29 584
Road network, bus and rail tracks under construction	1 776	1 614	1 776	1 614
Total structures	46 290	45 660	33 379	32 349
Total buildings and structures	61 800	61 129	44 005	42 615

Note: Totals may not add due to rounding.

6.4 Heritage assets

(\$ millions)

	Whole of Government		General Government	
	2022	2021	2022	2021
Heritage assets at fair value	1 431	1 316	1 422	1 306
Accumulated amortisation	- 1	- 1	- 1	- 1
Total heritage assets	1 431	1 315	1 421	1 305

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	
	2022	2021	2022	2021
Standing timber (commercial forests)	109	57	—	—
Other plants and livestock	5	4	5	4
Total biological assets	113	61	5	4

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	
	2022	2021	2022	2021
Intangible assets at cost	1 586	1 411	1 035	870
Accumulated amortisation	- 873	- 786	- 523	- 465
Total intangibles at cost	713	626	513	404
Intangibles under service concessions	330	277	330	277
Accumulated amortisation	- 3	- 1	- 3	- 1
Total Intangibles under service concessions	327	276	327	276
Total intangibles	1 040	902	839	680

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 (\$316 million) comprising the State's Land Title Register and Valuation Roll, and service concession software (\$10 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 2021-22. This led to a \$52.2 million (\$30.7 million decrement) revaluation increment being recognised in 2021-22.

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 classified as held for sale

(\$ millions)

	Whole of Government		General Government	
	2022	2021	2022	2021
Machinery and equipment	10	10	5	3
Buildings and structures	160	4	159	2
Land	81	46	78	32
Other assets	6	—	6	—
Total non-financial assets classified as held for sale	257	60	248	37

Note: Totals may not add due to rounding.

All non-financial assets classified as held for sale 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

(\$ millions)

	Whole of Government		General Government	
	2022	2021	2022	2021
Prepayments	168	178	127	136
Other non-financial assets	39	38	31	30
Total other non-financial assets	208	216	158	166

Note: Totals may not add due to rounding.

6.9 Land

(\$ millions)

	Whole of Government		General Government	
	2022	2021	2022	2021
Site land at fair value	10 436	9 860	4 345	4 094
Land under roads	3 461	3 097	3 461	3 097
Land held under Service Concession	1 324	1 211	—	—
National parks and other 'land only' holdings at fair value	1 003	969	966	932
Investment properties — land	86	71	15	14
Total land	16 309	15 207	8 787	8 137

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.

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 2020.

As 2021-22 is the second intervening year between triennial reviews, the Valuer-General has provided an updated indexed figure that represents a 11.4 per cent increase (\$230 million) over the first intervening year fair value at 30 June 2021. 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 2022 was revalued to \$3.235 billion. This amount is in addition to the amounts booked by DIT of \$226 million.

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.

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.

6.10 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 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	- 32	- 304	5	—	38	22	- 269
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	1 995	61 800	1 431	113	1 040	16 309	82 688

(\$ millions)

Whole of Government 2021	Machinery and equipment	Buildings and structures	Heritage assets	Biological assets	Intangible assets	Land	Total
Balance at 1 July 2020	2 049	58 089	1 308	58	931	14 962	77 397
Additions	225	907	4	1	31	20	1 188
Capitalised subsequent expenditure	61	2 043	—	—	13	36	2 154
Disposals	- 62	- 8	—	- 2	- 1	- 74	- 147
Transfers	- 99	157	4	—	43	- 94	12
Revaluation movements	71	1 310	—	2	- 19	359	1 722
Recoverable amount write-downs or impairment losses	- 2	- 17	—	—	- 3	- 4	- 27
Depreciation and amortisation expense	- 238	-1 348	- 1	—	- 93	—	-1 680
Other movements	—	- 4	—	1	—	4	—
Carrying amount 30 June 2021	2 006	61 129	1 315	61	902	15 207	80 618

Note: Totals may not add due to rounding.

Reconciliation of non-financial assets (continued)

(\$ 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	12
Carrying amount 30 June 2022	1 588	44 005	1 421	5	839	8 787	56 646

(\$ millions)

General Government 2021	Machinery and equipment	Buildings and structures	Heritage assets	Biological assets	Intangible assets	Land	Total
Balance at 1 July 2020	1 518	40 305	1 299	4	713	7 901	51 739
Additions	153	788	3	1	25	13	983
Capitalised subsequent expenditure	61	1 535	—	—	11	36	1 643
Disposals	- 24	- 2	—	- 2	- 1	- 58	- 88
Transfers	- 38	133	5	—	14	- 14	99
Revaluation movements	71	785	—	1	- 19	262	1 099
Recoverable amount write-downs or impairment losses	- 2	- 12	—	—	- 3	- 4	- 21
Depreciation and amortisation expense	- 198	- 911	- 1	—	- 59	—	- 1 169
Other movements	—	- 5	—	1	—	2	- 2
Carrying amount 30 June 2021	1 541	42 615	1 305	4	680	8 137	54 282

Note: Totals may not add due to rounding.

6.11 Right-of-use leased assets

(\$ millions)

	Whole of Government		General Government	
	2022	2021	2022	2021
Machinery and equipment	242	260	281	311
Buildings and structures	3 764	3 801	3 553	3 613
Land	2	2	1	1
Total Right-of-use leased assets	4 008	4 064	3 834	3 925

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 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.

Whole of Government 2021	Machinery and equipment	Buildings and structures	Land	Total
Balance at 1 July 2020	244	4 098	2	4 343
Additions	44	70	—	114
Disposals	—	- 51	—	- 51
Transfers	- 3	- 107	1	- 110
Revaluation movements	—	2	—	2
Depreciation expense	- 25	- 209	—	- 234
Carrying amount on 30 June 2021	260	3 801	2	4 064

(\$ millions)

General Government 2021	Machinery and equipment	Buildings and structures	Land	Total
Balance at 1 July 2020	287	3 882	—	4 169
Additions	82	72	—	155
Disposals	- 2	- 48	—	- 50
Transfers	—	- 105	1	- 105
Revaluation movements	—	2	—	2
Depreciation expense	- 56	- 189	—	- 245
Carrying amount on 30 June 2021	311	3 613	1	3 925

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.

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 2022	Fair value	Level 2	Level 3
Recurring fair value measurements			
Machinery and equipment ^(a)	1 765	215	1 551
Buildings and structures ^(a)	58 348	4 312	54 036
Heritage assets	1 431	1 221	210
Biological assets	113	1	112
Land	16 018	10 952	5 066
Intangible assets under service concession (data assets)	316	—	316
Total recurring fair value measurements	77 992	16 700	61 292
Non-recurring fair value measurements			
Non-financial assets classified as held for sale	257	84	172
Total non-recurring fair value measurements	257	84	172
Total fair value measurements	78 249	16 785	61 464

(\$ millions)

Whole of Government 2021	Fair value	Level 2	Level 3
Recurring fair value measurements			
Machinery and equipment ^(a)	1 831	205	1 626
Buildings and structures ^(a)	57 428	4 518	52 911
Heritage assets	1 315	1 104	211
Biological assets	61	1	60
Land	15 012	10 330	4 682
Intangible assets under service concession (data assets)	264	—	264
Total recurring fair value measurements	75 911	16 158	59 754
Non-recurring fair value measurements			
Non-financial assets classified as held for sale	60	49	12
Total non-recurring fair value measurements	60	49	12
Total fair value measurements	75 972	16 206	59 765

(\$ 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 classified as held for sale	248	77	170
Total non-recurring fair value measurements	248	77	170
Total fair value measurements	53 291	5 272	48 018

Note: Totals may not add due to rounding.

(\$ millions)			
General Government 2021	Fair value	Level 2	Level 3
Recurring fair value measurements			
Machinery and equipment ^(a)	1 367	15	1 352
Buildings and structures ^(a)	39 711	385	39 326
Heritage assets	1 305	1 094	211
Biological assets	4	1	3
Land	7 943	3 325	4 617
Intangible assets under service concession (data assets)	264	—	264
Total recurring fair value measurements	50 593	4 820	45 773
Non-recurring fair value measurements			
Non-financial assets classified as held for sale	37	33	4
Total non-recurring fair value measurements	37	33	4
Total fair value measurements	50 630	4 853	45 777

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 2021-22.

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 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	1 626	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	43	244	—	—	13	—	300
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	1 551	54 036	210	112	5 066	316	61 292

(\$ millions)

Whole of Government 2021	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	1 594	51 071	212	57	4 631	284	57 848
Acquisitions	108	1 508	1	1	7	—	1 625
Capitalised subsequent expenditure	9	40	—	—	—	—	50
Disposals	- 7	- 18	—	—	- 36	—	- 60
Resources received/(provided) free of charge	1	4	—	—	- 8	—	- 3
Net transfer in/(out) of level 3	24	51	—	—	- 39	—	36
Transfers between asset classes	39	269	- 1	—	- 23	—	284
Gains/(losses) for the period recognised in net result:							
Revaluation increment/decrement	2	4	—	- 1	1	—	7
Impairment losses/reversals	—	—	—	—	—	—	—
Depreciation	- 212	-1 237	—	—	—	—	-1 449
Gains/(losses) for the period recognised in other comprehensive income:							
Revaluation increment/decrement	68	1 221	—	2	153	- 19	1 424
Impairment losses/reversals	—	- 2	—	—	- 4	—	- 7
Carrying amount at the end of the period	1 626	52 911	211	60	4 682	264	59 754

Note: Totals may not add due to rounding.

(\$ millions)

General 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	1 352	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

(\$ millions)

General Government 2021	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	1 317	38 138	212	3	4 534	284	44 487
Acquisitions	98	1 103	1	1	7	—	1 209
Capitalised subsequent expenditure	9	40	—	—	—	—	49
Disposals	- 6	- 18	—	—	- 36	—	- 60
Resources received/(provided) free of charge	1	4	—	—	- 8	—	- 3
Net transfer in/(out) of level 3	24	48	—	—	- 39	—	32
Transfers between asset classes	33	167	- 1	—	8	—	208
Gains/(losses) for the period recognised in net result:							
Revaluation increment/decrement	2	4	—	- 1	3	—	9
Impairment losses/reversals	—	—	—	—	—	—	—
Depreciation	- 193	- 882	—	—	—	—	- 1 075
Gains/(losses) for the period recognised in other comprehensive income:							
Revaluation increment/decrement	68	724	—	—	153	- 19	925
Impairment losses/reversals	—	- 2	—	—	- 4	—	- 7
Carrying amount at the end of the period	1 352	39 326	211	3	4 617	264	45 773

Note: Totals may not add due to rounding.

7. Liabilities

7.1 Deposits held

(\$ millions)

	Whole of Government		General Government	
	2022	2021	2022	2021
Deposits at call	411	138	541	286
Total deposits held	411	138	541	286

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	
	2022	2021	2022	2021
Debt securities	28 869	28 496	—	—
Lease liability	4 110	4 180	4 099	4 178
PPP Liability	224	219	224	219
Loan liability	—	—	23 328	20 987
Total borrowings	33 203	32 895	27 651	25 384

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	
	2022	2021	2022	2021
Contractual				
Creditors	748	511	612	438
Accruals	879	977	844	918
Other contractual payables	218	288	115	162
Statutory				
GST payable	14	13	2	7
Other taxes payable	1	2	1	2
Other statutory payables	2	2	2	2
Other				
Derivatives payable — SAFA foreign exchange swap	—	260	—	—
Derivatives payable — SAFA interest rate swap	347	115	—	—
Total payables	2 210	2 167	1 577	1 529
Current	1 950	1 897	1 400	1 343
Non current	260	269	176	186
Total payables	2 210	2 167	1 577	1 529

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	
	2022	2021	2022	2021
Charges for goods and services	216	115	46	43
Grant revenue	34	23	34	23
Total contract liabilities	251	138	81	66
Current	138	83	81	66
Non current	112	55	—	—
Total contract liabilities	251	138	81	66

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 \$69 million was recognised in 2021-22 for the whole of government (\$62 million in the general government sector) that was included in contract liabilities at 1 July 2020. No revenue was recognised in 2021-22 from performance obligations satisfied (or partially satisfied) in previous periods.

An analysis of the expected realisation of contract liabilities as revenue at 30 June 2022 is provided below:

(\$ millions)

	Whole of Government		General Government	
	2022	2021	2022	2021
2022-23	137	80	80	63
2023-24	15	10	1	3
2024-25 - onwards	98	48	—	—
Total contract liabilities	251	138	81	66

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	
	2022	2021	2022	2021
Accrued wages and salaries	219	289	218	284
Annual leave	868	838	835	807
Long service leave	1 893	2 192	1 827	2 120
Retention leave	77	75	76	74
Other employee benefits	9	10	9	10
Total employee benefits	3 066	3 405	2 965	3 295
Current	1 358	1 387	1 311	1 339
Non current	1 708	2 017	1 654	1 957
Total employee benefits	3 066	3 405	2 965	3 295

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 2021-22, the yield on long term Commonwealth Government bonds has increased from 1.25% (2020-21) to 3.50%. 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 remained unchanged from the 2021 rate of 2.5% 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 \$269 million at Whole of Government (\$265 million for General Government).

7.6 Unfunded superannuation liabilities

	(\$ millions)			
	Whole of Government		General Government	
	2022	2021	2022	2021
Unfunded superannuation liabilities	7 065	9 588	7 065	9 588
Total unfunded superannuation liabilities	7 065	9 588	7 065	9 588

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 2021-22 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.

These superannuation plans are not controlled entities of the Government of South Australia.

Notwithstanding, 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	
	2022	2021	2022	2021	2022	2021
Govt of SA administered schemes ^(a)						
State scheme	10 494	12 584	4 674	5 227	5 820	7 357
Police scheme	3 484	4 479	2 279	2 383	1 205	2 096
Parliamentary super scheme	256	315	225	242	31	72
Judges' pension scheme	400	489	309	323	91	165
Governors' pension scheme	5	3	3	3	2	—
SA Ambulance scheme	266	297	296	303	- 30	- 6
Total Govt of SA administered schemes	14 905	18 167	7 786	8 482	7 119	9 684
Other schemes ^(b)	445	464	500	560	- 54	- 96
Member funded benefits	- 471	- 584	- 471	- 584	—	—
Total	14 879	18 047	7 814	8 459	7 065	9 588

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 2022, the estimated present value of defined benefit obligations to employees was calculated using a discount rate of 3.9 per cent (2.0 per cent at 30 June 2021), equal to the market yield on the Commonwealth Government's long term bond rate at 30 June 2022.

The higher discount rate applied as at 30 June 2022 (3.9 per cent) compared with 30 June 2021 (2.0 per cent) resulted in a decrease (\$2.814 billion) 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 2022	General Government 2022	
Accrued liability 30 June 2021	18 047	18 047	
Current service cost	63	63	
Interest cost	349	349	
Contributions by plan recipients	10	10	
Benefits paid	-1 011	-1 011	
Impact of changes in demographic assumptions	—	—	
Impact of changes in financial assumptions	-2 808	-2 808	
Difference between actual and expected experience	229	229	
Accrued liability 30 June 2022	14 879	14 879	

Note: Totals may not add due to rounding.

Reconciliation of the fair value of the defined benefit plan assets			(\$ millions)
	Whole of Government 2022	General Government 2022	
Assets 30 June 2021	8 459	8 459	
Interest income	162	162	
Actual return on assets less Interest income	- 333	- 333	
Employer contributions	528	528	
Contributions by plan participants	10	10	
Benefits and expenses paid	-1 011	-1 011	
Assets 30 June 2022	7 814	7 814	

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.

	2022	2021
	% per annum	% per annum
Discount rate (gross of tax)	3.9	2.0
Expected long-term return on plan assets	6.5	6.5
Rate of salary increases	2.5	2.5
Long term CPI increases	2.0	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:

2021-22	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 (%)	3.9	4.4	3.9	3.9
Salary growth (%)	2.5	2.5	3.0	2.5
Inflation rate (%)	2.0	2.0	2.0	2.5
Change in defined benefit obligation %		-4.9	0.4	4.4
Present value in defined benefit obligation (\$ million)	14 879	14 147	14 937	15 531

2021-22	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 (%)	3.9	3.4	3.9	3.9
Salary growth (%)	2.5	2.5	2.0	2.5
Inflation rate (%)	2.0	2.0	2.0	1.5
Change in defined benefit obligation %		5.4	-0.4	-4.1
Present value in defined benefit obligation (\$ million)	14 879	15 682	14 824	14 276

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 negative \$171 million in 2021-22.

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			
	2022		2021	
	Active market	Non-active market	Active market	Non-active market
Australian equities	20.3	—	21.1	—
International equities	27.5	—	31.6	—
Property	1.1	16.0	1.7	14.8
Diversified strategies growth	6.7	12.7	1.1	14.6
Diversified strategies income	7.9	4.9	13.4	—
Cash	2.8	—	1.7	—
Total	66.4	33.6	70.6	29.4

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 2022 are \$479 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)				
	2022	2021	2020	2019	2018
Cumulative (loss)/gain at 1 July	-5 195	-7 764	-8 906	-6 274	-6 356
Recognised during the year	2 289	2 569	1 142	-2 632	82
Cumulative (loss)/gain at 30 June	-2 906	-5 195	-7 764	-8 906	-6 274

Note : Totals may not add due to rounding.

Historical information	(\$ millions)				
	2022	2021	2020	2019	2018
Present value of defined benefit obligation	14 879	18 047	19 638	21 472	18 802
Fair value of plan assets	7 814	8 459	7 163	7 636	7 513
Deficit in plan	7 065	9 588	12 474	13 836	11 288

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	
	2022	2021	2022	2021
Liability of Funds SA to all superannuation plans	36 938	39 182	—	—
Total superannuation fund deposits	36 938	39 182	—	—

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	
	2022	2021	2022	2021
Workers compensation				
Return to Work SA (RTWSA) provisions	4 061	4 301	—	—
Other agencies workers compensation provisions	693	640	686	632
Total workers compensation provisions	4 754	4 941	686	632
Insurance claims				
Motor Accident Commission (MAC) motor vehicle compensation insurance claim provisions	292	417	—	—
South Australian Government Financing Authority (SAFA) insurance provisions	605	642	—	—
Other agencies insurance claims	140	147	137	145
Total insurance claims	1 038	1 206	137	145
Other provisions	1 403	1 244	30	25
Total provisions (other than employee benefits)	7 195	7 392	852	802
Current	1 560	1 471	157	132
Non current	5 635	5 921	695	670
Total provisions (other than employee benefits)	7 195	7 392	852	802

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 2021–22 year

	(\$ millions)				
	RTWSA provisions	MAC provisions	SAFA provisions	Other provisions	Total
Carrying amount – opening balance	4 301	417	642	2 031	7 392
Additional /(reduction in) provisions recognised	251	- 39	59	300	571
Payments	- 491	- 86	- 95	- 156	- 829
Other movements	—	—	—	61	61
Carrying amount – closing balance	4 061	292	605	2 236	7 195

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)				
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	

(\$ millions)				
2021	RTWSA	MAC	SAFA	Total
Expected future claims payments (undiscounted)	5 853	370	547	6 770
Discount to present value	-2 171	- 13	- 36	-2 220
Central estimate	3 682	357	511	4 550
Risk/other margin applied	619	60	132	811
Liability for outstanding claims	4 301	417	642	5 361
Risk margin %	10.5–45	17	3.5–35	
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)
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

Net underwriting result				(\$ millions)
2021	RTWSA	MAC	SAFA	Total
Premium revenue	533	—	64	597
Outwards reinsurance expense	—	—	- 14	- 14
Net premium	533	—	50	584
Claims expense	-1 247	—	- 32	-1 279
Reinsurance and other recoveries income	12	—	- 2	10
Net claims	-1 235	—	- 34	-1 269
Other underwriting expenses	- 75	—	—	- 75
Other	- 75	—	—	- 75
Net underwriting result	- 777	—	17	- 760

Note: Totals may not add due to rounding.

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	

Net claims incurred									(\$ millions)
2021	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	1 166	1 281	—	- 27	80	- 34	1 245	1 220	
Reinsurance and other recoveries — undiscounted	- 15	- 8	—	17	—	3	- 16	12	
Net claims incurred - undiscounted	1 150	1 273	—	- 11	79	- 31	1 230	1 232	
Discount and discount movement — gross claims incurred	- 330	- 788	—	- 4	- 8	- 7	- 338	- 799	
Discount and discount movement — reinsurance and other recoveries	—	—	—	4	—	—	—	4	
Net discount movement	- 330	- 788	—	—	- 8	- 7	- 337	- 796	
Net claims incurred	821	485	—	- 11	72	- 38	892	436	

Note: Totals may not add due to rounding.

7.9 Other liabilities

(\$ millions)

	Whole of Government		General Government	
	2022	2021	2022	2021
Unearned revenue	1 730	1 990	1 807	2 049
Other liabilities	501	543	512	528
Total other liabilities	2 231	2 533	2 319	2 577
Current	293	467	311	427
Non current	1 937	2 066	2 008	2 151
Total other liabilities	2 231	2 533	2 319	2 577

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 2022, the unearned revenue balance was \$1.437 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 2022, the unearned revenue balance was \$191.5 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	
	2022	2021	2022	2021
Cash and deposits disclosed in the statement of financial position (refer to note 5.1)	2 151	2 337	10 979	11 171
Balances per statement of cash flows	2 151	2 337	10 979	11 171

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	
	2022	2021	2022	2021
Net result	4 603	1 490	1 823	2 140
Non-cash items in net result				
Depreciation and amortisation	1 963	1 914	1 447	1 414
Assets received/donated free of charge	- 42	- 36	- 16	- 4
Loss on revaluation of property, plant and equipment	113	56	24	38
(Gain)/loss on sale of property, plant and equipment	- 47	- 35	- 8	- 6
Net loss/(gain) on sale of investments	- 14	- 33	- 4	—
Net loss/(gain) on revaluation of investments	- 925	-8 242	- 381	- 7
Loss on write-off of assets	37	35	22	14
Loss/(gain) on write-down of assets	74	7	73	7
Other revaluation (increments)/decrements	-2 241	7 083	- 44	- 9
Non-cash items in net result	-1 081	750	1 113	1 447
Movements in assets and liabilities				
(Increase)/decrease in inventories	- 68	88	2	- 4
Increase/(decrease) in unfunded superannuation liabilities	-2 523	-2 886	-2 523	-2 886
Increase/(decrease) in employee benefits	- 346	- 49	- 337	- 44
Change in other assets and liabilities	128	80	337	-1 170
Movements in assets and liabilities	-2 810	-2 768	-2 522	-4 104
Net cash flows from operating activities	711	- 528	413	- 517

Note: Totals may not add due to rounding.

8.4 Reconciliation of liabilities arising from financing activities

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

2021 (\$ millions)

Whole of Government	2020	Cashflows	Non-cash charges	2021
Deposits at call	165	- 26	- 1	138
Debt Securities	24 726	4 190	- 420	28 496
Lease liability	4 323	- 267	124	4 180
PPP liability	35	—	184	219
Interest rate/foreign exchange swaps	254	- 65	186	375
Capitalisation of service rights	20	- 1	—	19
Total	29 522	3 831	73	33 426

General Government	2020	Cashflows	Non-cash charges	2021
Deposits at call	345	- 60	—	286
Lease liability	4 302	- 275	151	4 178
Loan liability	16 888	4 099	—	20 987
PPP liability	35	—	184	219
Capitalisation of service rights	20	- 1	—	19
Total	21 590	3 763	335	25 688

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	
	2022	2021	2022	2021
Total cash outflows for leases	459	449	473	446

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 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	1 845	—	—	—	—	1 845
Borrowings						
Lease liabilities	4 110	—	—	—	—	4 110
Debt securities	28 869	—	28 869	—	—	—
PPP Liability	224	—	—	—	—	224
Derivatives payable	347	—	347	—	—	—
Total financial liabilities	72 744	—	66 565	—	—	6 178

Note: Totals may not add due to rounding.

(\$ millions)

Whole of Government 2021	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	2 230	2 230	—	—	—	—
Receivables	1 349	—	—	—	1 349	—
Loans and advances	2 718	—	559	—	2 159	—
Investments	51 729	—	51 494	105	130	—
Derivatives receivable	296	—	296	—	—	—
Total financial assets	58 322	2 230	52 349	105	3 638	—
Financial liabilities						
Deposits	39 320	—	39 320	—	—	—
Payables	1 776	—	—	—	—	1 776
Borrowings						
Lease liabilities	4 180	—	—	—	—	4 180
Debt securities	28 496	—	28 496	—	—	—
PPP Liability	219	—	—	—	—	219
Derivatives payable	375	—	375	—	—	—
Total financial liabilities	74 365	—	68 191	—	—	6 174

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 (ie 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 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.

(\$ millions)

Whole of Government 2021	Rating					Other Not rated ^(a)	
	AAA	AA	AA+	A+	AA-		
Asset class							
Loans/investments	4 144	1 772	1 654	1 612	587	2 309	3 235
Interest rate swaps	—	197	—	14	—	—	8
Total	4 144	1 968	1 654	1 626	587	2 309	3 243

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 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.

(\$ millions)

On 30 June 2021	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 (%)	1.3	3.2	24.4	19.8	18.8	6.3
Gross carrying amount of receivables	948	117	73	48	254	1440
Credit loss allowance	12	4	18	9	48	91

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 2022	Gross amounts offset in Statement of Financial Position		Net amounts presented in Statement of Financial Position		Related amounts not offset	Net amount
	Gross amounts	Financial Position	Financial Position			
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.

(\$ millions)

Whole of Government 2021	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	296	—	296	- 27		269
Total financial assets	296	—	296	- 27		269
Financial liabilities						
Derivatives payable	375	—	375	- 116		259
Total financial liabilities	375	—	375	- 116		259

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 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	1 595	247	2	1 845	1 845
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	9 375	14 854	58 454	82 682	72 744

(\$ millions)

Whole of Government 2021	1 year or less	1 to 5 years	Over 5 years	Nominal amount	Carrying amount
Financial assets					
Cash and cash equivalents	2 230	—	—	2 230	2 230
Receivables	1 253	48	47	1 349	1 349
Loans and advances	360	529	1 829	2 718	2 718
Investments	3 127	6 622	41 980	51 729	51 729
Derivatives receivable	265	55	- 24	296	296
Total financial assets	7 236	7 255	43 832	58 322	58 322
Financial liabilities					
Deposits held	138	—	39 182	39 320	39 320
Payables	1 572	203	—	1 776	1 776
Borrowings					
Finance leases	193	2 125	5 959	8 276	4 180
Debt securities	3 539	11 459	15 782	30 781	28 496
PPP liability	3	23	193	219	219
Derivatives payable	260	9	105	375	375
Total financial liabilities	5 706	13 820	61 221	80 746	74 365

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 2022, Funds SA has a policy to maintain a passive currency hedge over 26 per cent (33 per cent in 2021) of the developed markets component of international equities tax-exempt assets, 100 per cent (33 per cent in 2021) of international equities passive tax-exempt assets and 20 per cent (22 per cent in 2021) of international equities 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 2022 was \$8.1 billion (\$9.4 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 2022 is negative \$58,957 (negative \$39,954). No other material exposures existed in other public entities as at 30 June 2022.

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 per cent.

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 2021-22 is provided below.

Whole of Government 2022	Carrying amount	Foreign exchange risk				Interest rate risk				Price risk					
		+10%		-10%		+1%		-1%		+1%		-1%			
		profit	equity	profit	equity	profit	equity	profit	equity	profit	equity	profit	equity		
Financial assets															
Cash and cash equivalents	2 046	—	—	—	—	8	8	- 8	- 8	—	—	—	—	—	—
Receivables	1 504	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loans and advances	2 462	—	—	—	—	3	3	- 1	- 1	3	3	- 3	- 3	- 3	- 3
Investments	50 604	814	814	- 814	- 814	176	175	- 176	- 175	272	272	- 272	- 272	- 272	- 272
Derivatives receivable	35	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total financial assets	56 651	814	814	- 814	- 814	187	187	- 185	- 185	275	275	- 275	- 275	- 275	- 275
Financial liabilities															
Deposits	37 349	814	814	- 814	- 814	2	2	- 2	- 2	—	—	—	—	—	—
Payables	1 845	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Borrowings															
Lease liabilities	4 110	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt securities	28 869	—	—	—	—	289	289	- 289	- 289	289	289	- 289	- 289	- 289	- 289
PPP liability	224	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Derivatives payable	347	—	—	—	—	3	3	- 3	- 3	3	3	- 3	- 3	- 3	- 3
Total financial liabilities	72 744	814	814	- 814	- 814	295	295	- 295	- 295	292	292	- 292	- 292	- 292	- 292

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 2020-21 is provided below.

Whole of Government 2021	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	2 230	—	—	28	28	-28	-28	—	—
Receivables	1 349	—	—	—	—	—	—	—	—
Loans and advances	2 718	—	—	2	2	-2	-2	2	2
Investments	51 729	865	865	-68	-69	68	69	52	52
Derivatives receivable	296	—	—	3	3	-3	-3	3	3
Total financial assets	58 322	865	865	-35	-35	35	35	57	57
Financial liabilities									
Deposits	39 320	933	933	—	—	—	—	—	—
Payables	1 776	—	—	—	—	—	—	—	—
Borrowings									
Finance leases	4 180	—	—	—	—	—	—	—	—
Debt securities	28 496	—	—	285	285	-285	-285	285	285
PPP liability	219	—	—	—	—	—	—	—	—
Derivatives payable	375	—	—	4	4	-4	-4	4	4
Total financial liabilities	74 365	933	933	289	289	-289	-289	289	289

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 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

(\$ millions)

Whole of Government 2021	Level 1	Level 2	Level 3	Total Fair Value
Financial assets				
Cash and cash equivalents	905	—	—	905
Investments	30 842	10 804	7 915	49 561
Loans	158	2 321	127	2 607
Derivatives receivable	—	296	—	296
Total financial assets	31 905	13 422	8 043	53 369
Financial liabilities				
Deposits and short term borrowings	25 275	6 587	7 703	39 565
Bonds, notes and debentures	25 752	2 141	235	28 127
Derivatives payable	—	375	—	375
Total financial liabilities	51 027	9 103	7 937	68 067

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)	2022	2021
Opening balance 1 July	105	49
Purchases/settlements	70	56
Sales/issues	- 22	- 19
Total gain/loss in Statement of Comprehensive Income	36	20
Closing balance 30 June	189	105

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	
	2022	2021	2022	2021
not later than one year	1 526	1 574	1 240	1 395
later than one year but not later than five years	786	262	766	194
later than five years	49	80	49	73
Total aged commitments — capital	2 362	1 916	2 055	1 662

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	
	2022	2021	2022	2021
not later than one year	2 242	2 173	1 939	1 924
later than one year but not later than five years	4 721	4 661	4 191	4 068
later than five years	3 559	4 439	2 957	3 811
Total aged commitments — operating	10 522	11 273	9 087	9 803
Total aged commitments	12 884	13 189	11 142	11 465

Aged commitments related to the following agencies:

Department for Infrastructure and Transport	5 750	5 921	5 750	5 921
Incorporated Health Services	1 940	1 905	1 942	1 908
South Australian Water Corporation	1 449	1 459	—	—
Attorney General's Department	942	980	942	980
Department for Child Protection	929	916	930	917
Department for Education	297	377	297	377
Department for Correctional Services	191	227	191	227
Department of the Premier and Cabinet	188	67	188	67
Department for Health and Wellbeing	162	103	162	103
South Australian Housing Trust	145	216	—	—
Department for Energy and Mining	122	143	122	143
Department of Primary Industries and Regions	89	76	89	77
Department of Human Services	87	170	87	170
Urban Renewal Authority	67	30	—	—
Department of Treasury and Finance	64	196	64	196
Other agencies	461	402	376	378
Total aged commitments	12 884	13 189	11 142	11 465

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.

Attorney-General's Department

Commitments primarily relate to purchase orders placed for goods and services before 30 June 2022 and maintenance agreements. Also included are grant commitments for the National Legal Assistance Partnership between the Commonwealth of Australia and the States and Territories.

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	
	2022	2021	2022	2021
Guarantees				
Treasurer's guarantee re — LGFA guarantees	693	760	693	760
Other guarantees	52	56	—	1
Total guarantees	745	816	693	761
Other indemnities / Legal	57	53	50	53
Other contingent liabilities	73	38	—	36
Total quantifiable contingent liabilities	874	907	743	849

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 2022 was \$692.7 million (\$760.3 million at 30 June 2021).

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 2022, the amount of the liability was \$26.5 million (\$25.7 million at 30 June 2021).

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 2022 is \$52.076 million (\$55.347 million). The value of claims made this financial year is \$4.541 million (\$4.484 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 2022 was \$10.85 million (\$13 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 2022

(\$ millions)

Sector of Government	General Government		Non Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue from transactions										
Taxation revenues	5 513	4 865	—	—	—	—	- 222	- 213	5 292	4 652
Grant revenue	13 407	12 150	287	285	8	8	- 294	- 291	13 408	12 152
Charges for goods and services	2 991	2 804	1 688	1 586	919	820	- 584	- 596	5 013	4 613
Interest income	25	37	8	2	842	853	- 542	- 509	332	382
Dividends and income tax equivalents	207	250	4	3	61	81	- 196	- 247	75	87
Other revenues	1 568	1 533	107	115	86	22	- 121	- 66	1 640	1 604
Total revenue from transactions	23 711	21 638	2 093	1 991	1 915	1 783	-1 959	-1 922	25 760	23 490
Expenses from transactions										
Employee expenses	9 405	8 989	285	276	64	60	- 31	- 28	9 723	9 296
Superannuation interest cost	188	183	—	—	—	—	—	—	188	183
Other superannuation expenses	921	858	34	29	7	6	—	—	961	893
Depreciation and amortisation	1 447	1 414	523	513	27	27	- 35	- 40	1 961	1 913
Use of goods and services	6 147	5 299	878	820	84	84	- 260	- 270	6 849	5 934
Interest expenses	505	442	209	232	723	760	- 541	- 507	896	927
Grant expenses	3 818	3 011	103	108	—	—	- 293	- 289	3 629	2 830
Income tax expense	—	—	25	31	22	59	- 47	- 90	—	—
Other expenses	2 109	2 004	301	257	869	1 238	- 612	- 544	2 667	2 955
Total expenses from transactions	24 540	22 200	2 357	2 267	1 796	2 232	-1 819	-1 768	26 874	24 931
Net result from transactions — Net operating balance	- 829	- 563	- 264	- 276	119	- 449	- 140	- 154	-1 114	-1 441
Other economic flows — included in net result										
Net gain/(loss) on sale of non-financial assets	8	6	29	19	11	9	—	—	47	35
Net gain/(loss) on financial assets or liabilities at fair value	353	16	67	7	- 271	673	2 945	486	3 093	1 182
Impairment loss on receivables and contract assets	- 15	- 7	- 7	- 8	1	2	—	—	- 22	- 13
Net actuarial gains/(losses) of superannuation defined benefit plans	2 289	2 569	—	—	—	—	—	—	2 289	2 569
Revaluation to deferred income tax equivalents	- 148	129	—	—	—	—	148	- 129	—	—
Other net actuarial gains/(losses)	194	4	2	—	247	- 791	—	—	444	- 786
Other economic flows	- 28	- 15	- 105	- 39	- 2	- 1	—	—	- 135	- 56
Total other economic flows — included in net result	2 652	2 702	- 14	- 21	- 14	- 108	3 093	357	5 716	2 930
Net result	1 823	2 140	- 278	- 297	105	- 556	2 953	203	4 603	1 490

Note: Totals may not add due to rounding.

Statement of comprehensive income for the year ended 30 June 2022 (continued)										(\$ millions)	
Sector of Government	General Government		Non Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government		
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	
Other economic flows — non-owner movements in equity											
Changes in asset revaluation reserve	859	1 129	—	507	—	—	- 148	129	712	1 765	
Net gain/(loss) on equity investments in other sectors	2 568	- 32	—	—	—	—	- 2 568	32	—	—	
Net gain/(loss) on financial assets at fair value through Comprehensive Income	26	58	—	—	24	3	—	—	50	61	
Current year – error adjustments to equity	23	—	- 24	- 19	—	—	76	- 1	75	- 20	
Total other economic flows — non-owner movements in equity	3 476	1 156	- 23	488	24	3	- 2 640	159	836	1 806	
Comprehensive result	5 299	3 296	- 301	191	128	- 553	313	362	5 439	3 296	
Transactions with owners											
Dividends/Capital returned	—	—	- 42	- 96	- 101	- 60	142	157	—	—	
Restructures	140	—	- 140	—	—	—	—	—	—	—	
Contributed capital	—	—	268	208	—	—	- 268	- 208	—	—	
Total transactions with owners	140	—	86	112	- 101	- 60	- 125	- 51	—	—	
Total change in net worth	5 439	3 296	- 215	303	28	- 614	188	310	5 439	3 296	
Key fiscal aggregates											
Net operating balance	- 829	- 563	- 264	- 276	119	- 449	- 140	- 154	- 1 114	- 1 441	
Less net acquisition of non-financial assets	1 412	1 204	- 43	204	2	-	9	1	1 380	1 409	
Net lending/borrowing	- 2 242	- 1 766	- 220	- 480	117	- 449	- 149	- 154	- 2 493	- 2 849	

Note: Totals may not add due to rounding.

Statement of financial position as at 30 June 2022

(\$ millions)

Sector of Government	General Government		Non Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
ASSETS										
Financial assets										
Cash and deposits	10 979	11 171	690	675	917	917	-10 509	-10 427	2 151	2 337
Receivables	2 949	2 992	352	272	271	506	-1 585	-1 700	1 987	2 070
Contract assets	28	30	123	57	—	—	—	—	150	87
Loans and advances	107	145	—	—	31 878	32 643	-29 523	-30 070	2 462	2 718
Investments and placements	627	643	40	44	16 537	14 460	-163	-175	17 041	14 972
Investments in other public entities	19 671	16 912	—	—	—	—	-19 671	-16 912	—	—
Other equity investments	103	90	10	12	33 345	36 548	—	—	33 458	36 650
Interests in joint arrangements	—	—	—	2	—	—	—	—	—	2
Total financial assets	34 463	31 984	1 215	1 063	83 022	85 075	-61 451	-59 285	57 249	58 837
Non-financial assets										
Produced assets										
Inventories	147	140	457	508	—	—	—	—	605	647
Machinery and equipment	1 588	1 541	205	271	202	194	—	—	1 995	2 006
Buildings and structures	44 005	42 615	17 792	18 511	2	3	—	—	61 800	61 129
Heritage assets	1 421	1 305	10	10	—	—	—	—	1 431	1 315
Biological assets	5	4	109	57	—	—	—	—	113	61
Intangible assets	467	392	35	36	1	—	—	—	502	428
Non-financial assets classified as held for sale	170	5	1	2	5	7	—	—	176	14
Other non-financial assets	158	166	113	105	41	51	-105	-106	208	216
Right-of-use leased assets	3 833	3 924	283	270	15	11	-125	-144	4 006	4 061
Non-produced assets										
Land	8 787	8 137	7 522	7 070	—	—	—	—	16 309	15 207
Intangible assets	372	288	156	178	9	8	—	—	537	474
Non-financial assets held for sale or redistribution	78	32	3	14	—	—	—	—	81	46
Right-of-use leased assets	1	1	2	1	—	—	—	—	2	2
Total non-financial assets	61 032	58 550	26 687	27 031	275	275	-230	-250	87 765	85 606
Total assets	95 496	90 533	27 902	28 094	83 297	85 350	-61 681	-59 535	145 014	144 443

Note: Totals may not add due to rounding.

Statement of financial position as at 30 June 2022 (continued)

Sector of Government	(\$ millions)									
	General Government		Non Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
LIABILITIES										
Deposits held	541	286	4	4	10 356	10 272	-10 490	-10 423	411	138
Borrowings	27 651	25 384	8 322	8 265	28 885	28 509	-31 655	-29 263	33 203	32 895
Payables	1 577	1 529	394	302	516	538	-276	-203	2 210	2 167
Contract liabilities	81	66	141	72	29	—	—	—	251	138
Employee benefits	2 965	3 295	88	95	13	15	—	—	3 066	3 405
Unfunded superannuation liabilities	7 065	9 588	—	—	—	—	—	—	7 065	9 588
Superannuation fund deposits	—	—	—	—	36 938	39 182	—	—	36 938	39 182
Provisions (other than employee benefits)	852	802	32	32	6 311	6 558	—	—	7 195	7 392
Other liabilities	2 319	2 577	1 331	1 520	55	111	-1 475	-1 675	2 231	2 533
Total liabilities	43 051	43 528	10 312	10 288	83 104	85 184	-43 897	-41 563	92 569	97 437
Net assets	52 444	47 006	17 591	17 806	193	166	-17 784	-17 972	52 444	47 006
EQUITY										
Retained earnings	1 372	-1 087	2 982	3 358	171	167	2 035	-1 189	6 560	1 249
Contributed capital	—	—	2 000	1 809	—	—	-2 000	-1 809	—	—
Reserves										
Asset revaluation reserve	33 258	32 873	12 505	12 588	—	—	-148	129	45 615	45 590
Other reserves	120	101	104	52	23	-1	—	—	247	151
Investment reserve	23	15	—	—	—	—	—	—	23	15
Net equity investments in other sectors reserve	17 671	15 103	—	—	—	—	-17 671	-15 103	—	—
Total equity (Net worth)	52 444	47 006	17 591	17 806	193	166	-17 784	-17 972	52 444	47 006

Note: Totals may not add due to rounding.

Statement of changes in equity for the year ended 30 June 2022		(\$ millions)	
Sector of Government	Equity at 1 July 2021	Total comprehensive result (a)	Equity at 30 June 2022
General Government sector			
Retained earnings	-1 087	2 459	1 372
Asset revaluation reserve	32 873	385	33 258
Other reserves	101	20	120
Investment reserve	15	7	23
Net equity investments in other sectors reserve	15 103	2 568	17 671
Total General Government sector	47 006	5 439	52 444
Public Non-Financial sector			
Contributed capital	1 809	191	2 000
Retained earnings	3 358	- 376	2 982
Asset revaluation reserve	12 588	- 83	12 505
Other reserves	52	52	104
Investment reserve	—	—	—
Total Public Non-Financial sector	17 806	- 215	17 591
Public Financial Corporations sector			
Retained earnings	167	4	171
Other reserves	- 1	24	23
Total Public Financial Corporations sector	166	28	193
Total sector equity	64 977	5 251	70 229
Eliminations	-17 972	188	-17 784
Total Whole of Government	47 006	5 439	52 444

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 2022

(\$ millions)

Sector of Government	General Government		Non Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES										
Cash inflows (receipts)										
Taxes received	5 617	4 901	—	—	—	—	- 171	- 311	5 446	4 590
Grants received	13 130	11 086	288	291	8	8	- 295	- 297	13 130	11 088
Sales of goods and services	2 918	2 553	1 641	1 596	941	816	- 595	- 554	4 905	4 411
Interest receipts	15	22	7	1	831	853	- 532	- 509	321	367
Dividends and income tax equivalents received	230	212	4	3	61	81	- 219	- 209	75	87
Other receipts	2 060	1 807	104	12	43	23	- 107	- 190	2 101	1 652
Cash generated from operating activities	23 969	20 582	2 044	1 903	1 884	1 781	- 1 919	- 2 071	25 979	22 195
Cash outflows (payments)										
Payments to employees	-10 814	-10 273	- 322	- 305	- 71	- 65	30	25	-11 177	-10 618
Purchases of goods and services	-6 104	-5 240	- 766	- 872	- 80	- 81	280	251	-6 670	-5 941
Interest paid	- 484	- 434	- 308	- 335	- 742	- 783	650	631	- 884	- 921
Grants paid	-3 762	-3 004	- 104	- 113	—	—	294	295	-3 573	-2 823
Other payments	-2 392	-2 148	- 304	- 274	- 732	- 726	465	728	-2 963	-2 420
Cash used in operating activities	-23 556	-21 099	-1 804	-1 900	-1 625	-1 654	1 718	1 930	-25 268	-22 723
Net cash flows from operating activities	413	- 517	240	3	259	127	- 201	- 141	711	- 528
CASH FLOWS FROM INVESTING ACTIVITIES										
Non-financial assets										
Sales of non-financial assets	91	112	72	53	44	46	—	—	208	211
Purchases of non-financial assets	-2 769	-2 303	- 599	- 649	- 66	- 71	—	—	-3 434	-3 024
Net cash flows from investments in non-financial assets	-2 678	-2 191	- 527	- 597	- 22	- 25	—	—	- 3 227	- 2 813
Financial assets (policy purposes)										
Advances repaid	44	78	2	2	1 839	1 327	-1 109	- 798	777	608
Advances granted	- 279	- 289	—	—	- 4 028	-5 584	3 803	5 273	- 504	- 600
Net cash flows from investments in financial assets	- 235	- 211	2	2	- 2 189	-4 258	2 695	4 475	272	8

Note: Totals may not add due to rounding.

Statement of cash flows for the year ended 30 June 2022 (continued)

(\$ millions)

Sector of Government	General Government		Public Non Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Financial assets (liquidity management purposes)										
Sales of investments	25	31	—	2	7 960	7 224	—	—	7 985	7 256
Purchases of investments	-30	-31	-2	-1	-9 854	-8 876	—	1	-9 886	-8 908
Net cash flows from investments in financial assets	-5	—	-2	—	-1 894	-1 653	—	1	-1 901	-1 652
Net cash flows from investing activities	-2 918	-2 403	-526	-595	-4 105	-5 935	2 695	4 476	-4 855	-4 457
CASH FLOWS FROM FINANCING ACTIVITIES										
Cash inflows (receipts)										
Advances received	—	—	268	208	—	—	-268	-208	—	—
Deposits received	270	99	—	-1	82	585	-75	-647	277	36
Borrowings	2 739	4 102	797	963	8 348	7 336	-3 536	-5 065	8 348	7 336
Cash generated from financing activities	3 009	4 201	1 065	1 170	8 429	7 921	-3 878	-5 920	8 625	7 372
Cash outflows (payments)										
Dividends paid / Capital returned	—	—	-42	-92	-108	-52	150	144	—	—
Deposits paid	-29	-159	-1	—	—	—	13	97	-17	-62
Borrowings	-668	-279	-721	-815	-4 401	-3 215	1 139	829	-4 650	-3 480
Cash used in financing activities	-696	-438	-764	-907	-4 509	-3 266	1 302	1 070	-4 667	-3 542
Net cash flows from financing activities	2 312	3 763	301	264	3 920	4 655	-2 576	-4 850	3 958	3 831
Net increase/(decrease) in cash and cash equivalents	-193	843	14	-328	74	-1 153	-82	-515	-186	-1 154
Cash and cash equivalents at beginning of the year	11 171	10 328	675	1 004	917	2 071	-10 427	-9 912	2 337	3 491
Cash and cash equivalents at the end of the year	10 979	11 171	690	675	992	917	-10 509	-10 427	2 151	2 337
Key fiscal aggregates										
Net cash flows from operating activities	413	-517	240	3	259	127	-201	-141	711	-528
Net Cash flows from investment in non-financial assets	-2 678	-2 191	-527	-597	-22	-25	—	—	-3 227	-2 813
Dividends paid	—	—	-42	-92	-108	-52	150	144	—	—
Cash surplus/(deficit)	-2 265	-2 709	-329	-686	129	51	-51	3	-2 516	-3 341

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 2021–22 Budget Statement to the 2021–22 final outcome figures as presented in accordance with AASB 1055 *Budgetary Reporting*.

The original budget figures presented in the 2021–22 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 2022

(\$ millions)

	Note	2021-22 Original budget	2021-22 Actual	Variance
Revenue from transactions				
Taxation revenues	a	4 822	5 513	691
Grant revenue		12 542	13 407	865
Charges for goods and services		2 792	2 991	199
Interest income		32	25	- 7
Dividends and income tax equivalents		180	207	27
Other revenues		1 547	1 568	21
Total revenue from transactions		21 915	23 711	1 796
Expenses from transactions				
Employee expenses		9 057	9 405	348
Superannuation interest cost		188	188	—
Other superannuation expenses		932	921	- 11
Depreciation and amortisation		1 429	1 447	18
Use of goods and services		5 662	6 147	485
Interest expenses		528	505	- 23
Grant expenses		3 477	3 818	341
Other expenses		2 039	2 109	70
Total expenses from transactions		23 312	24 540	1 228
Net result from transactions — Net operating balance		-1 397	- 829	568
Other economic flows — included in net result				
Net gain/(loss) on sale of non-financial assets		1	8	7
Net gain/(loss) on financial assets or liabilities at fair value	b	- 3	353	356
Impairment loss on receivables and contract assets		- 7	- 15	- 8
Net actuarial gain/(loss) on super defined benefit plans	c	366	2 289	1 923
Revaluations of deferred income tax equivalents	d	107	- 148	- 255
Other net actuarial gains/(losses)	e	- 139	194	333
Other economic flows		—	- 28	- 28
Total other economic flows — included in net result		324	2 652	2 328
Net result		-1 072	1 823	2 895
Other economic flows — non-owner movements in equity				
Changes in asset revaluation reserve	f	41	859	818
Net gain/(loss) on equity investments in other sectors	g	- 65	2 568	2 633
Net gain/(loss) on financial assets at fair value through Comprehensive Income		—	26	26
Current year adjustments to equity		—	23	23
Total other economic flows — non-owner movements in equity		-25	3 476	3 501
Comprehensive result		-1097	5 299	6 396
Transactions with owners				
Restructures		140	140	—
Total transactions with owners		140	140	—
Total change in net worth		-957	5 439	6 396
Key fiscal aggregates				
Net operating balance		-1 397	- 829	568
Less net acquisition of non-financial assets		1 842	1 412	- 430
Net lending/borrowing		-3 238	-2 242	996

Note: Totals may not add due to rounding.

Statement of financial position as at 30 June 2022

(\$ millions)

	Note	2021-22 Original budget	2021-22 Actual	Variance
ASSETS				
Financial assets				
Cash and deposits		10 869	10 979	110
Receivables		2 251	2 949	698
Contract assets		23	28	5
Loans and advances		316	107	- 209
Investments and placements		546	627	81
Investments in other public entities		17 145	19 671	2 526
Other equity investments		80	103	23
Total financial assets		31 231	34 463	3 232
Non-financial assets				
Produced assets				
Inventories		95	147	52
Machinery and equipment		584	1 588	1 004
Buildings and structures		44 554	44 005	- 549
Heritage assets		1 298	1 421	123
Biological assets		4	5	1
Intangible assets		168	467	299
Non-financial assets classified as held for sale		13	170	157
Other non-financial assets		131	158	27
Right-of-use leased assets		4 096	3 833	- 263
Non-produced assets				
Land		7 872	8 787	915
Intangible assets		540	372	- 168
Non-financial assets held for sale or redistribution		23	78	55
Right-of-use leased assets		—	1	1
Total non-financial assets		59 378	61 032	1 654
Total assets		90 609	95 496	4 887
LIABILITIES				
Deposits held		332	541	209
Borrowings		29 568	27 651	-1 917
Payables		1 325	1 577	252
Contract liabilities		31	81	50
Employee benefits		3 530	2 965	- 565
Unfunded superannuation liabilities		9 503	7 065	-2 438
Provisions (other than employee benefits)		815	852	37
Other liabilities		2 443	2 319	- 124
Total liabilities		47 546	43 051	-4 495
Net assets		43 063	52 444	9 381
EQUITY				
Retained earnings		-3 824	1 372	5 196
Reserves				
Asset revaluation reserve		31 667	33 258	1 591
Other reserves		49	120	71
Investment reserve		16	23	7
Net equity investments in other sectors reserve		15 155	17 671	2 516
Total equity (Net worth)		43 063	52 444	9 381

Note: Totals may not add due to rounding.

Statement of cash flows for the year ended 30 June 2022

(\$ millions)

	Note	2021-22 Original budget	2021-22 Actual	Variance
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash inflows (receipts)				
Taxes received		4 918	5 617	699
Grants received		12 293	13 130	837
Sales of goods and services		2 691	2 918	227
Interest receipts		19	15	- 4
Dividends and income tax equivalents received		205	230	25
Other receipts		1 566	2 060	494
Cash generated from operating activities		21 691	23 969	2 278
Cash outflows (payments)				
Payments to employees		-10 413	-10 814	- 401
Purchases of goods and services		-5 681	-6 104	- 423
Interest paid		- 491	- 484	7
Grants paid		-3 472	-3 762	- 290
Other payments		-1 943	-2 392	- 449
Cash used in operating activities		-21 999	-23 556	-1 557
Net cash flows from operating activities		- 308	413	721
CASH FLOWS FROM INVESTING ACTIVITIES				
Non-financial assets				
Sales of non-financial assets		65	91	26
Purchases of non-financial assets		-3 110	-2 769	341
Net cash flows from investments in non-financial assets		-3 045	-2 678	367
Financial assets (policy purposes)				
Advances repaid		38	44	6
Advances granted		- 338	- 279	59
Net cash flows from investments in financial assets		- 300	- 235	65
Financial assets (liquidity management purposes)				
Sales of investments		1	25	24
Purchases of investments		- 13	- 30	- 17
Net cash flows from investments in financial assets		- 12	- 5	7
Net cash flows from investing activities		-3 357	-2 918	439
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash inflows (receipts)				
Deposits received		—	270	270
Borrowings		5 767	2 739	-3 028
Cash generated from financing activities		5 767	3 009	-2 758
Cash outflows (payments)				
Deposits paid		—	- 29	- 29
Borrowings		-1 662	- 668	994
Cash used in financing activities		-1 662	- 696	966
Net cash flows from financing activities		4 105	2 312	-1 793
Net increase/(decrease) in cash and cash equivalents		439	- 193	- 632
Cash and cash equivalents at beginning of the year		10 429	11 171	742
Cash and cash equivalents at the end of the year		10 869	10 979	110
Key fiscal aggregates				
Net cash flows from operating activities		- 308	413	721
Net Cash flows from investment in non-financial assets		-3 045	-2 678	367
Cash surplus/(deficit)		-3 354	-2 265	1 089

Note: Totals may not add due to rounding.

Budget information provided refers to the original estimates as disclosed in the 2021–22 Budget papers and is not subject to audit. Explanation of the major variances between budget and actual outcomes is provided in the 2021-22 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 due to higher conveyance duty collections reflecting the ongoing strength in the property market. Residential transactions and property prices have been above expectations throughout 2021-22.
- (b) Net gains/(losses) on financial assets or liabilities at fair value increased from original budget reflecting a \$394 million realised gain on Treasurers borrowings with SAFA.
- (c) Net actuarial gains of superannuation defined benefit plans were higher than original budget due to an increase to the discount rate (from 1.9% to 3.9%).
- (d) Revaluations to the deferred tax equivalent receivable in the general government sector reflects equivalent movements to the deferred tax liability reported by SA Water.
- (e) Variances pertaining to other actuarial gains/(losses) primarily relate to the downward revaluation of the long service liability. The yield on long term Commonwealth Government bonds used as the discount rate in the measurement of the long the long service leave liability increased from 1.25% to 3.5%.
- (f) Changes in asset revaluation reserves increased since the original budget primarily due to the upward revaluation of Land under roads (\$330 million), non-financial assets held by the Department of Education (\$175 million), and an increase to the State's jointly held interest in the Murray Darling Basin Authority (\$112 million).
- (g) A net gain on equity investments in other sectors compared to a loss in the original budget reflects changes in the net assets of the PNFC and PFC sector upon consolidation during the period. The large gain in 2021-22 represents fair value gains made by SAFA on their borrowings in the marketplace.

10.4 Total expenses and assets by COFOG

	(\$ millions)			
	Whole of Government		General Government	
	2022	2021	2022	2021
Total expenses from transactions by function				
General public services	1 873	1 746	1 580	1 311
Public order and safety	2 318	2 191	2 302	2 174
Economic affairs	1 121	922	1 099	903
Environmental protection	397	358	397	358
Housing and community amenities	1 298	1 083	444	363
Health	7 849	7 080	7 849	7 080
Recreation, Culture and Religion	1 158	1 002	1 088	943
Education	5 702	5 101	5 702	5 101
Social protection	3 235	3 522	2 157	2 042
Transport	1 924	1 927	1 923	1 926
Total expenses from transactions by function	26 874	24 931	24 540	22 200
Total assets by function				
General public services	55 323	55 937	40 083	36 957
Public order and safety	2 625	2 316	2 589	2 289
Economic affairs	1 145	1 086	755	705
Environmental protection	1 816	2 593	1 819	2 597
Housing and community amenities	17 261	17 122	2 288	1 723
Health	6 715	6 782	6 727	6 787
Recreation, Culture and Religion	5 405	4 687	4 746	3 981
Education	7 394	6 965	7 406	6 976
Social protection	18 299	18 691	341	687
Transport	29 031	28 263	28 742	27 831
Total assets by function	145 014	144 443	95 496	90 533

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)	
	2022	2021
Salaries and other short term employee benefits	6	6
Post-employment benefits	1	1
Total compensation	7	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 (\$149 million);
- guarantee fees (\$119 million);
- dividend revenue from SAFA (\$51 million);
- interest loans expense (\$318 million);
- community service obligations to SA Water (\$134 million);
- equity capital contributions to SAHT (\$106 million);
- equity capital contributions to Adelaide Festival Centre Trust (\$102 million);
- Treasurers' deposits with SAFA (\$9.747 billion);
- Treasurers' loans with SAFA (\$23.328 billion);
- past service liability contributions to South Australian public sector superannuation schemes (\$422 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 2021-22 Consolidated Financial Report.

Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2021-22 reporting period. They have not been applied to the 2021-22 Consolidated Financial Report. These accounting standards include:

- Amending Standard AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* will apply from 1 July 2023. Although applicable to the CFR, this amending standard is not expected to have an impact on the general purpose financial statements.
- Amending Standard AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* will apply from 1 July 2023. This standard amends AASB 101 *Presentation of Financial Statements* to clarify the classification of liabilities in the Statement of Financial Position as current and non-current and promote consistency in financial reporting. The Government continues to assess liabilities, such as long service leave, and whether the Government has a substantive right to defer settlement. Where applicable these liabilities will be classified as current. Application of this standard is not expected to have a material impact.
- AASB 17 *Insurance Contracts* is expected to apply from 1 July 2025 and establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts issued. 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	Incorporated Hospitals and Health Services
Adelaide Film Festival	Independent Commission Against Corruption (ICAC)
Agents Indemnity Fund	Independent Gambling Authority
Alinytjara Wilurara Landscape Board	Infrastructure and Transport, Department for
Anzac Day Commemoration Fund	Infrastructure SA
Art Gallery Board, The	Innovation and Skills, Department for
Attorney-General's Department	International Koala Centre of Excellence
Auditor-General's Department	Joint Parliamentary Services
Australian Children's Performing Arts Company (trading as Windmill Performing Arts)	Judicial Conduct Commissioner
Board of Botanic Gardens and State Herbarium	Kangaroo Island Landscape Board
Carrick Hill Trust	Legislative Council
Child Protection, Department for	Libraries Board of South Australia
Coast Protection Board	Limestone Coast Landscape Board
Commission on Excellence and Innovation in Health	Lotteries Commission of South Australia (trading as SA Lotteries)
Correctional Services, Department for	Murraylands and Riverland Landscape Board
Courts Administration Authority	Museum Board
CTP Regulator (trading as CTP Insurance Regulator)	Native Vegetation Fund
Dairy Authority of South Australia	Northern and Yorke Landscape Board
Defence SA	Office for Public Integrity
Dog and Cat Management Board	Office for Recreation, Sport and Racing
Dog Fence Board	Office of the Commissioner for Public Sector Employment
Education, Department for	Office of Hydrogen Power South Australia
Education and Early Childhood Services Registration and Standards Board of South Australia	Office of the Industry Advocate
Electoral Commission of South Australia	Office of the South Australian Productivity Commission
Energy and Mining, Department for	Outback Communities Authority
Environment and Water, Department for	Premier and Cabinet, Department of the
Environment Protection Authority	Premier's Delivery Unit
Essential Services Commission of South Australia	Primary Industries and Regions, Department of
Eyre Peninsula Landscape Board	Professionals Standards Council
Government Schools	Residential Tenancies Fund
Green Adelaide Board	Retail Shop Leases Fund
Green Industries SA	SACE Board of South Australia
Health and Wellbeing, Department for	Second-hand Vehicles Compensation Fund
Hills and Fleurieu Landscape Board	Small Business Commissioner
History Trust of South Australia	South Australia Police (South Australian Police Department, SAPOL)
House of Assembly	South Australian Ambulance Service
Human Services, Department of	South Australian Arid Lands Landscape Board

South Australian Country Arts Trust
South Australian Country Fire Service (CFS)
South Australian Film Corporation
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 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 2020-21 Consolidated Financial Report

New entities

- Effective 1 July 2021, the South Australian Skills Commission was created under the *South Australian Skills Act 2008*.
- Effective 07 October 2021, the Office for Public Integrity was created under the *Independent Commission Against Corruption Act 2012*.
- Effective 14 April 2022, the Premier's Delivery Unit was created under the *Public Sector Act 2009*.
- Effective 19 May 2022, the Office of Hydrogen Power South Australia was created under the *Public Sector Act 2009*.

Dissolved entities

- The State Procurement Repeal Act 2020 (proclaimed 17 June 2021) dissolved the State Procurement Board (the Board) effective 1 July 2021. Immediately before the Board's dissolution, all its assets, rights and liabilities were vested in the Treasurer to be administered by the Department of Treasury and Finance on 30 June 2021.
- The Public Corporations (TechInSA) (Dissolution and Revocation) Regulations 2021 (dated 17 June 2021) proclaimed that effective from 1 July 2021, TechInSA is dissolved and immediately before its dissolution all assets and liabilities are transferred to DIS on 30 June 2021.

Future changes

- Effective 1 July 2022, the title of the Department for Innovation and Skills is altered to the Department for Industry, Innovation and Science.
- Effective 8 September 2022, the South Australian Motor Sport Board was created under the *South Australian Motor Sport Act 1984*.

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

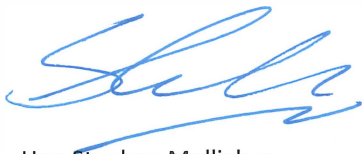
Term	Definition
	and the private sector, aiding in the achievement of competitive neutrality.
Transactions	Interactions between two institutional units by mutual agreement or actions within a unit that are analytically useful to treat as transactions.
Unfunded superannuation liability	The amount by which 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 2022 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 2022 and the results of its operations and its cash flows for the year then ended.



Hon Stephen Mullighan

Treasurer

21/12/2022



Rick Persse

Under Treasurer

14/12/2022

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

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Government of South Australia
Auditor-General's Department

Our ref: A22/314

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23 December 2022

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 2022

Our review of the South Australian Consolidated Financial Report (CFR) for the year ended 30 June 2022 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 2022 comprises both 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 2022.

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Scope of review

The CFR comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- 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 2021-22, 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)

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- 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
- 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 2021-22, 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



Andrew Richardson
Auditor-General



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