

STATE BUDGET

2024-25



Government of
South Australia

STATE BUDGET

2024-25

BUDGET PAPER 1: BUDGET OVERVIEW

A summary publication capturing all highlights from the 2024-25 Budget.

BUDGET PAPER 2: BUDGET SPEECH

A copy of the Treasurer's speech, delivered to Parliament.

BUDGET PAPER 3: BUDGET STATEMENT

A financial report presenting the state government's current and estimated future economic performance, fiscal strategy, budget priorities, expenditure, revenue, assets, liabilities, risks and government business.

BUDGET PAPER 4: AGENCY STATEMENTS | VOLUMES 1, 2, 3, 4

Various financial reports presenting the state government's current and estimated revenue, expenses and performance by agency.

BUDGET PAPER 5: BUDGET MEASURES STATEMENT

A financial report detailing the state government's expenditure, savings and revenue initiatives.

ACKNOWLEDGEMENT OF COUNTRY

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

ACKNOWLEDGEMENTS

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Budget Paper 3

2024-25
Budget Statement

Presented by
the Honourable Stephen Mullighan MP
Treasurer of South Australia
on the occasion of the Budget for 2024-25

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Chapter 1: Budget context and overview

Budget context

The 2024-25 Budget includes investment in key economic and social reforms for the state while providing targeted cost of living relief to families, those on low incomes and to small businesses.

The budget includes a cost of living package that provides immediate cost of living relief with a once-off additional Cost of Living Concession payment in 2023-24, as well as a package of concessions to better support low-income households and other vulnerable South Australians from 2024-25. The budget delivers a \$200 reduction in the materials and services charge to government school parents, caregivers and independent students for the 2025 school year and expands the sports vouchers program to assist families to meet the cost of children participating in sport and recreation activities.

The budget sets out the government's response to the Royal Commission into Early Childhood Education and Care including infrastructure associated with sector-wide preschool readiness, capacity expansion and integrated hubs for 3-year-old preschool. It also provides funding for a new government secondary school in the northern suburbs and a new preschool and primary school at Mount Barker, as well as a range of measures to deliver on the state's future workforce and skill needs and another substantial increase in resources to the South Australian health system to meet activity demand pressures.

In total, the 2024-25 Budget provides \$5.6 billion over the period 2024-25 to 2027-28, in addition to \$660 million in 2023-24, for new expenditure initiatives and revenue measures that support the government's key priorities.

Consistent with its commitment to implement priorities in a fiscally sustainable manner, the government has budgeted for net operating surpluses over the forward estimates.

No new taxes, tax increases or agency savings are included in the 2024-25 Budget.

Since the 2023-24 Mid-Year Budget Review (MYBR), GST grant revenue has been revised up by \$162 million in 2023-24 and by \$635 million over the period 2024-25 to 2026-27, largely reflecting an increase in the national GST pool in 2023-24 and an increase in South Australia's grant share from 2024-25 resulting from the Commonwealth Grants Commission's (CGC) 2024 Update. State taxation revenues have been revised up by \$357 million in 2023-24 since the 2023-24 MYBR mainly reflecting higher payroll tax, conveyance duty and land tax revenues due to strong labour and property market conditions. Taxation revenues have been revised up by a further \$1.1 billion over the period 2024-25 to 2026-27, mainly due to higher forecast collections from payroll tax, conveyance duty and land taxes.

The four-year non-financial public sector (NFPS) investing program totals \$25.6 billion over the period 2024-25 to 2027-28. In comparison, the 2023-24 MYBR four-year program totalled \$21.8 billion over the period 2023-24 to 2026-27.

As a result of the additional resources provided in the 2024-25 Budget for key services and the continued investment in infrastructure, NFPS net debt is projected to increase over the forward estimates, rising to \$44.2 billion by 30 June 2028.

Budget overview

There is expected to be a \$306 million general government net operating balance surplus in 2023-24, with the budget projected to remain in surplus across the forward estimates.

Economy

The 2024-25 Budget provides for a range of initiatives that will support the South Australian economy, including:

- the National Skills Agreement represents a \$2.3 billion investment in skills over five years in partnership with the Commonwealth Government. The 2024-25 Budget provides an additional \$610.3 million over the forward estimates (\$692.6 million to 2028-29) to deliver on the requirements under the agreement, ensuring that South Australians get the skills they need for the jobs being created across the state and drive higher completions
- \$43.0 million over two years to undertake significant emergency fruit fly response activities following further outbreaks across the Riverland and the Adelaide metropolitan area
- \$28.0 million over four years to strengthen the state's green economic credentials including the state's approach to managing biodiversity
- \$20.8 million over four years to accelerate adoption and consumer awareness of a distinct South Australian destination brand through tourism marketing
- \$14.0 million over four years to expand the Business Events Fund with a focus on supporting more events during winter periods
- \$6.8 million over four years to increase Defence SA presence at major exhibitions locally and overseas, in particular events in the United States and United Kingdom, and meet growing demand from the South Australian defence industry to participate in local and overseas events
- \$6.0 million over four years to extend existing programs to support economic growth and attract investment to the state for the investment attraction program and the global expansion program
- \$4.3 million over four years to continue and enhance Brand SA's functions to promote South Australian products and businesses and the South Australian brand through market engagement and campaigns, industry partnerships and brand strategy
- \$3.6 million over two years to support the implementation of the government's green iron and steel strategy.

Round 1 of the Economic Recovery Fund focussed on Manufacturing Innovation and Regional Tourism Infrastructure Development. This round has been completed with total financial assistance of \$26.3 million offered to the successful applicants.

The 2024-25 Budget allocates \$20 million under Round 2 of the Economic Recovery Fund to support eligible small businesses and not-for-profit organisations to invest in energy efficient equipment or improvements to reduce and manage their energy usage and costs. Details of future rounds under the \$154.2 million fund, including sectors to be targeted, funding amounts available and the relevant dates will be announced at the commencement of each round.

Cost of living

The 2024-25 Budget provides \$266.2 million over five years for initiatives that support South Australians facing cost of living pressures, including:

- \$112.8 million over four years for a range of initiatives including:
 - \$51.5 million in 2023-24 to provide a once-off additional Cost of Living Concession payment of \$243.90 to all recipients who have received the Cost of Living Concession payment in 2023-24
 - \$36.6 million over four years to double the Cost of Living Concession for tenants and Commonwealth Seniors Health Card holders by aligning to that of homeowners

- \$14.1 million over four years for initiatives including improving access to concessions for tenants in share houses, expanding access to glasses, emergency electricity payment and funeral concessions as well as providing companion card holders access to Changing Places facilities
- \$10.6 million over four years to extend public transport concessions to all Health Care Card holders.
- \$54.6 million over four years from 2024-25 to expand the sports vouchers program from 1 January 2025 and address the cost of participating in sport and recreation activities. The initiative will double the number of vouchers able to be claimed per child from 1 to 2 to encourage school aged children to participate in multiple activities or allow parents to claim a \$200 deduction on sport and recreation fees per child on the one activity per calendar year. The program will also be expanded to include music lessons as an eligible activity
- \$35.8 million over three years for a social housing energy upgrade initiative to provide thermal shell upgrades and replacement of inefficient appliances to deliver energy efficiency and cost saving benefits to tenants in both the public and community housing sectors. This is expected to provide energy efficiency upgrades for over 3500 homes
- \$24.0 million in 2024-25 to deliver a \$200 reduction to government school parents, caregivers and independent students for the materials and services charge for the 2025 school year. This builds on the relief provided in 2023 and 2024
- \$20 million under Round 2 of the Economic Recovery Fund to support eligible small businesses and not-for-profit organisations to invest in energy efficient equipment or improvements to reduce and manage their energy usage and costs
- \$18.4 million over four years to support non-government organisations in meeting the costs associated with wage and inflation pressures. This is in addition to the supplementation announced the 2022-23 MYBR and 2023-24 Budget.

Early childhood education and care reform

The government is investing \$1.9 billion up to 2032 (\$715 million over the forward estimates) for generational reform of early childhood education in South Australia. The investment reflects the government's response to the Royal Commission into Early Childhood Education and Care.

The reform priorities will deliver universal 3-year-old preschool, align the support offered through 4-year-old preschool with the enhanced support framework being developed for 3-year-old preschool, provide more hours and support for children most in need, and grow and support our early childhood workforce.

Housing

The 2024-25 Budget continues the government's significant investment in improving housing outcomes for South Australians, including:

- \$425.3 million from 2023-24 to 2034-35 (including over \$115 million between 2023-24 and 2027-28) to redevelop South Australian Housing Authority (SAHA) land at Seaton. This is expected to deliver 1315 dwellings, including 388 social and 197 affordable homes
- \$150.2 million from 2023-24 to 2030-31 (including over \$80 million between 2023-24 and 2027-28) will be invested to consolidate and redevelop various government sites at Noarlunga Downs. This is expected to deliver 626 dwellings, including 80 social and 90 affordable homes
- \$135.8 million to build and upgrade 442 new social housing dwellings as part of the Social Housing Accelerator Payment funded by the Commonwealth Government
- \$65.9 million in 2025-26 to assist SAHA to meet public housing build commitments announced as part of *A Better Housing Future*
- \$30.0 million over three years from 2024-25 to provide additional assistance to grow regional housing

- removing the property value stamp duty thresholds for eligible first home buyers who enter into a contract to purchase a new home or vacant land to build a new home on or after 6 June 2024
- removing the property value cap of \$650 000 on the First Home Owner Grant for eligible contracts entered into on or after 6 June 2024.

All first homebuyers will now be eligible for stamp duty relief and the First Home Owner Grant on purchase of new homes.

The 2024-25 Budget also extends the Aspire homelessness program and provides worker accommodation at Whyalla to support the Hydrogen Jobs Plan.

Support for health

The 2024-25 Budget provides a substantial increase in the level of health resources including:

- \$1.6 billion over five years to recognise the recent increase in the national efficient price, and the higher cost of service delivery across local health networks. Support will be phased out as SA Health progressively increases the efficiency of its services
- \$742.3 million over five years to meet activity demand pressures in our public health system.

The budget also invests in health infrastructure providing for an additional 20 beds at the Lyell McEwin Hospital, 36 additional beds at the Queen Elizabeth Hospital and funding to support the upgrade of the Port Pirie Hospital and a new Multi Profession Simulated Training and Development Service. Support is also provided for the SA Ambulance Service electronic patient care record system and new ambulance stations at Whyalla, Marion and Two Wells.

Other measures

Building on the road safety package announced in last year's budget, the 2024-25 Budget allocates a further \$80.1 million over four years to reduce injuries and fatalities on South Australian roads. Key initiatives include additional road safety cameras, additional road safety maintenance spend, construction of a new heavy vehicle rest area at Salt Creek and implementation of reduced speed limits of 40km/h on arterial roads near schools, including the installation of variable speed limit signs at priority locations.

Further detail on all measures included in the 2024-25 Budget can be found in Budget Paper 5: Budget Measures Statement.

Fiscal targets

The government's fiscal targets are set out in table 1.1. The targets remain unchanged from previous years.

Table 1.1: Fiscal targets

Target 1	Achieve a net operating surplus in the general government sector every year.
Target 2	Limit general government operating expenditure growth to trend growth in household income.
Target 3	Achieve a level of net debt that is sustainable over the forward estimates.

Underpinning the three main fiscal targets, the government continues previous commitments that:

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

Table 1.2 shows the government's fiscal position compared to the fiscal targets over the forward estimates.

Table 1.2: Fiscal targets outcomes — 2024-25 Budget estimates

	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Target 1: net operating balance surplus					
Target	Achieve a net operating surplus every year				
2024-25 Budget estimate (\$m)	306	248	458	568	403
Target 2: operating expense growth					
Target (%)	Average growth limited to trend growth in household income (4% per annum)				
2024-25 Budget estimate (%)					
– Annual (%)	7.1%	4.2%	3.7%	3.8%	3.1%
– Average (%)	Average growth 2023-24 to 2027-28 of 3.7% per annum				
Target 3: achieve a level of net debt that is sustainable over the forward estimates					
	69.7%	78.6%	86.1%	94.9%	105.5%
	(GGs net debt to revenue ratio)				
	96.8%	105.9%	112.8%	122.2%	131.8%
	(NFPS net debt to revenue ratio)				

Target 1 reflects the commitment to funding operating expenditures from operating revenues. The 2024-25 Budget projects a net operating surplus in the general government (GG) sector in 2023-24 and over the forward estimates.

Target 2 limits the growth in operating expenditure in order to maintain a pattern of sustainable growth having regard to trend household income growth, irrespective of the annual growth in revenues. The average operating expenditure growth over four years is 3.7 per cent. This reflects a constrained approach to expenditure in the context of ongoing service demands placed on the government, with the long-term trend growth in household income at 4 per cent, and inflation estimated to grow at 4½ per cent in 2023-24 and average around 2.8 per cent over the forward estimates.

Target 3 requires the maintenance of sustainable debt levels that allow for borrowings for investment in key infrastructure without placing undue burden on future generations.

The projected level of NFPS net debt is higher in 2026-27 compared to the estimates published in the 2023-24 MYBR and is projected to be \$44.2 billion in 2027-28. Although the level of net debt is increasing to fund key infrastructure, the net debt to revenue ratio in all years up to and including 2026-27 remains lower than the forecasts in the 2022-23 Budget.

The government is also on target to fully fund the state's defined benefit superannuation liability by 2034. Further information on the state's unfunded superannuation liability can be found in Chapter 4.

Summary of key fiscal indicators

Table 1.3 sets out the expected budget outcomes for 2023-24 and across the forward estimates for a number of key fiscal indicators.

Table 1.3: Summary of key budget indicators

	2023-24	2024-25	2025-26	2026-27	2027-28
	Estimated	Budget	Estimate	Estimate	Estimate
	Result				
Operating statement					
Net operating balance — GG sector (\$m)	306	248	458	568	403
Net lending — GG sector (\$m)	-1 006	-2 552	-2 630	-3 326	-3 379
Operating revenue and expenses					
Revenue nominal growth — GG sector (%)	8.2	4.0	4.4	4.1	2.5
Expenses nominal growth — GG sector (%)	7.1	4.2	3.7	3.8	3.1
Balance sheet					
Net debt — GG sector (\$m)	19 145	22 447	25 685	29 471	33 583
Net debt to revenue — GG sector (%)	69.7	78.6	86.1	94.9	105.5
Net debt — NFP sector (\$m)	27 887	31 686	35 362	39 749	44 206
Net debt to revenue — NFP sector (%)	96.8	105.9	112.8	122.2	131.8
Unfunded superannuation (\$m)	7 219	6 740	6 220	5 653	5 035

Operating statement

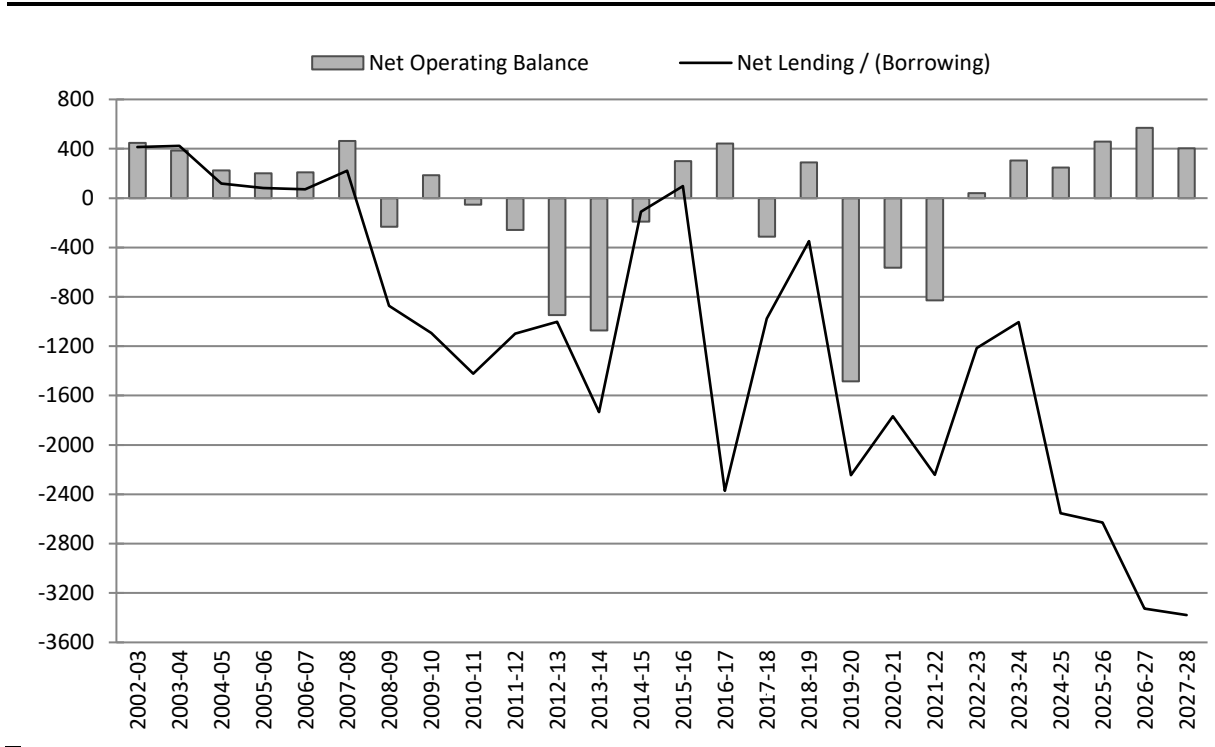
Net operating balance and net lending

The government recorded a net operating surplus in 2022-23 and is projecting to keep the budget in surplus across all years of the forward estimates.

The general government net lending deficits across the forward estimates reflect the government's large capital program including expenditure on significant major projects including the North-South Corridor — River Torrens to Darlington project, the new Women's and Children's Hospital, the Hydrogen Jobs Plan as well as other key investments in health, the road network and schools.

Figure 1.1 illustrates the general government sector net operating balance and net lending position from 2002-03 to 2027-28.

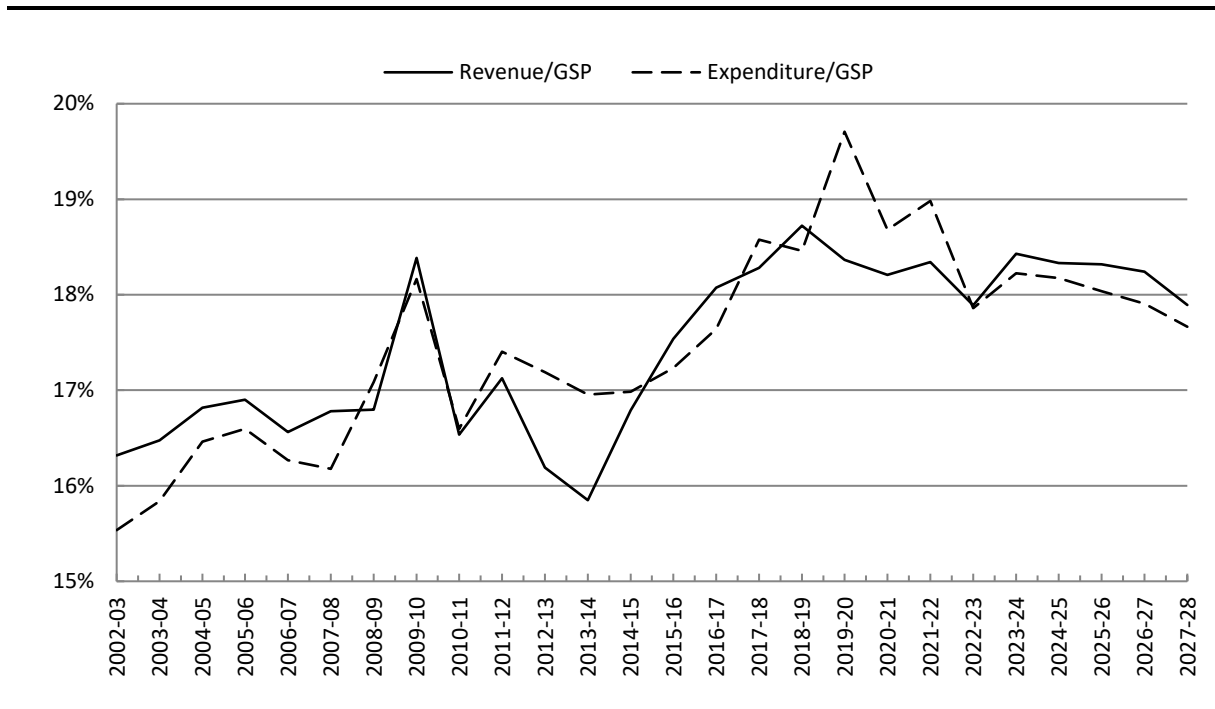
Figure 1.1: General government sector net operating balance and net lending (\$million)



Revenues and expenses

Figure 1.2 illustrates revenue and expenditure as a percentage of gross state product (GSP) from 2002-03 to 2027-28.

Figure 1.2: General government sector revenue and expenditure as a percentage of GSP



Total revenue as a share of the economy is projected to average 18.2 per cent over the period 2023-24 to 2027-28. This compares to an average of 17.3 per cent over the period 2002-03 to 2022-23.

Expenditure as a percentage of GSP is forecast to drop to 17.7 per cent by 2027-28 from a high of 19.7 per cent in 2019-20.

Table 1.4 provides operating statement details for the general government sector. The full suite of accrual statements produced under the Uniform Presentation Framework is provided in Appendix A.

Table 1.4: General government sector operating statement — 2023-24 to 2027-28 (\$million)

	2023-24		2024-25	2025-26	2026-27	2027-28
	2023-24 Budget	Estimated Result	Budget	Estimate	Estimate	Estimate
Revenue						
Taxation revenue	5 827	6 412	6 650	6 907	7 167	7 452
Grants						
GST revenue grants	8 788	8 744	8 942	9 446	9 653	9 621
Other grants	6 616	6 544	7 022	7 446	8 041	8 406
Sales of goods and services	3 074	3 226	3 405	3 504	3 678	3 787
Interest income	403	453	464	389	402	413
Dividend and income tax equivalent income	248	438	298	332	278	294
Other	1 647	1 667	1 791	1 809	1 825	1 848
Total revenue	26 603	27 484	28 572	29 833	31 046	31 822
<i>less</i> Expenses						
Employee expenses	9 870	10 179	10 472	10 858	11 160	11 506
Superannuation expenses						
Superannuation interest cost	265	306	290	269	247	223
Other superannuation expenses	1 121	1 142	1 211	1 294	1 327	1 368
Depreciation and amortisation	1 564	1 643	1 620	1 687	1 796	1 874
Interest expenses	1 254	1 210	1 486	1 598	1 859	2 116
Other property expenses	—	—	—	—	—	—
Other operating expenses	8 309	8 720	9 184	9 643	9 945	10 074
Grants	3 971	3 978	4 061	4 026	4 142	4 257
Total expenses	26 353	27 178	28 323	29 375	30 477	31 419
<i>equals</i> Net operating balance	250	306	248	458	568	403
Net Operating Result	250	306	248	458	568	403
<i>plus</i> Other economic flows	329	273	287	197	282	536
<i>equals</i> Comprehensive result — total change in net worth	579	579	536	655	851	940
Net operating balance	250	306	248	458	568	403

	2023-24		2024-25	2025-26	2026-27	2027-28
	2023-24 Budget	Estimated Result	Budget	Estimate	Estimate	Estimate
<i>less</i> Net acquisition of non-financial assets						
Purchases of non-financial assets	3 788	3 267	4 495	4 839	5 752	5 719
<i>less</i> Sales of non-financial assets	128	312	73	65	61	63
<i>less</i> Depreciation	1 564	1 643	1 620	1 687	1 796	1 874
<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	2 096	1 312	2 801	3 087	3 895	3 782
<i>equals</i> Net lending/borrowing	-1 846	-1 006	-2 552	-2 630	-3 326	-3 379
Note: Totals may not add due to rounding.						

The attachment to this chapter summarises the variations since the 2023-24 Budget to the general government net operating balance (table 1.5) and net lending estimates (table 1.6).

The attachment also summarises the variations to revenue, expenses and capital investment expenditure since the 2023-24 MYBR (table 1.7) and provides commentary on those variations.

Attachment: Variations since the 2023-24 Budget

Table 1.5: General government sector net operating balance — policy and parameter variations since the 2023-24 Budget (\$million)

	2023-24	2024-25	2025-26	2026-27
Estimate at 2023–24 Budget	250	512	552	639
Parameter and other variations to 2023-24 MYBR				
Revenue — taxation	229	272	307	326
Revenue — other	-231	158	326	329
Operating expenses	-120	-523	-505	-482
Net effect of parameter and other variations	-123	-93	129	172
Policy measures to 2023-24 MYBR				
Revenue measures — taxation	—	—	—	—
Revenue measures — other	—	—	—	—
Revenue offsets — taxation	—	—	—	—
Revenue offsets	95	73	73	61
Revenue investing offsets	40	-55	-112	-92
Operating expenses	-109	-184	-200	-220
Operating savings	—	25	55	55
Net effect of policy measures	27	-142	-184	-196
Estimate at 2023-24 MYBR	154	277	496	616
Parameter and other variations to 2024-25 Budget				
Revenue — taxation	357	370	372	358
Revenue — other	365	506	667	647
Operating expenses	43	-81	-302	-334
Net effect of parameter and other variations	765	794	737	671
Policy measures to 2024-25 Budget				
Revenue measures — taxation	—	-2	-4	-4
Revenue measures — other	—	—	-1	-1
Revenue offsets — taxation	—	—	—	—
Revenue offsets	23	64	70	81
Revenue investing offsets	3	40	79	115
Operating expenses	-639	-925	-919	-909
Operating savings	—	—	—	—
Net effect of policy measures	-613	-823	-776	-719
Estimate at 2024-25 Budget	306	248	458	568

Note: Totals may not add due to rounding.

Table 1.6: General government sector net lending — policy and parameter variations since the 2023-24 Budget (\$million)

	2023-24	2024-25	2025-26	2026-27
Estimate at 2023–24 Budget	-1 846	-1 611	-2 569	-2 734
Net effect of operating variations to 2023-24 MYBR	-96	-235	-55	-23
Parameter variations to 2023-24 MYBR^(a)				
Investing expenditure	623	-87	433	-61
Asset sales	119	—	—	—
Depreciation	11	15	4	4
Total Parameter Investing Variations	753	-72	438	-56
Policy measures to the 2023-24 MYBR				
Investing expenditure	-228	-370	-19	77
Investing savings	—	—	—	—
Asset sales	—	—	—	—
Net effect of policy measures to 2023-24 MYBR	-228	-370	-19	77
Total investing variations	525	-442	418	21
Estimate at 2023-24 MYBR	-1 418	-2 288	-2 206	-2 737
Net effect of operating variations to 2024–25 Budget	152	-29	-39	-47
Parameter variations^(a)				
Investing expenditure	132	6	57	87
Asset sales	65	28	25	20
Depreciation	68	-38	-36	-23
Total Parameter Investing Variations	265	-5	46	84
Policy variations to 2024-25 Budget				
Investing expenditure	-6	-231	-431	-626
Investing savings	—	—	—	—
Asset sales	—	—	—	—
Net effect of policy measures to 2024-25 Budget	-6	-231	-431	-626
Total investing variations	259	-236	-385	-542
Estimate at 2024–25 Budget	-1 006	-2 552	-2 630	-3 326

Note: Totals may not add due to rounding.
(a) Investing variations relate to the movements in net acquisition on non-financial assets.

Table 1.7: General government sector revenue, expense and capital investment expenditure variations (parameter and other) since the 2023-24 MYBR (\$million)

	2023-24	2024-25	2025-26	2026-27
Revenue — taxation				
Payroll tax	95	100	105	111
Conveyances	182	120	103	87
Land tax — private	10	54	55	57
Land tax — public	-1	11	10	10
Other property tax	3	-2	7	-3
Insurance taxes	15	13	14	15
Gambling taxes	13	19	20	21
Motor vehicle taxes	41	54	58	61
Total taxation revenue	357	370	372	358
Revenue — other				
GST revenue grants	162	35	210	390
Commonwealth specific purpose and national partnership grants				
SPP grants	150	147	212	274
NP grants	-64	-103	-62	-290
Other contributions and grants	18	35	15	8
Sales of goods and services	114	186	149	204
Dividends and income tax equivalents	1	98	127	51
Interest income	10	48	8	8
Royalties	7	21	18	12
Other revenue	-34	38	-8	-9
Total other revenue	365	506	667	647
Operating expenses				
Nominal superannuation interest expense	-1	6	6	4
Interest expense	33	-41	-3	-32
Depreciation	-68	38	36	23
Carryovers (net of provision for slippage)	2	27	-22	-1
Other variations	79	-111	-318	-327
Total expenses	43	-81	-302	-334
Investing variations				
Depreciation	68	-38	-36	-23
Carryovers (net of provision for slippage)	4	79	-65	-7
Other variations	193	-45	147	114
Total Investing variations	265	-5	46	84
Note: Totals may not add due to rounding.				

Variations in revenue estimates (parameter and other)

Since the 2023-24 MYBR, taxation revenues have been revised up in all years mainly due to higher collections from conveyance duty, payroll tax, land tax, and motor vehicle taxes.

Payroll tax collections have been revised up in all years reflecting higher than expected collections in 2023-24 supported by strong labour market conditions, which flows through to future years as a base effect.

Conveyance duty revenue has been revised up in all years. The upward revision in 2023-24 reflects stronger than expected growth in residential property prices and transactions, which partially flows through to future years. The smaller upward revisions in future years reflects that residential transactions are forecast to return to long-term trend levels by the end of the forward estimates.

Land tax revenue has been revised up in all years reflecting higher than estimated receipts in 2023-24 as well as stronger than expected growth in property site values over the 2023 calendar year, which informs valuations for the 2024-25 land tax year. The upward revision to land tax revenue in 2024-25 flows through to future years as a base effect.

Other property tax revenue revisions mainly reflect updated estimates for the Emergency Services Levy (ESL) to fund expected emergency services expenditure across the forward estimates.

Insurance tax revenue has been revised up in all years. The upward revision in 2023-24 mainly reflects higher than expected growth in general insurance and Compulsory Third Party (CTP) premiums, which flows through to future years as a base effect. From 2024-25, this is partially offset by an expected reduction in CTP premiums based on determinations by the CTP Regulator.

Gambling tax revenue has been revised up in all years due to stronger than expected year to date collections from gaming machines in hotels and clubs, which flow through to future years as a base effect. This is partially offset by lower than expected collections from the betting operations tax in all years.

Motor vehicle tax revenue has been revised up in all years primarily reflecting higher than expected stamp duty collections on motor vehicle registrations in 2023-24 flowing through to future years as well as higher forecast motor vehicle registration fee revenue from 2024-25.

South Australia's GST revenue grants have been revised up in all years largely reflecting the impact of an upward revision to the national GST pool in 2023-24 consistent with the Commonwealth's 2024-25 Budget as well as a forecast higher share of the national GST pool from 2024-25 resulting from the Commonwealth Grants Commission's (CGC) 2024 Update. These impacts are partially offset by the impact of lower population share estimates for South Australia from 2023-24 and downward revisions to the national GST pool from 2024-25.

Commonwealth Government ongoing tied grants for specific purposes have been revised up in all years primarily due to higher Quality Schools funding for both non-government and government schools, and an increase in funding for health due to higher hospital service delivery costs and activity levels.

Commonwealth Government national partnership (NP) grants have been revised down in all years. This is mainly due to revised construction profiles and the anticipated timing of Commonwealth Government revenue for a range of transport infrastructure projects.

Other contributions and grants have been revised up in all years primarily reflecting an increase in Commonwealth Government revenue and associated expenditure under the Department of Veterans' Affairs Hospital Services Arrangement.

Sales of goods and services revenue has been revised up in all years primarily due to additional revenue from disability services provided by the Department of Human Services to National Disability Insurance Scheme (NDIS) clients. This revenue is offset by matching contributions to the NDIS, reflecting the end of South Australia's in-kind contribution arrangement for these services.

Dividend and income tax equivalent revenue is largely unchanged in 2023-24 and has been revised up from 2024-25, primarily reflecting higher distributions from SA Water including as a result of revised forecasts for third party works project revenue, including from the Department for Infrastructure and Transport and the Department for Health and Wellbeing, and updates to expected interest costs. Larger upward revisions in 2025-26 also reflect higher than estimated distributions from Renewal SA and HomeStart Finance.

Interest revenue has been revised up in all years reflecting the combined impact of higher interest rate and cash balance forecasts.

Royalties have been revised up in all years largely reflecting an improved outlook for mineral commodity prices and a weaker than expected Australian dollar, partially offset by lower forecasts for petroleum production.

Other revenue has been revised down in 2023-24 and up in 2024-25, with minor downward revisions in future years. The downward revision in 2023-24 and upward revision in 2024-25 primarily reflect changes to the profile of external contributions towards commercial projects.

Variations in expense and capital investment expenditure estimates (parameter and other)

Operating Expenses

The nominal superannuation interest expense has been revised down by an average of around \$4 million per annum over the period 2023-24 to 2026-27 since the 2023-24 MYBR primarily due to the decrease in the discount rate.

Interest expenses have decreased in 2023-24 due to lower forecast interest rates and lower debt. Interest expenses have increased in 2024-25 largely due to higher interest rates compared to the 2023-24 MYBR. Higher borrowings in 2025-26 and 2026-27 result in an increase in interest expense compared to the 2023-24 MYBR even though interest rates are marginally lower in these years compared to the 2023-24 MYBR.

Depreciation has been updated to reflect revisions in asset bases and the timing of project completion across a number of agencies.

Carryover expenditure reflects expenditure that was forecast to be undertaken by agencies in 2023-24, which will now be incurred in later years. Operating carryovers from 2023-24 to 2024-25 and future years are \$117 million (which are offset by slippage provisions). The 2024-25 Budget also includes adjustments to the provision for operating slippage over the forward estimates based on the recent average level of carryovers applied to the revised operating expenditure budget in each year.

The significant movements in the 'other variations' category are principally due to the transition of NDIS accommodation services from in-kind to cash following the cessation of in-kind arrangements on 30 September 2023 and revisions to centrally held provisions.

Investing

The carryover of investing expenditure in 2024-25 reflects delays in project expenditure in 2023-24. Where appropriate, an estimate of expenditure for these projects has been carried forward into future years. Net investing carryovers from 2023-24 to 2024-25 and future years are \$234 million, offset by slippage provisions. The 2024-25 Budget also includes a provision for project slippage over the forward estimates based on the recent average level of carryovers applied to the revised investing expenditure budget in each year.

The movements in the net capital investment expenditure 'other variations' are primarily a result of the reprofile of capital project expenditure across the forward estimates including revisions to road transport projects.

Chapter 2: Expenditure

This chapter provides an overview of new expenditure initiatives in the 2024-25 Budget and describes the trends in aggregate general government expenditure over the forward estimates period. Full details of all budget initiatives are provided in the 2024-25 Budget Measures Statement. This chapter also provides a summary of the general government capital program and the major capital projects that are being undertaken.

New general government operating and investing expenditure initiatives in the 2024-25 Budget total \$5.1 billion over the next four years, with a further \$645 million expenditure on new operating and investing initiatives occurring in 2023-24.

The expenditure initiatives in the 2024-25 Budget are partially offset by \$570 million over four years of revenue offsets, with a further \$27 million of revenue offsets occurring in 2023-24, mainly reflecting initiatives that will be partially funded by the Commonwealth Government.

Table 2.1 provides a summary of the new expenditure initiatives across the forward estimates.

Table 2.1: General government initiatives (\$million)^(a)

	2023-24 Estimate	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Operating expenditure initiatives	-639	-925	-919	-909	-839
Revenue offsets	23	64	70	81	78
Operating savings	—	—	—	—	—
Total operating initiatives	-616	-861	-849	-828	-761
Investing expenditure initiatives	-6	-231	-431	-626	-235
Revenue offsets	3	40	79	115	43
Investing savings	—	—	—	—	—
Asset sales	—	—	—	—	—
Total investing initiatives	-2	-191	-353	-511	-192

Note: Totals may not add due to rounding.

(a) Excludes depreciation on investing initiatives.

New initiatives

New operating expenditure initiatives in the general government sector total \$3.6 billion over the next four years, in addition to \$639 million in 2023-24. The operating initiatives include:

- \$1.6 billion over five years from 2023-24 to recognise the recent increase in the national efficient price, and the higher cost of service delivery across local health networks
- \$742.3 million over five years from 2023-24 to meet activity demand pressures in our public health system
- \$602.1 million over five years (in addition to investing expenditure of \$8.2 million) to support a range of initiatives under the National Skills Agreement
- \$469.7 million over five years from 2023-24 (in addition to investing expenditure of \$245.3 million over four years from 2024-25) to deliver on the government's commitment to implement the recommendations from the Royal Commission into Early Childhood Education and Care, in particular the rollout of 3-year-old preschool and funding to build the workforce and infrastructure needed to expand the sector for these reforms
- \$70.0 million in 2023-24 for child protection to support the number of children and young people in non-family-based care placements

- \$54.6 million over four years from 2024-25 to double the current \$100 sports vouchers program, and to expand it to include music lessons. The initiative will double the number of vouchers able to be claimed per child from 1 to 2, addressing the cost of participating in sport and recreation activities
- \$51.5 million in 2023-24 to provide a once-off additional Cost of Living Concession payment of \$243.90 to all recipients who have received the Cost of Living Concession payment in 2023-24. This additional payment will be made in June 2024, providing immediate and targeted support to over 210 000 South Australians. This is in addition to relief previously provided in 2023 and 2024
- \$43.0 million over two years from 2023-24 to undertake significant emergency fruit fly response activities following further outbreaks across the Riverland and the Adelaide metropolitan area
- \$36.6 million over four years from 2024-25 to double the Cost of Living Concession for tenants and Commonwealth Seniors Health Card holders by aligning to that of homeowners
- \$30.0 million over four years from 2024-25 to support national park operations and maintenance programs
- \$27.7 million over four years from 2024-25 (in addition to investing expenditure of \$300 000 over three years from 2025-26) to consolidate the state's credentials in the environmental, social and governance context, specifically the state's approach to managing biodiversity
- \$26.3 million over five years from 2023-24 to support operation and ongoing development of the new mywater online water management system and River Murray operations, maintenance and monitoring programs
- \$25.3 million over four years from 2024-25 to deliver the National Firearm Register. The register is being funded in partnership with the Commonwealth Government
- \$24.0 million in 2024-25 to deliver a \$200 reduction to government school parents, caregivers and independent students for the materials and services charge for the 2025 school year to address cost of living challenges
- \$20.8 million over four years from 2024-25 to accelerate adoption and consumer awareness of a distinct South Australian destination brand through tourism marketing which will help lift the state's appeal and awareness, both interstate and internationally, and support our regions
- \$20.7 million over five years from 2023-24 to establish an arts investment fund to drive targeted investment in strategic initiatives across South Australia's arts, culture and creative industries
- \$20 million in 2024-25 for Round 2 of the Economic Recovery Fund, focusing on supporting eligible small businesses and not-for-profit organisations to invest in energy efficient equipment or improvements to reduce and manage their energy usage and costs
- \$19.5 million over four years from 2024-25 (in addition to \$5.0 million in 2028-29) to develop and deliver innovation, on-farm solutions and to support the upskilling of the agricultural sector to reduce emissions through low emission intensity farming systems
- \$19.0 million over four years from 2024-25 to develop and implement a digital police station
- \$18.4 million over four years from 2024-25 to support non-government organisations (NGOs) in meeting the costs associated with wage and inflation pressures in 2024. The pressures impact a range of NGOs who provide services in the social, community, home care, child protection, homelessness and disability sectors
- \$16.4 million over four years from 2024-25 to increase funding to the RSPCA to deliver animal welfare compliance activities in accordance with the *Animal Welfare Act 1985*
- \$16.4 million over five years from 2023-24 (in addition to investing expenditure of \$257 000 in 2024-25) to transfer and expand the responsibility for licensing, compliance and enforcement functions relating to the sale and supply of tobacco and e-cigarettes from SA Health to Consumer and Business Services and to allow SA Health to implement an educative approach to smoke-free areas

- \$15.2 million over three years from 2024-25 to increase SA Health’s capacity to respond to and manage current tuberculosis outbreaks across South Australia, and support the delivery of improved detection, monitoring, and treatment of tuberculosis transmission in Aboriginal communities
- \$14.3 million in 2024-25 for initial works following an independent advisory panel report which supports the Adelaide Beach Management review.

A summary of the operating expenditure initiatives by agency is shown in table 2.2. Full details of all operating expenditure initiatives can be found in Budget Paper 5: Budget Measures Statement.

Table 2.2: New operating initiatives by agency (\$million)^(a)

Agency	2023-24 Estimate	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Across Government	-13.2	-118.8	-148.3	-172.2	-168.0
Attorney-General	-0.3	-7.0	-7.1	-6.7	-6.9
Child Protection	-70.0	—	—	—	—
Correctional Services	—	-1.2	-1.3	-1.3	-7.0
Courts	—	-1.1	-1.1	-1.1	-1.1
Defence SA	—	-2.1	-1.9	-2.1	-1.9
Education	-0.5	-69.7	-92.1	-143.7	-194.2
Electoral Commission	-1.0	—	—	—	—
Emergency Services — CFS	-10.1	-0.4	-0.4	—	—
Emergency Services — MFS	—	-3.8	-1.3	—	—
Emergency Services — SAFECOM	—	-0.2	-0.2	—	—
Emergency Services — SES	—	-0.2	-0.2	-0.1	—
Energy and Mining	-1.3	-8.3	-4.5	-0.8	-0.8
Environment and Water	-7.6	-44.1	-23.9	-25.2	-28.3
Environment Protection Authority	—	-0.9	-1.3	-1.3	-1.3
Health and Wellbeing	-466.8	-528.4	-552.3	-469.6	-336.7
Human Services	-51.5	-18.8	-13.7	-13.5	-13.5
Industry, Innovation and Science	—	-2.7	-2.4	-1.3	-1.3
Infrastructure and Transport	-3.4	-17.1	-15.9	-17.6	-22.9
Police	—	-22.1	-20.5	-17.2	-18.9
Premier and Cabinet	-0.8	-10.6	-11.7	-14.6	-14.8
Primary Industries and Regions	-13.0	-36.1	-5.9	-6.0	-6.1
Tourism	—	-7.0	-7.2	-7.4	-7.5
Trade and Investment	—	-2.6	-2.6	-2.6	-2.7
Treasury and Finance Administered Items	—	-22.0	-4.0	-5.0	-5.0
Total operating initiatives	-639.4	-925.0	-919.5	-909.2	-838.7

Note: Totals may not add due to rounding.

(a) Includes administered items of agencies.

New investing expenditure initiatives in the general government sector total \$1.5 billion over the next four years, in addition to \$6 million in 2023-24. Key measures include:

- \$200.0 million over four years from 2024-25 (in addition to operating expenditure of \$5.7 million in 2027-28) for the construction of 312 high security beds at Yatala Labour Prison in recognition of increased prisoner numbers

- \$200.0 million of additional funding over three years from 2024-25 to complete the delivery of a managed motorway between the Tollgate and Crafers on the South Eastern Freeway, improving safety and traffic management through improved network intelligence, lane management, traveller information and incident response. The project is funded in partnership with the Commonwealth Government
- \$155.3 million over five years from 2024-25 (including \$1.1 million in 2028-29) to respond to demand for school enrolment spaces in the northern suburbs by providing an additional 1300 places through the construction of a new secondary school
- \$150.0 million over four years from 2024-25 to upgrade two interchanges with the South Eastern Freeway at Mount Barker and Verdun funded in partnership with the Commonwealth Government
- \$80.0 million over three years from 2024-25 (in addition to operating expenditure of \$3.1 million over two years from 2026-27) to redevelop the Netball SA Stadium at Mile End
- \$61.1 million over four years (in addition to operating expenditure of \$1.6 million over three years from 2025-26) to respond to demand for school and preschool enrolment places in Mount Barker by providing an additional 100 preschool places and 350 primary school places through the construction of a new preschool and primary school site
- \$38.1 million over four years from 2024-25 to address urgent and high priority facilities upgrades at government schools
- \$35.0 million over three years from 2025-26 to deliver additional road safety maintenance such as road resurfacing, the replacement of safety barriers and audio tactile line marking, and maintenance of electrical assets, including traffic signals
- \$31.8 million over three years from 2024-25 for the construction of three overtaking lanes on Main South Road between Normanville and Cape Jervis
- \$24.0 million over three years from 2024-25 to support the government's Ambulance Station Boost strategy. This measure will support new stations being built in Whyalla, Marion and Two Wells
- \$23.5 million over two years from 2025-26 for a new SA Ambulance Service electronic patient care record system, enabling paramedics rapid access to clinical information, including patient medical history, and enabling live-sharing of clinical information with hospital clinicians and the State Health Coordination Centre
- \$22.1 million over two years from 2024-25 (in addition to operating expenditure of \$16.6 million over four years from 2024-25) for the purchase, implementation and ongoing operation and maintenance of additional road safety cameras
- \$21.0 million over two years from 2024-25 to build 40 additional residential beds at the Adelaide Women's Prison
- \$20.0 million over three years from 2023-24 for the state's contribution towards the jointly funded \$40.0 million Lyndoch recreation park redevelopment project with the Barossa Council
- \$20.0 million over four years from 2024-25 towards planning for transport network improvements to support the Riverland region to improve network resilience following the River Murray flood event
- \$19.0 million over three years from 2023-24 for new 'fit for purpose' accommodation for the State Theatre Company, State Opera and Country Arts South Australia
- \$17.9 million over three years from 2024-25 (in addition to operating expenditure of \$68 000 in 2027-28) to construct a new purpose-built police station on a new site in Naracoorte to support regional policing operations in this key South East location
- \$16.5 million in 2024-25 (in addition to operating expenditure of \$623 000 over four years from 2024-25) to expand renal haemodialysis in the northern metropolitan area. The service will expand by an additional 21 chairs, supporting an additional 84 patients to receive renal haemodialysis services in the area

- \$16.5 million of investing expenditure in 2024-25 to provide 20 additional general inpatient beds at Lyell McEwin Hospital to deliver additional capacity in the hospital system. \$13.7 million over two years from 2024-25 is also allocated to provide 36 additional surgical and general inpatient beds at the Queen Elizabeth Hospital to deliver additional capacity in the hospital system, building on the government's existing commitments
- \$15.4 million over three years from 2024-25 to construct a new acid drainage treatment plant at the former Brukunga mine site. This will allow for the continued protection of the environment and waterways surrounding Lake Alexandrina.

A summary of investing expenditure initiatives by agency is shown in table 2.3. Full details of all investing expenditure initiatives are provided in Budget Paper 5: Budget Measures Statement.

Table 2.3: New investing initiatives by agency (\$million)^(a)

Agency	2023-24 Estimate	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Across Government	—	-1.9	-4.4	-1.9	—
Attorney-General	—	-0.4	—	—	—
Correctional Services	—	-22.3	-60.7	-140.2	-1.2
Courts	—	-1.4	-1.4	-1.5	-1.5
Education	—	-36.0	-94.4	-217.5	-156.9
Emergency Services — CFS	-0.5	—	—	—	—
Emergency Services — SES	—	—	-2.4	—	—
Energy and Mining	—	-1.0	-9.6	-4.8	—
Environment and Water	-0.1	-4.6	-4.8	-0.1	-0.1
Health and Wellbeing	-0.5	-44.8	-51.1	-10.6	—
Human Services	—	-2.4	-3.0	—	—
Industry, Innovation and Science	—	-0.6	—	—	—
Infrastructure and Transport	-2.0	-81.5	-170.6	-236.4	-75.0
Police	—	-7.0	-19.9	-13.1	—
Premier and Cabinet	-2.9	-27.2	-8.9	—	—
Total investing initiatives	-5.9	-231.2	-431.2	-626.1	-234.7

Note: Totals may not add due to rounding.

(a) Includes administered items of agencies.

Other new measures

In addition to the general government initiatives reflected above, the 2024-25 Budget continues the government's significant investment in improving housing outcomes for South Australians, including:

- \$425.3 million from 2023-24 to 2034-35 (including over \$115 million between 2023-24 and 2027-28) to redevelop South Australian Housing Authority (SAHA) land at Seaton. This is expected to deliver 1315 dwellings, including 388 social and 197 affordable homes
- \$150.2 million from 2023-24 to 2030-31 (including over \$80 million between 2023-24 and 2027-28) will be invested to consolidate and redevelop various government sites at Noarlunga Downs. This is expected to deliver 626 dwellings, including 80 social and 90 affordable homes
- \$135.8 million to build and upgrade 442 new social housing dwellings as part of the Social Housing Accelerator Payment funded by the Commonwealth Government
- \$65.9 million in 2025-26 to assist SAHA to meet public housing build commitments announced as part of *A Better Housing Future*
- \$30.0 million over three years from 2024-25 to provide additional assistance to grow regional housing.

Savings

The 2024-25 Budget does not include any additional savings measures. The government is retaining its policy of applying efficiency measures to each year to encourage public services to be delivered as efficiently as possible.

The existing savings in table 2.4 reflect the commencement of previously approved efficiencies and savings measures. Agencies have been developing strategies over time to achieve these savings.

Table 2.4: General government savings (\$million)

	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Existing savings commencing from 2024-25	167.1	330.9	486.8	671.9
2024-25 Budget savings	—	—	—	—
Total Savings	167.1	330.9	486.8	671.9

To continue to assist agencies in the delivery of savings and efficiency measures, a targeted voluntary separation package (TVSP) scheme, which has been in operation since November 2010, remains in place. TVSP payouts are calculated as 10 weeks base plus two weeks per year of service up to a maximum of 52 weeks' pay.

TVSPs are available at the discretion of chief executives. An offer of a TVSP can be made to an employee who is excess to the requirements of an agency or is to become excess imminently because the substantive position/role or duties they are/were employed in has been, or is to be abolished. Agencies are responsible for managing costs associated with TVSPs and separation payments.

General government operating expenditure

Forward estimates of general government expenses by type are shown in table 2.5.

Table 2.5: General government expenditure (\$million)

	2023-24 Budget	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Employee expenses	9 870	10 179	10 472	10 858	11 160	11 506
Superannuation expenses						
Superannuation interest cost	265	306	290	269	247	223
Other superannuation expenses	1 121	1 142	1 211	1 294	1 327	1 368
Depreciation and amortisation	1 564	1 643	1 620	1 687	1 796	1 874
Interest expenses	1 254	1 210	1 486	1 598	1 859	2 116
Other property expenses	—	—	—	—	—	—
Other operating expenses	8 309	8 720	9 184	9 643	9 945	10 074
Grants	3 971	3 978	4 061	4 026	4 142	4 257
Total expenses	26 353	27 178	28 323	29 375	30 477	31 419
Total expenses % change on previous year						
Total expenses nominal growth (%)		7.1%	4.2%	3.7%	3.8%	3.1%
Total expenses real growth (%)		2.3%	0.7%	0.9%	1.2%	0.6%

Note: Totals may not add due to rounding.

General government expenses in 2023-24 are estimated to be \$825 million higher than published in the 2023-24 Budget, primarily due to new operating initiatives in the 2023-24 Mid-Year Budget Review (MYBR) and 2024-25 Budget. These initiatives are mainly in the Department for Health and Wellbeing, primarily to

support SA Health in meeting increased activity, the recent increase in the national efficient price, and to ensure our health system is appropriately resourced to deliver the necessary services to South Australians.

Operating expenses are budgeted to increase in 2024-25 by \$1.1 billion, reflecting in part the higher levels of interest expenses as net debt levels and interest rates increase. In addition, higher expenditure in 2024-25 is also attributed to higher grant expenditure, including policy items such as payments under the Social Housing Accelerator, employee expenditure as FTEs grow, primarily in Health and Education, and other operating expenses. A summary of other operating expenditure is discussed later in this chapter.

Table 2.6 shows total operating expenses across the forward estimates for selected agencies.

Table 2.6: Operating expenses — selected agencies (\$million)^(a)

	2023-24		2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
	2023-24 Budget	Estimated Result				
Attorney-General	290	297	303	279	280	281
Auditor-General	19	19	20	20	20	21
Child Protection	791	860	796	806	820	840
Correctional Services	404	418	413	417	421	432
Courts	100	104	99	98	99	100
Defence SA	22	24	20	17	17	16
Education	4 656	4 795	4 936	5 014	5 106	5 199
Electoral Commission	10	13	8	33	17	8
Emergency Services — CFS	101	111	107	105	106	108
Emergency Services — MFS	176	176	191	194	196	199
Emergency Services — SAFECOM	41	45	38	32	23	23
Emergency Services — SES	23	24	24	24	24	25
Energy and Mining	129	171	138	110	121	122
Environment and Water	344	393	336	310	285	290
Environment Protection Authority	35	37	37	37	38	38
Green Industries SA	54	93	31	28	25	25
Health and Wellbeing	8 279	8 906	9 044	9 270	9 463	9 657
Human Services	1 148	1 283	1 362	1 371	1 406	1 450
Industry, Innovation and Science	75	64	68	64	59	49
Infrastructure and Transport	1 854	1 945	1 955	1 887	1 912	1 941
Legislature	35	35	35	36	36	37
Police	1 091	1 100	1 154	1 163	1 175	1 193
Premier and Cabinet	349	406	396	388	369	373
Primary Industries and Regions	250	315	258	190	184	178
TAFE SA	317	333	343	352	356	352
Tourism	84	138	93	98	88	87
Trade and Investment	183	201	193	193	194	197
Treasury and Finance	261	280	307	275	277	280
Other ^(b)	5 232	4 591	5 619	6 566	7 359	7 896
Total operating expenses	26 353	27 178	28 323	29 375	30 477	31 419

Note: Totals may not add due to rounding.

(a) Agency expenses in this table match to expenses included in net cost of services as shown in the Statements of Comprehensive Income in Agency Statements.

(b) Includes other agencies, administered items (including interest paid on borrowings with SAFA), and consolidation adjustments to eliminate intra-government transactions.

The following analysis compares changes in expenses from 2023-24 to 2027-28. The main changes in operating expenses over that period are in the following agencies:

- Child Protection — projected to decrease by \$19.9 million primarily due to additional funding provided in 2023-24 to support the number of children and young people in non-family-based care placements. The department is currently undertaking financial and service optimisation to ensure that services are being delivered effectively and efficiently. This will inform future investment in child protection and family support
- Education — projected to increase by \$404.3 million mainly due to the compounding impact of indexation applied to the Schooling Resource Standard base amount and loadings under the National School Reform Agreement
- Emergency Services – MFS – projected to increase by \$23.3 million primarily due to workers compensation expenses and the effect of the 2022 enterprise agreement
- Emergency Services – SAFECOM – projected to decrease by \$21.3 million primarily due to the completion of current Commonwealth and joint funded disaster resilience grants
- Energy and Mining — projected to decrease by \$49.1 million primarily due to the winding down of expenditure associated with several programs, including the home battery scheme, Grid Scale Storage Fund, the previous government’s Jobs and Economic Growth Fund, and the Port Bonython Hydrogen Hub, partly offset by depreciation for the Hydrogen Jobs Plan infrastructure
- Environment and Water — projected to decrease by \$102.9 million primarily reflecting reduced expenditure relating to time-limited projects completed in conjunction with the Commonwealth Government, including sustainable rural water use and infrastructure programs which are periodically phased out
- Green Industries SA — projected to decrease by \$68.1 million primarily due to cessation of the River Murray flood clean up by 30 June 2024 and the winding down of the National Partnership on Recycling Infrastructure
- Health and Wellbeing — projected to increase by \$751.3 million primarily reflecting the government’s commitment to funding the health system in a sustainable manner over the forward estimates and in recognition of the increase in activity over the past year
- Human Services — projected to increase by \$167.2 million primarily reflecting the cumulative annual indexation (4 per cent per annum) of the state contribution towards the National Disability Insurance Scheme
- Police — projected to increase by \$92.8 million primarily reflecting the recruitment of additional police security officers (an additional 163 FTEs by 2027-28) and additional expenditure for road safety initiatives
- Premier and Cabinet — projected to decrease by \$32.7 million primarily due to the timing of grant programs across the forward estimates
- Primary Industries and Regions — projected to decrease by \$137.3 million primarily due to completion of disaster recovery and fruit fly eradication programs and once-off regional growth projects
- Tourism — projected to decrease by \$50.8 million primarily due to higher expenditure in 2023-24 for new and existing leisure events to further drive economic development and future visitation to the state.

The following sections provide further details on the key components of expenses.

Employee expenses

Table 2.7: General government employee expenses

	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Employee expenses (\$m)	10 179	10 472	10 858	11 160	11 506
Nominal growth (%)	4.6%	2.9%	3.7%	2.8%	3.1%
Real growth (%)	-0.2%	-0.6%	0.9%	0.3%	0.6%

Employee expenses in 2023-24 are estimated to be \$309 million higher than estimated in the 2023-24 Budget primarily as a result of additional resources for Health and Wellbeing.

Employee expenses grow in real terms by 0.3 per cent per annum on average over four years, primarily reflecting wage growth negotiated in existing enterprise bargaining agreements as well as modest growth in FTEs providing frontline services.

Full-time equivalents (FTEs)

FTE estimates for general government sector agencies are based on FTE caps. These caps are established to be consistent with the salaries and wages budget for each agency and are adjusted in line with changes to agency budgets. Actual FTEs are monitored on a regular basis with agencies required to explain any significant variations from budgeted FTE caps.

The estimated aggregate workforce levels in the general government sector are shown in table 2.8.

Table 2.8: General government sector employment^(a)

	Full-time equivalent employees as at 30 June					
	2023 Actual	2024 Estimate	2025 Budget	2026 Estimate	2027 Estimate	2028 Estimate
As at 2023-24 Budget	90 669	90 566	91 219	92 466	93 427	n.a.
As at 2023-24 MYBR	90 625	91 411	91 991	93 147	94 074	n.a.
As at 2024-25 Budget	90 625	93 505	95 027	96 245	97 384	98 541
FTEs by agency at 2024-25 Budget:						
Health and Wellbeing (excluding SAAS)	36 164	36 781	37 069	37 914	38 718	39 524
South Australian Ambulance Service	1 859	2 022	2 130	2 204	2 203	2 203
Child Protection	2 302	2 527	2 552	2 593	2 607	2 623
Education	25 446	26 590	27 032	27 046	27 136	27 188
Police	5 924	5 984	6 147	6 167	6 147	6 147
Other	18 931	19 601	20 097	20 322	20 573	20 856
Total FTEs as at 2024-25 Budget	90 625	93 505	95 027	96 245	97 384	98 541

Note: Totals may not add due to rounding.

(a) The FTE profiles shown are notional and are based on current funding levels across the forward estimates. Chief executives have the flexibility to deliver government services in the manner that best suits the needs of the business. As a result, the actual level of FTEs over the forward estimates may vary.

Since the 2023-24 MYBR FTE estimates are higher in all years, primarily due to the impact of policy measures announced in the 2024-25 Budget, in particular in Health and Wellbeing.

The estimated FTE impacts of individual measures are outlined in the 2024-25 Budget Measures Statement.

Table 2.9: Estimated full-time equivalent impacts of 2024-25 Budget measures as at 30 June (FTEs)

	FTE employees as at 30 June				
	2024 Estimate	2025 Budget	2026 Estimate	2027 Estimate	2028 Estimate
Expenditure initiatives	1 486	2 003	2 149	2 244	2 272
Savings measures	—	—	—	—	—
Total FTE impact of policy decisions	1 486	2 003	2 149	2 244	2 272

Enterprise Agreements

During 2023-24, enterprise agreement negotiations have been finalised for South Australian school and preschool education staff, SA Health Visiting Medical Specialists, SA Health Clinical Academics, Forestry SA, Adelaide Festival Centre Trust, Adelaide Venue Management, State Theatre Company of SA, and Adelaide Cemeteries Authority.

The HomeStart Finance enterprise agreement has been filed with the South Australian Employment Tribunal seeking approval.

Negotiations are continuing for SA Police, Rail Commissioner Tram Operations and Rail Operations, Parliament House, ReturnToWorkSA, and SA Water. Further, negotiations are in their preliminary phase for Assistants to Members of Parliament, Superannuation Funds Management Corporation of SA (trading as Funds SA), Rail Commissioner Infrastructure and Rail Commissioner Maintenance.

In 2024-25, enterprise bargaining negotiations will commence for SA Ambulance Service, SA Metropolitan Fire Service, SA Public Sector Salaried employees, Forestry SA, SA Health Salaried Medical Officers, SA Health Clinical Academics, SA Health Visiting Medical Specialists, SA Public Sector Weekly Paid employees, TAFE SA Education Employees, SA Health Visiting Dental Specialists, Nursing/Midwifery, West Beach Trust employees and Adelaide Cemeteries Authority.

Expenditure on salaries and wages is the largest expense for the government, representing 37 per cent of general government sector costs in 2024-25. It is essential that wage increases in the public sector are sustainable. The government has budgeted for responsible wage outcomes reflecting the economic circumstances as there is no capacity to meet excessive wage and condition demands. Enterprise bargaining agreements must support efficiency and improved productivity in the delivery of government services.

Superannuation expenses

Table 2.10: General government superannuation expenses

	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Superannuation expenses (\$m)					
Superannuation interest expense	306	290	269	247	223
Other superannuation expenses	1 142	1 211	1 294	1 327	1 368
Nominal growth (%)	12.7%	3.6%	4.2%	0.7%	1.1%
Real growth (%)	7.6%	0.1%	1.4%	-1.8%	-1.4%

The estimated superannuation interest expense represents the increase during the year in the defined benefit superannuation obligations due to it being one year closer to settlement, less the expected earnings on superannuation assets. The superannuation interest expense for each year is calculated based on the unfunded superannuation liability at the end of the preceding financial year and the relevant discount rate used to value the unfunded superannuation liability. Further discussion on that liability can be found in Chapter 4.

The superannuation interest expense for 2023-24 is \$306 million. Compared to estimates at the time of the 2023-24 Budget, from 2024-25 the expense has increased by around \$40 million per annum, due to a combination of an increase in the discount rate and an increase in the CPI rate.

Other superannuation expenses increase in 2024-25 to reflect the increase in the superannuation employer contribution rate from 11 per cent to 11.5 per cent from 1 July 2024.

Depreciation and amortisation

Table 2.11: General government depreciation and amortisation expenses (\$million)

	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Depreciation (\$m)					
Buildings and improvements	715	728	736	750	767
Dwellings	8	8	8	8	8
Plant and equipment	196	156	214	308	362
Vehicles	111	111	110	110	110
Road network	443	445	446	447	454
Rail and bus tracks	95	95	95	95	95
Water, sewer and drainage	15	15	15	15	15
Other	—	—	—	—	—
Total depreciation	1 583	1 558	1 625	1 733	1 811
Amortisation	60	62	62	63	64
Total depreciation and amortisation	1 643	1 620	1 687	1 796	1 874
Nominal growth (%)	8.4%	-1.4%	4.1%	6.5%	4.3%
Real growth (%)	3.5%	-4.7%	1.3%	3.9%	1.8%

Note: Totals may not add due to rounding.

The main asset types comprising general government depreciation across the forward estimates are buildings and improvements, plant and equipment, and road network.

Growth in depreciation expense is projected across the forward estimates as projects are completed in line with the program of significant investment in the state's infrastructure. These include additional prison beds, new schools as well as other education infrastructure upgrades, and hospital and health infrastructure upgrades.

Interest expenses

Table 2.12: General government interest expenses

	2023-24	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
	Estimated Result				
Interest expenses (\$m)	1 210	1 486	1 598	1 859	2 116
Nominal growth (%)	24.1%	22.8%	7.5%	16.4%	13.8%
Real growth (%)	18.5%	18.7%	4.6%	13.5%	11.0%

Interest expenses comprise interest paid by the Treasurer to the South Australian Government Financing Authority (SAFA) on government borrowings and interest expenses of agencies related to finance leases. Over the forward estimates, higher government borrowings and increasing interest rates result in an increase in interest expenses. The increase in borrowings is a result of the state's significant infrastructure program, including delivering the government's election commitments. The government is committed to maintaining a sustainable budget within the context of rising interest rates and its capacity to meet those payments through revenues.

Other operating (non-employee) expenses

Table 2.13: General government other operating (non-employee) expenses

	2023-24	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
	Estimated Result				
Other operating (non-employee) expenses (\$m)	8 720	9 184	9 643	9 945	10 074
Nominal growth (%)	2.6%	5.3%	5.0%	3.1%	1.3%
Real growth (%)	-2.0%	1.8%	2.2%	0.6%	-1.2%

General government other operating (non-employee) expenses for 2024-25 are expected to be \$9.2 billion. This is largely made up of:

- supplies and services (\$4.5 billion) predominantly within Health and Wellbeing (\$2.1 billion), Education (\$749.1 million), Child Protection (\$157.4 million) and Correctional Services (\$124.8 million)
- consultancies and contractors (\$1.4 billion) predominantly within Infrastructure and Transport (\$535.1 million) mainly due to contract arrangements for delivering public transport and road maintenance, Child Protection primarily for the delivery of care services (\$306.6 million) and Health and Wellbeing (\$241.8 million)
- NDIS contributions (\$880.8 million), noting that the state's total NDIS contribution is \$894.7 million. The balance of the state's NDIS contribution is met through the provision of state government services, mainly school transport to NDIS clients
- computer and communications charges (\$342.0 million) predominantly within Health and Wellbeing (\$122.6 million), Attorney-General's (\$31.3 million) and Education (\$28.0 million)
- repairs and maintenance expenses (\$306.1 million) predominantly within Education (\$120.8 million) and Health and Wellbeing (\$120.5 million).

Grants

Table 2.14: General government grant expenses

	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Grants (\$m)	3 978	4 061	4 026	4 142	4 257
Nominal growth (%)	18.4%	2.1%	-0.9%	2.9%	2.8%
Real growth (%)	13.0%	-1.4%	-3.5%	0.4%	0.3%

Grant expenses in 2023-24 are largely consistent with estimates in the 2023-24 Budget.

Grant expenses are higher in 2024-25 compared to 2023-24 including for policy items such as payments under the Social Housing Accelerator, extension of the materials and services charge reduction for 2025, and the revised timing of other grant payments.

The budget reflects a decline in grant expenditure in 2025-26, mainly due to the phasing out of additional time limited funding including the extension of materials and services charge reduction for 2025.

Grant expenditure includes payments to:

- non-government schools
- local government
- community service obligation payments to SA Water
- concessions to the community, including the cost of living concession and energy concession
- other non-government organisations for a range of programs.

General government investing expenditure

The general government four year investing program is \$20.8 billion over the period 2024-25 to 2027-28, with \$3.3 billion estimated for 2023-24. This is an increase compared to the 2023-24 MYBR, which had a four year program of \$17.3 billion over the period 2023-24 to 2026-27.

The increase in investing expenditure compared to previous programs provides an expanded pipeline of projects over the forward estimates. It reflects the delivery of the government's infrastructure program that is focused on building key economic and social infrastructure, including significant investment in health, road networks and schools.

Table 2.15: General government sector capital investment (\$million)

	2023-24 Estimate	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Purchases of non-financial assets	3 267	4 495	4 839	5 752	5 719

Figure 2.1 shows that general government capital investment across the forward estimates continues to remain well above the level of depreciation.

Figure 2.1: General government sector purchases of non-financial assets (\$million)

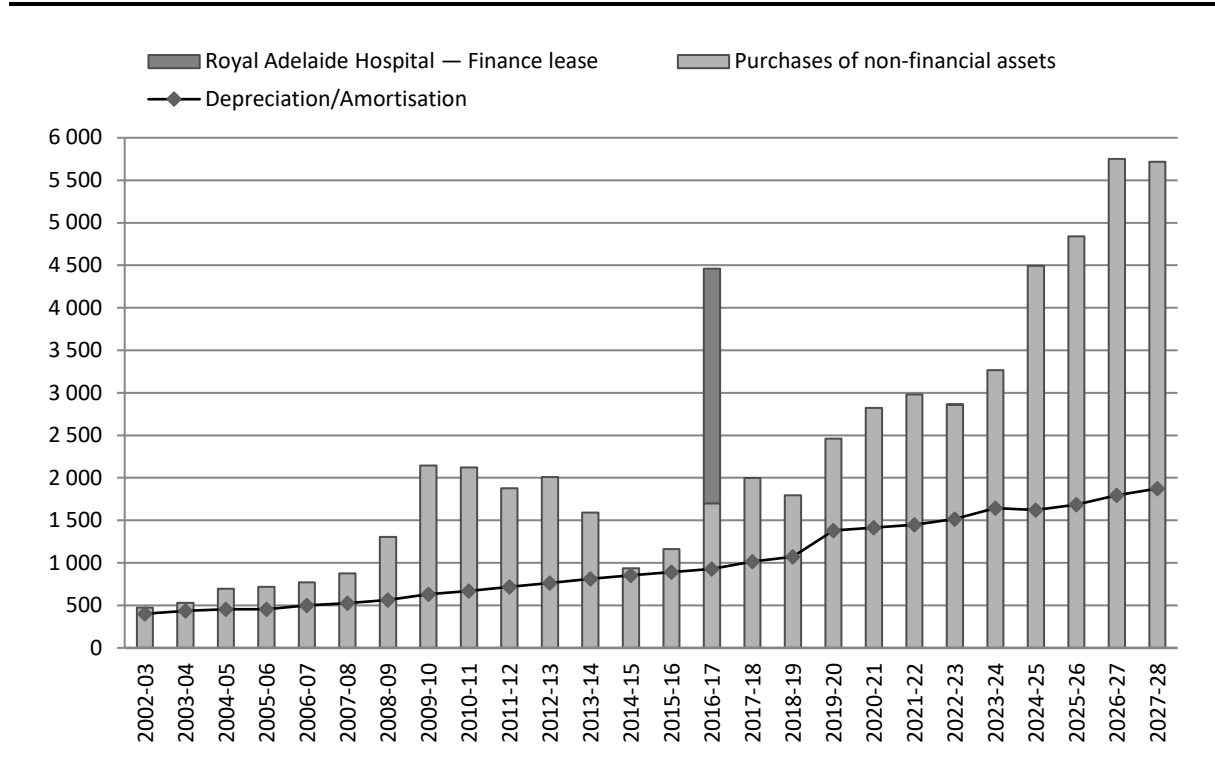


Table 2.16 summarises the investing program for the general government sector by agency. Further detail on agency investing programs is contained in the 2024-25 Agency Statements.

Across the forward estimates (2023-24 to 2027-28) investing expenditure increases as a result of significant projects including the North-South Corridor — River Torrens to Darlington project (\$7.7 billion 2023-24 to 2027-28), the new Women’s and Children’s Hospital (\$1.8 billion 2023-24 to 2027-28), the Hydrogen Jobs Plan (\$593 million 2023-24 to 2025-26), Fleurieu Connections road project (\$500.7 million 2023-24 to 2026-27), Flinders Medical Centre Upgrade and Expansion (\$453.1 million 2023-24 to 2027-28), South Australia Forensic Centre (\$348.9 million 2023-24 to 2027-28) and the new Mount Barker Hospital (\$320.4 million 2023-24 to 2027-28).

Agency investing programs contain budgets for approved major works projects and annual program expenditure. Annual program expenditure is generally provided to agencies to complete minor works or upgrade existing assets.

Typically, the investing program of an agency will decline over the forward estimates as major works are budgeted to be completed. As new projects are approved by the government, the budget of an agency will be increased to include the budgeted cost of those projects.

The general government sector budget holds a contingency provision over the forward estimates for an unallocated component of the government’s investing budget. While agency budgets typically decline over the forward estimates as projects are scheduled to finish, the contingency provision rises as the unallocated component of the overall general government sector budget increases.

Table 2.16: General government capital investment by agency (\$000s)^(a)

	2023-24 Budget	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Attorney-General	55 682	125 067	29 850	5 575	2 471	2 526
Auditor-General	273	273	263	270	293	284
Child Protection	11 865	6 122	7 783	9 165	4 681	4 694
Correctional Services	20 662	41 171	39 917	82 289	150 396	11 630
Courts	14 751	4 433	17 680	4 592	4 693	4 797
Defence SA	—	—	10 000	10 000	—	—
Education	296 426	270 646	268 052	144 510	139 683	117 699
Electoral Commission	115	115	50	51	128	53
Emergency Services — CFS	25 333	28 371	29 102	25 814	24 565	25 168
Emergency Services — MFS	15 192	17 427	15 351	17 410	18 036	18 477
Emergency Services — SAFECOM	323	548	325	187	374	223
Emergency Services — SES	8 117	6 374	7 713	9 747	2 424	5 560
Energy and Mining	129 423	138 873	416 543	89 558	7 044	3 176
Environment and Water	101 263	91 268	64 321	26 355	15 448	13 602
Environment Protection Authority	764	4 105	1 669	997	816	834
Green Industries SA	—	—	—	—	—	—
Health and Wellbeing	606 679	589 604	864 191	905 417	745 976	845 345
Human Services	8 613	9 771	5 022	5 662	2 681	2 705
Industry, Innovation and Science	513	1 352	984	676	417	543
Infrastructure and Transport	2 311 737	2 080 916	2 257 221	2 668 232	3 140 359	2 953 783
Legislature	1 088	1 088	1 109	1 131	1 154	1 182
Police	60 071	170 563	99 055	68 210	47 808	38 722
Premier and Cabinet	65 914	122 369	200 764	147 786	66 324	9 998
Primary Industries and Regions	7 920	15 420	14 765	10 650	9 365	8 021
TAFE SA	19 882	13 560	16 513	15 960	13 856	12 256
Tourism	6 498	849	825	845	866	887
Trade and Investment	1 412	2 659	3 967	2 864	1 557	1 593
Treasury and Finance	2 661	5 581	4 613	2 746	2 880	2 933
Other ^{(b)(c)}	14 523	-481 846	116 939	582 724	1 347 674	1 631 817
General government capital investment	3 787 700	3 266 679	4 494 587	4 839 423	5 751 969	5 718 508

Note: Totals may not add due to rounding.

(a) Includes administered items.

(b) Includes a capital slippage provision to reflect the tendency, on a whole of government basis, for underspending due to some projects slipping from their current budgeted expenditure profile.

(c) Includes consolidation adjustments to eliminate inter-agency transactions and recognise contributed assets.

Chapter 3: Revenue

Overview

This chapter summarises movements in government revenues over the forward estimates and provides an overview of new revenue measures introduced as part of the 2024-25 Budget.

Total general government revenue is expected to reach \$27.5 billion in 2023-24, an improvement of \$0.9 billion compared to estimates made at the time of the 2023-24 Budget. This improvement mainly reflects an upward revision to taxation revenue due to strong property and labour market conditions, flowing through to higher revenue from conveyance duty and payroll tax respectively.

Total general government revenue is expected to increase to \$28.6 billion in 2024-25 and then grow by 3.7 per cent per annum on average over the period to 2027-28.

Initiatives

The government has introduced an expansion of its first home buyer relief measures to further support first home buyers to enter the housing market.

Previously, no stamp duty was payable on the purchase of an eligible new home valued up to \$650 000, with relief phasing out for properties valued up to \$700 000. For the purchase of vacant land to build a new home, no stamp duty was payable for vacant land valued up to \$400 000, with relief phasing out for land valued up to \$450 000.

From 6 June 2024, these property value thresholds no longer apply, effectively abolishing stamp duty for all eligible first home buyers who enter into a contract to purchase a new home or vacant land to build a new home.

The government has also removed the \$650 000 property value cap for the \$15 000 First Home Owner Grant (FHOG) to help more first home buyers access the FHOG in recognition of the recent strong growth in house prices.

With these measures combined, an eligible first home buyer can receive relief of over \$50 000 on the purchase of a new home valued at \$750 000 (broadly in line with the current median house value).

An exemption from payroll tax on the wages of general practitioners (GPs) related to bulk billed services will be introduced in the *Payroll Tax Act 2009* from 1 July 2024.

The exemption will apply to the wages of a GP, registered or on a pathway to registration as a specialist GP with the Medical Board of Australia, whether they are engaged by the clinic or practice as an employee or a contractor. It will not apply to the wages of any other staff employed in a medical practice.

This measure is intended to provide protection for current bulk-billed patients and an additional incentive for GPs to bulk bill patients.

Further information on all revenue related measures can be found in Budget Paper 5: Budget Measures Statement. The FHOG measure is treated as an expenditure initiative.

Table 3.1: Revenue measures in the 2024-25 Budget (\$million)

	2023-24 Estimate	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Revenue — taxation measures					
First home buyer stamp duty relief — remove property value thresholds ^(a)	—	-2.0	-4.0	-4.0	-4.0
Payroll tax — bulk billing exemption for general practitioners ^(b)	n.a.	n.a.	n.a.	n.a.	n.a.
Total revenue measures — taxation	—	-2.0	-4.0	-4.0	-4.0
Revenue — non-taxation					
Department for Energy and Mining					
<i>Hydrogen and Renewable Energy Act 2023</i> Implementation	—	—	0.3	0.4	0.5
Department for Trade and Investment					
Outline consent — a new assessment tool ^(c)	0.0	0.1	0.1	0.1	0.1
Department of Human Services					
Extend public transport concessions to all Health Care Card holders	—	-1.4	-2.8	-2.9	-3.0
Environment Protection Authority					
Achieving net zero across high and medium emitting sectors	—	0.9	1.3	1.3	1.3
Total revenue measures — non-taxation	0.0	-0.4	-1.2	-1.2	-1.1

Note: Totals may not add due to rounding.

(a) The property value cap for the First Home Owner Grant will also be removed for eligible contracts entered into on or after 6 June 2024. Further detail is provided under the Administered Items for the Department of Treasury and Finance within Part 2 of Budget Paper 5: Budget Measures Statement.

(b) The nature of the measure is such that a reliable estimate cannot be provided.

(c) Estimated impact of \$22 000 in 2023-24.

General government sector revenue

Total general government sector revenues are expected to grow by 4.0 per cent in 2024-25, following expected growth of 8.2 per cent in 2023-24. Lower forecast growth in 2024-25 mainly reflects a return to more normal levels of revenue growth for payroll tax and conveyance duty following strong growth in prior years as well as softer growth in GST revenue grants consistent with the outlook for national GST pool growth.

Over the four years to 2027-28 total revenue growth is estimated to average 3.7 per cent.

Table 3.2: General government sector revenues (\$million)

	2023-24		2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
	2023-24 Budget	Estimated Result				
Taxation revenue	5 826.7	6 412.1	6 650.0	6 907.1	7 167.4	7 452.1
Grant revenue	15 404.1	15 287.6	15 964.2	16 891.8	17 694.8	18 027.1
Sales of goods and services	3 074.1	3 226.4	3 405.0	3 503.9	3 678.3	3 787.0
Interest income	402.8	452.9	463.7	389.4	402.1	413.4
Dividend and ITE ^(a) revenue	248.5	438.1	298.0	331.8	278.3	294.1
Other revenue	1 646.7	1 666.6	1 790.7	1 808.6	1 824.8	1 848.3
Total revenue	26 602.9	27 483.8	28 571.5	29 832.6	31 045.8	31 822.0

	2023-24 Budget	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
% change on previous year						
Nominal-terms growth (%)		8.2	4.0	4.4	4.1	2.5
Real-terms growth (%)		3.3	0.4	1.6	1.5	0.0
Note: Totals may not add due to rounding.						
(a) Income tax equivalent (ITE)						

Taxation

State taxation revenue estimates have been revised up by \$585 million in 2023-24 compared to estimates in the 2023-24 Budget and are expected to grow by around 9.3 per cent during the year. The high growth is mainly due to strength in payroll tax, conveyance duty and land tax collections reflecting strong labour and property market conditions.

Growth in total taxation revenue of 3.7 per cent is expected in 2024-25, with annual average growth of around 3.8 per cent over the four years to 2027-28, supported by estimated growth in payroll tax, conveyance duty and insurance tax revenues.

Taxation estimates are provided in table 3.3.

Table 3.3: Taxation (\$million)

	2023-24 Budget	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Payroll tax	1 685	1 866	1 965	2 063	2 172	2 288
Property taxes						
Land tax — private	479	498	556	573	590	608
Land tax — public	227	226	244	249	255	262
Emergency services levy on fixed property	193	195	202	216	211	219
Regional landscape levies	51	57	60	61	63	65
All other	4	13	14	16	17	17
Total property taxes	955	989	1 076	1 115	1 136	1 171
Water levies ^(a)	17	18	18	19	20	20
Stamp duties on financial and capital transactions						
Conveyance duty	1 092	1 383	1 365	1 418	1 478	1 544
Total stamp duties on financial and capital transactions	1 092	1 383	1 365	1 418	1 478	1 544
Gambling taxes						
Gaming machines	402	420	427	433	438	444
SA Lotteries	113	111	115	118	122	125
Casino	24	24	24	24	24	25
Betting Operations Tax	63	60	61	63	65	67
Other ^(b)	3	4	4	4	4	4
Total gambling taxes	605	618	631	641	653	664

	2023-24 Budget	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Insurance taxes						
General insurance	505	516	541	566	593	622
CTP renewal certificate	81	81	83	85	87	89
CTP insurance	41	44	42	43	44	46
Life insurance	6	5	5	5	6	6
Total insurance taxes	633	646	671	700	730	762
Motor vehicle taxes						
Motor vehicle registration fees	551	551	577	597	616	634
Stamp duty on registration transfers	221	271	276	282	288	293
Emergency services levy on mobile property	49	49	49	50	51	52
LSS levy	20	20	21	22	23	24
Total motor vehicle taxes	841	891	924	951	978	1 003
Total taxation	5 827	6 412	6 650	6 907	7 167	7 452
Policy adjusted^(c)	n.a.	6 400	6 650	6 907	7 167	7 452
% change on previous year						
Total taxation						
Nominal growth		9.3	3.7	3.9	3.8	4.0
Real growth		4.3	0.2	1.1	1.2	1.4
Policy adjusted						
Nominal growth		9.8	3.9	3.9	3.8	4.0
Real growth		4.8	0.4	1.1	1.2	1.4
Note: Totals may not add due to rounding.						
(a) Previously reflected in Regional landscape levies.						
(b) Includes revenue from small lotteries.						
(c) The policy adjusted series shows the underlying growth in tax revenues by adjusting tax estimates to be consistent with 2024-25 policy settings.						

Payroll tax

The outlook for payroll tax revenue is provided in table 3.4.

Table 3.4: Payroll tax

	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Total payroll tax (\$m)	1 866.1	1 964.5	2 062.9	2 172.4	2 288.0
Nominal growth (%)	9.5	5.3	5.0	5.3	5.3
Real growth (%)	4.5	1.7	2.2	2.7	2.8
Policy adjusted underlying revenue (\$m)	1 866.1	1 964.5	2 062.9	2 172.4	2 288.0
Nominal growth (%)	9.5	5.3	5.0	5.3	5.3
Real growth (%)	4.5	1.7	2.2	2.7	2.8

Payroll tax receipts for 2023-24 have been revised up by \$181 million since the 2023-24 Budget reflecting strong labour market conditions, with total revenue growth of 9.5 per cent now expected in 2023-24.

Payroll tax revenue is expected to grow by around 5.2 per cent per annum on average over the four years to 2027-28, broadly consistent with estimated underlying growth in employment and earnings.

Property taxes

Property taxes include land tax, the ESL on fixed property, regional landscape levies and other minor taxes.

The outlook for property tax revenue is provided in table 3.5.

Table 3.5: Property taxes

	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Total property taxes (\$m)	989.1	1 075.9	1 115.2	1 136.1	1 170.8
Nominal growth (%)	19.7	8.8	3.7	1.9	3.1
Real growth (%)	14.3	5.1	0.9	-0.6	0.5
Policy adjusted underlying revenue (\$m)	989.1	1 075.9	1 115.2	1 136.1	1 170.8
Nominal growth (%)	19.7	8.8	3.7	1.9	3.1
Real growth (%)	14.3	5.1	0.9	-0.6	0.5

Land tax

Land tax assessments are based on valuations undertaken by the Valuer-General, which have regard to property market sales experience in the calendar year immediately preceding the relevant financial year.

In 2024-25, residential site values are estimated to increase by around 8 per cent and non-residential site values by around 15 per cent, reflecting the strength in the property market during 2023. This results in strong growth in forecast land tax collections of around 10 per cent in 2024-25.

Land tax revenue estimates assume site value growth returning closer to trend levels of around 3 per cent per annum from 2025-26 following higher than average growth in recent years.

Over the four years to 2027-28 growth in revenue from land tax is estimated to average 4.7 per cent.

The land tax system incorporates a tax-free threshold and marginal rates of tax at various threshold values of aggregate land ownerships. Relevant land tax thresholds for 2024-25 will increase by around 10 per cent in line with average increases in site values as determined by the Valuer-General. This will see the general tax-free threshold for land tax increase to \$732 000 and the top tax rate threshold increase to \$2.7 million in 2024-25.

The land tax thresholds to apply in 2024-25 are outlined in table 3.6.

Table 3.6: Land tax thresholds and rates (\$)

2023-24 land tax structure general					2024-25 land tax structure general				
Site value		Tax applicable ^(a)			Site value		Tax applicable ^(a)		
0	to 668 000	—	—	—	0	to 732 000	—	—	—
668 001	to 1 073 000	0	+	0.50%	732 001	to 1 176 000	0	+	0.50%
1 073 001	to 1 561 000	2 025	+	1.00%	1 176 001	to 1 711 000	2 220	+	1.00%
1 561 001	to 2 500 000	6 905	+	2.00%	1 711 001	to 2 738 000	7 570	+	2.00%
Over 2 500 000		25 685	+	2.40%	Over 2 738 000		28 110	+	2.40%

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

2023-24 land tax structure trust					2024-25 land tax structure trust				
Site value		Tax applicable ^(a)			Site value		Tax applicable ^(a)		
0	to 25 000	—	—	—	0	to 25 000	—	—	—
25 001	to 668 000	125	+	0.50%	25 001	to 732 000	125	+	0.50%
668 001	to 1 073 000	3 340	+	1.00%	732 001	to 1 176 000	3 660	+	1.00%
1 073 001	to 1 561 000	7 390	+	1.50%	1 176 001	to 1 711 000	8 100	+	1.50%
1 561 001	to 2 500 000	14 710	+	2.40%	1 711 001	to 2 738 000	16 125	+	2.40%
Over 2 500 000		37 246	+	2.40%	Over 2 738 000		40 773	+	2.40%

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

Emergency services levy — fixed property

The fixed property ESL is levied on the capital value of land and buildings.

The fixed property ESL consists of two components, a fixed charge per property and a variable charge based on the value of a property. A prescribed rate, which is used to calculate the variable charge, is determined annually to ensure there are sufficient funds within the Community Emergency Services Fund to cover approved emergency services expenditure in the coming year. The prescribed rate has been set at 0.0942 cents in the dollar for 2024-25.

The government will provide \$95.3 million in fixed property general remissions in 2024-25. Remissions reduce the effective ESL rates payable by taxpayers, lowering ESL bills. In addition, the government provides remissions to eligible concession recipients.

The ESL bill for a median valued residential property in metropolitan Adelaide (\$745 000) of \$157.85, is around \$6.55 (4.3 per cent) higher in 2024-25 than in 2023-24 based on the effective rates and growth in capital values.

Fixed property ESL rates applying in 2024-25 are summarised in table 3.7.

Table 3.7: Fixed property ESL rates for 2024-25

Fixed property	Prescribed rate	Remission rate	Post-remission rate	Effective levy rate paid in Regional Area 4 ^(a)
	Cents per \$ (applied to capital values discounted by land use and area factors)			\$50 plus cents per \$ of non-discounted capital value
Residential	0.0942	0.0580	0.0362	0.0145
Residential — eligible for concession	0.0942	0.0746	0.0196	0.0078
Commercial	0.0942	0.0000	0.0942	0.1091
Industrial	0.0942	0.0000	0.0942	0.1712
Rural and vacant land	0.0942	0.0237	0.0705 ^(b)	0.0212
Special community use	0.0942	0.0110	0.0832	0.0083
Other	0.0942	0.0197	0.0745	0.0373

(a) Incorporates the effect of land use weightings applied to capital values. Effective levy rates for each land use category differ depending on the regional location of the property. Effective levy rates are only shown for Regional Area 4.

Regional Area 4: metropolitan Adelaide (prescribed area factor of 1.0)

Regional Area 1: major country towns (prescribed area factor of 0.8)

Regional Area 2: incorporated areas outside Regional Areas 1 and 4 (prescribed area factor of 0.5)

Regional Area 3: unincorporated areas of the state (prescribed area factor of 0.2, effective area factor of 0.1)

(b) Different post-remission rates apply to Regional Area 4 (0.0705) and Regional Area 1, 2 and 3 (0.0550).

Regional landscape levies

Regional landscape levies (formerly natural resource management levies) are collected by councils on behalf of eight regional landscape boards and a metropolitan Green Adelaide Board. The levies are paid by landholders to fund the activities of the boards that are responsible for facilitating the sustainable management of the state's landscapes.

Revenue in 2023-24 is expected to be slightly higher than the 2023-24 Budget estimate. Modest growth in revenue from regional landscape levies is expected over the period to 2027-28.

Stamp duties on financial and capital transactions

Stamp duties on financial and capital transactions reflects revenue collected from conveyance duty, which in South Australia only applies to residential and primary production property sales.

The outlook for stamp duties on financial and capital transactions revenue is provided in table 3.8.

Table 3.8: Stamp duties on financial and capital transactions

	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Total stamp duties on financial and capital transactions (\$m)	1 383.2	1 364.6	1 417.8	1 478.4	1 544.1
Nominal growth (%)	13.0	-1.3	3.9	4.3	4.4
Real growth (%)	7.9	-4.7	1.1	1.7	1.9
Policy adjusted underlying revenue (\$m)	1 371.5	1 364.6	1 417.8	1 478.4	1 544.1
Nominal growth (%)	15.6	-0.5	3.9	4.3	4.4
Real growth (%)	10.3	-3.9	1.1	1.7	1.9

Conveyance duty

Conveyance duty revenue in 2023-24 is estimated to be \$292 million higher than forecast in the 2023-24 Budget reflecting higher than expected growth in residential property prices and transactions. Overall collections are forecast to increase by around 13 per cent in 2023-24 mainly reflecting the impact of strong price growth from residential property transfers. This is followed by a more modest revenue growth outlook of around 3 per cent per annum, on average, over the four years to 2027-28.

Growth in residential transactions is estimated to be flat in 2023-24, with a slight decline in 2024-25 reflecting the expectation that some new home building activity was brought forward into previous years. Residential transactions are then forecast to gradually return to long-term trend levels by the end of the forward estimates.

Based on conveyance duty collections, the average residential property price grew by around 18 per cent in 2021-22, 9 per cent in 2022-23 and is projected to increase by a further 9 per cent in 2023-24. Given the strong growth experienced in recent years, it is assumed that residential property price growth returns to its long-term average of 3 per cent per annum from 2024-25.

In recognition of the recent strong growth in residential property prices, the government has removed the property value thresholds for first home buyer stamp duty relief on new properties as well as the property value cap for the First Home Owner Grant. When combined, these measures provide an eligible first home buyer with relief of over \$50 000 on the purchase of a new home valued at \$750 000 (broadly in line with the current median house value) for contracts entered into on or after 6 June 2024. Further information on these measures can be found in Budget Paper 5: Budget Measures Statement.

Gambling taxes

Gambling taxes include taxes on gaming machines in hotels and clubs, a tax on the net gambling revenue of SA Lotteries, casino duty and the betting operations tax.

The outlook for gambling tax revenue is provided in table 3.9.

Table 3.9: Gambling taxes

	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Total gambling taxes (\$m)	618.0	631.0	641.5	653.1	664.1
Nominal growth (%)	-0.5	2.1	1.7	1.8	1.7
Real growth (%)	-5.0	-1.4	-1.1	-0.7	-0.8
Policy adjusted underlying revenue (\$m)	618.0	631.0	641.5	653.1	664.1
Nominal growth (%)	-0.5	2.1	1.7	1.8	1.7
Real growth (%)	-5.0	-1.4	-1.1	-0.7	-0.8

Revenue from gambling taxes in 2023-24 is estimated to be \$13 million higher than forecast in the 2023-24 Budget mainly due to higher than expected collections from gaming machines in hotels and clubs, partially offset by lower revenue from the betting operations tax.

Over the four years to 2027-28, growth in gambling tax revenue is forecast to average 1.8 per cent per annum. This mainly reflects an expectation that growth in gaming tax revenue will return to more modest levels over the forward estimates period.

Insurance taxes

Taxes on insurance include stamp duty on insurance premiums (including life insurance, general insurance and compulsory third party (CTP) insurance) and a flat stamp duty charge on renewal notices for CTP insurance.

Projected growth rates for insurance tax revenues are provided in table 3.10.

Table 3.10: Insurance taxes

	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Total insurance taxes (\$m)	646.5	671.2	700.0	730.4	762.1
Nominal growth (%)	5.4	3.8	4.3	4.3	4.3
Real growth (%)	0.7	0.3	1.5	1.8	1.8
Policy adjusted underlying revenue (\$m)	646.5	671.2	700.0	730.4	762.1
Nominal growth (%)	5.4	3.8	4.3	4.3	4.3
Real growth (%)	0.7	0.3	1.5	1.8	1.8

Revenue from insurance taxes is estimated to be \$14 million higher in 2023-24 compared to the 2023-24 Budget estimate largely reflecting an increase in general insurance duty revenue due to higher than estimated growth in premiums.

Growth in insurance duty revenue over the four years to 2027-28 is expected to be around 4.2 per cent per annum on average mainly reflecting expected growth in general insurance premiums.

Motor vehicle taxes

Motor vehicle taxes include registration fees, stamp duty on new registrations and ownership transfers, the ESL on mobile property and stamp duty on Lifetime Support Scheme (LSS) levy contributions.

The growth rates for motor vehicle tax revenues are provided in table 3.11.

Table 3.11: Motor vehicle taxes

	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Total motor vehicle taxes (\$m)	891.2	924.3	950.8	977.5	1 003.2
Nominal growth (%)	3.6	3.7	2.9	2.8	2.6
Real growth (%)	-1.1	0.2	0.1	0.3	0.1
Policy adjusted underlying revenue (\$m)	891.2	924.3	950.8	977.5	1 003.2
Nominal growth (%)	3.6	3.7	2.9	2.8	2.6
Real growth (%)	-1.1	0.2	0.1	0.3	0.1

Revenue from motor vehicle taxes is estimated to be \$50 million higher in 2023-24 compared to the 2023-24 Budget estimate largely due to higher than expected stamp duty collections on motor vehicle registration transfers.

Annual average growth in motor vehicle tax revenue is forecast to be 3.0 per cent per annum over the four years to 2027-28 and reflects the annual indexation of motor vehicle registration fees, growth in the stock of registered vehicles as well as modest growth in revenue from stamp duty on motor vehicle registration transfers and the LSS levy.

South Australia's relative tax effort

In terms of tax revenue per capita, South Australia is a relatively low tax jurisdiction — the third lowest in 2023-24 based on state and territory mid-year budget update publications.

Details are provided in table 3.12.

Table 3.12: Per capita taxation by jurisdiction (\$)^(a)

	2022-23 ^{(b)(c)}	2023-24 ^{(c)(d)}
Australian Capital Territory ^(e)	5 661	5 456
New South Wales	4 906	5 382
Victoria	4 927	5 219
Western Australia	4 498	4 500
Queensland	3 916	4 048
South Australia	3 157	3 147
Tasmania	2 851	3 006
Northern Territory	2 880	2 662
All states and territories	4 491	4 740

(a) Taxation revenues for South Australia have been adjusted to remove land tax paid by the South Australian Housing Authority.

(b) Based on published outcomes for all states and territories.

(c) Population figures for 2022-23 have been sourced from ABS publications and 2023-24 population estimates reflect Commonwealth Treasury estimates.

(d) Based on taxation revenue estimates published in 2023-24 Mid Year Budget publications for all states and territories.

(e) The Australian Capital Territory tax revenue base includes general rates (collected by councils in other jurisdictions), which increases its per capita taxation in comparison to other jurisdictions.

Each year the Commonwealth Grants Commission (CGC) releases an assessment of relative tax effort for all states and territories as part of its annual relativity update. The tax effort measure by the CGC provides an indication of how a state's effective level of tax differs to the effective level of all states and territories.

South Australia's total tax effort was below the average of all jurisdictions in 2022-23 and was the fourth lowest of all jurisdictions.

Details of tax effort assessments are provided in table 3.13.

Table 3.13: Tax effort ratios by jurisdiction

	2021-22	2022-23
	CGC ^(a)	CGC ^(b)
New South Wales	96.8	97.1
Victoria	106.9	108.0
Queensland	94.6	95.1
Western Australia	102.1	98.6
South Australia	96.3	96.0
Tasmania	87.9	84.2
Australian Capital Territory ^(c)	139.3	135.3
Northern Territory	86.2	82.0

(a) Tax effort ratios derived from the CGC's *Report on GST Revenue Sharing Relativities — 2023 Update* publication.
(b) Tax effort ratios derived from the CGC's *Report on GST Revenue Sharing Relativities — 2024 Update* publication.
(c) The Australian Capital Territory is in the process of transitioning more of its tax revenue base to general rates (collected by councils in other jurisdictions) which are included in the calculation of its effort ratios.

Grant revenue

Table 3.14: Grant revenue (\$million)

	2023-24					
	2023-24 Budget	Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Grant revenue						
Grants from the Commonwealth						
GST revenue grants ^(a)	8 788.3	8 744.1	8 942.2	9 446.2	9 653.3	9 620.7
Ongoing tied grants	2 878.0	2 958.7	3 078.1	3 284.5	3 473.5	3 663.1
Ongoing tied grants for on-passing	1 466.2	1 535.6	1 585.3	1 662.4	1 736.5	1 808.7
National Partnership grants	1 346.6	1 185.4	1 336.4	1 502.3	1 853.1	1 942.4
National Partnership grants for on-passing	197.0	31.7	246.1	255.9	244.4	250.1
Other Commonwealth grants	557.7	642.4	617.9	586.4	582.4	591.0
Total grants from the Commonwealth	15 233.9	15 097.8	15 806.0	16 737.7	17 543.2	17 875.9
Other contributions and grants	170.2	189.8	158.1	154.1	151.6	151.3
Total grant revenue	15 404.1	15 287.6	15 964.2	16 891.8	17 694.8	18 027.1

	2023-24 Budget	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
% change on previous year						
GST revenue grants						
Nominal growth (%)		14.0	2.3	5.6	2.2	-0.3
Real growth (%)		8.9	-1.2	2.8	-0.3	-2.8
Total grants from the Commonwealth						
Nominal growth (%)		6.7	4.7	5.9	4.8	1.9
Real growth (%)		1.8	1.2	3.1	2.3	-0.6
Total grant revenue						
Nominal growth (%)		6.7	4.4	5.8	4.8	1.9
Real growth (%)		1.9	0.9	3.0	2.2	-0.6
Note Totals may not add due to rounding.						
(a) This includes estimates of the Commonwealth Government's no worse off guarantee payments to South Australia.						

GST revenue grants

GST revenue grants are impacted by changes to the national GST pool available for distribution and South Australia's share of the GST pool.

In 2023-24, growth in South Australia's GST revenue grant largely reflects the impact of a higher share of the national GST pool, which is impacted by strong growth in the value of mining production in other states. Growth in South Australia's GST revenue grant is also supported by forecast growth in the national GST pool of 5.3 per cent.

The low growth in South Australia's GST revenue grant in 2024-25 is mainly driven by the estimated growth in the national GST pool of 2.5 per cent, reflecting a relatively soft outlook for discretionary household consumption.

The total GST pool available for distribution is expected to grow more in line with longer term growth rates from 2025-26 of around 5-6 per cent per annum over the period to 2027-28, reflecting the outlook for national consumption and dwelling investment.

South Australia's GST revenue grants are expected to grow at rates that vary from growth in the national GST pool reflecting movements in South Australia's projected share of the pool. Negative growth in GST revenue grants is expected in 2027-28 reflecting a forecast decline in South Australia's grant share as interstate mining revenues return to more normal levels across the forward estimates. This is discussed in the next section.

South Australia's share of GST revenue

GST revenue grants are distributed between states and territories on the basis of horizontal fiscal equalisation (HFE). The CGC is responsible for recommending updated annual GST distribution shares to the Commonwealth Government each year.

The CGC provides its recommendations in the form of GST distribution relativities, which reflect the relationship between a state's GST entitlement under HFE and its population share of total GST grants. For example, a relativity above 1 indicates that a state requires more than its population share of GST grants, due to a lower capacity to raise revenue compared to other states and/or higher costs of providing services and infrastructure to the same standard as other states. The relativities are then adjusted to reflect the new equalisation benchmark and transition arrangements (discussed further below).

In March 2024, the CGC released its *Report on GST Revenue Sharing Relativities – 2024 Update* (2024 Update), which contained the recommended relativities for the distribution of GST revenue grants to the states in 2024-25.

The CGC recommended an increase in South Australia's relativity from 1.39463 in 2023-24 to 1.40312 in 2024-25. The increase in South Australia's relativity, combined with forecast changes in state populations will result in South Australia receiving around 9.7 per cent of the GST pool in 2024-25, a similar share to that received in 2023-24.

The main factors that contributed to the increase in South Australia's relativity were:

- strong growth in the value of coal mining production in Queensland and New South Wales reducing South Australia's relative mining revenue capacity
- below average growth in taxable payrolls relative to the national average given strong employment across the nation
- revisions to national urban transport investment spending resulting in increased GST needs for South Australia.

The impact of these factors was partially offset by the effect of:

- the incorporation of 2021 Census data resulting in downward revisions to South Australia's urban population share and below average growth in its urban population weighted density. This has reduced needs for urban transport
- the use of new 2021 Census non-Indigenous population data, resulting in South Australia having relatively fewer disadvantaged people compared to the 2016 Census
- below average growth in South Australia's assessed wage costs between 2019-20 and 2022-23
- the new partial equalisation arrangements that require equalising to the fiscally stronger of New South Wales or Victoria rather than full equalisation, and application of an increased relativity floor of 0.75 from 2024-25.

The Commonwealth Treasurer has accepted the CGC's recommended relativities and applied them in the 2024-25 Commonwealth Budget.

Based on the new relativity, current population and GST pool estimates for 2024-25, South Australia will receive around \$2.9 billion more (including no worse off guarantee payments) than it would if funding was distributed on a population basis, which has no regard to the different fiscal needs and capacities of each state.

Beyond 2024-25, South Australia's GST relativity is expected to be influenced by:

- further transition to the Commonwealth Government's new GST distribution arrangements, which will reduce South Australia's share of GST revenue. This negative impact is offset by the Commonwealth funded no worse off guarantee payments until 2029-30
- an expected moderation in royalty revenue growth in other jurisdictions. This reduces South Australia's expected GST requirements
- changes in South Australia's share of Commonwealth Government payments
- relative population growth in South Australia.

Impact of new equalisation arrangements and transition arrangements

The 2024-25 financial year represents the fourth year of a six-year transition to new GST distribution arrangements legislated by the Federal Parliament in November 2018. The key elements of the new arrangements include:

- a new equalisation benchmark, with states no longer equalised to the same fiscal capacity, but rather to the fiscal capacity of New South Wales or Victoria (whichever has a higher fiscal capacity in a given year). This is being phased in equally between 2021-22 and 2026-27. This provides an advantage to any jurisdiction that has a fiscal capacity above the stronger of New South Wales or Victoria in a given year
- a GST relativity floor of 0.7, funded within the GST pool (through reductions to other states' GST grants if required) from 2022-23, increasing to 0.75 in 2024-25

- an additional Commonwealth Government boost to the GST pool of \$600 million per annum from 2021-22, with an additional \$250 million from 2024-25. These additional payments are being indexed to growth in the GST pool in subsequent years
- a guarantee that no state will be worse off, on a cumulative basis, under the new arrangements compared to the previous full equalisation arrangements, for each year, with any cumulative shortfall funded by the Commonwealth Government. This arrangement was originally scheduled to expire in 2026-27 but was extended, through National Cabinet agreement, until 2029-30
- a further Productivity Commission inquiry on HFE, to be completed by December 2026, to examine whether the new GST distribution arrangements are operating efficiently, effectively, and as intended.

Consistent with the legislated transition to the new GST distribution arrangements, the 2024-25 relativities represent one third of the old HFE system relativities and two thirds of the new GST distribution relativities. The transition to the new GST distribution arrangements is forecast to increase Western Australia's GST revenue grants by \$6.1 billion in 2024-25 compared to its grant entitlement under full equalisation (previous system). This comes at the expense of all other jurisdictions as demonstrated in table 3.15.

Table 3.15: GST grants under the new and previous arrangements (excluding no worse off payments) 2024-25 (\$million)

	Previous arrangements	New arrangements ^(a)	Difference
New South Wales	25 840	24 017	-1 824
Victoria	23 478	21 976	-1 502
Queensland	18 525	17 337	-1 188
Western Australia	1 093	7 216	6 123
South Australia	8 942	8 553	-390
Tasmania	3 519	3 404	-115
Australian Capital Territory	1 963	1 863	-100
Northern Territory	4 208	4 169	-39

Source: SA Treasury and Finance calculation based on information in the *CGC Report on GST Revenue Sharing Relativities – 2024 Update* and the 2024-25 Commonwealth Budget

(a) The impacts above represent the effect of equalising states to the stronger of New South Wales and Victoria, blending old and new system relativities and applying a 0.75 relativity floor. They also include state shares of the GST pool boost but do not include no worse off guarantee payments from the Commonwealth Government.

When changes to the distribution of the GST were legislated by the Commonwealth Parliament in 2018, the Commonwealth Government forecast that all jurisdictions would be better off under the new arrangements over the period to 2026-27. South Australia and other jurisdictions raised concerns that these forecasts were highly sensitive to future economic outcomes and that there is a risk that jurisdictions will be worse off because of the changes.

Throughout 2023, the Board of Treasurers (BOT) raised with the Commonwealth Treasurer the issue of the expiry of the no worse off guarantee after 2026-27 and the need for the guarantee to be permanently extended. Following discussions at several Council on Federal Financial Relations (CFFR) meetings, National Cabinet, at its December 2023 meeting, agreed to extend the no worse off guarantee until 2029-30. While the extension will provide funding certainty for the remainder of the decade, a permanent extension is required for the long-term fiscal sustainability of states and territories.

The Government of South Australia still strongly supports the previous system of full equalisation, that is, all jurisdictions are equalised to the same fiscal capacity. Any proposal to simply distribute GST on a purely per capita basis would represent an even greater assault on the equity principles that underpin the aims of HFE and the operation of the Australian federation.

Commonwealth Government payments for specific purposes

Commonwealth-state funding arrangements are governed by Commonwealth Government legislation and the Intergovernmental Agreement on Federal Financial Relations (the IGA) agreed to by the Council of Australian Governments in December 2008.

Consistent with the new Federation Funding Agreements architecture agreed by National Cabinet in 2020, payments for specific purposes can either be ongoing tied grants (National Agreements) or time-limited National Partnership Payments (NPPs).

There are currently four ongoing tied grants paid under National Agreements (NAs) being National Skills Agreement funding (replacing the National Skills and Workforce Development Agreement), National Health Reform funding, Quality Schools funding and National Agreement on Social Housing and Homelessness funding. Ongoing disability funding for states and territories is now provided directly to the National Disability Insurance Agency (NDIA) following the introduction of the National Disability Insurance Scheme (NDIS).

NPPs are time-limited payments to the states that fall under one of five sectoral Federation Funding Agreements (FFAs). The five FFAs cover health, education and skills, infrastructure, environment and a residual agreement incorporates affordable housing, community services and other services. These payments support the delivery of specified projects or facilitate or reward the implementation of reforms of national importance.

Table 3.16 summarises expected Commonwealth Government payments for specific purposes to South Australia by category.

Table 3.16: Commonwealth Government payments for specific purposes by category (\$million)^(a)

Agreement	2023-24					
	2023-24 Budget	Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Health						
National Health Reform	1 904.1	1 974.9	2 070.8	2 251.0	2 414.3	2 579.2
National Partnerships	55.9	70.4	100.7	92.6	89.4	33.3
Education and Early Childhood						
Quality Schools (government schools)	737.5	748.0	768.3	789.6	810.9	833.0
Quality Schools (non-government schools) ^(b)	1 466.2	1 535.6	1 585.3	1 662.4	1 736.5	1 808.7
National Partnerships	55.5	42.5	60.8	40.7	37.2	28.9
Skills and Workforce Development						
National Skills Agreement	116.1	116.1	119.3	121.5	123.2	123.2
National Partnerships	10.1	37.6	64.2	68.5	59.7	44.5
Community Services						
National Partnerships	87.4	94.2	10.2	5.0	1.8	0.0
Housing						
National Agreement on Social Housing and Homelessness	120.2	119.7	119.7	122.4	125.1	127.6
National Partnerships	13.6	2.8	3.9	2.2	0.5	-0.0
Infrastructure						
National Partnerships	928.8	709.9	972.9	1 174.8	1 610.6	1 766.5
Environment						
National Partnerships	152.7	184.8	76.6	40.7	5.6	5.2

Agreement	2023-24					
	2023-24 Budget	Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Other						
National Partnerships	44.3	48.3	52.2	81.8	51.2	64.1
Local government financial assistance	195.4	26.6	240.9	251.9	241.3	249.9
Total Commonwealth Government payments for specific purposes	5 887.9	5 711.4	6 245.9	6 705.0	7 307.5	7 664.2
Note: Totals may not add due to rounding.						
(a) National Partnerships amounts are the maximum amount of funding available thereby assuming that all necessary performance requirements are met in each agreement.						
(b) Funding amounts for non-government schools are GST inclusive.						

Ongoing tied Commonwealth Government grants

Revenue from ongoing tied Commonwealth Government grants is forecast to grow modestly over the forward estimates reflecting activity and indexation arrangements specified in funding agreements.

National Health Reform Agreement

National Health Reform funding is based on public hospital activity and a national efficient price determined by the Independent Health and Aged Care Pricing Authority. In May 2020, South Australia signed the 2020-25 addendum to the National Health Reform Agreement (NHRA), guaranteeing that the Commonwealth Government contributes 45 per cent of the efficient growth in hospital services (based on the national efficient price) with total funding growth for public hospitals capped at 6.5 per cent per annum nationally. The agreement includes a commitment to progress long-term system-wide health reforms in key areas.

In accordance with the provisions of the NHRA addendum, a mid-term external review of the agreement was undertaken and released in October 2023 that included recommendations covering funding, interface issues, governance and performance metrics. In December 2023, National Cabinet endorsed that Health Ministers (with input from Treasurers) commence negotiation of a new NHRA addendum to take effect from July 2025. The new 2025-2030 addendum is expected to embed long-term, system-wide structural health reforms, informed by the mid-term review findings. National Cabinet also agreed to:

- the Commonwealth Government incrementally increasing its overall NHRA contribution rate to 45 per cent over 10 years from 1 July 2025 to address a decline in the contribution rate that has occurred in recent years, with achievement of 42.5 per cent by 2030; and
- the current 6.5 per cent funding cap being replaced by a more generous approach that applies a cumulative cap over the period 2025-2030 and includes a first year “catch-up” growth premium.

National School Reform Agreement

The Commonwealth Government funding model for school education is based on a Schooling Resource Standard (SRS) that provides recurrent funding to government and non-government schools to meet the educational needs of students. The model prescribes both the Commonwealth Government and state and territory government recurrent funding contributions as shares of the SRS. The Commonwealth Government may provide additional funding for capital expenditure, special circumstances and non-government representative bodies.

In December 2022, education ministers agreed to extend the National School Reform Agreement (NSRA) for one year until 31 December 2024 to allow enough time to negotiate a new agreement. In March 2023, the Commonwealth Minister for Education announced the Review to Inform a Better and Fairer Education System (the review) to guide reform priorities for inclusion in the next NSRA. The review was published in December 2023 and the Commonwealth Government made an initial funding offer for a new NSRA that is the subject of current negotiations. South Australia, together with most other states and territories, is seeking an increased Commonwealth Government contribution to ensure government schools are funded at 100 per cent of the SRS.

Ongoing tied Commonwealth Government grants for on-passing is solely comprised of funding for non-government schools.

National Agreement on Social Housing and Homelessness

In May 2024, National Cabinet agreed that all states and territories would sign up to a new five-year National Agreement on Social Housing and Homelessness (NASHH), formerly the National Housing and Homelessness Agreement, commencing from 1 July 2024. Upon signing the agreement, states and territories became eligible for a share of \$1 billion in additional funding to support the development of new housing. It is proposed that the new agreement will result in a reallocation of funding from other programs to expand homelessness programs with states and territories providing a matched contribution for the homelessness component.

National Skills Agreement

In October 2023, first ministers agreed on a new National Skills Agreement (NSA) replacing the former National Agreement on Skills and Workforce Development (NASWD). As 2023-24 is a transitional year, funding for that year reflects the combined estimates for the NASWD (1 July 2023 to 31 December 2023) and the NSA (1 January 2024 to 30 June 2024). The NSA will support a skills reform agenda to deliver a high quality, responsive and accessible vocational education and training (VET) system. It aims to support individuals to obtain the skills and capabilities they need to obtain well paid, secure jobs. The agreement will put TAFE at the centre of the VET sector and seeks to progress national priorities including Closing the Gap, gender equality, addressing skills shortages and developing Australia's sovereign capability. States and territories will have appropriate flexibility, autonomy and funding certainty to deliver both national and local priorities.

National Partnership grants

NPPs are time limited agreements, associated with FFAs, to fund specific projects and to facilitate or reward states that deliver nationally significant reforms. Funding can be for both recurrent and capital purposes and may be in the form of direct grants to the state or grants passed on to third parties.

In 2024-25, South Australia will receive an estimated \$1.3 billion in direct NPP funding, an increase of 13 per cent compared to funding in 2023-24. This mainly reflects the timing of funding for major infrastructure projects including the North-South Corridor — River Torrens to Darlington, new Road Safety Program and the Flinders Medical Centre upgrade and expansion. The overall increase is partially offset by the expiry of current DisabilityCare Australia Fund arrangements and the timing of funding for several regional road projects. NPPs for on-passing reflects the inclusion of a full-year funding allocation for Financial Assistance Grants for local government (in 2022-23 a proportion of this funding was provided in advance reducing the amount received in 2023-24).

Over the forward estimates period, NPP funding largely reflects the timing of funding for infrastructure projects including North-South Corridor — River Torrens to Darlington, Princes Highway Corridor, Marion Road — Anzac Highway to Cross Road, South Eastern Freeway Upgrade, Freight Highway Upgrade Program and the Flinders Medical Centre upgrade and expansion.

Other Commonwealth grants

Payments in respect of the Pharmaceutical Benefits Scheme, Commonwealth Government funding to deliver aged care and transitional care programs as well as services to Department of Veterans' Affairs clients comprise the majority of other Commonwealth grants funding.

Sales of goods and services

Sales of goods and services revenue in the general government sector includes government fees and charges that are adjusted by the annual indexation factor. Most government fees and charges will be indexed by 3.0 per cent from 1 July 2024.

Table 3.17: Sales of goods and services (\$million)

	2023-24		2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
	2023-24 Budget	Estimated Result				
Regulatory fees	904.2	955.8	1 028.8	1 070.6	1 166.7	1 212.9
Health unit fees	508.1	512.2	526.3	531.5	536.6	548.5
Guarantee fees	122.5	126.8	143.5	155.5	164.3	170.7
TAFE fees	78.2	77.3	82.9	85.1	92.2	99.4
Schools revenue	155.9	155.9	159.7	163.7	167.8	172.0
Metroticket sales	103.5	87.0	93.3	98.0	103.5	109.1
Drivers' licence fees	83.5	83.5	77.2	77.7	80.7	83.5
Other user charges	1 118.2	1 227.8	1 293.3	1 321.8	1 366.5	1 390.8
Total sales of goods and services	3 074.1	3 226.4	3 405.0	3 503.9	3 678.3	3 787.0
% change on previous year						
Nominal-terms growth (%)		5.4	5.5	2.9	5.0	3.0
Real-terms growth (%)		0.6	2.0	0.2	2.4	0.4

Note: Totals may not add due to rounding.

Revenue from sales of goods and services in 2023-24 is expected to be \$152 million higher than estimated at the time of the 2023-24 Budget. This mainly reflects higher revenue from other user charges and regulatory fees.

Revenue from other user charges has been revised up mainly due to additional revenue from disability services provided by the Department of Human Services to National Disability Insurance Scheme (NDIS) clients. This revenue is offset by matching contributions to the NDIS, reflecting the end of South Australia's in-kind contribution arrangement for these services.

Regulatory fees revenue was revised up in 2023-24 largely reflecting higher land services fees resulting from strong growth in residential property market transactions and prices.

Growth in sales of goods and services over the four years to 2027-28 is expected to be around 4.1 per cent per annum on average, largely driven by projected increases in revenue from regulatory fees and other user charges.

Interest income

Interest income is generated from agency cash balances held with financial institutions.

Table 3.18: Interest income (\$million)

	2023-24		2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
	2023-24 Budget	Estimated Result				
Total interest income	402.8	452.9	463.7	389.4	402.1	413.4
Nominal-terms growth (%)		32.8	2.4	-16.0	3.3	2.8
Real-terms growth (%)		26.8	-1.1	-18.3	0.8	0.3

Note: Interest income is presented on a gross basis, with interest paid on borrowings reflected separately as an expense. This can lead to significant growth between years which is not reflective of underlying movements.

Interest income in 2023-24 is expected to be around \$50 million higher than estimated at the time of the 2023-24 Budget, mainly due to higher interest rates on cash deposits. The increase in percentage terms in 2023-24 reflects higher interest rate forecasts compared to 2022-23. Growth in interest income from 2024-25 mainly reflects an expected moderation in interest rates from 2025-26 and forecast changes in agency cash balances.

Dividend and income tax equivalent income

Dividend and income tax equivalent (ITE) revenue is received from public non-financial corporations (PNFCs) and public financial corporations (PFCs).

Table 3.19: Dividend and income tax equivalent income (\$million)

	2023-24 Budget	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Dividend and ITE income from PNFCs	163.7	276.7	199.2	225.5	171.5	189.7
Dividend and ITE income from PFCs	84.2	160.9	98.2	105.7	106.2	103.8
Other dividend income	0.6	0.6	0.6	0.6	0.6	0.6
Total dividend and ITE revenue	248.5	438.1	298.0	331.8	278.3	294.1
Dividend and ITE from PNFCs comprise						
SA Water	149.4	158.1	184.3	193.4	157.0	169.4
Renewal SA	2.2	106.7	2.2	20.4	2.2	7.5
Other	12.1	11.8	12.6	11.8	12.2	12.9
Subtotal	163.7	276.7	199.2	225.5	171.5	189.7
Dividend and ITE from PFCs comprise						
Motor Accident Commission	2.3	7.6	3.2	1.1	0.6	0.3
HomeStart Finance	33.9	43.2	45.3	54.6	55.5	55.6
SAFA	48.0	110.1	49.8	50.0	50.1	48.0
Subtotal	84.2	160.9	98.2	105.7	106.2	103.8
% change on previous year						
Total dividend and ITE revenue						
Nominal growth (%)		105.1	-32.0	11.3	-16.1	5.7
Real growth (%)		95.8	-34.3	8.4	-18.2	3.1

Note: Totals may not add due to rounding.

In 2023-24, total dividend and ITE income is estimated to be around \$189.7 million higher than the 2023-24 Budget estimate.

Distributions from PNFCs are expected to be \$113.0 million above budget in 2023-24 mainly due to higher than expected dividend and ITE payments from Renewal SA as a result of higher than estimated profit in 2022-23 and 2023-24 (the payment for the higher than expected profit in 2022-23 was made in 2023-24).

The decline in PNFC distributions from 2024-25 reflects the expectation that the higher than estimated contributions from Renewal SA in 2023-24 do not continue in future years. The profile of distributions from 2024-25 also reflects the expected impact of ESCOSA's final determination on SA Water's profit forecasts.

Distributions from PFCs are expected to be around \$76.7 million above budget in 2023-24 mainly due to higher dividends from SAFA's treasury and fleet operations, higher portfolio growth and net interest margin expectations impacting HomeStart's profitability, and higher contributions from the Motor Accident Commission due to higher returns on retained premium investments and its reinsurance arrangements.

The decline in PFC distributions from 2024-25 reflects an expectation for SAFA's operating result to return to more normal levels.

Further information on dividends and distributions can be found in Chapter 5.

Other revenue

Other revenue comprises receipts from a number of sources including mining royalties, various fines and penalties and miscellaneous school related fees.

Table 3.20: Other revenue (\$million)

	2023-24		2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
	2023-24 Budget	Estimated Result				
Royalties	403.9	420.2	422.9	452.9	447.4	440.2
Fines and penalties	181.4	140.3	219.8	228.6	247.3	253.5
Schools revenue	44.4	44.4	45.5	46.6	47.8	49.0
Other	1 017.0	1 061.8	1 102.5	1 080.4	1 082.3	1 105.7
Total other revenue	1 646.7	1 666.6	1 790.7	1 808.6	1 824.8	1 848.3
% change on previous year						
Nominal-terms growth (%)		4.1	7.4	1.0	0.9	1.3
Real-terms growth (%)		-0.7	3.8	-1.7	-1.6	-1.2

Note: Totals may not add due to rounding.

Total revenue from other sources in 2023-24 is expected to be \$20 million higher than the 2023-24 Budget estimate, reflecting higher than expected collections from other revenue and royalties, partially offset by lower than forecast revenue from fines and penalties.

Royalty revenue in 2023-24 is expected to be \$16 million higher than the 2023-24 Budget estimate. This is primarily due to an upward revision to mineral royalty estimates reflecting higher forecast commodity prices for mineral royalties, partially offset by lower production estimates for petroleum royalties. Royalty revenue is expected to remain largely consistent in 2024-25. The strong growth in 2025-26 reflects the expiry of the new mine rate for the Carrapateena Mine, with growth in future years impacted by an expected decline in mineral prices.

Revenue from fines and penalties in 2023-24 is projected to be \$41 million lower than the 2023-24 Budget estimate mainly due to a delay in the rollout of new road safety cameras and lower than expected collections from various sources including court related fines and traffic expiations. From 2024-25, fines and penalties revenue includes expected revenue from an increase in the number of road safety cameras at high risk sites, including cameras that can detect mobile phone offences.

Schools revenue includes fundraising, canteen revenue, excursion fees, out of school-hours care fees and Commonwealth Government grants paid directly to schools. Schools revenue in 2023-24 is expected to be consistent with estimates in the 2023-24 Budget and is estimated to grow modestly over the forward estimates.

Other revenue is expected to be \$45 million higher in 2023-24 compared to the 2023-24 Budget, mainly reflecting external contributions to commercial projects. Growth in future years is also impacted by the profile of these external contributions.

Annual fee and rate setting

Fees and charges

The annual indexation factor for fees and charges has been set at 3.0 per cent for 2024-25, which takes into account annual public sector wages growth and the Consumer Price Index. Fees and charges are typically adjusted by the applicable indexation factor and then rounded to an administratively convenient amount. This results in the increase of some fees and charges being smaller or greater than the applicable indexation factor.

Not all fees and charges are increased through the annual adjustment process. Adjustments to certain fees and charges are determined as a consequence of specific policy decisions.

CTP premiums are set independently by private insurers within a range as determined by the CTP Regulator. The CTP Regulator has determined a decrease to the lower bound of the range (around 6 per cent) as well as a decrease to the upper bound of the range (around 7 per cent) in 2024-25.

The Lifetime Support Scheme levy will increase by 3.9 per cent in 2024-25 for passenger vehicles in metropolitan postcodes which reflects increases in the cost of future medical care and support payments under the scheme.

Water and sewerage prices will be set in June 2024 in accordance with the outcome of ESCOSA's final determination. As such, water and sewerage prices have not been presented in the table below.

Table 3.21 sets out the increases in fees and charges in 2024-25 for major government services. These increases take effect from 1 July 2024.

Table 3.21: 2024-25 changes to selected agency fees and charges

	2023-24 \$	2024-25 \$	Change %
Public transport			
Single trip tickets — all times and zones	6.20	6.40	3.2
MetroCard single fare — all times and zones	4.25	4.40	3.5
Regular 28 Day pass	112.10	115.50	3.0
Motor vehicle charges			
Registration fee — motor vehicles:			
Four cylinders or less	148.00	152.00	2.7
Five or six cylinders	301.00	310.00	3.0
Seven or more cylinders	435.00	448.00	3.0
Registration fee — light commercial vehicles:			
Mass between 1001 kg and 1500 kg	324.00	334.00	3.1
Mass greater than 1500 kg	552.00	569.00	3.1
Drivers' licence renewals			
Five years	255.00	265.00	3.9
Ten years	510.00	530.00	3.9
Speeding fines			
Exceeding the speed limit by:			
Less than 10 km/h	196.00	202.00	3.1
By 10 km/h but less than 20 km/h	442.00	455.00	2.9
By 20 km/h but less than 30 km/h	899.00	926.00	3.0

	2023-24 \$	2024-25 \$	Change %
By 30 km/h but less than 45 km/h	1635.00	1684.00	3.0
By 45 km/h and above	1840.00	1895.00	3.0
Motor vehicle charges^(a)			
Compulsory third party premium — passenger vehicles (metropolitan postcodes):			
Standard premium	276.84 - 305.63	260.71 - 283.81	-5.8 / -7.1
Input tax credit entitled premium	293.31 - 324.19	276.01 - 300.80	-5.9 / -7.2
Lifetime Support Scheme levy — passenger vehicles (metropolitan postcodes)	137.09	142.39	3.9
(a) For metropolitan postcodes. From 1 July 2019, CTP premiums are set independently by private insurers within a range as determined by the CTP Regulator.			

Chapter 4: Managing the state's assets and liabilities

Overview

The 2024-25 Budget includes the government's commitment to a range of investments over the forward estimates that improve the state's economic and social infrastructure, including improved health facilities, investment in early years and in particular 3 year old pre-school, funding for initiatives that support South Australians facing cost of living pressures, and additional funding for education facilities and skills to deliver on the future workforce needs to support the state's significant future economic needs.

These investments, together with the government's commitment to key roads, energy and housing infrastructure projects, results in net debt increasing over the forward estimates.

General government sector net debt is expected to rise from \$19.1 billion at 30 June 2024 to \$33.6 billion at 30 June 2028. The non-financial public sector (NFPS) net debt reflects the combined debt of the general government and the public non-financial corporations (PNFC) sectors. The NFPS net debt is estimated to increase to \$44.2 billion at 30 June 2028, up from \$27.9 billion at 30 June 2024.

The value of land and other fixed assets in the general government sector, including the state's transport, education and health infrastructure is expected to increase from \$67.5 billion at 30 June 2024 to \$81.2 billion at 30 June 2028 reflecting the government's significant investment in new infrastructure for the community. The net worth of the general government sector, which measures the extent to which the value of its assets exceeds its liabilities, increases over this period to reach \$59.5 billion at 30 June 2028.

The state's unfunded superannuation liability is estimated to be \$7.2 billion at 30 June 2024. This is \$733 million higher than the estimate at the time of the 2023-24 Mid-Year Budget Review (MYBR), largely as a result of a lower discount rate to value the liability. The government remains on track to fully fund superannuation liabilities by 2034, with the unfunded liability projected to decline to \$5.0 billion by 30 June 2028.

General government sector financial position

Table 4.1 summarises key balance sheet indicators for the general government sector.

Table 4.1: Key balance sheet indicators at 30 June — general government sector

	2023 Actual	2024 Estimated Result	2025 Budget	2026 Estimate	2027 Estimate	2028 Estimate
Net debt						
\$m	17 711	19 145	22 447	25 685	29 471	33 583
% of total revenue	69.7	69.7	78.6	86.1	94.9	105.5
% of GSP	12.5	12.8	14.4	15.8	17.3	18.9
Net financial liabilities						
\$m	30 880	32 287	35 106	37 851	41 122	44 402
% of total revenue	121.5	117.5	122.9	126.9	132.5	139.5
Net financial worth						
\$m	-10 315	-11 093	-13 397	-15 871	-18 956	-21 839
% of total revenue	-40.6	-40.4	-46.9	-53.2	-61.1	-68.6
Net worth						
\$m	55 920	56 499	57 035	57 690	58 541	59 480
% of total revenue	220.1	205.6	199.6	193.4	188.6	186.9

Net debt

General government sector net debt is forecast to increase across the forward estimates from \$19.1 billion at 30 June 2024 to \$33.6 billion at 30 June 2028. The increase in general government net debt primarily reflects the projected cash deficits in the general government sector across the forward estimates, totalling \$12.4 billion from 2024-25 to 2027-28. The cash deficits across the forward estimates predominantly reflect the government's substantial investment program. This includes improvements to road infrastructure in partnership with the Commonwealth Government as well as a range of other infrastructure investments including the new Women's and Children's Hospital, Flinders Medical Centre upgrade and expansion, new Mount Barker Hospital, our Hydrogen Jobs Plan, new forensic science building and upgraded Netball SA stadium. In addition, the 2024-25 Budget includes funding for the government's response to the Royal Commission into Early Childhood Education and Care as well as investing in new schools and skills training. The 2024-25 Budget also continues the government's investment to improve housing outcomes for South Australians as well as providing additional beds in Yatala Labour Prison and Adelaide Women's Prison to increase capacity.

Although the level of net debt and the cost of that debt is increasing, key projects that are impacting net debt are expected to have a significant economic or social benefit to the state and are being delivered in a manner that enables the government to continue to deliver net operating surpluses. The projected level of net debt across the forward estimates is maintained at a sustainable debt level that allows for borrowing for investment in key infrastructure without placing undue burden on future generations.

Table 4.2 provides details of the movement in general government net debt across the forward estimates.

Table 4.2: General government sector net debt at 30 June (\$million)

	2024 Estimated Result	2025 Budget	2026 Estimate	2027 Estimate	2028 Estimate
Opening general government net debt	17 711	19 145	22 447	25 685	29 471
Increase in net debt					
General government cash surplus (-) / deficit (+)	679	2 743	2 892	3 222	3 510
Equity contributions granted	465	421	268	97	71
Lease adjustments — additions, modifications and re-measurements	276	127	73	469	549
Decrease in net debt					
Return of equity	—	—	—	—	-16
Other variations	14	10	6	-1	-3
Closing general government net debt	19 145	22 447	25 685	29 471	33 583

Note: Totals may not add due to rounding.

Unfunded superannuation liability

All public sector employees are covered by some form of superannuation scheme. These schemes include member contributory schemes designed to provide employees with pension or defined lump sum benefits upon retirement.

The provision by the government of defined benefit superannuation schemes for its employees creates a liability for the government to pay future benefits to scheme members in accordance with the terms of the schemes. The main defined benefit schemes were closed to new members in 1994. Since then, cash contributions from the budget have been made to gradually build up sufficient financial assets to match the future liabilities, with the aim of having fully funded schemes by 2034. Until that is achieved, the difference between assets and liabilities represents an unfunded liability.

The state's unfunded superannuation liability is estimated to be \$7.2 billion as at 30 June 2024, reducing to \$5.0 billion by 30 June 2028.

As at 30 June 2024, the unfunded superannuation liability is estimated to be \$733 million higher than estimated in the 2023-24 MYBR. This increase is predominantly due to a lower discount rate (4.25%) used compared to that used in the 2023-24 MYBR (4.8%).

Table 4.3 summarises the change in the unfunded superannuation liability since the 2023-24 Budget.

Table 4.3: Unfunded superannuation liability estimate as at 30 June (\$million)

	2024	2025	2026	2027	2028
Estimate as at 2023-24 Budget	6 598	6 114	5 597	5 046	4 458
Higher than expected return on investments in 2022-23 (7.2% instead of 5.7%) ^(a)	-154	-173	-193	-215	-239
Lower than expected return on investments in 2023-24 (4.8% instead of 7.0%) ^(b)	167	159	149	137	124
Impact of change in discount rate (4.8% instead of 3.9%) ^(c)	-1 272	-1 167	-1 058	-944	-826
2022 Triennial review assumption changes ^(d)	1 083	1 081	1 068	1 045	1 008
Other	63	41	3	-46	-101
Estimate as at 2023-24 MYBR	6 486	6 055	5 567	5 023	4 425
Higher than expected CPI increase in 2023-24 (4.82% instead of 4.0%) ^(e)	94	98	103	108	114
Higher than expected return on investments in 2023-24 (8.0% instead of 4.8%) ^(b)	-228	-244	-261	-279	-299
Impact of change in discount rate (4.25% instead of 4.8%) ^(c)	701	665	630	594	560
Other	167	166	182	207	235
2024-25 Budget	7 219	6 740	6 220	5 653	5 035

Note: Totals may not add due to rounding

- (a) The earnings rate for 2022-23 was 7.2 per cent compared with the 5.7 per cent estimate at the time of the 2023-24 Budget.
- (b) At the time of the 2023-24 Budget the expected earnings rate for 2023-24 was 7 per cent, the expected earnings rate decreased for the 2023-24 MYBR (4.8 per cent), but has since increased to 8 per cent for the 2024-25 Budget.
- (c) At the time of the 2023-24 Budget the discount rate was 3.9 per cent, the discount rate increased for the 2023-24 MYBR (4.8 per cent) but has since decreased to 4.25 per cent for the 2024-25 Budget.
- (d) Changes in the actuarial assumptions as part of the 2022 Triennial review of the SA Superannuation Scheme.
- (e) At the time of 2023-24 Budget CPI was assumed to be 2.5 per cent for 2023-24, CPI estimates increased for the 2023-24 MYBR (4 per cent), and has since increased further to 4.82 per cent for the 2024-25 Budget.

Earnings

The unfunded superannuation liability as at 30 June 2024 reflects an estimated Funds SA earnings rate of 8 per cent for 2023-24. This is more than the long-term assumed earnings rate of 7 per cent.

Across the forward estimates, the unfunded superannuation liability reflects an assumed return to the expected long-term earnings rate of 7 per cent.

Changes in the earnings rate are based on the expected return on superannuation assets invested by Funds SA. Small changes in asset values in debt and equity markets, amongst other assets, will have an impact on the reported liability, with a 1.0 percentage point change in the earnings rate changing the liability by \$71 million.

Discount rate

The unfunded superannuation liability is estimated at a point in time by discounting projected future superannuation benefit payments. The discount rate reflects the risk-free interest rate and is set on the basis of the Commonwealth Government nominal bond rate that reflects the average maturity of the liability.

A discount rate of 4.25 per cent (effective annual rate) has been used for the 2024-25 Budget, compared with 3.9 per cent used for the 2023-24 Budget.

The discount rate changes in response to the economy and financial market conditions. Small changes in the long-term bond rate have a material impact on the reported liability, with a 1.0 percentage point increase in the bond rate reducing the liability by approximately \$1.3 billion from its current amount.

Table 4.4 sets out the impact different discount rates have on the unfunded superannuation liability.

Table 4.4: Sensitivity of unfunded superannuation liability to discount rates (\$million)

Discount Rate (%)	2023-24	2024-25	2025-26	2026-27	2027-28
	Estimated Result	Budget	Estimate	Estimate	Estimate
3.25	8 822	8 258	7 653	7 003	6 302
4.25	7 219	6 740	6 220	5 653	5 035
5.25	5 876	5 465	5 012	4 511	3 959

The unfunded superannuation liability is a long-term liability with significant volatility evident over time, reflecting the short-term variability resulting from some key valuation assumptions, in particular the discount rate and actual investment earnings. While volatility in the past has resulted in multi-billion dollar revisions to the value of the liability recorded on the balance sheet, largely outside of government control, there has been no material change in the actual expected payments to beneficiaries underlying the liability.

The government's priority is ensuring that the impact of its budget policy aligns with its medium-term fiscal objectives. It has therefore set a longer-term commitment to fully fund the unfunded superannuation liability by 2034.

Funding the liability

A program began in 1994-95 to fully fund all employer superannuation liabilities, with the aim to have the defined benefit schemes fully funded by 2034. The government remains committed to achieving this target.

Table 4.5 shows estimated cash contributions towards the state's unfunded superannuation liability to achieve that commitment.

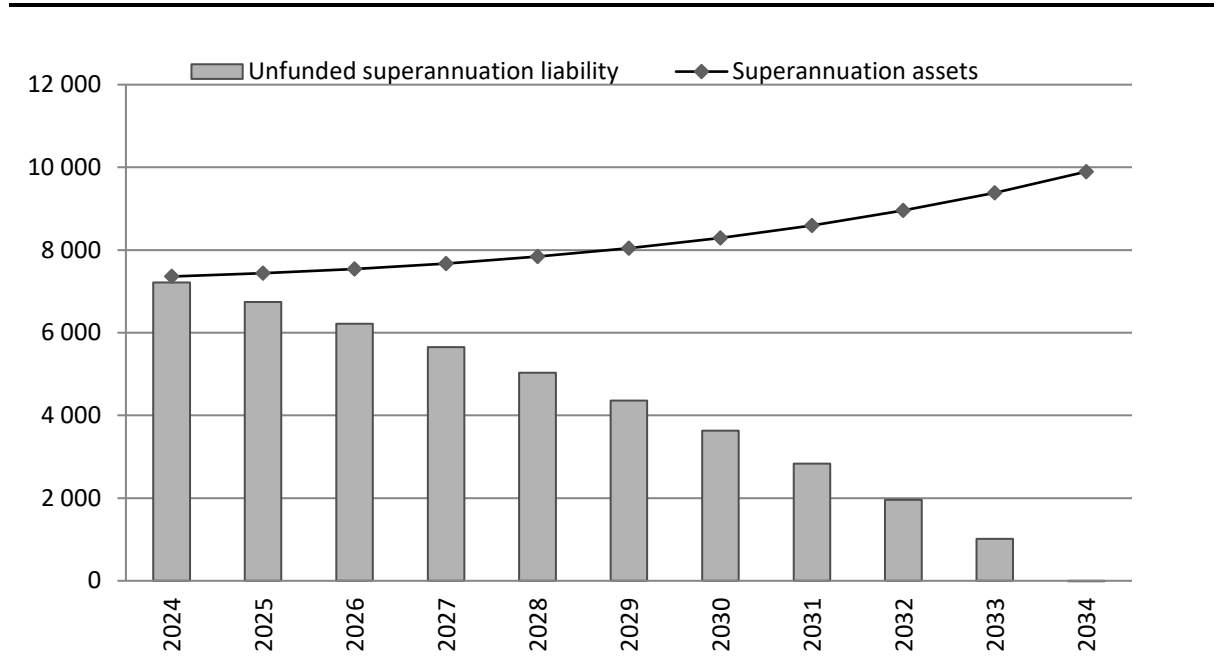
Table 4.5: Estimates of past service superannuation liability cash payments (\$million)

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Past service payments	516	569	590	614	638	663

Table 4.3 shows that the unfunded superannuation liability is projected to decline across the forward estimates period. This is because of the annual decrease in the defined benefit obligation, as a result of declining membership, along with annual cash payments made as part of the government's target to fully fund all superannuation liabilities by 2034.

Figure 4.1 shows the reduction in the unfunded superannuation liability together with the increase in superannuation assets over the next 11 years.

Figure 4.1: Unfunded superannuation liability and assets (\$million)



Superannuation assets are expected to be \$7.4 billion as at 30 June 2024 and are projected to reach \$9.9 billion by 2034, fully offsetting projected superannuation liabilities.

Net financial liabilities

Net financial liabilities is a broader measure than net debt as it includes significant liabilities other than borrowings, such as unfunded superannuation and long service leave entitlements, but excludes equity interests in PNFCs and public financial corporations (PFCs).

Net financial liabilities for the general government sector are forecast to increase from \$32.3 billion at 30 June 2024 to \$44.4 billion at 30 June 2028, primarily as a result of the forecast net lending deficits across the forward estimates in the general government sector.

The declining unfunded superannuation liability across the forward estimates has an impact on net financial liabilities. As outlined above, the government is contributing additional funds to the pool of superannuation assets in order to meet its target to fully fund the liability by 2034.

Other employee benefits, including long service leave, are estimated to be \$3.1 billion at 30 June 2024 and are forecast to increase to \$3.5 billion as at 30 June 2028. This is a result of general increases in remuneration levels and accruing entitlements for long service leave.

Net financial worth

Net financial worth is a broader measure than net financial liabilities as it also incorporates equity interests in PNFCs and PFCs.

General government net financial worth is expected to change from negative \$11.1 billion at 30 June 2024 to negative \$21.9 billion at 30 June 2028. The change in net financial worth primarily reflects the increase in total liabilities in the general government sector.

Net worth

Net worth is the amount by which the general government sector's total assets (financial and non-financial) exceed total liabilities. General government sector net worth is expected to increase across the forward estimates from \$56.5 billion at 30 June 2024 to \$59.5 billion at 30 June 2028.

Table 4.6 displays movements in net worth attributable to operating transactions and other economic flows (e.g. revaluations).

Table 4.6: General government sector net worth at 30 June (\$million)

	2024 Estimated Result	2025 Budget	2026 Estimate	2027 Estimate	2028 Estimate
Net worth at beginning of year	55 920	56 499	57 035	57 690	58 541
Change in net worth from operating transactions					
Net operating balance	306	248	458	568	403
Change in net worth from other economic flows					
Movement in net assets of PFCs ^(a)	56	-80	-203	-249	-30
Movement in net assets of PNFCs ^(a)	209	273	308	439	472
Revaluation of unfunded superannuation liability ^(b)	90	199	199	200	203
Revaluation of long service leave liability	-104	-105	-107	-108	-110
Revaluation of annual leave liability	-17	-17	-17	-17	-18
Revaluation of workers compensation liability	-17	-17	-17	-17	-17
Revaluation of non-financial assets	41	41	41	41	41
Other revaluation adjustments	14	-7	-7	-6	-6
Total other economic flows	273	287	197	282	536
Net worth at year end	56 499	57 035	57 690	58 541	59 480

Note: Totals may not add due to rounding.

(a) Net of equity injections from, and the return of equity to, the general government sector. Total also includes the net impact from the principles of tax effect accounting

(b) 2023–24 change represents the revaluation difference from 30 June 2023 liability.

Land and other fixed assets

Land and other fixed assets held by general government sector agencies include road and rail networks and land and buildings held mainly by education and health-related agencies.

Table 4.7 shows the projected holdings of land and fixed assets for the general government sector over the forward estimates period, together with the depreciation expense for each year.

Table 4.7: Land and other fixed assets at 30 June — general government sector (\$million)

	2024 Estimated Result	2025 Budget	2026 Estimate	2027 Estimate	2028 Estimate
Inventories	127	127	127	127	127
Land	10 567	10 552	10 547	10 542	10 532
Buildings and improvements	15 282	16 295	17 128	18 070	18 656
Water, sewerage and drainage assets	1 285	1 352	1 341	1 328	1 314
Road networks	32 900	34 401	36 515	39 261	42 092
Rail and bus networks	3 449	3 420	3 328	3 234	3 140
Other infrastructure assets	2 427	2 733	3 024	3 384	3 907
Heritage assets	1 425	1 425	1 425	1 425	1 425
Self-generating and regenerating assets	4	4	4	4	4
Total land and other fixed assets (net of provisions for depreciation)	67 466	70 309	73 438	77 374	81 197
Depreciation expense	1 643	1 620	1 687	1 796	1 874

The total value of land and fixed assets held in the general government sector is expected to grow from \$67.5 billion at 30 June 2024 to \$81.2 billion at 30 June 2028. This increase reflects significant ongoing investment in the state's infrastructure, particularly in the road network assets reflecting continued investment in joint state and Commonwealth road infrastructure projects including the North-South Corridor — River Torrens to Darlington, Fleurieu Connections and Marion Road, Anzac Highway to Cross Road projects.

The increase in buildings and improvements across the forward estimates primarily reflects the provisions for the new Women's and Children's Hospital, Flinders Medical Centre upgrade and expansion, new Mount Barker Hospital, and delivery of the government's election commitments that significantly grow the capacity of the health system.

The general government investing program is expected to be \$4.5 billion in 2024-25, compared with the 2023-24 estimated result of \$3.3 billion. Strong levels of capital investment continue to increase the state's infrastructure base, enable the state to provide high quality services and improve the state's long-term capacity to grow.

General government infrastructure investment is expected to exceed depreciation in all years over the forward estimates. The depreciation expense reflects the consumption of an asset's service potential. Depreciation totals \$1.6 billion in 2023-24 and rises to \$1.9 billion by 2027-28 as a result of the increase in the state's asset base over the same period.

Figure 4.2 illustrates the general government sector's capital investment across the forward estimates. The investing expenditure from 2019-20 onwards is impacted by the introduction of the accounting standard for leases, AASB 16 *Leases*. Under the accounting standard AASB 16 *Leases*, entering into a new lease results in the creation of a right of use asset, which is classified as a purchase of a non-financial asset (investing expenditure).

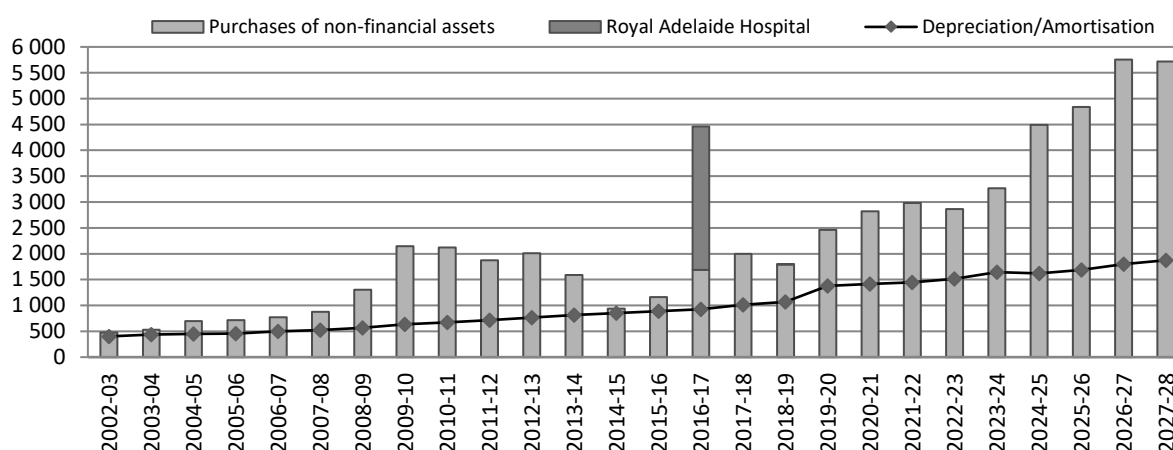
Figure 4.2: General government sector purchases of non-financial assets (\$million)

Table 4.8 provides details for the general government sector balance sheet.

Table 4.8: General government sector balance sheet at 30 June (\$million)

	2024 Estimated Result	2025 Budget	2026 Estimate	2027 Estimate	2028 Estimate
Assets					
Financial assets					
Cash and deposits	11 226	11 970	12 152	12 509	12 753
Advances paid	180	235	296	324	341
Investments, loans and placements	662	1 022	1 022	1 020	1 015
Receivables	2 391	2 530	2 658	2 788	2 919
Equity					
Investments in other public sector	21 194	21 708	21 980	22 166	22 563
Investments — other	108	108	108	108	108
Other financial assets	—	—	—	—	—
Total financial assets	35 761	37 573	38 217	38 915	39 700
Non-financial assets					
Land and other fixed assets	67 466	70 309	73 438	77 374	81 197
Other non-financial assets	126	123	123	122	122
Total non-financial assets	67 592	70 432	73 561	77 497	81 320
Total assets	103 353	108 006	111 777	116 412	121 020
Liabilities					
Deposits held	257	251	309	317	349
Advances received	—	—	—	—	—
Borrowing	30 956	35 423	38 846	43 007	47 343
Superannuation	7 219	6 740	6 220	5 653	5 035
Other employee benefits	3 108	3 267	3 422	3 584	3 541
Payables	1 580	1 589	1 601	1 607	1 621
Other liabilities	3 733	3 700	3 690	3 703	3 651
Total liabilities	46 854	50 971	54 087	57 871	61 539

	2024 Estimated Result	2025 Budget	2026 Estimate	2027 Estimate	2028 Estimate
Net worth	56 499	57 035	57 690	58 541	59 480
Net financial worth	-11 093	-13 397	-15 871	-18 956	-21 839
Net financial liabilities	32 287	35 106	37 851	41 122	44 402
Net debt	19 145	22 447	25 685	29 471	33 583

Note: Totals may not add due to rounding.

Non-financial public sector financial position

The NFPS comprises the general government sector and the PNFC sector.

Table 4.9 summarises key balance sheet indicators for the NFPS.

Table 4.9: Key balance sheet indicators at 30 June — non-financial public sector

	2023 Actual	2024 Estimated Result	2025 Budget	2026 Estimate	2027 Estimate	2028 Estimate
Net debt						
\$m	25 595	27 887	31 686	35 362	39 749	44 206
% of total revenue	96.1	96.8	105.9	112.8	122.2	131.8
% of GSP	18.0	18.7	20.3	21.7	23.4	24.9
Net financial liabilities						
\$m	39 590	41 887	45 341	48 616	52 620	56 377
% of total revenue	148.7	145.3	151.5	155.1	161.7	168.1
Net financial worth						
\$m	-37 365	-39 607	-43 140	-46 618	-50 872	-54 659
% of total revenue	-140.3	-137.4	-144.1	-148.7	-156.4	-163.0
Net worth						
\$m	55 920	56 501	57 038	57 694	58 545	59 485
% of total revenue	210.0	196.0	190.6	184.0	179.9	177.4

NFPS net debt is projected to increase from \$27.9 billion at 30 June 2024 to \$44.2 billion at 30 June 2028, which is largely due to the increase in net debt in the general government sector. Compared to the 2023-24 MYBR, NFPS net debt is \$1.6 billion higher by 2026-27, largely as a result of the investment in new initiatives in the budget, partially offset by growth in GST and state taxation revenue.

PNFC net debt is estimated to be \$8.7 billion at 30 June 2024 and is projected to increase to \$10.6 billion by 30 June 2028. The increase in PNFC net debt is largely due to higher borrowings by SA Water to deliver various capital projects including the Mount Bold Dam safety upgrade, Eyre Peninsula desalination augmentation, Morgan Whyalla pipeline replacement and various other annual capital maintenance and upgrade programs.

The net financial worth position of the NFPS mainly differs to the net financial worth of the general government sector due to:

- the exclusion of equity held by the general government sector in the PNFC sector, which is recognised as a financial asset in the general government sector but is eliminated in the consolidation of the NFPS.
- the inclusion of the PNFC sector's net debt.

Land and other fixed assets

Table 4.10 shows the projected holdings of land and other fixed assets for the NFPS across the forward estimates.

Table 4.10: Land and other fixed assets at 30 June — non-financial public sector (\$million)

	2024 Estimated Result	2025 Budget	2026 Estimate	2027 Estimate	2028 Estimate
Inventories	896	1 053	1 085	1 046	778
Land	19 007	19 120	19 234	19 359	19 480
Buildings and improvements	22 079	23 255	24 071	25 007	25 566
Water, sewerage and drainage assets	13 415	14 262	15 133	16 216	17 279
Road networks	32 901	34 402	36 516	39 262	42 092
Rail and bus networks	3 449	3 420	3 328	3 234	3 140
Other infrastructure assets	2 651	2 966	3 251	3 607	4 127
Heritage assets	1 443	1 443	1 443	1 443	1 443
Self-generating and regenerating assets	127	127	127	127	127
Total land and other fixed assets (net of provisions for depreciation)	95 970	100 048	104 189	109 300	114 033
Depreciation expense	2 199	2 216	2 288	2 400	2 478

The total value of land and other fixed assets for the NFPS is projected to rise from \$96.0 billion at 30 June 2024 to \$114.0 billion at 30 June 2028, mainly due to investment and revaluations in road network and water-related infrastructure. The increase in buildings and improvements across the forward estimates is primarily due to the investing expenditure in the general government sector.

The higher level of non-financial assets in the NFPS compared with the general government sector reflects the inclusion of assets held by PNFCs. These include assets held by SA Water (water and wastewater infrastructure such as pipelines, water filtration plants and reservoirs) and the South Australian Housing Authority (SAHA).

Debt Management

The funding and management of the state's debt is undertaken by the South Australian Government Financing Authority (SAFA).

SAFA achieves the state's funding requirements through the issue of securities in the financial markets, including long-term fixed or floating interest rate securities issued in Australia and through SAFA's short-term issuance programs.

SAFA had constructive access to markets over the year to April 2024. Central banks globally continued to tighten monetary policy, including in Australia where the Reserve Bank of Australia moved the cash rate from 4.10 per cent as at June 2023 to 4.35 per cent as at April 2024.

SAFA's borrowing rates have fluctuated over the year to date, consistent with the rates movements seen in global bond markets. The interest rate on SAFA's three-year bond fluctuated within a range of 3.8 per cent and 4.9 per cent, while the interest rate on SAFA's ten-year bond fluctuated within a range of 4.5 per cent and 5.7 per cent.

The general stability in SAFA bonds compared with Commonwealth Government bonds was consistent across the curve, with increased volatility in more recent times given geo-political developments and accumulating overall debt supply from state governments.

The launch of SAFA's Sustainability Bond Framework (Framework) in November 2023, represents a significant step in demonstrating for investors the alignment of borrowings with the government's investments in infrastructure and programs which provide environmental and social benefits. As part of its debt management activities, SAFA intends for 100% of long term outstandings to be in sustainable format over time, with all new bonds and notes issued from the beginning of 2024 being issued under the Framework.

The government's debt management objective is to minimise the long-term average interest cost, subject to acceptable levels of refinancing and interest rate risk. SAFA manages its debt within a duration range of four to eight years. There is no discretion to have an interest rate position outside that range. The use of risk limits also controls interest rate risks. These risk limits, based on industry standard measures, serve to limit the exposure of the portfolio to changes in market prices (yields). The debt management framework is reviewed regularly, and such reviews consider any significant changes in the state's debt levels and changing market conditions.

In addition to debt managed under this framework, the general government sector has long-term housing agreement debt with the Commonwealth Government. This debt is managed within the duration of the general government sector debt.

The framework for managing the debt of PNFCs, such as SA Water, is determined by the individual corporations.

Insurance arrangements

SAFA manages the government's insurance arrangements through four funds specifically established in the authority's accounts.

Premiums received from agencies for insurance cover provided under the government's insurance arrangements for incidents occurring from 1 July 1994 are credited to Insurance Fund 1, which is used to:

- meet loss and claim payments above agreed levels of agency excesses
- provide a reserve to cover future losses and claims
- pay premiums for the government's catastrophe reinsurance program and other insurances deemed necessary and appropriate in connection with the arrangements
- meet the cost of administering the insurance program
- pay service providers for advice and services as required in connection with the insurance program.

All government departments and statutory authorities are included in the arrangements, unless specifically exempted by the Treasurer. Premium revenue earned by SAFA from agencies is budgeted at \$70.7 million in 2023-24 (\$67.1 million for 2022-23).

At 31 March 2024, Insurance Fund 1 had:

- total assets of \$737.1 million
- total liabilities of \$606 million, including outstanding claim liabilities of \$587.6 million. Medical malpractice claims accounted for \$352.7 million of the outstanding claim liabilities
- net assets (free reserves) of \$131.1 million.

SAFA aims to maintain sufficient assets to meet liabilities at all times. At 31 March 2024, the level of free reserves (total assets over total liabilities expressed as a percentage) was 121.6 per cent for Insurance Fund 1.

Two other funds (Insurance Fund 2 and Insurance Fund 3) are retained for other claims, with these being in a break-even position and indemnified by the Treasurer. Insurance Fund 2 accepts claims for incidents occurring prior to 1 July 1994. Insurance Fund 3 is used to manage the premiums and claims for building indemnity insurance.

Insurance Fund 4 was established in 2018 to pay claims against the Government of South Australia under the National Redress Scheme for Institutional Child Sexual Abuse (the Scheme). The sum of \$146.4 million was transferred to this new fund from the Victims of Crime Fund for the purpose of paying claims made under the Scheme. The Scheme formally commenced in South Australia in February 2019. As at 31 March 2024, the balance of Fund 4 (including investment income received) was \$192.1 million.

In 2023, SAFA's combined reinsurance costs for property and liability cover increased from \$18.6 million to \$23.04 million.

Property reinsurance costs continue to be influenced by increasing asset reinstatement costs and impacts from global natural catastrophe events, as reinsurers seek to rebuild sustainability of their portfolio. Liability reinsurance costs are beginning to stabilise for some portfolios, although impacts from claims inflation for long-tail risks continue to be carefully managed. There is emerging pressure on pricing for professional liability portfolios following losses incurred by global reinsurance markets.

Murray River Flood

SAFA has received claims from four agencies relating to losses incurred from the 2022-23 Murray River flooding event. Assets that were damaged during the flood are still in the process of being assessed, with the extent of losses unable to be determined with any certainty at this time. Agencies are still in the process of quantifying losses which may take some time to materialise.

On the current information available, SAFA is estimating losses of \$83 million. SAFA's actuary has recommended that a risk margin of 20% (\$17 million) be applied in the calculation of liabilities, resulting in a total liability of \$100 million having been recognised by SAFA.

While flood reinsurance is in place, there is some uncertainty about the extent of any recovery under SAFA's reinsurance program due to the complexities involved in such an event and the sizeable deductibles (excesses) in place. As a result, SAFA has adopted a conservative approach and has not recognised any recovery under the reinsurance program.

Chapter 5: Government businesses

Overview

This chapter outlines the major developments and performance of government businesses.

Government business is a broad term that captures both public non-financial corporations (government-controlled entities that are engaged mainly in the production of marketable goods and/or services) and public financial corporations (government-controlled entities engaged mainly in financial intermediation or other financial services). A defining feature of a government business is that a significant proportion of its operating costs are recovered through user charges. A complete list of government businesses is contained in Appendix D.

The 2024-25 Budget includes new measures that impact a number of government businesses.

This includes \$425 million from 2023-24 to 2034-35 (including over \$115 million between 2023-24 and 2027-28) to redevelop South Australian Housing Authority (SAHA) land at Seaton. This is expected to deliver 1 315 dwellings, including 388 social and 197 affordable homes.

\$150 million from 2023-24 to 2030-31 (including over \$80 million between 2023-24 and 2027-28) will be invested to consolidate and redevelop various government sites at Noarlunga Downs. This is expected to deliver 626 dwellings, including 80 social and 90 affordable homes.

From 2024-25, SAHA will administer the Social Housing Energy Upgrade Initiative. Under this initiative around \$35.8 million over three years will be invested to provide thermal shell upgrades and replacement of inefficient appliances to deliver energy efficiency and cost saving benefits to tenants in both public and community housing sectors, in partnership with the Commonwealth Government.

The Office for Regional Housing in Renewal SA will spend \$30 million over three years to provide additional assistance for regional housing.

From 1 July 2024, SA Water will commence a new regulatory period. The new period will apply to 30 June 2028. The Essential Services Commission of South Australia (ESCOSA) is scheduled to release its final determination in late June. Estimates included for SA Water from 2024-25 reflect expectations for ESCOSA's final determination.

Key budget aggregates for the state's government businesses are shown in Table 5.1.

Table 5.1: Key budget aggregates for government businesses (\$million)

	2023-24 Budget	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Public non-financial corporations						
Net contribution to/from government ^(a)	-232.6	-134.6	-258.7	-254.2	-383.1	-365.6
Capital investment	1 214.3	1 342.2	1 213.0	1 161.4	1 209.5	1 172.9
Net debt	8 871.7	8 742.3	9 239.2	9 677.2	10 278.8	10 624.0
Public financial corporations						
Net contribution to/from government ^(a)	75.3	152.1	88.7	96.1	96.2	93.6

(a) Net contribution to/from government comprises income tax equivalents plus dividends less grants, subsidies and operating community service obligations. Positive indicates net contribution to government while negative indicates net contribution from government.

The estimated net contribution from government to public non-financial corporations (PNFCs) in 2023-24 is \$134.6 million which is \$98.0 million lower than budget. This is primarily due to higher contributions from Renewal SA due to higher than estimated profit in 2022-23 and 2023-24 (the payment for the higher than expected profit in 2022-23 was made in 2023-24) and higher SA Water profit expectations coupled with the timing of grant and community service obligation payments to SA Water. This is partially offset by higher than budgeted grants to SAHA to reflect a retiming of SAHA's capital investment program.

Net contributions from government to PNFCs are expected to increase in 2024-25 by \$124.1 million compared to the 2023-24 estimated result principally reflecting that higher than expected contributions from Renewal SA in 2023-24 are not expected to continue in 2024-25.

The movement in net contributions from government across the forward estimates primarily reflects the impact of funding arrangements for SAHA and profit expectations for SA Water as a result of the expected outcome of ESCOSA's final determination.

Significant capital investments budgeted in 2024-25 and across the forward estimates largely reflect SA Water's upcoming regulatory capital program which includes Mount Bold Dam safety upgrade, Eyre Peninsula desalination augmentation and the Morgan Whyalla pipeline replacement, and SAHA's affordable housing initiative, public housing improvement program, better neighbourhoods program and *A Better Housing Future* package.

Estimated PNFC net debt is projected to increase from 30 June 2024 mainly due to higher borrowings by SA Water to deliver various capital projects in the new regulatory period.

The estimated net contribution to government from public financial corporations (PFCs) in 2023-24 is \$152.1 million which is \$76.8 million higher than budget. This is principally due to higher dividends from SAFA's treasury and fleet operations, higher portfolio growth and net interest margin expectations impacting HomeStart Finance's profitability, and higher contributions from the Motor Accident Commission (MAC) due to higher returns on retained premium investments and its reinsurance arrangements.

Net contributions to government from PFCs are expected to decrease by \$63.4 million in 2024-25 compared to the 2023-24 estimated result as SAFA's dividend returns to normal levels.

Financial arrangements and policy framework

Dividend and income tax equivalent payments made by government businesses are recorded as revenues of the general government sector. Government businesses also pay guarantee fees to the government to ensure that their borrowing rates are consistent with what an equivalent rated private enterprise would be subject to.

Community service obligation (CSO) funding provided to government businesses is generally recorded as expenditure of the general government sector. Consistent with competitive neutrality principles, government businesses may also receive funding through an equity contribution for capital related projects or where the business is restructuring its operations over time.

Competitive neutrality policy

All jurisdictions signed the Competition Principles Agreement, which covers a range of matters including competitive neutrality policy and principles.

Among the requirements of the policy are that jurisdictions will ensure that their government businesses are subject to the same government taxes (or tax equivalent systems) and regulations that private sector businesses are subject to.

All jurisdictions recommitted to the principles in the Competition Principles Agreement through the former Council of Australian Governments, and signed the Competition and Infrastructure Reform Agreement (Agreement). The objectives listed under the Agreement in relation to competitive neutrality of government businesses are:

- that the business has clear commercial objectives
- that any non-commercial objectives or obligations established for the business are clearly specified and publicly reported
- that businesses do not exercise regulatory or planning approval functions in circumstances in which they compete with private sector enterprises.

Guarantee fees

Government guarantees on borrowed funds reduce borrowing costs for government businesses. To meet competitive neutrality principles, guarantee fees are charged for this funding cost advantage.

Guarantee fees are determined annually based on estimated credit margins between the cost at which lower-rated entities or entities that have no assigned credit rating could borrow on a stand-alone basis and the cost at which they can borrow through the Government of South Australia.

Community service obligations

A CSO arises when the government requires a government business to carry out activities that it would not elect to do on a commercial basis, and which the government does not require other businesses to generally undertake, or that it would only do commercially at higher prices.

CSO payments to government businesses are generally made for non-commercial activities that government businesses are required to undertake and must be transparent and clearly reported.

CSO payments are made to SA Water, Renewal SA, ForestrySA, HomeStart Finance and the Public Trustee. The largest CSO payment is to SA Water to ensure that its water and sewerage prices are applied uniformly across the state. SA Water also receives CSO payments to provide exemptions and concessions for certain classes of customers and to provide services to regional Aboriginal communities.

Grants, subsidies and other funding mechanisms

Grants and subsidies are paid to government businesses to achieve social and policy initiatives where responsibility for the outcomes is shared between different levels of government. The government may also provide an equity contribution to a government business as a mechanism to provide the business with the resources necessary to achieve these outcomes.

Funding for capital expenditure is generally provided by way of equity contribution where there is an expectation that the government will make a reasonable rate of return.

Grants and subsidies are also made to the Adelaide Venue Management Corporation (AVMC) as a contribution towards interest and guarantee fees paid on its borrowings, as well as for maintenance and asset replacement requirements, and to the Adelaide Festival Centre Trust (AFCT) to assist with the operational costs for the Adelaide Festival Centre and Her Majesty's Theatre and the presentation of a range of festivals, events and programs. The SA Motor Sport Board also receives grants which primarily support the Adelaide 500 event.

Public non-financial corporations

Net contributions

Table 5.2 summarises net contributions to/from the government for PNFC sector entities, which comprise income tax equivalents, dividends, grants, subsidies and operating CSOs.

Table 5.2: Net contributions to/from public non-financial corporations from/to the government (\$million)

	2023-24 Budget	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Income tax equivalents						
SA Water	45.4	47.3	55.9	58.6	47.6	55.2
Renewal SA	—	7.9	—	6.1	0.5	2.2
South Australian Housing Authority	—	—	—	—	—	—
Other	3.3	3.1	4.0	3.1	3.3	3.6
Total income tax equivalents	48.7	58.3	59.8	67.8	51.4	61.0
<i>plus Dividends</i>						
SA Water	103.9	110.9	128.5	134.8	109.4	114.2
Renewal SA	2.2	98.8	2.2	14.2	1.8	5.2
South Australian Housing Authority	—	—	—	—	—	—
Other	8.8	8.7	8.7	8.6	8.9	9.3
Total dividends	115.0	218.4	139.4	157.7	120.1	128.7
<i>less Grants and subsidies</i>						
SA Water	50.5	38.8	49.3	50.4	19.3	2.2
Renewal SA	—	0.2	—	0.4	—	—
South Australian Housing Authority	121.8	146.3	162.9	198.1	304.0	328.2
Other	55.9	60.7	68.0	60.7	62.3	62.9
Total grants and subsidies	228.2	246.0	280.2	309.6	385.5	393.3
<i>less CSOs</i>						
SA Water	145.6	142.6	140.3	141.3	142.3	143.4
Renewal SA	11.8	12.0	26.3	17.3	14.8	6.5
South Australian Housing Authority	—	—	—	—	—	—
Other	10.7	10.7	11.1	11.6	11.9	12.2
Total CSOs	168.1	165.3	177.7	170.1	169.0	162.1
<i>equals Net contribution to/from government^(a)</i>						
SA Water	-46.7	-23.3	-5.2	1.8	-4.6	23.8
Renewal SA	-9.5	94.5	-24.1	2.7	-12.6	1.0
South Australian Housing Authority	-121.8	-146.3	-162.9	-198.1	-304.0	-328.2
Other	-54.5	-59.5	-66.5	-60.5	-61.9	-62.2
Total net contribution to/from government	-232.6	-134.6	-258.7	-254.2	-383.1	-365.6
Note: Totals may not add due to rounding.						
(a) Positive indicates net contribution to government while negative indicates net contribution from government.						

The estimated net contribution from government to PNFCs in 2023-24 is \$134.6 million which is \$98.0 million lower than budget.

This is primarily due to higher contributions from Renewal SA due to higher than estimated profit in 2022-23 and 2023-24 (the payment for the higher than expected profit in 2022-23 was made in 2023-24) and higher SA Water profit expectations coupled with timing of grant and CSO payments to SA Water in line with associated activity. This is partially offset by higher than budgeted grants to SAHA to reflect a retiming of SAHA's capital investment program.

Net contributions from government to PNFCs are expected to increase in 2024-25 by \$124.1 million compared to the 2023-24 estimated result principally reflecting that higher than expected contributions from Renewal SA in 2023-24 are not expected to continue in 2024-25.

The movement in net contributions from government across the forward estimates primarily reflects the impact of funding arrangements for SAHA and profit expectations for SA Water reflecting expectations of the outcome of ESCOSA's final determination.

The net contribution from government to other PNFCs primarily reflects grants and subsidies made to the AVMC, AFCT and the SA Motor Sport Board.

Capital investment

Table 5.3 summarises purchases of non-financial assets by PNFC entities. Purchases of non-financial assets include investing expenditure and contributed assets.

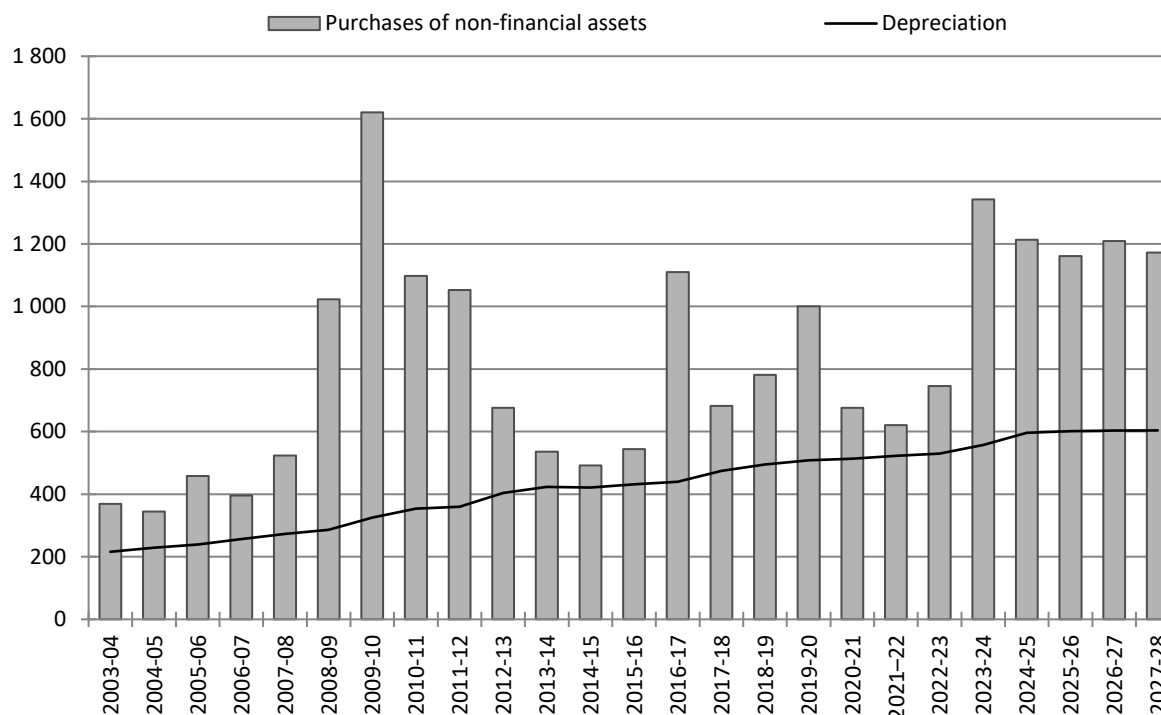
Table 5.3: Public non-financial corporations sector purchases of non-financial assets (\$million)

	2023-24		2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
	2023-24 Budget	Estimated Result				
Adelaide Cemeteries Authority	1.9	6.1	2.3	2.0	3.7	1.6
Adelaide Festival Centre Trust ^(a)	—	144.7	—	—	—	—
Adelaide Venue Management Corporation	11.4	11.1	23.7	8.1	8.3	8.5
ForestrySA	2.1	2.1	3.7	0.6	0.6	0.6
Public Trustee	3.7	4.1	2.5	0.4	0.7	1.2
Renewal SA ^(b)	6.9	57.9	10.7	2.4	—	0.1
SA Water ^(c)	854.6	874.5	764.5	888.0	1 101.6	1 083.3
South Australian Housing Authority ^(d)	326.4	231.6	396.9	255.8	90.5	73.0
South Australian Motor Sport Board	3.0	4.6	3.3	0.4	0.4	0.4
West Beach Trust	4.2	5.6	5.3	3.6	3.7	4.2
Total purchases of non-financial assets	1 214.3	1 342.2	1 213.0	1 161.4	1 209.5	1 172.9
Total sales of non-financial assets	192.1	74.6	221.8	247.7	20.7	21.2
Gross fixed capital formation	1 022.2	1 267.5	991.3	913.7	1 188.8	1 151.7

Note: Totals may not add due to rounding.

- (a) AFCT's estimated capital investment in 2023-24 relates mainly to the purchase of the Adelaide Festival Centre from the Department of the Premier and Cabinet.
- (b) Renewal SA's capital expenditure includes works on the Adelaide Station Environs Redevelopment site and the purchase of Adelaide Festival Centre assets from the Department of the Premier and Cabinet. Renewal SA's expenditure on property development projects is classified as inventories and is not included in capital investment.
- (c) SA Water's current four year regulatory business period concludes on 30 June 2024. SA Water's capital investment from 2024-25 is subject to outcomes included in ESCOSA's final determination.
- (d) The decline in SAHA's purchases of non-financial assets from 2026-27 primarily reflects lower capital expenditure associated with the affordable housing initiative, public housing improvement program and social housing accelerator programs as these initiatives near completion.

Figure 5.1 shows the actual and estimated purchases of non-financial assets and depreciation in the PNFC sector from 2003-04 to the end of the current forward estimates in 2027-28.

Figure 5.1: Public non-financial corporations sector purchases of non-financial assets (\$million)

Total estimated purchases of non-financial assets by the PNFC sector in 2023-24 is more than \$1.3 billion which is \$127.9 million higher than budget. This primarily reflects a delay in the transfer of the Adelaide Festival Centre from the Department of the Premier and Cabinet to the AFCT from 2022-23 to 2023-24, partially offset by delays in various SAHA capital programs (affordable housing initiative, neighbourhood renewal initiative, the better neighbourhoods program and the public housing improvement program).

Total purchases of non-financial assets by the PNFC sector in 2024-25 are expected to decrease by \$129.2 million compared to the 2023-24 estimated result. Significant capital investments in 2024-25 include:

- SA Water's investment program of \$764.5 million, comprising major projects such as the Eyre Peninsula desalination augmentation, Mount Bold Dam safety upgrade, Morgan Whyalla pipeline replacement, and various other annual capital maintenance and upgrade programs
- SAHA's investment program of \$396.9 million, comprising the affordable housing initiative, public housing redevelopment (including the public housing improvement program), better neighbourhoods program, *A Better Housing Future*, neighbourhood renewal initiative, social housing accelerator, and capital maintenance programs.

The profile of capital investment over the forward estimates reflects the completion of key projects including the Eyre Peninsula desalination augmentation, the affordable housing initiative and public housing improvement program and *A Better Housing Future*.

Total sales of non-financial assets comprise sales of property, plant and equipment and includes asset sales relating to SAHA's housing initiatives.

The profile of sales of non-financial assets over the forward estimates primarily reflects the sale of affordable housing built by SAHA under the affordable housing initiative.

Table 5.4 provides a summary of the capital investment programs that are being undertaken by PNFC sector entities in 2024-25.

Table 5.4: Capital investment programs (\$million)

	Estimated completion quarter	2024-25 Budget	Estimated total cost
SA Water major projects			
Eyre Peninsula desalination augmentation	Jun 2026	140.2	330.0
Morgan Whyalla pipeline	Jun 2027	19.6	61.8
Mount Bold Dam safety upgrade	Jun 2028	80.8	317.2
Northern Adelaide irrigation scheme	Jun 2025	12.8	141.5
Other major projects		9.9	n.a.
Total SA Water major projects		263.3	n.a.
SA Water annual programs			
Asset renewal	n.a.	10.3	n.a.
Environmental improvement	n.a.	21.9	n.a.
Information technology	n.a.	25.7	n.a.
Mechanical and electrical renewal	n.a.	23.8	n.a.
Network extension	n.a.	63.2	n.a.
Networks growth	n.a.	162.3	n.a.
Pipe network renewal	n.a.	89.1	n.a.
Safety	n.a.	24.6	n.a.
Structures	n.a.	24.5	n.a.
Water quality management	n.a.	17.5	n.a.
Other annual programs		15.3	n.a.
Total SA Water annual programs		478.2	n.a.
Total SA Water contributed assets		20.2	n.a.
Total SA Water leases		2.8	n.a.
Total SA Water		764.5	n.a.
South Australian Housing Authority			
A better housing future	n.a.	34.3	n.a.
Affordable housing initiative	Jun 2026	137.7	322.8
Better neighbourhoods program	n.a.	44.4	n.a.
Neighbourhood renewal initiative	Jun 2026	19.3	66.9
Public housing improvement program	Jun 2026	86.7	204.9
Social housing accelerator	Jun 2028	16.9	67.4
Other capital investment		57.6	n.a.
Total South Australian Housing Authority		396.9	n.a.
Other PNFC entities^(a)		51.6	n.a.
Total capital investment		1 213.0	n.a.

Note: Totals may not add due to rounding.

(a) Renewal SA's expenditure on property development projects (including Lot Fourteen) is classified as inventories and therefore is not included in capital investment.

Net debt

Estimated PNFC sector net debt as at 30 June 2024 is expected to be \$8.7 billion which is \$129.4 million lower than budget primarily due to the removal of the Adelaide Festival Centre complex lease liability in AFCT, reflecting the cessation of the lease arrangement with the Department of the Premier and Cabinet.

Across the forward estimates net debt is impacted by SA Water's estimated capital program for its next regulatory period, the delivery of SAHA's affordable housing initiative, including revenue from the sale of affordable houses, and Renewal SA's property development projects.

Table 5.5: Public non-financial corporation sector net debt (\$million)^(a)

	Net debt as at 30 June					
	2024 Budget	2024 Estimated Result	2025 Budget	2026 Estimate	2027 Estimate	2028 Estimate
Adelaide Festival Centre Trust	119.2	32.5	28.5	24.5	20.5	16.5
Adelaide Venue Management Corporation	311.1	329.4	345.9	346.6	347.2	347.9
Renewal SA	543.1	520.4	653.9	706.2	644.6	372.8
SA Water	7 996.9	7 933.1	8 301.1	8 762.4	9 449.9	10 118.9
South Australian Housing Authority	-85.2	-58.5	-65.7	-119.1	-121.9	-150.5
Other	-13.5	-14.6	-24.5	-43.4	-61.4	-81.5
Total PNFC net debt	8 871.7	8 742.3	9 239.2	9 677.2	10 278.8	10 624.0

Note: Totals may not add due to rounding.

(a) Negative net debt implies cash and cash equivalents exceeds borrowings and advances received.

SA Water

Table 5.6: Net contributions, capital investment and net debt (\$million)

	2023-24					
	2023-24 Budget	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Income tax equivalents	45.4	47.3	55.9	58.6	47.6	55.2
<i>plus</i> Dividends	103.9	110.9	128.5	134.8	109.4	114.2
<i>less</i> Grants, subsidies and CSOs	196.1	181.5	189.5	191.7	161.6	145.6
<i>equals</i> Net contribution to/from government ^(a)	-46.7	-23.3	-5.2	1.8	-4.6	23.8
Equity contribution from government	-3.5	-0.9	—	-12.7	—	—
Capital investment	854.6	874.5	764.5	888.0	1 101.6	1 083.3
Net debt	7 996.9	7 933.1	8 301.1	8 762.4	9 449.9	10 118.9
Debt to asset ratio	52%	60%	60%	59%	58%	57%

Note: Totals may not add due to rounding.

(a) Positive indicates net contribution to government while negative indicates net contribution from government.

SA Water is estimated to receive a net contribution from government in 2023-24 of \$23.3 million which is \$23.4 million lower than budget. This is mainly due to revised profit expectations and the timing of grant and CSO payments made to SA Water in line with associated activity.

Estimated capital investment in 2023-24 is \$874.5 million which is \$19.9 million higher than budget mainly due to revised timing of various major capital projects.

From 1 July 2024, SA Water will commence a new regulatory period. The new period will apply to 30 June 2028. ESCOSA is scheduled to release its final determination in late June.

From 2024-25, SA Water estimates reflect expectations for ESCOSA's final determination.

SA Water's capital investment over the next four years largely reflects major projects such as the Eyre Peninsula desalination augmentation, Mount Bold Dam safety upgrade, Morgan Whyalla pipeline replacement, and various other annual capital maintenance and upgrade programs.

Renewal SA

Table 5.7: Net contributions, capital investment and net debt (\$million)

	2023-24 Budget	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Income tax equivalents	—	7.9	—	6.1	0.5	2.2
<i>plus</i> Dividends	2.2	98.8	2.2	14.2	1.8	5.2
<i>less</i> Grants, subsidies and CSOs	11.8	12.1	26.3	17.7	14.8	6.5
<i>equals</i> Net contribution to/from government ^(a)	-9.5	94.5	-24.1	2.7	-12.6	1.0
Equity contribution from government	-15.2	-270.1	-25.2	-8.1	-9.6	—
Capital investment ^(b)	6.9	57.9	10.7	2.4	—	0.1
Net debt	543.1	520.4	653.9	706.2	644.6	372.8
Debt to asset ratio	76%	62%	66%	67%	64%	54%

Note: Totals may not add due to rounding.

(a) Positive indicates net contribution to government while negative indicates net contribution from government.

(b) Renewal SA's expenditure on property development projects (including Lot Fourteen) is classified as inventories and therefore is not included in capital investment.

Renewal SA's business operations are heavily influenced by demand for land. Renewal SA is also undertaking the redevelopment of Lot Fourteen, which includes the remediation of the site as well as the redevelopment and leasing of heritage buildings on the site.

Renewal SA, in partnership with the Commonwealth Government and SAHA, will be responsible for delivering more social and affordable housing under the National Housing Accord. A budget allocation was established in the 2023-24 Budget to support projects and other initiatives under the government's *A Better Housing Future*. This has been progressively allocated to various projects including initiatives as part of the Office for Regional Housing, and developments at Seaton and Noarlunga Downs, the former Franklin Street Bus Station, Newton Boulevard at Munno Para, and affordable apartments at Prospect and Bowden.

Renewal SA's estimated dividend payment in 2023-24 is \$96.6 million higher than budget primarily due to its 2022-23 profit being significantly higher than forecast (\$80.3 million) due to material year-end asset revaluations, and upfront revenue recognition in 2023-24 for the development agreement for a land sale at Aldinga in accordance with accounting standard AASB15 (*Revenue from Contracts with Customers*).

Dividend payments expected in 2024-25 reflect the specific dividend policy that applies to the net income earned on the Adelaide Station Environs Redevelopment (ASER) site.

Estimated grants, subsidies and CSO payments to Renewal SA in 2024-25 are \$14.2 million higher than the 2023-24 estimated result mainly due to the Office for Regional Housing's Regional Housing Initiatives Program and further work on urgent waterproofing and restoration works on the ASER plaza site. Across the forward estimates, Renewal SA is expected to receive CSO payments for operating expenditure associated with various initiatives including the Lot Fourteen redevelopment, Festival Plaza and further urgent waterproofing restoration works on the ASER plaza.

Renewal SA also receives equity contributions from the government for capital expenditure on major projects. Equity contributions to Renewal SA in 2023-24 are \$254.9 million higher than budget principally due to contributions to Renewal SA for land acquisitions relating to Thebarton (the former West End Brewery site), the UniSA campuses at Magill and Mawson Lakes, and the purchase of Festival Plaza assets from the Department of the Premier and Cabinet.

Equity contributions are expected to be \$25.2 million in 2024-25, \$8.1 million in 2025-26 and \$9.6 million in 2026-27 reflecting funding requirements for Lot Fourteen, Bowden, Forestville, Prospect and Tonsley. Equity contributions for Lot Fourteen include funding for the refurbishment of existing buildings to enable the expansion of space, digital, hi-tech and cyber companies in a collaborative setting at Lot Fourteen.

Capital investment across the forward estimates primarily reflects urgent waterproofing restoration works on the ASER plaza and the purchase of Festival Plaza assets from the Department of the Premier and Cabinet.

Renewal SA's net debt across the forward estimates reflects expectations for property development expenditure and sales revenue associated with its development projects as well as a provision for Renewal SA to undertake a range of affordable housing developments as part of the National Housing Accord.

Renewal SA's debt to asset ratio is expected to decrease across the forward estimates due to the profile of its sales program and the maturity of its development projects.

South Australian Housing Authority

Table 5.8: Net contributions, capital investment and net debt (\$million)^(a)

	2023-24		2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
	2023-24 Budget	Estimated Result				
Income tax equivalents	—	—	—	—	—	—
<i>plus Dividends</i>	—	—	—	—	—	—
<i>less Grants, subsidies and CSOs</i>	121.8	146.3	162.9	198.1	304.0	328.2
<i>equals Net contribution to/from government^(b)</i>	-121.8	-146.3	-162.9	-198.1	-304.0	-328.2
Equity contribution from government	-309.8	-177.9	-394.7	-246.9	-87.0	-71.3
Capital investment	326.4	231.6	396.9	255.8	90.5	73.0
Net debt^(c)	-85.2	-58.5	-65.7	-119.1	-121.9	-150.5

Note: Totals may not add due to rounding.

(a) SAHA is subject to the tax equivalent regime, however no income tax equivalent payments are forecast over the forward estimates. SAHA is not required to make dividend payments to the government.

(b) Positive indicates net contribution to government while negative indicates net contribution from government.

(c) Negative net debt implies cash and cash equivalents exceeds borrowings and advances received.

SAHA provides social housing options and homelessness services to South Australians in need. SAHA is also developing affordable housing options for South Australians.

While SAHA earns revenue from rents paid by tenants it does not fully recover the cost of providing social housing and associated programs to tenants and clients. SAHA receives funding from the Commonwealth Government and the state government to support these objectives.

SAHA receives equity contributions broadly consistent with budgeted capital works with the balance of funding provided by way of an operating grant. The profile of grants, subsidies and CSOs and equity contributions across the forward estimates reflects this funding arrangement.

Estimated capital investment in 2023-24 is \$94.8 million lower than budget mainly due to delays relating to the public housing improvement program, affordable housing initiative and the better neighbourhoods program. The increase in capital investment between the 2023-24 estimated result and 2024-25 Budget is primarily due to timing changes for the affordable housing initiative, public housing improvement program and the better neighbourhoods program, and commencement of expenditure on *A Better Housing Future*.

Capital investment will remain at high levels in 2024-25 due to the delivery of the affordable housing initiative and public housing improvement program before reducing from 2025-26 consistent with the expected completion of these projects.

SAHA's net debt across the forward estimates reflects expectations for expenditure and sales revenue associated with projects such as the affordable housing initiative, neighbourhood renewal initiative and the better neighbourhoods program.

Public financial corporations

The public financial corporations (PFC) sector includes HomeStart Finance, Lifetime Support Authority, Motor Accident Commission (MAC), Return to Work Corporation of South Australia (ReturnToWorkSA), South Australian Government Financing Authority (SAFA) and Superannuation Funds Management Corporation of South Australia (Funds SA).

PFCs that make contributions to the government are shown in table 5.9.

Table 5.9: Net contributions to/from public financial corporations from/to the government (\$million)

	2023-24 Budget	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Income tax equivalents						
HomeStart Finance	10.2	13.0	13.6	16.4	16.7	16.7
Motor Accident Commission	—	—	—	—	—	—
South Australian Government Financing Authority	14.4	14.4	15.0	15.0	15.0	15.0
Total income tax equivalents	24.6	27.4	28.6	31.4	31.7	31.7
<i>plus Dividends</i>						
HomeStart Finance	23.7	30.3	31.7	38.2	38.9	38.9
Motor Accident Commission	2.3	7.6	3.2	1.1	0.6	0.3
South Australian Government Financing Authority	33.6	95.7	34.8	35.0	35.0	32.9
Total dividends	59.6	133.5	69.6	74.3	74.5	72.2
<i>less CSOs</i>						
HomeStart Finance	8.9	8.8	9.5	9.6	10.0	10.2
Motor Accident Commission	—	—	—	—	—	—
South Australian Government Financing Authority	—	—	—	—	—	—
Total CSOs	8.9	8.8	9.5	9.6	10.0	10.2
<i>equals Net contribution to government^(a)</i>						
HomeStart Finance	25.0	34.5	35.8	44.9	45.5	45.3
Motor Accident Commission	2.3	7.6	3.2	1.1	0.6	0.3
South Australian Government Financing Authority	48.0	110.1	49.8	50.0	50.1	48.0
Total net contribution to government	75.3	152.1	88.7	96.1	96.2	93.6

Note: Totals may not add due to rounding.

The estimated net contribution to government from PFCs in 2023-24 is \$152.1 million which is \$76.8 million higher than budget. This is principally due to higher dividends from SAFA's treasury and fleet operations, higher portfolio growth and net interest margin expectations impacting HomeStart Finance's profitability, and higher contributions from MAC due to higher returns on retained premium investments and its reinsurance arrangements.

Net contributions to government are expected to decrease by \$63.4 million in 2024-25 compared to the 2023-24 estimated result as SAFA's dividend returns to normal levels.

The budgeted dividends from MAC reflect returns on retained premium investments and the reinsurance arrangement entered into with Berkshire Hathaway from 1 January 2019. MAC's net contributions decrease over the forward estimates reflecting the reinsurance arrangement.

Full-time equivalents (FTEs)

Table 5.10: Public non-financial corporations sector and public financial corporations sector employment

	Full-time equivalent employees as at 30 June				
	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate	2028 Estimate
Public non-financial corporations					
Adelaide Festival Centre Trust	230.0	230.0	230.0	230.0	230.0
Adelaide Venue Management Corporation	465.0	443.0	443.0	443.0	443.0
Public Trustee	189.2	188.2	186.1	187.1	188.1
Renewal SA	174.4	179.9	181.2	173.5	169.5
SA Water	1 729.8	1 740.9	1 745.9	1 743.9	1 739.9
South Australian Housing Authority	815.5	809.6	770.0	732.7	726.7
Other	252.6	256.2	258.2	260.2	260.2
Total public non-financial corporations	3 856.5	3 847.8	3 814.4	3 770.4	3 757.4
Public financial corporations					
Funds SA	83.7	83.7	83.7	83.7	83.7
HomeStart Finance	130.8	136.1	122.0	115.0	114.0
Lifetime Support Authority	106.9	106.9	106.9	106.9	106.9
Return to Work Corporation of South Australia	293.0	293.0	293.0	293.0	293.0
South Australian Government Financing Authority	98.6	105.6	105.6	105.6	105.6
Total public financial corporations	713.0	725.3	711.2	704.2	703.2

Note: Totals may not add due to rounding.

The estimated aggregate workforce of the PNFC sector as at 30 June 2024 is 3 856.5 FTEs, of which around 66 per cent relates to positions in SA Water and SAHA.

FTEs in the PNFC sector are estimated to decrease by 2.6 per cent between 30 June 2024 and 30 June 2028 primarily due to a reduction in FTEs in SAHA and AVMC. This mainly reflects the completion of a range of initiatives including the affordable housing initiative, and higher business activity levels of the AVMC in 2023-24.

The estimated aggregate workforce of the PFC sector as at 30 June 2024 is 713.0 FTEs. FTEs in the PFC sector are estimated to decrease by 1.4 per cent between 30 June 2024 and 30 June 2028 mainly due to a reduction in FTEs in HomeStart Finance following the completion of its technology system change program and a projected fall in settlement volumes over the period.

Chapter 6: Risk statement

Overview

This chapter outlines the major financial risks that could affect the fiscal outlook set out in the 2024-25 Budget and identifies measures the government has adopted to manage these risks. The risks are summarised in three main sections — risks to revenue, risks to expenditure and contingent liabilities.

Budget estimates are made on assumptions and judgements formed in the context of information available at the time of their preparation. In practice, both revenues and expenses will be subject to variation from the estimates contained in the budget, and the size of the potential variation typically increases over the forward estimates period.

Financial risks arise from general developments or from specific events that affect the fiscal outlook. They may be positive or negative, and they may not necessarily be within the government's control. Examples include fluctuations in economic activity and financial markets, changes in demand for government services, and changes in Commonwealth Government funding and policy.

The budget estimates include allowances to help manage potential financial risks. For example, allowances are made for wage and salary outcomes and capital expenditure contingency provisions. In addition, some sources of risk to the fiscal outlook can, to a certain extent, be managed through established risk management practices such as hedging and insurance.

Revenue risks

Taxation, grants, royalties and fines

State taxation revenues are exposed to variations in both the volume and value of activities that are subject to taxation. Broad based taxes such as payroll tax are influenced by general economic trends, whereas more narrowly based taxes are impacted by particular segments of economic activity. Transactional taxes such as conveyance duty are subject to greater variability, and price and activity trends in the property market can have a larger impact on the short-term volatility of state taxation revenues than the broader economy.

Fluctuations in economic activity within the state increase the risk of state taxation revenues exceeding or falling short of budget forecasts, particularly at turning points in the economic cycle. The performance of the national economy is also a key driver of state government revenues. The pool of GST revenue grants allocated to the states and territories is directly influenced by national trends in consumer spending and housing construction, as well as population growth in each jurisdiction.

Furthermore, under the current horizontal fiscal equalisation (HFE) system, if South Australia's taxation revenues are constrained relative to other states and territories as a result of economic conditions, the HFE process will provide South Australia with a higher share of GST revenues. This means that in the medium to longer term, total South Australian revenues (the combination of GST revenue grants and own-source revenues) are primarily driven by the national economy. However, the HFE process operates with a lag and therefore fluctuations in state economic activity do have a greater short-term impact on overall revenues.

International economic-related risk factors that are likely to affect South Australia include:

- geopolitical tensions and trade risks – which remain elevated due to the Russian invasion of Ukraine, the conflict in Gaza and Israel which could escalate into the wider region and continued attacks in the Red Sea. These crises could risk generating fresh adverse supply shocks to the global recovery, with spikes in food, energy and transportation costs
- a slower than expected decline in inflation may result in a further tightening in the monetary policy stance of central banks, raising cost of living pressures

- the pace and magnitude of growth in the Chinese economy following recent policy stimulus to address weakness in its property sector, weaker than expected household consumption and possible spillovers to other sectors.

Risk factors that could impact the performance of the Australian and South Australian economy include:

- stronger than expected growth in domestic demand could see domestic inflationary pressures build further, leading to a further decline in real disposable incomes for the average household which could impact consumption growth and employment by more than expected
- productivity growth does not improve, resulting in high labour costs flowing through to prices
- the pace of recovery in new private business investment, particularly in a higher interest rate environment
- natural disasters as a result of the changing climate are occurring more frequently. Agricultural output in particular is subject to significant climate variability. The frequency and scale of the impact of further natural disasters is unpredictable and represents a risk to the budget through the provision of relief payments, funding to support recovery efforts and the repair of damaged infrastructure
- sectoral capacity constraints, in particular materials supply and labour constraints on construction limiting government ability to deliver infrastructure projects.

State taxation

Specific revenue risk areas for state tax collections are discussed below.

Payroll tax

Payroll tax tends to be influenced by broad economic trends, particularly employment, hours worked and wages growth.

There is a risk that employment or wages growth will be different to that forecast which would flow through as a variation to forecast payroll tax revenue. In addition, there are risks to revenue estimates associated with the composition of employment growth between firms that are subject to payroll tax and those that are not.

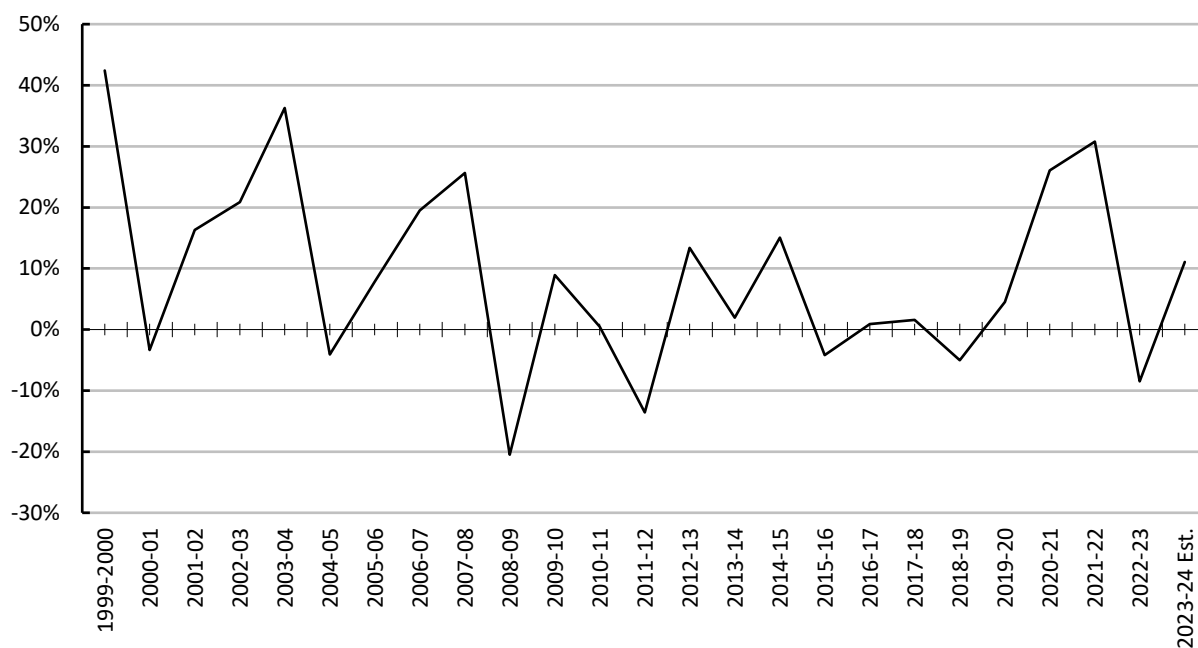
Impact: A 1.0 per cent change in taxable payrolls equates to about \$19 million in payroll tax revenue.

Property taxes

Conveyance duty revenue is affected by variations in the local property market. Trends in property market values and activity levels can be difficult to predict, particularly transaction numbers, which can change significantly from one year to the next. For example, residential transactions in 2021-22 were 47 per cent above 2019-20 transaction levels, but declined by around 19 per cent in 2022-23, contributing to significant volatility in conveyance duty collections. The property market has also experienced very strong growth in values over the last few years. Forward projections of conveyance duty revenue assume that underlying residential property market transactions and prices will return to long-term trend levels/growth.

There is a risk that activity levels and/or property prices will vary from that estimated.

Figure 6.1 shows the annual growth in total conveyance duty revenue since 1999-2000. Over that time, annual growth in total conveyance duty revenue has ranged from around negative 20 per cent to positive 42 per cent. This uncertainty makes forecasting of property taxes difficult, especially for conveyance duty receipts.

Figure 6.1: Total conveyance duty — annual growth ^(a)

(a) Excludes impact of policy changes, particularly the phased abolition of non-residential (non-primary production) conveyance duty.

Land tax receipts can also vary from expectations over the forward estimates period. Indexation of land tax thresholds commenced on 1 July 2011 and reduces the impact of bracket creep when property values are increasing.

Impact: A 1.0 per cent variation in 2024-25 property values equates to about \$16 million in conveyance duty revenue, while a 1.0 per cent variation in transactions in 2024-25 equates to about \$14 million in conveyance duty revenue.

A 1.0 per cent variation in land values equates to around \$5 million in private land tax revenue in 2024-25 (after indexation of tax brackets for growth in land values).

Gaming machine revenue

There are a number of risks to gaming machine tax revenue collections.

Discretionary spending levels are influenced by a range of factors, including growth in wages and incomes, debt servicing levels, the cost of essential items and perceived future spending needs. Regulatory reforms can also impact on gaming machine taxation revenue collections. The popularity of gaming machines compared to other forms of gambling and other activities more broadly can also impact on revenue collections.

Impact: A variance of 1.0 per cent in hotel and club gaming machine expenditure equates to around \$4 million in gambling tax revenue.

Insurance duty

Insurance premiums can vary significantly over time depending on the capacity of the market and can sometimes be affected by major insurable events around the world. Events such as global pandemics and natural disasters in Australia and offshore may affect the level and type of insurance taken out by policy holders, as well as the price of insurance premiums.

Impact: A variance of 1.0 per cent in premium levels equates to around \$6 million in insurance duty revenue.

Royalties

Mining and petroleum royalty revenue is exposed to external economic conditions. In particular, royalties are affected by exchange rates and changes in international prices particularly for oil, copper, iron ore, uranium and gold. Royalty revenue can also be affected by changes to production levels, including the impact from natural occurrences (e.g. floods), unanticipated mine closures, unplanned operational incidents such as plant fires and failures as well as other unforeseen events.

There is potential for growth in royalty revenue from new mines. The timing of these additional royalty streams is dependent on the timing of discoveries, global economic conditions as well as the time required for development approvals and to develop new mine sites to an operational level. Royalty revenue does not flow until commercial production commences.

Impact: A 1.0 cent change in the US dollar/Australian dollar exchange rate has a direct revenue impact of about \$6 million on royalty revenue. A 1.0 per cent change in international prices for copper, iron ore, uranium, gold, oil and petroleum liquids has a direct revenue impact of about \$4 million.

Traffic infringement fines

Revenue collected from traffic infringement fines is sensitive to changes in driver behaviour patterns and the number of detection devices in operation.

Impact: A variance of 1.0 per cent in the number of traffic infringement notices equates to around \$2 million per annum in fines revenue.

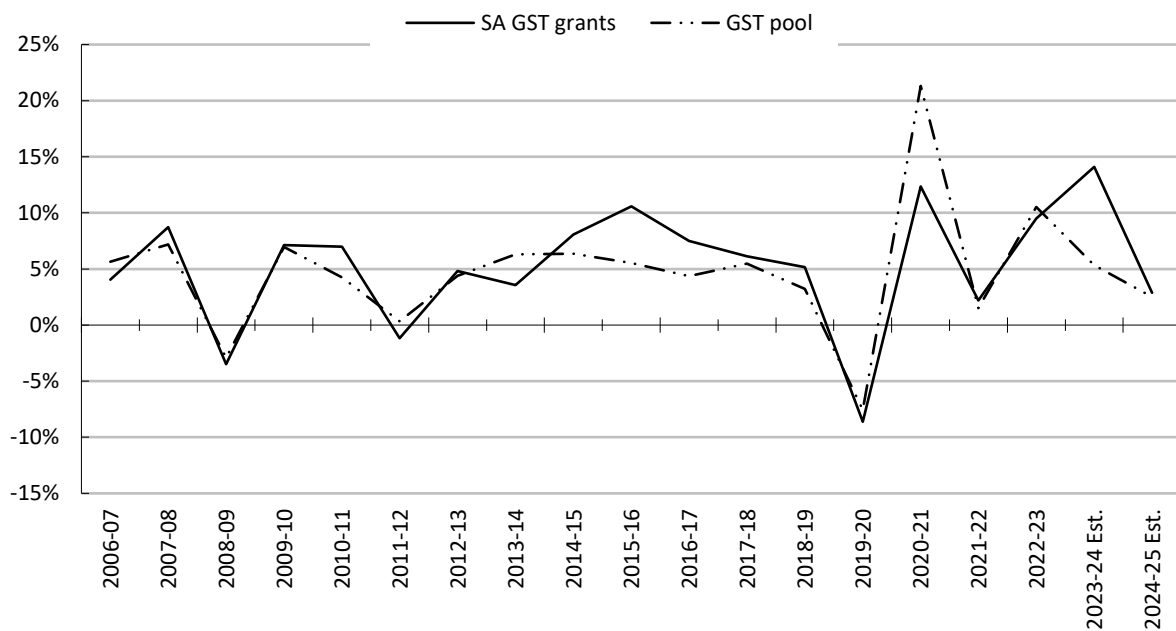
Changes to general purpose payments (GST revenue)

The pool of GST revenue grants allocated to the states and territories is directly influenced by national trends in consumer spending and housing construction.

South Australia's GST revenue grants are driven by the size of the national GST pool and the state's population share. They are also impacted by changes to the state's share of the pool, which is determined by the Commonwealth Grants Commission (CGC) in accordance with current HFE principles. South Australia's forecast GST revenue grants comprise around 31 per cent of total revenues in 2024-25 and therefore the budget is particularly exposed to changes in GST revenue.

Figure 6.2 demonstrates the volatility in annual growth for the GST pool and South Australia's GST revenue grants. In 2019-20, the national GST pool fell by 7.6 per cent reflecting the impact of COVID-19 on the national economy. National GST collections rebounded strongly in 2020-21, growing by 21.3 per cent reflecting strength in consumer spending. Since then, national GST collections have continued to fluctuate with relatively flat growth in 2021-22, 10.5 per cent growth in 2022-23 followed by lower growth of 5.3 per cent in 2023-24 and 2.5 per cent estimated in 2024-25.

South Australia's estimated GST revenue can vary from growth in the national GST pool reflecting changes in the state's share of the pool. For example, while the GST pool is estimated to increase by 5.3 per cent in 2023-24, South Australia's GST revenue grant is projected to increase by a higher rate of 14.1 per cent reflecting an increase in South Australia's GST grant share in 2023-24, largely due to the outcome of the CGC's 2023 Update. In 2024-25, growth in the GST pool and South Australia's GST revenue grant is consistent reflecting that South Australia's grant share is largely consistent with the previous year.

Figure 6.2: GST pool and South Australia's GST revenue grants — annual growth

(a) Excludes impact of policy changes, particularly the phased abolition of non-residential (non-primary production) conveyance duty.

Impact: A 1.0 percentage point change in GST pool growth has a revenue impact for South Australia of about \$89 million per annum.

Changes to horizontal fiscal equalisation methodology and data

HFE previously aimed to provide each state with the fiscal capacity to deliver the same standard of services to its residents as other states. This is also known as full equalisation of fiscal capacities.

In Australia, GST revenue grants are the vehicle used in seeking to achieve HFE. South Australia receives around \$2.9 billion more in GST revenue grants (including no worse off guarantee payments) than it would if funding was distributed on a simple population (equal per capita) basis without consideration of the differing fiscal needs and capacities of each state.

In November 2018, the Federal Parliament passed the *Treasury Laws Amendment (Making Sure Every State and Territory Gets Their Fair Share of GST) Act 2018*, which gives effect to the Commonwealth Government's response to the Productivity Commission's Inquiry into HFE. The legislation provides for the introduction of a new GST distribution system over a 6-year transitional period commencing in 2021-22. Key provisions of the legislation include:

- a shift from full equalisation to partial equalisation, with states' fiscal capacities equalised to the stronger of New South Wales or Victoria rather than the fiscally strongest state
- introduction of a minimum GST relativity of 0.7 in 2021-22, to be increased to 0.75 in 2024-25
- a permanent Commonwealth top-up to the GST pool, indexed to growth in the GST pool
- a guarantee that states will receive at least the same amount of GST grants as they would have received (in cumulative terms) over the transition period due to the change in the equalisation objective
- a review of the new system to be conducted by the Productivity Commission by December 2026.

The legislated 'no worse-off' guarantee provides a level of certainty for the states over the transition period in regard to the change in the new GST distribution arrangements only.

In 2024-25, it is estimated that South Australia will require \$390 million through the no worse-off guarantee to ensure that total revenue received through the new arrangements is not less than what would have been received through the previous full equalisation approach to the distribution of GST revenue. In contrast, the new arrangements are expected to deliver an additional \$6.1 billion in GST revenue to Western Australia in 2024-25.

Following representations made by South Australia and other impacted states, the Commonwealth Government extended the operation of the no worse-off guarantee from 2026-27 to 2029-30. However, there remains the risk that South Australia will receive less ongoing GST revenue from 2030-31 following the expiry of the no worse-off guarantee.

Separate to these new arrangements, changes to the methodology and data used by the CGC in calculating GST distribution relativities may significantly impact (both positively and negatively) the state's budget position.

The CGC released its 2020 Review in February 2020 that reviewed the methodology it uses to calculate the relativities used by the Commonwealth Government to distribute GST revenue grants to achieve HFE. These methodology reviews are undertaken approximately every five years and can have a large impact on a jurisdiction's share of GST revenue. The outcome of the 2020 Review resulted in a reduction in South Australia's relativity and share of GST revenue. The outcome of the 2020 Review will generally form the basis of methods used by the CGC until the 2025 Review. The 2025 Review will affect South Australia's share of GST revenue from 2025-26, increasing the risk that GST revenue will vary from the forecast level from that year.

Between methodology reviews, the CGC updates the GST relativities annually to incorporate changes in state circumstances as reflected by the latest available social, demographic and economic data. While the CGC's desire to improve data and data sources wherever possible is appropriate, this can lead to large changes in annual relativities. The relativities are particularly sensitive to fluctuations in the value of mining output, variations in Commonwealth Government payments between states and differential growth rates in conveyance duty receipts.

Impact: A 0.01 change in South Australia's full HFE relativity would result in a change in GST revenue grants of about \$54 million in 2024-25.

Commonwealth payments for specific purposes

Commonwealth-state funding arrangements are governed by Commonwealth Government legislation and the Intergovernmental Agreement on Federal Financial Relations (the IGA) agreed to by the former Council of Australian Governments in December 2008.

Payments for specific purposes can either be ongoing tied grants or time-limited National Partnership payments (NPPs).

Commonwealth Government legislative arrangements or the IGA prescribe National Health Reform funding, Quality Schools funding, National Housing and Homelessness funding and National Skills Agreement funding. Ongoing disability funding for states and territories is now provided directly to the National Disability Insurance Agency (NDIA) following the introduction of the National Disability Insurance Scheme (NDIS).

NPPs are time-limited payments to the states to support the delivery of specified projects or to facilitate or reward the implementation of reforms of national importance. NPPs are allocated to one of five sectoral agreements known as Federation Funding Agreements (FFAs). FFAs cover the areas of health, education and skills, environment, infrastructure and a residual agreement which incorporates affordable housing, community services and all other services. There is an ongoing risk that the Commonwealth Government will cease NPP funding at the expiry of each agreement.

Impact: Commonwealth payments for specific purposes account for about 22 per cent of state government revenues in 2024-25. Variations in their level or the conditions applying to these payments impact the budget.

Changes in profitability of government businesses

As part of their day-to-day operations, government business enterprises — comprising public non-financial corporations (PNFCs) such as SA Water and Renewal SA and public financial corporations (PFCs) such as the South Australian Government Financing Authority (SAFA) — manage a range of commercial risks. Risks that adversely impact upon a government business may affect its ability to pay dividends and make tax equivalent payments, thereby impacting the financial position of the general government sector.

Impact: A 1.0 per cent change in contributions to the general government sector from PNFCs and PFCs would impact revenue by approximately \$3 million per annum.

Expenditure risks

Hospital expenditure growth

Hospital expenditure is a significant component of the budget and growth can therefore have a substantial impact on the budget.

The government continues to implement a number of strategies designed to ensure that health services and infrastructure are provided for the South Australian community to deliver quality health outcomes efficiently. This includes delivery of the substantial infrastructure program committed to by this government that will increase the number of beds in the system, as well as expanded use of virtual care services to further increase system capacity.

Changes to Commonwealth funding for health also significantly affect the state government's capacity to provide resources to the health system. The current National Health Reform Agreement outlines the Commonwealth's commitment to continue current activity-based funding arrangements to the states from 1 July 2020 to 30 June 2025, as well as introducing six long-term health reforms.

The government and other signatory jurisdictions have commenced renegotiations with the Commonwealth for the new National Health Reform Agreement Addendum to take effect from July 2025. National Cabinet has endorsed the Commonwealth increasing its contribution under the agreement which will also seek to embed long-term, system wide structural health reforms.

Impact: A 1.0 per cent growth in hospital expenditure above the level incorporated in the 2024–25 Budget would increase expenditure by approximately \$79 million per annum.

Student enrolment numbers

The budget includes an estimate of expected movements in the number of student enrolments in government and non-government schools.

To the extent that actual enrolment numbers vary from those estimates there will be an impact on the state's financial position. Enrolments are impacted by growth in the school age population as well as shifts between government and non-government education.

Impact: A 1.0 per cent growth in government school enrolment numbers above the levels incorporated in the 2024–25 Budget would increase expenditure by approximately \$28 million per annum.

Growth in children and young people in care

The budget includes provisions for resourcing requirements of children and young people in care, including family based and residential care accommodation. The costs associated with children and young people in care can be impacted by both growth in the number of children and young people entering the child protection system as well as the type of care provided. Resources required for residential care accommodation are generally significantly higher per child or young person than family based foster and kinship care.

Impact: Depending on the mix of care types, a 1.0 per cent growth in children and young people in care above the levels incorporated in the 2024–25 Budget would increase expenditure by approximately \$6 million per annum.

Disability

The state has been in the full NDIS since 2019-20. Under this arrangement the state meets disability support costs through an annual fixed contribution (indexed) to the NDIS. Any growth in costs above this contribution will be met by the Commonwealth Government.

In December 2023, following the NDIS Review, National Cabinet agreed all jurisdictions would work together on NDIS reforms to improve participants' experiences and ensure a financially sustainable scheme. These reforms are currently being developed. To achieve the intended outcomes, the reform process must prioritise appropriate joint governance, clear and sustainable funding arrangements, and more effective and efficient service delivery.

It is important that the NDIA provides appropriate packages to NDIS participants during this process so they can access quality services and receive the supports they need. South Australia continues to work with both the NDIA and the Commonwealth to ensure that this occurs.

The Department of Human Services (DHS) provides disability services to NDIS participants. Revenue for these services is sourced through NDIS arrangements. It will be important for DHS to continue aligning these services, which include supported accommodation, with NDIA requirements to ensure full cost recovery.

Increases in wages and salaries

Enterprise agreements are in place for major workforce groups for the relevant terms of each agreement, with all associated costs included in the 2024-25 Budget.

The outcomes of future wage negotiations will be critical in determining whether expenditure in the forward estimates in this budget can be achieved and the level of government services that can be delivered.

Allowances in the forward estimates for enterprise bargaining outcomes cover both salary and non-salary outcomes.

Impact: If public sector-wide wage outcomes for new enterprise agreements vary by 1.0 per cent per annum from allowances in the forward estimates, the budget impact is estimated to be around \$304 million in 2027-28.

Delivery of savings and revenue measures

Agency budgets include a continuation of the previously approved efficiency and savings measures.

Agency efficiency savings are reviewed in the budget process to ensure they are appropriate having regard to government priorities. Agencies will continue to find efficiencies to deliver future savings. The Department for Health and Wellbeing has been provided with substantial additional resources as part of the 2024-25 Budget to support the state's health system. The system is currently operating well above the national efficient price and accordingly it is intended that the system pursue efficient service delivery to work towards achieving the national efficient price over the forward estimates.

Interest rates

Changes in interest rates affect the budget position of all sectors through changes in interest payments.

Impact: A 1.0 percentage point move in the average interest rate applying to general government sector net debt would change net interest expense by approximately \$224 million in 2024-25 rising to \$336 million in 2027-28.

A 1.0 percentage point move in interest rates applying to the PNFC sector net debt would change its net interest expense by approximately \$92 million in 2024-25. This could affect prices for services delivered to customers as well as contributions provided by the general government sector to PNFCs.

Fluctuation in foreign exchange rates

Treasurer's Instruction 23 'Management of Foreign Currency Exposures' requires public authorities to recognise and control foreign exchange risks associated with their operations. Foreign exchange risks may arise through procurements involving imported goods and services, the sale of goods and services, or any other financial transaction or exchange of obligations and liabilities, actual, potential or contingent, that involves an exposure to foreign currency.

Public authorities are required to make an assessment of their foreign currency exposures, and where the exposure is likely to exceed \$250 000 they are to implement an appropriate hedging strategy, which could include obtaining forward foreign exchange cover.

Impact: Foreign exchange rates could have an impact on the costs of agencies that source capital equipment, supplies and services from overseas. This includes items such as pharmaceuticals, transport equipment and the operations of overseas offices.

Capital investment

Project estimates include prudent allowances for cost escalations. Large capital programs increase the risk of additional costs. The current high demand for infrastructure related labour and materials also increases the risks of cost escalations for capital programs.

Impact: If cost escalations exceed the allowances included in the investment program, there will be an adverse impact on annual net lending outcomes. A 1.0 per cent increase in costs for the general government investment program would increase capital expenditure by approximately \$45 million in 2024-25.

Superannuation liabilities and expenses

For defined benefit scheme superannuation liabilities (pension or defined benefit lump sum schemes), the budget is exposed to factors affecting the value of the unfunded liability. These factors include:

- volatility in the expected returns on investment funds and the risk-free discount rate
- changes in actuarial assumptions relating to future benefit payments.

Impact: Volatility in asset markets poses a risk to the budget. A 1.0 percentage point lower than expected return on superannuation assets invested by Funds SA would increase estimated unfunded superannuation liabilities by around \$71 million. An increase in unfunded superannuation liabilities of this magnitude would increase nominal superannuation interest expenses, decreasing the net operating balance by around \$3 million per annum.

A fall in the Commonwealth Government bond rate between valuation dates will lead to the use of a lower discount rate for valuation purposes, resulting in an increase in the value of the unfunded liability. A 1.0 percentage point reduction in the discount rate would increase unfunded superannuation liabilities by \$1.6 billion. However, the impact on the budget net operating balance is the imputed interest on these unfunded liabilities, and the interest rate used to calculate this would also fall by 1.0 percentage point. The net effect on the budget would be an improvement of around \$17 million per annum in the net operating balance. An increase in the discount rate of 1.0 percentage point would decrease unfunded superannuation liabilities by \$1.3 billion and increase the imputed interest and reduce the net operating balance by around \$2 million.

Changes in domestic and overseas share prices

Funds SA, ReturnToWorkSA and the insurance investments of SAFA are exposed to both domestic and international equity markets. Changes in domestic and overseas share prices impact on the investments of these entities.

Impact: A variation in domestic and overseas share prices will directly impact the budget through a change in earnings on superannuation assets managed directly or indirectly by Funds SA.

A change in the value of the financial investments of ReturnToWorkSA can impact the budget through the income tax equivalent payment received from ReturnToWorkSA.

A change in the value of SAFA's financial investments may have a direct impact on the budget through a variation in SAFA's income tax equivalent and dividend contributions.

Insurance

Risks associated with insurance liabilities are managed by SAFA and are described in Chapter 4.

Contingent liabilities

Contingent liabilities are liabilities, or possible liabilities, that have not been recognised in the government's balance sheet because they:

- arise from past events, and will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the government, or
- are a present obligation that arises from past events but is not recognised because:
 - it is not probable that there will be a cost or other financial impact for the government to settle the obligation, or
 - the amount of the obligation cannot be measured with sufficient reliability.

Full details of the state's material quantifiable and non-quantifiable contingent liabilities are included in the *Consolidated Financial Report for the financial year ended 30 June 2023*.

The state's quantifiable contingent liabilities are summarised in table 6.1.

Table 6.1: Contingent liabilities of the Government of South Australia to entities external to the public sector at 30 June (\$million)

	2023	2022
Guarantees	729	745
Other	120	130
Total	849	874

Note: Totals may not add due to rounding

Final whole of government data for 2023-24 will be published in the Consolidated Financial Report for the financial year ended 30 June 2024.

The information below provides 30 June 2023 data for the major individual contingent liabilities.

Summary of contingent liabilities and other exposures

Significant contingent liabilities and other specific exposures, both quantifiable and non-quantifiable, for the Government of South Australia include the following.

Contingent liabilities

- Guarantee of Local Government Finance Authority loans and other liabilities — pursuant to the *Local Government Finance Authority Act 1983*, liabilities incurred or assumed by the Local Government Finance Authority are guaranteed by the Treasurer.

Exposure: \$680 million at 30 June 2023 (compared with \$693 million at 30 June 2022).

- Alice Springs-Darwin Railway — both the South Australian and Northern Territory governments guarantee the obligations of the AustralAsia Railway Corporation, the joint statutory authority that looks after the government's interests in relation to the Alice Springs-Darwin Railway. The prospect of these contingent liabilities arising is considered to be remote.

Exposure: Not quantifiable (unchanged from 30 June 2022).

- Local Government Association (LGA) public liability fund — the Treasurer has indemnified the fund of the LGA Mutual Liability Scheme — a self-managed mutual fund for public liability insurance purposes of the local government sector in South Australia. Any losses that exceed the state government's liability reinsurance program limits and the \$50 million limit for liability risks not covered by the reinsurance program will be subject to separate negotiations between the LGA and the state government.

Exposure: \$50 million at 30 June 2023 (unchanged from 30 June 2022).

- Residential bond guarantees — the Bond Guarantee Scheme provides a guarantee to private owners and/or real estate agents in regards to the bond payable by eligible private rental tenants. The South Australian Housing Authority (SAHA) ultimately pays for any bond claims made by owners/agents and the tenant becomes liable to the SAHA for any amount paid. The value of bond guarantees at 30 June 2023 was \$50 million with the value of claims made during 2022-23 at \$4.1 million.

Exposure: \$50 million at 30 June 2023 (compared with \$52 million at 30 June 2022).

Other exposures

- Electricity entities — as part of the privatisation of the state's electricity assets, the government provided certain specified undertakings to the lessees. In the extremely remote event that these undertakings are not enforceable and the leasing arrangements are terminated, the state is required to make specified payments to the lessees and would receive the associated electricity infrastructure assets in return.

Gross exposure: \$749 million at 30 June 2024 (compared with \$801 million at 30 June 2023).

- Non-government School Loans Scheme — pursuant to section 15(1) of the *South Australian Government Financing Authority Act 1982*, liabilities incurred or assumed in performance by the South Australian Government Financing Authority of its functions under the Scheme are guaranteed by the Treasurer.

Exposure: \$79 million at 30 June 2023 (compared with \$78 million at 30 June 2022).

Other, less material, contingent liabilities are reported in individual agency financial statements, as contained in agency annual reports or published on the Auditor-General's Department website <www.audit.sa.gov.au/reports>.

Chapter 7: South Australian economy

Context

Momentum in the state economy has slowed over the past year, as foreshadowed at the time of the 2023-24 Mid-Year Budget Review. The strength in the labour market has exceeded expectations and wages growth has picked up, while the impact of the recent cycle of monetary policy tightening continues to flow through to household consumption and private investment.

The backdrop for the global economy is one of resilience in the face of recent supply-chain disruptions, geopolitical tensions, high levels of inflation and global synchronised tightening in monetary policy. The International Monetary Fund estimates the global economy to have grown by 3.2 per cent in 2023, and forecasts global growth to remain at that rate across both 2024 and 2025. Advanced economies are estimated to have grown by 1.6 per cent in 2023 and are forecast to grow by 1.7 per cent in 2024 and 1.8 per cent in 2025. Growth in emerging market and developing economies is likewise forecast to remain steady, with estimated growth of 4.3 per cent in 2023 and 4.2 per cent in both 2024 and 2025.

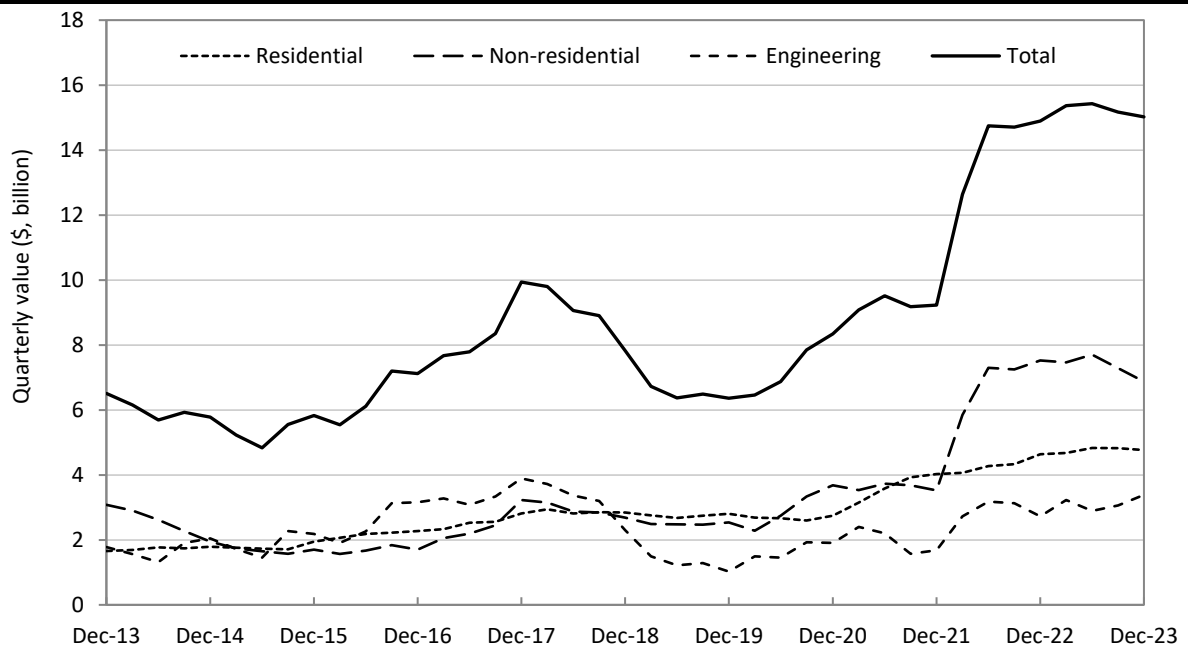
These themes are broadly echoed in the Australian economy. Economic performance has been strong in recent years, and the labour market has remained resilient, with the unemployment rate at near record low levels in recent months. As is the case globally, Australians have experienced high inflation, with prices growing by 3.6 per cent in the year to the March quarter 2024. Further adding to the cost-of-living pressures, interest rates have risen sharply, with the Reserve Bank of Australia (RBA) having raised the target cash rate by a cumulative 4.25 percentage points since May 2022, bringing the cash rate to 4.35 per cent. The RBA, however, has left the cash rate unchanged at eight of its last nine meetings. Recognising the cost-of-living challenges faced by Australian households and businesses the 2024-25 Federal Budget introduced measures to ease cost-of-living pressures as well as tax cuts for all tax payers. The Commonwealth Government forecasts inflation to fall within the RBA's target cash rate range by the end of 2024 and for economic growth to fall to 1½ per cent in 2023-24, rising to 2 per cent in 2024-25.

South Australia's economic performance and outlook

In line with expectations, growth in the South Australian economy has slowed over the course of 2023-24 in response to higher interest rates and price inflation which have worked to reduce domestic demand. Following economic growth of 3.8 per cent in 2022-23, Gross State Product (GSP) in 2023-24 is estimated to moderate to 1¼ per cent and to continue to rise gradually to 2 per cent by 2026-27.

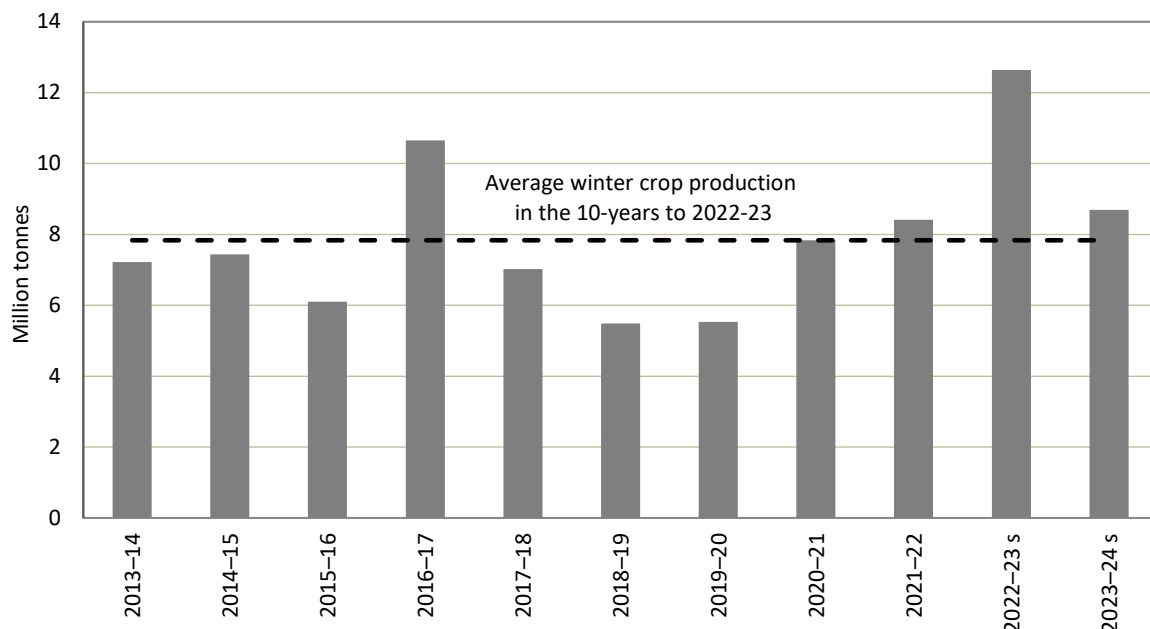
State Final Demand (SFD) rose by 1.6 per cent in the year to the December quarter 2023, underpinned by strong public investment (up 18 per cent) and consumption (up 3.1 per cent), and dwelling investment (up 4.8 per cent), with household consumption and business investment weakening as high inflation and rising interest rates eroded real incomes. South Australian retail turnover has moderated, with real retail turnover falling by 0.1 per cent through the year to the March quarter 2024. SFD is estimated to grow by 1¼ per cent in 2023-24 before moderating to forecast growth of 1½ per cent in 2024-25.

The pipeline value of total construction projects remains at near high levels as at the December quarter 2023 and will provide support for construction activity in the short to medium term. High construction costs and ongoing construction labour constraints, as well as access to debt finance in the face of higher interest rates, are expected to dampen new building approvals and dwelling investment in the short to medium term, with the construction pipeline increasingly coming from engineering construction as residential and non-residential construction eases — see Figure 7.1.

Figure 7.1: South Australia's construction work in the pipeline

Source: ABS, *Building Activity, Australia* (published 10 April 2024); ABS, *Engineering Construction Activity, Australia* (published 27 March 2024)

Following three consecutive years of very strong winter grain crop production, South Australia's winter crop is estimated to fall by 31 per cent in 2023-24. This mainly reflects drier climate conditions across most cropping regions compared to 2022-23. Although down on the previous year, the Australian Bureau of Agricultural and Resource Economics and Sciences estimates that the state's winter crop is 11 per cent above the 10-year average to 2022-23 — see Figure 7.2.

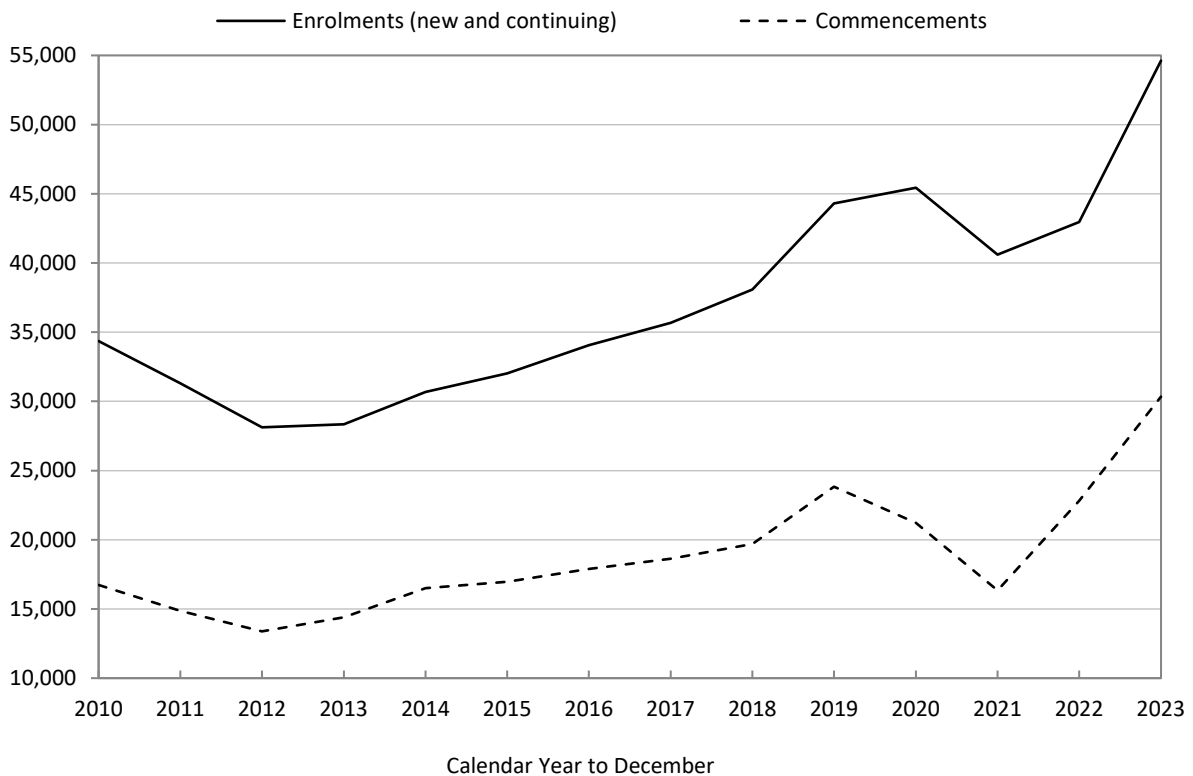
Figure 7.2: South Australia's winter crop production

Source: Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), *Australian Crop Report*, (published 5 March 2024). s denotes ABARES estimate

The value of South Australia's goods exports of \$17.7 billion in the 12 months to March 2024, was 2.8 per cent higher compared to the same period a year earlier. Exports growth was led by petroleum and petroleum products, barley, vegetables and machinery and transport equipment.

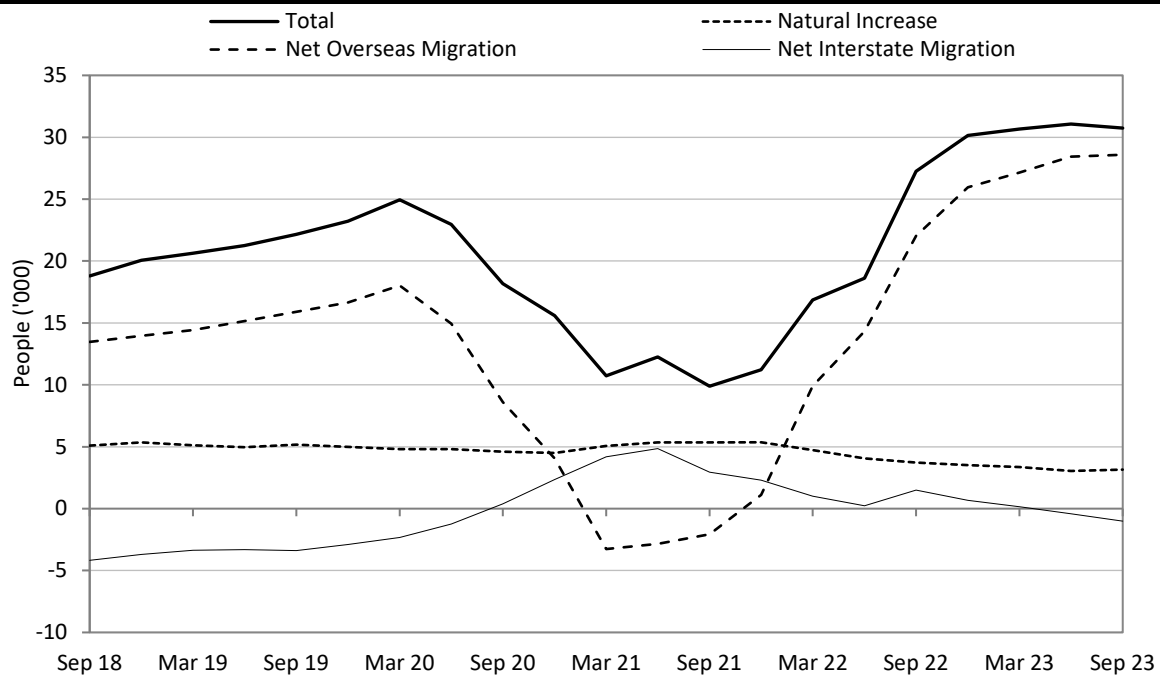
Growth in the value of goods exports resulted from high growth in both volumes and prices, as is demonstrated by goods and services exports on a balance of payments basis. Goods exports in current prices rose by 6.8 per cent through the year to the December quarter 2023, with growth in volumes up 9.7 per cent over the same period. Services exports growth in particular has risen very strongly, with the volume of services exports in 2023 being 59 per cent higher than in 2022 and 0.5 per cent higher than the pre-COVID levels of 2019. International trips in 2023 were 9.9 per cent lower than in 2019 (but up 143 per cent on 2022), nights spent in South Australia were up 29 per cent, and expenditure was up by 5.9 per cent. Similarly, student commencements and enrolments have turned around and in 2023 are 27 per cent and 23 per cent above pre-COVID levels respectively — see Figure 7.3.

Figure 7.3: International student enrolments and commencements, South Australia



Source: Department of Education, *International Student Data* (full year data based on data finalised in December 2023).

In the year to September 2023, South Australia’s estimated resident population grew by 30,700 (1.7 per cent) to be 1.9 million people. This was substantially higher than the state’s long run average rate of growth (about 0.8 per cent per annum). Contribution to South Australia’s population growth in the year was led by net overseas migration (28,600 people), followed by natural increase (3,200 people). Net interstate migration detracted from population growth (down 1,000 people) — see Figure 7.4.

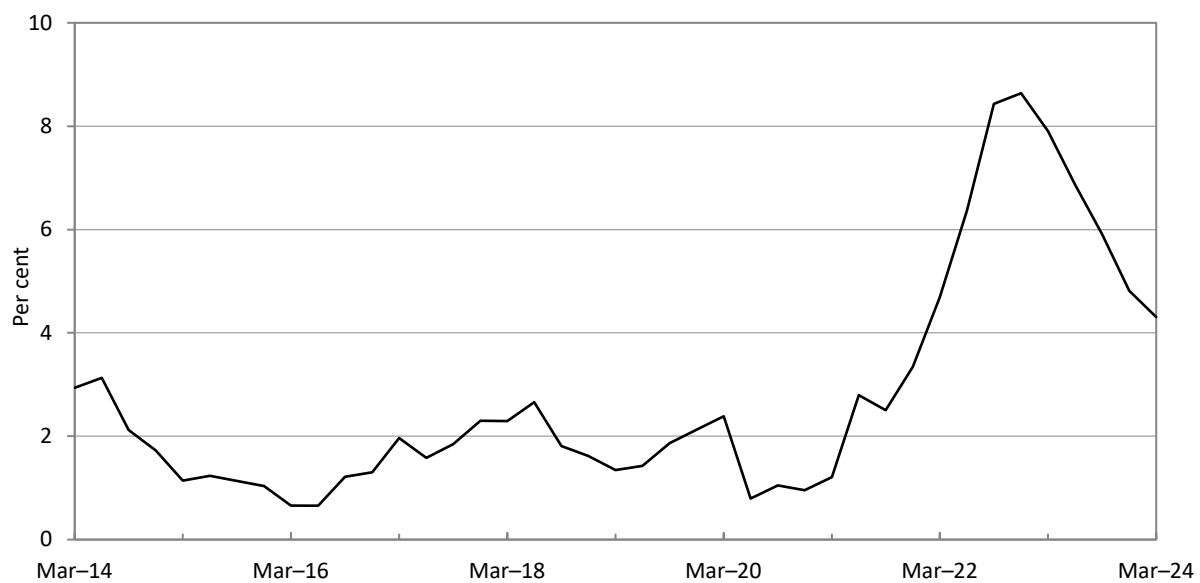
Figure 7.4: Quarterly components of population change, South Australia, moving annual average

Source: ABS *National, state and territory population* (published 21 March 2024).

Following strong growth over most of 2023, the South Australian labour market has softened in recent months. The unemployment rate in April rose to 4.2 per cent. While South Australian job vacancies have moderated since the April 2023 peak, they remain high and significantly above pre-COVID levels (88 per cent higher than the average for the twelve months to February 2020). Employment is estimated to have grown by 2 per cent in 2023-24 and is forecast to moderate to a slower growth of $\frac{1}{2}$ per cent in 2024-25 and $\frac{3}{4}$ per cent for 2025-26. From 2026-27, employment growth is forecast to return to its longer-term average of 1 per cent per annum.

As is the case elsewhere around the world, the cost of living is an important economic issue in South Australia. Although inflation has moderated faster than originally anticipated, it remains above target rates, and prices remain elevated. The Adelaide Consumer Price Index (CPI) rose by 0.7 per cent in the March quarter to be 4.3 per cent higher through the year, down from 4.8 per cent in the December quarter — see Figure 7.5. Inflation was broadly based but the expenditure classes recording the largest contribution to price rises in the year to the March quarter included the purchase of new dwellings by owner-occupiers, electricity, tobacco, and rents. Adelaide's CPI is estimated to grow by 4 $\frac{3}{4}$ per cent in 2023-24, before moderating to a forecast growth rate of 3 $\frac{1}{2}$ per cent in 2024-25 and further to 2 $\frac{1}{4}$ per cent in 2025-26.

South Australian wages growth has picked up, with the Wage Price Index (WPI) rising by 3.8 per cent through the year to the March quarter, lower than the 4.1 per cent increase nationally. Through the year to the March quarter, growth in nominal wages was eroded by inflation, although the gap between growth in wages and prices has substantially narrowed in recent quarters. The RBA expects nominal wages to remain robust in the near term forecasting growth in the Australian Wage Price Index of 4.2 per cent in the June quarter 2024, gradually easing to growth of 3.6 per cent in mid-2025 (above the corresponding forecasts for CPI inflation).

Figure 7.5: Adelaide’s Consumer Price Index growth (through the year)

Source: ABS, *Consumer Price Index, Australia*, (published 24 April 2024).

South Australia’s economy is expected to be supported in the near term by the strong labour market, high levels of government consumption and investment and construction work in the pipeline and is estimated to grow by 1¼ per cent in 2023-24, before rising to growth of 1½ per cent in 2024-25 and 1¾ per cent in 2025-26 — see Table 7.1. Economic forecasts and projections take into consideration a range of factors, including global growth forecasts for Australia’s major trading partners, the winter crop returning to normal levels, a gradual recovery in household consumption as real wages continue to pick up, and an expected recovery in housing construction as monetary policy begins to ease.

Economic forecasts

Table 7.1: Key economic indicators — Australia and South Australia real growth rates (per cent per annum, year averages)

	2022-23 Actual	2023-24 Estimate	2024-25 Forecast	2025-26 Projection	2026-27 Projection	2027-28 Projection
Australia^(a)						
Gross Domestic Product (GDP)	3.1	1¾	2	2¼	2½	2¾
South Australia						
Gross State Product (GSP)	3.8	1¼	1½	1¾	2	2
State Final Demand (SFD)	2.8	1¾	1½	1¾	2	2
Employment	3.4	2	½	¾	1	1
Adelaide Consumer Price Index (CPI)	7.9	4¾	3½	2¾	2½	2½

(a) Australian forecasts from Commonwealth Government’s 2024-25 Budget, Budget Strategy and Outlook, Budget Paper No.1.

Chapter 8: Regional South Australia

Overview

This chapter provides information about the programs, initiatives and investing expenditure in the 2024-25 Budget for regional South Australia.

South Australia's regions play a crucial role in contributing to the future prosperity of the state. Regional South Australia contributes around \$37.5 billion to the state economy, approximately 26 per cent of Gross State Product (GSP).

Around 191 000 people are employed in regional South Australia in roles across agriculture, forestry, health, community support services, tourism, retail and construction.

The 2024-25 Budget includes \$686.4 million in new measures over the forward estimates supporting South Australia's regions. Major initiatives in this budget include:

- \$310.6 million for regional road and transport improvements, to be delivered in partnership with the Commonwealth Government, including:
 - \$150.0 million to upgrade two interchanges with the South Eastern Freeway at Mount Barker and Verdun
 - \$100.0 million to complete the delivery of a managed motorway between the Tollgate and Crafers on the South Eastern Freeway to improve safety and traffic management
 - \$31.8 million for the construction of three overtaking lanes on Main South Road between Normanville and Cape Jervis
 - \$20.0 million towards planning for transport network improvements to support the Riverland region to improve network resilience following the River Murray flood event.
- \$62.7 million for the construction and operating costs for a new Mount Barker preschool and primary school.
- \$41.5 million to undertake significant emergency fruit fly response activities across the Riverland.
- \$30.0 million to provide additional assistance for regional housing with funding to be managed by the Office for Regional Housing in Renewal SA. This includes \$10.0 million in 2024-25 for the Regional Housing Initiatives Program.
- \$26.3 million to support the operation and ongoing development of the new mywater state register and River Murray operations, maintenance and monitoring programs.
- \$20.0 million for the state's contribution towards the jointly funded \$40.0 million Lyndoch recreation park redevelopment project with the Barossa Council.
- \$19.5 million to develop and deliver innovation, on-farm solutions and to support the upskilling of the agricultural sector to reduce emissions through low emission intensity farming systems.
- \$18.0 million for construction of a new purpose-built police station in Naracoorte to support regional policing operations in the South East.
- \$17.5 million to deliver additional road safety maintenance across regional South Australia including road resurfacing, replacement of safety barriers and audio tactile line marking, and maintenance of electrical assets.
- \$15.4 million to construct a new acid drainage treatment plant at the former Brukunga mine site, allowing for the continued protection of the environment and waterways surrounding Lake Alexandrina.
- \$15.2 million to increase SA Health's capacity to respond to and manage tuberculosis outbreaks across regional South Australia.
- \$15.0 million to build new ambulance stations in Whyalla and Two Wells.

- \$13.7 million to deliver infrastructure at the Lake Hawdon North wetland site to improve the availability and quality of waterbird habitat for target waterbird species that inhabit the Coorong.
- \$11.5 million to support the Port Pirie Emergency Department upgrade and provide for a Multi Profession Simulated Training and Development Service, including a Clinical Simulation Training Laboratory.
- \$10.1 million for the extension of aerial firefighting aircraft availability in line with bushfire risk as well as supporting the Country Fire Service with the cost of responding to significant fires during 2023-24.
- \$10.0 million to address urgent and high priority facilities upgrades at Mount Gambier High School and Mount Barker High School.

The government is committed to investing in regional infrastructure, with the total cost of projects either underway or commencing in 2024-25 totalling \$6.7 billion, including the Fleurieu connections project (\$810.4 million), Princes Highway corridor (\$601.3 million), Hydrogen Jobs Plan (\$593.0 million), Freight Highway upgrade program (\$500.0 million), Eyre Peninsula desalination augmentation (\$330.0 million) and the new Mount Barker Hospital (\$320.6 million).

The 2024-25 capital program (as outlined in table 8.6) includes \$743.0 million for regional roads and transport projects, \$388.9 million for the Hydrogen Jobs Plan, \$165.1 million for upgrades to regional health services, \$140.2 million for the Eyre Peninsula desalination augmentation, \$99.0 million for regional schools, \$80.8 million for Mount Bold Dam safety upgrades, \$57.6 million for the new Mount Baker Hospital and \$39.8 million for the construction and upgrade of regional public housing.

Regional Development Programs

Thriving Regions Fund

The government provides \$15.0 million per annum to support regional South Australia through the Thriving Regions Fund.

The Thriving Regions Fund provides an opportunity for support to target all areas of natural, economic, human and social capital to address regional development objectives. It will also enable effective partnering with the Commonwealth and local governments, and the private sector to achieve more collectively.

The long-term outcomes from investment through the Fund are:

- improved quality of life for regional communities
- thriving, resilient, sustainable regional communities that attract and retain people to live and work
- pipeline of regional leaders providing a voice for their regions
- creation of regional job opportunities and improved career options by capitalising on regional growth potential
- stronger regional economies.

Regional Development Australia associations

A commitment of \$3.0 million per annum (indexed) from 1 July 2022 to 30 June 2026 has been made to the seven non-metropolitan Regional Development Australia associations (RDAs) to continue meeting their responsibilities, including providing independent advice on critical issues affecting their regions, and promoting awareness of government programs in the community. In consultation with their Boards and key local stakeholders, each RDA has developed work programs that provide economic opportunities in their region and demonstrate alignment with state priorities. The RDAs also prepare Investment Pipeline reports providing a comprehensive snapshot of a region's planned, current and completed public and private projects. This data is shared with government to inform infrastructure planning and investment.

Through an investment of \$2.0 million per annum (indexed) from the Thriving Regions Funds, the seven non-metropolitan RDAs are delivering leadership programs in their regions based on an assessment of leadership needs, and development of place-based training solutions to fill any gaps in 2024 and 2025 calendar years.

Increasing leadership capacity is vital in regional South Australia to ensure a pipeline of skilled individuals who reflect local demographics and can represent the needs and guide the future aspirations of their communities.

Country Cabinet

Country Cabinet visits continue to be held to ensure that South Australians living in regional areas can have the opportunity to engage directly with the decision-makers in government. The Cabinet, as well as heads of government departments, travel regularly to regions across the state so that local people can discuss the issues impacting their communities.

Regional Roads and Infrastructure Fund

The Regional Roads and Infrastructure Fund (RRIF) was established in 2018-19. An estimated \$529.0 million is projected to be paid into the RRIF over the four years from 1 July 2024 to 30 June 2028, based on 30 per cent of anticipated mineral and petroleum royalty revenue over the same period.

In 2024-25, the Department for Infrastructure and Transport will use the RRIF towards a number of projects including ongoing road maintenance, rehabilitation and reseals, projects on outback roads, and a state contribution towards projects funded in partnership with the Commonwealth Government.

Economic Recovery Fund

The \$154 million Economic Recovery Fund (ERF) aims to assist business and industry in key areas to grow secure, well paid jobs, improve productivity, increase exports and support innovative, value adding technologies in South Australia.

Financial assistance of up to \$13.3 million has been awarded in Round 1 to support five regional tourism operators and three regional manufacturers. The successful tourism projects will create new accommodation options in regional areas of need and contribute to meeting targets outlined in the state's Regional Visitor Strategy. Manufacturing projects will create additional jobs in the regions, improve production capacity and efficiency, implement innovative technologies and support local economies.

In 2024-25, Round 2 will open for applications, offering support for up to 8 000 small businesses to invest in energy efficient equipment or other improvements to reduce their emissions and energy bills.

SA Jetties Renewal Program

The SA Jetties Renewal Program was initially established as a four-year program from 2023-24 as part of the 2023-24 State Budget and has been extended to provide \$5.0 million per annum from 2027-28 to address immediate and critical concerns regarding the condition and sustainability of a number of state jetties. The program focuses on restoring and/or ensuring ongoing public access to jetties which provide significant economic, social and environmental benefits for communities.

Regional economic conditions

The economic profile of South Australia's regions

The non-metropolitan regions of South Australia include the country regions of Far North, Eyre and Western, Yorke and Mid North, Murray and Mallee, and Limestone Coast, as well as the three outer regions of Greater Adelaide (Barossa, Light and Lower North, Adelaide Hills, and Fleurieu and Kangaroo Island).

The economic contribution of South Australia's non-metropolitan regions was \$37.5 billion in 2022-23. This accounted for 26 per cent of GSP.

Gross Regional Product (GRP) in the combined non-metropolitan regions of South Australia grew by 9.0 per cent (in nominal, current price terms), slightly below the 10.2 per cent growth recorded in the Adelaide metropolitan area. This reflects strong broad-based growth across industries in South Australia.

The largest South Australian non-metropolitan region in 2022-23 in terms of GRP was the Far North (\$6.2 billion), while the smallest region was Fleurieu and Kangaroo Island (\$2.8 billion). The highest rates of growth in the non-metropolitan regions during the year were in the regions of Adelaide Hills (10.3 per cent) and Barossa, Light and Lower North (10.2 per cent).

Table 8.1: Gross Regional Product (\$million) — 2022-23

	Adelaide Metro Area	Total Non-Metro Area	Adelaide Hills	Barossa, Light and Lower North	Fleurieu and Kangaroo Island	Yorke and Mid North	Murray and Mallee	Limestone Coast	Eyre and Western	Far North
Gross Regional Product (2022-23)	104 507	37 529	3 998	4 514	2 832	5 096	5 374	5 525	4 000	6 190
Regional share of GSP (2022-23) ^(a)	73.6%	26.4%	2.8%	3.2%	2.0%	3.6%	3.8%	3.9%	2.8%	4.4%
Growth since 2021-22	10.2%	9.0%	10.3%	10.2%	9.6%	9.3%	9.0%	9.7%	9.2%	6.1%

Source: Based on Industry Gross Value Add from ABS, Australian National Accounts: State Accounts, 2022-23; allocated at the regional level using Employment by Place of Work from Census of Population and Housing, 2021.

Note: Totals may not add due to rounding.

(a) While GSP (as described elsewhere in the State Budget) is generally presented in real (chain volume) terms, regional-level GRP can only be derived in nominal (current price) terms. Nominal GRP growth rates in this table are not comparable to real GSP growth rates.

Population and unemployment

The estimated resident population of South Australia's non-metropolitan regions was 530 700 persons as at 30 June 2023. The non-metropolitan population increased by 5900 persons or 1.1 per cent from a year earlier and accounted for 28.7 per cent of the total state population of 1.9 million. The Adelaide metropolitan area had an estimated resident population of 1.3 million, which was 25 100 persons or 1.9 per cent higher than a year earlier.

The population of Barossa, Light and Lower North recorded the highest percentage growth over the year to 30 June 2023 at 2.4 per cent followed by the Adelaide Hills at 2.0 per cent. Population growth in both regions was supported by strong levels of net internal migration.

According to Jobs and Skills Australia, the unemployment rate for South Australia's metropolitan area averaged 4.0 per cent in the year to December 2023. The non-metropolitan area had a lower unemployment rate, averaging 3.6 per cent.

In the year to December 2023, the average unemployment rate was lowest in the Fleurieu and Kangaroo Island and Limestone Coast regions (both were 2.2 per cent) and highest in the Far North region (8.5 per cent).

Table 8.2: Regional population and labour force data^(a)

	Estimated Resident Population ^(b)	Unemployment ^(c)	Unemployment Rate ^(c)
	('000)	('000)	(%)
Adelaide metro area	1 321.5	28.8	4.0
Non-metro areas			
Adelaide Hills	84.1	1.5	3.2
Barossa, Light and Lower North	80.6	1.1	2.6
Fleurieu and Kangaroo Island	58.4	0.6	2.2
Yorke and Mid North	78.9	1.5	4.4
Murray and Mallee	73.8	1.3	3.5
Limestone Coast	69.1	0.8	2.2
Eyre and Western	58.4	1.7	5.7
Far North ^(d)	27.4	1.2	8.5
Total non-metro	530.7	9.7	3.6

Source: ABS, Regional Population, 2022-23; Jobs and Skills Australia, Small Area Labour Markets, December quarter 2023.

Note: Totals may not add due to rounding.

- (a) South Australian Government Region boundaries are used consistently in this chapter. Region-level data has been aggregated from the Local Government Area level (as originally published) using a concordance table published at www.data.sa.gov.au.
- (b) Estimated resident population is as at the end of June 2023 noting this does not reflect the labour force civilian population aged 15 and over.
- (c) Unemployment and unemployment rate estimates are averages for the year to December 2023.
- (d) The population, unemployment, and unemployment rate of the Unincorporated Areas of South Australia are allocated to the Far North region.

Agricultural and mining commodities

Agriculture and mining are important contributors to both regional and state economies but are subject to fluctuations in international conditions and commodity prices.

A comparison of the change in the value of production for selected agricultural sectors between 2021-22 and 2022-23 is provided in Table 8.3. In 2022-23, overall production value increased by 6.8 per cent mainly driven by field crops across different sectors except wine grapes.

Table 8.3: Selected agricultural commodities, South Australia, Production Value, 2021-22 and 2022-23

	2021-22	2022-23	Change
	\$m	\$m	(%)
Field crops (including hay and seeds)	3 630	5 126	41.2
Horticulture	1 449	1 171	-19.2
Livestock	2 957	2 392	-19.1
Seafood	406	448	10.3
Wine grapes	622	515	-17.2
Wool	441	460	4.3
Dairy	263	341	29.2
Forestry	292	292	0.0
Totals	10 060	10 745	6.8

Sources: Primary Industries ScoreCard 2022-23, Department of Primary Industries and Regions, Government of South Australia 2024 and Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) (2024) Australian forest and wood products statistics.

Despite the challenges presented by slow and uneven global recovery from the COVID-19 pandemic, inflation and the disruptions caused by the war in Ukraine, South Australian primary producers have shown immense resilience and continued to provide a secure supply of high-quality food and beverage products.

Although the Riverland region was impacted by the River Murray flood event, good seasonal conditions in 2022-23 and high grain prices are being reported as a major driver of improved broadacre farm performance. According to ABARES provisional estimates, farm cash incomes for South Australian broadacre farms increased by 26 per cent to \$404 100 in 2022-23. Average farm cash income nationally is forecast to decrease in 2023-24 and then rebound in 2024-25.

For the 2023-24 season, grain production is estimated to be 8.7 million tonnes, more than 30.0 per cent below the record harvest of the previous season. Farm gate value of grain crops for 2023-24 is estimated to be around \$3.3 billion. Both tonnage and farmgate value, despite being much lower than 2022-23, remain above the previous five-year average.

A comparison of the change in the sales value of production for South Australia's mineral and petroleum commodities between 2021-22 and 2022-23 is provided in Table 8.4. The sales value of mineral production increased in 2022-23 due to higher copper, gold and uranium pricing and higher production of copper, iron ore and gold. The decrease in petroleum values was mainly driven by a decline in petroleum production in 2022-23.

Table 8.4: Selected mineral and petroleum commodities, South Australia, Gross Value of Production (\$million), 2021-22 and 2022-23

	2021-22 \$m	2022-23 \$m	Change (%)
Minerals	6 842	8 240	20.4
Petroleum	1 694	1 427	-15.7
Totals	8 536	9 667	13.2

Sources: South Australian resource production statistics for 12 months ending 30 June 2022 and 30 June 2023, Department for Energy and Mining.

International exports from this sector are estimated to be \$6.8 billion in 2022-23, or 39.0 per cent of South Australia's total goods exports (Source: the Department for Energy and Mining).

The value of mineral and petroleum production is anticipated to rise in the medium term, driven by the significant growth in the prices of copper, gold and uranium.

This strong production outlook will also be underpinned by mining investment in South Australia which reached a record \$2.95 billion in 2022-23 (Source: Australian Bureau of Statistics. "Private New Capital Expenditure and Expected Expenditure, Australia." ABS, December 2023).

South Australia's Regional Economic Drivers

Many of South Australia's economic drivers are industries that form the backbone of regional South Australia, including:

- primary industries
- energy and mining
- regional tourism.

The government supports a range of initiatives that aim to strengthen and build these key sectors.

Primary industries

South Australia's primary industries — agriculture, aquaculture, fisheries, food, wine and forestry industries and agribusiness — are a vital part of the state's economy, one of our largest export sectors and a major employer.

In 2022-23, primary industries and agribusiness revenue increased by 7.0 per cent to reach a record of \$18.5 billion. Overseas exports of agriculture, food, wine and forestry products increased by 18.0 per cent and totalled \$8.8 billion, accounting for 51.0 per cent of South Australia's total overseas merchandise exports (\$17.4 billion).

The contribution to GSP, in terms of Industry Gross Value Added, from primary production activity (agriculture, forestry and fishing) was \$7.8 billion, up 7.0 per cent compared with 2021-22. The primary industries sector along with its associated processing sectors also supported 78 000 FTE jobs in 2022-23.

Overall, results for the full food and wine industry supply chain were up. Combined gross food and wine revenue increased by 10.7 per cent to reach \$26.6 billion, with increases in food commodities (grain) exports as the main driver.

Key initiatives to be delivered by the Department of Primary Industries and Regions SA (PIRSA) in 2024-25 to support primary industries and regions include:

- Management Plan for the South Australian Commercial Marine Scalefish Fishery (MSF) — A new draft management plan will be prepared with input from the Marine Scalefish Fishery Management Advisory Committee. The revised management plan will provide increased security for licence holders and other stakeholders, and continue to provide support to the industry to reach the full potential of the fishery. PIRSA will also be working with industry to assist in the development of a MSF Blueprint which will outline the future directions for the fishery, thereby linking with the new management plan.
- Public call for available hectares of water in the Lower Eyre Peninsula — PIRSA will implement the new Aquaculture (Zones — Lower Eyre Peninsula) Policy 2023 through a public call. The policy allows for greater capacity for farming all types of aquaculture species to encourage the growth of the aquaculture industry in the state's most valuable aquaculture zone.
- Future Drought Fund — Through the Commonwealth Government's Future Drought Fund the government will continue to deliver two Programs: the Farm Business Resilience Program and the Regional Drought Resilience Planning Program. It is also a major partner in the South Australian Drought Resilience Adoption and Innovation Hub, known as the SA Drought Hub. These programs have been extended to 31 December 2025. Four SA Discovery Farms and a network of Innovator Sites will also be established on commercial farming properties.
- Carbon Farming Roadmap Implementation / Growing Carbon Farming Pilot — PIRSA will progress actions identified within the roadmap and administer the Growing Carbon Farming Pilot, a \$1.0 million initiative to encourage carbon farming adoption and build the carbon market.

- Electronic identification (eID) for Sheep and Goats — PIRSA will continue to deliver the two-year, \$12.9 million project, to support the supply chain (producers, saleyards, processors, agents, depots, feedlots and agriculture shows) to implement mandatory requirements for the individual tracking of sheep and farmed goats. A range of grants and rebates for essential equipment and infrastructure across the supply chain, and eID tag discounts for sheep and farmed goat producers, will be rolled out to assist transition to these new arrangements which will deliver enhanced biosecurity, improve market access and improve responsiveness to disease outbreak.
- Seaweed, South Australia’s Next Big Marine Industry — The South Australian Research and Development Institute (SARDI) will continue to deliver the \$1.5 million, two-year project, to develop a commercial seaweed industry. The project aims to foster engagement between commercial industry companies, technical experts and researchers to enhance the understanding of seaweed as a raw material, along with identifying and resolving constraints in large-scale seaweed production. The project includes an ‘at sea’ pilot scale seaweed production facility. Commonwealth Government funding leveraged through the project has contributed to the establishment of golden kelp and asparagopsis seaweed hatcheries at West Beach, and the development of a seaweed industry consortium that currently consists of four industry partners. Approximately 1200 hectares of water space has been approved for commercial seaweed aquaculture to support industry growth. Since 2020, over 50 licences have been assessed and approved to farm seaweed, including existing and new aquaculture sites, to facilitate research trials and future commercial production.
- Fruit Fly Response — PIRSA will continue its work in eradicating fruit fly from South Australia in response to multiple fruit fly outbreaks across the Riverland since December 2020. PIRSA has invested significant resources, including the deployment of over 230 staff and the release of over 40 million sterile flies weekly. PIRSA’s response to an outbreak in Salisbury North will continue, with significant resources also deployed.
- South Australian Dog Fence Rebuild — The \$26.6 million project to rebuild 1600 kilometres of the 2150 kilometres Dog Fence. A total of 954 kilometres are now complete, and 157 kilometres are underway. About 40 South Australian-based businesses or individuals have been engaged to supply goods or services to the project. Almost two million hectares of land previously impacted by wild dogs have been restocked with sheep. The Dog Fence Rebuild is due to be completed by June 2025.
- PIRSA will continue to deliver a number of projects and initiatives in the regions, including:
 - Wild Dog Eradication Program — delivering dog control activities inside the dog fence to 2026
 - Feral Deer Eradication Program — delivering intensive aerial culling programs targeting feral deer over four years to 2026. Since mid-2022, projected partners have removed over 12 000 feral deer, which equates to the feed requirements of approximately 18 000 sheep
 - Forestry Centre of Excellence — continue to progress the Centre of Excellence to support long-term forestry research and development capability at Mount Gambier.

Energy and mining

Energy and mining is a key economic driver in regional South Australia, particularly in the Far North where South Australia’s major mine operations are located and in the Upper Spencer Gulf which hosts the Whyalla steelworks and Port Pirie metals processing.

Many decades of investment in exploration have led to the development of several significant mines. These are important mineral and energy resource projects that continue to contribute to economic growth in regional South Australia.

As well as collecting royalties that support the funding of key services for the state, the government is also committed to leveraging and growing opportunities to increase jobs and business activity.

A significant proportion of mineral and petroleum activity, along with large-scale wind, solar and grid-scale energy storage infrastructure projects, occur in regions, where they support jobs and business activities in regional and remote communities. These regions also have vast potential to host future economic development through the creation of a hydrogen economy using renewable energy assets.

This potential will be supported by the State Prosperity Project and the Copper Taskforce announced in the 2023-24 Budget, which will work alongside copper producers and explorers to develop a long-term strategy to grow the state's position as a global copper heavyweight.

The State Prosperity Project is a co-ordinated initiative by the state government to unlock the full potential of South Australia's mineral and renewable energy resource to deliver a central hub for sustainable industries in the Upper Spencer Gulf, creating new opportunities for heavy industry to decarbonise and produce globally competitive green iron and steel, and support South Australia's ambition to triple copper output. Specific initiatives include a world-leading Hydrogen Power Station, transforming the Whyalla Steelworks to a low carbon green steel producer, Northern Water feasibility assessment, Port Augusta Technical College and the Port Bonython Hydrogen Hub.

The Department for Energy and Mining (DEM) delivers the government's priorities for leading the global economic transformation by overseeing the responsible and sustainable mining and production of minerals, metals and energy resources of the future, including renewable energy and low carbon products. DEM also regulates carbon capture, use and storage to support net zero emissions objectives, particularly for hard to abate industries. DEM also promotes and facilitates the delivery of affordable, reliable and secure energy supplies in a national energy market that is transitioning to net zero emissions.

The Office of Hydrogen Power South Australia (OHPSA), established in 2022 as an attached office to DEM, is responsible for overseeing the design and delivery of the government's Hydrogen Jobs Plan, facilitating development at the Port Bonython Hydrogen Hub and provision of industry development services to accelerate the emerging hydrogen economy.

To support the growing economic development opportunities, OHPSA and DEM are engaging closely with regional communities, particularly in the Upper Spencer Gulf. Community engagement is a key priority for government, with community support considered critical to achieving the government's aspirations to capitalise on the global green energy transformation and herald a new era of prosperity.

Significant energy infrastructure development that continues to support economic growth includes:

- OHPSA is delivering the Hydrogen Jobs Plan that comprises a hydrogen power plant, electrolyzers and storage facility in Whyalla. The project is expected to create up to 1000 jobs during construction with significant opportunities for businesses, including Aboriginal and regional enterprises. Hydrogen offtake for industrial applications is a key objective of the project, to enable green manufacturing opportunities which have the potential to transform the Upper Spencer Gulf.
- OHPSA is also facilitating the development of the Port Bonython Hydrogen Hub, in partnership with the private sector and the Commonwealth Government. The project will leverage the state's renewable energy opportunities and is anticipated to become South Australia's first large-scale clean hydrogen production precinct for both domestic and export markets. The full scale of projects at Port Bonython represents significant private sector investment in the emerging hydrogen industry and could generate over one million tonnes of hydrogen by 2030.

The state government supports a range of other programs and initiatives linked to or located in regions, including:

- GFG Alliance announced the phase-out of coal-based steelmaking at its Whyalla steelworks, signing a supply contract with Italy's Danieli Group for a low carbon electric arc furnace. This investment is expected to reduce direct CO₂ emissions by 90 per cent and lift annual steelmaking capacity at Whyalla from 1.0 million to 1.5 million tonnes, while supporting growth in Whyalla's permanent workforce. GFG also propose to develop a Direct Reduction Iron plant to process local magnetite ore to produce low-carbon iron feed for electric arc furnace. Since 2016, the government has maintained its commitment to provide a \$50 million grant to co-fund qualifying projects that contribute to improving the operational efficiency of the Whyalla Steelworks. Access to the funds will be in accordance with the Whyalla Steelworks Operational Efficiency Improvements Fund Guidelines. The government has signed an agreement with GFG Alliance to explore opportunities for renewable hydrogen offtake from the Hydrogen Jobs Plan facility to enable green manufacturing opportunities and support the decarbonisation of the Whyalla Steelworks. The Commonwealth Government has also awarded GFG Alliance a \$63.2 million grant to support the purchase and commissioning of an electric arc furnace.

- The multi-agency Leigh Creek Task Force has delivered the \$43.6 million Leigh Creek Future Town Plan to transform the former mining centre into a community-managed, sustainable, open town, providing a thriving regional tourist hub and service centre for surrounding northern Flinders Ranges communities including Aboriginal groups. In conjunction with the town becoming a more sustainable size, with private property ownership for its residents and businesses, the transformation program has delivered a new purpose-built health and ambulance facility and a significant upgrade to the Leigh Creek aerodrome.
- The multi-stakeholder Mintabie Oversight Committee continues to oversee the appropriate remediation of the former Mintabie township on the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands. Mintabie is a former opal mining town in the state's Far North, with its decommissioning and remediation being carried out in accordance with negotiations with the traditional landowners.
- The multi-stakeholder Targeted Lead Abatement Program (TLAP) Board and Port Pirie Task Force provide oversight for the delivery of the government's \$20.4 million lead abatement program including a master plan for Port Pirie, and associated lead abatement initiatives. The program ensures lead exposure reduction strategies are considered to manage Port Pirie's growth, and to guide investment in infrastructure and the delivery of public services. The TLAP Board, in partnership with Nyrstar Port Pirie, is expediting the regional centre's continued transformation through renewing TLAP for a further ten years until 2034.
- The Remote Area Energy Supply (RAES) scheme provides a safe, reliable, sustainable and cost-effective electricity supply to homes and businesses in very remote South Australian communities not connected to the National Electricity Market. The off-grid scheme, which aligns its residential and business tariffs to average market offers available to on-grid customers, provides subsidised electricity to about 3400 customers in 13 townships and 15 Aboriginal communities across the West Coast and Far North. The total budget of the RAES scheme in 2024-25 is approximately \$19.1 million. A community education and engagement program has been implemented to support the introduction of tariffs in Yalata, Oak Valley and the APY Lands.

The government also continues to invest in improving the reliability and sustainability of the RAES system, with \$6.8 million allocated across 2023-24 and 2024-25 for construction of a solar hybrid power station at Oodnadatta that will provide up to 75 per cent renewable energy, improving energy stability while significantly decreasing diesel consumption. The Oodnadatta project, along with recent upgrades at Umuwa and Manna Hill, forms part of a broader strategic plan for the upgrade of RAES systems to support further integration of centralised renewable generation, distributed energy resources and commercial and home electric vehicle charging.

Regional Tourism

Tourism is a key driver of the South Australian economy and an important growth opportunity for the state, with regional tourism being a major component.

South Australia experienced strong growth in its visitor economy following the pandemic, reaching a record high of \$10.2 billion in the year-end to September 2023, surpassing the previous record of \$8.1 billion in 2019.

Latest data shows the visitor economy is now \$10.1 billion in the year end to December 2023. This can be attributed to increasing cost of living pressures and a slowdown in discretionary income allocated to tourism during the last quarter of 2023.

Regional South Australia's visitor expenditure peaked at \$4.7 billion in the year to June 2023, surpassing the \$4.0 billion target set in the Regional Visitor Strategy 2025. Nine of the 11 regions have already achieved their respective 2025 targets. The continued growth of international markets and resurgence of the interstate market has eased pressures experienced by regional tourism operators following the pandemic.

However, there is a potential for recovery to slow as the appetite from local South Australians for interstate and international travel grows. Latest data shows regional visitor expenditure has eased to \$4.6 billion in the year to December 2023.

The South Australian Tourism Commission (SATC) works in collaboration with regional tourism stakeholders to grow regional tourism expenditure, increase the number of tourism businesses and products, and foster collaboration and coordination.

In 2023-24, the SATC supported the 11 tourism regions for local contact person services with funding to each organisation. These services included public relations activity, support for familiarisation visits, providing advice to regional operators and identifying and implementing projects of agreed strategic significance.

Additionally, the SATC provided funding to each region, including Adelaide, for consumer marketing activities.

In January 2023, the government commissioned a review into its Regional Tourism Organisations (RTO) structures (the Regional Tourism Alignment Initiative). The Initiative sets out to identify opportunities for increased strategic and operational alignment across RTOs and state and local government, as well as opportunities for sustainable resourcing, management, marketing, product development and industry capability building.

Key tourism sectors have been identified to attract valuable target markets to South Australia's regions. The Agritourism Sector Plan 2025 sets a bold vision for South Australia to become a world-leading agritourism destination through leveraging the state's global reputation for wine tourism and establishing demand for on-farm tourism products and experiences. Aboriginal tourism and sustainable tourism have also been identified as key growth sectors.

The SATC's funding and support programs focus on developing products in regions to attract local, interstate, and international visitors, particularly in key sectors. The \$2 million Experience Nature Tourism Fund has so far supported 32 projects, with round three to build on this in 2024-25.

Additionally, the Experience Development Program is a pilot project currently underway providing operators from 20 tourism businesses with the tools to develop capabilities and deliver world class tourism experiences.

Helping strengthen the state's regional events calendar, the Regional Event Fund aims to support increased visitation to tourism regions. A total of 34 new and established events across the state were supported in the 2023-24 round.

The SATC also focuses on generating demand and visitation to the state through experience led campaigns and activities. The 'Rise Up for our River' campaign aims to support operators along the River Murray impacted by the flood event in 2022-23. This includes the River Revival voucher program, which generated an estimated \$10.7 million in economic benefit to the regions, with the third and final round providing further support in 2024.

Recovery in regional South Australia has been strong post pandemic, with recovery at or above 2019 levels. To sustain this momentum, it is imperative to continue to develop and raise awareness of what the state's diverse and extraordinary tourism regions have to offer.

2024-25 Budget — Initiatives

The 2024-25 Budget includes a number of new initiatives that are specific to regional areas as set out in table 8.5. More details on each initiative are provided in the 2024-25 Budget Measures Statement.

Table 8.5: 2024-25 Government expenditure on regional initiatives (\$000s)

	2023-24 Estimate	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate	Total
Correctional Services						
Lemongrass Place (Community Transition Learning Centre)	—	-1 230	-1 261	-1 292	-1 325	-5 108
Education						
Every school a great school ^(a)	—	-900	-3 500	-5 600	—	-10 000
Mount Barker new preschool and primary school	—	-5 400	-4 623	-32 038	-20 640	-62 701
Emergency Services — CFS						
Aircraft extensions and major incidents	-10 081	—	—	—	—	-10 081
Fire station facilities audit	—	-406	-411	—	—	-817
Procurement of two quick response vehicles ^(b)	-450	—	—	—	—	-450
Emergency Services — MFS						
Per- and polyfluoroalkyl substances remediation and testing ^(a)	—	-1 350	-300	—	—	-1 650
Emergency Services — SAFECOM						
Volunteer Marine Rescue additional support ^(a)	—	-109	-109	—	—	-218
Energy and Mining						
Brukung Mine acid drainage treatment plant	—	-1 000	-9 600	-4 800	—	-15 400
Green Iron and Steel Strategy	—	-2 089	-1 523	—	—	-3 612
Hydrogen and Renewable Energy Act Implementation	—	-1 475	-1 045	-804	-767	-4 091
Remote Area Energy Supply — fuel costs	-500	—	—	—	—	-500
Whyalla Steelworks transformation	-837	-852	—	—	—	-1 689
Office of Hydrogen Power South Australia						
Whyalla accommodation for Hydrogen Jobs Plan workforce	—	-3 893	-1 947	—	—	-5 840
Environment and Water						
Healthy Coorong, Healthy Basin program — Lake Hawdon North ^(c)	-632	-6 551	-6 553	—	—	-13 736
Mywater and the River Murray	-4 820	-3 985	-5 690	-5 832	-5 970	-26 297
River Murray clean up — Crown Lands	-283	-859	—	—	—	-1 142
The Living Murray — icon sites ^(b)	-1 909	-619	—	—	—	-2 528
Health and Wellbeing						
Ambulance station (upgrades) — additional funding ^(a)	—	-2 000	-11 000	-2 000	—	-15 000
Port Pirie Hospital upgrade — additional funding	—	-5 000	-3 854	-1 322	-1 361	-11 537
South Australia regional integrated cancer consult suite ^(b)	-500	-2 800	-1 000	—	—	-4 300
Tuberculosis Strategy	—	-4 792	-5 148	-5 250	—	-15 190

	2023-24 Estimate	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate	Total
Human Services						
Remote visitors safety and wellbeing extension ^(a)	—	-300	—	—	—	-300
Infrastructure and Transport						
Adelaide and regional rail network extensions — planning ^{(a)(c)}	—	-2 500	-2 500	—	—	-5 000
Cooper Pedy assistance	—	-250	—	—	—	-250
Extension of SA Jetties Renewal Program	—	—	—	—	-5 000	-5 000
Heavy vehicle rest areas ^(c)	—	-190	-1 520	-2 090	—	-3 800
Main South Road overtaking lanes ^(c)	—	-5 000	-20 000	-6 800	—	-31 800
Mount Barker and Verdun Interchange upgrades ^(c)	—	-5 000	-25 000	-70 000	-50 000	-150 000
Riverland network flood resilience upgrades — planning ^(c)	—	-5 000	-5 000	-5 000	-5 000	-20 000
Road safety maintenance ^(a)	—	—	-2 500	-5 000	-10 000	-17 500
South Eastern Freeway upgrade — additional funding ^{(a)(c)}	—	-15 000	-35 000	-50 000	—	-100 000
Police						
Digital police station ^(a)	—	-993	-1 320	-1 041	-1 386	-4 740
Naracoorte Police Station — construction of a new facility	—	-1 367	-3 449	-13 094	-68	-17 978
Premier and Cabinet						
Generations in Jazz	—	-720	—	—	—	-720
Lyndoch recreation park redevelopment	-2 500	-16 000	-1 500	—	—	-20 000
Primary Industry and Regions						
Family and Business Support Program	—	-1 058	-1 086	-1 123	-1 151	-4 418
Fruit Fly eradication response ^(a)	-11 500	-30 000	—	—	—	-41 500
Net zero agriculture	—	-4 812	-4 845	-4 879	-4 914	-19 450
Renewal SA						
Regional Housing Initiatives	—	-14 000	-8 000	-8 000	—	-30 000
South Australian Tourism Commission						
Regional Tourism Alignment Initiative ^{(a)(d)}	—	-500	-513	-525	-538	-2 076
Total regional initiatives	-34 012	-148 000	-169 797	-226 490	-108 120	-686 418

Note: Totals may not add due to rounding

(a) The figures quoted represent the estimated regional component of the overall measure.

(b) This initiative is funded wholly by the Commonwealth.

(c) The figures represent State and Commonwealth funding for the initiative as identified in the Budget Measures Statement.

(d) This initiative is a component of the “Building a South Australian destination brand” budget measure, as outlined in the Budget Measures Statement.

Regional Investing Expenditure

The 2024-25 Budget includes a number of capital investment projects that are specific to regional areas. Table 8.6 outlines all new and pre-existing projects with regional expenditure in 2024-25.

Table 8.6: 2024-25 Government regional capital investment program (\$000s)

	Expected completion quarter	Proposed expenditure 2024-25	Estimated total cost
General government			
Correctional Services			
Major Projects			
Port Augusta Community Corrections Centre ^(a)	Jun 2025	1 381	3 453
Port Augusta Prison upgrades — Bluebush and Greenbush high security units	Jun 2026	11 346	29 999
Total — Correctional Services		12 727	33 452
Education			
Major projects			
Ceduna Special Education Unit	Dec 2024	2 193	4 500
Elsie Ey Children's Centre	Dec 2025	1 300	2 500
Five new technical colleges ^(b)	Mar 2026	38 058	70 650
Fregon Anangu School ^(a)	Dec 2025	22 000	33 210
Meningie Area School	Jun 2026	5 000	9 700
Mount Barker High School	Dec 2027	300	4 000
Mount Barker New Preschool and Primary School	Jun 2028	5 400	61 100
Mount Gambier High School	Dec 2027	600	6 000
Two Wells Community Children's Centre	Dec 2025	1 700	2 500
Upper Sturt Primary School	Jun 2026	4 000	7 000
Yahl Primary School	Dec 2025	2 000	3 000
Small projects	n.a.	13 790	14 290
Annual Programs			
School Bus Replacement ^(b)	n.a.	2 646	n.a.
Total — Education		98 987	218 450
Emergency Services			
Major projects			
Gawler SES Unit	Apr 2025	2 550	2 807
Maitland CFS Facility	Feb 2026	1 474	5 068
Maitland SES Facility	Feb 2026	726	2 475
Small Capacity Fleet Renew — CFS	n.a.	3 500	n.a.
Annual programs			
Capital works, vehicles and equipment — CFS	n.a.	19 190	n.a.
Capital works, vehicles, vessels and rescue equipment — SES ^(b)	n.a.	1 400	n.a.
Replacement of telecommunications equipment — CFS	n.a.	2 129	n.a.
Total — Emergency Services		30 969	10 350

	Expected completion quarter	Proposed expenditure 2024-25	Estimated total cost
Energy and Mining			
<i>Major projects</i>			
Brukunga Mine Acid Drainage Treatment Plant	Jun 2027	1 000	15 400
Hydrogen Jobs Plan — powering new jobs and industry	Dec 2025	388 868	593 000
<i>Annual Programs</i>			
Remote Area Energy Supply — Power Generation and Distribution Equipment ^(b)	n.a.	1 543	n.a.
Total — Energy and Mining		391 411	608 400
Environment and Water			
<i>Major projects</i>			
Kangaroo Island Recovery	Jun 2025	900	43 606
Healthy Coorong, Healthy Basin Program — Lake Hawdon North	Jun 2026	4 649	9 392
Lower Murray Reclaimed Irrigation Area (LMRIA) — Remediation and Betterment Program	Jun 2026	11 027	12 531
Parks 2025	Jun 2025	1 500	25 292
State Groundwater and Minerals Data Platform	Jun 2025	1 971	4 500
Steam Ranger Bridge Remediation	Jun 2025	7 033	8 346
Sustaining Riverland Environments Program	Jun 2026	9 500	15 164
<i>Annual Programs</i>			
Fire Management on Public Land — Enhanced Capabilities	n.a.	2 402	n.a.
Parks renewal investment	n.a.	2 000	n.a.
Total — Environment and Water		40 982	118 831
Health and Wellbeing			
<i>Major projects</i>			
Ambulance station boost ^(b)	Jun 2026	13 471	38 111
Country Health SA Sustainment and Compliance	Jun 2028	3 346	110 501
Gawler Emergency Department Expansion	Jun 2024	550	17 535
Kangaroo Island Health Service Workforce accommodation	Jun 2025	4 500	5 000
Kangaroo Island's Hospital in Kingscote Upgrade	Jun 2026	6 200	10 000
Mount Gambier Hospital Upgrade	Dec 2025	15 000	19 968
Naracoorte Hospital Upgrade	Dec 2025	4 600	8 000
New Mount Barker Hospital	Dec 2027	57 641	320 617
Port Augusta Hospital Upgrade	Dec 2025	5 100	8 000
Port Pirie Hospital emergency department upgrade and Clinical Simulation Training Laboratory	Dec 2025	14 400	20 551
Regional Helipads Compliance Upgrade	Dec 2025	20 400	23 400
South Australia regional integrated cancer consult suite	Dec 2025	2 800	4 300
Southern Fleurieu Health Service — Hospital Redevelopment	Mar 2025	10 133	13 300
Whyalla Hospital Emergency Department	Jun 2025	7 000	11 375
Total — Health and Wellbeing		165 141	610 658

	Expected completion quarter	Proposed expenditure 2024-25	Estimated total cost
Infrastructure and Transport			
Major projects			
Adelaide and Regional Rail Network Extensions — Planning ^(b)	Sep 2025	2 500	5 000
Adelaide Hills Park 'n' Ride — Crafers	Jun 2025	2 189	6 000
Adelaide Hills Productivity and Road Safety Package ^(a)	Jun 2027	23 000	150 000
Betterment of State Road Infrastructure — ex-tropical Cyclone Tiffany severe weather event	Jun 2026	3 432	25 000
Critical Road Bridge Maintenance	Jun 2025	4 545	29 200
Direct Express Service — Adelaide Hills ^(a)	Jun 2026	6 000	10 000
Duplication of Joy Baluch AM Bridge	Jun 2026	500	189 000
Ex-tropical Cyclone Tiffany severe weather event — road repairs	Jun 2026	12 500	60 900
Extended Bus Depot — Mt Barker	Jun 2025	900	2 000
Fleurieu Connections	Dec 2026	145 000	810 373
Freight Highway Upgrade Program	Jun 2033	31 250	500 000
Granite Island Causeway	Jun 2025	266	41 500
Hahndorf Traffic Improvements	Jun 2025	9 970	23 800
Heavy Vehicle Rest Areas	Jun 2027	190	3 800
High Productivity Vehicle Network (SA) — Planning	Dec 2025	4 000	17 000
Horrocks Highway	Jun 2026	200	91 738
Kangaroo Island Road Upgrades	Jun 2025	5 873	34 523
Main South Road overtaking lanes	Jun 2027	5 000	31 800
Mount Barker Roundabout Upgrade	Dec 2026	7 000	40 000
Nairne Intersection Upgrade	Jun 2025	41	11 000
New Road Safety Program	Jun 2025	148 000	168 000
Old Murray Bridge Refurbishment ^(a)	Jun 2025	2 326	46 000
Penneshaw and Cape Jervis Ports ^(a)	Jun 2026	50 000	73 019
Port Bonython Jetty Refurbishment ^(a)	Jun 2026	16 000	77 176
Port Wakefield Overpass and Highway Duplication	Jun 2025	100	124 500
Princes Highway Corridor ^(a)	Jun 2028	15 000	601 318
Regional Road Safety Infrastructure	n.a.	2 500	n.a.
River Murray Road Repair Package	Jun 2025	25 892	37 032
Riverland Network Flood Resilience Upgrades — Planning	Jun 2028	5 000	20 000
Roads of Strategic Importance Initiative — Cockburn to Burra ^(a)	Jun 2026	7 000	62 500
Roads of Strategic Importance Initiative — Eyre Highway — Port Augusta to Perth ^(a)	Jun 2025	200	94 000
Roads of Strategic Importance Initiative — Renmark to Gawler ^(a)	Jun 2025	5 068	87 500
South Eastern Freeway Upgrade ^{(a)(b)}	Jun 2027	52 000	250 000
Strzelecki Track ^(a)	Jun 2027	35 000	215 000
Targeted Investments to Improve National Supply Chain Resilience ^(a)	Jun 2027	25 000	75 000
Truro Bypass ^(a)	Jun 2025	6 868	18 000
Annual programs			
DIT Annual Programs ^(b)	n.a.	82 730	n.a.
Total — Infrastructure and Transport		743 040	4 031 679

	Expected completion quarter	Proposed expenditure 2024-25	Estimated total cost
Police			
<i>Major Projects</i>			
Naracoorte police station	Jun 2027	1 367	17 910
Prescribed interview rooms — supporting vulnerable witnesses ^(b)	Jun 2025	340	680
Total — Police		1 707	18 590
Premier and Cabinet			
<i>Major Projects</i>			
Lyndoch Recreation Park Redevelopment	Mar 2025	16 000	20 000
Total — Premier and Cabinet		16 000	20 000
Primary Industries and Regions			
<i>Major Projects</i>			
Upgrade of South Australia's Dog Fence	Jun 2025	4 500	26 600
<i>Annual Programs</i>			
Minor Capital Works and Equipment ^(b)	n.a.	2 000	n.a.
Total — Primary Industries and Regions		6 500	26 600
TAFE SA			
<i>Major Projects</i>			
Upgrades to Mount Gambier campus	Dec 2025	4 750	5 000
Total — TAFE SA		4 750	5 000
Total — Regional investing expenditure general government sector		1 512 214	5 702 010
Public non-financial corporations			
ForestrySA			
<i>Annual Programs</i>			
Plant and equipment, roadworks	n.a.	3 473	n.a.
Total — ForestrySA		3 473	0
SA Water			
<i>Major Projects</i>			
Eyre Peninsula Desalination Augmentation	Jun 2026	140 224	330 000
Morgan Whyalla Pipeline No1 Replacement	Jun 2027	19 607	61 800
Mount Bold Dam Safety	Jun 2028	80 794	317 202
Total — SA Water		240 625	709 002
South Australian Housing Authority			
<i>Major Projects</i>			
A Better Housing Future ^(b)	n.a.	3 821	n.a.
Public Housing Improvement Program — New Construction ^(b)	Jun 2026	26 622	67 576
Public Housing Improvement Program — Upgrades ^(b)	Jun 2026	2 110	6 300
Remote Indigenous Housing	Jun 2027	1 832	241 818
Social Housing Accelerator — Ceduna Aboriginal Modular Homes	Jun 2027	768	1 920

	Expected completion quarter	Proposed expenditure 2024-25	Estimated total cost
Annual Programs			
Public Housing Capital Maintenance ^(b)	n.a.	4 599	n.a.
Total — South Australian Housing Authority Total		39 752	317 614
Total regional investing expenditure public non-financial corporations		283 850	1 026 616
Total regional investing expenditure non-financial public sector		1 796 064	6 728 626
Note: Totals may not add due to rounding			
(a) The total project cost includes operating expenditure.			
(b) The figures quoted represent the estimated regional component of the overall program.			

Appendix A: Uniform presentation framework

Introduction

This appendix contains detailed financial projections for the various sectors of the total public sector defined by the *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015*, published by the Australian Bureau of Statistics (ABS).

The tables in this section satisfy Uniform Presentation Framework (UPF) requirements applicable for all states, territories, and the Commonwealth Government. The tables present budget information for South Australia on the UPF basis, reflecting the fiscal measures and scope outlined below.

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

An updated UPF was released in February 2019 which incorporates revisions to the framework as a result of the 2015 update to the Australian System of Government Financial Statistics (GFS) framework. The update of the Australian GFS aims to better align with the International Monetary Fund's (IMF) GFS 2014 framework and the System of National Accounts 2008.

The format of the aggregates is based on reporting standards set out by the Australian Accounting Standards Board — AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, which adopts a harmonised GFS-GAAP reporting basis.

UPF Reporting

Public sector estimates and outcomes are presented on an accrual accounting basis within three primary statements: the operating statement, including other economic flows; the balance sheet; and the cash flow statement. These statements form the core reporting requirements of the UPF and are defined in the Glossary.

Fiscal measures

UPF reporting provides a number of measures for evaluating the soundness of a government's fiscal position and the effect of fiscal policy on economic conditions. These include measures on both a stock and flow basis.

Stock measures (including net worth, net debt, net financial worth and net financial liabilities) highlight the fiscal position of a government at a point in time, providing information on the results of past decisions. Stocks reflect holdings of assets and liabilities.

Flow measures (including the net operating balance, net lending/borrowing (fiscal balance), cash surplus/deficit and change in net worth) show changes in the fiscal position during the reporting period, reflecting the impact of government decisions and actions, and re-measurement impacts during that time. Flows represent the creation, transformation, exchange, transfer or extinction of economic value.

The fiscal measures in the UPF framework are defined in the Glossary.

Institutional Sectors

The coverage of the UPF extends to the entire Australian public sector (excluding local government entities and universities) comprising units which are owned and/or controlled by the Commonwealth Government, state and territory governments. These units (such as government departments, authorities and businesses) are grouped into three institutional sub-sectors — the general government sector, the public non-financial corporations (PNFC) sector and the public financial corporations (PFC) sector. In addition, the UPF also includes tables for the consolidated non-financial public sector (NFPS).

The sectors are defined in the Glossary and a listing of government entities within each sector is included in Appendix D.

Budget reporting

Under the UPF agreement, all governments are required to present as part of their budget documentation an operating statement, balance sheet and cash flow statement for the general government sector, PNFC sector and the non-financial public sector. In addition, information is also presented on taxes and general government sector expenses by function.

This information is presented in tables A.1 through to A.14 in this appendix.

Reporting of outcomes

Outcomes are presented in final budget outcome documents. In addition to the tables presented at budget time, outcome reporting also contains the accrual financial statements for the PFC sector.

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

	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Revenue					
Taxation revenue	6 412	6 650	6 907	7 167	7 452
Grants	15 288	15 964	16 892	17 695	18 027
Sales of goods and services	3 226	3 405	3 504	3 678	3 787
Interest income	453	464	389	402	413
Dividend and income tax equivalent income	438	298	332	278	294
Other	1 667	1 791	1 809	1 825	1 848
Total revenue	27 484	28 572	29 833	31 046	31 822
less Expenses					
Employee expenses	10 179	10 472	10 858	11 160	11 506
Superannuation expenses					
Superannuation interest cost	306	290	269	247	223
Other superannuation expenses	1 142	1 211	1 294	1 327	1 368
Depreciation and amortisation	1 643	1 620	1 687	1 796	1 874
Interest expenses	1 210	1 486	1 598	1 859	2 116
Other property expenses	—	—	—	—	—
Other operating expenses	8 720	9 184	9 643	9 945	10 074
Grants	3 978	4 061	4 026	4 142	4 257
Total expenses	27 178	28 323	29 375	30 477	31 419
equals Net operating balance	306	248	458	568	403
plus Other economic flows	273	287	197	282	536
equals Comprehensive result — total change in net worth	579	536	655	851	940
Fiscal aggregates					
Net operating balance	306	248	458	568	403
less Net acquisition of non-financial assets					
Purchases of non-financial assets	3 267	4 495	4 839	5 752	5 719
less Sales of non-financial assets	312	73	65	61	63
less Depreciation	1 643	1 620	1 687	1 796	1 874
plus Change in inventories	—	—	—	—	—
plus Other movements in non-financial assets	—	—	—	—	—
equals Total net acquisition of non-financial assets	1 312	2 801	3 087	3 895	3 782
equals Net lending / borrowing	-1 006	-2 552	-2 630	-3 326	-3 379
Note: Totals may not add due to rounding.					

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

	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Revenue					
Taxation revenue	—	—	—	—	—
Grants	471	530	569	646	650
Sales of goods and services	1 823	1 832	2 028	1 961	2 223
Interest income	27	22	24	23	22
Dividend and income tax equivalent income	1	1	1	1	1
Other	243	203	199	208	206
Total revenue	2 565	2 588	2 820	2 839	3 103
less Expenses					
Employee expenses	313	317	320	325	332
Superannuation expenses					
Superannuation interest cost	—	—	—	—	—
Other superannuation expenses	41	43	45	46	47
Depreciation and amortisation	558	596	601	604	604
Interest expenses	247	301	328	348	366
Other property expenses	58	60	68	51	61
Other operating expenses	1 397	1 384	1 519	1 428	1 620
Grants	119	133	136	101	97
Total expenses	2 734	2 835	3 017	2 904	3 127
equals Net operating balance	-169	-246	-196	-65	-24
plus Other economic flows	496	558	561	524	524
equals Comprehensive result — total change in net worth	327	312	365	459	500
Fiscal aggregates					
Net operating balance	-169	-246	-196	-65	-24
less Net acquisition of non-financial assets					
Purchases of non-financial assets	1 342	1 213	1 161	1 209	1 173
less Sales of non-financial assets	75	222	248	21	21
less Depreciation	558	596	601	604	604
plus Change in inventories	156	154	29	-43	-270
plus Other movements in non-financial assets	—	—	—	—	—
equals Total net acquisition of non-financial assets	865	549	342	542	278
equals Net lending / borrowing	-1 035	-795	-538	-608	-302

Note: Totals may not add due to rounding.

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

	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Revenue					
Taxation revenue	6 153	6 370	6 619	6 871	7 147
Grants	15 287	15 969	16 905	17 700	18 027
Sales of goods and services	4 842	5 021	5 308	5 411	5 778
Interest income	468	475	403	415	426
Dividend and income tax equivalent income	162	100	107	108	105
Other	1 909	1 993	2 006	2 032	2 054
Total revenue	28 821	29 927	31 348	32 536	33 537
less Expenses					
Employee expenses	10 471	10 767	11 155	11 462	11 813
Superannuation expenses					
Superannuation interest cost	306	290	269	247	223
Other superannuation expenses	1 183	1 253	1 340	1 373	1 415
Depreciation and amortisation	2 199	2 216	2 288	2 400	2 478
Interest expenses	1 445	1 776	1 915	2 197	2 472
Other property expenses	—	—	—	—	—
Other operating expenses	9 671	10 094	10 673	10 872	11 181
Grants	3 626	3 668	3 606	3 603	3 704
Total expenses	28 902	30 064	31 245	32 153	33 286
equals Net operating balance	-81	-137	103	383	250
plus Other economic flows	662	674	552	469	690
equals Comprehensive result — total change in net worth	581	537	656	852	940
Fiscal aggregates					
Net operating balance	-81	-137	103	383	250
less Net acquisition of non-financial assets					
Purchases of non-financial assets	4 418	5 708	6 001	6 961	6 891
less Sales of non-financial assets	197	295	313	82	84
less Depreciation	2 199	2 216	2 288	2 400	2 478
plus Change in inventories	156	154	29	-43	-270
plus Other movements in non-financial assets	—	—	—	—	—
equals Total net acquisition of non-financial assets	2 179	3 351	3 430	4 437	4 060
equals Net lending / borrowing	-2 260	-3 487	-3 326	-4 055	-3 810
Note: Totals may not add due to rounding.					

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

	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Assets					
Financial assets					
Cash and deposits	11 226	11 970	12 152	12 509	12 753
Advances paid	180	235	296	324	341
Investments, loans and placements	662	1 022	1 022	1 020	1 015
Receivables	2 391	2 530	2 658	2 788	2 919
Equity					
Investments in other public sector entities	21 194	21 708	21 980	22 166	22 563
Other equity investments	108	108	108	108	108
Other financial assets	—	—	—	—	—
Total financial assets	35 761	37 573	38 217	38 915	39 700
Non-financial assets					
Land and other fixed assets	67 466	70 309	73 438	77 374	81 197
Other non-financial assets	126	123	123	122	122
Total non-financial assets	67 592	70 432	73 561	77 497	81 320
Total assets	103 353	108 006	111 777	116 412	121 020
Liabilities					
Deposits held	257	251	309	317	349
Advances received	—	—	—	—	—
Borrowing	30 956	35 423	38 846	43 007	47 343
Superannuation	7 219	6 740	6 220	5 653	5 035
Other employee benefits	3 108	3 267	3 422	3 584	3 541
Payables	1 580	1 589	1 601	1 607	1 621
Other liabilities	3 733	3 700	3 690	3 703	3 651
Total liabilities	46 854	50 971	54 087	57 871	61 539
Net worth	56 499	57 035	57 690	58 541	59 480
Fiscal Aggregates					
Net financial worth (a)	-11 093	-13 397	-15 871	-18 956	-21 839
Net financial liabilities	32 287	35 106	37 851	41 122	44 402
Net debt (b)	19 145	22 447	25 685	29 471	33 583

Note: Totals may not add due to rounding.

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

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

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

	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Assets					
Financial assets					
Cash and deposits	223	221	288	304	347
Advances paid	21	21	21	21	21
Investments, loans and placements	73	73	73	73	73
Receivables	404	397	436	436	435
Equity					
Investments in other public sector entities	—	—	—	—	—
Other equity investments	11	11	11	11	11
Other financial assets	—	—	—	—	—
Total financial assets	732	724	829	845	888
Non-financial assets					
Land and other fixed assets	28 502	29 737	30 748	31 922	32 832
Other non-financial assets	120	114	108	102	96
Total non-financial assets	28 622	29 851	30 856	32 024	32 928
Total assets	29 354	30 575	31 685	32 870	33 816
Liabilities					
Deposits held	2	2	2	3	3
Advances received	—	—	—	—	—
Borrowing	9 057	9 552	10 057	10 674	11 062
Superannuation	—	—	—	—	—
Other employee benefits	88	94	98	103	109
Payables	333	333	332	331	331
Other liabilities	959	1 087	1 213	1 340	1 467
Total liabilities	10 440	11 067	11 703	12 452	12 971
Net worth	18 914	19 508	19 982	20 418	20 845
Fiscal Aggregates					
Net financial worth (a)	-9 708	-10 344	-10 874	-11 607	-12 083
Net financial liabilities	9 708	10 344	10 874	11 607	12 083
Net debt (b)	8 742	9 239	9 677	10 279	10 624

Note: Totals may not add due to rounding.

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

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

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

	2023-24	2024-25	2025-26	2026-27	2027-28
	Estimated Result	Budget	Estimate	Estimate	Estimate
Assets					
Financial assets					
Cash and deposits	11 388	12 137	12 329	12 695	12 951
Advances paid	201	256	317	345	362
Investments, loans and placements	602	973	984	994	1 004
Receivables	1 828	1 840	1 887	1 896	1 905
Equity					
Investments in other public sector entities	2 281	2 201	1 998	1 748	1 718
Other equity investments	119	119	119	119	119
Other financial assets	—	—	—	—	—
Total financial assets	16 418	17 526	17 634	17 797	18 060
Non-financial assets					
Land and other fixed assets	95 970	100 048	104 189	109 300	114 033
Other non-financial assets	138	130	123	117	111
Total non-financial assets	96 108	100 178	104 312	109 417	114 144
Total assets	112 526	117 704	121 946	127 214	132 204
Liabilities					
Deposits held	195	196	196	197	197
Advances received	—	—	—	—	—
Borrowing	39 882	44 856	48 796	53 587	58 326
Superannuation	7 219	6 740	6 220	5 653	5 035
Other employee benefits	3 197	3 361	3 520	3 687	3 650
Payables	1 832	1 840	1 850	1 855	1 867
Other liabilities	3 700	3 674	3 671	3 690	3 645
Total liabilities	56 025	60 667	64 252	68 669	72 719
Net worth	56 501	57 038	57 694	58 545	59 485
Fiscal Aggregates					
Net financial worth (a)	-39 607	-43 140	-46 618	-50 872	-54 659
Net financial liabilities	41 887	45 341	48 616	52 620	56 377
Net debt (b)	27 887	31 686	35 362	39 749	44 206

Note: Totals may not add due to rounding.

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

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

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

	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Cash receipts from operating activities					
Taxes received	6 433	6 627	6 895	7 154	7 438
Receipts from sales of goods and services	3 099	3 281	3 378	3 549	3 653
Grants and subsidies received	15 481	15 906	16 853	17 680	17 954
Interest receipts	436	445	369	381	393
Dividends and income tax equivalents	473	279	313	259	274
Other receipts	1 704	1 817	1 834	1 853	1 878
Total operating receipts	27 626	28 355	29 642	30 874	31 590
Cash payments for operating activities					
Payments to employees	-11 820	-12 191	-12 688	-13 040	-13 660
Purchases of goods and services	-6 406	-6 835	-7 224	-7 457	-7 508
Grants and subsidies paid	-3 975	-4 057	-4 022	-4 138	-4 253
Interest paid	-1 183	-1 463	-1 577	-1 846	-2 105
Other payments	-2 227	-2 246	-2 313	-2 386	-2 461
Total operating payments	-25 611	-26 792	-27 823	-28 867	-29 986
Net cash flows from operating activities	2 015	1 563	1 819	2 007	1 604
Net cash flows from investments in non-financial assets					
Sales of non-financial assets	256	21	12	9	10
Purchases of non-financial assets	-2 950	-4 327	-4 724	-5 238	-5 123
Net cash flows from investment in non-financial assets	-2 694	-4 306	-4 711	-5 229	-5 114
Net cash flows from investments in financial assets for policy purposes (a)	-475	-473	-320	-107	-50
Net cash flows from investments in financial assets for liquidity purposes	-12	-372	-12	-12	-12
Net cash flow from financing activities					
Advances received (net)	—	—	—	—	—
Borrowing (net)	1 676	4 338	3 348	3 689	3 785
Deposits received (net)	-272	-6	58	8	32
Dividends paid	—	—	—	—	—
Other financing (net)	—	—	—	—	—
Net cash flows from financing activities	1 404	4 332	3 407	3 698	3 817
Net increase/(decrease) in cash held	237	743	182	357	245
Fiscal Aggregates					
Net cash flows from operating activities	2 015	1 563	1 819	2 007	1 604
Net cash flows from investments in non-financial assets	-2 694	-4 306	-4 711	-5 229	-5 114
Dividends paid	—	—	—	—	—
Cash surplus / (deficit)	-679	-2 743	-2 892	-3 222	-3 510

Note: Totals may not add due to rounding.

(a) Includes equity acquisitions and disposals.

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

	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Cash receipts from operating activities					
Taxes received	—	—	—	—	—
Receipts from sales of goods and services	1 800	1 802	1 993	1 913	2 178
Grants and subsidies received	471	530	569	646	650
Interest receipts	17	9	9	9	9
Dividends and income tax equivalents	1	1	1	1	1
Other receipts	167	218	174	234	230
Total operating receipts	2 455	2 560	2 746	2 803	3 067
Cash payments for operating activities					
Payments to employees	-350	-355	-360	-366	-373
Purchases of goods and services	-1 196	-1 150	-1 147	-973	-929
Grants and subsidies paid	-119	-133	-136	-101	-97
Interest paid	-349	-411	-443	-466	-486
Other payments	-341	-312	-329	-320	-337
Total operating payments	-2 355	-2 360	-2 415	-2 227	-2 222
Net cash flows from operating activities	100	200	331	576	845
Net cash flows from investments in non-financial assets					
Sales of non-financial assets	75	222	248	21	21
Purchases of non-financial assets	-1 286	-1 189	-1 138	-1 185	-1 149
Net cash flows from investment in non-financial assets	-1 211	-968	-890	-1 164	-1 128
Net cash flows from investments in financial assets for policy purposes (a)	-45	1	1	1	1
Net cash flows from investments in financial assets for liquidity purposes	9	12	14	13	12
Net cash flow from financing activities					
Advances received (net)	465	421	268	97	56
Borrowing (net)	607	476	501	613	384
Deposits received (net)	—	—	—	—	—
Dividends paid	-218	-139	-158	-120	-129
Other financing (net)	—	—	—	—	—
Net cash flows from financing activities	854	759	612	590	312
Net increase/(decrease) in cash held	-293	4	67	16	43
Fiscal Aggregates					
Net cash flows from operating activities	100	200	331	576	845
Net cash flows from investments in non-financial assets	-1 211	-968	-890	-1 164	-1 128
Dividends paid	-218	-139	-158	-120	-129
Cash surplus / (deficit)	-1 329	-907	-717	-708	-411

Note: Totals may not add due to rounding.

(a) Includes equity acquisitions and disposals.

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

	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Cash receipts from operating activities					
Taxes received	6 168	6 341	6 600	6 851	7 127
Receipts from sales of goods and services	4 692	4 868	5 149	5 235	5 600
Grants and subsidies received	15 481	15 911	16 866	17 685	17 953
Interest receipts	442	443	367	380	392
Dividends and income tax equivalents	175	100	107	108	105
Other receipts	1 868	2 034	2 007	2 085	2 106
Total operating receipts	28 825	29 697	31 097	32 343	33 283
Cash payments for operating activities					
Payments to employees	-12 149	-12 524	-13 025	-13 383	-14 008
Purchases of goods and services	-7 517	-7 899	-8 283	-8 341	-8 344
Grants and subsidies paid	-3 622	-3 664	-3 602	-3 599	-3 700
Interest paid	-1 419	-1 753	-1 894	-2 184	-2 461
Other payments	-2 223	-2 232	-2 300	-2 374	-2 449
Total operating payments	-26 930	-28 073	-29 105	-29 880	-30 963
Net cash flows from operating activities	1 895	1 623	1 992	2 463	2 320
Net cash flows from investments in non-financial assets					
Sales of non-financial assets	141	243	260	30	31
Purchases of non-financial assets	-4 046	-5 517	-5 862	-6 423	-6 272
Net cash flows from investment in non-financial assets	-3 905	-5 274	-5 602	-6 393	-6 241
Net cash flows from investments in financial assets for policy purposes (a)	-65	-61	-63	-22	-9
Net cash flows from investments in financial assets for liquidity purposes	-3	-361	2	1	—
Net cash flow from financing activities					
Advances received (net)	—	—	—	—	—
Borrowing (net)	2 295	4 826	3 862	4 316	4 185
Deposits received (net)	—	—	—	—	—
Dividends paid	—	—	—	—	—
Other financing (net)	—	—	—	—	—
Net cash flows from financing activities	2 296	4 826	3 862	4 316	4 185
Net increase/(decrease) in cash held	217	754	192	365	256
Fiscal Aggregates					
Net cash flows from operating activities	1 895	1 623	1 992	2 463	2 320
Net cash flows from investments in non-financial assets	-3 905	-5 274	-5 602	-6 393	-6 241
Dividends paid	—	—	—	—	—
Cash surplus / (deficit)	-2 010	-3 650	-3 610	-3 930	-3 921

Note: Totals may not add due to rounding.

(a) Includes equity acquisitions and disposals.

Table A.10: General government sector taxes (\$million)

	2023-24 Estimated Result	2024-25 Budget	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Taxes on employers' payroll and labour force	1 866	1 965	2 063	2 172	2 288
Taxes on property					
Land taxes	724	800	822	845	870
Other	265	276	294	291	301
Total	989	1 076	1 115	1 136	1 171
Taxes on the provision of goods and services					
Excises and levies	—	—	—	—	—
Taxes on gambling	618	631	641	653	664
Taxes on insurance	646	671	700	730	762
Stamp duties on financial and capital transactions	1 383	1 365	1 418	1 478	1 544
Total	2 648	2 667	2 759	2 862	2 970
Taxes on use of goods and performance of activities					
Motor vehicle taxes	891	924	951	978	1 003
Other	18	18	19	20	20
Total	909	943	970	997	1 023
Total taxation revenue	6 412	6 650	6 907	7 167	7 452

Note: Totals may not add due to rounding.

Table A.11(part a): General government sector grant revenue (\$million)

	2023-24	2024-25	2025-26	2026-27	2027-28
	Estimated Result	Budget	Estimate	Estimate	Estimate
Current grant revenue					
Current grants from the Commonwealth					
General purpose grants	8 744	8 942	9 446	9 653	9 621
National partnership grants	489	308	287	194	186
National partnership grants for on-passing	32	246	256	244	250
Specific purpose grants	2 839	2 958	3 162	3 348	3 535
Specific purpose grants for on-passing	1 536	1 585	1 662	1 737	1 809
Other grants	612	593	580	578	586
Total current grants from the Commonwealth	14 251	14 633	15 393	15 754	15 987
Other contributions and grants	165	151	149	147	146
Total current grant revenue	14 415	14 785	15 542	15 901	16 133
Capital grant revenue					
Capital grants from the Commonwealth					
General purpose grants	—	—	—	—	—
National partnership grants	697	1 028	1 216	1 659	1 756
National partnership grants for on-passing	—	—	—	—	—
Specific purpose grants	120	120	122	125	128
Specific purpose grants for on-passing	—	—	—	—	—
Other capital grants	31	25	7	5	5
Total capital grants from the Commonwealth	847	1 173	1 345	1 789	1 889
Other contributions and grants	25	7	5	5	5
Total capital grant revenue	872	1 179	1 350	1 794	1 894
Total grant revenue	15 288	15 964	16 892	17 695	18 027

Table A.11(part b): General government sector grant expense (\$million)

	2023-24	2024-25	2025-26	2026-27	2027-28
	Estimated Result	Budget	Estimate	Estimate	Estimate
Current grant expense					
State/territory government	8	1	1	1	1
Local government	178	101	83	94	96
Local government on-passing	31	239	249	237	245
Private and not-for-profit sector	1 048	1 081	972	932	942
Private and not-for-profit sector on-passing	1 536	1 593	1 670	1 744	1 813
Grants to other sectors of government	425	461	493	568	569
Other	678	532	494	495	517
Total current grant expense	3 904	4 006	3 961	4 070	4 184
Capital grant expense					
State/territory government	—	—	—	—	—
Local government	—	—	—	—	—
Local government on-passing	—	—	—	—	—
Private and not-for-profit sector	74	54	65	72	73
Private and not-for-profit sector on-passing	—	—	—	—	—
Total capital grant expense	75	54	65	72	73
Total grant expense	3 978	4 061	4 026	4 142	4 257

Note: Totals may not add due to rounding.

Table A.12: General government sector dividend and income tax equivalent income (\$million)

	2023-24	2024-25	2025-26	2026-27	2027-28
	Estimated Result	Budget	Estimate	Estimate	Estimate
Dividend and income tax equivalent income from PNFC sector	277	199	226	172	190
Dividend and income tax equivalent income from PFC sector	161	98	106	106	104
Other dividend income	1	1	1	1	1
Total dividend and income tax equivalent income	438	298	332	278	294

Note: Totals may not add due to rounding.

Table A.13: General government sector expenses by function (\$million)^(a)

	2023-24 Estimated Result	2024-25 Budget	Sustainable Development Goal & Target ^(c)
General public services			
Executive and legislative organs, financial and fiscal affairs, external affairs	449	413	16.6
Foreign economic aid	—	—	
General services	193	200	16.6
Basic research	—	—	
Research and development — general public services	—	—	
Public debt transactions	1 516	1 775	16.6
Transfers of a general character between different levels of government	99	302	16.6
General public services not elsewhere classified	27	55	16.6
Total General public services	2 284	2 746	
Defence^(b)	—	—	
Public order and safety			
Police services	1 046	1 104	16.1-16.3
Civil and fire protection services	392	408	13.1
Law courts	438	429	16.3
Prisons	448	461	16.6
Research and development — public order and safety	—	—	
Public order and safety not elsewhere classified	29	32	16
Total Public order and safety	2 353	2 435	
Economic affairs			
General economic, commercial and labour affairs	218	193	8.1
Agriculture, forestry, fishing and hunting	187	162	2.4
Fuel and energy	125	97	7.1, 7.2
Mining, manufacturing and construction	26	35	12.2
Communication	101	108	9
Other industries	138	159	8.1
Research and development — economic affairs	82	62	9.5
Economic affairs not elsewhere classified	—	—	
Total Economic affairs	876	817	
Environmental protection			
Waste management	4	3	11.6
Waste water management	6	1	6.3
Pollution abatement	103	49	3.9
Protection of biodiversity and landscape	393	369	15.5
Research and development — environmental protection	—	—	
Environmental protection not elsewhere classified	—	—	
Total Environmental protection	506	423	

	2023-24 Estimated Result	2024-25 Budget	Sustainable Development Goal & Target ^(c)
Housing and community amenities			
Housing development	33	26	11.1
Community development	199	189	11.3
Water supply	146	189	6.4
Street lighting	—	—	
Research and development — housing and community amenities	—	—	
Housing and community amenities not elsewhere classified	—	—	
Total Housing and community amenities	378	404	
Health			
Medical products, appliances and equipment	125	130	3.8
Outpatient services	645	664	3.8
Hospital services	5 676	5 902	3.8
Mental health institutions	59	62	3.4
Community health services	925	998	3.8
Public health services	725	745	3.8
Research and development — health	73	59	3.b
Health not elsewhere classified	164	171	3.8
Total Health	8 392	8 731	
Recreation, culture and religion			
Recreational and sporting services	729	787	11
Cultural services	286	264	11.4
Broadcasting and publishing services	—	—	
Religious and other community services	—	—	
Research and development — recreation, culture and religion	—	—	
Recreation, culture and religion not elsewhere classified	12	12	11
Total Recreation, culture and religion	1 027	1 063	
Education			
Pre-primary and primary education	3 238	3 475	4.2
Secondary education	2 703	2 867	4.2
Tertiary education	474	515	4.3
Education not definable by level	3	3	4
Subsidiary services to education	59	68	4
Research and development — education	—	—	
Education not elsewhere classified	9	20	4
Total Education	6 486	6 948	
Social protection			
Sickness and disability	1 030	1 112	8.8
Old age	166	167	10.2
Survivors	2	3	

	2023-24 Estimated Result	2024-25 Budget	Sustainable Development Goal & Target ^(c)
Family and children	891	867	5.4, 1.4, 1.5
Unemployment	—	—	
Housing	147	180	
Social exclusion not elsewhere classified	475	268	10.2
Research and development — social protection	—	—	
Social protection not elsewhere classified	52	56	13.1, 1.5
Total Social protection	2 763	2 653	
Transport			
Road transport	1 427	1 444	9.1, 11.2
Bus transport	359	334	11.2
Water transport	24	25	9.1
Railway transport	261	258	11.2
Air transport	—	—	
Multi-mode urban transport	41	41	9.1
Pipeline and other transport	—	—	
Research and development — transport	—	—	
Transport not elsewhere classified	1	1	
Total Transport	2 112	2 103	
Total Expenses	27 178	28 323	
Note: Table may not add due to rounding			
(a) Expenses by function data is derived from information submitted by government departments and agencies. The processes for deriving this data are subject to ongoing refinements. Consequently the data may be subject to future revisions.			
(b) The ABS defines 'defence' as expenditure on military and civil defence affairs, foreign military aid and defence research. The expenditure of Defence SA is included in 'Economic affairs'.			
(c) This denotes a material alignment of the expenses by function data to a United Nations Sustainable Development Goal (SDG) or SDG target. Where there are no expenses by function, no alignment has been presented. There are a total of 17 SDGs. https://sdgs.un.org/goals . Not all SDGs have been aligned with the expenses by function data.			

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












	2023-24 Estimated Result	2024-25 Budget	Sustainable Development Goal & Target ^(c)
General public services	45	32	16.6
Defence ^(b)	—	—	
Public order and safety	351	263	16.1-16.3, 16.6
Economic affairs	194	726	8.1, 7.1, 7.2, 9
Environmental protection	74	59	15.5
Housing and community amenities	44	157	11.3, 6.4
Health	547	873	3.8
Recreation, culture and religion	184	225	11
Education	261	261	4
Social protection	13	9	1, 4
Transport	1 553	1 889	9.1, 11.2
Total capital expenditure	3 267	4 495	










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

(b) The ABS defines 'defence' as expenditure on military and civil defence affairs, foreign military aid and defence research. The expenditure of Defence SA is included in 'Economic affairs'.

(c) This denotes a material alignment of the expenses by function data to a United Nations Sustainable Development Goal (SDG) or SDG target. Where there are no expenses by function, no alignment has been presented. There are a total of 17 SDGs. <https://sdgs.un.org/goals>. Not all SDGs have been aligned with the expenses by function data.

Table A.15: General government sector by function

	Sustainable Development Goal Definition	Primary SDG	Secondary SDGs
General public services	Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels		
Public order and safety	Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels		
	Goal 13. Take urgent action to combat climate change and its impacts		
Economic affairs	Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all		
	Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture		
	Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all		
	Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation		
Environmental protection	Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss		
	Goal 3. Ensure healthy lives and promote well-being for all at all ages		
Housing and community amenities	Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable		
	Goal 6. Ensure availability and sustainable management of water and sanitation for all		

	Sustainable Development Goal Definition	Primary SDG	Secondary SDGs
Health	Goal 3. Ensure healthy lives and promote well-being for all at all ages		
Recreation, culture and religion	Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable		
Education	Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all		
Social protection	Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all		
	Goal 5. Achieve gender equality and empower all women and girls		
	Goal 10. Reduce inequality within and among countries		
	Goal 1. End poverty in all its forms everywhere		
Transport	Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable		
	Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation		

Following a mapping exercise, the information above presents an alignment of the general government sector expenditure using Classification of the Functions of Government — Australia (COFOG-A) codes with the United Nations Sustainable Development Goals (SDGs). The alignment with a primary or secondary SDG does not indicate that all expenditure within the COFOG-A group or division directly aligns to the SDG presented. The alignment against a primary SDG is an alignment of the largest amount of expenditure by function in the COFOG-A division. The alignment against a secondary SDG indicates material expenditure by function in the COFOG-A division.

Whilst noting SDGs are not mutually exclusive, the interlinked nature of an SDG to another has not been considered for this alignment, with the expenditure aligned to the most compatible SDG, as determined qualitatively.

The content of this publication has not been approved by the United Nations and does not reflect the views of the United Nations or its officials. <https://sdgs.un.org/goals>

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

The following tables provide historical data on key fiscal aggregates, together with estimates reflected in the 2024-25 Budget. Data provided is sourced for 1998-99 from the *Australian Bureau of Statistics Government Finance Statistics 2007-08* and for 1999-2000 to 2022-23 from the budget outcome publications for South Australia. The estimates for 2023-24 onwards are contained in the 2024-25 Budget papers.

Gross State Product (GSP) and Consumer Price Index (for real-growth calculations) data up to 2022-23, are both sourced from the latest Australian Bureau of Statistics (ABS) publications. Budget economic forecasts are used for the forward estimates.

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

General government

Table B.1: General government key operating statement aggregates

	Revenue			Expenses			Net operating balance \$m	Net acquisition of non-financial assets \$m	Net lending \$m
	\$m	% real growth	% GSP	\$m	% real growth	% GSP			
1998-99	7 290		16.5	7 505		17.0	-215	19	-233
1999-2000	7 644	2.3	16.4	7 974	3.6	17.2	-330	140	-471
2000-01	8 108	3.0	16.3	8 406	2.4	16.9	-297	102	-399
2001-02	8 538	2.1	15.8	8 713	0.5	16.1	-174	-50	-124
2002-03	9 346	5.2	16.3	8 898	-1.8	15.5	448	34	414
2003-04	9 955	3.4	16.5	9 570	4.4	15.8	385	-38	424
2004-05	10 592	3.9	16.8	10 368	5.8	16.5	224	105	119
2005-06	11 242	2.9	16.9	11 040	3.3	16.6	202	119	83
2006-07	11 757	1.9	16.6	11 547	1.9	16.3	209	139	71
2007-08	12 879	6.1	16.8	12 414	4.1	16.2	464	242	222
2008-09	13 531	1.9	16.8	13 764	7.5	17.1	-233	639	-872
2009-10 ^(a)	15 534	12.3	18.4	15 347	9.1	18.2	187	1 279	-1 092
2010-11 ^(a)	15 017	-6.3	16.5	15 069	-4.9	16.6	-53	1 370	-1 422
2011-12	15 905	3.2	17.1	16 164	4.5	17.4	-258	839	-1 098
2012-13	15 333	-5.5	16.2	16 282	-1.3	17.2	-948	55	-1 003
2013-14	15 343	-2.4	15.8	16 415	-1.7	17.0	-1 071	661	-1 733
2014-15	16 549	6.2	16.8	16 738	0.4	17.0	-189	-78	-111
2015-16	17 362	4.0	17.5	17 062	1.1	17.2	300	204	96
2016-17	18 480	4.8	18.1	18 037	4.1	17.6	443	2 814	-2 371
2017-18	19 344	2.3	18.3	19 657	6.6	18.6	-313	665	-977
2018-19	20 514	4.4	18.7	20 225	1.3	18.5	289	638	-348
2019-20 ^{(b)(c)}	20 332	-2.6	18.4	21 817	6.0	19.7	-1 485	759	-2 244
2020-21 ^(c)	21 638	4.9	18.2	22 200	0.3	18.7	-563	1 204	-1 766
2021-22	23 711	5.1	18.3	24 540	6.0	19.0	-829	1 412	-2 242
2022-23	25 408	-0.7	17.9	25 367	-4.2	17.9	41	1 256	-1 215
2023-24	27 484	3.3	18.4	27 178	2.3	18.2	306	1 312	-1 006
2024-25	28 572	0.4	18.3	28 323	0.7	18.2	248	2 801	-2 552
2025-26	29 833	1.6	18.3	29 375	0.9	18.0	458	3 087	-2 630
2026-27	31 046	1.5	18.2	30 477	1.2	17.9	568	3 895	-3 326
2027-28	31 822	0.0	17.9	31 419	0.6	17.7	403	3 782	-3 379

Note: Totals may not add due to rounding.

- (a) In 2009-10 and 2010-11 revenue, expenses and net acquisition of non-financial assets are impacted by the Commonwealth Government's Nation Building — Economic Stimulus Plan.
- (b) There is a structural break in 2019-20 reflecting the changes to accounting standards for AASB 15, Revenue from Contracts with Customers, AASB 1058, Income of Not-for-Profit Entities, and AASB 16, Leases. Additional presentation changes have also been applied from 2019-20 to achieve full compliance with UPF. These changes do not have a significant impact on the key budget indicators. They largely relate to certain assets no longer being offset by related liabilities, and certain revenues no longer being offset by related expenses.
- (c) In 2019-20 and 2020-21 revenues, expenses, net operating balance and net lending are impacted by the COVID pandemic and COVID stimulus measures.

Table B.2: General government key balance sheet aggregates at 30 June (\$million)

	Net debt ^(a)			Unfunded superannuation \$m ^(b)	Net financial liabilities \$m	Net financial worth \$m	Net worth \$m
	\$m	% of revenue	% of GSP				
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	65.6	10.8	3 909	9 733	1 894	10 624
2000	1 920	25.1	4.1	3 543	6 911	2 986	12 445
2001	1 246	15.4	2.5	3 249	6 093	4 091	14 816
2002	1 303	15.3	2.4	3 998	6 907	3 559	14 721
2003	666	7.1	1.2	4 445	6 974	3 500	15 288
2004	224	2.3	0.4	5 668	7 858	3 842	15 760
2005	144	1.4	0.2	7 227	9 393	3 853	16 359
2006	-119	-1.1	-0.2	6 146	8 171	5 846	19 703
2007 ^(c)	-24	-0.2	0.0	5 075	7 254	8 110	22 128
2008 ^{(d)(e)(f)}	-276	-2.1	-0.4	6 468	8 078	7 580	23 741
2009	475	3.5	0.6	8 939	11 562	5 551	24 146
2010	1 402	9.0	1.7	9 478	13 182	6 551	36 231
2011	2 930	19.5	3.2	9 096	14 313	7 299	40 958
2012 ^(g)	4 165	26.2	4.5	13 523	20 332	1 413	37 199
2013	5 227	34.1	5.5	11 085	19 079	1 742	39 363
2014 ^(h)	7 071	46.1	7.3	10 877	20 761	1 056	39 654
2015 ⁽ⁱ⁾	3 929	23.7	4.0	11 358	18 296	1 374	40 121
2016 ⁽ⁱ⁾	4 393	25.3	4.4	14 029	21 372	-2 049	37 741
2017	6 110	33.1	6.0	11 448	21 614	-1 990	42 433
2018	5 447	28.2	5.1	11 288	22 816	-2 920	43 085
2019	6 068	29.6	5.5	13 836	26 298	-5 845	41 576
2020 ^{(k)(l)}	10 537	51.8	9.5	12 474	29 229	-12 494	43 710
2021 ^(l)	13 710	63.4	11.5	9 588	28 456	-11 544	47 006
2022	16 439	69.3	12.7	7 065	28 219	-8 548	52 478
2023 ^(l)	17 711	69.7	12.5	7 518	30 880	-10 315	55 920
2024 ^(e)	19 145	69.7	12.8	7 219	32 287	-11 093	56 499
2025	22 447	78.6	14.4	6 740	35 106	-13 397	57 035
2026	25 685	86.1	15.8	6 220	37 851	-15 871	57 690
2027	29 471	94.9	17.3	5 653	41 122	-18 956	58 541
2028	33 583	105.5	18.9	5 035	44 402	-21 839	59 480

Note: Totals may not add due to rounding.

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

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

- (c) There is a structural break in 2007 reflecting the amalgamation of SAFA and SAICORP on 1 July 2006. The transfer of SAICORP's assets and liabilities from the general government sector to the public financial corporations sector resulted in an increase in 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 resulted 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 resulted 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. These assets are being transferred back from the general government sector to the Adelaide Festival Centre Trust and Renewal SA in 2023-24.
 - (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 had no impact on net debt, however resulted in a reduction in net financial liabilities of \$615 million in 2007-08, and an increase in net financial worth and net worth of \$615 million.
 - (g) There is a structural break in 2012 reflecting the transfer of the Rail Commissioner to the general government sector. This resulted in a reduction in net debt of \$6 million, an increase in net financial liabilities of \$37 million, and a reduction in net financial worth of \$144 million in 2011-12, with no impact on net worth.
 - (h) There is a structural break in 2014 reflecting the transfer of the Lotteries Commission of South Australia (SA Lotteries) to the general government sector. This resulted in a reduction in net debt of \$46 million, a reduction in net financial liabilities of \$1 million, with no impact on net worth.
 - (i) There is a structural break in 2015 reflecting the government's decision to reduce its equity in SA Water. This resulted in a once-off \$2.7 billion return of capital to the Consolidated Account in 2014-15. The restructure resulted in a reduction in distributions paid to government partially offset by increased guarantee fees payable and lower borrowing costs.
 - (j) There is a structural break in 2016 reflecting the transfer of the South Australian Motor Sport Board to the general government sector. This resulted in an increase in net financial liabilities of \$3 million, and a reduction in net financial worth of \$12 million in 2015-16, with no impact on net worth. The SA Motor Sport Board recommenced operation in September 2022 as a new public non-financial corporation under the South Australian Motor Sport Act 1984 to promote motorsport in South Australia including responsibility for holding the Adelaide 500 event each year from 2022.
 - (k) There is a structural break in 2020 reflecting the changes to accounting standards for AASB 15, Revenue from Contracts with Customers, AASB 1058, Income of Not-for-Profit Entities, and AASB 16, Leases. Additional presentation changes have also been applied from 2019-20 to achieve full compliance with UPF. These changes do not have a significant impact on the key budget indicators. They largely relate to certain assets no longer being offset by related liabilities, and certain revenues no longer being offset by related expenses.
 - (l) In 2019-20 and 2020-21 net debt, net financial liabilities, net financial worth and net worth are impacted by the COVID pandemic and COVID stimulus measures.
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Table B.3: General government sector receipts, payments and surplus (\$million)^(a)

	Receipts	Payments	Cash surplus
1979-80	1 891	1 671	220
1980-81	2 065	1 917	148
1981-82	2 210	2 122	87
1982-83	2 664	2 507	156
1983-84	2 988	2 734	255
1984-85	3 380	3 057	324
1985-86	3 634	3 161	474
1986-87	3 956	3 416	540
1987-88	4 307	3 858	449
1988-89	4 630	3 977	653
1989-90	4 973	4 370	603
1990-91	5 260	4 796	463
1991-92	5 387	5 396	-10
1992-93	5 967	5 456	512
1993-94	6 087	6 024	63
1994-95	6 155	6 220	-66
1995-96	6 405	6 164	241
1996-97	6 379	6 282	97
1997-98	6 988	6 724	264
1998-99	7 165	7 041	123
1999-2000	7 676	7 915	-239
2000-01	8 278	8 387	-108
2001-02	8 698	8 748	-50
2002-03	9 522	8 864	658
2003-04	10 023	9 502	522
2004-05	11 252	11 059	193
2005-06	11 480	11 293	187
2006-07	12 090	12 116	-26
2007-08	12 932	12 552	379
2008-09	13 579	14 299	-721
2009-10	15 837	16 991	-1 154
2010-11	15 331	16 851	-1 520
2011-12	16 556	17 594	-1 038
2012-13	16 489	17 655	-1 166
2013-14	15 434	17 232	-1 797
2014-15	16 768	16 652	116
2015-16	17 144	17 357	-213
2016-17	19 338	21 566	-2 228
2017-18	21 384	20 682	702
2018-19 ^(b)	20 570	20 919	-348
2019-20 ^(c)	20 256	22 843	-2 586
2020-21	20 693	23 402	-2 709
2021-22	24 060	26 326	-2 265
2022-23	25 790	26 544	-754

	Receipts	Payments	Cash surplus
2023-24	27 882	28 561	-679
2024-25	28 376	31 119	-2 743
2025-26	29 655	32 547	-2 892
2026-27	30 884	34 106	-3 222
2027-28	31 600	35 109	-3 510

Note: Totals may not add due to rounding.

- (a) There is a break in the series between 1998-99 and 1999-2000. Data for the years before 1999-2000 are sourced from the ABS and are consistent with ABS GFS reporting requirements on a cash basis. Capital receipts and payments, including payments associated with the provision of financial support for state owned financial institutions (which were treated by the ABS then as an 'investment in financial assets for policy purposes') are not included in the series before 1999-2000. After 1998-99, data is derived from an accrual ABS GFS reporting framework, with receipts proxied by receipts from operating activities and sales of non-financial assets, and payments proxied by payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases and similar arrangements. Due to the associated methodological and data-source changes, time series data that encompass measures derived under both cash and accrual accounting should be used with caution.
- (b) There is a structural break in 2018-19 reflecting the derivation of cash surplus. The ABS GFS cash surplus definition has been updated in 2018-19 to align with the previous cash surplus definition under the 2008 UPF to no longer include finance leases.
- (c) There is a structural break in 2019-20 reflecting the changes to accounting standards for AASB 15, Revenue from Contracts with Customers, AASB 1058, Income of Not-for-Profit Entities, and AASB 16, Leases. Additional presentation changes have also been applied from 2019-20 to achieve full compliance with UPF. These changes do not have a significant impact on the key budget indicators. They largely relate to certain assets no longer being offset by related liabilities, and certain revenues no longer being offset by related expenses.

Table B.4: General government sector operating statement (\$million)^{(a)(b)}

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Revenue										
Taxation revenue	4 576	4 478	4 865	5 513	5 866	6 412	6 650	6 907	7 167	7 452
Grants	11 883	11 342	12 150	13 407	14 323	15 288	15 964	16 892	17 695	18 027
Sales of goods and services	2 640	2 605	2 804	2 991	3 062	3 226	3 405	3 504	3 678	3 787
Interest income	25	87	37	25	341	453	464	389	402	413
Dividend and income tax equivalent income	535	386	250	207	214	438	298	332	278	294
Other	856	1 433	1 533	1 568	1 602	1 667	1 791	1 809	1 825	1 848
Total revenue	20 514	20 332	21 638	23 711	25 408	27 484	28 572	29 833	31 046	31 822
less Expenses										
Employee expenses	8 714	8 756	8 989	9 405	9 735	10 179	10 472	10 858	11 160	11 506
Superannuation expenses										
Superannuation interest cost	322	231	183	188	269	306	290	269	247	223
Other superannuation expenses	814	844	858	921	1 016	1 142	1 211	1 294	1 327	1 368
Depreciation and amortisation	1 071	1 379	1 414	1 447	1 516	1 643	1 620	1 687	1 796	1 874
Interest expenses	361	464	442	505	975	1 210	1 486	1 598	1 859	2 116
Other property expenses	—	—	—	—	—	—	—	—	—	—
Other operating expenses	5 306	6 760	7 303	8 256	8 496	8 720	9 184	9 643	9 945	10 074
Grants	3 638	3 382	3 011	3 818	3 361	3 978	4 061	4 026	4 142	4 257
Total expenses	20 225	21 817	22 200	24 540	25 367	27 178	28 323	29 375	30 477	31 419
<i>equals</i> Net operating balance	289	-1 485	-563	-829	41	306	248	458	568	403
<i>plus</i> Other economic flows ^(c)	-1 798	4 536	3 858	6 128	3 402	273	287	197	282	536
<i>equals</i> Comprehensive result — total change in net worth ^{(c)(d)}	-1 509	3 051	3 296	5 299	3 443	579	536	655	851	940
Net operating balance	289	-1 485	-563	-829	41	306	248	458	568	403
<i>less</i> Net acquisition of non-financial assets										
Purchases of non-financial assets	1 794	2 460	2 821	2 981	2 861	3 267	4 495	4 839	5 752	5 719
<i>less</i> Sales of non-financial assets	88	324	200	124	90	312	73	65	61	63

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
<i>less</i> Depreciation	1 071	1 379	1 414	1 447	1 516	1 643	1 620	1 687	1 796	1 874
<i>plus</i> Change in inventories	3	3	-4	2	—	—	—	—	—	—
<i>plus</i> Other movements in non-financial assets	—	—	—	—	—	—	—	—	—	—
<i>equals</i> Total net acquisition of non-financial assets	638	759	1 204	1 412	1 256	1 312	2 801	3 087	3 895	3 782
<i>equals</i> Net lending/borrowing	-348	-2 244	-1 766	-2 242	-1 215	-1 006	-2 552	-2 630	-3 326	-3 379

Note: Totals may not add due to rounding.

(a) There is a structural break in 2019-20 reflecting the changes to accounting standards for AASB 15, Revenue from Contracts with Customers, AASB 1058, Income of Not-for-Profit Entities, and AASB 16, Leases. Additional presentation changes have also been applied from 2019-20 to achieve full compliance with UPF.

(b) In 2019-20 and 2020-21 revenues, expenses, net operating balance and net lending are impacted by the COVID pandemic and COVID stimulus measures.

(c) The government has adopted the full retrospective transition approach under AASB 1059 by recognising and measuring service concession assets at the date of initial application of 1 July 2019. The only impact at that date was to recognise the service concession data asset of \$283.6 million, with a corresponding adjustment recognised in the revaluation reserve.

(d) Comprehensive result excludes transactions with owners in their capacity as owners.

Table B.5: General government sector balance sheet at 30 June (\$million)^{(a)(b)}

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Assets										
Financial assets										
Cash and deposits	2 114	10 328	11 171	10 979	10 987	11 226	11 970	12 152	12 509	12 753
Advances paid	116	150	145	107	132	180	235	296	324	341
Investments, loans and placements	425	555	643	667	701	662	1 022	1 022	1 020	1 015
Receivables	739	2 402	3 022	2 977	2 348	2 391	2 530	2 658	2 788	2 919
Equity										
Investments in other public sector entities	20 454	16 735	16 912	19 671	20 565	21 194	21 708	21 980	22 166	22 563
Investments — other	88	86	90	103	108	108	108	108	108	108
Other financial assets	113	—	—	—	—	—	—	—	—	—
Total financial assets	24 048	30 257	31 984	34 503	34 840	35 761	37 573	38 217	38 915	39 700
Non-financial assets										
Land and other fixed assets ^(c)	47 420	56 037	58 384	60 868	66 102	67 466	70 309	73 438	77 374	81 197
Other non-financial assets	1	167	166	158	134	126	123	123	122	122
Total non-financial assets	47 421	56 204	58 550	61 026	66 235	67 592	70 432	73 561	77 497	81 320
Total assets	71 468	86 461	90 533	95 529	101 075	103 353	108 006	111 777	116 412	121 020
Liabilities										
Deposits held	1 438	345	286	541	529	257	251	309	317	349
Advances received	208	—	—	—	—	—	—	—	—	—
Borrowing	7 077	21 225	25 384	27 651	29 002	30 956	35 423	38 846	43 007	47 343
Superannuation	13 836	12 474	9 588	7 065	7 518	7 219	6 740	6 220	5 653	5 035
Other employee benefits	3 312	3 336	3 295	2 965	2 983	3 108	3 267	3 422	3 584	3 541
Payables ^(d)	1 250	1 284	1 596	1 562	1 592	1 580	1 589	1 601	1 607	1 621
Other liabilities ^(d)	2 771	4 086	3 379	3 267	3 531	3 733	3 700	3 690	3 703	3 651
Total liabilities	29 892	42 751	43 528	43 051	45 155	46 854	50 971	54 087	57 871	61 539

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Net worth	41 576	43 710	47 006	52 478	55 920	56 499	57 035	57 690	58 541	59 480
Net financial worth	-5 845	-12 494	-11 544	-8 548	-10 315	-11 093	-13 397	-15 871	-18 956	-21 839
Net financial liabilities	26 298	29 229	28 456	28 219	30 880	32 287	35 106	37 851	41 122	44 402
Net debt	6 068	10 537	13 710	16 439	17 711	19 145	22 447	25 685	29 471	33 583

Note: Totals may not add due to rounding.

(a) There is a structural break in 2020 reflecting the changes to accounting standards for AASB 1.5, Revenue from Contracts with Customers, AASB 1058, Income of Not-for-Profit Entities, and AASB 16, Leases. Additional presentation changes have also been applied from 2019-20 to achieve full compliance with UPF. These changes do not have a significant impact on the key budget indicators. They largely relate to certain assets no longer being offset by related liabilities, and certain revenues no longer being offset by related expenses.

(b) In 2019-20 and 2020-21 net debt, net financial liabilities, net financial worth and net worth are impacted by the COVID pandemic and COVID stimulus measures.

(c) The government has adopted the full retrospective transition approach under AASB 1059 by recognising and measuring service concession assets at the date of initial application of 1 July 2019. The only impact at that date was to recognise the service concession data asset of \$283.6 million, with a corresponding adjustment recognised in the revaluation reserve.

(d) Adjustments made to align classification of payables and other liabilities with data presented for 2021.

Non-financial public sector

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

	Revenue			Expenses			Net operating balance \$m	Net acquisition of non-financial assets \$m	Net lending \$m
	\$m	% real growth	% GSP	\$m	% real growth	% GSP			
1998-99	9 468		21.5	9 597		21.8	-129	-115	-14
1999-2000	9 206	-5.2	19.8	9 552	-2.9	20.5	-346	-3 508	3 161
2000-01	9 051	-4.5	18.2	9 279	-5.7	18.7	-228	-1 111	883
2001-02	9 367	0.3	17.3	9 487	-0.9	17.6	-120	-124	5
2002-03	10 172	4.4	17.8	9 696	-1.7	16.9	476	72	405
2003-04	10 707	2.2	17.7	10 294	3.1	17.0	413	33	379
2004-05	11 343	3.5	18.0	11 029	4.6	17.5	314	125	189
2005-06	11 807	0.9	17.8	11 634	2.3	17.5	172	53	119
2006-07	12 321	1.7	17.4	12 175	2.0	17.2	147	173	-26
2007-08	13 634	7.1	17.8	13 065	3.9	17.0	569	303	266
2008-09	14 360	2.1	17.8	14 567	8.1	18.1	-207	1 249	-1 456
2009-10 ^(a)	16 315	11.2	19.3	15 679	5.3	18.6	636	2 361	-1 725
2010-11 ^(a)	15 960	-5.2	17.6	15 939	-1.5	17.6	21	1 920	-1 898
2011-12	16 866	3.0	18.2	16 908	3.3	18.2	-41	1 383	-1 424
2012-13	16 494	-4.1	17.4	17 152	-0.6	18.1	-657	64	-721
2013-14	16 399	-3.1	16.9	17 627	0.2	18.2	-1 229	715	-1 944
2014-15	17 651	6.0	17.9	17 965	0.4	18.2	-314	-198	-116
2015-16	18 461	3.7	18.6	18 310	1.0	18.5	151	205	-54
2016-17	19 447	3.8	19.0	19 228	3.4	18.8	219	3 359	-3 140
2017-18	20 384	2.5	19.3	20 768	5.6	19.6	-384	728	-1 112
2018-19	21 633	4.5	19.7	21 062	-0.1	19.2	571	830	-259
2019-20 ^{(b)(c)}	21 373	-2.9	19.3	23 322	8.8	21.1	-1 949	557	-2 506
2020-21 ^(c)	22 759	4.9	19.2	23 691	0.1	19.9	-932	1 414	-2 346
2021-22	25 019	5.5	19.4	26 152	5.9	20.2	-1 132	1 374	-2 506
2022-23	26 627	-1.4	18.7	26 936	-4.6	19.0	-309	1 471	-1 781
2023-24	28 821	3.3	19.3	28 902	2.4	19.4	-81	2 179	-2 260
2024-25	29 927	0.3	19.2	30 064	0.5	19.3	-137	3 351	-3 487
2025-26	31 348	1.9	19.2	31 245	1.1	19.2	103	3 430	-3 326
2026-27	32 536	1.3	19.1	32 153	0.4	18.9	383	4 437	-4 055
2027-28	33 537	0.6	18.9	33 286	1.0	18.7	250	4 060	-3 810

Note: Totals may not add due to rounding.

- (a) In 2009-10 and 2010-11 revenue, expenses and net acquisition of non-financial assets are impacted by the Commonwealth Government's Nation Building — Economic Stimulus Plan.
- (b) There is a structural break in 2019-20 reflecting the changes to accounting standards for AASB 15, Revenue from Contracts with Customers, AASB 1058, Income of Not-for-Profit Entities, and AASB 16, Leases. Additional presentation changes have also been applied from 2019-20 to achieve full compliance with UPF. These changes do not have a significant impact on the key budget indicators. They largely relate to certain assets no longer being offset by related liabilities, and certain revenues no longer being offset by related expenses.
- (c) In 2019-20 and 2020-21 revenues, expenses, net operating balance and net lending are impacted by the COVID pandemic and COVID stimulus measures.

Table B.7: Non-financial public sector key balance sheet aggregates at 30 June (\$million)

	Net debt ^(a)			Unfunded superannuation \$m ^(b)	Net financial liabilities \$m	Net financial worth \$m	Net worth \$m
	\$m	% of revenue	% of GSP				
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	80.9	17.4	3 909	13 099	-12 256	10 624
2000	4 355	47.3	9.4	3 543	9 914	-8 986	12 445
2001	3 223	35.6	6.5	3 249	8 151	-7 109	14 816
2002	3 317	35.4	6.1	3 998	8 973	-7 902	14 721
2003	2 696	26.5	4.7	4 445	9 096	-8 811	15 288
2004	2 285	21.3	3.8	5 668	10 031	-9 550	15 760
2005	2 126	18.7	3.4	7 227	11 511	-11 004	16 359
2006	1 786	15.1	2.7	6 146	10 451	-9 889	19 703
2007 ^(c)	1 989	16.1	2.8	5 075	9 518	-8 795	22 128
2008 ^{(d)(e)}	1 611	11.8	2.1	6 468	10 208	-10 487	23 741
2009	2 872	20.0	3.6	8 939	14 302	-14 921	24 146
2010	4 487	27.5	5.3	9 478	16 626	-16 997	36 231
2011	6 541	41.0	7.2	9 096	18 273	-18 402	40 958
2012	7 996	47.4	8.6	13 523	24 500	-25 123	37 199
2013	8 949	54.3	9.4	11 085	23 064	-23 223	39 363
2014	10 964	66.9	11.3	10 877	24 811	-24 080	39 654
2015	10 676	60.5	10.8	11 358	25 167	-23 750	40 121
2016	10 912	59.1	11.0	14 029	28 281	-27 355	37 741
2017	13 529	69.6	13.2	11 448	29 200	-28 042	42 433
2018	12 950	63.5	12.2	11 288	30 564	-29 523	43 085
2019	13 084	60.5	11.9	13 836	33 744	-32 930	41 576
2020 ^{(f)(g)}	17 452	81.7	15.8	12 474	37 828	-38 599	43 710
2021 ^(g)	21 169	93.0	17.8	9 588	37 496	-38 394	47 006
2022	23 948	95.7	18.5	7 065	37 134	-35 060	52 478
2023	25 595	96.1	18.0	7 518	39 590	-37 365	55 920
2024	27 887	96.8	18.7	7 219	41 887	-39 607	56 501
2025	31 686	105.9	20.3	6 740	45 341	-43 140	57 038
2026	35 362	112.8	21.7	6 220	48 616	-46 618	57 694
2027	39 749	122.2	23.4	5 653	52 620	-50 872	58 545
2028	44 206	131.8	24.9	5 035	56 377	-54 659	59 485

Note: Totals may not add due to rounding.

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

(b) There is a structural break in the methodology used to calculate superannuation liabilities between June 2003 and June 2004. This accounting change, which involved the adoption of 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 non-financial public sector net debt of \$99 million at 1 July 2006 and an increase in net financial liabilities of \$90 million at 1 July 2006.
 - (d) There is a structural break in 2008 reflecting the amalgamation of the public financial corporation, South Australian Community Housing Authority with the public-non financial corporation South Australian Housing Authority. This resulted 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 had no impact on net debt, however resulted 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.
 - (f) There is a structural break in 2020 reflecting the changes to accounting standards for AASB 15, Revenue from Contracts with Customers, AASB 1058, Income of Not-for-Profit Entities, and AASB 16, Leases. Additional presentation changes have also been applied from 2019-20 to achieve full compliance with UPF. These changes do not have a significant impact on the key budget indicators. They largely relate to certain assets no longer being offset by related liabilities, and certain revenues no longer being offset by related expenses.
 - (g) In 2019-20 and 2020-21 net debt, net financial liabilities, net financial worth and net worth are impacted by the COVID pandemic and COVID stimulus measures.
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Table B.8: Non-financial public sector receipts, payments and surplus (\$million)^(a)

	Receipts	Payments	Cash surplus
1979-80	2 681	2 388	292
1980-81	2 877	2 649	228
1981-82	3 145	2 963	182
1982-83	3 651	3 356	295
1983-84	4 383	4 014	369
1984-85	4 887	4 356	531
1985-86	5 172	4 415	757
1986-87	5 542	4 790	752
1987-88	6 078	5 299	780
1988-89	6 946	5 784	1 162
1989-90	7 517	6 465	1 052
1990-91	7 830	6 839	991
1991-92	8 352	7 969	383
1992-93	8 939	7 946	993
1993-94	8 761	8 119	642
1994-95	8 570	8 142	428
1995-96	8 985	8 654	331
1996-97	8 908	8 532	375
1997-98	9 426	8 895	532
1998-99	9 301	8 692	609
1999-2000	13 014	9 501	3 513
2000-01	10 572	9 414	1 158
2001-02	9 726	9 722	4
2002-03	10 439	9 805	634
2003-04	10 891	10 403	488
2004-05	12 051	11 786	265
2005-06	12 239	11 868	370
2006-07	12 684	12 809	-125
2007-08	13 943	13 477	466
2008-09	14 563	15 806	-1 243
2009-10	16 847	18 695	-1 849
2010-11	16 548	18 553	-2 004
2011-12	17 431	18 863	-1 432
2012-13	17 814	19 133	-1 319
2013-14	16 640	18 647	-2 007
2014-15	17 841	17 896	-55
2015-16	18 485	18 623	-138
2016-17	19 593	22 779	-3 186
2017-18	22 532	21 904	629
2018-19 ^(b)	21 860	21 888	-28
2019-20 ^(c)	20 969	24 044	-3 074
2020-21	21 558	24 967	-3 409
2021-22	25 438	28 056	-2 618
2022-23	27 117	28 370	-1 254

	Receipts	Payments	Cash surplus
2023-24	28 966	30 976	-2 010
2024-25	29 940	33 590	-3 650
2025-26	31 357	34 967	-3 610
2026-27	32 373	36 303	-3 930
2027-28	33 314	37 235	-3 921

Note: Totals may not add due to rounding.

- (a) There is a break in the series between 1998-99 and 1999-2000. Data for the years before 1999-2000 is sourced from the ABS and are consistent with ABS GFS reporting requirements on a cash basis. Capital receipts and payments, including payments associated with the provision of financial support for state owned financial institutions, which were treated by the ABS then as an 'investment in financial assets for policy purposes', are not included in 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 and similar arrangements. Due to the associated methodological and data-source changes, time series data that encompass measures derived under both cash and accrual accounting should be used with caution.
- (b) There is a structural break in 2018-19 reflecting the derivation of cash surplus. The ABS GFS cash surplus definition has been updated in 2018-19 to align with the previous cash surplus definition under the 2008 UPF to no longer include finance leases.
- (c) There is a structural break in 2019-20 reflecting the changes to accounting standards for AASB 15, Revenue from Contracts with Customers, AASB 1058, Income of Not-for-Profit Entities, and AASB 16, Leases. Additional presentation changes have also been applied from 2019-20 to achieve full compliance with UPF. These changes do not have a significant impact on the key budget indicators. They largely relate to certain assets no longer being offset by related liabilities, and certain revenues no longer being offset by related expenses.

Table B.9: Non-financial public sector operating statement (\$million)^{(a)(b)}

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Revenue										
Taxation revenue	4 207	4 208	4 680	5 321	5 654	6 153	6 370	6 619	6 871	7 147
Grants	11 883	11 344	12 154	13 409	14 330	15 287	15 969	16 905	17 700	18 027
Sales of goods and services	4 364	4 174	4 132	4 448	4 537	4 842	5 021	5 308	5 411	5 778
Interest income	29	88	32	28	355	468	475	403	415	426
Dividend and income tax equivalent income	241	60	125	144	58	162	100	107	108	105
Other	909	1 498	1 637	1 670	1 693	1 909	1 993	2 006	2 032	2 054
Total revenue	21 633	21 373	22 759	25 019	26 627	28 821	29 927	31 348	32 536	33 537
less Expenses										
Employee expenses	8 993	9 022	9 249	9 673	10 021	10 471	10 767	11 155	11 462	11 813
Superannuation expenses										
Superannuation interest cost	322	231	183	188	269	306	290	269	247	223
Other superannuation expenses	848	879	887	954	1 051	1 183	1 253	1 340	1 373	1 415
Depreciation and amortisation	1 565	1 881	1 921	1 964	2 046	2 199	2 216	2 288	2 400	2 478
Interest expenses	636	712	665	707	1 188	1 445	1 776	1 915	2 197	2 472
Other property expenses	—	—	—	—	—	—	—	—	—	—
Other operating expenses	6 024	7 404	7 948	9 029	9 263	9 671	10 094	10 673	10 872	11 181
Grants	2 674	3 193	2 837	3 637	3 098	3 626	3 668	3 606	3 603	3 704
Total expenses	21 062	23 322	23 691	26 152	26 936	28 902	30 064	31 245	32 153	33 286
<i>equals</i> Net operating balance	571	-1 949	-932	-1 132	-309	-81	-137	103	383	250
<i>plus</i> Other economic flows ^(c)	-2 080	5 000	4 228	6 431	3 752	662	674	552	469	690
<i>equals</i> Comprehensive result — total change in net worth ^{(c)(d)}	-1 509	3 051	3 296	5 299	3 443	581	537	656	852	940
Net operating balance	571	-1 949	-932	-1 132	-309	-81	-137	103	383	250
<i>less</i> Net acquisition of non-financial assets										
Purchases of non-financial assets	2 576	2 619	3 498	3 602	3 607	4 418	5 708	6 001	6 961	6 891
<i>less</i> Sales of non-financial assets	211	132	255	196	222	197	295	313	82	84

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
<i>less</i> Depreciation	1 565	1 881	1 921	1 964	2 046	2 199	2 216	2 288	2 400	2 478
<i>plus</i> Change in inventories	30	-49	92	-68	132	156	154	29	-43	-270
<i>plus</i> Other movements in non-financial assets	—	—	—	—	—	—	—	—	—	—
<i>equals</i> Total net acquisition of non-financial assets	830	557	1 414	1 374	1 471	2 179	3 351	3 430	4 437	4 060
<i>equals</i> Net lending/borrowing	-259	-2 506	-2 346	-2 506	-1 781	-2 260	-3 487	-3 326	-4 055	-3 810

Note: Totals may not add due to rounding.

(a) There is a structural break in 2019-20 reflecting the changes to accounting standards for AASB 15, Revenue from Contracts with Customers, AASB 1058, Income of Not-for-Profit Entities, and AASB 16, Leases. Additional presentation changes have also been applied from 2019-20 to achieve full compliance with UPF. These changes do not have a significant impact on the key budget indicators. They largely relate to certain assets no longer being offset by related liabilities, and certain revenues no longer being offset by related expenses.

(b) In 2019-20 and 2020-21 revenues, expenses, net operating balance and net lending are impacted by the COVID pandemic and COVID stimulus measures.

(c) The government has adopted the full retrospective transition approach under AASB 1059 by recognising and measuring service concession assets at the date of initial application of 1 July 2019. The only impact at that date was to recognise the service concession data asset of \$283.6 million, with a corresponding adjustment recognised in the revaluation reserve.

(d) Comprehensive result excludes transactions with owners in their capacity as owners.

Table B.10: Non-financial public sector balance sheet at 30 June (\$million)^{(a)(b)}

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Assets										
Financial assets										
Cash and deposits	2 272	11 172	11 691	11 320	11 168	11 388	12 137	12 329	12 695	12 951
Advances paid	83	117	112	107	146	201	256	317	345	362
Investments, loans and placements	445	485	514	551	591	602	973	984	994	1 004
Receivables	840	1 045	1 782	1 863	1 818	1 828	1 840	1 887	1 896	1 905
Equity										
Investments in other public sector entities	813	-771	-898	2 074	2 225	2 281	2 201	1 998	1 748	1 718
Investments — other	105	97	102	113	119	119	119	119	119	119
Other financial assets	120	4	2	—	—	—	—	—	—	—
Total financial assets	4 677	12 150	13 305	16 028	16 067	16 418	17 526	17 634	17 797	18 060
Non-financial assets										
Land and fixed assets ^(c)	74 503	82 126	85 225	87 362	93 134	95 970	100 048	104 189	109 300	114 033
Other non-financial assets	3	183	175	176	152	138	130	123	117	111
Total non-financial assets	74 506	82 308	85 400	87 538	93 286	96 108	100 178	104 312	109 417	114 144
Total assets	79 184	94 458	98 705	103 565	109 353	112 526	117 704	121 946	127 214	132 204
Liabilities										
Deposits held	565	190	134	196	195	195	196	196	197	197
Advances received	208	—	—	—	—	—	—	—	—	—
Borrowing	15 110	29 037	33 352	35 730	37 306	39 882	44 856	48 796	53 587	58 326
Superannuation	13 836	12 474	9 588	7 065	7 518	7 219	6 740	6 220	5 653	5 035
Other employee benefits	3 412	3 437	3 390	3 053	3 067	3 197	3 361	3 520	3 687	3 650
Payables ^(d)	1 477	1 486	1 874	1 826	1 848	1 832	1 840	1 850	1 855	1 867
Other liabilities ^(d)	2 999	4 124	3 360	3 218	3 499	3 700	3 674	3 671	3 690	3 645
Total liabilities	37 608	50 748	51 699	51 087	53 433	56 025	60 667	64 252	68 669	72 719

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Net worth	41 576	43 710	47 006	52 478	55 920	56 501	57 038	57 694	58 545	59 485
Net financial worth	-32 930	-38 599	-38 394	-35 060	-37 365	-39 607	-43 140	-46 618	-50 872	-54 659
Net financial liabilities	33 744	37 828	37 496	37 134	39 590	41 887	45 341	48 616	52 620	56 377
Net debt	13 084	17 452	21 169	23 948	25 595	27 887	31 686	35 362	39 749	44 206

Note: Totals may not add due to rounding.

(a) There is a structural break in 2020 reflecting the changes to accounting standards for AASB 15, Revenue from Contracts with Customers, AASB 1058, Income of Not-for-Profit Entities, and AASB 16, Leases. Additional presentation changes have also been applied from 2019-20 to achieve full compliance with UPF. These changes do not have a significant impact on the key budget indicators. They largely relate to certain assets no longer being offset by related liabilities, and certain revenues no longer being offset by related expenses

(b) In 2019-20 and 2020-21 net debt, net financial liabilities, net financial worth and net worth are impacted by the COVID pandemic and COVID stimulus measures.

(c) The government has adopted the full retrospective transition approach under AASB 1059 by recognising and measuring service concession assets at the date of initial application of 1 July 2019. The only impact at that date was to recognise the service concession data asset of \$283.6 million, with a corresponding adjustment recognised in the revaluation reserve.

(d) Adjustments made to align classification of payables and other liabilities with data presented for 2021.

Appendix C: Consolidated Account

Table C.1: Summary of receipts and payments

	2024-25 Budget \$000	2023-24 Estimated Result \$000	2023-24 Budget \$000
Receipts			
Taxation	6 011 674	5 850 764	5 235 921
Commonwealth general purpose grants	8 942 237	8 706 091	8 788 282
Commonwealth specific purpose grants	239 009	235 828	236 393
Commonwealth National Partnership payments	21 406	62 440	41 029
Contributions from state undertakings	212 203	484 684	284 834
Fees and charges	820 964	696 705	685 031
Recoveries	124 798	444 082	91 173
Royalties	422 901	420 943	404 658
Other receipts	449 718	651 415	370 531
Total receipts	17 244 910	17 552 952	16 137 852
Payments			
Appropriation Act	21 734 829	19 384 482	19 223 861
Specific appropriation authorised in various Acts	130 793	117 972	151 409
Total payments	21 865 622	19 502 454	19 375 270
Consolidated Account financing requirement	4 620 712	1 949 502	3 237 418
Borrowing from (+) repayment to (-) South Australian Government Financing Authority	4 620 712	1 949 502	3 237 418
Note: Totals may not add due to rounding			

Table C.2: Estimates of payments

	2024-25 Budget	2023-24 Estimated Result	2023-24 Budget
	\$000	\$000	\$000
Payments from Appropriation Act			
Attorney-General's Department	144 739	107 207	114 607
Administered items for the Attorney-General's Department	103 603	168 608	158 992
Auditor-General's Department	19 671	19 200	19 200
Commission on Excellence and Innovation in Health	6 865	6 764	6 766
Courts Administration Authority	96 665	94 536	93 617
Defence SA	28 614	17 457	19 179
Department for Child Protection	799 333	890 684	795 684
Department for Correctional Services	424 706	404 879	400 308
Department for Education	3 820 063	3 615 960	3 631 281
Administered items for the Department for Education	523 400	437 839	428 355
Department for Energy and Mining	47 775	173 334	174 870
Department for Environment and Water	207 402	164 625	152 073
Administered items for the Department for Environment and Water	30 409	21 199	30 363
Department for Health and Wellbeing	5 922 190	5 609 775	5 231 002
Department of Human Services	1 118 873	981 178	963 281
Administered Items for the Department of Human Services	235 634	334 178	303 685
Department for Industry, Innovation and Science	61 613	50 373	67 109
Administered Items for the Department for Industry, Innovation and Science	14 842	10 891	10 891
Department for Infrastructure and Transport	1 167 341	1 106 311	1 107 742
Administered items for the Department for Infrastructure and Transport	7 946	7 911	7 863
Department of the Premier and Cabinet	469 788	358 069	341 333
Administered items for the Department of the Premier and Cabinet	32 176	24 424	20 260
Department of Primary Industries and Regions	142 041	132 612	132 612
Administered items for the Department of Primary Industries and Regions	4 641	4 516	4 516
Department for Trade and Investment	125 192	124 493	118 542
Administered Items for the Department for Trade and Investment	1 799	1 349	1 375
Department of Treasury and Finance	211 347	178 795	175 788
Administered items for the Department of Treasury and Finance	4 305 351	3 167 133	3 557 414
Electoral Commission of South Australia	7 023	11 225	8 867
Administered items for Electoral Commission of South Australia	545	655	532
House of Assembly	8 593	8 430	8 430
Joint Parliamentary Services	20 289	19 945	19 947
Administered items for Joint Parliamentary Services	4 074	3 809	3 809

	2024-25 Budget \$000	2023-24 Estimated Result \$000	2023-24 Budget \$000
Table C.2: Estimates of payments continued			
Legislative Council	5 962	5 850	6 050
Office of Hydrogen Power South Australia	402 176	—	—
Preventive Health SA ^(a)	32 685	25 880	25 884
South Australia Police	1 102 103	999 894	1 006 195
Administered items for South Australia Police	71	69	69
South Australian Fire and Emergency Services Commission	500	500	500
South Australian Metropolitan Fire Service	3 525	24 513	3 513
South Australian State Emergency Service	100	1 050	1 050
South Australian Tourism Commission	66 625	63 193	65 738
State Governor's Establishment	6 539	5 169	4 569
Total payments appropriated for administrative units, statutory authorities and ministers	21 734 829	19 384 482	19 223 861
Payments for which specific appropriation is authorised in various Acts	130 793	117 972	151 409
Total Consolidated Account payments	21 865 622	19 502 454	19 375 270
Payments for which specific appropriation is authorised in various Acts			
Salaries and allowances			
Agent-General — pursuant to <i>Agent-General Act 1901</i>	630	606	556
Auditor-General — pursuant to <i>Public Finance and Audit Act 1987</i>	542	989	495
Commissioners of Environment, Resource and Development Court — pursuant to <i>Remuneration Act 1990</i>	1 428	1 400	1 390
Commissioner of Police — pursuant to <i>Police Act 1998</i>	657	647	512
Electoral Commissioner and Deputy Electoral Commissioner — pursuant to <i>Electoral Act 1985</i>	570	553	546
Electoral District Boundaries Commission — pursuant to <i>Constitution Act 1934</i>	322	315	315
Governor — pursuant to <i>Constitution Act 1934</i>	524	501	490
Health and Community Services Complaints Commissioner — pursuant to <i>Remuneration Act 1990</i>	268	260	261
Judges — pursuant to <i>Remuneration Act 1990</i>			
Chief Justice	842	825	819
Judges and Masters	27 283	26 726	26 513
Magistrates — pursuant to <i>Remuneration Act 1990</i>	18 823	18 441	18 303
Members of various standing committees — pursuant to <i>Parliamentary Remuneration Act 1990</i> and <i>Parliamentary Committees Act 1991</i>	268	268	268
Ombudsman — pursuant to <i>Ombudsman Act 1972</i>	498	489	480
Parliamentary salaries and electorate other allowances — pursuant to <i>Parliamentary Remuneration Act 1990</i> Ministers, officers and members of parliament	19 541	19 407	19 301

	2024-25 Budget \$000	2023-24 Estimated Result \$000	2023-24 Budget \$000
Table C.2: Estimates of payments continued			
Senior Judge and judges of the Industrial Relations Court and Commission — pursuant to <i>Remuneration Act 1990</i>	3 803	3 730	3 648
Solicitor-General — pursuant to <i>Solicitor-General Act 1972</i>	794	780	766
South Australian Civil and Administrative Tribunal — pursuant to <i>Remuneration Act 1990</i>	1 199	1 177	1 153
State Coroner and Deputy Coroner — pursuant to <i>Remuneration Act 1990</i>	1 436	1 389	933
Valuer-General — pursuant to <i>Valuation of Land Act 1971</i>	267	263	263
Total salaries and allowances	79 695	78 766	77 012
Other			
First Home Owner and HomeBuilder Grants — pursuant to <i>First Home and Housing Construction Grants Act 2000</i>	40 830	29 188	64 379
Victims of Crime Fund — Compensation for injuries resulting from criminal acts — pursuant to <i>Victims of Crime Act 2001</i>	10 268	10 018	10 018
Total other	51 098	39 206	74 397
Total payments for which specific appropriation is authorised in various Acts	130 793	117 972	151 409
Note: Totals may not add due to rounding			

Table C.3: Estimates of receipts

	2024-25 Budget	2023-24 Estimated Result	2023-24 Budget
	\$000	\$000	\$000
Taxation receipts			
Payroll tax	2 216 235	2 172 802	1 943 344
Commonwealth places mirror payroll tax ^(b)	41 100	39 000	35 200
Stamp duties	2 333 373	2 320 830	1 965 212
Commonwealth places mirror stamp duties ^(b)	263	263	263
Land tax	786 639	696 989	683 710
Commonwealth places mirror land tax ^(b)	1 600	1 400	1 400
Gaming machines tax	427 249	420 139	401 954
Contribution from SA Lotteries	116 388	112 357	114 395
Contribution from casino operations	23 700	23 600	27 090
Contribution from on-course totalizators, bookmakers and small lotteries	3 701	3 602	—
Betting operations tax	61 426	59 782	63 353
Total taxation receipts	6 011 674	5 850 764	5 235 921
Commonwealth general purpose payments			
GST revenue grants ^(c)	8 942 237	8 706 091	8 788 282
Total Commonwealth general purpose payments	8 942 237	8 706 091	8 788 282
Commonwealth specific purpose payments^(d)	239 009	235 828	236 393
Commonwealth National Partnership payments^(e)	21 406	62 440	41 029
Contributions from state undertakings			
Adelaide Cemeteries Authority			
Income tax equivalent	38	45	60
Adelaide Venue Management Corporation			
Dividend	1 600	1 600	1 600
Arrangements with private electricity entities			
Local government rate equivalent	142	138	138
Department for Infrastructure and Transport			
Income tax equivalent	2 614	2 614	2 614
Local government rate equivalent	1 237	1 207	1 207
Flinders Ports			
Payment in lieu of other taxes	3 157	3 080	3 080
ForestrySA			
Dividend	276	773	773
Income tax equivalent	119	332	332
Funds SA			
Local government rate equivalent	137	133	133

	2024-25 Budget \$000	2023-24 Estimated Result \$000	2023-24 Budget \$000
Table C.3: Estimates of receipts continued			
HomeStart Finance			
Dividend	31 682	30 274	23 735
Income tax equivalent	13 578	12 974	10 172
Motor Accident Commission			
Dividend	3 193	7 560	2 269
Public Trustee			
Dividend	5 153	4 848	4 960
Income tax equivalent	2 147	2 021	2 069
Renewal SA			
Dividend	2 246	98 771	2 246
Income tax equivalent	—	44 063	—
Local government rate equivalent	3 477	2 457	1 793
South Australian Government Financing Authority			
Dividend	34 762	95 690	33 600
Income tax equivalent	15 000	26 845	14 400
South Australian Water Corporation			
Dividend	73 369	110 855	103 904
Income tax equivalent	12 938	34 047	71 305
Local government rate equivalent	2 154	2 101	2 101
State Owned Generators Leasing Co Pty Ltd			
Dividend	1 649	1 504	1 504
Income tax equivalent	706	645	645
TAFE SA			
Local government rate equivalent	53	52	52
West Beach Trust			
Income tax equivalent	776	55	142
Total contributions from state undertakings	212 203	484 684	284 834
Fees and charges^(f)			
Auditor-General's Department — fees for audit and other sundry receipts	17 922	17 485	17 485
Court fines	98 334	62 208	80 573
Court regulatory fees	48 000	38 409	46 401
Guarantee fees	144 303	127 331	123 057
Infringement notice schemes — expiation fees	119 782	76 457	99 191
Land Services regulatory fees	392 388	374 148	317 657
Small lotteries	196	629	629
Sundry fees	39	38	38
Total fees and charges	820 964	696 705	685 031

	2024-25 Budget	2023-24 Estimated Result	2023-24 Budget
	\$000	\$000	\$000

Table C.3: Estimates of receipts continued**Recoveries**

Across government energy retail agreement rebate	4 330	7 400	—
Adelaide Oval Sublease Fees	1 110	1 083	1 083
Casino Unclaimed Prizes	40	40	40
Department for Environment and Water — Qualco Sunlands	250	40	250
Department for Infrastructure and Transport — indentured ports	15 727	15 727	15 727
Essential Services Commission of South Australia	17 698	14 645	14 645
Independent Gaming Corporation contribution to Gamblers Rehabilitation Fund	2 000	2 000	2 000
Landscape Levy — Treasurer's Water Licences	450	439	439
Metropolitan Drainage Fund	7	7	7
National Tax Equivalent Program	50	50	50
Off-course wagering services annual fee	1 303	1 271	1 271
On-passing of Digital Technology Academy Funding	26 000	—	6 000
On-passing of Innovation Centre Funding	10 000	—	3 000
On-passing of SAHMRI grant	—	5 280	—
Recoup from SAFA Insurance Fund No. 3	—	6 701	—
Recoup from the Economic Investment Fund	500	4 248	4 722
Return of cash to Consolidated Account — cash alignment policy	—	347 023	—
Return of deposit account balances	3 100	—	—
Return of deposit account balances — superannuation	30 000	30 000	30 000
Return of Live Music and Event Cancellation Fund	—	5 235	—
Return of working capital	9 272	—	9 046
Sundry recoupment	198	193	193
Unclaimed monies and personal property	2 764	2 700	2 700
Total recoveries	124 798	444 082	91 173

Table C.3: Estimates of receipts continued**Royalties**

Department for Energy and Mining	422 901	420 181	403 896
Land Services data royalties	—	762	762
Total royalties	422 901	420 943	404 658

Other receipts**Interest**

Interest on investments	418 324	407 124	354 424
Interest recoveries from general government entities	1 128	1 285	802
Interest recoveries from the private sector	439	439	439

	2024-25 Budget \$000	2023-24 Estimated Result \$000	2023-24 Budget \$000
Repayment of advances			
Catholic Church Endowment Society Incorporated	3 600	3 600	3 600
Department of Primary Industries and Regions	6 518	6 518	6 518
Other			
Other receipts	528	1 057	1 057
Sale of Adelaide Festival Centre and Plaza	—	221 243	—
Sale of land and building	19 181	10 149	3 691
Total other receipts	449 718	651 415	370 531
Total Consolidated Account receipts	17 244 910	17 552 952	16 137 852
Note: Totals may not add due to rounding			
(a) Effective 8 February 2024, Wellbeing SA was renamed Preventive Health SA.			
(b) Taxes akin to state taxes are levied on activities conducted on Commonwealth places under the authority of Commonwealth mirror tax legislation. Revenue is retained by the state.			
(c) This includes the estimate of the Commonwealth Government's no worse off guarantee payments to South Australia.			
(d) Refers only to those Commonwealth specific purpose payments paid to the Consolidated Account.			
(e) Refers only to National Partnership payments that are paid to the Consolidated Account. The remainder of National Partnership payments are paid into the Intergovernmental Agreement on Federal Financial Relations special deposit account for subsequent disbursement to the relevant line agencies.			
(f) Refers to only those fees and charges paid to the Consolidated Account.			

Appendix D: South Australian state public sector organisations

The entities listed below are controlled by the government.

The sectors to which these entities belong are based on the date of the release of the 2024-25 Budget.

The government's interest in each of the public non-financial corporations and public financial corporations listed below is 100 per cent.

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

Second-hand Vehicles Compensation Fund
Small Business Commissioner
South Australia Police (South Australian Police Department, SAPOL)
South Australian Ambulance Service
South Australian Arid Lands Landscape Board
South Australian Country Arts Trust
South Australian Country Fire Service (CFS)
South Australian Film Corporation
South Australian Fire and Emergency Services Commission (trading as SAFECOM)
South Australian Local Government Grants Commission
South Australian Metropolitan Fire Service (MFS)

South Australian Skills Commission
South Australian State Emergency Service (trading as SES)
South Australian Tourism Commission
South Eastern Water Conservation and Drainage Board
State Governor's Establishment
State Opera of South Australia
State Planning Commission
State Theatre Company of South Australia
Study Adelaide
TAFE SA
Trade and Investment, Department for
Treasury and Finance, Department of

Public Non-Financial Corporations Sector

Adelaide Cemeteries Authority
Adelaide Festival Centre Trust
Adelaide Venue Management Corporation
Distribution Lessor Corporation
Generation Lessor Corporation
Public Trustee
South Australian Forestry Corporation (trading as ForestrySA)

South Australian Housing Trust (trading as South Australian Housing Authority)
South Australian Motor Sport Board
South Australian Water Corporation (trading as SA Water)
State Owned Generators Leasing Co Pty Ltd
Transmission Lessor Corporation
Urban Renewal Authority (trading as Renewal SA)
West Beach Trust (trading as West Beach Parks)

Public Financial Corporations Sector

HomeStart Finance
Lifetime Support Authority
Motor Accident Commission
Return to Work Corporation of South Australia (trading as ReturnToWorkSA)

South Australian Government Financing Authority (trading as SAFA)
Superannuation Funds Management Corporation of South Australia (trading as Funds SA)

Changes to controlled entities/reporting structures since the 2023-24 Budget

New entities

- Effective 31 August 2023, the Office for Early Childhood Development was established.

Other changes

- Effective 8 February 2024, the title of Wellbeing SA was altered to Preventive Health SA.

Appendix E: Tax expenditure statement

Overview

This statement provides a summary of tax expenditures incurred by the Government of South Australia in 2022-23 and 2023-24.

What are tax expenditures?

The term ‘tax expenditure’ refers to differential tax treatment where the difference constitutes a departure from the tax standard or benchmark.

Examples of tax expenditures can include revenue forgone from:

- tax exemptions
- reduced rates of taxation
- tax rebates or deductions.

A tax expenditure is a reduction in tax revenue or increase in refund and remission expenditure resulting from ‘preferential’ tax treatment. In practice, differentiating preferential tax treatment from tax differences that are integral to efficient revenue raising design is not always straightforward.

In the design of expenditure and revenue policy, governments observe various principles of fairness and equity. Such principles apply to decisions on taxation policies as well as decisions that underpin the direction of public expenditure. As a result, a number of differential tax treatments across a broad spectrum of taxpayers and particular activities may arise. Differential treatment afforded to certain taxpayers to achieve social and political objectives rather than tax design objectives constitutes a tax expenditure.

Why measure tax expenditures?

The immediate and direct impact of preferential tax treatment is to reduce the revenue raised from a given tax. In the absence of concessions and exemptions, governments would be able to support a higher level of government spending, reduce the level of tax rates or, if expenditure remain unchanged, reduce borrowing requirements.

By explicitly publishing estimates of the magnitude of this preferential tax treatment, transparency is increased and the community is made more aware of the government’s fiscal priorities. The government should also be better placed to ensure that resources, in total, are committed to the areas that clearly reflect policy priorities.

Valuation of tax expenditures

Tax expenditures in this appendix are calculated according to the revenue forgone method, which involves applying the general structure of a tax to a tax base (that is, a group of people or activities) that is currently exempt from the tax or subject to concessional treatment.

This static approach does not take into account possible behavioural changes which may result from the removal of a tax concession. This means that the revenue forgone approach assumes taxpayer behaviour will remain unchanged if concessions are removed. As a result, tax expenditures measured using this approach provide only a broad indication of actual revenue impacts and, more specifically, this approach is likely to overstate the actual revenue forgone as a result of an individual tax concession.

Aside from the absence of assumptions about behavioural responses, the estimates are in many cases approximations, reflecting data limitations and the use of proxy indicators to measure the size of revenue bases relevant to tax concessions.

Benchmark for measuring tax expenditures

Tax expenditures should be quantified by comparing the existing tax structure with a benchmark tax structure based entirely on taxation design principles. In practice, deciding on such a structure does involve some judgement. For example, the benchmark structure used for payroll tax is a flat tax at the standard rate of 4.95 per cent with no threshold. There is no particular merit in the standard rate from the point of view of tax design but it has been adopted because it is the existing rate. Further, a zero threshold would probably not be desirable from a tax design point of view because the administrative costs of collecting revenue from very small employers might well exceed the revenue collected. However, for the sake of simplicity, a zero threshold has been adopted in this exercise.

Summary

The view has been taken that the extent of tax relief provided through the availability of exemptions, concessions, rebates and allowable deductions is sufficiently important to warrant documentation even if:

- the benchmark against which the tax expenditure is assessed could be argued to be imperfectly defined
- the measurement of those imperfectly defined expenditures is also subject to qualification
- the value of many tax expenditures cannot be quantified.

Many tax expenditures have not been able to be quantified. In particular, there are a large number of exemptions from stamp duties that are not reflected in the estimates due to a lack of information on the size of the affected tax bases. Similarly, a number of exemptions relating to payroll tax have not been quantified. As such, the aggregate total of the estimates contained in table E.1 does not represent the total value of assistance provided by tax expenditures.

The largest tax expenditures are the payroll tax threshold, the land tax threshold and land tax exemptions for primary production and residential land.

The following is a brief summary of the individual tax expenditures that have been quantified.

Payroll tax

Total quantified tax expenditures relating to payroll tax for 2023-24 of \$1.1 billion represents 61.5 per cent of payroll tax revenue collections (net of related tax expenditures and excluding general government collections). This is a \$3.2 million increase on the estimated value of payroll tax expenditures in 2022-23.

The largest payroll tax expenditure is the provision of a tax-free threshold and deduction. Payroll tax is levied on wages paid by employers. Employers with annual national wages of up to \$1.5 million are exempt from payroll tax. Businesses with national wages above \$1.5 million receive a deduction of \$600 000. A variable payroll tax rate between zero per cent and 4.95 per cent applies to businesses with national wages between \$1.5 million and \$1.7 million, with a rate of 4.95 per cent applicable to businesses with national wages above \$1.7 million.

The threshold exemption results in a large number of small businesses not being liable for payroll tax. In addition, those businesses that are liable for payroll tax receive the benefit of a \$600 000 deduction. It is estimated that the tax revenue forgone as a result of the existence of the threshold, deduction and phase-in rate is \$780.0 million in 2023-24 for private sector employers.

Several other groups of taxpayers are exempt from payroll tax liabilities, many of which have not been quantified in terms of tax expenditures. Of those that have been calculated, the largest tax expenditure relates to the exemption for public hospitals, which is estimated to amount to \$176.7 million in 2023-24. Other expenditures in 2023-24 include public benevolent institutions (\$74.9 million), local government councils (\$48.1 million), not-for-profit schools (\$32.3 million) and not-for-profit hospital and health providers (\$24.2 million).

Stamp duties

Stamp duties apply to a range of transactions including conveyances, insurance and motor vehicle registration. There are a large number of exemptions contained in stamp duty legislation, many of which cannot be quantified. The total quantifiable tax expenditure on stamp duties in 2023-24 of \$544.6 million is equivalent to 23.7 per cent of stamp duty revenues. The total cost of stamp duty tax expenditures has decreased by \$16.4 million in 2023-24, largely reflecting a lower cost for the duty exemption for non-residential, non-primary production property transfers.

Conveyance duty tax expenditures are estimated to amount to \$502.7 million in 2023-24. The stamp duty exemption for non-real property transfers is estimated to cost \$58.7 million in 2023-24, with the stamp duty exemption for non-residential real property (excluding primary production) estimated to cost \$244.8 million. An exemption from duty on the transfer of family farms is estimated to cost \$163.1 million in 2023-24. The stamp duty concession for eligible first home buyers on the purchase of a new home or vacant land to build a new home is estimated to cost \$21.0 million.

Approximately \$44.6 million of stamp duty tax expenditures in 2023-24 relate to exemptions given in respect of the \$60 stamp duty fee payable on the combined renewal certificate for vehicle registration and compulsory third party insurance. Of this, an estimated \$13.6 million relates to concessions provided to pensioners and state concession cardholders. The remaining balance mainly relates to conditionally registered vehicles (for example historic and left hand drive vehicles, special purpose vehicles such as fork lifts, tractors, self-propelled farm implements and mobile cranes), government vehicles registered under the Continuous Government Registration Scheme and vehicles owned by local government councils.

Land tax

Total land tax expenditures are estimated to be \$2.0 billion in 2023-24. This represents 272.6 per cent of land tax collections (net of related tax expenditures).

Land tax is calculated on the aggregate taxable value of all land held by an owner as at 30 June preceding the assessment year. No tax is payable if the total taxable value of all land is less than the tax-free threshold level. The 2023-24 tax-free threshold for general non-trust landholdings was \$668 000 with a \$25 000 tax-free threshold for land held in certain trusts. A marginal tax rate structure applies above these thresholds, with increasing marginal tax rates applied as the value of landholdings increase.

The major 2023-24 tax expenditures associated with land tax include:

- the primary production exemption (provided it meets certain criteria) — estimated to cost \$922.3 million
- the tax-free threshold — estimated to cost \$488.2 million
- the principal place of residence exemption — estimated to cost \$393.5 million
- other specific exemptions provided in section 4 of the *Land Tax Act 1936*. Exempt categories include land used for religious purposes, state subsidised hospitals, libraries, parklands, conservation of native flora and fauna, sporting activities and other items. The cost of these exemptions amounts to approximately \$163.3 million in 2023-24.

Total land tax expenditures in 2023-24 are \$428.8 million higher than in 2022-23. This primarily reflects the estimated higher cost of providing exemptions for primary production land, the tax-free threshold and principal places of residence.

Gambling taxes

Total gambling tax expenditures are estimated to be \$56.7 million in 2023-24, representing around 9.2 per cent of gambling tax collections.

Tax expenditures for gambling taxes arise from the gambling tax-free threshold and the differential tax treatments that apply to gaming machine activity in not-for-profit venues and the Adelaide Casino compared with the tax rate structure applying to hotels.

In South Australia, for hotels, gambling tax is levied on net gambling revenue (NGR) above an annual threshold of \$75 000. Lower tax structures apply to not-for-profit venues. For the Adelaide Casino, the tax rate for non-premium gaming machines is set at the lower of 41 per cent and the average tax rate paid by for-profit venues. A lower tax rate of 10.91 per cent of NGR applies for premium gaming machines at the Adelaide Casino having regard to tax rates faced by interstate competitors.

In 2023-24, it is estimated that the revenue forgone as a result of the existence of the tax-free threshold for gaming machines in hotels and not-for-profit venues is \$9.0 million. The benefit to not-for-profit venues from lower gaming machine tax rates is estimated to be \$8.9 million in 2023-24. The benefit to the Adelaide Casino of different tax treatment for gaming machines compared to hotels is estimated to be \$38.8 million in 2023-24.

Total gambling tax expenditures in 2023-24 are broadly consistent with 2022-23.

Emergency services levy

The emergency services levy (ESL) is intended to provide a comprehensive method of funding emergency services by raising sufficient funds from property holders to support aggregate expenditure on emergency services. The government makes contributions through remissions, pensioner concessions and the levy payable on the government's own property. The tax expenditure costings measure the difference between standard levy rates and post-remission levy rates which vary depending on land use code and location (for fixed property) and class of vehicle (for mobile property).

The ESL has differential rates of levy on land use types and regions. The motivation for the differential levy rates lies in a desire to achieve some alignment with relative risk of property types, the value of the service provided (related to property value) and regional variation in service levels. The different land use and regional factors are not treated as a tax expenditure.

The cost of the fixed property remission is estimated at \$127.6 million in 2023-24 which is broadly consistent with 2022-23.

Table E.1: Summary of tax expenditures (\$million)

Tax expenditures (\$m)	2022-23	2023-24
Payroll tax		
Threshold related exemption, of which:		
benefit of \$600 000 deduction	649.6	661.5
incremental benefit of \$1.5m threshold	110.5	112.0
incremental benefit of phased rate for payrolls between \$1.5m and \$1.7m	6.1	6.4
Religious institutions	0.8	0.8
Public benevolent institutions	76.8	74.9
Public hospitals exemption	176.7	176.7
Non-profit hospital and health providers exemption	24.2	24.2
Non-profit schools or colleges at or below secondary level	32.3	32.3
Non-profit kindergartens	6.4	6.4
Child care centres	1.4	1.4
Local government council exemption	48.1	48.1
Apprentice and trainee wages exemption	9.4	—
Assistance for motion picture production companies ^(a)	1.1	1.8
Total for payroll tax	1 143.5	1 146.7
Stamp duties		
Conveyance duty		
Family farm exemption	154.3	163.1
Corporate reconstructions	21.0	12.4
Non-real property stamp duty — abolition ^(b)	52.7	58.7
Non-residential (non-primary production) property stamp duty — abolition ^(c)	290.0	244.8
First home concessions	—	21.0
Stamp duty on renewal certificate for motor vehicle registration and compulsory third party insurance (CTP)		
The Crown and vehicles registered under the Continuous Government Registration Scheme	0.9	1.1
Hire vehicles with more than 12 seats	0.1	0.1
Councils	0.3	0.3
Conditionally registered vehicles	28.6	29.3
Incapacitated ex-servicemen and other persons	0.2	0.2
Pensioners and eligible low-income earners	13.8	13.6
Stamp duty on motor vehicle registrations		
General remissions	<0.1	<0.1
Total for stamp duties	561.8	544.6

Tax expenditures (\$m)	2022-23	2023-24
Land tax		
Threshold exemption	399.9	488.2
Principal place of residence ^(d)	319.2	393.5
Primary production ^(d)	684.8	922.3
Caravan parks and residential parks ^(d)	1.1	0.9
Supported residential facilities ^(d)	0.4	0.5
For-profit aged care facilities ^(d)	2.7	2.2
Other exemptions ^(e)	134.2	163.3
Total for land tax	1 542.2	1 971.0
Gambling taxes		
Gaming machines		
Threshold exemption	9.0	9.0
Differential treatment of non-profit businesses	8.8	8.9
Casino ^(f)		
Premium gaming machines	30.5	30.6
Non-premium gaming machines	8.0	8.1
Total for gambling taxes	56.4	56.7
Other taxes on property		
Emergency services levy		
Pensioner concessions	6.5	6.8
General remissions		
Fixed property	128.1	127.6
Mobile property	3.1	3.1
Total for other taxes on property	137.7	137.5
Total expenditures	3 441.6	3 856.5

Note: Totals may not add due to rounding.

- (a) Includes estimated cost of legislated payroll tax exemption applicable to wages paid or payable in connection to a feature film produced in South Australia as well as associated ex-gratia relief
- (b) Stamp duty on non-real property transfers was abolished from 18 June 2015.
- (c) Stamp duty on non-residential (non-primary production) transfers was fully abolished from 1 July 2018. The amount in 2022-23 includes the refund of stamp duty in relation to a number of student accommodation transfers following a Supreme Court decision that such transfers are non-residential in nature and therefore exempt for stamp duty purposes.
- (d) Consistent with the approach taken for other taxes in this table, the cost of these land tax exemptions has been calculated assuming the land tax rates and thresholds in force in the relevant year apply
- (e) Includes a wide range of exemptions provided to land used for a number of specific activities under section four of the *Land Tax Act 1936*. Some of these include land used for religious purposes, state subsidised hospitals, libraries, parklands, conservation of native flora and fauna as well as sporting activities
- (f) This has been estimated by applying the gaming machine tax rate structure applicable to for-profit venues

Glossary of terms used in the budget statement

Term	Definition
Assets	Resources controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.
Australian Bureau of Statistics Government Finance Statistics (ABS GFS) Manual	The Australian Bureau of Statistics' publication <i>Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015</i> contains a comprehensive and definitive guide to the classification of financial aggregates for National Accounts and the Government Finance Statistics (GFS).
Balance sheet	A statement showing the financial position (at a specific time) of a reporting entity in terms of its recognised assets, liabilities and equity at the end of a reporting period.
Capital grants	Amounts paid or received for capital purposes for which no economic benefits of equal value are receivable or payable in return.
Cash flow statement	A statement showing the cash inflows and outflows of a reporting entity during the reporting period. Cash flows are classified as operating, investing and/or financing activities.
Cash surplus/deficit	The cash surplus/deficit has two components. The first is the net cash flows from operating activities (operating receipts less operating payments). The second is the net cash flows from transactions (cash inflows from sales and cash outflows from purchases) in non-financial assets (less dividends paid by the PNFC and PFC sectors).
Comprehensive result — total change in net worth	Measures the variation in a government's accumulated assets and liabilities, and is the most inclusive measure of the change in a government's financial position over a given period. It is calculated as revenue from transactions less expenses from transactions plus other economic flows other than transactions with owners as owners.
Consolidated Account	The government's main operating account, from which appropriations are paid and revenues of the state are credited, created pursuant to the <i>Public Finance and Audit Act 1987</i> .
Consumer Price Index (CPI)	A general indicator of the rate of change in prices paid by households for consumer goods and services published by the Australian Bureau of Statistics (ABS).
Contingent asset	A possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the entity.
Contingent liability	A possible obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the entity; or a liability that does not meet the recognition criteria.
Convergence differences	The difference between the amounts recognised in the financial statements (prepared under Australian accounting standards) compared with the amounts determined for Government Finance Statistics purposes as a result of differences in definition, recognition, measurement, classification and consolidation principles and rules.

Term	Definition
Current grants	The provision of something in value for no specific return or consideration and includes grants, subsidies and donations.
Financial reports	Financial reports for the various sectors of the public sector are also produced in accordance with the Uniform Presentation Framework. These are the operating statement, balance sheet and cash flow statement.
General government	The sector of government that includes all government agencies that provide services free of charge or at prices significantly below the cost of production or provide regulatory services.
Government finance statistics (GFS)	Statistics that measure the financial activities of governments and reflect the impact of those activities on other sectors of the economy. GFS is based on international statistical standards.
Classification of the functions of government (COFOG-A)	The method used to classify expenses from transactions and acquisitions of non-financial assets in terms of the purposes for which the transactions are made, for example, health, education.
Gross Domestic Product (GDP)	The total market value of all final goods and services produced within a country in a given period after deducting the cost of goods and services used up in the process of production, but before deducting allowances for the consumption of fixed capital. It is an indicator of the level of economic activity in the market sector, and percentage changes in it are used as a measure of a country's rate of economic growth.
Gross State Product (GSP)	The total market value of goods and services produced within a state in a given period after deducting the cost of goods and services used up in the process of production, but before deducting allowances for the consumption of fixed capital.
Horizontal fiscal equalisation (HFE)	The principle underlying the Commonwealth Grants Commission's assessment of per capita relativities, which are the basis for the interstate distribution of general revenue grants. Under this principle, GST revenue grants are distributed so as to give each state and territory the capacity to provide public services at an average standard and level of efficiency, for comparable revenue effort. From 2021-22 the distribution of GST will begin to transition to new arrangements that aim to ensure each state or territory has the capacity to provide services at the standard of New South Wales or Victoria (whichever is greater).
Income (revenue)	Increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contribution by owners.
Income tax equivalent (ITE)	Payments equivalent to income tax that certain public authorities or business units (if a legal entity) would be liable to pay under the Commonwealth Government's <i>Income Tax Assessment Act 1997</i> , were that public authority or business unit (if a legal entity) not an instrumentality of the Crown in right of the State of South Australia.
Investment expenditure	Comprises projects and programs that result in the capitalisation of assets on the balance sheet. They include the acquisition and construction of, or addition to non-current assets, including property, plant and equipment and other productive assets. Examples include roads, hospitals, medical equipment and schools.

Term	Definition
Liabilities	Present obligations arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.
Net cash flow from investments in financial assets (liquidity management purposes)	Equals cash receipts from liquidation or repayment of investments in financial assets for liquidity management purposes less cash payments for such investments. Investment for liquidity management purposes means making funds available to others with no policy intent and with the aim of earning a commercial rate of return.
Net cash flow from investments in financial assets (policy purposes)	Equals cash receipts from the repayment and liquidation of investments in financial assets for policy purposes less cash payments for acquiring financial assets for policy purposes. Acquisition of financial assets for policy purposes is distinguished from investments in financial assets (liquidity management purposes) by the underlying government motivation for acquiring the assets. Acquisition of financial assets for policy purposes is motivated by government policies such as encouraging the development of certain industries or assisting citizens affected by natural disaster.
Net debt	<p>Net debt comprises the stock of selected gross financial liabilities less selected financial assets.</p> <p>Net debt is reported in the balance sheet and is the sum of deposits held, advances received and borrowing, less the sum of cash and deposits, advances paid, and investments, loans and placements.</p>
Net financial liabilities	<p>Net financial liabilities comprises total liabilities less financial assets (net financial worth), but excludes equity investments (net worth) in the other sectors of the jurisdiction.</p> <p>Net financial liabilities is a broader measure than net debt as it includes substantial non-debt liabilities such as accrued superannuation and long service leave entitlements.</p>
Net financial worth	Net financial worth measures a government's net holdings of financial assets. It is calculated from the balance sheet as financial assets minus liabilities. It differs from net financial liabilities in that equity in non-financial public corporations and public financial corporations are included as assets.
Net lending/borrowing position	Net lending/borrowing (which is recorded in the operating statement) differs from the net operating balance in the treatment of capital expenditure. Unlike the net operating balance, net lending/borrowing includes net capital expenditure, but not the use of capital (depreciation). It is calculated as the net operating balance less the net acquisition of non-financial assets.
Net operating balance	The net operating balance is the excess of revenue from transactions over expenses from transactions. The net operating balance excludes expenditure on the acquisition of capital assets, but includes non-cash costs such as accruing superannuation entitlements and the consumption of capital (depreciation).
Net worth	Net worth is calculated as total assets (both financial and non-financial) minus total liabilities. Net worth incorporates a government's non-financial assets, such as land and other fixed assets, which may be sold and used to repay debt, as well as certain financial assets and liabilities not captured by the net debt measure, most notably accrued employee superannuation liabilities, accrued long service leave benefits, debtors and creditors.

Term	Definition
Non-financial public sector	The consolidation of the general government sector and public non-financial corporations sector.
Operating expenses	A decrease in economic benefits during the accounting period in the form of outflows or depletion of assets, or incurrence of liabilities that result in decreases of equity other than those relating to distributions to owners.
Operating statement	The financial statement disclosing all income and expenses (and their sources) of a reporting entity recognised in the reporting period unless an accounting standard requires otherwise.
Other economic flows	Changes to assets, liabilities and equity that are not the result of transactions e.g. revaluation of assets.
Public financial corporation (PFC)	Government controlled entity that is mainly engaged in financial intermediation or the provision of auxiliary financial services.
Public non-financial corporation (PNFC)	Government controlled entity that is mainly engaged in the production of market goods and/or non-financial services, which recovers a significant portion of its costs through user charges.
Real terms	Adjustments made in order to take account of the impact of rising prices on the purchasing power of money. Throughout this budget paper, reference is made to real term aggregates and growth rates. All real terms calculations use the Adelaide CPI, unless specifically stated otherwise.
Sector	An ABS national accounting concept used to group entities with similar economic characteristics. Sectors comprising the public sector are general government, public non-financial corporations and public financial corporations.
State Final Demand (SFD)	A measure of spending in a state economy. The estimate obtained by summing government final consumption expenditure, household final consumption expenditure, private gross fixed capital formation and the gross fixed capital formation of public corporations and general government.
Superannuation interest cost	Represents the carrying cost of unfunded superannuation liabilities, net of interest revenue on plan assets of defined benefit schemes.
Transactions	Changes to assets, liabilities and equity that arise from mutually agreed interactions between entities.
Unfunded superannuation liability	The amount by which the liabilities of a superannuation scheme or schemes (measured as the present value of expected future superannuation benefits that have accrued to members) at the reporting date exceeds the value of assets held by the superannuation scheme or schemes to meet those benefits.
Uniform presentation framework (UPF)	The reporting framework agreed by the Commonwealth Government and state and territory governments, to ensure all governments provide a common 'core' of financial information in their budget papers (refer to Appendix A).

STATE BUDGET

2024-25

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