

# 2015-16 STATE BUDGET

## **Mid-Year Budget Review**

2015-16 Budget



Government of  
South Australia



# 2015-16 BUDGET PAPERS

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**Government  
of South Australia**

## **Mid-Year Budget Review**

**2015–16**

*Presented by  
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# Chapter 1: 2015–16 budget position and fiscal outlook

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## Overview

The government has recently released its progress report on the state's economic plan in the context of the challenges facing the South Australian economy. The government has already taken significant steps to stimulate economic growth in South Australia. The 2015–16 Mid-Year Budget Review (MYBR) incorporates additional measures that will further promote economic growth and deliver new jobs into the economy, including the \$985 million Northern Connector Road Project, \$208 million for the construction of new public housing, the bring forward of tax cuts, industry engagement and development programs and further investment in economic infrastructure.

The MYBR also includes other measures, such as support to increase capacity of the state's prisons and for the new Royal Adelaide Hospital project including for site remediation and running costs associated with the delayed opening of the new hospital.

The MYBR outlook meets the government's fiscal targets.

The general government sector net operating balance is forecast to be in surplus from 2015–16. The government's target of limiting expenditure growth to trend growth in household income in years of operating surplus has also been met.

The government's target of ensuring that the ratio of net debt to revenue is below 35 per cent has been achieved in all years of the forward estimates, with the ratio peaking at 34.8 per cent in 2016–17 before declining to 32.7 per cent in 2017–18 and further still to 29.7 per cent in 2018–19. These reflect lower debts levels in all years.

With regard to revenue across the forward estimates.

- Strong investment conditions and revisions to the actuarially assessed liability in 2014–15 has provided the capacity for the Motor Accident Commission (MAC) to pay a further dividend of \$403.5 million in 2015–16 whilst still retaining sufficient solvency. This dividend is paid to the Highways Fund to invest in improving the safety of roads in South Australia.
- Royalties have been revised down in all years primarily due to further falls in projected commodity prices. Petroleum production volumes are also expected to further decline in response to lower prices.
- Taxation revenues have been revised down across the forward estimates by a total of \$389 million. This mainly reflects downward revisions to expected collections of payroll tax, gambling tax and insurance duty. The government has also brought forward the commencement of the first one-third reduction in stamp duty on non-residential real property transfers.
- GST revenue has been revised up in all years mainly reflecting revisions to South Australia's expected share of the GST revenue across the forward estimates.
- National Partnership (NP) grant revenue has been revised up by \$649 million across the forward estimates mainly due to the recognition of the Commonwealth Government's contribution to the Northern Connector Road Project. This contribution represents 80 per cent of the cost of the \$985 million project, which is reflected in investing expenditure.

With regard to expenditure across the forward estimates.

- Operating expenses have increased primarily due to expenditure on measures to help economic growth, required expenditure in other key areas, as well as other factors including expenditure requirements under the National Education Reform Agreement mainly as a result of additional enrolment numbers. Operating expenses are projected to increase by 0.7 per cent (in real terms) over four years. The constrained growth over the forward estimates is largely driven by the savings measures that the government has introduced in previous budgets.
- Investing expenditure is up, mainly reflecting the Northern Connector Road Project.

The unfunded superannuation liability has decreased since the 2015–16 Budget. The decrease is a result of an increase in the discount rate used to value the liability, partially offset by lower assumed earnings on superannuation assets in 2015–16 compared with 2015–16 Budget assumptions. The liability decreases across the forward estimates consistent with the government’s policy to fully fund the liability by 2034.

## Fiscal targets

The government’s fiscal strategy focuses on ongoing sustainability whilst incorporating flexibility to accommodate the impacts of the economic cycle. To achieve this, the government remains committed to the following fiscal targets.

**Table 1.1: Fiscal targets**

<b>Target 1</b>	a net operating surplus by the end of the forward estimates.
<b>Target 2</b>	once surplus is achieved, operating expenditure growth will be limited to trend growth in household income.
<b>Target 3</b>	achieve a level of general government sector net debt that remains affordable over the forward estimates — a maximum ratio of net debt to revenue of 35 per cent.

Underpinning the general government sector debt target, the government continues its commitment that:

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

Table 1.2 demonstrates that, based on 2015–16 MYBR estimates, all fiscal targets will be met.

**Table 1.2: Fiscal targets outcomes — 2015–16 MYBR estimates**

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
<b>Target 1: net operating balance surplus</b>				
<i>Target</i>	To be in surplus by the end of the forward estimates			
2015–16 MYBR estimate (\$m)	355	500	897	978
<b>Target 2: operating expenditure growth</b>				
<i>Target</i>	<4.5%	<4.5%	<4.5%	<4.5%
2015–16 MYBR estimate	1.8%	3.4%	2.1%	2.3%
<b>Target 3: net debt to revenue ratio</b>				
<i>Target</i>	<35%	<35%	<35%	<35%
2015–16 MYBR estimate	20.6%	34.8%	32.7%	29.7%



## Fiscal outlook

Table 1.3 shows the movement in the key fiscal indicators for the general government sector since the 2015–16 Budget.

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

	2015–16	2016–17	2017–18	2018–19
<b>Net operating balance</b>				
Budget	43	654	727	961
<b>MYBR</b>	<b>355</b>	<b>500</b>	<b>897</b>	<b>978</b>
Change	312	- 154	170	16
<b>Net lending</b>				
Budget	- 29	-2 556	399	578
<b>MYBR</b>	<b>398</b>	<b>-2 898</b>	<b>193</b>	<b>523</b>
Change	428	- 342	- 206	- 54
<b>Net debt</b>				
Budget	4 238	6 533	6 227	5 761
<b>MYBR</b>	<b>3 585</b>	<b>6 312</b>	<b>6 185</b>	<b>5 751</b>
Change	- 652	- 221	- 42	- 10
<b>Net debt to revenue ratio (%)</b>				
Budget	24.8	36.2	33.5	29.9
<b>MYBR</b>	<b>20.6</b>	<b>34.8</b>	<b>32.7</b>	<b>29.7</b>
<b>Unfunded superannuation</b>				
Budget	12 520	12 196	11 841	11 453
<b>MYBR</b>	<b>12 091</b>	<b>11 801</b>	<b>11 478</b>	<b>11 123</b>
Change	- 429	- 396	- 363	- 330

Note: Totals may not add due to rounding.

The net operating balance in 2015–16 has significantly improved since the 2015–16 Budget, primarily due to a further \$403.5 million dividend from MAC to the Highways Fund to invest in improving the safety of roads in South Australia. The 2014–15 Budget announced the opening of the provision of compulsory third party insurance to the private sector from 1 July 2016.

Consistent with 2015–16 Budget estimates, the net operating balance returns to surplus in 2015–16, with growing surpluses predicted thereafter. The net operating balance has deteriorated in 2016–17 since the 2015–16 Budget mainly due the timing of distributions from SA Water, expenditure on economic development measures, and with the revised timing of the completion of the new Royal Adelaide Hospital.

The net lending position is also budgeted to return to surplus in 2015–16, followed by a deficit in 2016–17 due to the commercial acceptance of the new Royal Adelaide Hospital. A \$193 million net lending surplus is then expected in 2017–18, growing to a \$523 million surplus in 2018–19.

The following table provides operating statement details for the general government sector for 2015–16 and the following three years.

**Table 1.4: General government sector operating statement — 2015–16 to 2018–19 (\$million)**

	2015–16 Budget	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
<b>Revenue</b>					
Taxation revenue	4 543	4 447	4 616	4 783	4 939
Grants	9 162	9 152	10 126	10 584	10 873
Sales of goods and services	2 329	2 385	2 424	2 511	2 583
Interest income	29	33	31	34	36
Dividend and income tax equivalent income	314	728	222	272	258
Other	720	658	703	707	703
<b>Total revenue</b>	<b>17 097</b>	<b>17 402</b>	<b>18 122</b>	<b>18 891</b>	<b>19 393</b>
<i>less</i>					
<b>Expenses</b>					
Employee expenses	7 512	7 576	7 677	7 892	8 078
Superannuation expenses					
Superannuation interest cost	378	402	392	382	371
Other superannuation expenses	812	821	831	846	862
Depreciation and amortisation	916	906	1 019	1 034	1 042
Interest expenses	198	239	437	397	386
Other property expenses	—	—	—	—	—
Other operating expenses	4 583	4 368	4 488	4 603	4 802
Grants	2 656	2 735	2 778	2 840	2 875
<b>Total expenses</b>	<b>17 055</b>	<b>17 047</b>	<b>17 622</b>	<b>17 995</b>	<b>18 416</b>
<i>equals</i>					
<b>Net operating balance</b>	<b>43</b>	<b>355</b>	<b>500</b>	<b>897</b>	<b>978</b>
<i>plus</i>					
<b>Other economic flows</b>	<b>782</b>	<b>- 502</b>	<b>496</b>	<b>292</b>	<b>264</b>
<i>equals</i>					
<b>Comprehensive result — total change in net worth</b>	<b>825</b>	<b>- 148</b>	<b>996</b>	<b>1 189</b>	<b>1 241</b>
<b>Net operating balance</b>	<b>43</b>	<b>355</b>	<b>500</b>	<b>897</b>	<b>978</b>
<i>less</i>					
<b>Net acquisition of non-financial assets</b>					
Purchases of non-financial assets	1 327	1 235	4 555	1 805	1 517
<i>less</i> Sales of non-financial assets	339	373	138	67	21
<i>less</i> Depreciation	916	906	1 019	1 034	1 042
<i>plus</i> Change in inventories	—	—	—	—	—
<i>plus</i> Other movements in non-financial assets	—	—	—	—	—
<i>equals</i> Total net acquisition of non-financial assets	<b>72</b>	<b>- 44</b>	<b>3 398</b>	<b>704</b>	<b>454</b>
<i>equals</i>					
<b>Net lending / borrowing</b>	<b>- 29</b>	<b>398</b>	<b>-2 898</b>	<b>193</b>	<b>523</b>

Note: Totals may not add due to rounding.

In addition to the net operating balance, the major factors impacting on the comprehensive result (total change in net worth) are the movement in the value of net assets of public sector financial corporations and public non-financial corporations, and changes to the value of the state's unfunded superannuation liability. Under the Government Finance Statistics (GFS) accounting framework, these variations are not recorded as operating revenues or expenses, rather they are classified as other economic flows. A more detailed reconciliation of other economic flows appears in table B.16 of Appendix B. A detailed discussion on the updated revenue and expenditure budget estimates is included later in this chapter.

The following tables outline changes to the net operating balance and net lending since the 2015–16 Budget classified as policy or parameter items. Policy items are decisions taken by the Government of South Australia since the 2015–16 Budget. Parameter items are generally variations outside the government's control.

**Table 1.5: Net operating balance — policy and parameter variations since the 2015–16 Budget (\$million)**

	2015–16	2016–17	2017–18	2018–19
<b>Estimate at 2015–16 Budget</b>	<b>43</b>	<b>654</b>	<b>727</b>	<b>961</b>
<b>Parameter and other variations</b>				
Revenue — taxation	-81	-87	-97	-99
Revenue — other	351	83	88	-93
Operating expenses	75	-189	-97	-83
<b>Net effect of parameter and other variations</b>	<b>345</b>	<b>- 193</b>	<b>- 107</b>	<b>- 274</b>
<b>Policy measures</b>				
Revenue measures — taxation	-15	-10	—	—
Revenue measures — other	-7	-6	-5	-5
Revenue offsets — taxation	—	—	—	—
Revenue offsets	57	115	311	314
Operating expenses	-68	-60	-29	-18
<b>Net effect of policy measures</b>	<b>- 33</b>	<b>39</b>	<b>277</b>	<b>291</b>
<b>Estimate at 2015–16 Mid-Year Budget Review</b>	<b>355</b>	<b>500</b>	<b>897</b>	<b>978</b>

Note: Totals may not add due to rounding.

**Table 1.6: Net lending — policy and parameter variations since the 2015–16 Budget (\$million)**

	2015–16	2016–17	2017–18	2018–19
<b>Estimate at 2015–16 Budget</b>	<b>- 29</b>	<b>-2 556</b>	<b>399</b>	<b>578</b>
<b>Net effect of operating variations to 2015–16 MYBR</b>	<b>312</b>	<b>- 154</b>	<b>170</b>	<b>16</b>
<b>Investing variations<sup>(a)</sup></b>				
Parameter variations	200	- 31	—	307
Policy variations	- 84	- 157	- 375	- 378
<b>Total investing variations</b>	<b>116</b>	<b>- 188</b>	<b>- 376</b>	<b>- 71</b>
<b>Estimate at 2015–16 MYBR</b>	<b>398</b>	<b>-2 898</b>	<b>193</b>	<b>523</b>

Note: Totals may not add due to rounding.

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

**Table 1.7: Major revenue and expense variations (parameter and other only) since the 2015–16 Budget (\$million)**

	2015–16	2016–17	2017–18	2018–19
<b>Revenue — taxation</b>				
Payroll tax	-46	-52	-58	-64
Conveyances	-4	-1	1	2
Land tax — private	-1	-1	-1	-1
Land tax — public	-1	-1	-1	-1
Other property taxes	-5	-5	-8	-5
Insurance taxes	-10	-12	-14	-15
Gambling tax	-11	-13	-13	-11
Motor vehicle taxes	-3	-3	-3	-4
<b>Total taxation revenue</b>	<b>-81</b>	<b>-87</b>	<b>-97</b>	<b>-99</b>
<b>Revenue — other</b>				
GST revenue grants	10	54	41	9
Commonwealth specific purpose and national partnership grants				
- SPP grants	—	—	—	—
- NP grants	-58	51	43	-54
Other contributions and grants	5	—	5	-1
Sales of goods and services	31	15	11	9
Dividends and income tax equivalents	414	-19	29	1
Interest income	2	-1	1	2
Royalties	-41	-40	-51	-57
Other revenue	-13	22	9	-3
<b>Total other revenue</b>	<b>351</b>	<b>83</b>	<b>88</b>	<b>-93</b>
<b>Operating expenses</b>				
Nominal superannuation interest expense	- 23	- 22	- 23	- 23
Interest expense	- 19	3	18	16
Depreciation	10	11	11	10
Carryovers (net of provision for slippage)	28	- 23	5	- 11
Other variations	80	- 158	- 109	- 75
<b>Total expenses</b>	<b>75</b>	<b>- 189</b>	<b>- 97</b>	<b>- 83</b>
<b>Net capital investment expenditure</b>				
Depreciation	- 10	- 11	- 11	- 10
Carryovers (net of provision for slippage)	- 40	28	16	- 37
Other variations	249	- 49	- 5	354
<b>Total net capital investment expenditure</b>	<b>200</b>	<b>- 31</b>	<b>—</b>	<b>307</b>

Note: Totals may not add due to rounding.

## Operating revenue

### Policy measures

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

**Table 1.8: Revenue measures (\$million)<sup>(a)</sup>**

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
<b>Revenue measures — taxation</b>				
Bring forward first 1/3 reduction in non-residential real property transfers	-15.2	-9.6	—	—
<b>Total revenue measures — taxation</b>	<b>-15.2</b>	<b>-9.6</b>	<b>—</b>	<b>—</b>
<b>Agency revenue measures</b>				
<b>Education and Child Development</b>				
Family Day Care Educator Levy	2.5	3.4	4.5	4.6
<b>Environment, Water and Natural Resources</b>				
South East drainage system	-6.0	-6.1	-6.3	-6.4
<b>Primary Industries and Regions</b>				
Biosecurity Levy	-3.0	-3.1	-3.2	-3.2
<b>State Development</b>				
Extractive royalties applied to local government operations – revised arrangements	-0.2	-0.2	-0.2	-0.2
<b>Total agency revenue measures</b>	<b>-6.7</b>	<b>-6.0</b>	<b>-5.1</b>	<b>-5.3</b>

Note: Totals may not add due to rounding.

(a) Excludes revenue offsets.

### Taxation changes

As part of the government's response to the State Tax Review included in the 2015–16 Budget it was announced that stamp duty on non-residential real property transfers (also known as non-residential conveyance duty) would be phased out starting from 1 July 2016. The first one-third reduction in stamp duty rates on the transfer of non-residential property will now be brought forward to take immediate effect. All other phase out dates remain unchanged, with a further one third reduction to occur on 1 July 2017 and full abolition to occur from 1 July 2018.

Further detail on policy measures is provided in Appendix A.

### Parameter and other variations

#### Taxation revenue

Total taxation revenues have been revised down in all years, mainly due to revisions to payroll tax, gambling tax and insurance duty.

Payroll tax revenue estimates have been revised down from 2015–16 due to a lower than expected outcome in 2014–15, which flows through as a base effect to forward years, as well as revised underlying growth assumptions. Expected growth in wages and employment have been revised down across the forward estimates reflecting recent experience and the broader economic growth outlook.

Growth in property values and transaction levels for conveyance duty have been broadly in line with expectations. Consistent with the 2015–16 Budget, property values are still assumed to grow in line

with long-term growth in per capita nominal household income and transaction levels are expected to return to long term trend levels over the medium term. Small revisions to conveyance duty revenue across the forward estimates reflect the combined impact of minor revisions to underlying price and volume assumptions following the 2014–15 outcome.

Land tax revenue estimates have been revised down slightly to reflect the lower than budgeted 2014–15 outcome. This flows through to future years as a base effect.

Lower estimated revenue from other property taxes across the forward estimates is primarily driven by a downward revision to expected revenue received by the Agents Indemnity Fund reflecting lower forecast returns on cash deposits.

Gambling tax revenues have been revised down in all years largely due to lower than expected expenditure on gaming machines in hotels and clubs.

Insurance duty revenue has been revised down in all years primarily due to the effect of a lower than expected underlying outcome for general insurance duty in 2014–15.

### **GST revenue grants**

GST grant revenue estimates have been revised up in all years primarily reflecting changes to South Australia's expected share of the GST pool since the 2015–16 Budget.

South Australia's population relative to the national population was revised up in the Commonwealth Government's *2014–15 Final Budget Outcome*. This flows through as a base effect to future years increasing South Australia's expected population share and also increases the expected share of GST revenue arising from the Commonwealth Grants Commission's assessment of investment needs.

Revised estimates of South Australia's grant share also reflect updated estimates of taxation and royalty revenue estimates included in other jurisdictions' 2015–16 Budgets. South Australia's ability to raise revenue from conveyance duty has declined relative to other jurisdictions contributing to an increase in South Australia's estimated GST share from 2016–17, but this impact is more than offset from 2017–18 by declining national royalty estimates.

GST pool estimates used in the MYBR are based on estimates provided in the Commonwealth Government's 2015–16 Budget with minor updates from 2017–18 to reflect the impact of expected legislative amendments on the total GST pool.

### **Commonwealth specific purpose and national partnership grants**

Commonwealth Government specific purpose grant estimates are unchanged from the 2015–16 Budget.

Commonwealth NP grant estimates have been revised down in 2015–16, up in 2016–17 and 2017–18 and down in 2018–19 largely due to the timing of NP payments for a number of projects.

The downward revision in 2015–16 is mainly due to a bring forward of on-passed local government financial assistance payments to 2014–15 by the Commonwealth Government, while the re-profiling of payments for the Coorong, Lower Lakes and Murray Mouth project is the main reason for the upward revision in 2016–17.

The upward revision in 2017–18 and downward revision in 2018–19 largely reflect updated expectations of the timing of Commonwealth Government payments from the Disability Care Australia Fund.

In addition to these parameter changes the Commonwealth contribution to the Northern Connector Road Project results in a substantial increase to NP grants.

## Other contributions and grants

Minor upward revisions to revenue from other contributions and grants in 2015–16 and 2017–18 mainly reflect the recognition of additional external funding for the National Sterile Insect Technology Facility in Port Augusta and an expected payment from ExxonMobil to fund remedial work on the Port Stanvac rock groyne.

## Royalties

Royalty revenue estimates have been revised down in all years primarily due to further falls in projected commodity prices, particularly oil. Petroleum production volumes are also expected to further decline in response to lower prices.

## Sales of goods and services

Revenue from sales of goods and services has been revised up from 2015–16 mainly due to the transfer of responsibility for managing motor sport events to the South Australian Tourism Commission within the general government sector from 1 July 2015. Expenditure associated with the events has also been recognised in the general government sector.

## Interest income

Interest income is estimated using projections of interest rates applicable to government financial assets. Compared with the estimates in the 2015–16 Budget, interest income has been revised upwards due to the higher than anticipated balances on interest-earning deposits.

## Dividend and income tax equivalent income

Estimated dividend and income tax equivalent revenue has been revised up in 2015–16 primarily reflecting a dividend of \$403.5 million from MAC into the Highways Fund, reflecting strong investment market returns and revisions to the actuarially assessed liability in 2014–15. This dividend in 2015–16 is in addition to an equity return of \$45 million in 2015–16 and a further \$300 million which is still expected to be received in 2016–17. These returns are paid out of funds that are excess to the minimum solvency requirements of MAC and are paid to the Highways Fund for the benefit of road users.

The upward revision to 2017–18 mainly reflects the impact on SA Water distributions from a deferral in the recognition of Rex Minerals' contribution to the Port Wakefield to Pine Point Water Supply Upgrade.

## Other revenue

Other revenue has been revised down in 2015–16, up in 2016–17 and 2017–18, and down in 2018–19.

The downward revision in 2015–16 and the upward revision in 2016–17 primarily reflect a re-profiling of the Walker Corporation's contribution to the Adelaide Festival Plaza Precinct upgrade due to timing of key stages of the project. Estimated other revenue in 2017–18 has increased in recognition of the government's acquisition of the rock groyne at Port Stanvac, recognised as a donated asset.

## Expenditure

### Policy measures

This section provides a summary of expenditure initiatives announced since the 2015–16 Budget. Full details of all policy measures and associated revenue offsets are shown in Appendix A.

The MYBR contains net operating and investing initiatives in the general government sector of \$373.3 million over four years. These initiatives are summarised, by agency, in tables 1.10 and 1.11.

**Table 1.9: Expenditure initiatives (\$million)**

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenditure initiatives	- 68.3	- 60.4	- 29.1	- 18.1
Revenue offsets	15.9	0.8	0.3	—
Operating savings	—	—	—	—
<b>Total operating initiatives net of provisions and revenue offsets</b>	<b>- 52.4</b>	<b>- 59.7</b>	<b>- 28.8</b>	<b>- 18.1</b>
Investing expenditure initiatives	- 85.9	- 156.9	- 375.4	- 377.8
Revenue offsets	41.0	114.0	310.6	314.0
Investing savings	—	—	—	—
Asset sales	2.0	—	—	—
<b>Total investing initiatives net of provisions and revenue offsets</b>	<b>- 42.9</b>	<b>- 42.9</b>	<b>- 64.8</b>	<b>- 63.8</b>

Note: Totals may not add due to rounding.

As part of the 2015–16 Budget the government announced a \$985 million package of tax reform and expenditure measures that were designed to promote jobs and investment.

The 2015–16 MYBR builds on these economic growth measures.

A joint state and Commonwealth Government funded Northern Connector Road Project has been announced at a cost of \$985 million, comprising a 15.5 kilometre road to the west of Port Wakefield Road linking the Northern Expressway and the Port River Expressway, South Road Superway and Salisbury Highway Connector. The Commonwealth Government is funding 80 per cent (\$788 million) of this project.

Construction of an additional 1000 new South Australian Housing Trust (SAHT) homes including 100 disability houses will occur over the next three years, at a cost of \$208 million. This will be funded by SAHT from the sale of older housing stock, and does not appear in table 1.9 given there is no impact on the general government sector.

Other expenditure measures totalling \$88 million over four years will further help economic growth and deliver new jobs into the economy. These measures are:

- \$20.0 million over two years to drive mining exploration investment and jobs through a new Plan for Accelerating Exploration (PACE) copper strategy
- \$19.2 million for last mile road projects that will improve freight access in a range of locations around the state. These initiatives will deliver more efficient and less costly transport for primary producers
- \$12.0 million in 2015–16 to facilitate current tenancies and create the capacity for further company tenancies within the main assembly building at Tonsley



- \$10.0 million over four years to further support the government's trade effort, including to build the South Australia-Shandong Province sister state relationship
- \$6.4 million over two years for repairs to the Port River Railway Bridge and for the replacement of the Inverbrackie Creek Bridge on Onkaparinga Valley Road
- \$6.4 million of additional funding for the Regional Development Fund over two years, to provide grants to stimulate economic growth and job creation in regional South Australia
- \$4.2 million over four years to support the University of South Australia's Centre for Business Growth to deliver assistance programs to around 240 small and medium sized companies across the state
- \$2.7 million over four years to support the steelmaking and steel fabrication industries, via the establishment of a Whyalla Arrium TaskForce and by assisting small and medium-sized South Australian steel fabrication businesses to comply with Australian Standards for steel fabrication and to achieve accreditation under the National Structural Steelwork Compliance Scheme
- \$2.0 million in 2015–16 to provide one-off grants of \$500 000 to the four Cooperative Research Centres (CRC) headquartered in South Australia to encourage CRC partners and industry collaboration to commit matching funding
- \$1.7 million over two years to expand the export partnership program to accelerate export marketing activities and create new export activity for South Australian businesses
- \$1.0 million over two years for a job creation and support package for the Upper Spencer Gulf and outback regions in response to the closure of Alinta Energy sites in South Australia
- \$0.9 million in 2015–16 to Hillgrove Resources Limited to assist it to establish a supplementary supply of water to the Kanmantoo mine site to support its mining operations
- \$0.6 million over two years for the Australian-made Defence advocacy campaign
- \$0.5 million for a detailed assessment of the site next to the current South Australian Health and Medical Research Institute, to prepare for the construction of the proposed John Chalmers Centre for Transforming Healthcare. The state has provisioned \$44 million towards the project, and Flinders University \$60 million. A further \$176 million is needed from the Commonwealth in order for the project to proceed
- \$0.4 million to the South Australian Oyster Growers Association to contribute to the development of an IT based management system to assist the monitoring and management of oysters.

Other major initiatives in the MYBR include:

- \$39.9 million over four years to address an increase in prisoner numbers including capital funding and additional salary and operating costs
- \$34.3 million over three years (of which \$20.0 million was recognised as an expense in 2014–15) of net additional funding for the new Royal Adelaide Hospital project including for site remediation, additional project resources and hospital running costs associated with the delayed opening of the new hospital
- \$30.0 million in 2015–16 for the purchase of the Reid Building from the University of South Australia in order to progress the City High School project
- \$12.5 million over four years to support the development and implementation of a reparations scheme for members of the South Australian Stolen Generations
- \$5.7 million over three years to manage the state's transition to the National Disability Insurance Scheme.

**Table 1.10: Operating initiatives (\$million)<sup>(a)</sup>**

<b>Agency</b>	<b>2015–16 MYBR</b>	<b>2016–17 Estimate</b>	<b>2017–18 Estimate</b>	<b>2018–19 Estimate</b>
Attorney-General	- 4.1	—	—	—
Auditor-General	—	—	—	—
Communities and Social Inclusion	- 1.8	- 1.9	- 1.9	—
Correctional Services	- 1.6	- 10.3	- 9.4	- 9.6
Courts	—	—	—	—
Defence SA	- 0.4	- 0.2	—	—
Education and Child Development	- 2.8	- 3.7	- 4.8	- 4.9
Electoral Commission	—	—	—	—
Emergency Services — CFS	—	—	—	—
Emergency Services — MFS	—	—	—	—
Emergency Services — SAFECOM	—	—	—	—
Emergency Services — SES	—	—	—	—
Environment, Water and Natural Resources	- 6.3	- 0.5	- 0.4	0.2
Environment Protection Authority	- 2.2	—	—	—
Health and Ageing	6.2	- 21.8	—	—
Legislature	—	—	—	—
Planning, Transport and Infrastructure	- 2.6	- 0.3	- 0.4	- 0.2
Police	—	—	—	—
Premier and Cabinet	- 1.8	- 1.4	- 1.4	- 0.7
Primary Industries and Regions	- 4.2	- 2.5	—	—
State Development	- 21.5	- 14.7	- 5.5	- 1.8
Tourism	—	—	—	—
Treasury and Finance	- 10.1	—	—	—
Urban Renewal Authority	- 12.0	—	—	—
Across Government				
Constitutional reforms	—	—	- 2.3	—
Trade missions — additional support	- 3.0	- 3.0	- 3.0	- 1.0
<b>Total operating initiatives</b>	<b>- 68.3</b>	<b>- 60.4</b>	<b>- 29.1</b>	<b>- 18.1</b>

Note: Totals may not add due to rounding.

(a) Excludes depreciation on investing initiatives.

**Table 1.11: Investing initiatives (\$million)**

<b>Agency</b>	<b>2015–16 MYBR</b>	<b>2016–17 Estimate</b>	<b>2017–18 Estimate</b>	<b>2018–19 Estimate</b>
Attorney-General	—	—	—	—
Auditor-General	—	—	—	—
Communities and Social Inclusion	3.4	- 1.2	—	—
Correctional Services	- 4.0	- 6.7	—	—
Courts	—	—	—	—
Defence SA	—	—	—	—
Education and Child Development	—	—	—	—
Electoral Commission	—	—	—	—
Emergency Services — CFS	—	—	—	—
Emergency Services — MFS	—	—	—	—
Emergency Services — SAFECOM	—	—	—	—
Emergency Services — SES	—	—	—	—
Environment, Water and Natural Resources	- 17.9	- 23.6	- 36.4	- 27.8
Environment Protection Authority	—	—	—	—
Health and Ageing	- 11.2	—	- 4.0	—
Legislature	—	—	—	—
Planning, Transport and Infrastructure	- 55.2	- 125.4	- 335.0	- 350.0
Police	—	—	—	—
Premier and Cabinet	—	—	—	—
Primary Industries and Regions	—	—	—	—
State Development	- 1.0	—	—	—
Tourism	—	—	—	—
Treasury and Finance	—	—	—	—
<b>Total investing initiatives</b>	<b>- 85.9</b>	<b>- 156.9</b>	<b>- 375.4</b>	<b>- 377.8</b>

Note: Totals may not add due to rounding.

## Parameter and other variations

A number of parameter variations since the 2015–16 Budget contribute to the change in projected expenses and investing payments in 2015–16 and across the forward estimates, including:

- updates to funding under the National Education Reform Agreement mostly for enrolment numbers
- revision to estimates of depreciation expense reflecting latest asset values
- revision to interest expense reflecting latest estimates of interest rates and gross debt
- revision to nominal superannuation interest expense reflecting revised assumptions and investment returns
- variations to accounting treatment for some transactions that have no net budget impact but both expenses and revenue vary
- the reclassification of some transactions in accordance with accounting standards.

## General government operating expenditure

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

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

	2015–16 Budget	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Employee expenses	7 512	7 576	7 677	7 892	8 078
Superannuation expenses					
Superannuation interest cost	378	402	392	382	371
Other superannuation expenses	812	821	831	846	862
Depreciation and amortisation	916	906	1 019	1 034	1 042
Interest expenses	198	239	437	397	386
Other property expenses	—	—	—	—	—
Other operating expenses	4 583	4 368	4 488	4 603	4 802
Grants	2 656	2 735	2 778	2 840	2 875
<b>Total expenses</b>	<b>17 055</b>	<b>17 047</b>	<b>17 622</b>	<b>17 995</b>	<b>18 416</b>
<b>Total expenses % change on previous year</b>					
Total expenses nominal growth (%)		1.8%	3.4%	2.1%	2.3%
Total expenses real growth (%)		0.1%	1.1%	-0.4%	-0.2%

Note: Totals may not add due to rounding.

Operating expenses are projected to increase by 0.7 per cent (in real terms) over four years. The constrained growth over the forward estimates is largely driven by the savings measures that the government has introduced in previous budgets.

The growth in expenses in 2016–17 is influenced by amortisation and lease expenses for the new Royal Adelaide Hospital finance lease which commences in 2016–17.

The size of the savings and revenue measures that have been, and are yet to be introduced, is set out in table 1.13.

**Table 1.13: Operating savings and revenue measures**

	\$million
Delivered in 2009–10	37
Delivered in 2010–11	200
Delivered in 2011–12	344
Delivered in 2012–13	121
Delivered in 2013–14	280
Delivered in 2014–15	268
Commencing in 2015–16	319
To commence in 2016–17	214
To commence in 2017–18	286
To commence in 2018–19	120

There are no new savings in this MYBR.

Since the 2015–16 Budget, the level of savings commencing in 2015–16 has reduced by around \$3.0 million, reflecting the government's decision to not introduce a biosecurity levy to recover costs associated with the exotic disease surveillance program.

The 2011–12 Budget provided additional expenditure, both operating and investing, for the operation and maintenance of the South East drainage system on the basis that a levy was to be introduced to raise additional funds from 1 July 2011. The introduction of the additional levy is now not proceeding. Revenue and expenditure associated with the levy has been reduced by \$6.0 million per annum (indexed) as a result.

## Full-time equivalents (FTEs)

The estimated aggregate workforce levels in the general government sector across the forward estimates as at the 2015–16 MYBR are shown in table 1.14.

**Table 1.14: General government sector employment**

	Full-time equivalent employees as at 30 June				
	2015 Estimate and Actual	2016 Estimate	2017 Estimate	2018 Estimate	2019 Estimate
As at 2015–16 Budget	81 665	80 146	79 060	79 024	78 694
As at 2015–16 Mid-Year Budget Review	81 345	80 777	79 673	79 648	79 723

General government sector FTE levels over the forward estimates are higher than those forecast at the time of the 2015–16 Budget.

The increase is primarily a result of an adjustment to the mix of expenditure under the National Education Reform Agreement (NERA). Since the 2015–16 Budget, the Department for Education and Child Development has advised that a large portion of the additional resources will be spent on increased staffing numbers (not supplies and services as budgeted) and will increase employment levels (compared to their existing FTE cap) by 257 FTEs in 2015–16 increasing to 767 FTEs in 2018–19.

FTEs in the general government sector are estimated to decrease by 1622 between 30 June 2015 and 30 June 2019 mainly due to the savings measures that the government has introduced in previous budgets.

This decrease is lower than that forecast at the time of the 2015–16 Budget primarily due to lower than budgeted actual FTEs in 2014–15, mainly due to agencies achieving FTE reductions ahead of schedule, the additional FTEs budgeted within the Department for Education and Child Development, as outlined above, and the impact of new policy measures.

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

**Table 1.15: Full-time equivalent impacts of policy decisions in the 2015–16 MYBR (FTEs as at 30 June)**

	2015–16	2016–17	2017–18	2018–19
<b>Total FTE impact of policy decisions</b>	<b>125</b>	<b>106</b>	<b>116</b>	<b>99</b>

The major policy decisions that have FTEs associated with them are:

- Education and Child Development — an increase of 33 FTEs in 2015–16 and 2016–17 rising to 44 FTEs from 2017–18 associated with the continued provision of services by the state under the Family Day Care Program, funded by the introduction of an Educator Administration Levy of 65 cents per hour per child. This follows the announcement of new restrictive eligibility criteria and an annual funding cap for operational support provided under the Commonwealth Community Support Program from 1 July 2015.
- Environment, Water and Natural Resources — an increase of 36 FTEs in 2015–16 reducing to 32 FTEs in 2018–19 for a package of environmental projects funded under the South Australian Riverland Floodplains Integrated Infrastructure Program
- Correctional Services — an increase of 10 FTEs in 2015–16, rising to 38 FTEs per annum from 2016–17 to address an increase in prisoner numbers.

## General government investing expenditure

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

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

	2015–16 Budget	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
General government investing expenditure	1 327	1 235	4 555	1 805	1 517

Purchases of non-financial assets are expected to be \$1.2 billion in 2015–16. The forward estimates contain a major infrastructure investment program of \$9.1 billion in the general government sector over four years, up from \$8.6 billion at the time of the 2015–16 Budget.

The increase in the investing program over the forward estimates is primarily due to expenditure of:

- \$985 million on the Northern Connector Road Project
- \$30.0 million for the purchase of the Reid Building from the University of South Australia in order to progress the City High School project
- \$19.2 million for last mile road projects to improve freight access in a range of locations around the state.

This has been partially offset by the reclassification of some transactions from investing to operating in accordance with accounting standards and a reduction in previously unallocated provisions held at the time of the 2015–16 Budget now allocated to the Northern Connector Road Project.

The large increase in 2016–17 is due to the recognition of the \$2.8 billion new Royal Adelaide Hospital on the general government sector balance sheet.

The general government sector capital investment program reflects continued significant investment by the government in transport, health and education infrastructure. This includes joint state and Commonwealth Government upgrades to the North-South Corridor, major public transport projects, the redevelopment of metropolitan and country hospitals, and the major redevelopment of the Adelaide Festival Centre precinct in partnership with the private sector. Across the forward estimates, budgeted capital expenditure remains above the level of depreciation.

## Financial position

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

**Table 1.17: Key balance sheet indicators — general government sector**

As at 30 June	2015 Outcome	2016 Budget	2016 MYBR	2017 Estimate	2018 Estimate	2019 Estimate
<b>Net debt</b>						
\$m	3 929	4 238	3 585	6 312	6 185	5 751
% of total revenue	23.7	24.8	20.6	34.8	32.7	29.7
<b>Unfunded superannuation</b>						
\$m	11 358	12 520	12 091	11 801	11 478	11 123
% of total revenue	68.6	73.2	69.5	65.1	60.8	57.4
<b>Net financial liabilities</b>						
\$m	18 296	19 732	18 969	21 495	21 230	20 625
% of total revenue	110.6	115.4	109.0	118.6	112.4	106.4
<b>Net financial worth</b>						
\$m	1 374	810	1 233	-1 213	- 773	- 28
% of total revenue	8.3	4.7	7.1	-6.7	-4.1	-0.1
<b>Net worth</b>						
\$m	40 121	39 485	39 974	40 970	42 159	43 400
% of total revenue	242.4	230.9	229.7	226.1	223.2	223.8

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

As at 30 June	2015 Outcome	2016 Budget	2016 MYBR	2017 Estimate	2018 Estimate	2019 Estimate
<b>Net debt</b>						
\$m	10 676	11 274	10 585	13 421	13 460	13 059
% of total revenue	60.5	61.8	57.3	69.7	67.2	63.6
<b>Unfunded superannuation</b>						
\$m	11 358	12 520	12 091	11 801	11 478	11 123
% of total revenue	64.3	68.6	65.5	61.3	57.3	54.1
<b>Net financial liabilities</b>						
\$m	25 167	26 903	26 077	28 720	28 582	27 997
% of total revenue	142.6	147.5	141.2	149.1	142.7	136.3
<b>Net financial worth</b>						
\$m	-23 750	-25 568	-24 594	-27 584	-27 778	-27 565
% of total revenue	-134.6	-140.2	-133.2	-143.2	-138.7	-134.2
<b>Net worth</b>						
\$m	40 121	39 485	39 974	40 970	42 159	43 400
% of total revenue	227.3	216.5	216.5	212.7	210.5	211.2

### Net debt

General government net debt is forecast to be \$3.6 billion at 30 June 2016. This is a \$652 million improvement from the estimate at the time of the 2015–16 Budget (\$4.2 billion). This improvement is primarily due to the dividend from MAC to the Highways Fund arising from stronger than expected investment returns in 2014–15.

Net debt has improved across all years since estimates at the time of the 2015–16 Budget. Net debt is still expected to peak in 2016–17 due to the commercial acceptance of the new Royal Adelaide Hospital and by 30 June 2019 net debt is expected to reduce to \$5.8 billion.

The general government net debt to revenue ratio at 30 June 2016 is estimated to be 20.6 per cent, compared to 24.8 per cent at the time of the 2015–16 Budget. Net debt to revenue is forecast to reach a peak of 34.8 per cent at 30 June 2017 before reducing to 29.7 per cent by 30 June 2019, resulting in the fiscal target of a net debt to revenue ratio below 35 per cent being achieved in each year.

Public non-financial corporations (PNFC) are estimated to contribute \$6.98 billion to the Non-financial public sector (NFPS) net debt at 30 June 2016, slightly lower than forecast in the 2015–16 Budget. The PNFC sector includes SA Water which makes up the largest component (approximately 92 per cent) of net debt for that sector.

NFPS net debt as at 30 June 2016 is expected to be \$10.6 billion, \$689 million lower than estimated at the time of the 2015–16 Budget. Of that improvement \$652 million is due to the reduction in general government sector net debt with the remaining \$37 million attributable to improvements in the PNFC net debt outlook.

NFPS net debt is expected to increase over the forward estimates, reaching \$13.5 billion at 30 June 2018, before reducing to \$13.1 billion by 30 June 2019, largely consistent with expected movements in general government sector net debt.

## Unfunded superannuation

The estimated unfunded superannuation liability at 30 June 2016, and across the forward estimates, has decreased since the 2015–16 Budget. This is mainly due to an increase in the long-term Commonwealth Government bond rate used as the discount rate to value the liability in accordance with Australian Accounting Standards. The discount rate used in the 2015–16 MYBR is based on the prevailing annualised bond rate of 3.3 per cent compared with 3.0 per cent at the time of the 2015–16 Budget. The higher discount rate results in a decrease in the present value of future superannuation obligations.

Partly offsetting the change in the present value of future superannuation obligations is the impact of lower assumed earnings on superannuation assets in 2015–16 compared with 2015–16 Budget assumptions. Earnings on superannuation assets for 2015–16 are currently projected to be 2.8 per cent, compared with 7.0 per cent at the time of the 2015–16 Budget. The assumed annual earnings rate beyond the 2015–16 year is still expected to be 7.0 per cent.

The net result of variations in earnings and discount rates and other minor adjustments is a reduction of \$429 million in the estimated unfunded superannuation liability at 30 June 2016 compared with the estimate in the 2015–16 Budget. The unfunded superannuation liability is now expected to be \$12.1 billion at 30 June 2016, reducing over the forward estimates to \$11.1 billion by 30 June 2019.

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

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

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



## Net financial liabilities

General government sector net financial liabilities are forecast to be \$19.0 billion at 30 June 2016, peaking at \$21.5 billion at 30 June 2017 before reducing to \$20.6 billion at 30 June 2019. This is a reduction in all years compared to estimates at the time of the 2015–16 Budget. The decrease in net financial liabilities is mainly due to reductions in the unfunded superannuation liability.



# Chapter 2: The economic context

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## Overview

The world economy has continued to grow at a moderate pace, although growth has not been as strong as was anticipated at the time the 2015–16 Budget was framed. While improvement in most advanced economies continues, activity in emerging markets and developing economies has slowed further. The International Monetary Fund (IMF), in October, revised down its global growth forecast for 2015 to 3.1 per cent — from 3.5 per cent forecast earlier in the year. The 2016 forecast is for global growth of 3.6 per cent.

The Australian economy continues to expand at a below trend rate, growing by 2.3 per cent in 2014–15, the lowest rate of growth for four years and equal to growth recorded in 2010–11. Growing exports arising from increased mineral production capacity and growth in residential construction activity were the main drivers. Commodity prices have weakened considerably, reflecting both increased global supply and the fall in demand following the slowdown in China's commodity-intensive investment and manufacturing activity. This has in turn impacted mining investment activity in Australia, with the scaling back of mining investment projects at the same time as many existing projects are being completed. There remains significant uncertainty around the timing and strength of the pick-up in non-mining business investment growth. Accommodative monetary policy has assisted investment in housing, predominantly in Sydney and Melbourne, although this is showing signs of having peaked.

The further depreciation of the exchange rate will provide some assistance with the adjustment of the economy to the lower terms of trade. The Reserve Bank of Australia in its latest Statement on Monetary Policy is forecasting continued softness in the national economy, forecasting growth of 2¼ per cent for 2014–15 and growth for 2016–17 expected to fall between 2½ and 3½ per cent.

The South Australian economy has been similarly challenged, affected by the slowing in global and national growth as well as the large structural adjustment being brought about by the impending cessation of car manufacturing, the mining and defence sectors winding down, as well as the impending closure of the Port Augusta power stations and Leigh Creek coal mine. Further challenges include falling commodity prices which are affecting mining operations in South Australia.

Some recent positive signs include improved consumer spending, and growth in food manufacturing, international education and tourism, which are being assisted by accommodative monetary policy and the lower Australian dollar, respectively.

The value of South Australia's overseas goods exports in the twelve months to September was 4.3 per cent lower than in the previous twelve months, primarily as a result of the significant decline in commodity prices. The value of mineral exports was 28 per cent lower over this period. Nonetheless, mineral exports remained the state's largest commodity export in 2014–15, accounting for 28 per cent of total exports. In contrast, food and wine exports were 15 per cent higher than in the previous year. Services exports also show strong trends, rising by 8.1 per cent in calendar year 2014.

International student enrolments were up 4.8 per cent in the year to September 2015 compared with the same period a year earlier. While international tourist numbers were slightly down (0.7 per cent) in the year to June 2015, spending by international tourists was up by 5.4 per cent over the same period.

In recent years the state's agricultural sector has experienced a string of favourable seasons and while the state's 2015–16 winter crop production is estimated to be slightly lower than the 2014–15 season (down 0.5 per cent), it is nonetheless expected to be the fourth highest crop on record.

In South Australia, GSP is forecast to increase by 1½ per cent in real terms in 2015–16, supported by transport infrastructure projects including the South Road Torrens to Torrens project and the Darlington Upgrade. The lower Australian dollar is expected to assist the trade-exposed sectors to pick up further and the very accommodative monetary policy is expected to support new investment. GSP is forecast to increase by 1¾ per cent in 2016–17 and 2017–18.

South Australia's employment has been relatively soft, rising by 0.5 per cent in 2014–15 but falling consistently in the first few months of 2015–16. South Australia's unemployment rate was 7.5 per cent in October. Employment growth in South Australia is expected to be ¼ per cent in 2015–16 increasing to ¾ per cent in 2016–17 and 2017–18.

Forecasts and projections for South Australia from 2015–16 onwards take into consideration the expected performance of the national economy over the medium term and relative population growth rates and spare capacity in the South Australian economy.

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

	2014–15 Actual	2015–16 Budget Forecast	2015–16 Revised Forecast	2016–17 Forecast	2017–18 Projection	2018–19 Projection
<b>Australia<sup>(a)</sup></b>						
Gross Domestic Product (GDP)	2.3	2¾	n.a.	3¼	3½	3½
<b>South Australia</b>						
Gross State Product (GSP)	1.6	2	1½	1¾	1¾	2¼
State Final Demand (SFD)	1.3	2	1¾	2	1¾	2¼
Employment	0.5	1	¼	¾	¾	1
Adelaide Consumer Price Index (CPI)	1.6	2½	1¾	2¼	2½	2½

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

- (a) Australian forecasts are from the Commonwealth 2015–16 Budget. The Commonwealth Treasury have indicated that projections for Australia's long run economic growth are being revised down from 3 per cent to 2.75 per cent. This will likely be reflected in lower growth across the forward estimates in the Commonwealth's Mid-year Economic and Fiscal Outlook.

# Appendix A: Policy measures by agency

## Overview

This appendix describes the revenue measures and expenditure initiatives in the general government sector since the 2015–16 Budget.

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

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

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

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

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Revenue measures — Taxation	- 15.2	- 9.6	—	—
Revenue measures — Other	- 6.7	- 6.0	- 5.1	- 5.3
Operating expenditure initiatives <sup>(a)</sup>	- 68.3	- 60.4	- 29.1	- 18.1
Revenue offsets	15.9	0.8	0.3	—
Operating savings	—	—	—	—
<b>Total operating initiatives</b>	<b>- 74.3</b>	<b>- 75.3</b>	<b>- 33.9</b>	<b>- 23.3</b>
Investing expenditure initiatives	- 85.9	- 156.9	- 375.4	- 377.8
Revenue offsets	41.0	114.0	310.6	314.0
Investing savings	—	—	—	—
Asset sales	2.0	—	—	—
<b>Total investing initiatives</b>	<b>- 42.9</b>	<b>- 42.9</b>	<b>- 64.8</b>	<b>- 63.8</b>

Note: Totals may not add due to rounding.

(a) Excludes depreciation on investing initiatives.

Details of these items are included in the following tables.

## Policy measures by agency

### Across Government

#### Additional 1000 houses

*Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	—	—	—	—

This initiative provides \$208.0 million to construct 1000 additional social houses across three years. The initiative will be fully funded from the sale of older housing stock by the South Australian Housing Trust, resulting in a nil impact to general government.

Under this initiative, the government will develop the houses on existing public land in suburbs across Greater Adelaide including Mount Barker and in regional locations including Naracoorte, Goolwa and the Barossa Valley. The initiative also includes constructing houses within a new neighbourhood renewal project at Morphettville and in various locations across Adelaide through an acceleration of the Better Neighbourhoods Program. A total of 100 (10 per cent) of the additional houses will be disability housing.

This initiative will help support the housing construction and building trades sector and enable the South Australian Housing Trust to continue the regeneration of its stock.

#### Bring forward first 1/3 reduction in non-residential real property transfers

*Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating revenue	-15 200	-9 600	—	—

As part of the Government Response to the State Tax Review included in the 2015–16 Budget it was announced that stamp duty on non-residential real property transfers — also known as non-residential conveyance duty — would be phased out starting from 1 July 2016.

This initiative brings forward the first one-third reduction in the non-residential conveyance duty from 1 July 2016 to take immediate effect. All other phase out dates remain unchanged, with a further one-third reduction to occur on 1 July 2017 and full abolition to occur from 1 July 2018. South Australia will now be the lowest taxing state in Australia for the transfer of non-residential property.

It is estimated that up to 6000 non-residential real property transfers each year will benefit from the phased abolition of this duty.

## Constitutional reforms

### *Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	—	—	-2 328	—

This initiative provides \$2.3 million in 2017–18 to conduct a referendum, at the same time as the general election, on a package of proposed reforms to the Constitution Act that were introduced to Parliament in October 2015.

The reforms include changes to the deadlock provisions, the passage of Supply Bills, as well as changes to the voting system to elect members of the Legislative Council.

The reforms cannot be enacted until they have been approved in a referendum.

## Trade missions — additional support

### *Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-3 000	-3 000	-3 000	-1 000

This initiative provides \$2.0 million per annum for three years to support further engagement with key trading partners, including expanding the state's ability to hold key functions and inbound trade missions that will include recognition of the 30<sup>th</sup> anniversary of South Australia's sister state relationship with Shandong Province.

In addition, \$1.0 million per annum is provided to support outward trade missions and other international engagement activities.

## Administered Items for the Attorney-General's Department

### Nuclear Fuel Cycle Royal Commission

#### *Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-3 094	—	—	—

In the 2015–16 Budget, \$6.0 million was provided over two years (2014–15 and 2015–16) for the Nuclear Fuel Cycle Royal Commission. This initiative provides a further \$3.1 million in 2015–16 to support the Nuclear Fuel Cycle Royal Commission to complete its work.

## Royal Commission into Institutional Responses to Child Sexual Abuse

### Budget implications (\$000)

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-985	—	—	—

This initiative provides \$985 000 in 2015–16 to continue the government's support for the Royal Commission into Institutional Responses to Child Sexual Abuse.

## Department for Communities and Social Inclusion

### Adelaide Youth Training Centre Security Upgrade

#### Budget implications (\$000)

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Investing payments	3 382	-1 165	—	—

In the 2012–13 Mid-Year Budget Review, \$4.4 million was provided for the construction of a new security wall and strengthening of the existing boundary fence at the Jonal Drive Campus of the Adelaide Youth Training Centre. Following a review of the centre's security requirements the construction of a new security wall will no longer proceed.

These funds have in part been used to provide \$2.0 million across 2015–16 and 2016–17 for other security upgrades to both the Goldsbrough and Jonal Drive Campuses.

### Disability Reform

#### Budget implications (\$000)

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-1 800	-1 911	-1 947	—

This initiative provides \$5.7 million over three years to manage the state's transition to the National Disability Insurance Scheme (NDIS). This will include determining the appropriate service delivery framework and working with the non-government sector so it is able to respond to the demands of NDIS clients.

## Department for Correctional Services

### Additional Modular Prison Accommodation

#### Budget implications (\$000)

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-1 586	-9 732	-8 820	-9 028
Investing payments	-4 000	-6 740	—	—



This initiative approves funding for an additional 112 beds comprising 72 at Mobilong Prison, 24 at Port August Prison and 16 at Mount Gambier Prison. The extra beds will assist responding to an increase in prisoner numbers.

Funding of \$1.6 million per annum (indexed) has been allocated to 16 permanent beds at Mount Gambier Prison and 24 beds at Port Augusta Prison. The associated capital funding for this project has been made available through the reallocation of existing capital project budgets within the Department for Correctional Services. These beds are expected to be built and operational in February 2016.

An additional \$10.7 million in capital funding has been allocated for the construction of an additional 72 beds at Mobilong Prison. These beds are expected to become operational in July 2016.

Additional funding for salary and operating costs has been provided from 2016–17 to meet the cost of the additional prisoners in this facility.

### **Bail Accommodation Support Program**

#### *Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	—	-571	-586	-600

This initiative provides an additional \$571 000 per annum (indexed) from 2016–17 to support the ongoing operational costs of the Bail Accommodation Support Program.

The program partners with the non-government sector to provide (build and own) the accommodation and undertake day to day management functions. Statutory offender management and supervision responsibilities remain the responsibility of the Department for Correctional Services.

The Bail Accommodation Support Program will provide accommodation and support services to alleged offenders who lack suitable accommodation as an alternative to being in custody. This enables them to maintain links with the community, their family, employment, education and other government services.

## **Defence SA**

### **Australian Made Defence advocacy**

#### *Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-433	-167	—	—

In the 2014–15 Mid-Year Budget Review, \$500 000 was provided in 2014–15 for the national advocacy campaign.

This initiative provides a further \$600 000 over 2015–16 and 2016–17 to extend the national advocacy campaign to secure the Commonwealth Government's commitment to the development of a strategic and enduring naval shipbuilding capability in South Australia.

## Department for Education and Child Development

### Family Day Care Educator Levy

*Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating revenue	2 473	3 383	4 518	4 631
Operating expenses	-2 473	-3 383	-4 518	-4 631

As part of the 2014–15 Federal Budget, the Australian Government announced new restrictive eligibility criteria and an annual funding cap for operational support provided under the Commonwealth Community Support Program from 1 July 2015. This funding was used by the state to support the administration of the Family Day Care program.

From 5 October 2015, an Educator Administration Levy of 65 cents per hour per child has been charged to Department of Education and Child Development Family Day Care providers to enable the continued provision of these essential program operations and support.

### Occasional Care

*Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating revenue	318	323	329	—
Operating expenses	-299	-346	-331	-307

This initiative recognises \$1.3 million of additional Commonwealth Government funding (\$313 000 received in 2014–15) to increase the availability of centre based occasional child care, particularly in rural, regional and remote areas that do not currently have access to these services.

## Department of Environment, Water and Natural Resources

### National Bushfire Mitigation Project

*Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating revenue	450	449	—	—
Operating expenses	-457	-450	-449	—

This initiative recognises \$1.4 million of additional Commonwealth Government funding (\$457 000 received in 2014–15) for the National Bushfire Mitigation project agreement. The agreement supports the delivery of long term bushfire mitigation strategies and better fuel reduction programs.

**South Australian Riverland Floodplains Integrated Infrastructure Program (SARFIIP)***Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating revenue	25 000	30 000	42 600	34 000
Operating expenses	-7 221	-4 503	-4 503	-4 503
Investing payments	-19 571	-25 237	-38 106	-29 560

This initiative recognises \$145 million of additional Commonwealth Government funding from 2015–16 to 2019–20 for a package of environmental projects that aim to improve the long-term health and resilience of the Riverland floodplains and protect water quality for downstream users. Works will include the upgrade, installation and replacement of banks and regulating structures, salinity management measures and management of floodplain groundwater.

This funding is part of the \$445 million negotiated by South Australia (subject to finalisation of agreements) as part of the approval of the Murray-Darling Basin Plan in 2012.

**South East drainage system***Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating revenue	-5 986	-6 136	-6 289	-6 447
Operating expenses	4 347	4 456	4 567	4 682
Investing payments	1 639	1 680	1 722	1 765

This additional operating and investing expenditure was provided in the 2011–12 Budget for the operation and maintenance of the South East drainage system on the basis that a levy was to be introduced to raise additional funds from 1 July 2012.

The introduction of the additional levy is now not proceeding, consistent with feedback received from the community. Accordingly, revenue and expenditure associated with the levy has been reduced by \$6.0 million per annum (indexed) from 2015–16.

**Water Management Partnership Agreement — Business Case Development***Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating revenue	2 700	—	—	—
Operating expenses	-3 000	—	—	—

This initiative recognises \$2.7 million of additional Commonwealth Government funding in 2015–16 for the preparation of business cases and implementation plans for state priority projects under the Water Management Partnership Agreement. The initiative is funded by the Commonwealth Government (90 per cent) and the state government (10 per cent). The priority projects are:

- Water Management Solutions — the proposed replacement of IT applications that form the state's water licensing system to facilitate significant improvements in water trading performance and improve the quality of statutory, departmental and publicly reported water related data

- Flows for the Future — Eastern Mount Lofty Ranges - the proposed reform of flow management in the Eastern Mount Lofty Ranges to avoid reductions in water use for agricultural users while improving environmental flows
- Irrigation Infrastructure Optimisation Feasibility — a range of feasibility activities, technical assessments, engineering designs and industry scoping to provide a driver for continued economic development and industry assistance through continued improvements in water use efficiency and changed business practice.

## Environment Protection Authority

### Environmental assessments - metropolitan sites

*Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-2 237	—	—	—

This initiative provides \$2.2 million to undertake environmental assessments at sites across the Adelaide metropolitan area including Beverley where elevated levels of trichloroethylene (TCE) have been detected.

## Department for Health and Ageing

### National Partnership Agreement on Adult Public Dental Services

*Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating revenue	12 481	—	—	—
Operating expenses	-12 481	—	—	—

This initiative recognises \$12.5 million of Commonwealth Government funding for the National Partnership Agreement on Adult Public Dental Services in 2015–16. The funding will be used to improve the oral health of adult patients in South Australia.

The funding will ensure that low income adult patients receive an additional 14 617 dental services.

### New Royal Adelaide Hospital Project

*Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	18 650	-21 819	—	—
Investing payments	-11 150	—	—	—

This initiative provides net additional funding of \$34.3 million to the new Royal Adelaide Hospital project, of which \$20.0 million was recognised as an expense in 2014–15.

The state has negotiated a commercial settlement with the South Australian Health Partnership (SAHP) relating to remediation, modifications and other matters. The settlement provides for revised timeframes for the completion of the hospital, with the technical completion now to occur on 4 April 2016 and commercial acceptance on 3 July 2016.

The settlement requires the state to pay SAHP \$68.6 million which includes \$20.0 million (in 2014–15) for remediation of unknown site contamination, \$12.1 million (\$1.0 million of which will be funded from within existing health resources) for modifications to the hospital, including changes required to accommodate clinical equipment and other variations to the original project scope and \$36.5 million for finance and other costs.

The total payments to SAHP are offset by \$57.1 million in budgeted service payments no longer required to be made to SAHP as a result of the delay.

The delay in the opening of the hospital will require the state to incur net additional operating costs of \$21.8 million in 2016–17 (and \$2.0 million in 2015–16), including additional project costs and procurement holding costs.

## Transforming Health

### *Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Investing payments	—	—	-4 000	—

This initiative provides an additional \$4.0 million in 2017–18 for the Transforming Health — Flinders Medical Centre project to facilitate the relocation of Southern Adelaide Palliative Services to the Flinders Medical Centre. The total project cost is \$11.0 million, which includes the reallocation of \$7.0 million of existing investing expenditure over the period 2015–16 to 2017–18 from the Transforming Health — Noarlunga Health Service project in recognition that palliative services will no longer be relocated to the Noarlunga Hospital.

## Department of Planning, Transport and Infrastructure

### Angaston Railway Station Yard

#### *Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-1 968	—	—	—
Investing receipts	1 968	—	—	—

This initiative provides \$2.0 million in 2015–16 to the Barossa Council to facilitate the purchase of the Angaston railway station yard from the state.

The council intends to develop the land to realise community benefits, including a reduction of traffic and parking congestion in the township and the provision of a park for recreational use by local community members and visitors.

### City High School

#### *Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Investing payments	-30 000	—	—	—

This initiative provides \$30.0 million in 2015–16 for the purchase of the Reid Building from the University of South Australia in order to progress the City High School project.

**Critical bridge improvements***Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Investing payments	-3 200	-3 200	—	—

The initiative provides \$6.4 million over two years for repairs to the Port River Railway Bridge that carries two tracks of the Outer Harbor rail line across the Port River between the Port Adelaide and Ethelton stations, and for the replacement of the Inverbrackie Creek Bridge on Onkaparinga Valley Road to accommodate traffic from the Onkaparinga Valley Road and River View Road intersection.

**Last mile freight access road projects***Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Investing payments	-2 000	-17 200	—	—

This initiative provides \$19.2 million over two years for last mile road projects that will improve freight access in a range of locations around the state. These initiatives will include junction upgrades, overtaking lanes, safety improvements and extending route access for restricted access vehicles.

These initiatives were identified in the recently released A Modern Transport System for Agriculture: A New Partnership Approach report and will deliver more efficient and less costly transport for primary producers.

**Northern Connector***Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating revenue	16 000	84 000	268 000	280 000
Investing payments	-20 000	-105 000	-335 000	-350 000

The state and Commonwealth governments have committed \$985 million to deliver the Northern Connector Road Project (including \$175 million in 2019–20). This project is funded on an 80/20 basis with the Commonwealth Government contributing \$788 million and the state government \$197 million.

The Northern Connector Road Project comprises a 15.5km road to the west of Port Wakefield Road linking the Northern Expressway and the Port River Expressway, South Road Superway and Salisbury Highway Connector.

The new motorway is expected to significantly improve freight access to the Port of Adelaide and the industrial areas of Adelaide's north and northwest, improve road safety and efficiency, reduce travel times for commuters travelling to and from the northern suburbs and better serve the industrial and commercial sectors along Port Wakefield Road.

**Overland passenger service — extension of operating subsidy***Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-165	-340	-360	-185

This initiative provides \$1.05 million to assist Great Southern Rail to continue to provide a minimum number of return trips weekly between Adelaide and Melbourne on the Overland Rail Service.

Great Southern Rail will also provide \$100 000 per annum promoting South Australia as a tourism destination.

**The John Chalmers Centre for Transforming Healthcare***Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-500	—	—	—

This initiative provides \$500 000 in 2015–16 for a detailed assessment of the site next to the current South Australian Health and Medical Research Institute, to prepare for the construction of the proposed John Chalmers Centre for Transforming Healthcare, should the Commonwealth provide support for the project.

The proposed \$280 million project would house 500 researchers over 12 levels, and house the nation's first proton therapy unit.

The state has provisioned \$44 million towards the project, and Flinders University \$60 million. A further \$176 million is needed from the Commonwealth in order for the project to proceed.

**Department of the Premier and Cabinet****Centre for Business Growth***Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-698	-1 395	-1 395	-698

This initiative provides \$4.2 million over four years from 2015–16 to the University of South Australia's Centre for Business Growth to deliver expert presentations and assistance programs to around 240 small and medium sized companies across the state.

The Centre for Business Growth aims to provide companies with the knowledge and skills they need to identify business opportunities and impediments to company growth and to compete in the global marketplace.

**Domestic violence campaign***Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-1 072	—	—	—

This initiative provides \$1.1 million in 2015–16 as the state's contribution towards a \$30.0 million national awareness campaign to reduce violence against women and their children.

On 23 July 2015, the Council of Australian Governments agreed to jointly fund a national campaign against domestic violence. The campaign will include school education programs that focus on changing young people's attitudes towards violence.

**Department of Primary Industries and Regions****Biosecurity Levy***Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating revenue	-3 004	-3 082	-3 161	-3 244

The intent of the levy, which was announced in the 2010–11 Budget, was to ensure that livestock owners who benefit from animal health surveillance programs contributed towards their cost.

The government will not introduce a biosecurity levy to recover costs associated with the exotic disease surveillance program.

**Pest Management***Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-375	—	—	—

The Commonwealth Government provided \$375 000 in 2014–15 under the National Agreement for Assistance for Water Infrastructure and Pest Management to support improved land management during extended dry periods, and the Biteback Program which coordinates actions for wild dog control in the pastoral zone in Northern South Australia. These funds will be spent in 2015–16.

**Regional Development Fund***Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-3 830	-2 549	—	—

This initiative increases the funds available to the Regional Development Fund by \$6.4 million over two years to provide grants to stimulate economic growth, job creation and new investment opportunities in regional South Australia.



## Department of State Development

### Battery storage for government buildings — demonstration site

*Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Investing payments	-1 000	—	—	—

This initiative provides \$1.0 million in 2015–16 for a battery storage demonstration project in nominated South Australian Government buildings within the Adelaide City Council area. The project includes the design, installation, commissioning, maintenance and promotion of the benefits of battery storage systems.

### Co-operative research centres assistance program

*Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-2 000	—	—	—

This initiative provides \$2.0 million in 2015–16 for additional support to co-operative research centres (CRCs) headquartered in South Australia.

There are currently four CRCs based in South Australia:

- CRC for Deep Exploration Technology
- CRC for High Integrity Australian Pork
- CRC for Cell Therapy Manufacture
- Data to Decision CRC.

Each CRC will receive additional grant funding of \$0.5 million in 2015–16. It is expected that this additional government contribution will encourage CRC partners and industry collaborators to commit matching funding.

### Economic development in the Upper Spencer Gulf

*Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-750	-250	—	—

This initiative establishes a \$1.0 million job creation and support package for the Upper Spencer Gulf and outback regions in response to the closure of Alinta Energy sites in South Australia.

The package includes:

- \$258 000 for regional job creation grants in Port Augusta
- \$258 000 for regional job creation grants in Whyalla
- \$258 000 to support the town of Leigh Creek
- \$225 000 to provide Upper Spencer Gulf and outback supply chain workers with skills recognition, start up advice and other employment services support.

**Export partnership program***Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-700	-1 000	—	—

This initiative provides \$1.7 million over two years to expand the export partnership program to accelerate export marketing activities and create new export activity for South Australian businesses.

**Hillgrove Resources Limited***Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-850	—	—	—

This initiative provides \$850 000 in 2015–16 to Hillgrove Resources Limited to assist it to establish a supplementary supply of water to the Kanmantoo mine site to support mining operations and to work closely with the government to optimise the company's use of local workers and suppliers and further develop its community engagement program.

The provision of an alternative water supply to the Kanmantoo mine site is expected to reduce demand for potable water from the local supplies.

**Plan for Accelerating Exploration (PACE) Copper***Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-13 000	-7 000	—	—

This initiative provides \$20.0 million over two years to undertake terrain and geophysical imaging and discovery drilling in the Gawler Craton and far west regions of the state.

This will provide exploration opportunity and activity, bringing forward new discoveries and setting the vital foundations for the next generation of mineral industry growth.

**South Australian Oyster Growers Association — project funding***Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-400	—	—	—

This initiative provides \$400 000 to the South Australian Oyster Growers Association to contribute to the development of an information technology based management system to assist the monitoring and management of oysters in the region and provide valuable information to understand and address unexplained increases in oyster mortality.

## South Australian Stolen Generations Reparation Scheme

### Budget implications (\$000)

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-2 580	-4 966	-3 975	-1 000

This initiative provides \$12.5 million over four years to support the development and implementation of a reparations scheme for members of the South Australian Stolen Generations. The scheme includes:

- \$6.1 million for individual reparations
- \$5.0 million for whole-of-community reparations.

\$1.5 million has been allocated to administer the scheme, including independent legal advice, records recovery and support for the Aboriginal Legal Rights Movement to assist applicants.

## Support for steelmaking and steel fabrication industries

### Budget implications (\$000)

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-661	-914	-897	-203

This initiative provides \$2.7 million over four years to support the South Australian steelmaking and steel fabrication industries.

The government will establish a Whyalla Arrium Taskforce (at a cost of \$2.4 million over four years) to coordinate actions across government as Arrium works through a range of major issues impacting on business viability and the future of Whyalla.

The government will also provide support to assist small and medium-sized South Australian steel fabrication businesses to comply with Australian Standards for steel fabrication and to achieve accreditation under the National Structural Steelwork Compliance Scheme.

## Administered Items for the Department of State Development

### Extractive royalties applied to local government operations – revised arrangements

#### Budget implications (\$000)

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating revenue	-200	-200	-200	-200
Operating expenses	-600	-600	-600	-600

In the 2015–16 Budget the government announced that from 1 July 2015 local governments would be liable to pay extractive royalties where the land being mined is not covered by a permit, claim lease, licence, tenement or private mine under the *Mining Act 1971*.

Under the government's revised arrangements local governments with an operating budget of less than \$5.0 million (indexed) per annum will be exempt from the need to pay extractive royalties in these instances.

In addition, extractive royalties received from local governments that remain liable will be distributed on the following basis:

- 40 cents per tonne will be deposited into the Local Government Rate Equivalents Fund and will be used to fund research and development to benefit the local government sector; and
- the remaining 15 cents per tonne deposited to consolidated account.

## Department of Treasury and Finance

### Compulsory third party insurance reforms — project costs

*Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-10 108	—	—	—

This initiative provides \$10.1 million in 2015–16 to undertake the necessary administration, consultancy, ICT upgrades, legal, and Regulator’s Office establishment costs associated with the opening of the provision of Compulsory Third Party (CTP) insurance to the private sector in South Australia from 1 July 2016.

## Urban Renewal Authority

### Creation of new tenancies at Tonsley

*Budget implications (\$000)*

	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Operating expenses	-12 000	—	—	—

This initiative provides \$12.0 million in 2015–16 to create the capacity for further company tenancies within the main assembly building at Tonsley. Negotiations with a number of companies that will occupy the tenancies are currently occurring.

# Appendix B: Uniform presentation framework

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## Overview

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

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

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

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

## UNIFORM PRESENTATION FRAMEWORK TABLES

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

	2015–16 Budget	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
<b>Revenue</b>					
Taxation revenue	4 543	4 447	4 616	4 783	4 939
Grants	9 162	9 152	10 126	10 584	10 873
Sales of goods and services	2 329	2 385	2 424	2 511	2 583
Interest income	29	33	31	34	36
Dividend and income tax equivalent income	314	728	222	272	258
Other	720	658	703	707	703
<b>Total revenue</b>	<b>17 097</b>	<b>17 402</b>	<b>18 122</b>	<b>18 891</b>	<b>19 393</b>
<i>less</i>					
<b>Expenses</b>					
Employee expenses	7 512	7 576	7 677	7 892	8 078
Superannuation expenses					
Superannuation interest cost	378	402	392	382	371
Other superannuation expenses	812	821	831	846	862
Depreciation and amortisation	916	906	1 019	1 034	1 042
Interest expenses	198	239	437	397	386
Other property expenses	—	—	—	—	—
Other operating expenses	4 583	4 368	4 488	4 603	4 802
Grants	2 656	2 735	2 778	2 840	2 875
<b>Total expenses</b>	<b>17 055</b>	<b>17 047</b>	<b>17 622</b>	<b>17 995</b>	<b>18 416</b>
<i>equals</i>					
<b>Net operating balance</b>	<b>43</b>	<b>355</b>	<b>500</b>	<b>897</b>	<b>978</b>
<i>plus</i>					
<b>Other economic flows</b>	<b>782</b>	<b>-502</b>	<b>496</b>	<b>292</b>	<b>264</b>
<i>equals</i>					
<b>Comprehensive result - total change in net worth</b>	<b>825</b>	<b>-148</b>	<b>996</b>	<b>1 189</b>	<b>1 241</b>
<b>Net operating balance</b>	<b>43</b>	<b>355</b>	<b>500</b>	<b>897</b>	<b>978</b>
<i>less</i>					
<b>Net acquisition of non-financial assets</b>					
Purchases of non-financial assets	1 327	1 235	4 555	1 805	1 517
less Sales of non-financial assets	339	373	138	67	21
less Depreciation	916	906	1 019	1 034	1 042
plus Change in inventories	—	—	—	—	—
plus Other movements in non-financial assets	—	—	—	—	—
<i>equals</i> Total net acquisition of non-financial assets	<b>72</b>	<b>-44</b>	<b>3 398</b>	<b>704</b>	<b>454</b>
<i>equals</i>					
<b>Net lending / borrowing</b>	<b>-29</b>	<b>398</b>	<b>-2 898</b>	<b>193</b>	<b>523</b>

Note: Totals may not add due to rounding.

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

	2015–16 Budget	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
<b>Revenue</b>					
Taxation revenue	—	—	—	—	—
Grants	368	369	382	465	483
Sales of goods and services	1 756	1 723	1 747	1 778	1 820
Interest income	8	9	8	7	7
Dividend and income tax equivalent income	3	3	4	4	6
Other	159	134	133	163	138
<b>Total revenue</b>	<b>2 294</b>	<b>2 238</b>	<b>2 274</b>	<b>2 418</b>	<b>2 453</b>
<i>less</i>					
<b>Expenses</b>					
Employee expenses	202	203	201	205	209
Superannuation expenses					
Superannuation interest cost	—	—	—	—	—
Other superannuation expenses	26	25	26	27	27
Depreciation and amortisation	455	452	462	479	497
Interest expenses	291	286	287	275	278
Other property expenses	249	268	198	249	233
Other operating expenses	1 258	1 177	1 233	1 252	1 267
Grants	31	40	31	32	35
<b>Total expenses</b>	<b>2 512</b>	<b>2 452</b>	<b>2 438</b>	<b>2 518</b>	<b>2 547</b>
<i>equals</i>					
<b>Net operating balance</b>	<b>-218</b>	<b>-214</b>	<b>-164</b>	<b>-101</b>	<b>-94</b>
<i>plus</i>					
<b>Other economic flows</b>	<b>590</b>	<b>681</b>	<b>589</b>	<b>609</b>	<b>605</b>
<i>equals</i>					
<b>Comprehensive result - total change in net worth</b>	<b>371</b>	<b>467</b>	<b>425</b>	<b>508</b>	<b>511</b>
<b>Net operating balance</b>	<b>-218</b>	<b>-214</b>	<b>-164</b>	<b>-101</b>	<b>-94</b>
<i>less</i>					
<b>Net acquisition of non-financial assets</b>					
Purchases of non-financial assets	641	708	635	688	560
less Sales of non-financial assets	161	176	184	136	118
less Depreciation	455	452	462	479	497
plus Change in inventories	6	59	-27	-32	-20
plus Other movements in non-financial assets	—	—	—	—	—
<i>equals</i> Total net acquisition of non-financial assets	<b>31</b>	<b>139</b>	<b>-38</b>	<b>41</b>	<b>-74</b>
<i>equals</i>					
<b>Net lending / borrowing</b>	<b>-250</b>	<b>-353</b>	<b>-126</b>	<b>-142</b>	<b>-19</b>

Note: Totals may not add due to rounding.

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

	2015–16 Budget	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
<b>Revenue</b>					
Taxation revenue	4 206	4 112	4 268	4 421	4 566
Grants	9 162	9 151	10 126	10 585	10 874
Sales of goods and services	3 893	3 913	3 972	4 089	4 198
Interest income	32	36	33	35	38
Dividend and income tax equivalent income	72	465	30	30	33
Other	875	789	832	867	838
<b>Total revenue</b>	<b>18 240</b>	<b>18 465</b>	<b>19 260</b>	<b>20 027</b>	<b>20 547</b>
<i>less</i>					
<b>Expenses</b>					
Employee expenses	7 714	7 779	7 878	8 098	8 287
Superannuation expenses					
Superannuation interest cost	378	402	392	382	371
Other superannuation expenses	837	846	858	872	889
Depreciation and amortisation	1 371	1 358	1 481	1 513	1 539
Interest expenses	482	520	717	666	659
Other property expenses	—	—	—	—	—
Other operating expenses	5 313	5 015	5 171	5 293	5 490
Grants	2 320	2 405	2 428	2 407	2 428
<b>Total expenses</b>	<b>18 416</b>	<b>18 324</b>	<b>18 925</b>	<b>19 231</b>	<b>19 663</b>
<i>equals</i>					
<b>Net operating balance</b>	<b>-176</b>	<b>141</b>	<b>336</b>	<b>796</b>	<b>884</b>
<i>plus</i>					
<b>Other economic flows</b>	<b>1 000</b>	<b>-288</b>	<b>661</b>	<b>393</b>	<b>357</b>
<i>equals</i>					
<b>Comprehensive result - total change in net worth</b>	<b>825</b>	<b>-148</b>	<b>996</b>	<b>1 189</b>	<b>1 241</b>
<b>Net operating balance</b>	<b>-176</b>	<b>141</b>	<b>336</b>	<b>796</b>	<b>884</b>
<i>less</i>					
<b>Net acquisition of non-financial assets</b>					
Purchases of non-financial assets	1 968	1 939	5 187	2 493	2 078
less Sales of non-financial assets	500	544	320	203	139
less Depreciation	1 371	1 358	1 481	1 513	1 539
plus Change in inventories	6	59	-27	-32	-20
plus Other movements in non-financial assets	—	—	—	—	—
<b>equals Total net acquisition of non-financial assets</b>	<b>103</b>	<b>95</b>	<b>3 360</b>	<b>745</b>	<b>380</b>
<i>equals</i>					
<b>Net lending / borrowing</b>	<b>-279</b>	<b>46</b>	<b>-3 024</b>	<b>51</b>	<b>504</b>

Note: Totals may not add due to rounding.



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

	2015–16 Budget	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
<b>Assets</b>					
Financial assets					
Cash and deposits	1 083	1 101	1 117	1 134	1 149
Advances paid	106	64	59	56	53
Investments, loans and placements	271	283	295	307	319
Receivables	664	601	608	587	568
Equity					
Investments in other public sector entities	20 542	20 203	20 282	20 457	20 597
Investments - other	829	857	857	857	857
Other financial assets	42	78	77	83	82
<b>Total financial assets</b>	<b>23 537</b>	<b>23 187</b>	<b>23 294</b>	<b>23 481</b>	<b>23 625</b>
Non-financial assets					
Land and other fixed assets	38 670	38 739	42 182	42 930	43 426
Other non-financial assets	5	1	1	1	1
<b>Total non-financial assets</b>	<b>38 675</b>	<b>38 741</b>	<b>42 183</b>	<b>42 932</b>	<b>43 428</b>
<b>Total assets</b>	<b>62 212</b>	<b>61 927</b>	<b>65 478</b>	<b>66 413</b>	<b>67 053</b>
<b>Liabilities</b>					
Deposits held	360	470	452	457	465
Advances received	245	235	227	220	212
Borrowing	5 093	4 330	7 103	7 005	6 594
Superannuation	12 520	12 091	11 801	11 478	11 123
Other employee benefits	2 619	2 685	2 744	2 878	3 015
Payables	1 042	1 072	1 077	1 081	1 086
Other liabilities	849	1 072	1 104	1 134	1 158
<b>Total liabilities</b>	<b>22 727</b>	<b>21 953</b>	<b>24 508</b>	<b>24 254</b>	<b>23 653</b>
<b>Net worth</b>	<b>39 485</b>	<b>39 974</b>	<b>40 970</b>	<b>42 159</b>	<b>43 400</b>
Net financial worth (a)	810	1 233	-1 213	-773	-28
Net financial liabilities	19 732	18 969	21 495	21 230	20 625
Net debt (b)	4 238	3 585	6 312	6 185	5 751

Note: Totals may not add due to rounding.

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

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

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

	2015–16 Budget	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
<b>Assets</b>					
Financial assets					
Cash and deposits	383	411	337	327	374
Advances paid	—	—	—	—	—
Investments, loans and placements	46	47	47	48	49
Receivables	278	275	266	296	299
Equity					
Investments in other public sector entities	—	—	—	—	—
Investments - other	16	18	18	18	18
Other financial assets	7	7	7	7	7
<b>Total financial assets</b>	<b>730</b>	<b>758</b>	<b>675</b>	<b>695</b>	<b>747</b>
Non-financial assets					
Land and other fixed assets	26 374	25 824	26 362	26 996	27 527
Other non-financial assets	3	3	9	9	10
<b>Total non-financial assets</b>	<b>26 378</b>	<b>25 828</b>	<b>26 370</b>	<b>27 005</b>	<b>27 537</b>
<b>Total assets</b>	<b>27 107</b>	<b>26 586</b>	<b>27 045</b>	<b>27 701</b>	<b>28 284</b>
<b>Liabilities</b>					
Deposits held	1	—	1	1	2
Advances received	33	33	33	33	33
Borrowing	7 431	7 424	7 459	7 616	7 697
Superannuation	—	—	—	—	—
Other employee benefits	76	74	75	76	76
Payables	277	266	271	276	281
Other liabilities	84	68	61	46	30
<b>Total liabilities</b>	<b>7 901</b>	<b>7 866</b>	<b>7 900</b>	<b>8 048</b>	<b>8 119</b>
<b>Net worth</b>	<b>19 206</b>	<b>18 720</b>	<b>19 145</b>	<b>19 653</b>	<b>20 165</b>
Net financial worth (a)	-7 171	-7 108	-7 225	-7 352	-7 372
Net financial liabilities	7 171	7 108	7 225	7 352	7 372
Net debt (b)	7 036	6 999	7 109	7 275	7 308

Note: Totals may not add due to rounding.

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

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

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

	2015–16 Budget	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
<b>Assets</b>					
Financial assets					
Cash and deposits	1 276	1 246	1 204	1 208	1 262
Advances paid	73	31	26	23	20
Investments, loans and placements	316	330	342	355	368
Receivables	847	847	850	875	874
Equity					
Investments in other public sector entities	1 335	1 483	1 136	804	433
Investments - other	845	875	875	875	875
Other financial assets	45	81	81	87	86
<b>Total financial assets</b>	<b>4 738</b>	<b>4 894</b>	<b>4 515</b>	<b>4 227</b>	<b>3 918</b>
Non-financial assets					
Land and other fixed assets	65 044	64 564	68 544	69 927	70 953
Other non-financial assets	9	4	10	11	11
<b>Total non-financial assets</b>	<b>65 053</b>	<b>64 568</b>	<b>68 554</b>	<b>69 937</b>	<b>70 965</b>
<b>Total assets</b>	<b>69 790</b>	<b>69 462</b>	<b>73 069</b>	<b>74 164</b>	<b>74 883</b>
<b>Liabilities</b>					
Deposits held	171	204	204	205	205
Advances received	245	235	227	220	212
Borrowing	12 523	11 754	14 562	14 621	14 291
Superannuation	12 520	12 091	11 801	11 478	11 123
Other employee benefits	2 694	2 759	2 819	2 954	3 091
Payables	1 214	1 297	1 306	1 314	1 323
Other liabilities	937	1 149	1 180	1 212	1 237
<b>Total liabilities</b>	<b>30 305</b>	<b>29 488</b>	<b>32 099</b>	<b>32 005</b>	<b>31 483</b>
<b>Net worth</b>	<b>39 485</b>	<b>39 974</b>	<b>40 970</b>	<b>42 159</b>	<b>43 400</b>
Net financial worth (a)	-25 568	-24 594	-27 584	-27 778	-27 565
Net financial liabilities	26 903	26 077	28 720	28 582	27 997
Net debt (b)	11 274	10 585	13 421	13 460	13 059

Note: Totals may not add due to rounding.

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

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

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

	2015–16 Budget	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
<b>Cash receipts from operating activities</b>					
Taxes received	4 540	4 443	4 613	4 779	4 936
Receipts from sales of goods and services	2 300	2 356	2 404	2 490	2 561
Grants and subsidies received	9 162	9 192	10 126	10 584	10 873
Interest receipts	29	33	31	34	36
Dividends and income tax equivalents	307	744	227	290	274
Other receipts	717	682	705	711	713
<b>Total operating receipts</b>	<b>17 056</b>	<b>17 451</b>	<b>18 105</b>	<b>18 888</b>	<b>19 394</b>
<b>Cash payments for operating activities</b>					
Payments for employees	-8 787	-8 864	-9 017	-9 199	-9 413
Payments for goods and services	-4 354	-4 122	-4 255	-4 376	-4 577
Grants and subsidies paid	-2 788	-2 865	-2 912	-2 953	-3 007
Interest paid	-198	-239	-437	-397	-386
Other payments	-68	-66	-73	-68	-62
<b>Total operating payments</b>	<b>-16 194</b>	<b>-16 155</b>	<b>-16 694</b>	<b>-16 993</b>	<b>-17 446</b>
<b>Net cash flows from operating activities</b>	<b>862</b>	<b>1 296</b>	<b>1 411</b>	<b>1 896</b>	<b>1 948</b>
<b>Net cash flows from investments in non-financial assets</b>					
Sales of non-financial assets	339	372	138	50	21
Purchases of non-financial assets (a)	-1 325	-1 234	-1 734	-1 793	-1 517
<b>Net cash flows from investments in non-financial assets</b>	<b>-986</b>	<b>-863</b>	<b>-1 595</b>	<b>-1 743</b>	<b>-1 496</b>
<b>Net cash flows from investments in financial assets for policy purposes (b)</b>	<b>-13</b>	<b>-69</b>	<b>291</b>	<b>-12</b>	<b>-3</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-4</b>	<b>-4</b>	<b>-12</b>	<b>-12</b>	<b>-12</b>
<b>Net cash flows from financing activities</b>					
Advances received (net)	-7	-17	-7	-7	-8
Borrowing (net)	177	-434	-41	-92	-405
Deposits received (net)	-7	92	-17	4	8
Dividends paid	—	—	—	—	—
Other financing (net)	—	—	—	—	1
<b>Net cash flows from financing activities</b>	<b>164</b>	<b>-358</b>	<b>-65</b>	<b>-94</b>	<b>-404</b>
<b>Net Increase/(decrease) in cash held</b>	<b>23</b>	<b>1</b>	<b>30</b>	<b>34</b>	<b>34</b>
Net cash flows from operating activities	862	1 296	1 411	1 896	1 948
Net cash flows from investments in non-financial assets	-986	-863	-1 595	-1 743	-1 496
Dividends paid	—	—	—	—	—
<b>Cash surplus / (deficit)</b>	<b>-124</b>	<b>433</b>	<b>-184</b>	<b>152</b>	<b>453</b>

Note: Totals may not add due to rounding.

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

(b) Includes equity acquisitions and disposals.

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

	2015–16 Budget	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
<b>Cash receipts from operating activities</b>					
Taxes received	—	—	—	—	—
Receipts from sales of goods and services	1 704	1 695	1 733	1 725	1 793
Grants and subsidies received	368	369	382	465	483
Interest receipts	8	9	8	7	7
Dividends and income tax equivalents	3	3	4	4	6
Other receipts	148	119	117	155	128
<b>Total operating receipts</b>	<b>2 231</b>	<b>2 194</b>	<b>2 244</b>	<b>2 356</b>	<b>2 416</b>
<b>Cash payments for operating activities</b>					
Payments for employees	-240	-239	-240	-246	-250
Payments for goods and services	-895	-866	-819	-819	-834
Grants and subsidies paid	-31	-40	-31	-32	-35
Interest paid	-292	-288	-288	-276	-279
Other payments	-418	-436	-427	-464	-472
<b>Total operating payments</b>	<b>-1 876</b>	<b>-1 870</b>	<b>-1 805</b>	<b>-1 837</b>	<b>-1 870</b>
<b>Net cash flows from operating activities</b>	<b>356</b>	<b>324</b>	<b>439</b>	<b>519</b>	<b>546</b>
<b>Net cash flows from investments in non-financial assets</b>					
Sales of non-financial assets	161	176	184	136	118
Purchases of non-financial assets (a)	-617	-680	-611	-666	-536
<b>Net cash flows from investments in non-financial assets</b>	<b>-456</b>	<b>-504</b>	<b>-427</b>	<b>-530</b>	<b>-419</b>
<b>Net cash flows from investments in financial assets for policy purposes (b)</b>					
	—	—	—	—	—
<b>Net cash flows from investments in financial assets for liquidity purposes</b>					
	-1	-1	—	-1	-1
<b>Net cash flows from financing activities</b>					
Advances received (net)	19	123	14	16	—
Borrowing (net)	223	274	35	157	81
Deposits received (net)	—	—	—	—	—
Dividends paid	-171	-187	-136	-171	-160
Other financing (net)	—	—	—	—	—
<b>Net cash flows from financing activities</b>	<b>71</b>	<b>210</b>	<b>-86</b>	<b>2</b>	<b>-79</b>
<b>Net Increase/(decrease) in cash held</b>	<b>-31</b>	<b>30</b>	<b>-74</b>	<b>-10</b>	<b>47</b>
Net cash flows from operating activities	356	324	439	519	546
Net cash flows from investments in non-financial assets	-456	-504	-427	-530	-419
Dividends paid	-171	-187	-136	-171	-160
<b>Cash surplus / (deficit)</b>	<b>-272</b>	<b>-367</b>	<b>-124</b>	<b>-182</b>	<b>-33</b>

Note: Totals may not add due to rounding.

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

(b) Includes equity acquisitions and disposals.

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

	2015–16 Budget	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
<b>Cash receipts from operating activities</b>					
Taxes received	4 203	4 108	4 264	4 418	4 563
Receipts from sales of goods and services	3 816	3 859	3 940	4 017	4 152
Grants and subsidies received	9 162	9 192	10 126	10 585	10 874
Interest receipts	32	36	33	35	38
Dividends and income tax equivalents	72	465	30	30	33
Other receipts	859	795	817	860	835
<b>Total operating receipts</b>	<b>18 145</b>	<b>18 455</b>	<b>19 210</b>	<b>19 945</b>	<b>20 495</b>
<b>Cash payments for operating activities</b>					
Payments for employees	-9 013	-9 090	-9 244	-9 430	-9 648
Payments for goods and services	-5 081	-4 809	-4 903	-5 023	-5 235
Grants and subsidies paid	-2 452	-2 535	-2 561	-2 521	-2 560
Interest paid	-484	-521	-719	-667	-660
Other payments	-70	-67	-69	-61	-57
<b>Total operating payments</b>	<b>-17 099</b>	<b>-17 022</b>	<b>-17 496</b>	<b>-17 702</b>	<b>-18 161</b>
<b>Net cash flows from operating activities</b>	<b>1 046</b>	<b>1 433</b>	<b>1 714</b>	<b>2 244</b>	<b>2 334</b>
<b>Net cash flows from investments in non-financial assets</b>					
Sales of non-financial assets	500	543	320	186	139
Purchases of non-financial assets (a)	-1 942	-1 910	-2 342	-2 459	-2 053
<b>Net cash flows from investments in non-financial assets</b>	<b>-1 442</b>	<b>-1 367</b>	<b>-2 022</b>	<b>-2 274</b>	<b>-1 914</b>
<b>Net cash flows from investments in financial assets for policy purposes (b)</b>					
	6	54	305	4	-3
<b>Net cash flows from investments in financial assets for liquidity purposes</b>					
	-5	-5	-12	-13	-13
<b>Net cash flows from financing activities</b>					
Advances received (net)	-7	-17	-7	-7	-8
Borrowing (net)	400	-160	-6	65	-323
Deposits received (net)	—	—	—	—	—
Dividends paid	—	—	—	—	—
Other financing (net)	—	—	—	—	1
<b>Net cash flows from financing activities</b>	<b>394</b>	<b>-176</b>	<b>-12</b>	<b>59</b>	<b>-330</b>
<b>Net Increase/(decrease) in cash held</b>	<b>-1</b>	<b>-61</b>	<b>-27</b>	<b>20</b>	<b>73</b>
Net cash flows from operating activities	1 046	1 433	1 714	2 244	2 334
Net cash flows from investments in non-financial assets	-1 442	-1 367	-2 022	-2 274	-1 914
Dividends paid	—	—	—	—	—
<b>Cash surplus / (deficit)</b>	<b>-396</b>	<b>66</b>	<b>-308</b>	<b>-30</b>	<b>419</b>

Note: Totals may not add due to rounding.

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

(b) Includes equity acquisitions and disposals.

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

	2015–16 Budget	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
<b>Cash surplus / (deficit)</b>	-124	433	-184	152	453
Acquisitions under finance leases and similar arrangements (a)	—	—	-2 820	—	—
<b>ABS GFS Surplus (+) / deficit (-) including finance leases and similar arrangements</b>	-124	433	-3 004	152	453

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

<b>Cash surplus / (deficit)</b>	-272	-367	-124	-182	-33
Acquisitions under finance leases and similar arrangements (a)	—	—	—	—	—
<b>ABS GFS Surplus (+) / deficit (-) including finance leases and similar arrangements</b>	-272	-367	-124	-182	-33

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

<b>Cash surplus / (deficit)</b>	-396	66	-308	-30	419
Acquisitions under finance leases and similar arrangements (a)	—	—	-2 820	—	—
<b>ABS GFS Surplus (+) / deficit (-) including finance leases and similar arrangements</b>	-396	66	-3 128	-30	419

Note: Totals may not add due to rounding.

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

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

	2015–16 Budget	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
<b>Taxes on employers' payroll and labour force</b>	1 184	1 139	1 201	1 265	1 324
<b>Taxes on property</b>					
Land taxes	583	581	604	624	643
Stamp duties on financial and capital transactions	1 044	1 023	1 060	1 079	1 100
Financial institutions' transaction taxes	—	—	—	—	—
Other	264	261	266	271	277
<b>Total</b>	<b>1 891</b>	<b>1 865</b>	<b>1 930</b>	<b>1 973</b>	<b>2 020</b>
<b>Taxes on the provision of goods and services</b>					
Excises and levies	—	—	—	—	—
Taxes on gambling	408	397	406	429	440
Taxes on insurance	441	431	445	461	479
<b>Total</b>	<b>849</b>	<b>828</b>	<b>851</b>	<b>890</b>	<b>919</b>
<b>Taxes on use of goods and performance of activities</b>					
Motor vehicle taxes	618	615	635	654	677
<b>Total</b>	<b>618</b>	<b>615</b>	<b>635</b>	<b>654</b>	<b>677</b>
<b>Total GFS taxation revenue</b>	<b>4 543</b>	<b>4 447</b>	<b>4 616</b>	<b>4 783</b>	<b>4 939</b>

Note: Totals may not add due to rounding.

(a) Excludes taxes paid by general government entities.



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

	2015–16 Budget	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
<b>Current grant revenue</b>					
Current grants from the Commonwealth					
General purpose grants	5 518	5 527	6 131	6 501	6 657
National partnership grants	311	333	346	254	397
National partnership grants for on-passing	154	91	153	159	163
Specific purpose grants	1 769	1 769	1 851	1 914	1 994
Specific purpose grants for on-passing	815	815	866	909	949
<b>Total current grants from the Commonwealth</b>	<b>8 566</b>	<b>8 535</b>	<b>9 347</b>	<b>9 738</b>	<b>10 161</b>
Other contributions and grants	142	142	142	148	142
<b>Total current grant revenue</b>	<b>8 708</b>	<b>8 677</b>	<b>9 489</b>	<b>9 886</b>	<b>10 303</b>
<b>Capital grant revenue</b>					
Capital grants from the Commonwealth					
General purpose grants	—	—	—	—	—
National partnership grants	348	363	533	594	465
Specific purpose grants	94	94	95	95	96
Specific purpose grants for on-passing	—	—	—	—	—
Other capital grants	4	9	4	4	4
<b>Total capital grants from the Commonwealth</b>	<b>447</b>	<b>466</b>	<b>632</b>	<b>694</b>	<b>565</b>
Other contributions and grants	8	9	5	5	5
<b>Total capital grant revenue</b>	<b>454</b>	<b>475</b>	<b>637</b>	<b>699</b>	<b>570</b>
<b>Total grant revenue</b>	<b>9 162</b>	<b>9 152</b>	<b>10 126</b>	<b>10 584</b>	<b>10 873</b>

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

	2015–16 Budget	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
<b>Current grant expense</b>					
State/territory government	10	6	2	2	2
Local government	51	55	53	54	55
Local government on-passing	150	88	149	155	159
Private and not-for-profit sector	1 077	1 135	1 102	1 008	993
Private and not-for-profit sector on-passing	819	881	870	913	953
Grants to other sectors of government	370	371	384	468	485
Other	129	144	178	186	190
<b>Total current grant expense</b>	<b>2 606</b>	<b>2 680</b>	<b>2 739</b>	<b>2 785</b>	<b>2 838</b>
<b>Capital grant expense</b>					
State/territory government	—	—	—	—	—
Local government	4	6	—	—	—
Local government on-passing	—	—	—	—	—
Private and not-for-profit sector	46	49	39	55	37
Private and not-for-profit sector on-passing	—	—	—	—	—
Grants to other sectors of government	—	—	—	—	—
Other	—	—	—	—	—
<b>Total capital grant expense</b>	<b>50</b>	<b>55</b>	<b>39</b>	<b>55</b>	<b>37</b>
<b>Total grant expense</b>	<b>2 656</b>	<b>2 735</b>	<b>2 778</b>	<b>2 840</b>	<b>2 875</b>

Note: Totals may not add due to rounding.

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

	2015–16 Budget	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
Dividend and income tax equivalent income from PNFC sector	246	266	196	246	231
Dividend and income tax equivalent income from PFC sector	67	461	25	25	26
Other dividend income	1	1	1	1	1
<b>Total dividend and income tax equivalent income</b>	<b>314</b>	<b>728</b>	<b>222</b>	<b>272</b>	<b>258</b>

Note: Totals may not add due to rounding.

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

	2015–16 Budget	2015–16 MYBR	2016–17 Estimate	2017–18 Estimate	2018–19 Estimate
<b>Net worth at beginning of year</b>	<b>38 660</b>	<b>40 121</b>	<b>39 974</b>	<b>40 970</b>	<b>42 159</b>
<b>Change in net worth from operating transactions:</b>					
Net operating balance	43	355	500	897	978
<b>Change in net worth from other economic flows:</b>					
Movement in net assets of PFCs <sup>(a)</sup>	55	127	- 46	- 332	- 377
Movement in net assets of PNFCs <sup>(a)</sup>	353	344	411	492	511
Revaluation of unfunded superannuation liability <sup>(b)</sup>	257	- 745	232	236	240
Revaluation of long service leave liability	- 95	- 95	- 97	- 99	- 100
Revaluation of annual leave liability	- 10	- 10	- 10	- 11	- 11
Revaluation of workers compensation liability	202	- 181	- 17	- 17	- 17
Other revaluation adjustments	20	58	24	22	18
<b>Total other economic flows</b>	<b>782</b>	<b>- 502</b>	<b>496</b>	<b>292</b>	<b>264</b>
<b>Net worth at year end</b>	<b>39 485</b>	<b>39 974</b>	<b>40 970</b>	<b>42 159</b>	<b>43 400</b>

Note: Totals may not add due to rounding.

- (a) Net equity injections from, and the return of equity to, the general government sector.
- (b) 2015–16 Budget represents expected returns on superannuation assets in excess of 3.0 per cent, which was the Commonwealth Government Bond rate at the time of the 2015–16 Budget.

**Table B.17: Loan Council Allocation 2015–16<sup>(a)</sup> (\$million)**

	2015–16 Budget	2015–16 MYBR
General government sector cash deficit/surplus	124	-433
PNFC sector cash deficit/surplus	272	367
<b>Total non-financial public sector cash deficit/(surplus)<sup>(b)</sup></b>	<b>396</b>	<b>-66</b>
Acquisitions under finance leases and similar arrangements	—	—
<b>ABS Government Finance Statistics cash deficit/(surplus)</b>	<b>396</b>	<b>-66</b>
Less: Net cash flows from investments in financial assets for policy purposes	6	54
<b>Adjusted total non-financial public sector cash deficit/(surplus)</b>	<b>390</b>	<b>-120</b>
<b>Memorandum items<sup>(c)</sup></b>		
Operating leases <sup>(d)</sup>	-116	-107
Recourse asset sales	—	—
Superannuation <sup>(e)</sup>	-394	-256
Local government	64	33
Home finance schemes	59	-32
<b>Total memorandum items</b>	<b>-388</b>	<b>-362</b>
<b>LCA deficit/(surplus)<sup>(f)(g)</sup></b>	<b>2</b>	<b>-482</b>

Note: Totals may not add due to rounding.

- (a) For the purposes of this table a surplus is represented as a negative, while a deficit is a positive.
- (b) The sum of the general government and PNFC sector may not equal the non-financial public sector deficit due to intersectoral transfers, which are netted out in the calculation of the total figure. These figures exclude statutory marketing authorities.
- (c) Excludes universities.
- (d) Increase/decrease in the net present value (NPV) of operating leases with an NPV of \$5 million or greater.
- (e) Includes both 'payments in excess of emerging costs of superannuation' and 'interest earnings on employer balances'.
- (f) The 2 per cent of total revenue tolerance limit around South Australia's 2015–16 LCA is \$365 million.
- (g) South Australia has one infrastructure project with private sector involvement that may meet the recognition criteria for 2015–16 — the upgrade of the Adelaide Festival Centre Precinct.



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

The following tables provide historical data on key fiscal aggregates. Data provided (excluding the unfunded superannuation liability) is sourced for 1998–99 from *Australian Bureau of Statistics Government Finance Statistics 2007–08* (catalogue number 5512.0) and for 1999–2000 to 2014–15 from budget outcome publications for South Australia.

Real-growth calculations using Gross State Product (GSP) and Consumer Price Index (CPI) data up to 2014–15 is sourced from the latest Australian Bureau of Statistics (ABS) publications. Department of the Premier and Cabinet forecasts are used for the forward estimates.

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

## General government sector

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

	Revenue			Expenses			Net operating balance	Net acquisition of non-financial assets	Net lending
	\$m	% real		\$m	% real				
		growth	% GSP		growth	% GSP			
1998–99	7 290		17.0	7 505		17.5	- 215	19	- 233
1999–2000	7 644	2.3	16.9	7 974	3.6	17.6	- 330	140	- 471
2000–01	8 108	3.0	16.8	8 406	2.4	17.5	- 297	102	- 399
2001–02	8 538	2.1	16.3	8 713	0.5	16.7	- 174	- 50	- 124
2002–03	9 346	5.2	16.8	8 898	-1.8	16.0	448	34	414
2003–04	9 955	3.4	16.9	9 570	4.4	16.2	385	- 38	424
2004–05	10 592	3.9	17.2	10 368	5.8	16.8	224	105	119
2005–06	11 242	2.9	17.3	11 040	3.3	16.9	202	119	83
2006–07	11 757	1.9	16.7	11 547	1.9	16.4	209	139	71
2007–08	12 879	6.1	16.8	12 414	4.1	16.2	464	242	222
2008–09	13 531	1.9	17.0	13 764	7.5	17.3	- 233	639	- 872
2009–10 <sup>(a)</sup>	15 534	12.3	18.6	15 347	9.1	18.4	187	1 279	-1 092
2010–11 <sup>(a)</sup>	15 017	-6.3	16.8	15 069	-4.9	16.8	- 53	1 370	-1 422
2011–12	15 905	3.2	17.4	16 164	4.5	17.7	- 258	839	-1 098
2012–13	15 333	-5.5	16.2	16 282	-1.3	17.2	- 948	55	-1 003
2013–14 <sup>(b)</sup>	15 343	-2.4	15.8	16 415	-1.7	16.9	-1 071	661	-1 733
2014–15	16 549	6.2	16.8	16 738	0.4	17.0	- 189	- 78	- 111
2015–16	17 402	3.3	17.4	17 047	0.1	17.0	355	- 44	398
2016–17	18 122	1.8	17.4	17 622	1.1	16.9	500	3 398	-2 898
2017–18	18 891	1.7	17.4	17 995	-0.4	16.5	897	704	193
2018–19	19 393	0.2	17.1	18 416	-0.2	16.2	978	454	523

Note: Totals may not add due to rounding

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

**Table C.2: General government key balance sheet aggregates (\$million)<sup>(a)</sup>**

As at 30 June	Net debt <sup>(b)</sup>	Unfunded superannuation <sup>(c)</sup>	Net financial liabilities	Net financial worth	Net worth
1988	859				
1989	694				
1990	854				
1991	1 817				
1992	4 610				
1993	7 884				
1994	7 113				
1995	5 815				
1996	5 512				
1997	4 983				
1998	4 762				
1999	4 779	3 909	9 733	1 894	10 624
2000	1 920	3 543	6 911	2 986	12 445
2001	1 246	3 249	6 093	4 091	14 816
2002	1 303	3 998	6 907	3 559	14 721
2003	666	4 445	6 974	3 500	15 288
2004	224	5 668	7 858	3 842	15 760
2005	144	7 227	9 393	3 853	16 359
2006	- 119	6 146	8 171	5 846	19 703
2007 <sup>(d)</sup>	- 24	5 075	7 254	8 110	22 128
2008 <sup>(e)(f)(g)</sup>	- 276	6 468	8 078	7 580	23 741
2009	475	8 939	11 562	5 551	24 146
2010	1 402	9 478	13 182	6 551	36 231
2011	2 930	9 096	14 313	7 299	40 958
2012 <sup>(h)</sup>	4 165	13 523	20 332	1 413	37 199
2013	5 227	11 085	19 079	1 742	39 363
2014 <sup>(i)</sup>	7 071	10 877	20 761	1 056	39 654
2015 <sup>(j)</sup>	3 929	11 358	18 296	1 374	40 121
2016 <sup>(k)</sup>	3 585	12 091	18 969	1 233	39 974
2017	6 312	11 801	21 495	-1 213	40 970
2018	6 185	11 478	21 230	- 773	42 159
2019	5 751	11 123	20 625	- 28	43 400

(a) During the implementation of the 2008 revised Uniform Presentation Framework (UPF) minor variances in some aggregates compared with earlier budget publications were discovered. This table reflects minor revisions resulting from the back-casting of budget aggregates associated with implementing the revised UPF.

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

(c) There is a structural break in the methodology used to calculate superannuation liabilities between June 2003 and June 2004. This accounting change, which involved the adoption of the Commonwealth Government bond rate for valuation purposes in line with AASB 119, *Employee Benefits*, resulted in a significant increase in superannuation liabilities.

(d) There is a structural break in 2007 reflecting the amalgamation of South Australian Financing Authority and South Australian Insurance Corporation (SAICORP) on 1 July 2006. The transfer of SAICORP's assets and liabilities from the general government sector to the public financial corporations sector resulted in an increase in general government net debt of \$99 million at 1 July 2006 and an increase in net financial liabilities of \$90 million at 1 July 2006.

(e) There is a structural break in 2008 reflecting the transfer of rail assets from TransAdelaide to the general government sector. This results in an increase in net debt and net financial liabilities of \$66 million in 2007–08, and a reduction in net financial worth of \$591 million, with no impact on net worth.

(f) There is a structural break in 2008 reflecting the transfer of assets from the Adelaide Festival Centre Trust to the general government sector. This results in an increase in net debt and net financial liabilities of \$28 million in 2007–08, and a reduction in net financial worth of \$76 million, with no impact on net worth.

(g) There is a structural break in 2008 reflecting the first time recognition on the general government balance sheet of South Australia's share of the net assets of the Murray-Darling Basin Commission. This has no impact on net debt, however results in a reduction in net financial liabilities of \$615 million in 2007–08, and increases in net financial worth and net worth of \$615 million.

(h) There is a structural break in 2012 reflecting the transfer of the Rail Commissioner to the general government sector. This results in a reduction in net debt of \$6 million, an increase in net financial liabilities of \$37 million, and a reduction in net financial worth of \$144 million in 2011–12, with no impact on net worth.

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

(j) There is a structural break in 2015 reflecting the government's decision to reduce its equity in SA Water. This resulted in a once-off \$2.7 billion return of capital to the Consolidated Account in 2014–15. The restructure results in a reduction in distributions paid to government partially offset by increased guarantee fees payable and lower borrowing costs.

(k) There is a structural break in 2016 reflecting the transfer of the South Australian Motor Sport Board to the general government sector. This results in an increase in net financial liabilities of \$3 million, and a reduction in net financial worth of \$12 million, with no impact on net worth.

**Table C.3: General government sector receipts, payments and surplus (\$million)<sup>(a)</sup>**

	Receipts	Payments	ABS Cash Surplus
1979–80	1 891	1 671	220
1980–81	2 065	1 917	148
1981–82	2 210	2 122	87
1982–83	2 664	2 507	156
1983–84	2 988	2 734	255
1984–85	3 380	3 057	324
1985–86	3 634	3 161	474
1986–87	3 956	3 416	540
1987–88	4 307	3 858	449
1988–89	4 630	3 977	653
1989–90	4 973	4 370	603
1990–91	5 260	4 796	463
1991–92	5 387	5 396	-10
1992–93	5 967	5 456	512
1993–94	6 087	6 024	63
1994–95	6 155	6 220	-66
1995–96	6 405	6 164	241
1996–97	6 379	6 282	97
1997–98	6 988	6 724	264
1998–99	7 165	7 041	123
1999–2000	7 676	7 915	- 239
2000–01	8 278	8 387	-108
2001–02	8 698	8 748	-50
2002–03	9 522	8 864	658
2003–04	10 023	9 502	522
2004–05	11 252	11 059	193
2005–06	11 480	11 293	187
2006–07	12 090	12 116	- 26
2007–08	12 932	12 552	379
2008–09	13 579	14 299	- 721
2009–10	15 837	16 991	-1 154
2010–11	15 331	16 851	-1 520
2011–12	16 556	17 594	-1 038
2012–13	16 489	17 655	-1 166
2013–14	15 434	17 232	-1 797
2014–15	16 768	16 652	116
2015–16	17 823	17 390	433
2016–17	18 243	21 248	-3 004
2017–18	18 938	18 786	152
2018–19	19 415	18 962	453

Note: Totals may not add due to rounding.

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

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

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Revenue</b>										
Taxation revenue	3 649	3 831	3 854	4 104	4 085	4 376	4 447	4 616	4 783	4 939
Grants	8 881	8 185	8 668	7 669	7 804	8 350	9 152	10 126	10 584	10 873
Sales of goods and services	1 936	1 879	2 015	2 115	2 265	2 329	2 385	2 424	2 511	2 583
Interest income <sup>(a)</sup>	138	168	172	134	40	28	33	31	34	36
Dividend and income tax equivalent income	433	403	385	446	398	791	728	222	272	258
Other	497	550	811	865	752	674	658	703	707	703
Total revenue	15 534	15 017	15 905	15 333	15 343	16 549	17 402	18 122	18 891	19 393
less										
<b>Expenses</b>										
Employee expenses	6 221	6 400	6 770	7 105	7 353	7 493	7 576	7 677	7 892	8 078
Superannuation expenses										
Superannuation interest cost	455	427	407	314	468	438	402	392	382	371
Other superannuation expenses	600	621	666	675	736	738	821	831	846	862
Depreciation and amortisation	633	670	718	762	812	853	906	1 019	1 034	1 042
Interest expenses <sup>(a)</sup>	204	308	427	386	300	254	239	437	397	386
Other property expenses	—	—	—	—	—	—	—	—	—	—
Other operating expenses	3 695	3 824	3 993	4 313	4 169	4 173	4 368	4 488	4 603	4 802
Grants	3 540	2 819	3 183	2 726	2 577	2 790	2 735	2 778	2 840	2 875
Total expenses	15 347	15 069	16 164	16 282	16 415	16 738	17 047	17 622	17 995	18 416
<b>Net operating balance</b>	187	- 53	- 258	- 948	- 1 071	- 189	355	500	897	978
plus										
<b>Other economic flows</b>	11 830	2 905	-3 556	3 113	1 362	628	- 502	496	292	264
equals										
<b>Comprehensive result — total change in net worth</b>	12 017	2 852	-3 814	2 164	291	439	- 148	996	1 189	1 241
<b>Net operating balance</b>	187	- 53	- 258	- 948	- 1 071	- 189	355	500	897	978
less										
<b>Net acquisition of non-financial assets</b>	2 144	2 122	1 876	2 008	1 590	937	1 235	4 555	1 805	1 517
Purchases of non-financial assets	29	82	322	1 197	117	166	373	138	67	21
less Sales of non-financial assets	633	670	718	762	812	853	906	1 019	1 034	1 042
less Depreciation	3	—	3	7	1	4	—	—	—	—
plus Change in inventories	- 206	—	—	—	—	—	—	—	—	—
plus Other movements in non-financial assets	1 279	1 370	839	55	661	- 78	- 44	3 398	704	454
equals Total net acquisition of non-financial assets										
<b>Net lending / borrowing</b>	- 1 092	- 1 422	- 1 098	- 1 003	- 1 733	- 111	398	- 2 898	193	523

Note: Totals may not add due to rounding.

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



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

As at 30 June	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Assets</b>										
Financial assets										
Cash and deposits <sup>(a)</sup>	3 277	3 675	916	1 113	1 104	1 110	1 101	1 117	1 134	1 149
Advances paid	676	642	550	176	66	57	64	59	56	53
Investments, loans and placements	163	189	200	226	247	271	283	295	307	319
Receivables	713	575	539	730	671	610	601	608	587	568
Equity										
Investments in other public sector entities	19 734	21 612	21 745	20 821	21 816	19 669	20 203	20 282	20 457	20 597
Investments - other	752	743	836	831	836	865	857	857	857	857
Other financial assets	47	80	125	56	39	79	78	77	83	82
Total financial assets	25 363	27 516	24 912	23 954	24 779	22 661	23 187	23 294	23 481	23 625
Non-financial assets										
Land and other fixed assets	29 677	33 657	35 779	37 616	38 593	38 747	38 739	42 182	42 930	43 426
Other non-financial assets	3	2	6	5	5	1	1	1	1	1
Total non-financial assets	29 680	33 658	35 785	37 621	38 599	38 748	38 741	42 183	42 932	43 428
Total assets	55 043	61 175	60 698	61 575	63 378	61 409	61 927	65 478	66 413	67 053
<b>Liabilities</b>										
Deposits held	387	354	397	392	356	377	470	452	457	465
Advances received	610	592	590	232	214	252	235	227	220	212
Borrowing <sup>(a)</sup>	4 522	6 491	4 843	6 118	7 918	4 737	4 330	7 103	7 005	6 594
Superannuation	9 478	9 096	13 523	11 085	10 877	11 358	12 091	11 801	11 478	11 123
Other employee benefits	1 922	2 022	2 408	2 457	2 452	2 622	2 685	2 744	2 878	3 015
Payables	1 004	810	898	1 019	936	1 089	1 072	1 077	1 081	1 086
Other liabilities	888	853	840	908	970	852	1 072	1 104	1 134	1 158
Total liabilities	18 811	20 217	23 499	22 212	23 723	21 288	21 953	24 508	24 254	23 653
<b>Net worth</b>	36 231	40 958	37 199	39 363	39 654	40 121	39 974	40 970	42 159	43 400
Net financial worth <sup>(b)(c)</sup>	6 551	7 299	1 413	1 742	1 056	1 374	1 233	-1 213	- 773	- 28
Net financial liabilities <sup>(b)(c)(d)</sup>	13 182	14 313	20 332	19 079	20 761	18 296	18 969	21 495	21 230	20 625
Net debt <sup>(b)(d)(e)</sup>	1 402	2 930	4 165	5 227	7 071	3 929	3 585	6 312	6 185	5 751

Note: Totals may not add due to rounding.

- (a) There is a structural break in 2012 reflecting that cash and deposits held by the Treasurer are offset with borrowings the Treasurer has with SAFA. This results in a reduction in cash and deposits, and borrowings of \$3.134 billion, with no impact on both net worth and net debt.
- (b) There is a structural break in 2012 reflecting the transfer of the Rail Commissioner to the general government sector. This results in a reduction in net debt of \$6 million, an increase in net financial liabilities of \$37 million, and a reduction in net financial worth of \$144 million in 2011–12, with no impact on net worth.
- (c) There is a structural break in 2016 reflecting the transfer of the South Australian Motor Sport Board to the general government sector. This results in an increase in net financial liabilities of \$3 million, and a reduction in net financial worth of \$12 million, with no impact on net worth.
- (d) There is a structural break in 2014 reflecting the transfer of the Lotteries Commission of South Australia (SA Lotteries) to the general government sector. This results in a reduction in net debt of \$46 million, a reduction in net financial liabilities of \$1 million, with no impact on net worth.
- (e) There is a structural break in 2015 reflecting the government's decision to reduce its equity in SA Water. This resulted in a once-off \$2.7 billion return of capital to the Consolidated Account in 2014–15. The restructure results in a reduction in distributions paid to government partially offset by increased guarantee fees payable and lower borrowing costs.

## Non-financial public sector

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

	Revenue			Expenses			Net operating balance	Net acquisition of non-financial assets	Net lending
	\$m	% real		\$m	% real		\$m	\$m	\$m
		growth	% GSP		growth	% GSP			
1998–99	9 468		22.1	9 597		22.4	- 129	- 115	- 14
1999–2000	9 206	-5.2	20.3	9 552	-2.9	21.1	- 346	-3 508	3 161
2000–01	9 051	-4.5	18.8	9 279	-5.7	19.3	- 228	-1 111	883
2001–02	9 367	0.3	17.9	9 487	-0.9	18.1	- 120	- 124	5
2002–03	10 172	4.4	18.3	9 696	-1.7	17.4	476	72	405
2003–04	10 707	2.2	18.1	10 294	3.1	17.4	413	33	379
2004–05	11 343	3.5	18.4	11 029	4.6	17.9	314	125	189
2005–06	11 807	0.9	18.1	11 634	2.3	17.9	172	53	119
2006–07	12 321	1.7	17.5	12 175	2.0	17.3	147	173	- 26
2007–08	13 634	7.1	17.8	13 065	3.9	17.1	569	303	266
2008–09	14 360	2.1	18.0	14 567	8.1	18.3	- 207	1 249	-1 456
2009–10 <sup>(a)</sup>	16 315	11.2	19.6	15 679	5.3	18.8	636	2 361	-1 725
2010–11 <sup>(a)</sup>	15 960	-5.2	17.8	15 939	-1.5	17.8	21	1 920	-1 898
2011–12	16 866	3.0	18.5	16 908	3.3	18.5	- 41	1 383	-1 424
2012–13	16 494	-4.1	17.5	17 152	-0.6	18.2	- 657	64	- 721
2013–14 <sup>(b)</sup>	16 399	-3.1	16.9	17 627	0.2	18.2	-1 229	715	-1 944
2014–15	17 651	6.0	17.9	17 965	0.4	18.2	- 314	- 198	- 116
2015–16	18 465	2.8	18.4	18 324	0.2	18.3	141	95	46
2016–17	19 260	2.0	18.5	18 925	1.0	18.1	336	3 360	-3 024
2017–18	20 027	1.4	18.4	19 231	-0.9	17.7	796	745	51
2018–19	20 547	0.1	18.1	19 663	-0.2	17.3	884	380	504

Note: Totals may not add due to rounding.

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

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

As at 30 June	Net debt <sup>(a)</sup>	Unfunded superannuation <sup>(b)</sup>	Net financial liabilities	Net financial worth	Net worth
1988	4 397				
1989	4 197				
1990	4 457				
1991	5 418				
1992	8 142				
1993	11 610				
1994	10 550				
1995	8 844				
1996	8 432				
1997	8 170				
1998	7 927				
1999	7 657	3 909	13 099	-12 256	10 624
2000	4 355	3 543	9 914	-8 986	12 445
2001	3 223	3 249	8 151	-7 109	14 816
2002	3 317	3 998	8 973	-7 902	14 721
2003	2 696	4 445	9 096	-8 811	15 288
2004	2 285	5 668	10 031	-9 550	15 760
2005	2 126	7 227	11 511	-11 004	16 359
2006	1 786	6 146	10 451	-9 889	19 703
2007 <sup>(c)</sup>	1 989	5 075	9 518	-8 795	22 128
2008 <sup>(d)(e)</sup>	1 611	6 468	10 208	-10 487	23 741
2009	2 872	8 939	14 302	-14 921	24 146
2010	4 487	9 478	16 626	-16 997	36 231
2011	6 541	9 096	18 273	-18 402	40 958
2012	7 996	13 523	24 500	-25 123	37 199
2013	8 949	11 085	23 064	-23 223	39 363
2014	10 964	10 877	24 811	-24 080	39 654
2015	10 676	11 358	25 167	-23 750	40 121
2016	10 585	12 091	26 077	-24 594	39 974
2017	13 421	11 801	28 720	-27 584	40 970
2018	13 460	11 478	28 582	-27 778	42 159
2019	13 059	11 123	27 997	-27 565	43 400

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

(b) There is a structural break in the methodology used to calculate superannuation liabilities between June 2003 and June 2004. This accounting change, which involved the adoption of the Commonwealth Government bond rate for valuation purposes in line with AASB 119, Employee Benefits, resulted in a significant increase in superannuation liabilities.

(c) There is a structural break in 2007 reflecting the amalgamation of SAFA and SAICORP on 1 July 2006. The transfer of SAICORP's assets and liabilities from the general government sector to the public financial corporations sector resulted in an increase in non-financial public sector net debt of \$99 million at 1 July 2006 and an increase in net financial liabilities of \$90 million at 1 July 2006.

(d) There is a structural break in 2008 reflecting the amalgamation of the public financial corporation, South Australian Community Housing Authority, with the public non-financial corporation, South Australian Housing Trust. This results in an increase in net debt and net financial liabilities and a decrease in net financial worth of \$98 million in 2007–08, with no impact on net worth.

(e) There is a structural break in 2008 reflecting the first time recognition on the general government balance sheet of South Australia's share of the net assets of the Murray-Darling Basin Commission. This has no impact on net debt, however results in a reduction in net financial liabilities of \$615 million in 2007–08, and increases in net financial worth and net worth of \$615 million.

**Table C.8: Non-financial public sector receipts, payments and surplus<sup>(a)</sup> (\$million)**

	Receipts	Payments	ABS Cash surplus
1979–80	2 681	2 388	292
1980–81	2 877	2 649	228
1981–82	3 145	2 963	182
1982–83	3 651	3 356	295
1983–84	4 383	4 014	369
1984–85	4 887	4 356	531
1985–86	5 172	4 415	757
1986–87	5 542	4 790	752
1987–88	6 078	5 299	780
1988–89	6 946	5 784	1 162
1989–90	7 517	6 465	1 052
1990–91	7 830	6 839	991
1991–92	8 352	7 969	383
1992–93	8 939	7 946	993
1993–94	8 761	8 119	642
1994–95	8 570	8 142	428
1995–96	8 985	8 654	331
1996–97	8 908	8 532	375
1997–98	9 426	8 895	532
1998–99	9 301	8 692	609
1999–2000	13 014	9 501	3 513
2000–01	10 572	9 414	1 158
2001–02	9 726	9 722	4
2002–03	10 439	9 805	634
2003–04	10 891	10 403	488
2004–05	12 051	11 786	265
2005–06	12 239	11 868	370
2006–07	12 684	12 809	- 125
2007–08	13 943	13 477	466
2008–09	14 563	15 806	-1 243
2009–10	16 847	18 695	-1 849
2010–11	16 548	18 553	-2 004
2011–12	17 431	18 863	-1 432
2012–13	17 814	19 133	-1 319
2013–14	16 640	18 647	-2 007
2014–15	17 841	17 896	- 55
2015–16	18 998	18 932	66
2016–17	19 530	22 658	-3 128
2017–18	20 131	20 161	- 30
2018–19	20 634	20 214	419

Note: Totals may not add due to rounding.

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

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

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Revenue</b>										
Taxation revenue	3 331	3 467	3 476	3 726	3 805	4 072	4 112	4 268	4 421	4 566
Grants	8 897	8 223	8 705	7 697	7 806	8 350	9 151	10 126	10 585	10 874
Sales of goods and services	3 311	3 366	3 589	3 949	3 844	3 968	3 913	3 972	4 089	4 198
Interest income <sup>(a)</sup>	123	163	163	131	46	34	36	33	35	38
Dividend and income tax equivalent income	58	91	51	56	81	504	465	30	30	33
Other	594	651	883	935	816	724	789	832	867	838
Total revenue	16 315	15 960	16 866	16 494	16 399	17 651	18 465	19 260	20 027	20 547
less										
<b>Expenses</b>										
Employee expenses	6 436	6 625	6 959	7 299	7 544	7 683	7 779	7 878	8 098	8 287
Superannuation expenses										
Superannuation interest cost	455	427	407	314	468	438	402	392	382	371
Other superannuation expenses	628	649	692	700	762	764	846	858	872	889
Depreciation and amortisation	958	1 024	1 078	1 166	1 236	1 275	1 358	1 481	1 513	1 539
Interest expenses <sup>(a)</sup>	344	493	639	599	509	519	520	717	666	659
Other property expenses	—	—	—	—	—	—	—	—	—	—
Other operating expenses	4 306	4 472	4 716	4 849	4 892	4 886	5 015	5 171	5 293	5 490
Grants	2 553	2 249	2 417	2 224	2 218	2 401	2 405	2 428	2 407	2 428
Total expenses	15 679	15 939	16 908	17 152	17 627	17 965	18 324	18 925	19 231	19 663
equals										
<b>Net operating balance</b>	636	21	- 41	- 657	- 1 229	- 314	141	336	796	884
plus										
<b>Other economic flows</b>	11 382	2 831	- 3 772	2 822	1 520	753	- 288	661	393	357
equals										
<b>Comprehensive result — total change in net worth</b>	12 017	2 852	- 3 814	2 164	291	439	- 148	996	1 189	1 241
<b>Net operating balance</b>	636	21	- 41	- 657	- 1 229	- 314	141	336	796	884
less										
<b>Net acquisition of non-financial assets</b>										
Purchases of non-financial assets	3 762	3 217	2 750	2 683	2 126	1 429	1 939	5 187	2 493	2 078
less Sales of non-financial assets	336	281	331	1 428	333	297	544	320	203	139
less Depreciation	958	1 024	1 078	1 166	1 236	1 275	1 358	1 481	1 513	1 539
plus Change in inventories	99	7	41	- 26	158	- 55	59	- 27	- 32	- 20
plus Other movements in non-financial assets	- 206	—	—	—	—	—	—	—	—	—
equals Total net acquisition of non-financial assets	2 361	1 920	1 383	64	715	- 198	95	3 360	745	380
equals										
<b>Net lending / borrowing</b>	- 1 725	- 1 898	- 1 424	- 721	- 1 944	- 116	46	- 3 024	51	504

Note: Totals may not add due to rounding.

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

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

As at 30 June	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Assets</b>										
Financial assets										
Cash and deposits <sup>(a)</sup>	3 573	3 961	1 207	1 440	1 354	1 326	1 246	1 204	1 208	1 262
Advances paid	72	99	77	62	55	24	31	26	23	20
Investments, loans and placements	232	228	242	270	293	317	330	342	355	368
Receivables	766	635	662	877	803	837	847	850	875	874
Equity										
Investments in other public sector entities	- 371	- 128	- 623	- 159	731	1 416	1 483	1 136	804	433
Investments - other	766	761	852	848	853	883	875	875	875	875
Other financial assets	104	83	126	56	39	83	81	81	87	86
Total financial assets	5 143	5 638	2 543	3 394	4 129	4 887	4 894	4 515	4 227	3 918
Non-financial assets										
Land and fixed assets	53 224	59 302	62 311	62 574	63 726	63 868	64 564	68 544	69 927	70 953
Other non-financial assets	4	57	12	12	8	4	4	10	11	11
Total non-financial assets	53 228	59 359	62 322	62 586	63 734	63 872	64 568	68 554	69 937	70 965
Total assets	58 371	64 997	64 866	65 981	67 863	68 759	69 462	73 069	74 164	74 883
<b>Liabilities</b>										
Deposits held	171	171	177	172	183	204	204	204	205	205
Advances received	610	592	590	232	214	252	235	227	220	212
Borrowing <sup>(a)</sup>	7 583	10 065	8 755	10 318	12 270	11 888	11 754	14 562	14 621	14 291
Superannuation	9 478	9 096	13 523	11 085	10 877	11 358	12 091	11 801	11 478	11 123
Other employee benefits	2 003	2 106	2 486	2 531	2 525	2 695	2 759	2 819	2 954	3 091
Payables	1 319	1 077	1 204	1 215	1 102	1 304	1 297	1 306	1 314	1 323
Other liabilities	975	932	932	1 064	1 038	937	1 149	1 180	1 212	1 237
Total liabilities	22 140	24 040	27 667	26 617	28 209	28 637	29 488	32 099	32 005	31 483
<b>Net worth</b>	36 231	40 958	37 199	39 363	39 654	40 121	39 974	40 970	42 159	43 400
Net financial worth	-16 997	-18 402	-25 123	-23 223	-24 080	-23 750	-24 594	-27 584	-27 778	-27 565
Net financial liabilities	16 626	18 273	24 500	23 064	24 811	25 167	26 077	28 720	28 582	27 997
Net debt	4 487	6 541	7 996	8 949	10 964	10 676	10 585	13 421	13 460	13 059

Note: Totals may not add due to rounding.

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

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