



**Government
of South Australia**

**MID-YEAR BUDGET REVIEW
2009-10**

*Presented by the
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TABLE OF CONTENTS

| | |
|--|------------|
| CHAPTER 1: 2009-10 BUDGET POSITION AND FISCAL OUTLOOK | 1 |
| Overview | 1 |
| Fiscal outlook | 3 |
| Operating revenue | 7 |
| Expenditure | 11 |
| Financial position | 20 |
| CHAPTER 2: THE ECONOMIC CONTEXT | 23 |
| APPENDIX A: UNIFORM PRESENTATION FRAMEWORK | A.1 |
| Overview | A.1 |
| APPENDIX B: GENERAL GOVERNMENT AND NON-FINANCIAL PUBLIC SECTOR FINANCIAL STATISTICS TIME SERIES | B.1 |
| General government sector | B.1 |
| Non-financial public sector | B.7 |

CHAPTER 1: 2009-10 BUDGET POSITION AND FISCAL OUTLOOK

Overview

The 2009-10 Budget was framed during a period of uncertainty and in response to the effects of the global financial crisis. Tough decisions were taken in order to protect the state's triple-A credit rating. The budget continued the government's record of responsible fiscal management while providing for historically high levels of infrastructure spending across the forward estimates.

The 2009-10 Mid-Year Budget Review (MYBR) reflects a partial recovery of revenues reflecting better than forecast economic conditions offset by additional expenditure, largely in response to demand for services in key priority areas.

Taxation revenues have been revised up mainly in respect of conveyance duty and land tax to reflect the improvement of the property market since the 2009-10 Budget.

The MYBR includes changes to land tax rates and thresholds to provide broad-based relief to land tax payers. The changes to the land tax structure will come into effect from 1 July 2010 and will benefit all land tax payers including an estimated 74 500 land tax payers who will no longer be liable for land tax in 2010-11.

Upward revisions to GST grants reflect revised Commonwealth estimates of the GST pool in 2009-10 and future years partly offset by the estimated impact of Commonwealth Grants Commission relativities.

Parameter variations have resulted in further upward revisions to expenditure since the 2009-10 Budget. The main items contributing to increased expenditure are operating expenditure carried forward from 2008-09 and increased depreciation expense primarily due to higher asset values.

The 2009-10 MYBR incorporates policy decisions impacting on expenditure that have been taken since the 2009-10 Budget. The most significant of these is an additional \$318 million over four years for operational and staffing costs within our Health service. Other major items include the construction of a new secure youth training centre, additional support for people with disabilities and additional funding for the Coorong and Lower Lakes.

The MYBR also includes grants for the redevelopment of the Adelaide Oval as part of the government's \$450 million commitment.

Spending growth remains very low in real terms across the forward estimates after allowing for the achievement of the savings targets announced in the 2009-10 Budget.

Consistent with estimates in the 2009-10 Budget, net operating balance returns to surplus from 2010-11. Net operating surpluses in 2011-12 and 2012-13 are greater than published in the 2009-10 Budget by \$31 million and \$12 million respectively.

The estimates of net lending results over the forward estimates have deteriorated since the 2009-10 Budget. This primarily reflects capital expenditure carried forward from 2008-09 and timing adjustments related to agency capital programs. The government remains committed to delivery of its significant capital program and fulfilling the requirements under the Nation Building—Economic Stimulus Plan.

General government sector net debt is expected to increase across the forward estimates, as a result of the continuing net lending deficits and is estimated to be \$237 million higher than budgeted by June 2013. Non-financial public sector net debt grows to \$6.8 billion by June 2013.

Lower unfunded superannuation liabilities, arising from significantly improved investment earnings and an increase in the Commonwealth bond rate used to value the liability, contribute to a net financial liabilities to revenue ratio that is below 2009-10 Budget levels.

The current outlook emphasises the importance of achieving the savings targets announced in previous budgets. As foreshadowed in the budget, the government has established the Sustainable Budget Commission to make recommendations on budget improvement measures for inclusion in the 2010-11 Budget. It is also clear that expenditure restraint is required to avoid placing the state's finances into an unacceptable position.

Wage outcomes

The 2009-10 Budget contained a savings task of \$750 million over three years: \$150 million in 2010-11, \$250 million in 2011-12, and \$350 million in 2012-13.

It was estimated that limiting future public sector wage outcomes to 2.5% per annum would contribute up to \$290 million of the \$350 million savings task in 2012-13. In January 2010, the Industrial Relations Commission ratified the Enterprise Bargaining Agreement reached between the Government and the Public Service Association, the key elements of which included wage increases of 2.5% per annum, as well as a one-off \$600 payment to each employee, and other adjustments.

It is estimated that compared to a 4% per annum wage outcome, this agreement delivers a significant saving against wage provisions of approximately \$140 million over the period to 2012-13 – almost 20% of the required savings. Should future wage outcomes be reached with similar wage increases, the remaining savings task would be further reduced.

Fiscal outlook

Table 1.1 below shows the change in estimated net operating balance and net lending for the general government sector since the 2009-10 Budget. Table 1.2 shows the updated estimates for general government sector budget aggregates. A more detailed overview of the updated operating statement is set out in Table 1.3.

Table 1.1 Fiscal Outlook: Budget and Mid-Year Budget Review (\$million)

| Net operating balance | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|------------------------------|----------------|----------------|----------------|----------------|
| Budget | - 304 | 78 | 96 | 304 |
| MYBR | - 174 | 13 | 127 | 316 |
| Change | 130 | - 65 | 31 | 12 |
| Net lending | | | | |
| Budget | -1 541 | -1 324 | - 483 | 17 |
| MYBR | -1 551 | -1 439 | - 518 | - 151 |
| Change | - 10 | - 115 | - 35 | - 168 |

Table 1.2 General government sector aggregates (\$million)

| | 2009-10 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|-----------------|-----------------|-----------------|
| | Budget | MYBR | Estimate | Estimate | Estimate |
| Revenue | 14 444 | 15 050 | 14 558 | 14 830 | 15 424 |
| Expenses | -14 748 | -15 224 | -14 545 | -14 702 | -15 108 |
| Net operating balance | - 304 | - 174 | 13 | 127 | 316 |
| Gross fixed capital formation | -1 837 | -2 003 | -2 136 | -1 406 | -1 290 |
| Depreciation | 601 | 627 | 685 | 761 | 823 |
| Net lending | -1 541 | -1 551 | -1 439 | - 518 | - 151 |
| <i>Memorandum items:</i> | | | | | |
| ABS Cash surplus ^(a) | -1 540 | -1 654 | -1 362 | - 445 | - 70 |
| Net debt | 2 142 | 2 067 | 2 860 | 3 274 | 3 351 |
| Unfunded superannuation | 9 790 | 8 220 | 8 255 | 8 275 | 8 278 |
| Net financial liabilities to revenue ratio (%) | 97.1 | 82.1 | 91.5 | 93.9 | 92.0 |

Note: Totals may not add due to rounding.

(a) Includes the net acquisition of assets under finance leases.

Table 1.3 General government sector operating statement — 2009-10 to 2012-13 (\$million)

| | 2009-10 Budget | 2009-10 MYBR | 2010-11 Estimate | 2011-12 Estimate | 2012-13 Estimate |
|---|-------------------|-----------------|---------------------|---------------------|---------------------|
| Revenue | | | | | |
| Taxation revenue | 3 526 | 3 630 | 3 791 | 3 998 | 4 198 |
| Grants | 8 064 | 8 452 | 7 878 | 7 720 | 7 924 |
| Sales of goods and services | 1 834 | 1 906 | 1 818 | 1 903 | 1 975 |
| Interest income | 144 | 138 | 185 | 235 | 294 |
| Dividend and income tax equivalent income | 388 | 401 | 336 | 378 | 440 |
| Other | 489 | 523 | 549 | 597 | 593 |
| Total revenue | 14 444 | 15 050 | 14 558 | 14 830 | 15 424 |
| <i>less</i> | | | | | |
| Expenses | | | | | |
| Employee expenses | 6 035 | 6 059 | 5 935 | 6 032 | 6 118 |
| Superannuation expenses | | | | | |
| Superannuation interest cost | 444 | 455 | 426 | 426 | 425 |
| Other superannuation expenses | 623 | 630 | 636 | 649 | 661 |
| Depreciation and amortisation | 601 | 627 | 685 | 761 | 823 |
| Interest expenses | 174 | 170 | 311 | 400 | 492 |
| Other property expenses | — | — | — | — | — |
| Other operating expenses | 3 728 | 4 027 | 3 844 | 3 987 | 4 183 |
| Grants | 3 145 | 3 256 | 2 708 | 2 447 | 2 406 |
| Total expenses | 14 748 | 15 224 | 14 545 | 14 702 | 15 108 |
| <i>equals</i> | | | | | |
| Net operating balance | - 304 | - 174 | 13 | 127 | 316 |
| <i>plus</i> | | | | | |
| Other economic flows | 925 | 1 738 | 596 | 687 | 748 |
| <i>equals</i> | | | | | |
| Comprehensive result - total change in net worth | 621 | 1 564 | 609 | 815 | 1 063 |
| Net operating balance | - 304 | - 174 | 13 | 127 | 316 |
| <i>less</i> | | | | | |
| Net acquisition of non-financial assets | | | | | |
| Purchases of non-financial assets | 2 180 | 2 285 | 2 330 | 1 755 | 1 394 |
| <i>less</i> Sales of non-financial assets | 343 | 282 | 194 | 349 | 104 |
| <i>less</i> Depreciation | 601 | 627 | 685 | 761 | 823 |
| <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 | 1 237 | 1 377 | 1 452 | 646 | 467 |
| <i>equals</i> | | | | | |
| Net lending / borrowing | -1 541 | -1 551 | -1 439 | - 518 | - 151 |

Note: Totals may not add due to rounding.

The major contributors to the total change in net worth are the movement in the value of net assets of public financial corporations and public non-financial corporations and the revaluation of the state's unfunded superannuation liability. Under the 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 A.16 of Appendix A.

Tables 1.4 to 1.6 below provide a reconciliation of the estimates of net operating balance and net lending results between the 2009-10 Budget and Mid-Year Budget Review.

Table 1.4 Net operating balance — policy and parameter variations since the 2009-10 Budget (\$million)

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|-------------|-------------|-------------|-------------|
| Estimate at 2009-10 Budget | -304 | 78 | 96 | 304 |
| Parameter and other variations | | | | |
| Revenue - taxation | 104 | 225 | 218 | 208 |
| Revenue - other | 463 | -15 | 70 | 184 |
| Operating expenses | -341 | -114 | -128 | -144 |
| Net effect of parameter and other variations | 225 | 96 | 159 | 249 |
| Policy measures | | | | |
| Revenue - taxation | — | -56 | -52 | -56 |
| Revenue - other | — | — | — | — |
| Revenue offsets - other | 39 | 7 | 8 | 9 |
| Operating expenses | -171 | -164 | -105 | -209 |
| Net effect of policy measures | -132 | -212 | -149 | -256 |
| Use of provisions set aside in the 2009-10 Budget | | | | |
| Operating expenses | 37 | 52 | 20 | 20 |
| Estimate at the 2009-10 Mid-Year Budget Review | -174 | 13 | 127 | 316 |

Note: Totals may not add due to rounding.

Table 1.5 Net lending — policy and parameter variations since the 2009-10 Budget (\$million)

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------------|---------------|--------------|--------------|
| Estimate at 2009-10 Budget | -1 541 | -1 324 | - 483 | 17 |
| Net effect of operating variations after the 2009-10 Budget | 130 | - 65 | 31 | 12 |
| Investing variations - net acquisition of non-financial assets | | | | |
| Net effect of parameter variations | - 90 | 40 | 118 | - 31 |
| Net effect of policy variations | - 52 | - 115 | - 197 | - 149 |
| Total investing variations | - 142 | - 75 | - 79 | - 180 |
| Use of provisions set aside in the 2009-10 Budget | | | | |
| Net capital investment expenditure | 2 | 25 | 13 | — |
| Estimate at the 2009-10 Mid-Year Budget Review | -1 551 | -1 439 | - 518 | - 151 |

Note: Totals may not add due to rounding.

Table 1.6 Major revenue and expense variations (parameter and other only) since the 2009-10 Budget (\$million)

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|-------------|-------------|-------------|-------------|
| Revenue - Taxation | | | | |
| Payroll tax | -12 | 5 | 11 | 3 |
| Conveyances | 86 | 80 | 68 | 70 |
| Land tax | 11 | 115 | 101 | 93 |
| Other property taxes | 11 | 30 | 31 | 31 |
| Gambling tax | 1 | 1 | 1 | 1 |
| Insurance taxes | 1 | -9 | 4 | 6 |
| Motor vehicle taxes | 5 | 2 | 3 | 4 |
| Total taxation revenue | 104 | 225 | 218 | 208 |
| Revenue - Other | | | | |
| GST revenue grants | 89 | 85 | 45 | 56 |
| Commonwealth specific purpose and national partnership grants | | | | |
| - Current grants | 258 | 68 | 85 | 103 |
| - Capital grants | 12 | -46 | -20 | 78 |
| Other Commonwealth grants | 53 | — | — | — |
| Other contributions and grants | -58 | 20 | 13 | 13 |
| Dividends and income tax equivalents | 14 | -113 | -20 | -18 |
| Fines and penalties | -2 | -2 | -2 | -2 |
| Royalties | 5 | 10 | 2 | — |
| Sales of goods and services | 67 | -35 | -38 | -38 |
| Interest income | -6 | -20 | -27 | -27 |
| Other revenue | 28 | 18 | 32 | 18 |
| Total other revenue | 463 | -15 | 70 | 184 |
| Operating expenses | | | | |
| Nominal superannuation interest expense - variations in earnings rate and valuation of obligations | -11 | 14 | 11 | 8 |
| Depreciation expense | -26 | -28 | -58 | -53 |
| Interest expense | 4 | 17 | 14 | -16 |
| Carryovers | -108 | -5 | — | — |
| Other variations | -200 | -112 | -95 | -82 |
| Total operating expenses | -341 | -114 | -128 | -144 |
| Net capital investment expenditure | | | | |
| Carryovers | -118 | 2 | 12 | — |
| Other variations | 28 | 38 | 106 | -31 |
| Total net capital investment expenditure | -90 | 40 | 118 | -31 |

Note: Totals may not add due to rounding.

Operating revenue

Policy measures

Broad based land tax relief

The 2009-10 MYBR includes changes to land tax rates and thresholds to provide broad-based relief to land tax payers.

The changes to the land tax structure will come into effect from 1 July 2010.

The current tax structure which applies for 2009-10 and the proposed land tax structure to apply from 2010-11 are as follows:

| 2009-10 land tax structure | | 2010-11 land tax structure | |
|----------------------------|-----------------------------------|----------------------------|-----------------------------------|
| Total Taxable Site Value | Tax applicable (%) ^(a) | Total Taxable Site Value | Tax applicable (%) ^(a) |
| \$0 to \$110 000 | — | \$0 to \$300 000 | — |
| \$110 001 to \$350 000 | \$0 + 0.30 | \$300 001 to \$550 000 | \$0 + 0.50 |
| \$350 001 to \$550 000 | \$720 + 0.70 | \$550 001 to \$800 000 | \$1 250 + 1.65 |
| \$550 001 to \$750 000 | \$2 120 + 1.65 | \$800 001 to \$1 000 000 | \$5 375 + 2.40 |
| \$750 001 to \$1 000 000 | \$5 420 + 2.40 | Over \$1 000 000 | \$10 175 + 3.70 |
| Over \$1 000 000 | \$11 420 + 3.70 | | |

(a) Tax rates apply to the excess above the lower limit of the taxable site value range.

The new rate structure will benefit all land tax payers including an estimated 74 500 land tax payers who will no longer be liable for land tax in 2010-11. The maximum benefit from the new rate structure is \$1 245 for land ownerships valued at or above \$800 000.

For 2011-12 onwards, thresholds will be increased in line with average increases in site values as determined by the Valuer-General.

The land tax measure has an estimated revenue cost of almost \$53 million in 2010-11 and \$157 million over the three years from 2010-11 to 2012-13.

Parameter and other variations

Taxation revenue

General government sector taxation revenues have been revised up in 2009-10 and across the forward years mainly due to upward revisions to conveyance duty and land tax.

The outlook for the residential property market in 2009-10 has improved since the budget with continued strong demand from first homebuyers and the effects of the emergency low levels of interest rates supporting residential property transfers and property values. In addition, average duty has increased towards the end of the year because of increased transfers of higher valued properties.

The 2009-10 Budget projected a 5 per cent fall in property values over calendar year 2009. The projected fall affected conveyance duty revenue in 2009-10 and land tax revenue in 2010-11.

However, preliminary data from the Valuer-General suggests an average increase in residential site values of around 9 per cent and an increase in non-residential site values of around 7 per cent over calendar year 2009. Property value growth has been revised up to reflect these estimates.

With interest rates expected to increase in the short term and the cessation of the Commonwealth Government's First Home Owners Boost in December 2009, a real terms correction in residential property prices is still expected over the forward estimates.

Revisions to property growth assumptions impact upon conveyance duty estimates from 2009-10 and land tax estimates from 2010-11.

The upward revision to the land tax revenue estimate for 2009-10 reflects higher actual growth in whole of state valuations by land use classes as at 30 June 2009 (as determined by the Valuer-General) than assumed in the budget.

Residential and non-residential property transfers have been revised up in 2009-10 reflecting year to date experience. Year to date residential property transfers include increased first homebuyer transactions in response to the temporary First Home Owners Boost and a lift in non first homeowner activity at the end of calendar 2009. Residential and non-residential property transfers are assumed to return to trend levels by the end of the forward estimates.

The payroll tax revenue estimate has been revised down in 2009-10 reflecting weaker than budgeted collections year to date. Higher employment growth and average hours worked assumptions in 2010-11 and 2011-12 result in an upward revision to estimated payroll tax receipts in those years compared with budget. This effectively brings forward a substantial recovery in payroll tax receipts previously expected by 2012-13.

The upward revisions to payroll tax receipts are partially offset in 2010-11 and 2011-12 by the impact of the introduction of a payroll tax rebate for the construction phase of large-scale renewable energy projects from 1 July 2010. The impact of the rebate more than offsets the upward revisions to payroll tax receipts in 2012-13. This policy decision is reflected in Table 1.7.

Upward revisions to 'Other property taxes' mainly relate to guarantee fees paid by SA Water and, to a lesser extent, natural resource management levies and the emergency services levy on fixed property.

Insurance duty revenue estimates have been revised up reflecting revisions to premium growth assumptions having regard to year to date experience and revised CPI assumptions from 2010-11.

Revisions to gambling revenue estimates are due to the flow through base effect of a slightly higher than expected 2008-09 outcome for gambling taxes.

Upward revisions have been made across the forward estimates to revenue from motor vehicle registrations. These revisions have been partly offset in 2009-10 by a downward revision to motor vehicle stamp duty revenue reflecting year to date experience.

GST revenue grants

Upward revisions have been made to GST grants to reflect revisions to the GST pool available for distribution to the state in accordance with GST forecasts set out in the Commonwealth Government's *2009-10 Mid-Year Economic and Fiscal Outlook* (MYEFO).

The increase is partially offset by downward revisions to South Australia's estimated share of the GST pool in accordance with revised estimates of relative fiscal needs for tax base assessments, including a further allowance for anticipated losses from the Commonwealth Grants Commission's 2010 Methodology Review.

Commonwealth specific purpose and national partnership grants

Specific purpose and national partnership recurrent grants have been revised up in 2009-10 and across the forward estimates. The upward revisions mainly reflect:

- funding for various projects, including the Jervois to Langhorne Creek and Currency Creek irrigation pipeline and remote indigenous housing which was expected to be received in 2008-09 but was received in 2009-10;
- additional funding to cover the cost of the Commonwealth's temporary First Home Owner Boost scheme in accordance with estimates in the Commonwealth Government's MYEFO (2009-10 only);
- additional funding for an earlier start on work on the recovery of the Coorong and Lower Lakes and for the Water for the Future stormwater recycling initiative starting in 2009-10 as well as funding for the extension of the transitional agreement for the Caring for our Country Program in 2009-10;
- the reclassification of Commonwealth contributions to recurrent grants; and
- recognition of grant revenue consistent with Commonwealth MYEFO estimates.

Capital grants have been revised upwards in 2009-10 and 2012-13 and downwards in 2010-11 and 2011-12. Capital grant estimates have been affected by the bringing forward of funding for both the Gawler rail line upgrade (from 2011-12 to 2009-10) and the Health and Medical Research Institute; the realignment of the cash flow for the Seaford rail line; additional Nation Building — Economic Stimulus funding for schools in 2009-10 and 2010-11; and a revised payment schedule for Commonwealth grants following the announcement of the South Road Superway and North South Corridor projects.

Other contributions and grants

Other contributions and grants have been revised down in 2009-10 mainly due to an extension of the National Action Plan for Salinity and Water Quality, and reduction in, and reclassification of, the funding for the Goolwa Channel Water Level Management Project and also for the Jervois to Langhorne Creek and Currency Creek pipeline.

Upward revisions over the forward years primarily reflect the reclassification of revenues previously recorded as sales of goods and services and funding for the State Aquatic Centre.

Dividends and Income Tax Equivalents

Distributions (dividends and income tax equivalents) from public non-financial corporations have been revised up in 2009-10, and down across the forward years.

The upward revision to distributions in 2009-10 is mainly due to an additional dividend payment from SA Water and Land Management Corporation (LMC) reflecting final 2008-09 results, an upward revision to LMC's estimated distribution due to the impact of the sale of Technology Park assets to DefenceSA and ForestrySA's distribution reflecting expectations of improved timber sales.

Distributions in 2010-11 have been revised down significantly due mainly to lower expected distributions from SA Water and Land Management Corporation. SA Water's distribution is affected by the revised timing of Commonwealth funding for the Adelaide desalination plant, with funding previously to be received in 2009-10 and 2010-11 now to be received in 2011-12 and 2012-13.

SA Water's 2010-11 distribution is also affected by the cost of the purchase of additional water for critical human needs.

SA Water's distributions over the forward estimates are impacted by higher inflationary costs, guarantee fees and interest costs, offset partly by operational savings.

LMC's distribution in 2010-11 is affected by the delay in land sales to later years of the forward estimates, partially offset by unbudgeted sales of buildings. LMC's forecast distributions in the out years have been revised to reflect revised timing of land sales and sales revenue expectations.

Fines and penalties

There is a small downward revision to fines and penalties across the forward estimates reflecting delays in implementing red light and speed detection cameras and reductions in infringement notices.

Royalties

Royalty revenue estimates have been revised up over the forward estimates, mainly reflecting the impact of higher US dollar commodity prices (mainly copper and oil). This upward revision is partially offset by the impact of a stronger Australian dollar, revisions to production at various mines, including Olympic Dam, and a downward revision to the iron ore royalty estimate in 2009-10.

Sales of goods and services

Revenue from sales of goods and services has been revised up in 2009-10 mainly due to revised payment arrangements relating to the Jervois to Langhorne Creek and Currency Creek irrigation pipeline. The arrangements include a payment from the private company involved in the project for the construction of the pipeline.

The downward revisions to revenue from sales of goods and services over the forward years primarily reflects lower Commonwealth contributions, with some services now funded through National Partnership grants and the reclassification of some Commonwealth contributions to other revenue lines.

Revenue from regulatory fees has been revised up modestly over the forward estimates. Higher than expected revenue from land services fees arising from a stronger than expected property market is partially offset by downward revisions to revenue from the Victims of Crime Levy and court fees.

Interest income

Compared with the estimates in the 2009-10 Budget, interest income has been revised down over the forward estimates primarily as a result of lower estimates of agency cash balances.

Other revenue

This residual category includes a variety of revenues in various agencies. In 2009-10, the upward revision largely relates to the gifting of some land to the government and payments from local councils and authorities for capital works undertaken by the Department for Transport, Energy and Infrastructure.

Expenditure

Policy measures

The 2009-10 Mid-Year Budget Review incorporates policy measures up to 25 January 2010. Significant measures and their impact on operating expenses over the forward estimates period are discussed below.

Adelaide Oval

The Mid-Year Budget Review includes funding towards the government's \$450 million commitment to the redevelopment of the Adelaide Oval to provide a 50,000 seat stadium suitable for hosting both Australian Football League and cricket matches. The funding is to be partially offset by the deferral of the \$199 million tramline extension to West Lakes and associated tram purchases. The redevelopment represents a significant enhancement to the Adelaide Oval and will provide improved patron amenities, greater use of existing and planned public transport networks and will have flow on benefits to the Adelaide central business district due to the influx of spectators.

Education Works Stage 2

As part of the 2006-07 Budget, the Government established an Education Works strategy that included public investment of \$82 million aimed at rationalising schools to deliver more efficient and effective education services. This strategy was budgeted to generate ongoing efficiency savings of approximately \$28 million per annum and land sales of \$39.7 million.

The 2009-10 Budget reflected that a significant proportion of the expenditure, savings and land sales associated with the Education Works strategy would occur after 2012-13. This initiative has now been accelerated with the full \$82 million expenditure program now expected to be complete by 2012-13. This bring forward of expenditure has resulted in an adverse impact on net lending over the period 2009-10 to 2012-13 of approximately \$50 million.

While the investment in schools will be fully achieved by 2012-13 there is expected to be an ongoing shortfall against the \$28 million savings of around \$18 million per annum and land sales are now projected to be \$5 million lower than budgeted.

Targeted Voluntary Separation Program

As announced in the 2008-09 MYBR, Chief Executives were requested to reduce FTEs by 1200 by the end of 2009-10. To assist with this process, a Targeted Voluntary Separation Program (TVSP) was in operation from 1 July 2009 to 30 September 2009, resulting in 947 people or (869 FTEs) accepting TVSPs, that were directly aligned to the 1200 savings target. A contingency provision was established at the time of the 2008-09 MYBR for this scheme, to enable agencies to receive reimbursement for TVSP costs. As the actual number of TVSPs were less than that originally provisioned for, this has resulted in a saving of \$20.6 million in 2009-10. The full savings associated with the 1200 FTE reduction is still expected to be achieved in 2009-10 with agencies using natural attrition and other savings strategies.

Health and Community Services

The MYBR includes a number of significant measures in the health and community services sectors, including:

- \$318.3 million over four years for additional operational and staffing costs associated with supporting our Health service;
- \$50 million over four years (\$25 million state funded) to construct GP Super Clinics at Modbury and Noarlunga;
- \$31.3 million over four years to provide supported accommodation for people with disabilities who have been identified with an immediate and pressing need and to also provide support packages to clients that will be distributed by a new high-level Emergency Family Support Assistance Panel;
- \$19 million for the redevelopment of James Nash House;
- \$12.7 million over four years is provided for the continuation of the illicit drug diversion initiative. This initiative funds intervention services by accredited health professionals to assess and treat individuals with minor drug possession offences throughout South Australia; and
- \$5.2 million in 2009-10 for the “Prepare Act Survive” bushfire education and awareness initiative.

Other significant policy measures

Other significant policy measures over the forward estimates period include:

- \$70.7 million over three years to construct a new secure youth training centre; and
- \$23.3 million in 2009-10 for the Coorong and Lower Lakes to reduce the environmental impacts associated with reduced inflows from the Murray.

Table 1.7 lists all policy measures since the 2009-10 Budget.

Parameter and other variations

A number of parameter changes contribute to the variations in projected expenses and investing payments in 2009-10 and across the forward estimates including:

- the carryover of expenditure from 2008-09 to 2009-10 and to a lesser extent the forward years (over and above the carryovers already reflected in the 2009-10 Budget);
- revised timing of expenditure for a range of capital projects, predominantly relating to Transport and Health;
- an upward revision to estimates of depreciation expense flowing partly from the revaluation of non-financial assets in 2008-09, and from adjustments to methodologies/policies including a significant revised depreciation expense for road pavements of \$22 million per annum;
- revision to nominal superannuation interest expense reflecting the impact of revised assumptions and past investment returns;
- adjustments for enterprise bargaining outcomes;

- revision to interest expense reflecting latest estimates of interest rates and gross debt;
- variations to accounting treatment for some transactions that have no net budget impact but vary both expenses and revenue; and
- the reclassification of some transactions in accordance with accounting standards.

Table 1.7 Policy measures since the 2009-10 Budget (\$000)

| Portfolio | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|
| Department of the Premier and Cabinet | | | | |
| Operating initiatives | | | | |
| Arts Initiatives — additional support | - 700 | — | — | — |
| Industrial Relations Court and Workers Compensation Tribunal — additional support | - 34 | — | — | — |
| Social Inclusion Unit — additional resources | - 114 | - 228 | - 94 | — |
| Investing initiatives | | | | |
| Art Gallery — Privately funded asset purchases | - 505 | — | — | — |
| Arts Initiatives — additional support | - 407 | — | — | — |
| Defence SA | | | | |
| Operating initiatives | | | | |
| School Pathways Program (Defence) — operational support | -1 906 | - 559 | -1 336 | -1 175 |
| Investing initiatives | | | | |
| Techport Australia - Common User Facility — revised program | 2 240 | - 940 | - 200 | - 600 |
| Revenue offsets | | | | |
| School Pathways Program (Defence) — Commonwealth contribution | 1 906 | 559 | 1 336 | 1 175 |
| Techport Australia - Common User facility — ASC Contribution | 1 460 | 940 | 200 | 600 |
| Department of Treasury and Finance | | | | |
| Operating initiatives | | | | |
| Sustainable Budget Commission — operations | -1 474 | - 996 | — | — |
| Revenue offsets | | | | |
| Essential Services Commission of South Australia — additional licence revenues | — | 93 | 47 | — |
| Administered Items for the Department of Treasury and Finance | | | | |
| Operating initiatives | | | | |
| Adelaide Oval redevelopment — grant | -35 000 | -55 000 | — | -100 000 |
| New Prisons and secure facilities project — ex-gratia payments to bidders | -10 500 | — | — | — |
| Pacific Tsunami (Samoa and Tonga) relief — donation | - 350 | — | — | — |
| TVSP scheme — lower cost than budgeted | 20 633 | — | — | — |
| Revenue measures | | | | |
| Land Tax — relief measures | — | -52 800 | -51 600 | -52 300 |
| Payroll Tax — Rebate for large scale renewable energy projects | — | -3 600 | - 500 | -4 100 |

Table 1.7 Policy measures since the 2009-10 Budget (\$000) (continued)

| Portfolio | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|
| Department of Primary Industries and Resources | | | | |
| Operating initiatives | | | | |
| Lake Albert — fishdown trial | - 500 | — | — | — |
| McLaren Vale reclaimed water substitution program | - 38 | - 97 | - 117 | - 141 |
| Department for Transport, Energy and Infrastructure | | | | |
| Operating initiatives | | | | |
| Air conditioner standards — additional compliance activity | — | - 93 | - 47 | — |
| Federal Black Spot Program | - 823 | — | — | — |
| Marion City Council — donated asset | -1 010 | — | — | — |
| Remote Power Generation — increased fuel expenses | -2 050 | — | — | — |
| Remote Aerodrome Safety program — additional support | - 639 | — | — | — |
| Safe Work SA — additional resources | - 50 | -1 468 | - 555 | - 580 |
| Transport Regulation User Management Processing System — implementation costs | - 199 | - 711 | - 782 | - 667 |
| Investing initiatives | | | | |
| Federal Black Spot Program | -3 877 | -4 700 | -4 700 | -4 700 |
| Port Adelaide Viaduct — upgrade | -20 251 | 2 441 | 4 410 | 12 200 |
| Rural road safety — increased investment | - 316 | - 246 | - 176 | - 103 |
| Safe Work SA — accommodation fitout | - 650 | -7 078 | — | — |
| Safer Suburbs Program — major railway interchange CCTV systems | -2 040 | — | — | — |
| Sturt Highway upgrade — re-allocation of funding to Safety Program | 18 000 | — | — | — |
| Sturt Highway Safety Program — establishment | -1 700 | -4 600 | -4 700 | -1 000 |
| South Road Superway — revised profile | 29 000 | 77 700 | -172 313 | -186 600 |
| South Road Superway — land acquisition | — | -30 000 | — | — |
| Revenue offsets | | | | |
| Safer Suburbs Program — Commonwealth contribution | 2 040 | — | — | — |
| Revenue measures | | | | |
| Learner Theory Tests and Permit — higher fees | — | 772 | 796 | 821 |
| Attorney-General's Department | | | | |
| Operating initiatives | | | | |
| AAMI Stadium redevelopment — grant reversal | 10 000 | — | — | — |
| Legacy Australia — ongoing support | — | - 100 | - 100 | - 100 |
| Revenue measures | | | | |
| Building Work Contractors Act fees — exemptions | - 5 | - 5 | - 5 | - 5 |

Table 1.7 Policy measures since the 2009-10 Budget (\$000) (continued)

| Portfolio | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------------|----------------|----------------|----------------|
| Administered items for the Attorney-General's Department | | | | |
| Revenue measures | | | | |
| Liquor Licensing — licence amendments | — | - 42 | - 44 | - 45 |
| Country Fire Service | | | | |
| Operating initiatives | | | | |
| Prepare Act Survive — bushfire education/awareness strategy | -5 243 | — | — | — |
| South Australian Fire and Emergency Services Commission | | | | |
| Operating initiatives | | | | |
| Emergency Information Warning System — implementation | - 528 | — | — | — |
| Emergency call centre — operations ^(a) | -1 558 | -1 594 | -1 630 | -1 667 |
| Investing initiatives | | | | |
| Emergency call centre — establishment ^(a) | - 460 | — | — | — |
| South Australia Police | | | | |
| Operating initiatives | | | | |
| Electronic Control Devices — purchase and operational support | - 799 | - 711 | - 145 | - 148 |
| Impounding and Forfeiture of Vehicles — additional resources ^(a) | -1 705 | -4 784 | -4 864 | -4 982 |
| Investing initiatives | | | | |
| Impounding and Forfeiture of Vehicles — site acquisition | -2 808 | — | — | — |
| Revenue offsets | | | | |
| Impounding and Forfeiture of Vehicles — additional expiations ^(a) | 243 | 1 621 | 5 217 | 5 433 |
| Department for Correctional Services | | | | |
| Operating initiatives | | | | |
| Automatic Parole Review — additional resources | - 225 | - 457 | - 465 | - 475 |
| Mount Gambier Prison Contract Procurement — additional resources | - 181 | - 145 | — | — |
| Prison infrastructure — essential upgrades | - 140 | — | — | — |
| Prison infrastructure — asset condition audit | - 500 | — | — | — |
| Investing initiatives | | | | |
| Prison infrastructure — additional accommodation | - 179 | - 182 | - 185 | — |
| Prison infrastructure — essential upgrades | - 345 | — | — | — |

Table 1.7 Policy measures since the 2009-10 Budget (\$000) (continued)

| Portfolio | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|----------------|----------------|----------------|----------------|
| Department of Health | | | | |
| Operating initiatives | | | | |
| Early Intervention Pilot Program | -1 345 | - 204 | - 153 | - 51 |
| Glenside Campus Redevelopment — accommodation support | — | - 450 | - 461 | - 473 |
| GP Super Clinics Modbury & Noarlunga — fitout and operations | - 413 | - 425 | - 699 | -1 151 |
| H1N1 Vaccine — roll out | -1 600 | — | — | — |
| Health services — additional resources ^(a) | -75 546 | -78 179 | -80 901 | -83 716 |
| Health Workforce Australia — accommodation support | - 300 | - 590 | - 620 | - 650 |
| Hospital and Health Workforce Reform - Activity Based Funding — South Australian Implementation Plan | - 478 | -2 620 | 1 090 | 2 008 |
| Illicit Drug Diversion Initiative — additional resources | -3 055 | -3 130 | -3 209 | -3 289 |
| Indigenous Early Childhood Development — additional resources | - 695 | -1 174 | -1 244 | -1 278 |
| Investing initiatives | | | | |
| Ceduna Drug and Alcohol Day Centre — construction | - 600 | — | — | — |
| Community Mental Health Centres — additional resources and reprofile | - 726 | -10 518 | -2 402 | -2 833 |
| Glenside Campus Redevelopment — re-profiling | - 654 | -14 500 | -17 909 | 30 028 |
| GP Super Clinics Modbury & Noarlunga — construction | -4 307 | -34 015 | -11 638 | - 40 |
| Kangaroo Island Health Advisory Council (HAC) — Equipment and Minor Works | - 130 | - 125 | - 125 | — |
| James Nash House — redevelopment | -1 000 | -12 250 | -5 750 | — |
| South Australia Dental Service — clinic upgrades | -1 500 | — | — | — |
| Volunteer Ambulance Stations — asset replacement | -2 000 | -2 050 | -2 101 | -2 154 |
| Women's and Children's Hospital Cancer Centre — construction | 4 802 | -8 683 | - 719 | — |
| Revenue offsets | | | | |
| Ceduna Drug and Alcohol Day Centre — Commonwealth contribution | 600 | — | — | — |
| Early Intervention Pilot Program — Commonwealth contribution | 2 001 | 204 | 153 | 51 |
| GP Super Clinics Modbury & Noarlunga — service recoveries | 413 | 425 | 699 | 1 151 |
| Women's and Children's Hospital Cancer Centre — external contributions | 600 | 3 200 | 400 | 200 |
| Asset Sales | | | | |
| Kangaroo Island Health Advisory Council (HAC) — sale of property | 380 | — | — | — |
| Oakden — land sales | — | 18 000 | — | — |
| South Australia Dental Service — property sales | 1 500 | — | — | — |
| Surplus properties — sale | — | — | 2 324 | 3 091 |

Table 1.7 Policy measures since the 2009-10 Budget (\$000) (continued)

| Portfolio | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|
| Department of Education and Children's Services | | | | |
| Operating initiatives | | | | |
| Implement new SACE — additional resources | -1 100 | - 920 | — | — |
| Nation Building - Economic Stimulus Plan - Building the Education Revolution — re-profile | 1 234 | - 655 | — | — |
| Spencer Gulf and Outback Australian Technical College — operational support | - 287 | - 459 | - 390 | - 214 |
| Savings initiatives | | | | |
| Education Works Stage 2 — savings | 1 786 | 1 632 | 671 | -1 186 |
| Investing initiatives | | | | |
| Education Works Stage 2 — additional resources | -11 611 | -25 040 | -14 428 | 1 561 |
| Nation Building - Economic Stimulus Plan - Building the Education Revolution — additional resources | -35 141 | -22 707 | — | — |
| Revenue offsets | | | | |
| Spencer Gulf and Outback Australian Technical College — Commonwealth support | 1 700 | — | — | — |
| Asset sales | | | | |
| Education Works Stage 2 — land sales | 15 543 | -3 883 | 2 977 | 2 339 |
| South Australian Tourism Commission | | | | |
| Operating initiatives | | | | |
| Additional support | -1 623 | — | — | — |
| Department for Environment and Heritage | | | | |
| Operating initiatives | | | | |
| Coorong and Lower Lakes — expenditure | -23 300 | — | — | — |
| Firefighting capacity — additional support | - 879 | — | — | — |
| Department of Water, Land and Biodiversity Conservation | | | | |
| Operating initiatives | | | | |
| Goolwa Channel Water Level Management — water pumping and limedosing | -5 065 | — | — | — |
| Investing initiatives | | | | |
| Goolwa Channel Water Level Management — construction of regulators | -13 267 | — | — | — |
| Revenue offsets | | | | |
| Goolwa Channel Water Level Management — Murray Darling Basin Authority contribution | 8 732 | — | — | — |
| Administered items for the Department of Water, Land and Biodiversity Conservation | | | | |
| Operating initiatives | | | | |
| Complementary State NRM program — natural resource management projects | -14 500 | — | — | — |

Table 1.7 Policy measures since the 2009-10 Budget (\$000) (continued)

| Portfolio | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------------|----------------|----------------|----------------|
| Department for Families and Communities | | | | |
| Operating initiatives | | | | |
| Disability services — additional support | -5 395 | -8 335 | -8 605 | -8 926 |
| Home and Community Care — additional resources | - 485 | - 524 | - 535 | - 547 |
| Magill Secure Youth Training Centre — sustainment | - 400 | - 600 | - 300 | — |
| Investing initiatives | | | | |
| Secure Youth Training Centre — construction of new facility | -2 000 | -59 200 | -9 500 | — |
| Revenue offsets | | | | |
| Home and Community Care — Commonwealth contribution | 307 | 332 | 339 | 346 |
| Revenue measures | | | | |
| Northern Territory Disability Agreement — cessation | -300 | -306 | -312 | -318 |
| Asset sales | | | | |
| Secure Youth Training Centre — sale of land at Magill and Strathmont | — | 28 000 | 40 000 | — |
| Department for Further Education, Employment, Science and Technology | | | | |
| Operating initiatives | | | | |
| Training Infrastructure Investment for Tomorrow — update TAFE facilities | -1 550 | — | — | — |
| VET Data Strategy Action Group — additional support | - 250 | - 250 | — | — |
| Investing initiatives | | | | |
| Training Infrastructure Investment for Tomorrow — update TAFE facilities | -17 150 | — | — | — |
| Revenue offsets | | | | |
| Training Infrastructure Investment for Tomorrow — Commonwealth support | 18 700 | — | — | — |
| VET Data Strategy Action Group — Commonwealth contribution | 500 | — | — | — |
| Total policy measures | | | | |
| Operating initiatives | -172 665 | -165 458 | -106 162 | -208 222 |
| Savings initiatives | 1 786 | 1 632 | 671 | -1 186 |
| Revenue offsets | 39 202 | 7 374 | 8 391 | 8 956 |
| Revenue measures | - 305 | -55 981 | -51 665 | -55 947 |
| Net operating impact | -131 982 | -212 433 | -148 765 | -256 399 |
| Investing initiatives | -69 582 | -156 693 | -242 436 | -154 241 |
| Asset sales | 17 423 | 42 117 | 45 301 | 5 430 |
| Net lending impact | -184 141 | -327 009 | -345 900 | -405 210 |

(a) Includes amounts held under Administered Items for the Department of Treasury and Finance

Financial position

Table 1.8 Key balance sheet indicators — general government sector

| As at 30 June | 2009 Outcome | 2010 Budget | 2010 MYBR | 2011 Estimate | 2012 Estimate | 2013 Estimate |
|----------------------------------|-----------------|----------------|--------------|------------------|------------------|------------------|
| Net debt | | | | | | |
| \$m | 475 | 2 142 | 2 067 | 2 860 | 3 274 | 3 351 |
| % of total revenue | 3.5 | 14.8 | 13.7 | 19.6 | 22.1 | 21.7 |
| Unfunded superannuation | | | | | | |
| \$m | 8 939 | 9 790 | 8 220 | 8 255 | 8 275 | 8 278 |
| % of total revenue | 66.1 | 67.8 | 54.6 | 56.7 | 55.8 | 53.7 |
| Net financial liabilities | | | | | | |
| \$m | 11 562 | 14 023 | 12 351 | 13 321 | 13 919 | 14 191 |
| % of total revenue | 85.5 | 97.1 | 82.1 | 91.5 | 93.9 | 92.0 |
| Net financial worth | | | | | | |
| \$m | 5 551 | 3 512 | 5 683 | 4 760 | 4 886 | 5 426 |
| % of total revenue | 41.0 | 24.3 | 37.8 | 32.7 | 32.9 | 35.2 |
| Net worth | | | | | | |
| \$m | 24 146 | 21 741 | 25 711 | 26 319 | 27 134 | 28 197 |
| % of total revenue | 178.5 | 150.5 | 170.8 | 180.8 | 183.0 | 182.8 |

Table 1.9 Key balance sheet indicators — non-financial public sector

| As at 30 June | 2009 Outcome | 2010 Budget | 2010 MYBR | 2011 Estimate | 2012 Estimate | 2013 Estimate |
|----------------------------------|-----------------|----------------|--------------|------------------|------------------|------------------|
| Net debt | | | | | | |
| \$m | 2 872 | 5 230 | 5 407 | 6 568 | 6 828 | 6 829 |
| % of total revenue | 20.0 | 34.2 | 34.1 | 42.0 | 43.0 | 41.3 |
| Unfunded superannuation | | | | | | |
| \$m | 8 939 | 9 790 | 8 220 | 8 255 | 8 275 | 8 278 |
| % of total revenue | 62.2 | 64.0 | 51.9 | 52.8 | 52.2 | 50.0 |
| Net financial liabilities | | | | | | |
| \$m | 14 302 | 17 682 | 16 137 | 17 589 | 18 153 | 18 387 |
| % of total revenue | 99.6 | 115.5 | 101.9 | 112.6 | 114.4 | 111.2 |
| Net financial worth | | | | | | |
| \$m | -14 921 | -18 491 | -16 734 | -18 141 | -18 604 | -18 675 |
| % of total revenue | -103.9 | -120.8 | -105.6 | -116.1 | -117.3 | -112.9 |
| Net worth | | | | | | |
| \$m | 24 146 | 21 741 | 25 711 | 26 319 | 27 134 | 28 197 |
| % of total revenue | 168.2 | 142.1 | 162.3 | 168.4 | 171.0 | 170.5 |

Net Debt

In absolute terms, general government net debt is forecast to be \$2 067 million at 30 June 2010. This is a decrease of \$75 million from that estimated at the time of the 2009-10 Budget (\$2 142 million). The forecast improvement reflects a better than expected opening net debt position at 30 June 2009, partially offset by the deterioration in the estimated net lending result for 2009-10 since the 2009-10 Budget. This reflects the impact of expenditure carried forward from 2008-09.

Estimated net debt has increased across the forward estimates compared to the 2009-10 Budget with a deterioration of \$237 million by June 2013.

Non-financial public sector net debt as at 30 June 2010 is expected to be \$5.4 billion, \$177 million higher than estimated in the 2009-10 Budget. Net debt is expected to increase over the forward estimates reaching \$6.8 billion in 2012-13, \$258 million higher than estimated in the 2009-10 Budget. The increase from budget is mainly due to a deterioration in the net lending balance in the general government sector.

Public non-financial corporations are estimated to contribute \$3.3 billion to the non-financial public sector net debt at 30 June 2010, \$253 million higher than forecast in the 2009-10 Budget.

Unfunded superannuation

The estimated unfunded superannuation liability at 30 June 2010 and across the forward years has decreased since the 2009-10 Budget. The decrease is due to:

- an increase in the long-term Commonwealth Bond rate used as the discount rate to value the superannuation liability in accordance with Australian Accounting Standards. The discount rate used in the 2009-10 MYBR is based on the prevailing bond rate of 5.8 per cent compared with 5.2 per cent at the time of the 2009-10 Budget. The higher discount rate results in a decrease in the present value of future superannuation obligations of \$1.15 billion between the 2009-10 Budget and the 2009-10 MYBR; and
- higher than expected returns on superannuation assets in 2009-10 compared with 2009-10 Budget assumptions. Earnings on superannuation assets for 2009-10 are currently projected to be 17.9 per cent, compared with the long-term earnings assumption of 7.0 per cent. The impact of higher earnings on the estimated superannuation liability as at 30 June 2010 is a decrease in the liability of \$456 million.

The decrease in the superannuation liability was slightly offset by lower than expected final earnings on assets in 2008-09. An earnings rate of negative 17.6 per cent was achieved in 2008-09 compared with an estimated earnings rate of negative 17.0 per cent at the time of the 2009-10 Budget. These lower earnings added \$31 million to the unfunded liability at 30 June 2009.

The net result of the variations in earnings and discount rates and other minor adjustments is a decrease of \$1 570 million in the estimated unfunded superannuation liability at 30 June 2010 compared with the estimate in the 2009-10 Budget. The unfunded superannuation liability is now expected to be \$8 220 million as at 30 June 2010 and remains relatively steady over the forward estimates.

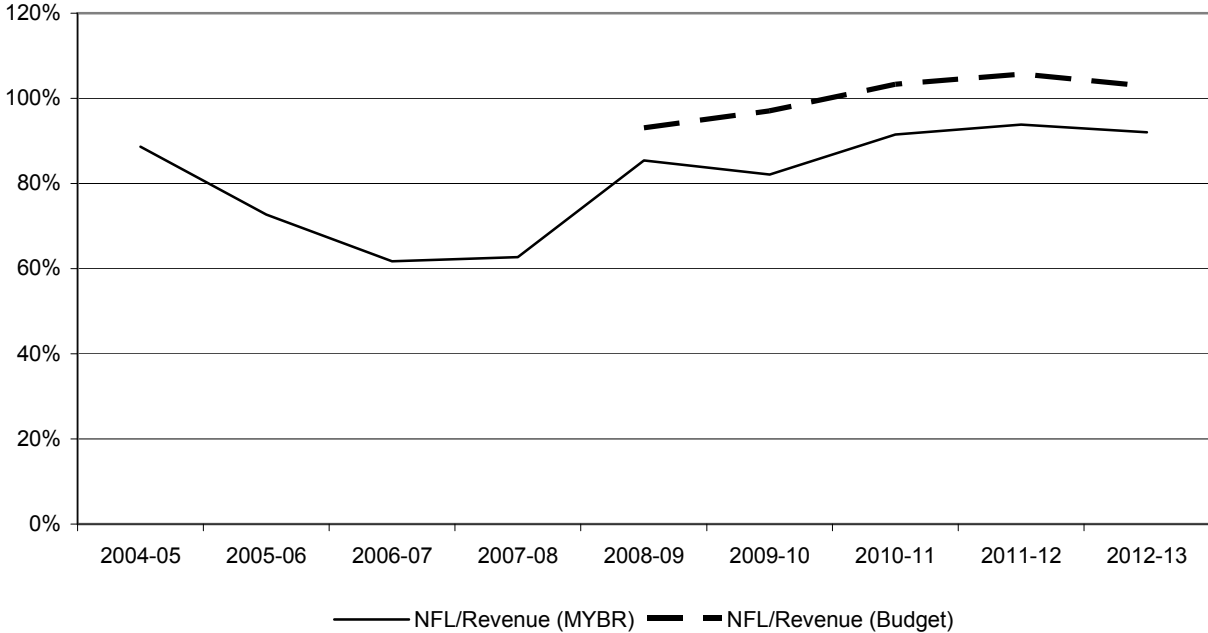
The change in the book value of the liability resulting from the updated assumptions is reflected in the operating statement under other economic flows (refer Table 1.3 earlier in this chapter and Table A.16 in Appendix A).

Net financial liabilities to revenue ratio

Net financial liabilities as a percentage of revenue is a key measure of the strength of the state’s balance sheet and the capacity of the state to meet its obligations from operating revenues.

Figure 1.1 shows that the general government sector’s net financial liabilities to revenue ratio at 30 June 2010 and across the forward estimates is estimated to be lower than forecast in the 2009-10 Budget. This primarily reflects the reduction in the unfunded superannuation liability.

Figure 1.1: General government sector net financial liabilities to revenue ratio



The net financial liabilities to revenue ratio is still projected to increase modestly over the forward estimates, primarily reflecting the increase in general government sector net debt.

CHAPTER 2: THE ECONOMIC CONTEXT

The 2009-10 Budget was framed against the backdrop of considerable uncertainty and pessimism surrounding the economic impacts of the global financial crisis. Rising unemployment and unstable financial markets combined with falling consumer and business confidence prompted governments in many countries to implement measures to counteract the dampening impacts on business investment and consumer spending. Notwithstanding these measures it was still expected that the Australian economy would weaken significantly through 2009.

As it has turned out aggressive interest rate cuts by central banks combined with large economic stimulus packages, bank deposit guarantees and government bailouts of several major financial institutions appear to have arrested the contraction in the global economy. Equity markets and commodity prices have stabilised and liquidity is slowly returning to the financial markets.

The Australian economy has been particularly resilient in the face of the global downturn and, with the worst of the impacts appearing to have passed, the focus has now shifted to gradually lessening the monetary stimulus in place, to avoid inflationary pressures, whilst still maintaining economic growth. The Reserve Bank of Australia has increased official interest rates by 75 basis points over the last quarter of 2009.

There will continue to be some degree of uncertainty as to the pace of recovery of the world economies and financial markets. There is some risk that current forecasts will prove to be too optimistic, particularly for the advanced economies, and the global recovery will be a slow and gradual process.

The overall improvement in the economic and financial situation has prompted upward revisions to expectations of world economic growth by official and private-sector forecasters. The International Monetary Fund (IMF) has gradually revised its growth forecasts upwards over the course of 2009, with GDP in advanced economies forecast to grow by 1.3 per cent in calendar 2010 after being forecast as recently as April to experience no growth in calendar 2010. This is still below trend growth however. Growth in the emerging economies has similarly been revised upwards with growth of 5.1 per cent forecast in calendar 2010, and the Chinese economy is expected to grow by 9.0 per cent.

In the Mid-Year Economic and Fiscal Outlook Commonwealth Treasury revised its forecast for Australian economic (GDP) growth for 2009-10 to 1½ per cent, a large change from the ½ per cent contraction forecast at Budget time.

Growth in the South Australian economy has also moderated but overall, latest data indicate that it has held up better than nationally on most key indicators. State Final Demand (SFD) grew by 2.2 per cent through the year to the September quarter 2009, above the 0.1 per cent growth recorded nationally. Household consumption spending and business investment has held up better than nationally over the past twelve months. Housing construction activity in South Australia remains at historically high levels while broader property market trends have been stronger than expected with the First Home Owners Boost and low interest rates boosting housing sales.

Farm sector production has strengthened in 2009-10 in volume terms. Above average rainfall and ideal weather conditions resulted in significant improvement in yield potential for most broadacre farming areas. Latest Australian Bureau of Agricultural and Resource Economics (ABARE) estimates for South Australian winter crop production indicate a 58 per cent increase from 2008-09 levels. If realised it would be the largest crop volume since 2001-02. Irrigated horticulture continues to suffer challenging conditions as a result of flows in the Murray-Darling Basin system however, with South Australian irrigation allocations currently at 48 per cent.

The South Australian population growth rate has increased over the past four years, and recorded growth of 1.2 per cent in the year to June 2009, the highest since the year to September 1975 (when there was a temporary boost following Cyclone Tracey). Net overseas migration has been a major driver of population growth in the past four years, driven by a national immigration program, as well as the introduction of the Skilled Regional Sponsored Visa (formerly called the Skilled Independent Regional Visa) in 2004. However, the impact of net overseas migration has been partly offset by continuing interstate migration losses.

While South Australian employment growth has moderated it has remained positive through 2009. There has, however, been an increased level of underemployment as businesses sought to reduce workers' hours as a result of the weaker economic conditions. Hours worked in November were 2.8 per cent lower than a year earlier, despite growth in trend employment of around ½ of a per cent. Signs of a recovery in the labour market have started to emerge, with job advertisements picking up since mid-year but remaining at levels well below pre-financial crisis peaks.

With the global financial crisis not appearing to have had as large an impact on the South Australian economy as first anticipated, the ½ per cent contraction in GSP for 2009-10 forecast in the Budget has been revised up to 2¼ per cent growth. Part of this upward revision also reflects the strength of winter crop production. Similarly, SFD growth has also been revised from the flat result forecast in the 2009-10 State Budget to 2½ per cent growth.

For 2010-11 GSP growth has been revised up to 2½ per cent, and SFD growth is expected to increase by 2¼ per cent, with growth in household consumption spending strengthening and offsetting the levelling out of public sector investment activity. Employment growth is forecast to accelerate to 1¼ per cent through the year to the June quarter 2011. Projections for South Australia from 2011-12 onwards take into consideration the expected performance of the national economy (as forecast by the Commonwealth Treasury) over the medium term, relative population growth rates and the impact of major known and approved projects. However, no allowance has been made for the impacts of the yet to be approved expansion of the Olympic Dam mine.

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

| | 2008-09 Actual | 2009-10 Budget Forecast | 2009-10 Revised Forecast | 2010-11 Forecast | 2011-12 Projection | 2012-13 Projection |
|--|---------------------------|--|---|-----------------------------|-------------------------------|-------------------------------|
| Australia^{(a) (b)} | | | | | | |
| Gross Domestic Product (GDP) | 1.1 | -½ | 1½ | 2¾ | 4 | 4 |
| Domestic Final Demand (DFD) | 2.4 | -1¼ | 1¼ | 3¼ | n.a. | n.a. |
| Employment | 0.1 | -1½ | ¼ | 1½ | 2¼ | 2 |
| CPI | 3.1 | 1¾ | 1¾ | 2¼ | 2¼ | 2¼ |
| South Australia^{(b) (c)} | | | | | | |
| Gross State Product (GSP) | 1.4 | -½ | 2¼ | 2½ | 3½ | 3½ |
| State Final Demand (SFD) | 2.8 | 0 | 2½ | 2¼ | 3½ | 3½ |
| Employment | 1.1 | -1½ | 0 | 1¼ | 1¾ | 1¾ |

(a) Australian forecasts from Commonwealth Treasury Mid-Year Economic and Fiscal Outlook 2009-10.

(b) All forecasts are in year average terms apart from employment growth which is through the year to the June quarter.

(c) Forecasts and projections are based largely on underlying national economic and State population trends.

APPENDIX A: UNIFORM PRESENTATION FRAMEWORK

Overview

By agreement between the Commonwealth 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 ABS GFS publication (*Australian System of Government Finance Statistics: Concepts, Sources and Methods* Cat. No. 5514.0) requires that provisions for doubtful debts be excluded from the balance sheet. 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 A.1: General government sector operating statement (\$million)

| | 2009-10 Budget | 2009-10 MYBR | 2010-11 Estimate | 2011-12 Estimate | 2012-13 Estimate |
|---|-------------------|-----------------|---------------------|---------------------|---------------------|
| Revenue | | | | | |
| Taxation revenue | 3 526 | 3 630 | 3 791 | 3 998 | 4 198 |
| Grants | 8 064 | 8 452 | 7 878 | 7 720 | 7 924 |
| Sales of goods and services | 1 834 | 1 906 | 1 818 | 1 903 | 1 975 |
| Interest income | 144 | 138 | 185 | 235 | 294 |
| Dividend and income tax equivalent income | 388 | 401 | 336 | 378 | 440 |
| Other | 489 | 523 | 549 | 597 | 593 |
| Total revenue | 14 444 | 15 050 | 14 558 | 14 830 | 15 424 |
| <i>less</i> | | | | | |
| Expenses | | | | | |
| Employee expenses | 6 035 | 6 059 | 5 935 | 6 032 | 6 118 |
| Superannuation expenses | | | | | |
| Superannuation interest cost | 444 | 455 | 426 | 426 | 425 |
| Other superannuation expenses | 623 | 630 | 636 | 649 | 661 |
| Depreciation and amortisation | 601 | 627 | 685 | 761 | 823 |
| Interest expenses | 174 | 170 | 311 | 400 | 492 |
| Other property expenses | — | — | — | — | — |
| Other operating expenses | 3 728 | 4 027 | 3 844 | 3 987 | 4 183 |
| Grants | 3 145 | 3 256 | 2 708 | 2 447 | 2 406 |
| Total expenses | 14 748 | 15 224 | 14 545 | 14 702 | 15 108 |
| <i>equals</i> | | | | | |
| Net operating balance | -304 | -174 | 13 | 127 | 316 |
| <i>plus</i> | | | | | |
| Other economic flows | 925 | 1 738 | 596 | 687 | 748 |
| <i>equals</i> | | | | | |
| Comprehensive result - total change in net worth | 621 | 1 564 | 609 | 815 | 1 063 |
| Net operating balance | -304 | -174 | 13 | 127 | 316 |
| <i>less</i> | | | | | |
| Net acquisition of non-financial assets | | | | | |
| Purchases of non-financial assets | 2 180 | 2 285 | 2 330 | 1 755 | 1 394 |
| less Sales of non-financial assets | 343 | 282 | 194 | 349 | 104 |
| less Depreciation | 601 | 627 | 685 | 761 | 823 |
| plus Change in inventories | — | — | — | — | — |
| plus Other movements in non-financial assets | — | — | — | — | — |
| <i>equals</i> Total net acquisition of non-financial assets | 1 237 | 1 377 | 1 452 | 646 | 467 |
| <i>equals</i> | | | | | |
| Net lending / borrowing | -1 541 | -1 551 | -1 439 | -518 | -151 |

Note: Totals may not add due to rounding.

APPENDIX A

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

| | 2009-10 Budget | 2009-10 MYBR | 2010-11 Estimate | 2011-12 Estimate | 2012-13 Estimate |
|---|-------------------|-----------------|---------------------|---------------------|---------------------|
| Revenue | | | | | |
| Taxation revenue | — | — | — | — | — |
| Grants | 848 | 977 | 673 | 540 | 496 |
| Sales of goods and services | 1 542 | 1 540 | 1 702 | 1 780 | 2 006 |
| Interest income | 16 | 16 | 16 | 17 | 20 |
| Dividend and income tax equivalent income | 18 | 16 | 7 | 6 | 1 |
| Other | 234 | 241 | 229 | 201 | 162 |
| Total revenue | 2 658 | 2 789 | 2 629 | 2 544 | 2 684 |
| <i>less</i> | | | | | |
| Expenses | | | | | |
| Employee expenses | 160 | 168 | 159 | 165 | 196 |
| Superannuation expenses | | | | | |
| Superannuation interest cost | — | — | — | — | — |
| Other superannuation expenses | 24 | 24 | 25 | 23 | 26 |
| Depreciation and amortisation | 303 | 303 | 362 | 375 | 386 |
| Interest expenses | 192 | 199 | 257 | 262 | 277 |
| Other property expenses | 379 | 353 | 253 | 336 | 410 |
| Other operating expenses | 1 242 | 1 327 | 1 438 | 1 330 | 1 346 |
| Grants | 59 | 114 | 67 | 72 | 79 |
| Total expenses | 2 358 | 2 488 | 2 559 | 2 563 | 2 719 |
| <i>equals</i> | | | | | |
| Net operating balance | 300 | 301 | 69 | -19 | -35 |
| <i>plus</i> | | | | | |
| Other economic flows | 564 | 598 | -67 | 641 | 683 |
| <i>equals</i> | | | | | |
| Comprehensive result - total change in net worth | 864 | 899 | 3 | 622 | 649 |
| Net operating balance | 300 | 301 | 69 | -19 | -35 |
| <i>less</i> | | | | | |
| Net acquisition of non-financial assets | | | | | |
| Purchases of non-financial assets | 1 728 | 1 756 | 1 297 | 700 | 594 |
| less Sales of non-financial assets | 215 | 264 | 862 | 403 | 271 |
| less Depreciation | 303 | 303 | 362 | 375 | 386 |
| plus Change in inventories | 59 | 137 | -95 | -6 | -11 |
| plus Other movements in non-financial assets | — | — | — | — | — |
| <i>equals</i> Total net acquisition of non-financial assets | 1 270 | 1 326 | -22 | -85 | -74 |
| <i>equals</i> | | | | | |
| Net lending / borrowing | -970 | -1 025 | 92 | 66 | 39 |

Note: Totals may not add due to rounding.

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

| | 2009-10 Budget | 2009-10 MYBR | 2010-11 Estimate | 2011-12 Estimate | 2012-13 Estimate |
|---|-------------------|-----------------|---------------------|---------------------|---------------------|
| Revenue | | | | | |
| Taxation revenue | 3 231 | 3 326 | 3 455 | 3 662 | 3 858 |
| Grants | 8 066 | 8 445 | 7 880 | 7 727 | 7 932 |
| Sales of goods and services | 3 140 | 3 168 | 3 283 | 3 426 | 3 704 |
| Interest income | 120 | 114 | 162 | 223 | 270 |
| Dividend and income tax equivalent income | 68 | 59 | 86 | 43 | 26 |
| Other | 679 | 730 | 761 | 784 | 752 |
| Total revenue | 15 303 | 15 843 | 15 626 | 15 864 | 16 542 |
| <i>less</i> | | | | | |
| Expenses | | | | | |
| Employee expenses | 6 195 | 6 227 | 6 094 | 6 197 | 6 313 |
| Superannuation expenses | | | | | |
| Superannuation interest cost | 444 | 455 | 426 | 426 | 425 |
| Other superannuation expenses | 646 | 654 | 661 | 673 | 686 |
| Depreciation and amortisation | 903 | 929 | 1 047 | 1 136 | 1 209 |
| Interest expenses | 326 | 330 | 528 | 633 | 725 |
| Other property expenses | 45 | — | — | — | — |
| Other operating expenses | 4 389 | 4 734 | 4 684 | 4 705 | 4 905 |
| Grants | 2 359 | 2 387 | 2 104 | 1 986 | 1 996 |
| Total expenses | 15 307 | 15 716 | 15 544 | 15 756 | 16 260 |
| <i>equals</i> | | | | | |
| Net operating balance | -4 | 127 | 82 | 109 | 281 |
| <i>plus</i> | | | | | |
| Other economic flows | 625 | 1 437 | 526 | 706 | 782 |
| <i>equals</i> | | | | | |
| Comprehensive result - total change in net worth | 621 | 1 564 | 609 | 815 | 1 063 |
| Net operating balance | -4 | 127 | 82 | 109 | 281 |
| <i>less</i> | | | | | |
| Net acquisition of non-financial assets | | | | | |
| Purchases of non-financial assets | 3 908 | 3 997 | 3 623 | 2 455 | 1 988 |
| less Sales of non-financial assets | 557 | 501 | 1 052 | 752 | 375 |
| less Depreciation | 903 | 929 | 1 047 | 1 136 | 1 209 |
| plus Change in inventories | 60 | 137 | -95 | -6 | -11 |
| plus Other movements in non-financial assets | — | — | — | — | — |
| <i>equals</i> Total net acquisition of non-financial assets | 2 507 | 2 703 | 1 429 | 561 | 393 |
| <i>equals</i> | | | | | |
| Net lending / borrowing | -2 511 | -2 576 | -1 347 | -452 | -112 |

Note: Totals may not add due to rounding.

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

| | 2009-10 Budget | 2009-10 MYBR | 2010-11 Estimate | 2011-12 Estimate | 2012-13 Estimate |
|---|-------------------|-----------------|---------------------|---------------------|---------------------|
| Assets | | | | | |
| Financial assets | | | | | |
| Cash and deposits | 3 301 | 2 378 | 2 317 | 2 417 | 2 538 |
| Advances paid | 691 | 677 | 496 | 203 | 67 |
| Investments, loans and placements | 156 | 151 | 163 | 176 | 189 |
| Receivables | 544 | 617 | 601 | 600 | 596 |
| Equity | | | | | |
| Investments in other public sector entities | 17 535 | 18 034 | 18 081 | 18 805 | 19 617 |
| Investments - other | 673 | 714 | 716 | 713 | 711 |
| Other financial assets | 36 | 43 | 44 | 43 | 41 |
| Total financial assets | 22 937 | 22 613 | 22 418 | 22 957 | 23 761 |
| Non-financial assets | | | | | |
| Land and other fixed assets | 18 206 | 19 962 | 21 494 | 22 182 | 22 706 |
| Other non-financial assets | 23 | 65 | 65 | 65 | 65 |
| Total non-financial assets | 18 229 | 20 028 | 21 559 | 22 248 | 22 771 |
| Total assets | 41 166 | 42 640 | 43 977 | 45 205 | 46 532 |
| Liabilities | | | | | |
| Deposits held | 539 | 374 | 270 | 269 | 253 |
| Advances received | 638 | 610 | 592 | 591 | 572 |
| Borrowing | 5 113 | 4 288 | 4 974 | 5 209 | 5 320 |
| Superannuation | 9 790 | 8 220 | 8 255 | 8 275 | 8 278 |
| Other employee benefits | 1 848 | 1 870 | 1 955 | 2 057 | 2 181 |
| Payables | 645 | 720 | 714 | 715 | 717 |
| Other liabilities | 852 | 847 | 898 | 953 | 1 012 |
| Total liabilities | 19 425 | 16 930 | 17 658 | 18 071 | 18 335 |
| Net worth | | | | | |
| Net financial worth | 3 512 | 5 683 | 4 760 | 4 886 | 5 426 |
| Net financial liabilities | 14 023 | 12 351 | 13 321 | 13 919 | 14 191 |
| Net debt | 2 142 | 2 067 | 2 860 | 3 274 | 3 351 |

Note: Totals may not add due to rounding.

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

| | 2009-10 Budget | 2009-10 MYBR | 2010-11 Estimate | 2011-12 Estimate | 2012-13 Estimate |
|---|-------------------|-----------------|---------------------|---------------------|---------------------|
| Assets | | | | | |
| Financial assets | | | | | |
| Cash and deposits | 531 | 418 | 297 | 257 | 240 |
| Advances paid | 55 | 53 | 46 | 39 | 31 |
| Investments, loans and placements | 31 | 35 | 37 | 38 | 39 |
| Receivables | 179 | 279 | 276 | 285 | 295 |
| Equity | | | | | |
| Investments in other public sector entities | — | — | — | — | — |
| Investments - other | 19 | 16 | 13 | 11 | 8 |
| Other financial assets | 21 | 45 | 2 | 2 | 2 |
| Total financial assets | 838 | 847 | 670 | 631 | 614 |
| Non-financial assets | | | | | |
| Land and other fixed assets | 22 001 | 22 414 | 22 898 | 23 487 | 24 097 |
| Other non-financial assets | 2 | 7 | 10 | 12 | 11 |
| Total non-financial assets | 22 003 | 22 421 | 22 908 | 23 499 | 24 108 |
| Total assets | 22 840 | 23 268 | 23 578 | 24 130 | 24 723 |
| Liabilities | | | | | |
| Deposits held | 1 | — | 1 | 1 | 2 |
| Advances received | 673 | 670 | 484 | 191 | 55 |
| Borrowing | 3 033 | 3 177 | 3 603 | 3 695 | 3 730 |
| Superannuation | — | — | — | — | — |
| Other employee benefits | 75 | 77 | 74 | 76 | 77 |
| Payables | 243 | 468 | 468 | 475 | 483 |
| Other liabilities | 472 | 244 | 316 | 436 | 472 |
| Total liabilities | 4 497 | 4 637 | 4 944 | 4 874 | 4 818 |
| Net worth | 18 344 | 18 631 | 18 634 | 19 256 | 19 904 |
| Net financial worth | -3 659 | -3 790 | -4 274 | -4 243 | -4 204 |
| Net financial liabilities | 3 659 | 3 790 | 4 274 | 4 243 | 4 204 |
| Net debt | 3 088 | 3 341 | 3 708 | 3 554 | 3 477 |

Note: Totals may not add due to rounding.

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

| | 2009-10 Budget | 2009-10 MYBR | 2010-11 Estimate | 2011-12 Estimate | 2012-13 Estimate |
|---|-------------------|-----------------|---------------------|---------------------|---------------------|
| Assets | | | | | |
| Financial assets | | | | | |
| Cash and deposits | 3 494 | 2 602 | 2 529 | 2 596 | 2 722 |
| Advances paid | 74 | 60 | 58 | 50 | 43 |
| Investments, loans and placements | 188 | 186 | 200 | 214 | 229 |
| Receivables | 562 | 716 | 717 | 714 | 718 |
| Equity | | | | | |
| Investments in other public sector entities | -809 | -597 | -552 | -451 | -287 |
| Investments - other | 692 | 730 | 729 | 724 | 719 |
| Other financial assets | 57 | 87 | 46 | 44 | 43 |
| Total financial assets | 4 257 | 3 785 | 3 727 | 3 892 | 4 187 |
| Non-financial assets | | | | | |
| Land and other fixed assets | 40 207 | 42 376 | 44 392 | 45 669 | 46 803 |
| Other non-financial assets | 25 | 68 | 68 | 69 | 69 |
| Total non-financial assets | 40 232 | 42 444 | 44 460 | 45 738 | 46 872 |
| Total assets | 44 489 | 46 229 | 48 187 | 49 630 | 51 058 |
| Liabilities | | | | | |
| Deposits held | 201 | 181 | 187 | 193 | 200 |
| Advances received | 638 | 610 | 592 | 591 | 572 |
| Borrowing | 8 146 | 7 465 | 8 576 | 8 904 | 9 050 |
| Superannuation | 9 790 | 8 220 | 8 255 | 8 275 | 8 278 |
| Other employee benefits | 1 922 | 1 948 | 2 029 | 2 132 | 2 258 |
| Payables | 781 | 1 064 | 1 055 | 1 063 | 1 071 |
| Other liabilities | 1 268 | 1 031 | 1 172 | 1 337 | 1 431 |
| Total liabilities | 22 748 | 20 518 | 21 868 | 22 496 | 22 861 |
| Net worth | | | | | |
| Net financial worth | -18 491 | -16 734 | -18 141 | -18 604 | -18 675 |
| Net financial liabilities | 17 682 | 16 137 | 17 589 | 18 153 | 18 387 |
| Net debt | 5 230 | 5 407 | 6 568 | 6 828 | 6 829 |

Note: Totals may not add due to rounding.

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

| | 2009-10 Budget | 2009-10 MYBR | 2010-11 Estimate | 2011-12 Estimate | 2012-13 Estimate |
|--|-------------------|-----------------|---------------------|---------------------|---------------------|
| Cash receipts from operating activities | | | | | |
| Taxes received | 3 520 | 3 619 | 3 778 | 4 001 | 4 194 |
| Receipts from sales of goods and services | 1 788 | 1 857 | 1 799 | 1 883 | 1 954 |
| Grants and subsidies received | 8 063 | 8 450 | 7 876 | 7 718 | 7 923 |
| Interest receipts | 131 | 126 | 173 | 223 | 282 |
| Dividends and income tax equivalents | 360 | 402 | 357 | 368 | 440 |
| Other receipts | 509 | 537 | 577 | 625 | 621 |
| Total operating receipts | 14 372 | 14 990 | 14 561 | 14 818 | 15 415 |
| Cash payments for operating activities | | | | | |
| Payments for employees | -7 052 | -7 167 | -6 960 | -7 065 | -7 159 |
| Payments for goods and services | -3 529 | -3 805 | -3 666 | -3 814 | -4 009 |
| Grants and subsidies paid | -3 207 | -3 356 | -2 764 | -2 504 | -2 464 |
| Interest paid | -174 | -170 | -311 | -400 | -492 |
| Other payments | -109 | -143 | -81 | -76 | -74 |
| Total operating payments | -14 071 | -14 641 | -13 783 | -13 859 | -14 197 |
| Net cash flows from operating activities | 301 | 350 | 778 | 959 | 1 217 |
| Net cash flows from investments in non-financial assets | | | | | |
| Sales of non-financial assets | 341 | 281 | 190 | 349 | 104 |
| Purchases of non-financial assets (a) | -2 172 | -2 273 | -2 210 | -1 753 | -1 392 |
| Net cash flows from investments in non-financial assets | -1 831 | -1 992 | -2 020 | -1 404 | -1 288 |
| Net cash flows from investments in financial assets for policy purposes (b) | 141 | 144 | 758 | 330 | 136 |
| Net cash flows from investments in financial assets for liquidity purposes | -15 | -18 | -14 | -11 | -12 |
| Net cash flows from financing activities | | | | | |
| Advances received (net) | -17 | -17 | -18 | -1 | -19 |
| Borrowing (net) | 1 738 | 1 440 | 566 | 236 | 111 |
| Deposits received (net) | 75 | 39 | -104 | -1 | -16 |
| Dividends paid | — | — | — | — | — |
| Other financing (net) | — | — | — | — | — |
| Net cash flows from financing activities | 1 796 | 1 461 | 444 | 234 | 75 |
| Net increase / (decrease) in cash held | 392 | -55 | -54 | 108 | 129 |
| Net cash flows from operating activities | 301 | 350 | 778 | 959 | 1 217 |
| Net cash flows from investments in non-financial assets | -1 831 | -1 992 | -2 020 | -1 404 | -1 288 |
| Dividends paid | — | — | — | — | — |
| Cash surplus / (deficit) | -1 530 | -1 643 | -1 242 | -445 | -70 |

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, disposals and privatisations (net).

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

| | 2009-10 Budget | 2009-10 MYBR | 2010-11 Estimate | 2011-12 Estimate | 2012-13 Estimate |
|--|-------------------|-----------------|---------------------|---------------------|---------------------|
| Cash receipts from operating activities | | | | | |
| Taxes received | — | — | — | — | — |
| Receipts from sales of goods and services | 1 513 | 1 516 | 1 689 | 1 758 | 1 983 |
| Grants and subsidies received | 1 091 | 1 061 | 767 | 666 | 545 |
| Interest receipts | 16 | 15 | 16 | 16 | 19 |
| Dividends and income tax equivalents | 18 | 20 | 10 | 9 | — |
| Other receipts | 228 | 230 | 211 | 181 | 142 |
| Total operating receipts | 2 867 | 2 842 | 2 692 | 2 630 | 2 689 |
| Cash payments for operating activities | | | | | |
| Payments for employees | -202 | -209 | -207 | -206 | -242 |
| Payments for goods and services | -702 | -868 | -729 | -713 | -723 |
| Grants and subsidies paid | -59 | -114 | -67 | -72 | -79 |
| Interest paid | -193 | -200 | -258 | -262 | -278 |
| Other payments | -653 | -672 | -652 | -695 | -721 |
| Total operating payments | -1 811 | -2 062 | -1 912 | -1 949 | -2 042 |
| Net cash flows from operating activities | 1 056 | 779 | 780 | 681 | 647 |
| Net cash flows from investments in non-financial assets | | | | | |
| Sales of non-financial assets | 215 | 264 | 862 | 403 | 271 |
| Purchases of non-financial assets (a) | -1 701 | -1 726 | -1 268 | -673 | -566 |
| Net cash flows from investments in non-financial assets | -1 486 | -1 462 | -406 | -269 | -295 |
| Net cash flows from investments in financial assets for policy purposes (b) | 7 | 7 | 7 | 8 | 8 |
| Net cash flows from investments in financial assets for liquidity purposes | 2 | 4 | 2 | 2 | 2 |
| Net cash flows from financing activities | | | | | |
| Advances received (net) | -86 | -89 | -763 | -329 | -136 |
| Borrowing (net) | 747 | 988 | 426 | 92 | 35 |
| Deposits received (net) | — | — | — | — | — |
| Dividends paid | -221 | -245 | -172 | -229 | -279 |
| Other financing (net) | — | — | — | — | — |
| Net cash flows from financing activities | 441 | 653 | -509 | -464 | -379 |
| Net increase / (decrease) in cash held | 19 | -19 | -126 | -43 | -17 |
| Net cash flows from operating activities | 1 056 | 779 | 780 | 681 | 647 |
| Net cash flows from investments in non-financial assets | -1 486 | -1 462 | -406 | -269 | -295 |
| Dividends paid | -221 | -245 | -172 | -229 | -279 |
| Cash surplus / (deficit) | -651 | -928 | 202 | 183 | 73 |

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, disposals and privatisations (net).

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

| | 2009-10 Budget | 2009-10 MYBR | 2010-11 Estimate | 2011-12 Estimate | 2012-13 Estimate |
|--|-------------------|-----------------|---------------------|---------------------|---------------------|
| Cash receipts from operating activities | | | | | |
| Taxes received | 3 223 | 3 317 | 3 443 | 3 665 | 3 855 |
| Receipts from sales of goods and services | 3 068 | 3 097 | 3 253 | 3 387 | 3 664 |
| Grants and subsidies received | 8 308 | 8 527 | 7 973 | 7 851 | 7 980 |
| Interest receipts | 107 | 102 | 150 | 211 | 258 |
| Dividends and income tax equivalents | 68 | 62 | 86 | 43 | 26 |
| Other receipts | 689 | 730 | 770 | 789 | 757 |
| Total operating receipts | 15 463 | 15 835 | 15 674 | 15 946 | 16 540 |
| Cash payments for operating activities | | | | | |
| Payments for employees | -7 235 | -7 360 | -7 149 | -7 253 | -7 380 |
| Payments for goods and services | -4 015 | -4 412 | -4 176 | -4 289 | -4 477 |
| Grants and subsidies paid | -2 421 | -2 486 | -2 161 | -2 043 | -2 054 |
| Interest paid | -327 | -331 | -529 | -634 | -726 |
| Other payments | -329 | -363 | -273 | -316 | -317 |
| Total operating payments | -14 327 | -14 952 | -14 288 | -14 535 | -14 954 |
| Net cash flows from operating activities | 1 136 | 883 | 1 386 | 1 411 | 1 586 |
| Net cash flows from investments in non-financial assets | | | | | |
| Sales of non-financial assets | 556 | 500 | 1 051 | 752 | 375 |
| Purchases of non-financial assets (a) | -3 873 | -3 954 | -3 477 | -2 426 | -1 958 |
| Net cash flows from investments in non-financial assets | -3 317 | -3 455 | -2 426 | -1 674 | -1 583 |
| Net cash flows from investments in financial assets for policy purposes (b) | 61 | 61 | 2 | 9 | 8 |
| Net cash flows from investments in financial assets for liquidity purposes | -13 | -14 | -12 | -9 | -10 |
| Net cash flows from financing activities | | | | | |
| Advances received (net) | -17 | -17 | -18 | -1 | -19 |
| Borrowing (net) | 2 485 | 2 427 | 991 | 328 | 146 |
| Deposits received (net) | 6 | 6 | 6 | 6 | 6 |
| Dividends paid | — | — | — | — | — |
| Other financing (net) | — | — | — | — | — |
| Net cash flows from financing activities | 2 474 | 2 416 | 980 | 334 | 133 |
| Net increase / (decrease) in cash held | 342 | -107 | -70 | 71 | 134 |
| Net cash flows from operating activities | 1 136 | 883 | 1 386 | 1 411 | 1 586 |
| Net cash flows from investments in non-financial assets | -3 317 | -3 455 | -2 426 | -1 674 | -1 583 |
| Dividends paid | — | — | — | — | — |
| Cash surplus / (deficit) | -2 181 | -2 571 | -1 040 | -262 | 3 |

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, disposals and privatisations (net).

APPENDIX A

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

| | 2009-10 Budget | 2009-10 MYBR | 2010-11 Estimate | 2011-12 Estimate | 2012-13 Estimate |
|--|-------------------|-----------------|---------------------|---------------------|---------------------|
| Cash surplus / (deficit) | -1 530 | -1 643 | -1 242 | -445 | -70 |
| Acquisitions under finance leases and similar arrangements (a) | -11 | -11 | -120 | — | — |
| ABS GFS Surplus (+) / deficit (-) including finance leases and similar arrangements | -1 540 | -1 654 | -1 362 | -445 | -70 |

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

| | | | | | |
|--|------|------|-----|-----|----|
| Cash surplus / (deficit) | -651 | -928 | 202 | 183 | 73 |
| Acquisitions under finance leases and similar arrangements (a) | — | — | — | — | — |
| ABS GFS Surplus (+) / deficit (-) including finance leases and similar arrangements | -651 | -928 | 202 | 183 | 73 |

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

| | | | | | |
|--|--------|--------|--------|------|---|
| Cash surplus / (deficit) | -2 181 | -2 571 | -1 040 | -262 | 3 |
| Acquisitions under finance leases and similar arrangements (a) | -11 | -11 | -120 | — | — |
| ABS GFS Surplus (+) / deficit (-) including finance leases and similar arrangements | -2 192 | -2 582 | -1 160 | -262 | 3 |

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

| | 2009-10 Budget | 2009-10 MYBR | 2010-11 Estimate | 2011-12 Estimate | 2012-13 Estimate |
|--|-------------------|-----------------|---------------------|---------------------|---------------------|
| Taxes on employers' payroll and labour force | 915 | 903 | 957 | 1 036 | 1 102 |
| Taxes on property | | | | | |
| Land taxes | 550 | 561 | 574 | 564 | 588 |
| Stamp duties on financial and capital transactions | 727 | 821 | 872 | 957 | 1 012 |
| Financial institutions' transaction taxes | — | — | — | — | — |
| Other | 152 | 156 | 163 | 164 | 167 |
| Total | 1 428 | 1 537 | 1 609 | 1 685 | 1 766 |
| Taxes on the provision of goods and services | | | | | |
| Excises and levies | — | — | — | — | — |
| Taxes on gambling | 400 | 401 | 418 | 445 | 474 |
| Taxes on insurance | 338 | 339 | 350 | 360 | 370 |
| Total | 737 | 740 | 768 | 805 | 843 |
| Taxes on use of goods and performance of activities | | | | | |
| Motor vehicle taxes | 445 | 450 | 458 | 472 | 486 |
| Total | 445 | 450 | 458 | 472 | 486 |
| Total GFS taxation revenue | 3 526 | 3 630 | 3 791 | 3 998 | 4 198 |

Note: Totals may not add due to rounding.

(a) Excludes taxes paid by general government entities.

APPENDIX A

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

| | 2009-10 Budget | 2009-10 MYBR | 2010-11 Estimate | 2011-12 Estimate | 2012-13 Estimate |
|---|-------------------|-----------------|---------------------|---------------------|---------------------|
| Current grant revenue | | | | | |
| Current grants from the Commonwealth | | | | | |
| General purpose grants | 3 819 | 3 909 | 4 098 | 4 291 | 4 557 |
| National partnership grants | 519 | 794 | 418 | 501 | 468 |
| Specific purpose grants | 1 327 | 1 346 | 1 405 | 1 468 | 1 530 |
| Specific purpose grants for on-passing | 664 | 632 | 682 | 699 | 717 |
| Total current grants from the Commonwealth | 6 330 | 6 680 | 6 603 | 6 959 | 7 271 |
| Other contributions and grants | 135 | 127 | 111 | 113 | 113 |
| Total current grant revenue | 6 466 | 6 807 | 6 714 | 7 072 | 7 384 |
| Capital grant revenue | | | | | |
| Capital grants from the Commonwealth | | | | | |
| General purpose grants | — | — | — | — | — |
| National partnership grants | 1 443 | 1 474 | 1 009 | 501 | 391 |
| Specific purpose grants | 114 | 114 | 115 | 117 | 119 |
| Specific purpose grants for on-passing | 11 | 11 | 11 | 11 | 12 |
| Total capital grants from the Commonwealth | 1 567 | 1 598 | 1 135 | 630 | 521 |
| Other contributions and grants | 31 | 47 | 29 | 18 | 18 |
| Total capital grant revenue | 1 599 | 1 645 | 1 164 | 648 | 540 |
| Total grant revenue | 8 064 | 8 452 | 7 878 | 7 720 | 7 924 |

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

| | 2009-10 Budget | 2009-10 MYBR | 2010-11 Estimate | 2011-12 Estimate | 2012-13 Estimate |
|--|-------------------|-----------------|---------------------|---------------------|---------------------|
| Current grant expense | | | | | |
| State/territory government | — | — | — | — | — |
| Local government | 42 | 57 | 51 | 55 | 56 |
| Local government on-passing | 151 | 118 | 155 | 158 | 162 |
| Private and not-for-profit sector | 651 | 628 | 534 | 528 | 533 |
| Private and not-for-profit sector on-passing | 513 | 511 | 522 | 535 | 549 |
| Grants to other sectors of Government | 545 | 676 | 544 | 514 | 493 |
| Other | 576 | 554 | 482 | 488 | 484 |
| Total current grant expense | 2 478 | 2 545 | 2 287 | 2 277 | 2 275 |
| Capital grant expense | | | | | |
| State/territory government | 8 | — | — | — | — |
| Local government | — | 14 | 26 | 30 | 14 |
| Local government on-passing | — | — | — | — | — |
| Private and not-for-profit sector | 142 | 171 | 110 | 102 | 102 |
| Private and not-for-profit sector on-passing | 209 | 209 | 150 | 11 | 12 |
| Grants to other sectors of Government | 305 | 305 | 131 | 23 | — |
| Other | 3 | 12 | 2 | 2 | 2 |
| Total capital grant expense | 667 | 712 | 420 | 170 | 131 |
| Total grant expense | 3 145 | 3 256 | 2 708 | 2 447 | 2 406 |

Note: Totals may not add due to rounding.

APPENDIX A

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

| | 2009-10 Budget | 2009-10 MYBR | 2010-11 Estimate | 2011-12 Estimate | 2012-13 Estimate |
|--|---------------------------|-------------------------|-----------------------------|-----------------------------|-----------------------------|
| Dividend and income tax equivalent income from PNFC sector | 338 | 358 | 258 | 341 | 415 |
| Dividend and income tax equivalent income from PFC sector | 50 | 44 | 78 | 36 | 25 |
| Other dividend income | — | — | — | — | — |
| Total dividend and income tax equivalent income | 388 | 401 | 336 | 378 | 440 |

Note: Totals may not add due to rounding.

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

| | 2009-10 Budget | 2009-10 MYBR | 2010-11 Estimate | 2011-12 Estimate | 2012-13 Estimate |
|---|-------------------|-----------------|---------------------|---------------------|---------------------|
| Net worth at beginning of year | 21 120 | 24 146 | 25 711 | 26 319 | 27 134 |
| Change in net worth from operating transactions: | | | | | |
| Net operating balance | - 304 | - 174 | 13 | 127 | 316 |
| Change in net worth from other economic flows: | | | | | |
| Movement in net assets of PFCs | 90 | 74 | 45 | 102 | 164 |
| Movement in net assets of PNFCs ^(a) | 882 | 916 | 575 | 654 | 649 |
| Revaluation of unfunded superannuation liability | - 5 | 768 | - 4 | - 4 | - 4 |
| Revaluation of long service leave liability | - 46 | - 62 | - 66 | - 70 | - 74 |
| Revaluation of annual leave liability | - 9 | - 9 | - 9 | - 9 | - 10 |
| Other revaluation adjustments | 14 | 51 | 54 | 14 | 23 |
| <i>Subtotal</i> | | | | | |
| Total other economic flows | 925 | 1 738 | 596 | 687 | 748 |
| Net worth at year end | 21 741 | 25 711 | 26 319 | 27 134 | 28 197 |

Note: Totals may not add due to rounding.

(a) Net of the impact of the disposal of assets in the PNFC Sector and the return of proceeds to the general government sector.

Table A.17 Loan Council Allocation 2009-10 (\$million)^(a)

| | 2009-10 Budget | 2009-10 MYBR |
|---|-------------------|-----------------|
| General government sector cash deficit/surplus | 1 530 | 1 643 |
| PNFC sector cash deficit/surplus | 651 | 928 |
| Total non-financial public sector cash deficit/surplus (b) | 2 181 | 2 571 |
| Acquisitions under finance leases and similar arrangements | 11 | 11 |
| ABS Government Finance Statistics cash surplus | 2 192 | 2 582 |
| Net cash flows from investments in financial assets for policy purposes (c) | - 61 | - 61 |
| Adjusted total non-financial public sector cash deficit/surplus | 2 131 | 2 521 |
| Memorandum items (d) | | |
| Operating leases (e) | - 71 | - 49 |
| Recourse asset sales | — | — |
| Superannuation (f) | - 601 | - 929 |
| Local government | 24 | 8 |
| Home finance schemes | 100 | 220 |
| Total memorandum items | - 548 | - 750 |
| LCA deficit/surplus (g)(h) | 1 583 | 1 771 |

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 represented as 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) This item is the negative of net advances paid under a cash accounting framework.
- (d) Excludes universities.
- (e) Increase/decrease in the net present value (NPV) of operating leases with an NPV of \$5 million or greater.
- (f) Includes both 'payments in excess of emerging costs of superannuation' and 'interest earnings on employer balances'.
- (g) The 2 per cent of total revenue tolerance limit around South Australia's 2009-10 LCA is \$289 million.
- (h) South Australia may have two infrastructure projects with private sector involvement that meets the recognition criteria for 2009-10:
the construction of six new schools across the northern and western suburbs of Adelaide; and the construction of the Elizabeth GP Plus Centre.

APPENDIX B: 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 2008–09 from Budget Outcome publications for South Australia.

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

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

General government sector

Table B.1 General government key operating statement aggregates

| | Revenue | | | Expenses | | | Net | Net | Net |
|-----------|---------|---------------|-------|----------|---------------|-------|-------------------|-------------------------------------|---------|
| | \$m | % real growth | % GSP | \$m | % real growth | % GSP | operating balance | acquisition of non-financial assets | lending |
| | \$m | | | \$m | | | \$m | \$m | \$m |
| 1998-99 | 7 290 | | 16.4 | 7 505 | | 16.9 | - 215 | 19 | - 233 |
| 1999-2000 | 7 644 | 2.3 | 16.4 | 7 974 | 3.7 | 17.1 | - 330 | 140 | - 471 |
| 2000-01 | 8 108 | 3.0 | 16.4 | 8 406 | 2.4 | 17.0 | - 297 | 102 | - 399 |
| 2001-02 | 8 538 | 2.0 | 16.1 | 8 713 | 0.5 | 16.4 | - 174 | - 50 | - 124 |
| 2002-03 | 9 346 | 5.2 | 16.6 | 8 898 | -1.8 | 15.8 | 448 | 34 | 414 |
| 2003-04 | 9 955 | 3.4 | 16.7 | 9 570 | 4.4 | 16.0 | 385 | - 38 | 424 |
| 2004-05 | 10 592 | 4.0 | 17.2 | 10 368 | 5.9 | 16.9 | 224 | 105 | 119 |
| 2005-06 | 11 242 | 2.9 | 17.2 | 11 040 | 3.2 | 16.8 | 202 | 119 | 83 |
| 2006-07 | 11 757 | 1.9 | 16.7 | 11 547 | 2.0 | 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 | 1.8 | 17.0 | 13 764 | 7.4 | 17.3 | - 233 | 639 | - 872 |
| 2009-10 | 15 050 | 9.1 | 18.3 | 15 224 | 8.5 | 18.5 | - 174 | 1 377 | -1 551 |
| 2010-11 | 14 558 | -5.3 | 16.8 | 14 545 | -6.5 | 16.8 | 13 | 1 452 | -1 439 |
| 2011-12 | 14 830 | -0.3 | 16.2 | 14 702 | -1.1 | 16.1 | 127 | 646 | - 518 |
| 2012-13 | 15 424 | 1.7 | 15.9 | 15 108 | 0.5 | 15.6 | 316 | 467 | - 151 |

APPENDIX B

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

| As at 30 June | Net debt ^(a) | Unfunded superannuation ^(b) | Net financial liabilities ^(c) | 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 ^(c) | - 24 | 5 075 | 7 254 | 8 110 | 22 128 |
| 2008 ^{(d)(e)(f)} | - 276 | 6 468 | 8 078 | 7 580 | 23 741 |
| 2009 | 475 | 8 939 | 11 562 | 5 551 | 24 146 |
| 2010 | 2 067 | 8 220 | 12 351 | 5 683 | 25 711 |
| 2011 | 2 860 | 8 255 | 13 321 | 4 760 | 26 319 |
| 2012 | 3 274 | 8 275 | 13 919 | 4 886 | 27 134 |
| 2013 | 3 351 | 8 278 | 14 191 | 5 426 | 28 197 |

(a) Net debt data for the years before 1999 are sourced from *Australian Bureau of Statistics, 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 Commonwealth Government bond rate for valuation purposes in line with *AASB119, Employee Benefits*, resulted in a significant increase in superannuation liabilities.

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

(d) There is a structural break in 2008 reflecting the transfer of rail assets from TransAdelaide to the general government sector. This 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.

(e) There is a structural break in 2008 reflecting the transfer of assets from the Adelaide Festival Centre Trust to the general government sector. This 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.

(f) There is a structural break in 2008 reflecting the first time recognition on the general government balance sheet of South Australia's share of the net assets of the Murray-Darling Basin Commission. This 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.

APPENDIX B

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

| | Receipts | Payments | ABS Cash Surplus |
|-----------|-----------------|-----------------|-------------------------|
| 1979-80 | 1 891 | 1 671 | 220 |
| 1980-81 | 2 065 | 1 917 | 148 |
| 1981-82 | 2 210 | 2 122 | 87 |
| 1982-83 | 2 664 | 2 507 | 156 |
| 1983-84 | 2 988 | 2 734 | 255 |
| 1984-85 | 3 380 | 3 057 | 324 |
| 1985-86 | 3 634 | 3 161 | 474 |
| 1986-87 | 3 956 | 3 416 | 540 |
| 1987-88 | 4 307 | 3 858 | 449 |
| 1988-89 | 4 630 | 3 977 | 653 |
| 1989-90 | 4 973 | 4 370 | 603 |
| 1990-91 | 5 260 | 4 796 | 463 |
| 1991-92 | 5 387 | 5 396 | -10 |
| 1992-93 | 5 967 | 5 456 | 512 |
| 1993-94 | 6 087 | 6 024 | 63 |
| 1994-95 | 6 155 | 6 220 | -66 |
| 1995-96 | 6 405 | 6 164 | 241 |
| 1996-97 | 6 379 | 6 282 | 97 |
| 1997-98 | 6 988 | 6 724 | 264 |
| 1998-99 | 7 165 | 7 041 | 123 |
| 1999-2000 | 7 676 | 7 915 | - 239 |
| 2000-01 | 8 278 | 8 387 | -108 |
| 2001-02 | 8 698 | 8 748 | -50 |
| 2002-03 | 9 522 | 8 864 | 658 |
| 2003-04 | 10 023 | 9 502 | 522 |
| 2004-05 | 11 252 | 11 059 | 193 |
| 2005-06 | 11 480 | 11 293 | 187 |
| 2006-07 | 12 090 | 12 116 | - 26 |
| 2007-08 | 12 932 | 12 552 | 379 |
| 2008-09 | 13 579 | 14 299 | - 721 |
| 2009-10 | 15 271 | 16 924 | -1 654 |
| 2010-11 | 14 751 | 16 113 | -1 362 |
| 2011-12 | 15 167 | 15 612 | - 445 |
| 2012-13 | 15 519 | 15 589 | - 70 |

(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 Australian Bureau of Statistics (ABS) and are consistent with ABS GFS reporting requirements on a cash basis. Capital receipts and payments, including payments associated with the provision of financial support for state owned financial institutions (which were treated by the ABS as an 'investment in financial assets for policy purposes') are not included in the series before 1999-2000. 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. Due to the associated methodological and data-source changes, time series data that encompass measures derived under both cash and accrual accounting should be used with caution.

APPENDIX B

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

| | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Revenue | | | | | | | | | | | | |
| Taxation revenue | 2 193 | 2 431 | 2 806 | 2 941 | 2 979 | 3 250 | 3 570 | 3 537 | 3 630 | 3 791 | 3 998 | 4 198 |
| Grants | 4 674 | 4 795 | 5 073 | 5 406 | 5 766 | 5 989 | 6 616 | 7 249 | 8 452 | 7 878 | 7 720 | 7 924 |
| Sales of goods and services | 902 | 997 | 1 165 | 1 244 | 1 333 | 1 464 | 1 572 | 1 697 | 1 906 | 1 818 | 1 903 | 1 975 |
| Interest income | 131 | 146 | 172 | 161 | 147 | 167 | 203 | 150 | 138 | 185 | 235 | 294 |
| Dividend and income tax equivalent income | 292 | 631 | 468 | 455 | 575 | 450 | 429 | 382 | 401 | 336 | 378 | 440 |
| Other | 345 | 347 | 272 | 386 | 441 | 456 | 490 | 517 | 523 | 549 | 597 | 593 |
| <i>Total revenue</i> | 8 538 | 9 346 | 9 955 | 10 592 | 11 242 | 11 757 | 12 879 | 13 531 | 15 050 | 14 558 | 14 830 | 15 424 |
| <i>less</i> | | | | | | | | | | | | |
| Expenses | | | | | | | | | | | | |
| Employee expenses | 3 514 | 3 614 | 3 903 | 4 220 | 4 644 | 4 933 | 5 268 | 5 749 | 6 059 | 5 935 | 6 032 | 6 118 |
| Superannuation expenses | | | | | | | | | | | | |
| Superannuation interest cost | 244 | 299 | 354 | 351 | 344 | 316 | 276 | 383 | 455 | 426 | 426 | 425 |
| Other superannuation expenses | 316 | 383 | 410 | 429 | 480 | 506 | 546 | 580 | 630 | 636 | 649 | 661 |
| Depreciation and amortisation | 390 | 401 | 435 | 453 | 454 | 498 | 525 | 566 | 627 | 685 | 761 | 823 |
| Interest expenses | 272 | 297 | 253 | 248 | 223 | 204 | 218 | 180 | 170 | 311 | 400 | 492 |
| Other property expenses | — | — | — | — | — | — | — | — | — | — | — | — |
| Other operating expenses | 2 258 | 2 164 | 2 348 | 2 742 | 2 874 | 3 021 | 3 246 | 3 624 | 4 027 | 3 844 | 3 987 | 4 183 |
| Grants | 1 719 | 1 741 | 1 866 | 1 925 | 2 021 | 2 069 | 2 337 | 2 682 | 3 256 | 2 708 | 2 447 | 2 406 |
| <i>Total expenses</i> | 8 713 | 8 898 | 9 570 | 10 368 | 11 040 | 11 547 | 12 414 | 13 764 | 15 224 | 14 545 | 14 702 | 15 108 |
| <i>equals</i> | | | | | | | | | | | | |
| Net operating balance | -174 | 448 | 385 | 224 | 202 | 209 | 464 | -233 | -174 | 13 | 127 | 316 |
| <i>plus</i> | | | | | | | | | | | | |
| Other economic flows | 79 | 119 | 87 | 375 | 3 142 | 2 215 | 1 149 | 708 | 1 738 | 596 | 687 | 748 |
| <i>equals</i> | | | | | | | | | | | | |
| Comprehensive result - total change in net worth | -95 | 567 | 472 | 599 | 3 344 | 2 424 | 1 613 | 475 | 1 564 | 609 | 815 | 1 063 |
| <i>Net operating balance</i> | -174 | 448 | 385 | 224 | 202 | 209 | 464 | -233 | -174 | 13 | 127 | 316 |
| <i>less</i> | | | | | | | | | | | | |
| Net acquisition of non-financial assets | 470 | 474 | 530 | 695 | 717 | 771 | 875 | 1 305 | 2 285 | 2 330 | 1 755 | 1 394 |
| Purchases of non-financial assets | 133 | 41 | 124 | 119 | 144 | 134 | 108 | 108 | 282 | 194 | 349 | 104 |
| <i>less</i> Sales of non-financial assets | 390 | 401 | 435 | 453 | 454 | 498 | 525 | 566 | 627 | 685 | 761 | 823 |
| <i>less</i> Depreciation | 3 | 2 | -10 | -18 | — | — | — | 7 | — | — | — | — |
| <i>plus</i> Change in inventories | — | — | — | — | — | — | — | — | — | — | — | — |
| <i>plus</i> Other movements in non-financial assets | -50 | 34 | -38 | 105 | 119 | 139 | 242 | 639 | 1 377 | 1 452 | 646 | 467 |
| <i>equals</i> Total net acquisition of non-financial assets | -124 | 414 | 424 | 119 | 83 | 71 | 222 | -872 | -1 551 | -1 439 | -518 | -151 |
| <i>equals</i> | | | | | | | | | | | | |
| Net lending / borrowing | | | | | | | | | | | | |

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

| As at 30 June | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Assets | | | | | | | | | | | | |
| Financial assets | | | | | | | | | | | | |
| Cash and deposits | 1 844 | 2 052 | 2 178 | 1 960 | 2 210 | 2 384 | 2 760 | 3 084 | 2 378 | 2 317 | 2 417 | 2 538 |
| Advances paid | 1 233 | 1 167 | 1 133 | 959 | 902 | 905 | 782 | 752 | 677 | 496 | 203 | 67 |
| Investments, loans and placements | 170 | 170 | 154 | 170 | 180 | 119 | 134 | 140 | 151 | 163 | 176 | 189 |
| Receivables | 288 | 261 | 343 | 374 | 454 | 471 | 498 | 610 | 617 | 601 | 600 | 596 |
| Equity | | | | | | | | | | | | |
| Investments in other public sector entities | 10 466 | 10 473 | 11 700 | 13 246 | 14 017 | 15 364 | 15 658 | 17 113 | 18 034 | 18 081 | 18 805 | 19 617 |
| Investments - other | 3 | 6 | 111 | 145 | 173 | 30 | 668 | 707 | 714 | 716 | 713 | 711 |
| Other financial assets | 8 | 28 | 43 | 60 | 44 | 39 | 38 | 43 | 43 | 44 | 43 | 41 |
| Total financial assets | 14 012 | 14 157 | 15 661 | 16 915 | 17 979 | 19 311 | 20 539 | 22 449 | 22 613 | 22 418 | 22 957 | 23 761 |
| Non-financial assets | | | | | | | | | | | | |
| Land and other fixed assets | 11 076 | 11 710 | 11 835 | 12 411 | 13 840 | 14 013 | 16 138 | 18 590 | 19 962 | 21 494 | 22 182 | 22 706 |
| Other non-financial assets | 86 | 78 | 83 | 94 | 17 | 4 | 23 | 5 | 65 | 65 | 65 | 65 |
| Total non-financial assets | 11 161 | 11 788 | 11 917 | 12 505 | 13 857 | 14 018 | 16 161 | 18 595 | 20 028 | 21 559 | 22 248 | 22 771 |
| Total assets | 25 173 | 25 945 | 27 579 | 29 420 | 31 836 | 33 329 | 36 700 | 41 045 | 42 640 | 43 977 | 45 205 | 46 532 |
| Liabilities | | | | | | | | | | | | |
| Deposits held | 401 | 329 | 309 | 283 | 282 | 331 | 328 | 335 | 374 | 270 | 269 | 253 |
| Advances received | 790 | 780 | 733 | 686 | 682 | 659 | 644 | 628 | 610 | 592 | 591 | 572 |
| Borrowing | 3 359 | 2 947 | 2 648 | 2 265 | 2 209 | 2 394 | 2 427 | 3 488 | 4 288 | 4 974 | 5 209 | 5 320 |
| Superannuation | 3 998 | 4 445 | 5 668 | 7 227 | 6 146 | 5 075 | 6 468 | 8 939 | 8 220 | 8 255 | 8 275 | 8 278 |
| Other employee benefits | 855 | 1 097 | 1 233 | 1 305 | 1 393 | 1 492 | 1 646 | 1 867 | 1 870 | 1 955 | 2 057 | 2 181 |
| Payables | 690 | 368 | 466 | 483 | 616 | 553 | 665 | 760 | 720 | 714 | 715 | 717 |
| Other liabilities | 359 | 693 | 763 | 812 | 805 | 699 | 779 | 881 | 847 | 898 | 953 | 1 012 |
| Total liabilities | 10 453 | 10 658 | 11 819 | 13 061 | 12 133 | 11 201 | 12 959 | 16 898 | 16 930 | 17 658 | 18 071 | 18 335 |
| Net worth ^(a) | 14 721 | 15 288 | 15 760 | 16 359 | 19 703 | 22 128 | 23 741 | 24 146 | 25 711 | 26 319 | 27 134 | 28 197 |
| Net financial worth ^{(a)(b)(c)} | 3 559 | 3 500 | 3 842 | 3 853 | 5 846 | 8 110 | 7 580 | 5 551 | 5 683 | 4 760 | 4 886 | 5 426 |
| Net financial liabilities ^{(a)(b)(c)} | 6 907 | 6 974 | 7 858 | 9 393 | 8 171 | 7 254 | 8 078 | 11 562 | 12 351 | 13 321 | 13 919 | 14 191 |
| Net debt ^{(b)(c)(d)} | 1 303 | 666 | 224 | 144 | - 119 | - 24 | - 276 | 475 | 2 067 | 2 860 | 3 274 | 3 351 |

(a) 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.

(b) 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 liability of \$66 million in 2007-08, and a reduction in net financial worth of \$591 million, with no impact on net worth.

(c) 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.

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

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

| | 2004-05 Outcome | 2005-06 Outcome | 2006-07 Outcome | 2007-08 ^(a) Outcome | 2008-09 Outcome |
|--|--------------------|--------------------|--------------------|-----------------------------------|--------------------|
| General public services | 217 | 206 | 184 | 247 | 277 |
| Defence | — | — | — | — | — |
| Public order and safety | 957 | 1 036 | 1 074 | 1 220 | 1 293 |
| Education | 2 641 | 2 846 | 2 940 | 3 129 | 3 347 |
| Health | 2 824 | 3 064 | 3 356 | 3 626 | 4 000 |
| Social security and welfare | 714 | 673 | 748 | 871 | 927 |
| Housing and community amenities | 839 | 933 | 969 | 921 | 1 330 |
| Recreation and culture | 286 | 299 | 291 | 376 | 284 |
| Fuel and energy | 40 | 44 | 40 | 38 | 52 |
| Agriculture, forestry, fishing and hunting | 188 | 207 | 193 | 206 | 243 |
| Mining, manufacturing and construction | 68 | 84 | 95 | 65 | 48 |
| Transport and communications | 661 | 734 | 745 | 748 | 784 |
| Other economic affairs | 226 | 176 | 178 | 169 | 226 |
| Other purposes | 707 | 739 | 734 | 798 | 953 |
| Total expenses | 10 368 | 11 040 | 11 547 | 12 414 | 13 764 |

Note: Totals may not add due to rounding.

- (a) Expenses by function data are derived from information submitted by government agencies. The processes for deriving these data are subject to ongoing refinements. Consequently the data may be subject to future revisions. Consistent with the ongoing data improvement policy, refinements have been made to the 2007-08 Outcome data. Accordingly, the 2007-08 Outcome data differs to that published in the 2007-08 Final Budget Outcome and the 2009-10 Budget papers.

Table B.7 General government capital expenditure by function (\$million)^(a)

| | 2004-05 Outcome | 2005-06 Outcome | 2006-07 Outcome | 2007-08 Outcome | 2008-09 Outcome ^(b) |
|--|--------------------|--------------------|--------------------|--------------------|-----------------------------------|
| General public services | 140 | 171 | 137 | 105 | 139 |
| Defence | — | — | — | — | — |
| Public order and safety | 67 | 67 | 65 | 70 | 84 |
| Education | 83 | 69 | 63 | 89 | 64 |
| Health | 128 | 116 | 100 | 141 | 183 |
| Social security and welfare | 5 | 12 | 2 | 2 | 7 |
| Housing and community amenities | 16 | 6 | 17 | 14 | 24 |
| Recreation and culture | 9 | 14 | 11 | 20 | 36 |
| Fuel and energy | — | — | — | — | — |
| Agriculture, forestry, fishing and hunting | 12 | 10 | 5 | 5 | 20 |
| Mining, manufacturing and construction | — | 1 | — | — | 4 |
| Transport and communications | 222 | 237 | 299 | 286 | 601 |
| Other economic affairs | 1 | — | 50 | 127 | 136 |
| Other purposes | — | 1 | 3 | — | 6 |
| Total capital | 683 | 705 | 752 | 860 | 1 305 |

Note: Totals may not add due to rounding.

- (a) Expenses by function data are derived from information submitted by government agencies. The processes for deriving these data are subject to ongoing refinements. Consequently the data may be subject to future revisions.
- (b) For the 2008-09 Outcome, total capital expenditure has been measured on an accrual basis and includes assets received free of charge, consistent with the treatment in the operating statement. Data prior to 2008-09 was prepared on a cash basis.

Non-Financial Public Sector

Table B.8 Non-financial public sector key operating statement aggregates

| | Revenue | | | Expenses | | | Net operating balance | Net acquisition of non-financial assets | Net lending |
|-----------|---------|---------------|-------|----------|---------------|-------|-----------------------|---|-------------|
| | \$m | % real growth | % GSP | \$m | % real growth | % GSP | \$m | \$m | \$m |
| 1998-99 | 9 468 | | 21.3 | 9 597 | | 21.6 | - 129 | - 115 | - 14 |
| 1999-2000 | 9 206 | -5.1 | 19.8 | 9 552 | -2.9 | 20.5 | - 346 | -3 508 | 3 161 |
| 2000-01 | 9 051 | -4.5 | 18.3 | 9 279 | -5.7 | 18.7 | - 228 | -1 111 | 883 |
| 2001-02 | 9 367 | 0.3 | 17.6 | 9 487 | -0.9 | 17.9 | - 120 | - 124 | 5 |
| 2002-03 | 10 172 | 4.4 | 18.0 | 9 696 | -1.7 | 17.2 | 476 | 72 | 405 |
| 2003-04 | 10 707 | 2.2 | 17.9 | 10 294 | 3.1 | 17.2 | 413 | 33 | 379 |
| 2004-05 | 11 343 | 3.5 | 18.5 | 11 029 | 4.7 | 17.9 | 314 | 125 | 189 |
| 2005-06 | 11 807 | 0.9 | 18.0 | 11 634 | 2.3 | 17.8 | 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 | 17.0 | 569 | 303 | 266 |
| 2008-09 | 14 360 | 2.0 | 18.0 | 14 567 | 8.0 | 18.3 | - 207 | 1 249 | -1 456 |
| 2009-10 | 15 843 | 8.2 | 19.2 | 15 716 | 5.8 | 19.1 | 127 | 2 703 | -2 576 |
| 2010-11 | 15 626 | -3.4 | 18.1 | 15 544 | -3.2 | 18.0 | 82 | 1 429 | -1 347 |
| 2011-12 | 15 864 | -0.6 | 17.3 | 15 756 | -0.8 | 17.2 | 109 | 561 | - 452 |
| 2012-13 | 16 542 | 1.9 | 17.1 | 16 260 | 0.9 | 16.8 | 281 | 393 | - 112 |

Table B.9 Non-financial public sector key balance sheet and aggregates (\$million)

| As at 30 June | Net debt ^(a) | Unfunded superannuation ^(b) | 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 ^(c) | 1 989 | 5 075 | 9 518 | -8 795 | 22 128 |
| 2008 ^{(d)(e)} | 1 611 | 6 468 | 10 208 | -10 487 | 23 741 |
| 2009 | 2 872 | 8 939 | 14 302 | -14 921 | 24 146 |
| 2010 | 5 407 | 8 220 | 16 137 | - 16 734 | 25 711 |
| 2011 | 6 568 | 8 255 | 17 589 | - 18 141 | 26 319 |
| 2012 | 6 828 | 8 275 | 18 153 | - 18 604 | 27 134 |
| 2013 | 6 829 | 8 278 | 18 387 | - 18 675 | 28 197 |

(a) Net debt data for the years before 1999 are sourced from *Australian Bureau of Statistics, 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 Commonwealth Government bond rate for valuation purposes in line with *AASB119, 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 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 South Australian Community Housing Authority (PFC) with the South Australian Housing Trust (PNFC). 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 B.10 Non-financial public sector receipts, payments and surplus (\$million)^(a)

| | 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 | 16 335 | 18 917 | -2 582 |
| 2010-11 | 16 725 | 17 884 | -1 160 |
| 2011-12 | 16 699 | 16 961 | - 262 |
| 2012-13 | 16 915 | 16 912 | 3 |

(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 Australian Bureau of Statistics (ABS) and are consistent with ABS GFS reporting requirements on a cash basis. Capital receipts and payments, including payments associated with the provision of financial support for state owned financial institutions (which were treated by the ABS as an 'investment in financial assets for policy purposes') are not included in the series before 1999-2000. 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. 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 B.11 Non-financial public sector operating statement (\$million)

| | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|--------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|---------------|---------------|
| Revenue | | | | | | | | | | | | |
| Taxation revenue | 2 027 | 2 272 | 2 629 | 2 731 | 2 749 | 3 009 | 3 308 | 3 244 | 3 326 | 3 455 | 3 662 | 3 858 |
| Grants | 4 678 | 4 798 | 5 078 | 5 405 | 5 849 | 6 039 | 6 616 | 7 262 | 8 445 | 7 880 | 7 727 | 7 932 |
| Sales of goods and services | 2 107 | 2 272 | 2 446 | 2 481 | 2 494 | 2 610 | 2 926 | 3 082 | 3 168 | 3 283 | 3 426 | 3 704 |
| Interest income | 85 | 103 | 125 | 135 | 113 | 155 | 188 | 125 | 114 | 162 | 223 | 270 |
| Dividend and income tax equivalent income | 57 | 338 | 103 | 143 | 126 | 42 | 24 | 36 | 59 | 86 | 43 | 26 |
| Other | 413 | 389 | 326 | 447 | 476 | 466 | 572 | 611 | 730 | 761 | 784 | 752 |
| Total revenue | 9 367 | 10 172 | 10 707 | 11 343 | 11 807 | 12 321 | 13 634 | 14 360 | 15 843 | 15 626 | 15 864 | 16 542 |
| <i>less</i> | | | | | | | | | | | | |
| Expenses | | | | | | | | | | | | |
| Employee expenses | 3 660 | 3 767 | 4 070 | 4 382 | 4 808 | 5 108 | 5 450 | 5 944 | 6 227 | 6 094 | 6 197 | 6 313 |
| Superannuation expenses | | | | | | | | | | | | |
| Superannuation interest cost | 244 | 299 | 354 | 351 | 344 | 316 | 276 | 383 | 455 | 426 | 426 | 425 |
| Other superannuation expenses | 330 | 400 | 426 | 445 | 499 | 525 | 568 | 605 | 654 | 661 | 673 | 686 |
| Depreciation and amortisation | 588 | 603 | 651 | 682 | 692 | 755 | 798 | 852 | 929 | 1 047 | 1 136 | 1 209 |
| Interest expenses | 354 | 374 | 315 | 333 | 310 | 290 | 322 | 290 | 330 | 528 | 633 | 725 |
| Other property expenses | — | 3 | 15 | 23 | 13 | 9 | 74 | — | — | — | — | — |
| Other operating expenses | 3 037 | 2 961 | 3 135 | 3 251 | 3 313 | 3 475 | 3 765 | 4 404 | 4 734 | 4 684 | 4 705 | 4 905 |
| Grants | 1 274 | 1 288 | 1 328 | 1 563 | 1 655 | 1 698 | 1 811 | 2 089 | 2 387 | 2 104 | 1 986 | 1 996 |
| Total expenses | 9 487 | 9 696 | 10 294 | 11 029 | 11 634 | 12 175 | 13 065 | 14 567 | 15 716 | 15 544 | 15 756 | 16 260 |
| <i>equals</i> | | | | | | | | | | | | |
| Net operating balance | - 120 | 476 | 413 | 314 | 172 | 147 | 569 | - 207 | 127 | 82 | 109 | 281 |
| <i>plus</i> | | | | | | | | | | | | |
| Other economic flows | 24 | 91 | 59 | 286 | 3 172 | 2 278 | 1 044 | 682 | 1 437 | 526 | 706 | 782 |
| <i>equals</i> | | | | | | | | | | | | |
| Comprehensive result - total change in net worth | - 95 | 567 | 472 | 599 | 3 344 | 2 424 | 1 613 | 475 | 1 564 | 609 | 815 | 1 063 |
| <i>less</i> | | | | | | | | | | | | |
| Net operating balance | - 120 | 476 | 413 | 314 | 172 | 147 | 569 | - 207 | 127 | 82 | 109 | 281 |
| <i>less</i> | | | | | | | | | | | | |
| Net acquisition of non-financial assets | | | | | | | | | | | | |
| Purchases of non-financial assets | 741 | 783 | 898 | 1 040 | 1 127 | 1 145 | 1 399 | 2 328 | 3 997 | 3 623 | 2 455 | 1 988 |
| <i>less</i> Sales of non-financial assets | 262 | 117 | 211 | 234 | 381 | 217 | 298 | 304 | 501 | 1 052 | 752 | 375 |
| <i>less</i> Depreciation | 588 | 603 | 651 | 682 | 692 | 755 | 798 | 852 | 929 | 1 047 | 1 136 | 1 209 |
| <i>plus</i> Change in inventories | - 15 | 9 | - 3 | 1 | — | — | — | 76 | 137 | - 95 | - 6 | - 11 |
| <i>plus</i> Other movements in non-financial assets | — | — | — | — | — | — | — | — | — | — | — | — |
| <i>equals</i> Total net acquisition of non-financial assets | - 124 | 72 | 33 | 125 | 53 | 173 | 303 | 1 249 | 2 703 | 1 429 | 561 | 393 |
| <i>equals</i> | | | | | | | | | | | | |
| Net lending / borrowing | 5 | 405 | 379 | 189 | 119 | - 26 | 266 | - 1 456 | - 2 576 | - 1 347 | - 452 | - 112 |

Table B.12 Non-financial public sector balance sheet (\$million)

| As at 30 June | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|--------|--------|--------|---------|--------|--------|---------|---------|---------|---------|---------|---------|
| Assets | | | | | | | | | | | | |
| Financial assets | | | | | | | | | | | | |
| Cash and deposits | 1 915 | 2 124 | 2 250 | 2 129 | 2 372 | 2 566 | 3 040 | 3 360 | 2 602 | 2 529 | 2 596 | 2 722 |
| Advances paid | 189 | 192 | 186 | 80 | 83 | 34 | 81 | 71 | 60 | 58 | 50 | 43 |
| Investments, loans and placements | 182 | 182 | 164 | 180 | 204 | 139 | 163 | 176 | 186 | 200 | 214 | 229 |
| Receivables | 311 | 266 | 314 | 318 | 436 | 522 | 521 | 520 | 716 | 717 | 714 | 718 |
| Equity | | | | | | | | | | | | |
| Investments in other public sector entities | 1 072 | 285 | 481 | 507 | 562 | 723 | - 279 | - 619 | - 597 | - 552 | - 451 | - 287 |
| Investments - other | 26 | 24 | 137 | 177 | 199 | 58 | 693 | 727 | 730 | 729 | 724 | 719 |
| Other financial assets | 26 | 28 | 42 | 58 | 46 | 41 | 40 | 82 | 87 | 46 | 44 | 43 |
| Total financial assets | 3 720 | 3 100 | 3 574 | 3 450 | 3 902 | 4 084 | 4 259 | 4 316 | 3 785 | 3 727 | 3 892 | 4 187 |
| Non-financial assets | | | | | | | | | | | | |
| Land and fixed assets | 22 605 | 24 074 | 25 285 | 27 338 | 29 564 | 30 917 | 34 202 | 39 059 | 42 376 | 44 392 | 45 669 | 46 803 |
| Other non-financial assets | 17 | 24 | 24 | 25 | 28 | 6 | 25 | 8 | 68 | 68 | 69 | 69 |
| Total non-financial assets | 22 622 | 24 098 | 25 309 | 27 363 | 29 592 | 30 922 | 34 227 | 39 067 | 42 444 | 44 460 | 45 738 | 46 872 |
| Total assets | 26 342 | 27 199 | 28 883 | 30 813 | 33 494 | 35 006 | 38 486 | 43 384 | 46 229 | 48 187 | 49 630 | 51 058 |
| Liabilities | | | | | | | | | | | | |
| Deposits held | 190 | 148 | 122 | 155 | 147 | 159 | 166 | 174 | 181 | 187 | 193 | 200 |
| Advances received | 790 | 780 | 733 | 719 | 715 | 659 | 644 | 628 | 610 | 592 | 591 | 572 |
| Borrowing | 4 623 | 4 267 | 4 030 | 3 642 | 3 583 | 3 910 | 4 084 | 5 677 | 7 465 | 8 576 | 8 904 | 9 050 |
| Superannuation | 3 998 | 4 445 | 5 668 | 7 227 | 6 146 | 5 075 | 6 468 | 8 939 | 8 220 | 8 255 | 8 275 | 8 278 |
| Other employee benefits | 920 | 1 150 | 1 310 | 1 384 | 1 473 | 1 560 | 1 719 | 1 944 | 1 948 | 2 029 | 2 132 | 2 258 |
| Payables | 831 | 404 | 472 | 492 | 706 | 715 | 801 | 907 | 1 064 | 1 055 | 1 063 | 1 071 |
| Other liabilities | 271 | 719 | 788 | 836 | 1 020 | 801 | 862 | 969 | 1 031 | 1 172 | 1 337 | 1 431 |
| Total liabilities | 11 622 | 11 911 | 13 124 | 14 454 | 13 790 | 12 878 | 14 745 | 19 237 | 20 518 | 21 868 | 22 496 | 22 861 |
| Net worth^(a) | 14 721 | 15 288 | 15 760 | 16 359 | 19 703 | 22 128 | 23 741 | 24 146 | 25 711 | 26 319 | 27 134 | 28 197 |
| Net financial worth ^{(a),(b)} | -7 902 | -8 811 | -9 550 | -11 004 | -9 889 | -8 795 | -10 487 | -14 921 | -16 734 | -18 141 | -18 604 | -18 675 |
| Net financial liabilities ^{(a),(b)} | 8 973 | 9 096 | 10 031 | 11 511 | 10 451 | 9 518 | 10 208 | 14 302 | 16 137 | 17 589 | 18 153 | 18 387 |
| Net debt ^{(b),(c)} | 3 317 | 2 696 | 2 285 | 2 126 | 1 786 | 1 989 | 1 611 | 2 872 | 5 407 | 6 568 | 6 828 | 6 829 |

(a) 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.

(b) There is a structural break in 2008 reflecting the amalgamation of the South Australian Community Housing Authority (PFC) with the South Australian Housing Trust (PNFC). 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.

(c) There is a structural break in 2007 reflecting on 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 corporation sector resulted in an increase in non-financial public sector net debt of \$99 million at 1 July 2006.

