



2009 10

**FINAL BUDGET OUTCOME  
AND CONSOLIDATED  
FINANCIAL REPORT**

AS AT 30 JUNE 2010

Presented by the Honourable Kevin Foley MP  
Deputy Premier and Treasurer of South Australia



Government  
of South Australia



**Government  
of South Australia**

**Final Budget Outcome  
2009–10**

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# Introduction

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The Final Budget Outcome for 2009–10 is published as the first section of a combined Final Budget Outcome and Consolidated Financial Report for the Government of South Australia.

The Final Budget Outcome reports the 2009–10 financial results for the Government of South Australia's key fiscal targets and provides an analysis of these results against earlier estimates.

The Consolidated Financial Report presents the financial results for the general government sector and the whole of government in accordance with Accounting Standard AASB1049.

**Chapter 1** provides an overview of the 2009–10 final outcomes with the focus on the general government sector financial outcomes and financial liabilities. The chapter includes:

- a discussion of variations between the 2009–10 final outcome for revenues and expenses of the general government sector and estimates included in the 2010–11 Budget; and
- public sector net debt and superannuation liability levels as at 30 June 2010.

**Chapter 2** provides an assessment of the performance of the South Australian economy in 2009–10.

The appendices to this document provide the following information:

- **Appendix A** contains the *Uniform Presentation Framework* reporting for the general government sector, the public non-financial corporations sector, the non-financial public sector and the public financial corporations sector. Further information is also provided on general government sector taxation revenue, grant revenue and expenses, and expenses and capital expenditure by function.
- **Appendix B** details the Loan Council Allocation for 2009–10.
- **Appendix C** summarises the receipts and payments of the Consolidated Account.
- **Appendix D** provides a time series of financial statistics.

This document provides explanation of variations between estimates included in the 2010–11 Budget and the 2009–10 outcome. Variations between the estimates included in the 2010–11 Budget and the 2009–10 Budget are discussed in the 2010–11 Budget Papers.

Note 48 to the Consolidated Financial Report contains a list of controlled South Australian Public Sector agencies.



# Chapter 1: 2009–10 Final Budget Outcome

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## Overview

The Government of South Australia recorded a net operating surplus of \$187 million in 2009–10 for the general government sector. This represents an improvement of \$20 million on the net operating surplus of \$167 million forecast at the time of the 2010–11 Budget.

The improvement in 2009–10 compared with estimates in the 2010–11 Budget reflects:

- higher than anticipated dividends and income tax equivalent income from the public non-financial corporations as a result of higher than estimated earnings; and
- lower than anticipated other operating expenses primarily due to delays across a number of agency programs.

These improvements were partially offset by higher net interest expenses.

The net lending deficit was \$1092 million in 2009–10, an improvement of \$32 million on the estimate included in the 2010–11 Budget, a result of the higher net operating surplus and lower than anticipated net capital expenditure. The ratio of general government sector net financial liabilities to revenue at 30 June 2010 was 84.9 per cent, lower than the estimate in the 2010–11 Budget. The lower net financial liabilities to revenue ratio compared with the previous estimate is primarily the result of a lower than expected level of net debt.

Net debt for the general government sector at June 2010 was \$1402 million, a \$185 million improvement on the level of debt estimated at the time of the 2010–11 Budget. The improved net debt position is principally driven by variations in the timing of cash flows, in particular accruing operating payments and does not represent a significant improvement in the underlying budget position.

Net worth of the general government sector at June 2010 was \$11.0 billion higher than estimated in the 2010–11 Budget, primarily reflecting revaluations of roads maintained by the Department of Transport, Energy and Infrastructure. This improvement to net worth does not represent a significant improvement in the government's budget position.

Table 1.1 shows the 2009–10 outcomes for key general government financial indicators compared with earlier estimates and the 2008–09 outcomes.

Table 1.2 and Table 1.3 provide reconciliations of variations between estimates and outcomes for net operating balance and net lending respectively.



**Table 1.1: General government sector aggregates (\$million)**

	2008-09 Outcome	2009-10 Estimate at 2009-10 Budget	2009-10 Estimate at 2009-10 Budget	2009-10 Outcome
Revenue	13 531	14 444	15 531	15 534
Expenses	-13 764	-14 748	-15 364	-15 347
<b>Net operating balance</b>	<b>- 233</b>	<b>- 304</b>	<b>167</b>	<b>187</b>
<b>Net lending</b>	<b>- 872</b>	<b>-1 541</b>	<b>-1 124</b>	<b>-1 092</b>
Memorandum items:				
ABS Cash surplus	- 721	-1 540	-1 121	-1 154
Net Debt	475	2 142	1 587	1 402
Unfunded Superannuation	8 939	9 790	9 476	9 478
Net financial liabilities to revenue	85.5	97.1	85.4	84.9

Note: Totals may not add due to rounding.

**Table 1.2: Net operating balance — policy and parameter variations (\$million)**

	2009-10
<b>Estimate at 2009-10 Budget</b>	<b>- 304</b>
<b>Parameter and other variations</b>	
Revenue — taxation	115
Revenue — other	922
Operating expenses	- 330
<b>Net effect of parameter and other variations</b>	<b>707</b>
<b>Policy measures up to the Budget</b>	
Revenue — other	53
Operating expenses	- 189
<b>Net effect of policy measures up to the 2010-11 Budget</b>	<b>- 136</b>
<b>Policy measures in the Budget</b>	
Revenue — other	- 2
Operating expenses	- 155
<b>Net effect of policy measures in the 2010-11 Budget</b>	<b>- 157</b>
<b>Use of provisions set aside in the 2009-10 Budget and the 2009-10 Mid-Year Budget Review</b>	
Operating expenses	59
<b>Estimate at 2010-11 Budget</b>	<b>167</b>
<b>Parameter and other variations</b>	
Revenue — taxation	8
Revenue — other	- 5
Operating expenses	17
<b>Net effect of parameter and other variations</b>	<b>20</b>
<b>Final outcome</b>	<b>187</b>

Note: Totals may not add due to rounding.

**Table 1.3: Net lending — policy and parameter variations (\$million)**

	<b>2009-10</b>
<b>Estimate at 2009-10 Budget</b>	<b>-1 541</b>
<b>Net effect of operating variations</b>	<b>471</b>
<b>Investing variations<sup>(a)</sup></b>	
Net effect of parameter variations	4
Policy variations up to the 2010-11 Budget	- 56
Policy variations in the 2010-11 Budget	- 4
Use of provisions set aside in the 2009-10 Budget and the 2009-10 Mid-Year Budget Review	2
<b>Total investing variations</b>	<b>- 54</b>
<b>Estimate at 2010-11 Budget</b>	<b>-1 124</b>
<b>Net effect of operating variations after the 2010-11 Budget</b>	<b>20</b>
<b>Investing variations<sup>(a)</sup></b>	
Net effect of parameter variations	12
<b>Final outcome</b>	<b>-1 092</b>

Note: Totals may not add due to rounding.

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

## General government sector operating results

The 2009–10 general government sector operating statement is presented in Table 1.4. A full set of financial statements produced in accordance with the Uniform Presentation Framework is provided in Appendix A.

**Table 1.4: General government sector operating statement (\$million)**

	2009-10 Estimate at 2009-10 Budget	2009-10 Estimate at 2010-11 Budget	2009-10 Outcome
<b>Revenue</b>			
Taxation revenue	3 526	3 641	3 649
Grants	8 064	8 857	8 881
Sales of goods and services	1 834	1 933	1 936
Interest income	144	163	138
Dividend and income tax equivalent income	388	425	433
Other	489	512	497
Total revenue	14 444	15 531	15 534
<i>less</i>			
<b>Expenses</b>			
Employee expenses	6 035	6 177	6 221
Superannuation expenses			
Superannuation interest cost	444	455	455
Other superannuation expenses	623	646	600
Depreciation and amortisation	601	626	633
Interest expenses	174	179	204
Other property expenses	—	—	—
Other operating expenses	3 728	3 720	3 695
Grants	3 145	3 560	3 540
Total expenses	14 748	15 364	15 347
<i>equals</i>			
<b>Net operating balance</b>	<b>- 304</b>	<b>167</b>	<b>187</b>
<i>plus</i>			
<b>Other economic flows</b>	925	879	11 830
<i>equals</i>			
<b>Comprehensive result — total change in net worth</b>	<b>621</b>	<b>1 045</b>	<b>12 017</b>
<hr/>			
<b>Net operating balance</b>	- 304	167	187
<i>less</i>			
<b>Net acquisition of non-financial assets</b>			
Purchases of non-financial assets	2 180	2 162	2 144
<i>less</i> Sales of non-financial assets	343	245	29
<i>less</i> Depreciation	601	626	633
<i>plus</i> Change in inventories	—	—	3
<i>plus</i> Other movements in non-financial assets	—	—	- 206
<i>equals</i> Total net acquisition of non-financial assets	1 237	1 290	1 279
<i>equals</i>			
<b>Net lending/borrowing</b>	<b>-1 541</b>	<b>-1 124</b>	<b>-1 092</b>

Note: Totals may not add due to rounding.

The major items contributing to the variation in the general government sector financial outcome compared with the estimate included in the 2010–11 Budget are discussed on the following pages.

## Operating revenue

Operating revenues for the general government sector for 2009–10 were \$3 million higher than the estimated result at the time of the 2010–11 Budget.

### Taxation revenue

Taxation revenue was \$8 million higher than the estimated result mainly due to higher than expected revenue from motor vehicle registration fees.

### Grant revenue

Grant revenue exceeded the estimated result by \$24 million. Current grants were \$30 million higher than reflected in the 2009–10 estimated result. This was largely attributable to grants received directly by schools from non-government sources. This was partially offset by lower than expected revenues under a range of National Partnerships including drought related exceptional circumstances assistance.

Capital grants were \$7 million lower than expected in the 2010–11 Budget. Higher than expected capital grants from the Commonwealth primarily related to funding for Auslink and the Digital Education Revolution programs were more than offset by lower than expected grants from the private sector including grants to health units.

### Sales of goods and services

Revenue from sales of goods and services exceeded the estimated result by \$3 million. Higher than anticipated revenues from health unit fees, TAFE fees, regulatory fees and other user charges as well as the reclassification of school based revenue from the 'other revenue' category to sales of goods and services were largely offset by lower than expected Commonwealth contributions. Commonwealth contributions were lower than expected due to lower than expected revenues relating to the Pharmaceutical Benefits Scheme and health services for veterans.

### Interest income

Interest income was \$25 million lower than estimated in the 2010–11 Budget, primarily reflecting lower interest rates applicable to deposits held with SAFA (the South Australian Government Financing Authority) than were assumed for the estimated result.

### Dividend and income tax equivalent income

Dividend and income tax equivalent income was \$8 million higher than estimated at the time of the 2010–11 Budget mainly as a result of higher than expected revenue related to income tax equivalent payments from SA Water and the South Australian Housing Trust.

### Other revenue

Other revenue fell short of the 2009–10 estimated result by \$15 million. While the amount recorded as revenue by schools under this category was \$32 million lower than the estimated result, it was partly offset by higher than expected school based revenue recorded under the sales of goods and services category. The classification of school based revenue will be reviewed and updated as required during 2010–11. This was partially offset by improvement in residual other revenues.

## Operating expenses

The final outcome for total operating expenses in 2009–10 is in line with the estimate reported in the 2010–11 Budget.

Employee expenses were \$44 million higher than estimated in the 2010–11 Budget, primarily due to the higher than projected inpatient activity in the health sector and reclassification of expenses from other operating expenditure lines including superannuation. This is offset by lower superannuation expenses of \$46 million.

Depreciation expenses were \$7 million higher than estimated, mainly reflecting the revaluation of road assets by the Department for Transport, Energy and Infrastructure.

Other operating expenses were \$25 million lower than estimated due to delays across a number of agency programs, partly offset by additional cost of the provision of health services and additional expenditure relating to unbudgeted revenue.

Grant expenses were \$20 million lower than estimated predominantly due to lower than projected industry assistance paid to the private sector in 2009–10.

Interest expense was \$25 million higher than estimated at the 2010–11 Budget largely reflecting the impact of the timing of borrowings during 2009–10 and a higher level of gross borrowings.

Compared with the 2009–10 estimate reported in the 2010–11 Budget, the 2009–10 outcome for operating expenses reflects various reclassifications between categories of expense. Earlier estimates, by their nature, are often based on incomplete information as to the precise mix of final expenditure. Agency year-end procedures and the annual audit process provide clarity for the classification of expenses.

## Other economic flows

The significant increase in other economic flows (\$11 billion) over the 2009–10 estimated result reflects:

- \$9643 million of higher than expected non-financial asset valuations. The main component of this relates to the revaluation of road assets, which increased by \$9055 million; and
- a higher value of the general government sector's equity in other public sector entities (\$1308 million), mainly reflecting asset revaluations.

## Net acquisition of non-financial assets

The net acquisition of non-financial assets is a positive \$1279 million in 2009–10. This outcome is \$11 million lower than the 2009–10 estimate reported in the 2010–11 Budget.

The lower 2009–10 outcome for the net acquisition of non-financial assets compared with the estimate reported in the 2010–11 Budget reflects lower than estimated capital expenditure (\$18 million) across a range of agencies reflecting slippage of mainly infrastructure projects from 2009–10 into future years and reclassification of expenditure as operating. These variations were offset in part by higher depreciation expenses as detailed above.

The transfer of FleetSA assets to SAFA has been shown separately under 'other movements in non-financial assets' rather than included in 'sales of non-financial assets'.

## Balance sheet indicators

The following sections provide key balance sheet indicators and associated commentary for both the general government sector and the non-financial public sector.

### General government sector

**Table 1.5: General government sector — key balance sheet indicators**

	June 2009 Outcome	June 2010 Estimate at 2009-10 Budget	June 2010 Estimate at 2010-11 Budget	June 2010 Outcome
<b>Net debt</b>				
\$m	475	2 142	1 587	1 402
% of total revenue	3.5	14.8	10.2	9.0
<b>Net financial liabilities</b>				
\$m	11 562	14 023	13 271	13 182
% of total revenue	85.5	97.1	85.4	84.9
<b>Net financial worth</b>				
\$m	5 551	3 512	5 155	6 551
% of total revenue	41.0	24.3	33.2	42.2
<b>Net worth</b>				
\$m	24 146	21 741	25 192	36 231
% of total revenue	178.5	150.5	162.2	233.2

#### Net debt

Net debt increased by \$927 million from 30 June 2009 to 30 June 2010, due mainly to the general government cash deficit offset by the transfer of Fleet SA from the general government sector to SAFA, a public financial corporation.

Table 1.6 provides details of the movement in general government net debt in 2009–10.

**Table 1.6: General government sector net debt (\$million)**

<b>Net debt at 30 June 2009</b>	<b>475</b>
Prior period adjustments <sup>(a)</sup>	13
<b>Restated Net debt at 30 June 2009</b>	<b>488</b>
<b>Increase in net debt:</b>	
General government cash deficit	1 154
Transfer of Fleet SA to SAFA	- 207
Other variations	- 32
Total increase in net debt	915
<b>Net debt at 30 June 2010</b>	<b>1 402</b>

Note: Totals may not add due to rounding.

(a) Reflect updates to the 30 June 2009 balance sheet for final audit changes.

The general government sector net debt of \$1402 million at 30 June 2010 is, however, a \$185 million improvement compared to the estimate at the time of the 2010–11 Budget (\$1587 million). The better than expected level of net debt primarily relates to higher than expected expenditure accruals.

### Unfunded superannuation liability

The largest component of the government's net financial liabilities is its unfunded superannuation liability. The unfunded superannuation liability was \$9478 million at 30 June 2010, \$539 million higher than at 30 June 2009, and \$2 million higher than estimated in the 2010–11 Budget.

Table 1.7 provides details of the movements in the unfunded superannuation liability in 2009–10.

**Table 1.7: Unfunded superannuation liability (\$million)**

<b>Unfunded superannuation liability as at 30 June 2009</b>	<b>8 939</b>
Nominal superannuation interest expense <sup>(a)</sup>	455
Past service payments	- 406
Higher than expected returns on investments <sup>(b)</sup>	- 219
Impact of change in discount rate from 5.7% to 5.3%	691
Other movements	17
<b>Estimate of 30 June 2010 unfunded superannuation liability as at 2010-11 Budget</b>	<b>9 476</b>
Variance between actual and expected experience	2
<b>Unfunded superannuation liability as at 30 June 2010</b>	<b>9 478</b>

Note: Totals may not add due to rounding.

- (a) The nominal superannuation interest expense represents the increase during the year in the present value of the defined benefit obligation, which arises because the benefits are one period closer to settlement.
- (b) The 2009–10 earnings rate was 12.2 per cent, compared with the long-term earnings assumption of 7 per cent.

In addition to the normal annual movements in the unfunded superannuation liability arising from nominal superannuation interest expense and past service payments, material changes to the estimate of the liability in 2009–10 as detailed in the 2010–11 Budget arose from:

- higher than expected returns on investments in 2009–10, which reduced the liability by \$219 million. Investment returns for 2009–10 were 12.2 per cent, higher than the assumed long-term average of 7 per cent; and
- a lower discount rate used to value the unfunded superannuation liability. A discount rate of 5.3 per cent (effective annual rate) was used for the 2010–11 Budget, compared with 5.7 per cent used at 30 June 2009. This resulted in an increase of \$691 million to the unfunded superannuation liability as estimated in the 2010–11 Budget.

The government's closed defined benefit superannuation schemes create a liability for the government to pay future benefits to scheme members in accordance with the terms of the schemes. A program began in 1994–95 to fully fund the superannuation liability by 2034. In 2009–10 a \$406 million payment was made to the superannuation schemes as part of that program.

The accounting standard for employee entitlements requires that superannuation benefits are valued at the net present value of the future obligations. This is calculated by discounting the gross liability using market yields on government bonds.

Given the long term nature of the liability, the spot market yield of the longest term Commonwealth Government bonds at balance date is used as the discount rate for the purpose of this valuation. As shown in Table 1.7 above, small changes in the long-term bond rate have a material impact on the reported liability.

### Net financial liabilities

In addition to net debt and unfunded superannuation liabilities, net financial liabilities include other financial liabilities and financial assets (excluding equity held in public non-financial corporations and public financial corporations).

Net financial liabilities amounted to \$13 182 million at 30 June 2010; \$89 million lower than the estimate at the time of the 2010–11 Budget. This decrease is primarily the result of the decrease in net debt discussed above.

The net financial liabilities to revenue ratio at 30 June 2010 is 84.9 per cent, compared with the 2010–11 Budget estimate of 85.4 per cent.

The government's fiscal targets include the achievement of net lending outcomes that ensure the ratio of net financial liabilities to revenue continues to decline towards that of other triple-A rated states.

### Net financial worth and net worth

General government sector net worth increased by \$12 085 million in 2009–10. This was primarily due to non-financial asset revaluations in the general government sector (\$9785 million), as well as increases in investments held in other public sector entities.

Table 1.8 shows movements in net worth attributable to operating transactions and other items during 2009–10.

**Table 1.8: General government sector net worth (\$million)**

	<b>2009-10 Estimated Result</b>	<b>2009-10 Outcome</b>
<b>Net worth at 30 June 2009</b>	<b>24 146</b>	<b>24 146</b>
<b>Prior period adjustments<sup>(a)</sup></b>		
General government sector	—	50
Public non-financial corporations sector	—	17
Total prior period adjustments	—	67
<b>Restated net worth at beginning of year</b>	<b>24 146</b>	<b>24 213</b>
<b>Change in net worth from operating transactions:</b>		
Net operating balance	167	187
<b>Change in net worth from other economic flows:</b>		
Movement in net assets of PFCs	405	300
Movement in net assets of PNFCs	964	2 359
Non-financial asset revaluations	—	9 785
Revaluation of unfunded superannuation liability	- 489	- 490
Revaluation of annual leave liability	- 9	- 6
Revaluation of workers compensation liability	—	—
Revaluation of long service leave liability	- 62	- 68
Other revaluation adjustments	70	- 50
<i>Subtotal</i>		
Total other economic flows	879	11 830
<b>Net worth at 30 June 2010</b>	<b>25 192</b>	<b>36 231</b>

Note: Totals may not add due to rounding.

(a) Reflect updates to the 30 June 2009 balance sheet for final audit changes.



General government equity in the net assets of public financial corporations increased by \$300 million in 2009–10. This was mainly due to:

- a \$168 million increase in the value of the Motor Accident Commission's net assets, primarily due to an increase in investment assets (\$292 million), offset by an increase in provision for insurance claims liability (\$97 million);
- a \$77 million increase in the value of WorkCover's net assets, largely reflecting an increase in investments of \$207 million, offset by an increase in the outstanding claims liability of \$110 million. The increase in net worth of WorkCover was \$73 million lower than estimated in the 2010–11 Budget; and
- a \$63 million increase in SAFA's net assets.

During 2009–10, the value of the general government sector's investment in public non-financial corporations increased by \$2359 million, mainly due to:

- an increase in the South Australian Housing Trust's (SAHT) net assets of \$923 million, due largely to an increase in cash and cash equivalents relating to unspent Commonwealth grants and an increase in the value of rental properties from the revaluation of land and buildings;
- an increase in the value of SA Water's assets of \$836 million; due to acquisition and revaluation of infrastructure, property, plant and equipment, offset by an increase in related borrowings and tax liabilities; and
- an increase in the net worth of Forestry SA of \$121 million, due mainly to revaluations of land and standing timber.

Within the general government sector, the Department for Transport, Energy and Infrastructure recorded an increase in the value of its non-financial assets of \$9382 million. This primarily reflects a revaluation of the road network using a revised asset revaluation model which resulted in a significant increase in the reported fair value of the network. In addition, the Department for Correctional Services recorded a revaluation increase of \$109 million for land and buildings and the Department of Education and Children's Services recorded a revaluation increase of \$88 million for land.

Revaluation of the unfunded superannuation liability reduced net worth by \$490 million. This figure represents movement in the unfunded liability that is not attributable to past service payments or nominal superannuation interest expense, such as the effect of changes in the discount rate and higher than expected returns on investments.

## Non-financial public sector

Table 1.9 sets out the key balance sheet indicators for the non-financial public sector (which is comprised of the general government sector and the public non-financial corporations sector).

**Table 1.9: Non-financial public sector — key balance sheet indicators at 30 June**

	June 2009 Outcome	June 2010 Estimate at 2009-10 Budget	June 2010 Estimate at 2010-11 Budget	June 2010 Outcome
<b>Net debt</b>				
\$m	2 872	5 230	4 864	4 487
% of total revenue	20.0	34.2	29.8	27.5
<b>Net financial liabilities</b>				
\$m	14 302	17 682	16 901	16 626
% of total revenue	99.6	115.5	103.7	101.9
<b>Net financial worth</b>				
\$m	-14 921	-18 491	-17 168	-16 997
% of total revenue	- 103.9	- 120.8	- 105.3	- 104.2
<b>Net worth</b>				
\$m	24 146	21 741	25 192	36 231
% of total revenue	168.2	142.1	154.5	222.1

Non-financial public sector net debt increased \$1615 million in 2009–10 to \$4487 million, primarily due to increased borrowing associated with the net lending deficit. The public non-financial corporations' component of net debt at 30 June 2010 was \$3086 million, \$688 million higher than at 30 June 2009.

Net debt for the non-financial public sector at 30 June 2010 was \$377 million less than the estimate included in the 2010–11 Budget, due mainly to the timing of cash flows for revenue and expense accruals and lower than anticipated capital expenditure, particularly in the public non-financial corporation sector.

The negative net financial worth position of the non-financial public sector of \$16 997 million contrasts with the positive net financial worth of the general government sector of \$6551 million. This variation largely reflects equity in the public non-financial corporations sector held by the general government sector and recognised as a financial asset of that sector. This asset is eliminated in the consolidation of the non-financial public sector.

Net worth for the non-financial public sector increased by \$12 085 million in 2009–10, mainly due to increases in asset values as set out in the previous section.

## Contingent liabilities

A full discussion of the contingent liabilities of the Government of South Australia appears in the Consolidated Financial Report.



# Chapter 2: Economic performance

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## National economic performance for the year 2009–10

The recovery from the global financial crisis started slowly and gradually in most developed economies in 2009–10. The United States of America started to show tentative signs of a private sector led economic recovery although some concerns regarding the strength of the recovery remained at the end of 2009–10. Sovereign debt concerns emerged in Europe, with Greece receiving structured financial assistance to manage its fiscal problems and a number of other European countries starting to experience serious debt difficulties. The Chinese economy continued to grow relatively rapidly.

Although somewhat insulated by a strong connection with rapidly growing China and its demand for resources, Australia was not completely decoupled from these global economic and financial developments. The pace of domestic economic growth had slowed considerably by the beginning of 2009–10 and fears that Australia would fall into recession were intensifying. The Commonwealth Government set about implementing its Economic Security Strategy and, together with accommodating monetary policy and a sharp boost to the terms of trade resulting from China's strong demand for resources, this provided support to the Australian economy, resulting in solid Gross Domestic Product (GDP) growth of 2.2 per cent in 2009–10. This rate of growth was up significantly from that recorded in 2008–09 and faster than in most other advanced economies. It was also much stronger than the budget time forecast of a ½ per cent decline in GDP. The improved outcome reflects the effectiveness of the significant monetary and fiscal stimulus, a stronger than expected growth in the world economy, particularly in China, underpinned by global stimulus efforts and, the resilience of the Australian economy, particularly the financial sector.

Consistent with the general pick-up in demand and activity, labour market conditions also strengthened in 2009–10, with employment rising by 2.4 per cent through the year to the June quarter 2010 (1.4 per cent growth in year on year terms), up from 0.6 per cent in the previous year. By the end of 2009–10, the trend unemployment rate had fallen to 5.2 per cent compared with 5.8 per cent a year earlier.

In line with strengthening economic activity through 2009–10, inflationary pressures started to emerge, with the national Consumer Price Index rising by 3.1 per cent through the year to the June quarter 2010, compared with 1.5 per cent through the previous 12 months.

## South Australian economic performance for the year 2009–10

South Australia's Gross State Product (GSP) grew by 1.5 per cent in 2009–10 following upwardly revised growth of 2.1 per cent in 2008–09.

State Final Demand (SFD), which is a measure of total spending by households, business and governments in the South Australian economy, grew by a solid 2.9 per cent in real terms during 2009–10 (above national growth in Domestic Final Demand of 2.1 per cent). Public sector capital spending was the strongest component of South Australian State Final Demand, growing by 43 per cent during 2009–10, reflecting the influence of Commonwealth and State Government economic stimulus initiatives. Household consumption spending grew by 1.3 per cent. New business investment detracted from State Final Demand growth, falling by 0.6 per cent.

Supported by the strength in demand, South Australia's labour market recorded modest jobs growth in 2009–10. Employment rose by 0.7 per cent through the year to the June quarter 2010 (0.9 per cent in year average terms). The trend unemployment rate in South Australia fell from 5.6 per cent in June 2009 to 5.4 per cent in June 2010. There was also a decrease in underemployment, which represents persons who want to work a greater number of hours. Total labour underutilisation, which is the combination of unemployment and underemployment, fell in trend terms from 14 per cent in May 2009 to 13 per cent in May 2010.

Primary production activity picked up significantly in 2009–10 with ideal growing conditions across most regions for field crops. The Department of Primary Industries and Resources estimates South Australia's field crop production in 2009–10 to be up 59 per cent on 2008–09 and 27 per cent higher than the ten year average. Conditions in the irrigated sector also improved in 2009–10 with increased river flows leading to higher water allocations. Mining production in the State was impacted by the damage incurred in October 2009 to BHP Billiton's Olympic Dam Clark Shaft haulage system, which is responsible for around three quarters of the mine's ore production. BHP Billiton estimates that 2009–10 uranium production was reduced by 43 per cent and copper production by 47 per cent. Mining operations returned to full capacity during the June quarter 2010.

Residential housing construction remained resilient in 2009–10. Construction of more than 12 000 new dwellings commenced in 2009–10, supported in part by the Federal Government's First Home Buyer Boost, which was discontinued in December 2009, relatively low interest rates and migration driven population growth. Median metropolitan house prices continued to grow, rising by 14 per cent through the year to the June quarter 2010.

**Table 2.1: Economic Parameters — Australia and South Australia growth rates (per cent per annum), 2009–10**

	2009–10 Forecast at 2009–10 Budget	2009–10 Forecast at 2009–10 Mid-Year Budget Review	Outcome
<b>Australia</b>			
Gross Domestic Product (real terms)	-½	1½	2.2
Domestic Final Demand (real terms)	-1¼	1¼	2.1
Employment <sup>(a)</sup>	-1½	¼	2.4
Consumer Price Index <sup>(b)</sup>	1¾	1¾	3.1
<b>South Australia</b>			
Gross State Product (real terms)	-½	2¼	1.5
State Final Demand (real terms)	0	2½	2.9
Employment <sup>(a)</sup>	-1½	0	0.7

Sources: 2009–10 and 2010–11 Commonwealth and South Australian Budget Papers, 2009–10 Commonwealth Mid-Year Economic and Fiscal Outlook and South Australian Mid-Year Budget Review, and the Australian Bureau of Statistics.

- (a) In line with the Commonwealth, the 2009–10 employment forecasts and outcomes for South Australia and Australia are through the year to the June quarter.
- (b) Consumer Price Index for Australia is a weighted average of the eight capital cities and is the through the year growth rate to the June quarter 2010.

# **Appendix A    Uniform Presentation Framework Tables**

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

	<b>2009-10 Estimate at 2010-11 Budget</b>	<b>2009-10 Outcome</b>
<b>Revenue</b>		
Taxation revenue	3 641	3 649
Grants	8 857	8 881
Sales of goods and services	1 933	1 936
Interest income	163	138
Dividend and income tax equivalent income	425	433
Other	512	497
<b>Total revenue</b>	<b>15 531</b>	<b>15 534</b>
<i>less</i>		
<b>Expenses</b>		
Employee expenses	6 177	6 221
Superannuation expenses		
Superannuation interest cost	455	455
Other superannuation expenses	646	600
Depreciation and amortisation	626	633
Interest expenses	179	204
Other property expenses	—	—
Other operating expenses	3 720	3 695
Grants	3 560	3 540
<b>Total expenses</b>	<b>15 364</b>	<b>15 347</b>
<i>equals</i>		
<b>Net operating balance</b>	<b>167</b>	<b>187</b>
<i>plus</i>		
<b>Other economic flows</b>	<b>879</b>	<b>11 830</b>
<i>equals</i>		
<b>Comprehensive result - total change in net worth</b>	<b>1 045</b>	<b>12 017</b>
<hr/>		
<b>Net operating balance</b>	<b>167</b>	<b>187</b>
<i>less</i>		
<b>Net acquisition of non-financial assets</b>		
Purchases of non-financial assets	2 162	2 144
less Sales of non-financial assets	245	29
less Depreciation	626	633
plus Change in inventories	—	3
plus Other movements in non-financial assets	—	-206
<b>equals Total net acquisition of non-financial assets</b>	<b>1 290</b>	<b>1 279</b>
<i>equals</i>		
<b>Net lending / borrowing</b>	<b>-1 124</b>	<b>-1 092</b>

Note: Totals may not add due to rounding.

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

	<b>2009-10 Estimate at 2010-11 Budget</b>	<b>2009-10 Outcome</b>
<b>Revenue</b>		
Taxation revenue	—	—
Grants	1 075	1 112
Sales of goods and services	1 534	1 686
Interest income	18	24
Dividend and income tax equivalent income	14	13
Other	240	135
<b>Total revenue</b>	<b>2 882</b>	<b>2 969</b>
<i>less</i>		
<b>Expenses</b>		
Employee expenses	168	215
Superannuation expenses		
Superannuation interest cost	—	—
Other superannuation expenses	24	28
Depreciation and amortisation	305	325
Interest expenses	184	179
Other property expenses	373	359
Other operating expenses	1 385	1 335
Grants	116	81
<b>Total expenses</b>	<b>2 556</b>	<b>2 521</b>
<i>equals</i>		
<b>Net operating balance</b>	<b>325</b>	<b>449</b>
<i>plus</i>		
<b>Other economic flows</b>	<b>634</b>	<b>1 906</b>
<i>equals</i>		
<b>Comprehensive result - total change in net worth</b>	<b>960</b>	<b>2 355</b>
<hr/>		
<b>Net operating balance</b>	<b>325</b>	<b>449</b>
<i>less</i>		
<b>Net acquisition of non-financial assets</b>		
Purchases of non-financial assets	1 751	1 621
less Sales of non-financial assets	309	310
less Depreciation	305	325
plus Change in inventories	72	96
plus Other movements in non-financial assets	—	—
<b>equals Total net acquisition of non-financial assets</b>	<b>1 208</b>	<b>1 082</b>
<i>equals</i>		
<b>Net lending / borrowing</b>	<b>-883</b>	<b>-633</b>

Note: Totals may not add due to rounding.



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

	<b>2009-10 Estimate at 2010-11 Budget</b>	<b>2009-10 Outcome</b>
<b>Revenue</b>		
Taxation revenue	3 325	3 331
Grants	8 864	8 897
Sales of goods and services	3 192	3 311
Interest income	144	123
Dividend and income tax equivalent income	59	58
Other	718	594
<b>Total revenue</b>	<b>16 303</b>	<b>16 315</b>
<i>less</i>		
<b>Expenses</b>		
Employee expenses	6 346	6 436
Superannuation expenses		
Superannuation interest cost	455	455
Other superannuation expenses	671	628
Depreciation and amortisation	931	958
Interest expenses	325	344
Other property expenses	—	—
Other operating expenses	4 474	4 306
Grants	2 609	2 553
<b>Total expenses</b>	<b>15 810</b>	<b>15 679</b>
<i>equals</i>		
<b>Net operating balance</b>	<b>492</b>	<b>636</b>
<i>plus</i>		
<b>Other economic flows</b>	553	11 382
<i>equals</i>		
<b>Comprehensive result - total change in net worth</b>	<b>1 045</b>	<b>12 017</b>
<b>Net operating balance</b>	<b>492</b>	<b>636</b>
<i>less</i>		
<b>Net acquisition of non-financial assets</b>		
Purchases of non-financial assets	3 868	3 762
less Sales of non-financial assets	509	336
less Depreciation	931	958
plus Change in inventories	72	99
plus Other movements in non-financial assets	—	-206
<i>equals</i> Total net acquisition of non-financial assets	<b>2 499</b>	<b>2 361</b>
<i>equals</i>		
<b>Net lending / borrowing</b>	<b>-2 007</b>	<b>-1 725</b>

Note: Totals may not add due to rounding.

**Table A.4: Public financial corporations sector operating statement (\$million)**

	<b>2009-10 Outcome</b>
<b>Revenue</b>	
Taxation revenue	—
Grants	7
Sales of goods and services	1 262
Interest income	949
Dividend and income tax equivalent income	30
Other	10
<b>Total revenue</b>	<b>2 258</b>
<i>less</i>	
<b>Expenses</b>	
Employee expenses	36
Superannuation expenses	
Superannuation interest cost	—
Other superannuation expenses	3
Depreciation and amortisation	51
Interest expenses	877
Other property expenses	74
Other operating expenses	1 137
Grants	1
<b>Total expenses</b>	<b>2 178</b>
<i>equals</i>	
<b>Net operating balance</b>	<b>80</b>
<i>plus</i>	
<b>Other economic flows</b>	<b>169</b>
<i>equals</i>	
<b>Comprehensive result - total change in net worth</b>	<b>249</b>
<b>Net operating balance</b>	<b>80</b>
<i>less</i>	
<b>Net acquisition of non-financial assets</b>	
Purchases of non-financial assets	121
less Sales of non-financial assets	53
less Depreciation	51
plus Change in inventories	—
plus Other movements in non-financial assets	206
<i>equals</i> Total net acquisition of non-financial assets	<b>223</b>
<i>equals</i>	
<b>Net lending / borrowing</b>	<b>-143</b>

Note: Totals may not add due to rounding.

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

	<b>2009-10 Estimate at 2010-11 Budget</b>	<b>2009-10 Outcome</b>
<b>Assets</b>		
Financial assets		
Cash and deposits	2 550	3 277
Advances paid	667	676
Investments, loans and placements	151	163
Receivables	604	713
Equity		
Investments in other public sector entities	18 426	19 734
Investments - other	707	752
Other financial assets	40	47
Total financial assets	23 144	25 363
Non-financial assets		
Land and other fixed assets	20 031	29 677
Other non-financial assets	6	3
Total non-financial assets	20 037	29 680
Total assets	43 181	55 043
<b>Liabilities</b>		
Deposits held	478	387
Advances received	610	610
Borrowing	3 867	4 522
Superannuation	9 476	9 478
Other employee benefits	1 871	1 922
Payables	747	1 004
Other liabilities	940	888
Total liabilities	17 990	18 811
<b>Net worth</b>	25 192	36 231
Net financial worth	5 155	6 551
Net financial liabilities	13 271	13 182
Net debt	1 587	1 402

Note: Totals may not add due to rounding.

**Table A.6: Public non-financial corporations (public trading enterprises) sector balance sheet (\$million)**

	<b>2009-10 Estimate at 2010-11 Budget</b>	<b>2009-10 Outcome</b>
<b>Assets</b>		
Financial assets		
Cash and deposits	492	512
Advances paid	53	53
Investments, loans and placements	34	68
Receivables	279	243
Equity		
Investments in other public sector entities	—	—
Investments - other	16	14
Other financial assets	57	58
Total financial assets	931	949
Non-financial assets		
Land and other fixed assets	22 320	23 547
Other non-financial assets	3	1
Total non-financial assets	22 323	23 548
Total assets	23 254	24 497
<b>Liabilities</b>		
Deposits held	—	—
Advances received	659	657
Borrowing	3 197	3 062
Superannuation	—	—
Other employee benefits	77	81
Payables	450	445
Other liabilities	178	147
Total liabilities	4 561	4 393
<b>Net worth</b>	18 692	20 104
Net financial worth	-3 630	-3 444
Net financial liabilities	3 630	3 444
Net debt	3 277	3 086

Note: Totals may not add due to rounding.

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

	<b>2009-10 Estimate at 2010-11 Budget</b>	<b>2009-10 Outcome</b>
<b>Assets</b>		
Financial assets		
Cash and deposits	2 773	3 573
Advances paid	61	72
Investments, loans and placements	185	232
Receivables	715	766
Equity		
Investments in other public sector entities	-266	-371
Investments - other	723	766
Other financial assets	96	104
Total financial assets	4 287	5 143
Non-financial assets		
Land and other fixed assets	42 351	53 224
Other non-financial assets	8	4
Total non-financial assets	42 360	53 228
Total assets	46 646	58 371
<b>Liabilities</b>		
Deposits held	210	171
Advances received	610	610
Borrowing	7 063	7 583
Superannuation	9 476	9 478
Other employee benefits	1 949	2 003
Payables	1 090	1 319
Other liabilities	1 056	975
Total liabilities	21 455	22 140
<b>Net worth</b>	<b>25 192</b>	<b>36 231</b>
Net financial worth	-17 168	-16 997
Net financial liabilities	16 901	16 626
Net debt	4 864	4 487

Note: Totals may not add due to rounding.

**Table A.8: Public financial corporations sector balance sheet (\$million)**

	<b>2009-10 Outcome</b>
<b>Assets</b>	
Financial assets	
Cash and deposits	158
Advances paid	10 492
Investments, loans and placements	7 409
Receivables	303
Equity	
Investments in other public sector entities	—
Investments - other	2 103
Other financial assets	22
Total financial assets	20 486
Non-financial assets	
Land and other fixed assets	418
Other non-financial assets	4
Total non-financial assets	422
Total assets	20 908
<b>Liabilities</b>	
Deposits held	3 402
Advances received	—
Borrowing	12 654
Superannuation	—
Other employee benefits	3
Payables	184
Other liabilities	5 035
Total liabilities	21 278
<b>Net worth</b>	-371
Net financial worth	-792
Net financial liabilities	792
Net debt	-2 001

Note: Totals may not add due to rounding.

**Table A.9: General government sector cash flow statement (\$million)**

	<b>2009-10 Estimate at 2010-11 Budget</b>	<b>2009-10 Outcome</b>
<b>Cash receipts from operating activities</b>		
Taxes received	3 659	3 687
Receipts from sales of goods and services	1 883	1 853
Grants and subsidies received	8 901	8 909
Interest receipts	157	128
Dividends and income tax equivalents	415	426
Other receipts	523	815
Total operating receipts	15 537	15 818
<b>Cash payments for operating activities</b>		
Payments for employees	-7 305	-7 246
Payments for goods and services	-3 514	-3 442
Grants and subsidies paid	-3 653	-3 685
Interest paid	-147	-159
Other payments	-130	-322
Total operating payments	-14 749	-14 854
<b>Net cash flows from operating activities</b>	787	965
<b>Net cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	238	19
Purchases of non-financial assets (a)	-2 146	-2 136
<b>Net cash flows from investments in non-financial assets</b>	-1 908	-2 117
<b>Net cash flows from investments in financial assets for policy purposes (b)</b>	140	136
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	-15	-22
<b>Net cash flows from financing activities</b>		
Advances received (net)	-18	-18
Borrowing (net)	1 005	1 259
Deposits received (net)	114	52
Dividends paid	—	—
Other financing (net)	—	—
<b>Net cash flows from financing activities</b>	1 101	1 294
<b>Net increase / (decrease) in cash held</b>	105	256
Net cash flows from operating activities	787	965
Net cash flows from investments in non-financial assets	-1 908	-2 117
Dividends paid	—	—
<b>Cash surplus / (deficit)</b>	-1 121	-1 153

Note: Totals may not add due to rounding.

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

(b) Includes equity acquisitions, disposals and privatisations (net).

**Table A.10: Public non-financial corporations (public trading enterprises) sector cash flow statement (\$million)**

	<b>2009-10 Estimate at 2010-11 Budget</b>	<b>2009-10 Outcome</b>
<b>Cash receipts from operating activities</b>		
Taxes received	—	—
Receipts from sales of goods and services	1 509	1 675
Grants and subsidies received	1 075	1 111
Interest receipts	18	23
Dividends and income tax equivalents	14	13
Other receipts	230	59
Total operating receipts	2 845	2 880
<b>Cash payments for operating activities</b>		
Payments for employees	-205	-252
Payments for goods and services	-785	-684
Grants and subsidies paid	-116	-111
Interest paid	-185	-168
Other payments	-708	-839
Total operating payments	-2 000	-2 053
<b>Net cash flows from operating activities</b>	<b>845</b>	<b>827</b>
<b>Net cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	255	310
Purchases of non-financial assets (a)	-1 721	-1 594
<b>Net cash flows from investments in non-financial assets</b>	<b>-1 466</b>	<b>-1 284</b>
<b>Net cash flows from investments in financial assets for policy purposes (b)</b>	<b>7</b>	<b>7</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>5</b>	<b>-19</b>
<b>Net cash flows from financing activities</b>		
Advances received (net)	-87	-88
Borrowing (net)	1 008	870
Deposits received (net)	—	—
Dividends paid	-257	-236
Other financing (net)	—	—
<b>Net cash flows from financing activities</b>	<b>664</b>	<b>545</b>
<b>Net increase / (decrease) in cash held</b>	<b>55</b>	<b>75</b>
Net cash flows from operating activities	845	827
Net cash flows from investments in non-financial assets	-1 466	-1 284
Dividends paid	-257	-236
<b>Cash surplus / (deficit)</b>	<b>-878</b>	<b>-694</b>

Note: Totals may not add due to rounding.

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

(b) Includes equity acquisitions, disposals and privatisations (net).



**Table A.11: Non-financial public sector cash flow statement (\$million)**

	<b>2009-10 Estimate at 2010-11 Budget</b>	<b>2009-10 Outcome</b>
<b>Cash receipts from operating activities</b>		
Taxes received	3 338	3 361
Receipts from sales of goods and services	3 120	3 222
Grants and subsidies received	8 908	8 925
Interest receipts	138	113
Dividends and income tax equivalents	58	58
Other receipts	715	841
Total operating receipts	16 276	16 520
<b>Cash payments for operating activities</b>		
Payments for employees	-7 498	-7 486
Payments for goods and services	-4 034	-3 851
Grants and subsidies paid	-2 714	-2 700
Interest paid	-294	-289
Other payments	-362	-641
Total operating payments	-14 901	-14 966
<b>Net cash flows from operating activities</b>	<b>1 375</b>	<b>1 554</b>
<b>Net cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	448	326
Purchases of non-financial assets (a)	-3 822	-3 728
<b>Net cash flows from investments in non-financial assets</b>	<b>-3 374</b>	<b>-3 402</b>
<b>Net cash flows from investments in financial assets for policy purposes (b)</b>	<b>60</b>	<b>54</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-10</b>	<b>-41</b>
<b>Net cash flows from financing activities</b>		
Advances received (net)	-18	-18
Borrowing (net)	2 013	2 130
Deposits received (net)	6	-3
Dividends paid	—	—
Other financing (net)	—	—
<b>Net cash flows from financing activities</b>	<b>2 001</b>	<b>2 109</b>
<b>Net increase / (decrease) in cash held</b>	<b>52</b>	<b>274</b>
Net cash flows from operating activities	1 375	1 554
Net cash flows from investments in non-financial assets	-3 374	-3 402
Dividends paid	—	—
<b>Cash surplus / (deficit)</b>	<b>-1 999</b>	<b>-1 848</b>

Note: Totals may not add due to rounding.

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

(b) Includes equity acquisitions, disposals and privatisations (net).

**Table A.12: Public financial corporations sector cash flow statement (\$million)**

	<b>2009-10 Outcome</b>
<b>Cash receipts from operating activities</b>	
Taxes received	—
Receipts from sales of goods and services	1 279
Grants and subsidies received	4
Interest receipts	912
Dividends and income tax equivalents	30
Other receipts	68
Total operating receipts	2 294
<b>Cash payments for operating activities</b>	
Payments for employees	-40
Payments for goods and services	-159
Grants and subsidies paid	-1
Interest paid	-834
Other payments	-907
Total operating payments	-1 941
<b>Net cash flows from operating activities</b>	353
<b>Net cash flows from investments in non-financial assets</b>	
Sales of non-financial assets	53
Purchases of non-financial assets (a)	-119
<b>Net cash flows from investments in non-financial assets</b>	-66
<b>Net cash flows from investments in financial assets for policy purposes (b)</b>	-2 728
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	-2 576
<b>Net cash flows from financing activities</b>	
Advances received (net)	-52
Borrowing (net)	4 843
Deposits received (net)	204
Dividends paid	-41
Other financing (net)	—
<b>Net cash flows from financing activities</b>	4 955
<b>Net increase / (decrease) in cash held</b>	-62
Net cash flows from operating activities	353
Net cash flows from investments in non-financial assets	-66
Dividends paid	-41
<b>Cash surplus / (deficit)</b>	247

Note: Totals may not add due to rounding.

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

(b) Includes equity acquisitions, disposals and privatisations (net).

**Table A.13: General government sector derivation of ABS GFS cash surplus/deficit (\$million)**

	2009-10 Estimate at 2010-11 Budget	2009-10 Outcome
<b>Cash surplus / (deficit)</b>	-1 121	-1 153
Acquisitions under finance leases and similar arrangements(a)	—	-1
<b>ABS GFS Surplus (+) / deficit (-) including finance leases and similar arrangements</b>	-1 121	-1 154

**Table A.14: Public non-financial corporations (public trading enterprises) sector derivation of ABS GFS cash surplus/deficit (\$million)**

<b>Cash surplus / (deficit)</b>	-878	-694
Acquisitions under finance leases and similar arrangements(a)	—	—
<b>ABS GFS Surplus (+) / deficit (-) including finance leases and similar arrangements</b>	-878	-694

**Table A.15: Non-financial public sector derivation of ABS GFS cash surplus/deficit (\$million)**

<b>Cash surplus / (deficit)</b>	-1 999	-1 848
Acquisitions under finance leases and similar arrangements(a)	—	-1
<b>ABS GFS Surplus (+) / deficit (-) including finance leases and similar arrangements</b>	-1 999	-1 849

**Table A.16: Public financial corporations sector derivation of ABS GFS cash surplus/deficit (\$million)(b)**

<b>Cash surplus / (deficit)</b>	247
Acquisitions under finance leases and similar arrangements(a)	—
<b>ABS GFS Surplus (+) / deficit (-) including finance leases and similar arrangements</b>	247

Note: Totals may not add due to rounding.

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

(b) Forward estimates are not collected for public financial corporations.

**Table A.17: General government sector taxes (\$million) (a)**

	<b>2009-10 Estimate at 2010-11 Budget</b>	<b>2009-10 Outcome</b>
<b>Taxes on employers' payroll and labour force</b>	899	900
<b>Taxes on property</b>		
Land taxes	553	553
Stamp duties on financial and capital transactions	829	830
Financial institutions' transaction taxes	—	—
Other	153	153
Total	1 535	1 536
<b>Taxes on the provision of goods and services</b>		
Excises and levies	—	—
Taxes on gambling	401	402
Taxes on insurance	347	347
Total	748	749
<b>Taxes on use of goods and performance of activities</b>		
Motor vehicle taxes	459	464
Total	459	464
<b>Total GFS taxation revenue</b>	<b>3 641</b>	<b>3 649</b>

Note: Totals may not add due to rounding.

(a) Excludes taxes paid by general government entities.

**Table A.18(a): General government sector grant revenue (\$million)**

	<b>2009-10 Estimate at 2010-11 Budget</b>	<b>2009-10 Outcome</b>
<b>Current grant revenue</b>		
Current grants from the Commonwealth		
General purpose grants	4 060	4 061
National partnership grants	791	744
Specific purpose grants	1 346	1 344
Specific purpose grants for on-passing	692	698
Total current grants from the Commonwealth	6 888	6 846
Other contributions and grants	120	194
<b>Total current grant revenue</b>	<b>7 009</b>	<b>7 039</b>
<b>Capital grant revenue</b>		
Capital grants from the Commonwealth		
General purpose grants	—	—
National partnership grants	1 601	1 615
Specific purpose grants	114	115
Specific purpose grants for on-passing	13	12
Other capital grants	92	90
Total capital grants from the Commonwealth	1 819	1 832
Other contributions and grants	29	9
<b>Total capital grant revenue</b>	<b>1 848</b>	<b>1 841</b>
<b>Total grant revenue</b>	<b>8 857</b>	<b>8 881</b>

**Table A.18(b): General government sector grant expense (\$million)**

	<b>2009-10 Estimate at 2010-11 Budget</b>	<b>2009-10 Outcome</b>
<b>Current grant expense</b>		
State/territory government	6	7
Local government	64	60
Local government on-passing	157	151
Private and not-for-profit sector	942	916
Private and not-for-profit sector on-passing	535	552
Grants to other sectors of Government	756	740
Other	254	261
<b>Total current grant expense</b>	<b>2 715</b>	<b>2 688</b>
<b>Capital grant expense</b>		
State/territory government	—	—
Local government	10	11
Local government on-passing	—	—
Private and not-for-profit sector	510	518
Private and not-for-profit sector on-passing	13	13
Grants to other sectors of Government	305	305
Other	7	5
<b>Total capital grant expense</b>	<b>846</b>	<b>852</b>
<b>Total grant expense</b>	<b>3 560</b>	<b>3 540</b>

Note: Totals may not add due to rounding.

**Table A.19: General government sector dividend and income tax equivalent income (\$million)**

	<b>2009-10 Estimate at 2010-11 Budget</b>	<b>2009-10 Outcome</b>
Dividend and income tax equivalent income from PNFC sector	380	388
Dividend and income tax equivalent income from PFC sector	45	45
Other dividend income	—	1
<b>Total dividend and income tax equivalent income</b>	<b>425</b>	<b>433</b>

Note: Totals may not add due to rounding.

**Table A.20: General government sector expenses by function<sup>(a)(b)</sup> (\$million)**

	<b>2009-10 Estimate at 2010-11 Budget</b>	<b>2009-10 Outcome</b>
<b>General public services</b>	<b>376</b>	<b>313</b>
Government superannuation benefits	—	—
Other general public services	376	313
<b>Defence<sup>(c)</sup></b>	<b>—</b>	<b>—</b>
<b>Public order and safety</b>	<b>1 386</b>	<b>1 391</b>
Police and fire protection services	812	807
Law courts and legal services	275	276
Prisons and corrective services	232	236
Other public order and safety	67	72
<b>Education</b>	<b>3 821</b>	<b>3 862</b>
Primary and secondary education	3 182	3 230
Tertiary education	498	495
Pre-school education and education not definable by level	112	109
Transportation of students	26	26
Education n.e.c.	3	2
<b>Health</b>	<b>4 321</b>	<b>4 374</b>
Acute care institutions	3 754	3 771
Mental health institutions	n.a.	n.a.
Nursing homes for the aged	n.a.	n.a.
Community health services	294	307
Public health services	119	129
Pharmaceuticals, medical aids and appliances	9	9
Health research	6	7
Health administration n.e.c.	139	150
<b>Social security and welfare</b>	<b>1 016</b>	<b>954</b>
Social security	95	91
Welfare services	801	760
Social security and welfare services n.e.c.	120	103
<b>Housing and community amenities</b>	<b>1 862</b>	<b>1 870</b>
Housing and community development	1 048	1 079
Water supply	402	377
Sanitation and protection of the environment	393	394
Other community amenities	19	20
<b>Recreation and culture</b>	<b>292</b>	<b>289</b>
Recreation facilities and services	120	102
Cultural facilities and services	160	175
Broadcasting and film production	8	7
Recreation and culture n.e.c.	4	5

**Table A.20: General government sector expenses by function<sup>(a)(b)</sup> (\$million) (continued)**

	<b>2009-10 Estimate at 2010-11 Budget</b>	<b>2009-10 Outcome</b>
<b>Fuel and energy</b>	<b>56</b>	<b>50</b>
Fuel affairs and services	20	20
Electricity and other energy	12	9
Fuel and energy n.e.c.	24	21
<b>Agriculture, forestry, fishing and hunting</b>	<b>237</b>	<b>211</b>
Agriculture	212	184
Forestry, fishing and hunting	25	28
<b>Mining and mineral resources other than fuels; manufacturing; and construction</b>	<b>69</b>	<b>70</b>
Mining and mineral resources other than fuels	28	28
Manufacturing	—	—
Construction	41	42
<b>Transport and communications</b>	<b>789</b>	<b>829</b>
Road transport	335	335
Water transport	16	20
Rail transport	36	59
Air transport	—	—
Pipelines	n.a.	n.a.
Other transport	391	398
Communications	11	16
<b>Other economic affairs</b>	<b>305</b>	<b>259</b>
Storage, saleyards and markets	n.a.	n.a.
Tourism and area promotion	74	76
Labour and employment affairs	64	57
Other economic affairs	167	126
<b>Other purposes</b>	<b>834</b>	<b>875</b>
Public debt transactions	179	204
General purpose inter-government transactions	129	128
Natural disaster relief	58	62
Nominal superannuation interest expense	455	455
Other purposes n.e.c.	13	27
<b>Total GFS expenses</b>	<b>15 364</b>	<b>15 347</b>

Note: Totals may not add due to rounding.

- (a) Expenses by function data are derived from information submitted by government agencies. The processes for deriving these data are subject to ongoing refinements. Consequently the data may be subject to future revisions.
- (b) Some functional classifications are not readily distinguishable at agency level. Those instances are denoted as not available (n.a.).
- (c) The ABS defines 'defence' as expenditure on military and civil defence affairs, foreign military aid and defence research. The expenditure of DefenceSA is included in other economic affairs.



**Table A.21: General government sector capital expenditure by function<sup>(a)</sup> (\$million)**

	<b>2009-10 Estimate at 2010-11 Budget</b>	<b>2009-10 Outcome</b>
General public services	55	61
Defence <sup>(b)</sup>	—	—
Public order and safety	124	114
Education	583	572
Health	256	267
Social security and welfare	20	18
Housing and community amenities	22	26
Recreation and culture	66	82
Fuel and energy	—	—
Agriculture, forestry, fishing and hunting	8	7
Mining and mineral resources other than fuels; manufacturing; and construction	3	2
Transport and communications	926	902
Other economic affairs	99	93
Other purposes	—	—
<b>Total capital expenditure</b>	<b>2 162</b>	<b>2 144</b>

Note: Totals may not add due to rounding.

- (a) Expenses by function data are derived from information submitted by government agencies. The processes for deriving these data are subject to ongoing refinements. Consequently the data may be subject to future revisions.
- (b) The ABS defines 'defence' as expenditure on military and civil defence affairs, foreign military aid and defence research. The expenditure of DefenceSA is included in other economic affairs.

## Appendix B Loan Council Allocation report

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The Australian Loan Council — a ministerial council established in 1927 comprising the Commonwealth, state and territory Treasurers — requires all jurisdictions to nominate a Loan Council Allocation (LCA) for consideration at its annual meeting.

LCA nominations, prepared in March, are intended to provide an indication of each government's probable call on financial markets over the forthcoming financial year. The Loan Council, having regard to each jurisdiction's fiscal position and reasonable infrastructure requirements, along with the macroeconomic implications of the aggregate figure, then considers the nominations.

Following the endorsement of LCA nominations, jurisdictions are further required to update their nominated LCAs at budget time for changes in economic parameters and policy decisions, and also provide an LCA outcome at the end of the financial year. A tolerance limit of two per cent of total public sector revenue, set at nomination time, applies between both the nomination and budget, and the budget and outcome LCAs. If the tolerance limit is exceeded, the Loan Council must be notified and a report detailing the reasons for change released publicly.

Nominated LCAs for 2009–10, for all jurisdictions and in aggregate, were reviewed and endorsed at the meeting of the Australian Loan Council held on 25 March 2009.

South Australia's Budget and outcome LCAs for 2009–10 are shown in Table B.1. This table is prepared in accordance with the requirements of the accrual UPF, endorsed by the Loan Council in March 2000 and revised in April 2008 to recognise acquisitions under finance leases and similar arrangements.

As Table B.1 indicates, South Australia recorded an LCA deficit of \$1402 million for 2009–10. This is a decrease over the 2009–10 Budget (June 2009) estimated deficit of \$1583 million, reflecting a decrease in the general government sector deficit partially offset by an increase in the PNFC cash deficit.

As a result of these movements, South Australia's 2009–10 LCA outcome will not exceed the two per cent of total revenue tolerance limit included in the 2009–10 LCA nomination.

**Table B.1: Loan Council Allocation 2009–10 (\$million)<sup>(a)</sup>**

	<b>2009–10 Estimate at 2009–10 Budget</b>	<b>2009–10 Outcome</b>
General government sector cash deficit(surplus)	1 530	1 153
PNFC sector cash deficit(surplus)	651	694
Non-financial public sector cash deficit(surplus) <sup>(b)</sup>	2 181	1 848
Acquisitions under finance leases and similar arrangements	11	1
ABS Government Finance Statistics cash surplus	2 192	1 849
Net cash flows from investments in financial assets for policy purposes <sup>(c)</sup>	-61	-54
Adjusted total non-financial public sector deficit(surplus)	2 131	1 794
Memorandum items <sup>(d)</sup>		
Operating leases <sup>(e)</sup>	-71	-25
Recourse asset sales	—	—
Superannuation <sup>(f)</sup>	-601	-694
Local government	24	45
Home finance schemes	100	282
Total memorandum items	-548	-392
LCA deficit(surplus) <sup>(g)(h)</sup>	1 583	1 402

Note: Totals may not add due to rounding.

- (a) For the purposes of this table a surplus amount is represented as a negative number while a deficit is shown as a positive number.
- (b) The sum of the deficits of the general government and PNFC sectors may not equal the non-financial public sector deficit due to intersectoral transfers, which are netted out in the calculation of the total figure. The figures exclude statutory marketing authorities.
- (c) This item is the negative of net advances paid under a cash accounting framework.
- (d) Excludes universities.
- (e) Increase/decrease in the net present value (NPV) of operating leases with a NPV of \$5 million or greater.
- (f) Includes both 'payments in excess of emerging costs of superannuation' and 'interest earnings on employer balances'.
- (g) The 2 per cent of total revenue tolerance limit around South Australia's 2009–10 LCA is \$289 million.
- (h) South Australia had one infrastructure project with private sector involvement that met the recognition criteria for 2009–10: the construction of six new schools across the northern and western suburbs of Adelaide.

# Appendix C Consolidated Account

**Table C.1: Summary of receipts and payments (\$000)**

	<b>2009-10 Budget</b>	<b>2009-10 Outcome</b>
<b>Receipts</b>		
Taxation	3 276 876	3 412 000
Commonwealth General Purpose Grants	3 819 400	4 107 162
Commonwealth Specific Purpose Grants	1 440 823	1 461 110
Commonwealth National Partnership Payments	73 443	114 938
Contributions from State Undertakings	366 622	439 196
Fees and Charges	295 054	313 695
Recoveries	48 397	230 656
Royalties	143 819	124 990
Other Receipts	268 694	286 226
<b>Total Receipts</b>	9 733 128	10 489 973
<b>Payments</b>		
Appropriation Act	11 578 430	11 604 657
Specific Appropriation Authorised in Various Acts	120 312	137 630
<b>Total Payments</b>	11 698 742	11 742 287
<b>Consolidated Account Financing Requirement</b>	1 965 614	1 252 313

The deficit for 2009-10 has been funded by borrowings from the SA Government Financing Authority, pursuant to section 16(2) of the *Public Finance and Audit Act 1987*, increasing the level of debt serviced from the Consolidated Account.

Note: Totals may not add due to rounding.

**Table C.2: Receipts (\$000)**

	<b>2009-10 Budget</b>	<b>2009-10 Outcome</b>
<b>Taxation</b>		
Payroll tax	1 096 600	1 088 855
Commonwealth places mirror payroll tax <sup>(a)</sup>	19 200	19 050
Stamp duties	1 185 835	1 317 840
Commonwealth places mirror stamp duties <sup>(a)</sup>	300	299
Land tax	548 200	553 256
Commonwealth places mirror land tax <sup>(a)</sup>	1 500	1 324
Other taxes on property	10	29
Save the River Murray Levy	23 900	23 659
Gaming machines tax	295 600	283 754
Contribution from Lotteries Commission of South Australia	77 675	92 754
Contribution from Casino Operations	20 600	21 759
Contribution from South Australian Totalizator Agency Board	5 300	6 390
Contribution from On-course Totalizators, Bookmakers and Small Lotteries	1 956	3 031
Recoup from Recreation and Sport Fund	200	—
<b>Total Taxation Receipts</b>	<b>3 276 876</b>	<b>3 412 000</b>
<b>Commonwealth general purpose payments</b>		
GST revenue grants	3 819 400	4 099 707
Transitional assistance <sup>(b)</sup>	—	7 455
<b>Total Commonwealth general purpose payments</b>	<b>3 819 400</b>	<b>4 107 162</b>
<b>Commonwealth specific purpose payments<sup>(c)</sup></b>		
Council of Australian Governments funding arrangements	1 440 823	1 461 110
<b>Total Commonwealth specific purpose payments</b>	<b>1 440 823</b>	<b>1 461 110</b>

Note: Totals may not add due to rounding.

- (a) 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.
- (b) Transitional assistance ceased from 2009–10 under the new Intergovernmental Agreement of Federal Financial Relations. The payment received in 2009–10 relates to the 2008–09 year, following the finalisation of the 2008–09 Outcome.
- (c) Refers only to those Commonwealth specific purpose payments paid to the Consolidated Account and not those paid directly to agencies.

**Table C.2: Receipts (\$000) (continued)**

	<b>2009-10 Budget</b>	<b>2009-10 Outcome</b>
<b>Commonwealth national partnership payments<sup>(d)</sup></b>		
Concessions to pensioners and others	22 361	22 804
First Home Owners Boost	36 900	74 567
Legal Aid	14 182	17 567
<b>Total Commonwealth national partnership payments</b>	<b>73 443</b>	<b>114 938</b>
<b>Contributions from State undertakings</b>		
Adelaide Convention Centre —		
Dividend	—	1 017
Arrangements with private electricity entities —		
Local government rate equivalent	208	208
Austraining Pty Ltd —		
Income tax equivalent	—	281
Defence SA —		
Local government rate equivalent	168	—
Department for Transport, Energy and Infrastructure —		
Dividend	—	—
Income tax equivalent	2 952	3 275
Local government rate equivalent	804	1 442
Department of Treasury and Finance —		
Income tax equivalent	506	—
Flinders Ports —		
Payments in lieu of other taxes	—	1 673
Forestry SA —		
Dividend	19 257	31 067
Income tax equivalent	8 868	12 965
Funds SA —		
Local government rate equivalent	168	173

Note: Totals may not add due to rounding.

- (d) Concessions to pensioners and others, First Home Owners Boost and legal aid previously classified as specific purpose payments are now classified as National Partnership payments. The Commonwealth pays the remainder of National Partnership payments into the Intergovernmental Agreement on Federal Financial Relations special deposit account for subsequent disbursement to the relevant line agencies.

**Table C.2: Receipts (\$000) (continued)**

	<b>2009-10 Budget</b>	<b>2009-10 Outcome</b>
HomeStart Finance —		
Dividend	9 410	5 628
Income tax equivalent	5 040	3 393
Land Management Corporation —		
Dividend	31 554	53 603
Income tax equivalent	15 057	18 610
Local government rate equivalent	375	515
Public Trustee Office —		
Dividend	627	—
Income tax equivalent	83	—
SA Lotteries —		
Income tax equivalent	6 331	8 868
Local government rate equivalent	5	5
SA Water Corporation —		
Dividend	168 354	169 009
Income tax equivalent	56 687	82 003
Local government rate equivalent	1 250	1 210
South Australian Asset Management Corporation —		
Dividend	23 500	23 500
South Australian Government Employee Residential Properties —		
Dividend	1 156	1 706
Income tax equivalent	1 956	1 474
South Australian Government Financing Authority —		
Dividend	11 513	11 513
South Australian Housing Trust —		
Income tax equivalent	—	4 923
TransAdelaide —		
Local government rate equivalent	38	186
Transmission Lessor Corporation —		
Dividend	—	769
West Beach Trust —		
Income tax equivalent	755	180
<b>Total contributions from State undertakings</b>	<b>366 622</b>	<b>439 196</b>

Note: Totals may not add due to rounding.

**Table C.2: Receipts (\$000) (continued)**

	<b>2009-10 Budget</b>	<b>2009-10 Outcome</b>
<b>Fees and charges<sup>(e)</sup></b>		
Auditor-General's Department — fees for audit and other sundry receipts	12 341	13 749
Court fines	29 138	18 109
Court regulatory fees <sup>(f)</sup>	30 876	25 886
Land Services regulatory fees	116 968	139 986
Department of Water, Land and Biodiversity Conservation — Natural Resource Management penalties	1 132	173
Guarantee fees	24 928	29 150
Infringement Notice Schemes — Expiation fees	79 000	86 589
Small lotteries	643	—
Sundry fees	28	52
<b>Total fees and charges</b>	<b>295 054</b>	<b>313 695</b>
<b>Recoveries</b>		
Automotive Assistance Package	1 500	—
Child Abuse Protection Program — Intrasector grants received	200	200
Contribution to the cost of private plated vehicles	10	2
Essential Services Commission of South Australia	5 360	5 356
Department for Transport, Energy and Infrastructure — Indentured Ports	4 071	—
Department of Water, Land and Biodiversity Conservation — Qualco Sunlands	250	813
Helicopter service — recovery of costs and sponsorships	1 050	1 998
Independent Gaming Corporation contributions to Gamblers Rehabilitation Fund	1 500	2 000
Metropolitan Drainage Fund	7	—
National Tax Equivalent Program	50	—
Return of cash to Consolidated Account — Cash Alignment Policy	1 587	143 901
Return of deposit account balances	—	61 898
Return of deposit account balances — Superannuation	30 000	10 400
Sale of Government Gazette	166	121
Sundry recoupments	134	656
Unclaimed monies and personal property	1 947	2 641
United Water	565	669
<b>Total recoveries</b>	<b>48 397</b>	<b>230 656</b>

Note: Totals may not add due to rounding.

(e) Refers only to those fees and charges paid to the Consolidated Account.

(f) Sale of evidence/transcripts were previously shown separately under the Recoveries section. These fees are now under regulatory fees.



**Table C.2: Receipts (\$000) (continued)**

	<b>2009-10 Budget</b>	<b>2009-10 Outcome</b>
<b>Royalties</b>		
Department of Primary Industries and Resources	143 819	124 990
<b>Total royalties</b>	<b>143 819</b>	<b>124 990</b>
<b>Other receipts</b>		
Interest on investments	85 500	78 242
Interest recoveries from general government entities	5 575	5 304
Interest recoveries from public non-financial corporations	31 885	31 207
Interest recoveries from the private sector	61	61
Repayment of advances —		
Administered Items for the Department for Transport, Energy and Infrastructure	196	205
Department of Health	2 162	2 219
Department of Primary Industries and Resources	1 000	140
Land Management Corporation	205	9 435
Renmark Irrigation Trust	110	110
SA Country Arts Trust	20	—
South Australian Housing Trust	73 120	74 789
South Australian Tourism Commission	193	239
Other	4	5
Repayment of equity capital contributions —		
Arts SA	—	2 975
Department of the Premier and Cabinet	—	14 406
Defence SA	8 404	2 819
Department for Transport, Energy and Infrastructure	—	4 250
South Australian Asset Management Corporation	52 000	52 000
Other —		
Adelaide Entertainment Centre	—	700
Agent General Rental Income	—	93
Department for Transport, Energy and Infrastructure	—	390
Other recoveries	1 094	—
Sale of land and buildings	7 165	6 236
South Australian Film Corporation	—	400
<b>Total other receipts</b>	<b>268 694</b>	<b>286 226</b>
<b>Total Consolidated Account Receipts</b>	<b>9 733 128</b>	<b>10 489 973</b>

Note: Totals may not add due to rounding.

**Table C.3: Payments (\$000)**

	<b>2009-10 Budget</b>	<b>2009-10 Outcome</b>
Premier and Cabinet		
Department of the Premier and Cabinet	133 840	133 193
Administered Items for the Department of the Premier and Cabinet	12 160	12 162
State Governor's Establishment	2 903	2 896
Arts SA	146 655	131 801
Trade and Economic Development		
Department of Trade and Economic Development	61 825	61 804
Defence SA	84 234	110 511
Treasury and Finance		
Department of Treasury and Finance	95 703	95 703
Administered Items for the Department of Treasury and Finance	1 611 729	1 682 075
Independent Gambling Authority	1 568	1 568
Planning and Local Government		
Department of Planning and Local Government	18 002	19 114
Administered Items for the Department of Planning and Local Government	2 215	2 451
Primary Industries and Resources		
Department of Primary Industries and Resources	135 931	120 901
Administered Items for the Department of Primary Industries and Resources	3 291	3 291
Transport, Energy and Infrastructure		
Department of Transport, Energy and Infrastructure	800 605	780 841
Administered Items for the Department for Transport, Energy and Infrastructure	12 696	12 596
TransAdelaide	2 079	1 474
Justice		
Attorney-General's Department	138 279	127 213
Administered Items for the Attorney-General's Department	70 020	57 461
Courts Administration Authority	82 102	81 404
Department for Correctional Services	179 865	174 553
South Australia Police	599 132	566 841
Administered Items for South Australian Police	162	162
Electoral Commission of South Australia	11 672	11 643
Health		
Department of Health	3 272 016	3 296 716
Education and Children's Services		
Department of Education and Children's Services	2 038 971	2 019 448
Administered Items for the Department of Education and Children's Services	179 782	182 639
Tourism		
South Australian Tourism Commission	57 800	59 139
Minister for Tourism	4 454	4 453

**Table C.3: Payments (\$000) (continued)**

	<b>2009-10 Budget</b>	<b>2009-10 Outcome</b>
Environment and Conservation and the River Murray		
Department for Environment and Heritage	128 885	120 564
Administered Items for the Department for Environment and Heritage	5 014	5 104
Department of Water, Land and Biodiversity Conservation	88 000	101 060
Administered Items for the Department of Water, Land and Biodiversity Conservation	10 865	11 151
Environment Protection Authority	2 957	5 327
Families and Communities		
Department for Families and Communities	1 008 395	1 045 885
Administered Items for the Department for Families and Communities	143 606	141 106
Further Education, Employment, Science and Technology		
Department of Further Education, Employment, Science and Technology	394 683	384 507
Auditor-General		
Auditor-General's Department	13 445	13 221
Legislature		
House of Assembly	7 881	7 781
Joint Parliamentary Services	9 894	9 803
Legislative Council	5 114	5 095
<b>Total Payments Appropriated for Departments and Ministers</b>	<b>11 578 430</b>	<b>11 604 657</b>
<b>Payments for which specific appropriation is authorised in various Acts (from Table C.4)</b>	<b>120 312</b>	<b>137 630</b>
<b>Total Consolidated Account Payments</b>	<b>11 698 742</b>	<b>11 742 287</b>

Note: Totals may not add due to rounding.

**Table C.4: Appropriation authorised in various Acts (\$000)**

	<b>2009-10 Budget</b>	<b>2009-10 Outcome</b>
<b>Payments for which specific appropriation is authorised in various Acts</b>		
<b>Salaries and Allowances</b>		
Agent-General — <i>Pursuant to Agent-General Act 1901</i>	313	134
Auditor-General — <i>Pursuant to Public Finance and Audit Act 1987</i>	269	272
Commissioners of Environment, Resource and Development Court and Commissioners of Industrial Relations — <i>Pursuant to Remuneration Act 1990</i>	939	968
Commissioner of Police — <i>Pursuant to Police Act 1988</i>	271	381
State Coroner and Deputy Coroner — <i>Pursuant to Remuneration Act 1990</i>	703	704
Electoral Commissioner and Deputy Electoral Commissioner — <i>Pursuant to Electoral Act 1985</i>	311	314
Employee Ombudsman — <i>Pursuant to Fair Work Act 1994</i>	131	148
Governor — <i>Pursuant to Constitution Act 1934</i>	258	269
Judges — <i>Pursuant to Remuneration Act 1990</i> —		
Chief Justice	573	632
Judges and Masters	19 872	21 238
Magistrates — <i>Pursuant to Remuneration Act 1990</i>	12 469	12 616
Members of various Standing Committees — <i>Pursuant to Parliamentary Remuneration Act 1990 and Parliamentary Committees (Miscellaneous) Act 1991</i>	700	657
Ombudsman — <i>Pursuant to Ombudsman Act 1972</i>	267	284
Parliamentary Salaries and Electorate and Expense Allowances — Ministers, Officers and Members of Parliament — <i>Pursuant to Parliamentary Remuneration Act 1990</i>	12 888	12 526
Senior Judge and Judges of the Industrial Relations Commission — <i>Pursuant to Remuneration Act 1990</i>	2 566	2 300
Solicitor-General — <i>Pursuant to Solicitor-General Act 1972</i>	475	483
Valuer-General — <i>Pursuant to Valuation of Land Act 1971</i>	117	108
<b>Total Salaries and Allowances</b>	<b>53 122</b>	<b>54 031</b>
<b>Other</b>		
Contribution for injuries suffered as a result of the commission of criminal offences — <i>Pursuant to Victims of Crime Act 2001</i>	6 990	6 990
First Home Owners' Grants — <i>Pursuant to First Home Owner Grant Act 2000</i>	60 200	76 609
<b>Total Other</b>	<b>67 190</b>	<b>83 599</b>
<b>Total Payments Authorised by Various Acts</b>	<b>120 312</b>	<b>137 630</b>

Note: Totals may not add due to rounding.



# Appendix D General Government and Non-Financial Public Sector Financial Statistics Time Series

The following tables provide historical data on key fiscal aggregates. Data provided (excluding the unfunded superannuation liability) are sourced for 1998–99 from *Australian Bureau of Statistics Government Finance Statistics 2006–07* (catalogue number 5512.0) and 1999–2000 to 2008–09 from Budget Outcome publications for South Australia.

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

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

## General government

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

	Revenue			Expenses			Net operating balance	Net acquisition of non-financial assets	Net lending
	\$m	% real growth	% GSP	\$m	% real growth	% GSP	\$m	\$m	\$m
1998-99	7 290		17.4	7 505		17.9	- 215	19	- 233
1999-2000	7 644	2.3	17.3	7 974	3.7	18.0	- 330	140	- 471
2000-01	8 108	3.0	16.9	8 406	2.4	17.5	- 297	102	- 399
2001-02	8 538	2.0	16.5	8 713	0.5	16.9	- 174	- 50	- 124
2002-03	9 346	5.2	17.2	8 898	-1.8	16.4	448	34	414
2003-04	9 955	3.4	17.2	9 570	4.4	16.5	385	- 38	424
2004-05	10 592	4.0	17.6	10 368	5.9	17.2	224	105	119
2005-06	11 242	2.9	17.6	11 040	3.2	17.2	202	119	83
2006-07	11 757	1.9	17.0	11 547	2.0	16.7	209	139	71
2007-08	12 879	6.1	17.0	12 414	4.1	16.4	464	242	222
2008-09	13 531	1.8	17.5	13 764	7.4	17.8	- 233	639	- 872
2009-10 <sup>(a)</sup>	15 534	12.4	19.3	15 347	9.1	19.1	187	1 279	-1 092

Note: Table may not add due to rounding.

(a) In 2009–10 revenue, expenses and net acquisition of non-financial assets are impacted by the Commonwealth Government's Nation Building — Economic Stimulus Plan.

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

<b>As at 30 June</b>	<b>Net debt<sup>(b)</sup></b>	<b>Unfunded superannuation<sup>(c)</sup></b>	<b>Net financial liabilities</b>	<b>Net financial worth</b>	<b>Net worth</b>
1988	859				
1989	694				
1990	854				
1991	1 817				
1992	4 610				
1993	7 884				
1994	7 113				
1995	5 815				
1996	5 512				
1997	4 983				
1998	4 762				
1999	4 779	3 909	9 733	1 894	10 624
2000	1 920	3 543	6 911	2 986	12 445
2001	1 246	3 249	6 093	4 091	14 816
2002	1 303	3 998	6 907	3 559	14 721
2003	666	4 445	6 974	3 500	15 288
2004	224	5 668	7 858	3 842	15 760
2005	144	7 227	9 393	3 853	16 359
2006	- 119	6 146	8 171	5 846	19 703
2007 <sup>(d)</sup>	- 24	5 075	7 254	8 110	22 128
2008 <sup>(e)(f)(g)</sup>	- 276	6 468	8 078	7 580	23 741
2009	475	8 939	11 562	5 551	24 146
2010	1 402	9 478	13 182	6 551	36 231

- (a) During the implementation of the 2008 revised Uniform Presentation Framework (UPF) minor variances in some aggregates compared with earlier budget publications were discovered. This table reflects minor revisions resulting from the back-casting of budget aggregates associated with implementing the revised UPF.
- (b) Net debt data for the years before 1999 are sourced from Australian Bureau of Statistics, *Government Financial Estimates 2003–04* (catalogue number 5501).
- (c) There is a structural break in the methodology used to calculate superannuation liabilities between June 2003 and June 2004. This accounting change, which involved the adoption of the Commonwealth Government bond rate for valuation purposes in line with AASB 119, *Employee Benefits*, resulted in a significant increase in superannuation liabilities.
- (d) There is a structural break in 2007 reflecting the amalgamation of 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.
- (e) There is a structural break in 2008 reflecting the transfer of rail assets from TransAdelaide to the general government sector. This results in an increase in net debt and net financial liabilities of \$66 million in 2007–08, and a reduction in net financial worth of \$591 million, with no impact on net worth.
- (f) There is a structural break in 2008 reflecting the transfer of assets from the Adelaide Festival Centre Trust to the general government sector. This results in an increase in net debt and net financial liabilities of \$28 million in 2007–08, and a reduction in net financial worth of \$76 million, with no impact on net worth.
- (g) There is a structural break in 2008 reflecting the first time recognition on the general government balance sheet of South Australia's share of the net assets of the Murray-Darling Basin Commission. This has no impact on net debt, however results in a reduction in net financial liabilities of \$615 million in 2007–08, and increases in net financial worth and net worth of \$615 million.

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

	<b>Receipts</b>	<b>Payments</b>	<b>ABS Cash Surplus</b>
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

Note: Table 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 Australian Bureau of Statistics (ABS) and are consistent with ABS GFS reporting requirements on a cash basis. Capital receipts and payments, including payments associated with the provision of financial support for state owned financial institutions (which were treated by the ABS 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.



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

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
<b>Revenue</b>						
Taxation revenue	2 941	2 979	3 250	3 570	3 537	3 649
Grants	5 406	5 766	5 969	6 616	7 249	8 881
Sales of goods and services	1 244	1 333	1 464	1 572	1 697	1 936
Interest income	161	147	167	203	150	138
Dividend and income tax equivalent income	455	575	450	429	382	433
Other	386	441	456	490	517	497
Total revenue	10 592	11 242	11 757	12 879	13 531	15 534
<i>less</i>						
<b>Expenses</b>						
Employee expenses	4 220	4 644	4 933	5 268	5 749	6 221
Superannuation expenses						
Superannuation interest cost	351	344	316	276	383	455
Other superannuation expenses	429	480	506	546	580	600
Depreciation and amortisation	453	454	498	525	566	633
Interest expenses	248	223	204	218	180	204
Other property expenses	—	—	—	—	—	—
Other operating expenses	2 742	2 874	3 021	3 246	3 624	3 695
Grants	1 925	2 021	2 069	2 337	2 682	3 540
Total expenses	10 368	11 040	11 547	12 414	13 764	15 347
<i>equals</i>						
<b>Net operating balance</b>	224	202	209	464	- 233	187
<i>plus</i>						
<b>Other economic flows</b>	375	3 142	2 215	1 149	708	11 830
<i>equals</i>						
<b>Comprehensive result - total change in net worth</b>	599	3 344	2 424	1 613	475	12 017
<i>less</i>						
<b>Net operating balance</b>	224	202	209	464	- 233	187
<i>less</i>						
<b>Net acquisition of non-financial assets</b>						
Purchases of non-financial assets	695	717	771	875	1 305	2 144
<i>less</i> Sales of non-financial assets	119	144	134	108	108	29
<i>less</i> Depreciation	453	454	498	525	566	633
<i>plus</i> Change in inventories	- 18	—	—	—	7	3
<i>plus</i> Other movements in non-financial assets	—	—	—	—	—	- 206
<i>equals</i> Total net acquisition of non-financial assets	105	119	139	242	639	1 279
<i>equals</i>						
<b>Net lending / borrowing</b>	119	83	71	222	- 872	-1 092

Note: Totals may not add due to rounding.

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

	As at 30 June	2005	2006	2007	2008	2009	2010
<b>Assets</b>							
Financial assets							
Cash and deposits		1 960	2 210	2 384	2 760	3 084	3 277
Advances paid		959	902	905	782	752	676
Investments, loans and placements		170	180	119	134	140	163
Receivables		374	454	471	498	610	713
Equity							
Investments in other public sector entities		13 246	14 017	15 364	15 658	17 113	19 734
Investments - other		145	173	30	668	707	752
Other financial assets		60	44	39	38	43	47
Total financial assets		16 915	17 979	19 311	20 539	22 449	25 363
Non-financial assets							
Land and fixed assets		12 411	13 840	14 013	16 138	18 590	29 677
Other non-financial assets		94	17	4	23	5	3
Total non-financial assets		12 505	13 857	14 018	16 161	18 595	29 680
Total assets		29 420	31 836	33 329	36 700	41 045	55 043
<b>Liabilities</b>							
Deposits held		283	282	331	328	335	387
Advances received		686	682	659	644	628	610
Borrowing		2 265	2 209	2 394	2 427	3 488	4 522
Superannuation		7 227	6 146	5 075	6 468	8 939	9 478
Other employee benefits		1 305	1 393	1 492	1 646	1 867	1 922
Payables		483	616	553	665	760	1 004
Other liabilities		812	805	699	779	881	888
Total liabilities		13 061	12 133	11 201	12 959	16 898	18 811
<b>Net worth<sup>(a)</sup></b>		16 359	19 703	22 128	23 741	24 146	36 231
Net financial worth <sup>(a)(b)(c)</sup>		3 853	5 846	8 110	7 580	5 551	6 551
Net financial liabilities		9 393	8 171	7 254	8 078	11 562	13 182
<b>Net debt<sup>(b)(c)(d)</sup></b>		144	- 119	- 24	- 276	475	1 402

Note: Totals may not add due to rounding.

- (a) There is a structural break in 2008 reflecting the first time recognition on the general government balance sheet of South Australia's share of the net assets of the Murray-Darling Basin Commission. This results in increases in net financial worth and net worth of \$615 million in 2007-08, with no impact on net debt.
- (b) There is a structural break in 2008 reflecting the transfer of rail assets from TransAdelaide to the general government sector. This results in an increase in net debt of \$66 million in 2007-08, and a reduction in net financial worth of \$591 million, with no impact on net worth.
- (c) There is a structural break in 2008 reflecting the transfer of assets from the Adelaide Festival Centre Trust to the general government sector. This results in an increase in net debt of \$28 million in 2007-08, and a reduction in net financial worth of \$76 million, with no impact on net worth.
- (d) There is a structural break in 2007 reflecting the amalgamation of SAFA and SAICORP on 1 July 2006. The transfer of SAICORP's assets and liabilities from the general government sector to the public financial corporations sector resulted in an increase in general government net debt of \$99 million at 1 July 2006.

## Non-financial public sector

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

	Revenue			Expenses			Net operating balance	Net acquisition of non-financial assets	Net lending
	\$m	% real growth	% GSP	\$m	% real growth	% GSP	\$m	\$m	\$m
1998-99	9 468		22.6	9 597		22.9	- 129	- 115	- 14
1999-2000	9 206	-5.1	20.8	9 552	-2.9	21.6	- 346	-3 508	3 161
2000-01	9 051	-4.5	18.9	9 279	-5.7	19.3	- 228	-1 111	883
2001-02	9 367	0.3	18.1	9 487	-0.9	18.4	- 120	- 124	5
2002-03	10 172	4.4	18.8	9 696	-1.7	17.9	476	72	405
2003-04	10 707	2.2	18.5	10 294	3.1	17.8	413	33	379
2004-05	11 343	3.5	18.9	11 029	4.7	18.3	314	125	189
2005-06	11 807	0.9	18.4	11 634	2.3	18.2	172	53	119
2006-07	12 321	1.7	17.8	12 175	2.0	17.6	147	173	- 26
2007-08	13 634	7.1	18.0	13 065	3.9	17.3	569	303	266
2008-09	14 360	2.1	18.6	14 567	8.0	18.8	- 207	1 249	-1 456
2009-10 <sup>(a)</sup>	16 315	11.2	20.3	15 679	5.3	19.5	636	2 361	-1 725

Note: Table may not add due to rounding.

(a) In 2009–10 revenue, expenses and net acquisition of non-financial assets are impacted by the Commonwealth Government's Nation Building—Economic Stimulus Plan.

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

As at 30 June	Net debt <sup>(a)</sup>	Unfunded superannuation <sup>(b)</sup>	Net financial liabilities	Net financial worth	Net worth
1988	4 397				
1989	4 197				
1990	4 457				
1991	5 418				
1992	8 142				
1993	11 610				
1994	10 550				
1995	8 844				
1996	8 432				
1997	8 170				
1998	7 927				
1999	7 657	3 909	13 099	-12 256	10 624
2000	4 355	3 543	9 914	-8 986	12 445
2001	3 223	3 249	8 151	-7 109	14 816
2002	3 317	3 998	8 973	-7 902	14 721
2003	2 696	4 445	9 096	-8 811	15 288
2004	2 285	5 668	10 031	-9 550	15 760
2005	2 126	7 227	11 511	-11 004	16 359
2006	1 786	6 146	10 451	-9 889	19 703
2007 <sup>(c)</sup>	1 989	5 075	9 518	-8 795	22 128
2008 <sup>(d)(e)</sup>	1 611	6 468	10 208	-10 487	23 741
2009	2 872	8 939	14 302	-14 921	24 146
2010	4 487	9 478	16 626	-16 997	36 231

- (a) Net debt data for the years before 1999 are sourced from the *Australian Bureau of Statistics, Government Financial Estimates 2003–04* (catalogue number 5501).
- (b) There is a structural break in the methodology used to calculate superannuation liabilities between June 2003 and June 2004. This accounting change, which involved the adoption of the Commonwealth Government bond rate for valuation purposes in line with AASB 119, *Employee Benefits*, resulted in a significant increase in superannuation liabilities.
- (c) There is a structural break in 2007 reflecting the amalgamation of SAFA and SAICORP on 1 July 2006. The transfer of SAICORP's assets and liabilities from the general government sector to the public financial corporations sector resulted in an increase in non-financial public sector net debt of \$99 million at 1 July 2006 and an increase in net financial liabilities of \$90 million at 1 July 2006.
- (d) There is a structural break in 2008 reflecting the amalgamation of the South Australian Community Housing Authority (PFC) with the South Australian Housing Trust (PNFC). This results in an increase in net debt and net financial liabilities and a decrease in net financial worth of \$98 million in 2007–08, with no impact on net worth.
- (e) There is a structural break in 2008 reflecting the first time recognition on the general government balance sheet of South Australia's share of the net assets of the Murray-Darling Basin Commission. This has no impact on net debt, however results in a reduction in net financial liabilities of \$615 million in 2007–08, and increases in net financial worth and net worth of \$615 million.

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

	<b>Receipts</b>	<b>Payments</b>	<b>ABS Cash Surplus</b>
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

Note: Table 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 this series before 1999–2000. After 1998–99, data are derived from an accrual ABS GFS reporting framework, with receipts proxied by receipts from operating activities and sales of non-financial assets, and payments proxied by payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases and similar arrangements. Due to the associated methodological and data-source changes, time series data that encompass measures derived under both cash and accrual accounting should be used with caution.

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

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
<b>Revenue</b>						
Taxation revenue	2 731	2 749	3 009	3 308	3 244	3 331
Grants	5 405	5 849	6 039	6 616	7 262	8 897
Sales of goods and services	2 481	2 494	2 610	2 926	3 082	3 311
Interest income	135	113	155	188	125	123
Dividend and income tax equivalent income	143	126	42	24	36	58
Other	447	476	466	572	611	594
<i>Total revenue</i>	11 343	11 807	12 321	13 634	14 360	16 315
<i>less</i>						
<b>Expenses</b>						
Employee expenses	4 382	4 808	5 108	5 450	5 944	6 436
Superannuation expenses						
Superannuation interest cost	351	344	316	276	383	455
Other superannuation expenses	445	499	525	568	605	628
Depreciation and amortisation	682	692	755	798	852	958
Interest expenses	333	310	290	322	290	344
Other property expenses <sup>(a)</sup>	—	—	—	—	—	—
Other operating expenses <sup>(a)</sup>	3 273	3 325	3 483	3 840	4 404	4 306
Grants	1 563	1 655	1 698	1 811	2 089	2 553
<i>Total expenses</i>	11 029	11 634	12 175	13 065	14 567	15 679
<i>equals</i>						
<b>Net operating balance</b>	314	172	147	569	-207	636
<i>plus</i>						
<b>Other economic flows</b>	286	3 172	2 278	1 044	682	11 382
<i>equals</i>						
<b>Comprehensive result - total change in net worth</b>	599	3 344	2 424	1 613	475	12 017
<i>less</i>						
<b>Net operating balance</b>	314	172	147	569	-207	636
<i>less</i>						
<b>Net acquisition of non-financial assets</b>						
Purchases of non-financial assets	1 040	1 127	1 145	1 399	2 328	3 762
<i>less</i> Sales of non-financial assets	234	381	217	298	304	336
<i>less</i> Depreciation	682	692	755	798	852	958
<i>plus</i> Change in inventories	1	—	—	—	76	99
<i>plus</i> Other movements in non-financial assets	—	—	—	—	—	- 206
<i>equals</i> Total net acquisition of non-financial assets	125	53	173	303	1 249	2 361
<i>equals</i>						
<b>Net lending / borrowing</b>	189	119	- 26	266	-1 456	-1 725

Note: Totals may not add due to rounding.

- (a) This table reflects a revision to the treatment of 'cost of sales' previously recognised as other property expenses. The 'cost of sales' is now reflected under other operating expenses, consistent with the implementation of the revised UPF.

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

	As at 30 June	2005	2006	2007	2008	2009	2010
<b>Assets</b>							
Financial assets							
Cash and deposits		2 129	2 372	2 566	3 040	3 360	3 573
Advances paid		80	83	34	81	71	72
Investments, loans and placements		180	204	139	163	176	232
Receivables		318	436	522	521	520	766
Equity							
Investments in other public sector entities		507	562	723	- 279	- 619	- 371
Investments - other		177	199	58	693	727	766
Other financial assets		58	46	41	40	82	104
Total financial assets		3 450	3 902	4 084	4 259	4 316	5 143
Non-financial assets							
Land and fixed assets		27 338	29 564	30 917	34 202	39 059	53 224
Other non-financial assets		25	28	6	25	8	4
Total non-financial assets		27 363	29 592	30 922	34 227	39 067	53 228
Total assets		30 813	33 494	35 006	38 486	43 384	58 371
<b>Liabilities</b>							
Deposits held		155	147	159	166	174	171
Advances received		719	715	659	644	628	610
Borrowing		3 642	3 583	3 910	4 084	5 677	7 583
Superannuation		7 227	6 146	5 075	6 468	8 939	9 478
Other employee benefits		1 384	1 473	1 560	1 719	1 944	2 003
Payables		492	706	715	801	907	1 319
Other liabilities		836	1 020	801	862	969	975
Total liabilities		14 454	13 790	12 878	14 745	19 237	22 140
<b>Net worth<sup>(a)</sup></b>		16 359	19 703	22 128	23 741	24 146	36 231
Net financial worth <sup>(a)(b)</sup>		-11 004	-9 889	-8 795	-10 487	-14 921	-16 997
Net financial liabilities		11 511	10 451	9 518	10 208	14 302	16 626
Net debt <sup>(b)(c)</sup>		2 126	1 786	1 989	1 611	2 872	4 487

Note: Totals may not add due to rounding.

- (a) There is a structural break in 2008 reflecting the first time recognition on the general government balance sheet of South Australia's share of the net assets of the Murray-Darling Basin Commission. This results in increases in net financial worth and net worth of \$615 million in 2007-08, with no impact on net debt.
- (b) There is a structural break in 2008 reflecting the amalgamation of the South Australian Community Housing Authority (PFC) with the South Australian Housing Trust (PNFC). This results in an increase in net debt and a decrease in net financial worth of \$98 million in 2007-08, with no impact on net worth.
- (c) There is a structural break in 2007 reflecting 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.



**Government  
of South Australia**

**Consolidated Financial Report  
as at 30 June 2010**



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# Overview

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## Introduction

This part of the document contains the Consolidated Financial Report (CFR) of the Government of South Australia for the financial year ended 30 June 2010. The CFR fulfils the government's consolidated financial reporting requirements pursuant to generally accepted accounting principles (GAAP). The report has been prepared in accordance with applicable Australian Accounting Standards Board Standards and Pronouncements, Treasurer's Instructions and Accounting Policy Framework, and is consistent with Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The CFR is only one component of the suite of publications that discharge the government's financial accountability obligations.

It is important to note that notwithstanding the significant efforts of the Australian Accounting Standards Board to harmonise AASB 1049 with Government Finance Statistics (GFS) principles, some technical differences remain. The impact of these differences for the Government of South Australia is minor, with a table reconciling the key aggregates set out in Note 3 'Reconciliation of Key Fiscal Aggregates to GFS Aggregates'.

The government's budget and fiscal targets are based on the GFS framework promulgated by the Australian Bureau of Statistics. Financial information on a GFS basis is presented in the annual budget, mid-year budget review and budget outcomes reports in accordance with the Uniform Presentation Framework (UPF) agreed by the Commonwealth and all state and territory governments. This UPF format is the primary reporting and accountability focus for the government. The UPF based Final Budget Outcome is presented as the front part of this document.

The Auditor-General has reviewed the CFR but has not provided a formal independent audit report, as there is no legislative requirement for the preparation, audit or presentation of a whole of government financial report. However, the Auditor-General has made a number of observations on the report. The Auditor-General's comments are provided at the end of this document.

While the CFR is presented for the government as a whole, Note 2 to the financial report shows the financial performance and the financial position of the three major sectors of government: general government, public non-financial corporations and public financial corporations. These sectors are consistent with the classifications used by the ABS.

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

## Key points

### General Government Sector

- Total comprehensive result for 2009–10 was \$12.027 billion. This result predominantly reflected the upward revaluations in non-financial assets in all sectors of government, including the revaluation of road assets by the Department of Transport, Energy and Infrastructure (\$9 billion).
- The net result from transactions was a surplus of \$188 million. This result is comparable to the surplus of \$187 million reported in the Final Budget Outcome as measured under the GFS/UPF reporting basis.
- Other economic flows reduced the net result for 2009–10 by \$270 million, of which \$490 million related to actuarial losses on superannuation. The superannuation actuarial loss is offset largely by the revaluation component of deferred tax equivalents taken up by the general government sector (\$338 million).
- Net worth as at 30 June 2010 was \$35.6 billion, comprising assets of \$55 billion and liabilities of \$19.4 billion.

### Whole of Government

- Total comprehensive result for 2009–10 was \$12.021 billion. The net results of the public non-financial corporation and public financial corporations sector are recognised in the general government sector under the requirements of AASB 1049.
- The net result from transactions was a surplus of \$688 million.
- Other economic flows reduced the net result by \$271 million which, similarly to the GGS sector, relates to \$490 million of actuarial losses on superannuation, offset largely by foreign exchange gains (\$428 million).
- Net worth as at 30 June 2010 was \$35.6 billion, comprising assets of \$80 billion and liabilities of \$44.4 billion.

While the net worth of both the General Government Sector and the Whole of Government has increased significantly from 2008–09 (\$23.6 million) to 2009–10 (\$35.6 million), this change does not reflect an improvement to the Government's budget position.

Despite efforts to harmonise accounting standards with GFS principles some differences remain. The differences result in variations between the net operating result (and other aggregates) derived using AASB 1049 and GFS.

Note 3 provides a reconciliation of the key fiscal aggregates reported under the AASB 1049 reporting basis to the aggregates reported in the FBO. The FBO also provides further explanations as to the variations that occur between budgeted estimates and final outcomes for 2009–10.

# Financial Statements

## General Government statement of comprehensive income

	Note	2010 \$m	2009 \$m
<b>Revenue from transactions</b>			
Taxation revenues	4	3 645	3 544
Grant revenue	5	9 218	7 492
Charges for goods and services	6	1 576	1 427
Interest income	7	138	150
Dividends and income tax equivalents	8	431	372
Other revenues	9	496	516
<b>Total revenue from transactions</b>		<b>15 504</b>	<b>13 500</b>
<b>Expenses from transactions</b>			
Employee expenses	10	6 103	5 637
Superannuation interest cost		455	383
Other superannuation expenses		600	580
Depreciation and amortisation	11	633	566
Use of goods and services	12	3 473	3 257
Interest expenses	13	204	180
Grant expenses	14	3 650	2 788
Other operating expenses	15	199	348
<b>Total expenses from transactions</b>		<b>15 316</b>	<b>13 740</b>
<b>Net result from transactions — Net operating balance</b>		<b>188</b>	<b>- 239</b>
<b>Other economic flows — included in net result</b>			
Net foreign exchange gains/(losses)		- 1	—
Net gain/(loss) on sale of non-financial assets		- 2	8
Net gain/(loss) on financial assets or liabilities at fair value		6	7
Net actuarial gains/(losses) of superannuation defined benefit plans	37	- 490	-2 379
Revaluations to deferred income tax equivalents		338	144
Other net actuarial gains/(losses)	16	- 83	- 178
Other economic flows	17	- 40	- 71
<b>Total other economic flows — included in net result</b>		<b>- 270</b>	<b>-2 469</b>
<b>Net result</b>		<b>- 82</b>	<b>-2 708</b>
<b>Other economic flows — other non-owner movements in equity</b>			
Changes in property, plant and equipment asset revaluation reserve		9 785	1 827
Net gain on equity investments in other sectors		2 321	1 388
Net gain/(loss) on financial assets at fair value		3	—
Prior period adjustments		—	50
<b>Total other economic flows — non-owner movements in equity</b>		<b>12 109</b>	<b>3 265</b>
<b>Comprehensive result — total change in net worth</b>		<b>12 027</b>	<b>557</b>
<b>Transactions with owners as owners</b>			
Restructures		- 6	—
<b>Total transactions with owners</b>		<b>- 6</b>	<b>—</b>
<b>Total change in net worth</b>		<b>12 021</b>	<b>557</b>
<b>Key fiscal aggregates</b>			
<b>Net operating balance</b>		<b>188</b>	<b>- 239</b>
Less net acquisition of non-financial assets		1 279	643
<b>Net lending/borrowing</b>		<b>-1 091</b>	<b>- 882</b>

Note: Totals may not add due to rounding.

## General Government statement of financial position

	Note	2010 \$m	2009 \$m
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	18	3 277	3 084
Receivables	19	1 999	1 635
Advances paid	20	676	752
Investments, loans and placements	21	163	126
Investments in other public entities		18 403	16 138
Investments — other	22	34	28
Interest in joint ventures	23	718	667
<b>Total financial assets</b>		<b>25 270</b>	<b>22 429</b>
<b>Non-financial assets</b>			
Produced assets			
Inventories	24	62	119
Machinery and equipment	25	2 245	1 847
Buildings and structures	26	22 604	12 286
Heritage assets	27	857	853
Biological assets	28	2	3
Intangibles	29	58	57
Non-financial assets held for sale	30	21	9
Other non-financial assets	31	50	48
Non-produced assets			
Land	32	3 763	3 494
Intangibles	29	39	11
Non-financial assets held for sale	30	26	21
<b>Total non-financial assets</b>		<b>29 727</b>	<b>18 748</b>
<b>Total assets</b>		<b>54 997</b>	<b>41 177</b>
<b>Liabilities</b>			
Deposits held	33	387	335
Borrowing	34	5 126	4 116
Payables	35	1 397	1 234
Employee benefits	36	1 922	1 867
Superannuation	37	9 478	8 939
Provisions (other than employee benefits)	39	481	509
Other liabilities	40	612	604
<b>Total liabilities</b>		<b>19 404</b>	<b>17 604</b>
<b>Net assets/(liabilities)</b>		<b>35 594</b>	<b>23 573</b>
<b>Equity</b>			
Retained earnings		208	262
Reserves			
Asset revaluation reserve		17 316	7 569
Other reserves		60	57
Financial assets available for sale reserve		3	—
Net equity investments in other sectors reserve		18 006	15 685
<b>Total equity (Net worth)</b>		<b>35 594</b>	<b>23 573</b>
<b>Commitments for expenditure</b>	43, 45		
<b>Contingent assets and liabilities</b>	46		

Note: Totals may not add due to rounding.

## General Government statement of changes in equity

	Asset Revaluation Reserve	Other Reserves	Net Equity Investments in Other Sectors Reserve	Financial Assets Available for Sale Reserve	Retained Earnings	Total
	\$ m	\$ m	\$ m	\$ m	\$ m	\$ m
<b>Balance at 30 June 2008</b>	6 063	49	14 297	—	2 626	23 035
Error correction	-7	—	—	—	-12	-19
<b>Restated balances at 30 June 2008</b>	<b>6 056</b>	<b>49</b>	<b>14 297</b>	<b>—</b>	<b>2 613</b>	<b>23 016</b>
Gain/loss on revaluation of property, plant and equipment during 2008-09	1 827	—	—	—	—	1 827
Net gain on equity investments in other sector entities	—	—	1 371	—	—	1 371
Transfers to/from reserves during 2008-09	-20	35	—	—	-14	—
<b>Net income/expense recognised directly in equity for 2008-09</b>	<b>1 806</b>	<b>35</b>	<b>1 371</b>	<b>—</b>	<b>-14</b>	<b>3 198</b>
Net surplus for 2008-09	—	—	—	—	-2 708	-2 708
<b>Total comprehensive result for 2008-09</b>	<b>1 806</b>	<b>35</b>	<b>1 371</b>	<b>—</b>	<b>-2 722</b>	<b>490</b>
<b>Transactions with SA Government as owner</b>						
Net assets transferred/received from administrative restructures	—	—	—	—	—	—
<b>Balance at 30 June 2009</b>	<b>7 863</b>	<b>84</b>	<b>15 668</b>	<b>—</b>	<b>-109</b>	<b>23 505</b>
Error correction current year	-294	-27	17	—	371	67
<b>Restated balances at 30 June 2009</b>	<b>7 569</b>	<b>57</b>	<b>15 685</b>	<b>—</b>	<b>262</b>	<b>23 573</b>
Gain/loss on revaluation of property, plant and equipment during 2009-10	9 785	—	—	—	—	9 785
Net gain on financial assets taken to equity	—	—	—	3	—	3
Net gain on equity investments in other sector entities	—	—	2 321	—	—	2 321
Transfers to/from reserves during 2009-10	-38	4	—	—	34	—
<b>Net income/expense recognised directly in equity for 2009-10</b>	<b>9 747</b>	<b>4</b>	<b>2 321</b>	<b>3</b>	<b>34</b>	<b>12 109</b>
Net surplus for 2009-10	—	—	—	—	-82	-82
<b>Total comprehensive result for 2009-10</b>	<b>9 747</b>	<b>4</b>	<b>2 321</b>	<b>3</b>	<b>-47</b>	<b>12 027</b>
<b>Transactions with SA Government as owner</b>						
Net assets transferred/received from administrative restructures	—	—	—	—	-6	-6
<b>Balance at 30 June 2010</b>	<b>17 316</b>	<b>60</b>	<b>18 006</b>	<b>3</b>	<b>208</b>	<b>35 594</b>

Note: Totals may not add due to rounding.



## General Government statement of cash flows

	Note	2010 inflows (-outflows) \$m	2009 inflows (-outflows) \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash inflows (receipts):</b>			
Taxes received		3 685	3 358
Grants received		9 247	7 492
Sales of goods and services		1 457	1 317
Interest receipts		128	149
Dividends received		424	367
Other receipts		815	718
<b>Cash generated from operating activities</b>		<b>15 756</b>	<b>13 402</b>
<b>Cash outflows (payments):</b>			
Payment for employees		-7 128	-6 427
Purchase of goods and services		-3 391	-3 283
Interest paid		- 159	- 188
Grants paid		-3 685	-2 742
Other payments		- 466	- 299
<b>Cash used in operating activities</b>		<b>-14 828</b>	<b>-12 939</b>
<b>Net cash flows from operating activities</b>	42(c)	<b>928</b>	<b>462</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Non-financial assets</b>			
Sales of non-financial assets		19	94
Purchases of non-financial assets		-2 136	-1 310
<b>Net cash flows from investments in non-financial assets</b>		<b>-2 117</b>	<b>-1 216</b>
<b>Financial assets (policy purposes)</b>			
Advances repaid		141	35
Advances granted		- 5	- 4
<b>Net cash flows from investments in financial assets</b>		<b>136</b>	<b>31</b>
<b>Financial assets (liquidity management purposes)</b>			
Sale of investments		2	—
Purchases of investments		- 24	- 9
<b>Net cash flows from investments in financial assets</b>		<b>- 22</b>	<b>- 9</b>
<b>Net cash flows from investing activities</b>		<b>-2 003</b>	<b>-1 193</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash inflows (receipts):</b>			
Deposits received		62	16
Borrowings		1 254	1 267
<b>Cash generated from financing activities</b>		<b>1 316</b>	<b>1 283</b>

Note: Totals may not add due to rounding.

## General Government statement of cash flows (continued)

	Note	2010 inflows (-outflows) \$m	2009 inflows (-outflows) \$m
<b>Cash outflows (payments):</b>			
Deposits paid		- 10	- 9
Borrowings		- 12	- 102
Other financing		- 25	—
<b>Cash used in financing activities</b>		<b>- 48</b>	<b>- 111</b>
<b>Net cash flows from financing activities</b>		<b>1 268</b>	<b>1 172</b>
<b>Net inc/dec in cash and cash equivalents</b>		<b>193</b>	<b>441</b>
Cash and cash equivalents at beginning of the year		3 084	2 643
<b>Cash and cash equivalents at the end of the year</b>	42(a)	<b>3 277</b>	<b>3 084</b>
<b>Key fiscal aggregate:</b>			
Net cash flows from operating activities		928	462
Net cash flows from investments in non-financial assets		-2 117	-1 216
<b>Cash surplus/(deficit)</b>		<b>-1 189</b>	<b>- 753</b>

Note: Totals may not add due to rounding.

## Whole of Government statement of comprehensive income

	Note	2010 \$m	2009 \$m
<b>Revenue from transactions</b>			
Taxation revenues	4	3 335	3 253
Grant revenue	5	9 224	7 503
Charges for goods and services	6	4 274	4 135
Interest income	7	613	620
Dividends and income tax equivalents	8	44	32
Other revenues	9	602	624
<b>Total revenue from transactions</b>		<b>18 092</b>	<b>16 166</b>
<b>Expenses from transactions</b>			
Employee expenses	10	6 345	5 869
Superannuation interest cost		455	383
Other superannuation expenses		631	608
Depreciation and amortisation	11	1 009	853
Use of goods and services	12	4 112	4 146
Interest expenses	13	784	701
Grant expenses	14	2 659	2 189
Other operating expenses	15	1 409	1 791
<b>Total expenses from transactions</b>		<b>17 404</b>	<b>16 539</b>
<b>Net result from transactions — Net operating balance</b>		<b>688</b>	<b>- 373</b>
<b>Other economic flows — included in net result</b>			
Net foreign exchange gains/(losses)		428	- 473
Net gain/(loss) on sale of non-financial assets		39	36
Net gain/(loss) on financial assets or liabilities at fair value		- 2	310
Net actuarial gains/(losses) of superannuation defined benefit plans	37	- 490	-2 379
Other net actuarial gains/(losses)	16	- 194	- 95
Other economic flows	17	- 52	- 87
<b>Total other economic flows — included in net result</b>		<b>- 271</b>	<b>-2 688</b>
<b>Net result</b>		<b>416</b>	<b>-3 061</b>
<b>Other economic flows — other non-owner movements in equity</b>			
Changes in property, plant and equipment asset revaluation reserve		11 592	3 562
Net gain/(loss) on financial assets at fair value		12	- 12
Prior period adjustments		—	67
<b>Total other economic flows — non-owner movements in equity</b>		<b>11 605</b>	<b>3 618</b>
<b>Comprehensive result — total change in net worth</b>		<b>12 021</b>	<b>557</b>
<b>Total transactions with owners</b>		<b>—</b>	<b>—</b>
<b>Total change in net worth</b>		<b>12 021</b>	<b>557</b>
<b>Key fiscal aggregates</b>			
<b>Net operating balance</b>		<b>688</b>	<b>- 373</b>
Less net acquisition of non-financial assets		2 584	1 234
<b>Net lending/borrowing</b>		<b>-1 896</b>	<b>-1 607</b>

Note: Totals may not add due to rounding.

## Whole of Government statement of financial position

	Note	2010 \$m	2009 \$m
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	18	583	576
Receivables	19	862	768
Advances paid	20	1 842	1 447
Investments, loans and placements	21	9 512	6 759
Investments — other	22	12 698	10 571
Interest in joint ventures	23	727	681
<b>Total financial assets</b>		<b>26 223</b>	<b>20 802</b>
<b>Non-financial assets</b>			
Produced assets			
Inventories	24	429	411
Machinery and equipment	25	2 711	2 087
Buildings and structures	26	38 847	26 166
Heritage assets	27	864	860
Biological assets	28	769	689
Intangibles	29	117	102
Non-financial assets held for sale	30	43	16
Other non-financial assets	31	132	122
Non-produced assets			
Land	32	9 703	8 975
Intangibles	29	111	51
Non-financial assets held for sale	30	46	29
<b>Total non-financial assets</b>		<b>53 772</b>	<b>39 508</b>
<b>Total assets</b>		<b>79 995</b>	<b>60 310</b>
<b>Liabilities</b>			
Deposits held	33	275	382
Borrowing	34	12 287	7 427
Payables	35	1 313	1 187
Employee benefits	36	2 007	1 947
Superannuation	37	9 478	8 939
Superannuation fund deposits	38	12 405	10 544
Provisions (other than employee benefits)	39	5 270	5 126
Other liabilities	40	1 366	1 186
<b>Total liabilities</b>		<b>44 401</b>	<b>36 738</b>
<b>Net assets/(liabilities)</b>		<b>35 594</b>	<b>23 573</b>
<b>Equity</b>			
Retained earnings		3 053	2 577
Reserves			
Asset revaluation reserve		31 679	20 221
Other reserves		843	769
Financial assets available for sale reserve		18	6
<b>Total equity (Net worth)</b>		<b>35 594</b>	<b>23 573</b>
<b>Commitments for expenditure</b>	43, 45		
<b>Contingent assets and liabilities</b>	46		

Note: Totals may not add due to rounding.

## Whole of Government statement of changes in equity

	Asset Revaluation Reserve	Other Reserves	Financial Assets Available for Sale Reserve	Retained Earnings	Total
	\$ m	\$ m	\$ m	\$ m	\$ m
<b>Balance at 30 June 2008</b>	17 094	685	18	5 290	23 086
Error correction	- 56	—	—	- 14	- 71
<b>Restated balances at 30 June 2008</b>	<b>17 037</b>	<b>685</b>	<b>18</b>	<b>5 276</b>	<b>23 016</b>
Gain/loss on revaluation of property, plant and equipment during 2008-09	3 562	—	—	—	3 562
Net gain on financial assets taken to equity	—	—	- 12	—	- 12
Transfers to/from reserves during 2008-09	- 84	112	—	- 27	—
<b>Net income/expense recognised directly in equity for 2008-09</b>	<b>3 478</b>	<b>112</b>	<b>- 12</b>	<b>- 27</b>	<b>3 550</b>
Net surplus for 2008-09	—	—	—	- 3 061	- 3 061
<b>Total comprehensive result for 2008-09</b>	<b>3 478</b>	<b>112</b>	<b>- 12</b>	<b>- 3 088</b>	<b>490</b>
<b>Transactions with SA Government as owner</b>	—	—	—	—	—
Net assets transferred/received from administrative restructures	<b>20 515</b>	<b>796</b>	<b>6</b>	<b>2 188</b>	<b>23 505</b>
<b>Balance at 30 June 2009</b>	<b>- 294</b>	<b>- 27</b>	<b>—</b>	<b>388</b>	<b>67</b>
<b>Restated balances at 30 June 2009</b>	<b>20 221</b>	<b>769</b>	<b>6</b>	<b>2 577</b>	<b>23 573</b>
Gain/loss on revaluation of property, plant and equipment during 2009-10	11 592	—	—	—	11 592
Net gain on financial assets taken to equity	—	—	12	—	12
Transfers to/from reserves during 2009-10	- 134	74	—	60	—
<b>Net income/expense recognised directly in equity for 2009-10</b>	<b>11 458</b>	<b>74</b>	<b>12</b>	<b>60</b>	<b>11 605</b>
Net surplus for 2009-10	—	—	—	416	416
<b>Total comprehensive result for 2009-10</b>	<b>11 458</b>	<b>74</b>	<b>12</b>	<b>477</b>	<b>12 021</b>
<b>Transactions with SA Government as owner</b>	—	—	—	—	—
Net assets transferred/received from administrative restructures	<b>31 679</b>	<b>843</b>	<b>18</b>	<b>3 053</b>	<b>35 594</b>
<b>Balance at 30 June 2010</b>					

Note: Totals may not add due to rounding.

## Whole of Government statement of cash flows

	Note	2010 inflows (-outflows) \$m	2009 inflows (-outflows) \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash inflows (receipts):</b>			
Taxes received		3 365	3 227
Grants received		9 253	7 502
Sales of goods and services		4 167	3 740
Interest receipts		604	600
Dividends received		44	33
Other receipts		738	942
<b>Cash generated from operating activities</b>		<b>18 169</b>	<b>16 044</b>
<b>Cash outflows (payments):</b>			
Payment for employees		-7 397	-6 683
Purchase of goods and services		-4 083	-4 149
Interest paid		- 745	- 712
Grants paid		-2 695	-2 143
Other payments		-1 561	-1 805
<b>Cash used in operating activities</b>		<b>-16 481</b>	<b>-15 492</b>
<b>Net cash flows from operating activities</b>	42(c)	<b>1 689</b>	<b>552</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Non-financial assets</b>			
Sales of non-financial assets		380	289
Purchases of non-financial assets		-3 847	-2 202
<b>Net cash flows from investments in non-financial assets</b>		<b>-3 468</b>	<b>-1 912</b>
<b>Financial assets (policy purposes)</b>			
Advances repaid		214	215
Advances granted		- 617	- 381
<b>Net cash flows from investments in financial assets</b>		<b>- 403</b>	<b>- 166</b>
<b>Financial assets (liquidity management purposes)</b>			
Sale of investments		605	164
Purchases of investments		-3 222	- 849
<b>Net cash flows from investments in financial assets</b>		<b>-2 617</b>	<b>- 684</b>
<b>Net cash flows from investing activities</b>		<b>-6 488</b>	<b>-2 763</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash inflows (receipts):</b>			
Deposits received		7	16
Borrowings		6 526	2 290
<b>Cash generated from financing activities</b>		<b>6 533</b>	<b>2 306</b>

Note: Totals may not add due to rounding.

**Whole of Government statement of cash flows (continued)**

	Note	2010 inflows (-outflows) \$m	2009 inflows (-outflows) \$m
<b>Cash outflows (payments):</b>			
Deposits paid		- 23	- 6
Borrowings		-1 704	- 31
<b>Cash used in financing activities</b>		<b>-1 728</b>	<b>- 37</b>
<b>Net cash flows from financing activities</b>		<b>4 805</b>	<b>2 270</b>
<b>Net inc/dec in cash and cash equivalents</b>		<b>6</b>	<b>59</b>
Cash and cash equivalents at beginning of the year		576	518
<b>Cash and cash equivalents at the end of the year</b>	42(a)	<b>583</b>	<b>576</b>
<b>Key fiscal aggregate</b>			
Net cash flows from operating activities		1 689	552
Net cash flows from investments in non-financial assets		-3 468	-1 912
<b>Cash surplus/(deficit)</b>		<b>-1 779</b>	<b>-1 361</b>

Note: Totals may not add due to rounding.

# Notes to the Consolidated Financial Report

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## 1. Significant accounting policies

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

### (a) Statement of Compliance

This general purpose financial report including the financial statements of the general government sector and the whole of government has been prepared in accordance with applicable Australian Accounting Standards; in particular with Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, Treasurer's instructions and Accounting Policy Statements issued pursuant to the *Public Finance and Audit Act 1987*.

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the reporting period ending 30 June 2010. The impact of the new and amended standards and interpretations have been assessed and considered to have no material impact on the accounting policies or the consolidated statements.

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

### (b) Basis of preparation

The consolidated statements have been prepared for the reporting (financial) period for the 12 months from 1 July 2009 to 30 June 2010. Except where otherwise stated, the report has been prepared using the full accrual basis of accounting, which recognises the effect of transactions and events when they occur, rather than recognising the effects of transactions and events when cash is received or paid.

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

The ABS GFS Manual provides the basis upon which GFS information that is contained in this financial report is prepared. In particular, notes disclosing key fiscal aggregates of net worth, net operating balance, total change in net worth, net lending (borrowing) and cash surplus (deficit) determined using the principles and rules in the ABS GFS Manual are included in the financial report, together with a reconciliation of those key fiscal aggregates to the corresponding key fiscal aggregates recognised in the financial statements.

The purpose of the general government financial statements is to provide users with information about the stewardship by the Government in relation to its general government sector and accountability for the resources entrusted to it; information about the financial position, changes in net assets/(liabilities),



performance and cash flows of the Government's general government sector; and information that facilitates assessments of the macro-economic impact of the Government's general government sector.

### **(c) Reporting entity**

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

Every effort has been made to include all State controlled agencies, regardless of the materiality of the size of their financial transactions and/or resources managed in this consolidated financial report. Where control of an entity is obtained during the financial year, its results are included in the Statement of comprehensive income from the date control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

The whole of government reporting entity includes government departments (general government sector), non-financial corporations, financial corporations and other government-controlled entities. These entities are set out at Note 48.

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

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

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

#### **General government (GG) sector**

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

#### **Public non-financial corporations (PNFC) sector**

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

#### **Public financial corporations (PFC) sector**

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

The standard under which the general government sector financial statements are prepared does not require full application of AASB 127: *Consolidated and Separate Financial Statements* and AASB 139: *Financial Instruments: Recognition and Measurement*.

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

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

#### **(d) Comparatives**

Where applicable, comparatives have been restated to agree with changes in presentation in the financial statements for the current reporting period, in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. A material restatement to the 2008–09 comparative figures has been made within the financial statements and reflects a correction to the amount reported as superannuation fund deposit liabilities.

Previously, superannuation fund deposit liabilities included the total liability of Funds SA to all superannuation plans and other prescribed authorities. However, upon review it was identified that the liability for other prescribed authorities not relating to superannuation plans should be eliminated upon consolidation and not reflected at the whole of government level. A corresponding elimination to assets has also been reflected to represent those authorities holding assets with Funds SA.

The restatement only impacts the whole of government for 2008–09 and has the following effects:

- reduces 'total assets' and 'total liabilities' each by \$2.062 billion (nil impact to net worth for whole of government);
- reduces 'Investments, loans and placements' by \$1.450 billion;
- reduces 'Investments — other' by \$0.612 billion; and
- reduces 'Superannuation fund deposit liabilities' by \$2.062 billion.

Other minor restatements to the 2008–09 comparatives have also been made to reflect changes recognised as error corrections by agencies within their 2009–10 financial statements and any timing variances that existed between the collection of data for the 2008–09 general government and whole of government report and the finalisation of the 2008–09 agency audited statements. Otherwise, presentation and classification of items in the consolidated financial report are consistent with prior periods.

#### **(e) Financial risk management**

The government has significant non-interest bearing assets (cash on hand and at call, and receivables) and liabilities (payables); and interest bearing assets (held to maturity investments) and liabilities (external borrowings). The government's activities expose it to a variety of financial risks, market risk (including foreign currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The government has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

The government's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects. The government uses certain derivative instruments such as forward exchange contracts and cross currency swaps to hedge risk exposures. Overall exposure to market risk and cash flow risk is minimised, and there are no significant concentrations of credit risk.

## **(f) Transactions and other economic flows**

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

## **(g) Income recognition**

The policies adopted for the recognition of significant categories of revenue are as follows:

### **Taxation revenue**

State taxation revenue is recognised by the responsible agency upon the receipt of cash associated with either an account as rendered, or with a taxpayer’s self-assessment. Major types of taxation revenues are:

- payroll tax
- stamp duties
- gambling
- motor vehicle registration
- natural resource management levy
- land tax
- emergency services levy
- River Murray levy.

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

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

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

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

Payments for FBT are included as employee expenses (refer Note 10).

Consistent with discussions in Note 1(c), relevant taxes as listed above paid by state government controlled entities to other government agencies are eliminated upon consolidation from the financial statements presented here.

### **Grant revenue**

Grant funding received is recorded as revenue at the time control over the asset passes to government. A material economic dependence exists in terms of the receipt of grants funded by the Commonwealth.

These grants include the government’s share of GST, which is distributed in accordance with the Principle of Fiscal Equalisation applied by the Commonwealth Grants Commission. Further disclosures about grant revenues are outlined in Note 5.

**Charges for goods and services**

Revenues resulting from sale of / charges for goods and services, and fines and regulatory fees, are, where possible, recognised when the transaction or event giving rise to the revenues occurs.

**Interest income**

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

**Dividends and income tax equivalents**

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

**(h) Expense recognition**

The policies adopted for the recognition of significant categories of expenses are as follows:

**Employee expenses**

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

**Superannuation interest cost**

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

**Superannuation**

The superannuation cost expense of the defined benefit plans relates to current service cost which is the cost of employer financed benefits that are expected to accrue for defined benefit members during the reporting period.

The superannuation expense of the defined contribution plans is recognised as and when it falls due.

**Depreciation and amortisation of non-financial assets**

All non-financial assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential on a straight-line basis. In accordance with Accounting Policy Framework (APF) III *Asset Accounting Framework*, estimates of remaining useful lives are reassessed on a regular basis for all relevant assets.

Heritage assets are anticipated to have very long and indeterminate useful lives. Their service potential is not, in any material sense, consumed during the reporting period. As such, very little accumulated amortisation has been recognised in respect of these assets.

Assets acquired under finance lease are amortised over the period during which the government is expected to benefit from use of the leased assets.

Assets that would not be replaced; and are valued at either net market value or the net present value of expected cash flows; and which are revalued at each reporting date, are not generally depreciated.

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

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

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

<b>Asset class</b>	<b>Useful life</b>
Land	Not depreciated
Buildings and structures	
Buildings	1–170 years
Leasehold improvements	1–143 years (life of lease)
Road network	4–60 years
Rail and bus tracks	1–155 years
Water, sewerage and drainage	2–170 years
Other infrastructure assets	1–200 years
Machinery and equipment	
Plant and equipment	1–116 years
Vehicles	1–42 years
Heritage assets	Indeterminate
Intangible assets	1–45 years

#### **Use of goods and services**

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

#### **Interest expenses**

Interest expenses include interest charges, finance lease charges and borrowing costs. Interest expenses are expensed in the period in which they are incurred.

#### **Grant expenses**

Grant expenses are recognised to the extent that:

- the services required to be performed by the grantee have been performed; or
- the grant eligibility criteria have been satisfied.

#### **(i) Other economic flows**

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

#### **Net foreign exchange gains**

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

#### **Gain/(loss) on sale of non-financial assets**

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

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

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

**Deferred income tax equivalents**

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

This treatment is adopted on the basis that the General Government Sector controls these sectors and therefore, these amounts. On consolidation, these tax equivalent entries are eliminated for the Whole of Government accounts.

**Other net actuarial gains/(losses)**

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

**(j) Assets**

Assets recognised in the Statement of financial position are classified into financial and non-financial assets based on a liquidity presentation.

**Cash and deposits**

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

**Receivables; and Provisions for doubtful debts**

Trade accounts receivable are carried at amounts due. When there is objective evidence, provisions are raised for any doubtful debts based on review of all outstanding amounts at balance date. Bad debts are written off in the period in which they are identified.

**Advances paid**

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

**Investments in other public entities**

Other sectors of government, that is the PNFC and PFC sectors, are accounted for in the GG sector reporting entity as an investment in other sectors measured at the Government's proportional share of the carrying amount of net assets of the PNFC sector and PFC sector entities before consolidation eliminations.

Any change in the carrying amount of the investment from period to period is accounted for as if the change in carrying amount is a change in fair value and accounted for in a consistent manner according to AASB 139 *Financial Instruments: Recognition and Measurement*.

### **Interest in joint ventures**

Joint ventures are contractual arrangements between the State or a subsidiary entity and one or more other parties to undertake an economic activity that is subject to control. Joint control only exists when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Interests in jointly controlled operations and jointly controlled assets are accounted for by recognising its share of the assets, liabilities and any revenue and expenses of such joint ventures in the State's financial statements.

Interests in jointly controlled entities are accounted for in the consolidated financial statements using the equity method, as applied to investments in associates.

### **Inventories**

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

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

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

### **Land; Machinery and equipment; Buildings and structures**

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

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

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

#### *Land under roads*

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

GFS principles require measurement of all assets at market value. Under this interpretation the election permitted in AASB 1051 cannot be applied to the general government sector or whole of government reports. Notwithstanding this, land under roads has not previously been recognised by South Australia for GFS reporting purposes.

There are inherent practical difficulties in relation to land under roads. Determining ownership and control, particularly with respect to easements, footpaths and road reserves is problematic. A full inventory of land under roads controlled by the SA Government does not currently exist.

The valuation of land under roads is also difficult. It is generally accepted by the Valuers-General across Australia that land under roads should be valued with reference to the value of adjoining land discounted to account for the restricted use of the land. However, the Valuers-General have not recommended a methodology to determine an appropriate discount rate to use.

Accordingly the selection of discount rate is an arbitrary decision to be made by jurisdictions. It is arguable whether use of such an arbitrary measurement compromises the reliability of the valuation or provides relevant information for the users of the consolidated financial report.

In the absence of a reliable inventory of land under roads and agreement on an appropriate methodology for valuation, land under roads acquired prior to 1 July 2008 has not been recognised in the Consolidated Financial Statements for the general government sector and whole of government. This position will be reviewed in light of future developments on the valuation methodology and progress on resolving issues related to the inventory of land under roads.

Land under roads acquired after 1 July 2008 has been recognised, in accordance with the requirements of AASB 1051.

#### *Revaluation of non-financial assets*

All non-financial tangible assets are valued at written down current cost (a proxy for fair value); and revaluation of non-financial assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

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

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

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

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset. Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to retained earnings.

#### **Biological assets**

Standing timber of a marketable size is valued at its fair value less estimated point-of-sale costs and disclosed as a non-financial asset. The fair value is determined as the amount which could be expected to be received from disposal of the existing mix of forest products in an active and liquid market.



### **Non-financial assets classified as held for sale**

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

### **Investment properties**

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

### **Intangible assets**

An intangible asset is an indefinable non-monetary asset without physical substance. All intangible assets are reported as non-financial assets on the Statement of financial position. Intangible assets are measured at cost. Accounting for intangibles, including recognition and write-down criteria, is consistent with APF III and AASB 138 *Intangible Assets*.

### **Impairment**

At each reporting date, an assessment is undertaken as to whether there are any indications that a physical or intangible asset is impaired. If an asset is determined to be impaired, the recoverable amount of the impaired asset is determined as the higher of the asset's fair value less costs to sell and either depreciated replacement cost or value in use. Value in use is based on discounted cash flows using a risk-adjusted discount rate.

APF III precludes South Australian public sector agencies from using the discounted cash flow valuation method unless otherwise approved by the Treasurer.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash flows from other assets or groups of assets (cash-generating units). Non-financial assets (other than goodwill) that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

## **(k) Liabilities**

### **Deposits held**

Deposits held represent liabilities for customer security deposits which can be refunded at any time. These deposits are recognised at no less than the amount payable on demand, in accordance with AASB 139.

### **Payables**

Payables consist predominantly of creditors and other sundry liabilities. Accounts payable represent liabilities for goods and services provided to the State prior to the end of the financial year that are unpaid, and arise when the State becomes obliged to make future payments in respect of the purchase of these goods and services.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

### Employee benefits

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

In accordance with Australian Accounting Standard AASB 119 *Employee Benefits*, employee benefits expected to be settled within 12 months of the reporting date are measured at the nominal amounts expected to be paid on settlement. Employee benefits not expected to be settled within 12 months of the reporting date are measured at the present value of the future cash-flows. AASB 119 provides that it is acceptable practice to estimate the present value of future cash outflows by using a short-hand measurement technique.

In accordance with APF IV *Financial Asset and Liability Framework*, the Department of Treasury and Finance has undertaken an actuarial assessment based on a significant sample of employees throughout the South Australian public sector to estimate long service leave liability based on net present value. This has provided applicable agency benchmarks that can be used as a short-cut estimation of the long service leave liability.

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

Deficits in defined benefit superannuation plans are recognised as liabilities in the Statement of financial position. The deficits are measured as the excess of the present value of employees' accrued benefits resulting from service up to the reporting date over the net market value of the plans' assets at the reporting date. Details of superannuation arrangements between employees, the government and its controlled entities are set out in Note 37.

### Superannuation

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

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

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

### Other provisions

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

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

## (I) Financial instruments

Under AASB 139 *Financial Instruments: Recognition and Measurement*, financial assets are to be classified and measured as follows:

- designated at fair value through profit or loss;
- held to maturity — measured at amortised cost;
- loans and receivables — measured at amortised cost; or
- available-for-sale — measured at fair value with unrealised gains/losses recognised directly in equity except for impairment losses and foreign exchange gains/losses.

Under AASB 139, financial liabilities are to be classified and measured as follows:

- designated at fair value through profit or loss; or
- other financial liabilities — measured at amortised cost.

### **Financial assets at fair value through profit or loss**

Financial assets, which include marketable debt securities, non-marketable debt securities, and Australian dollar term deposits, are valued at fair value at balance date. Unrealised gains and losses are brought to account in the Statement of comprehensive income. Financial assets held by the State include: money market deposits; discount securities; Commonwealth and State securities; floating rate notes; medium term notes; fixed interest deposits; letters of credit; and investments managed by the South Australian Government Financing Authority (SAFA).

### **Financial liabilities at fair value through profit or loss**

Financial liabilities, which include deposits and interest bearing liabilities, are valued at fair value at balance date. Unrealised gains and losses are brought to account in the Statement of comprehensive income. Interest bearing liabilities held by the government include: Treasury notes; Australian bonds; credit foncier loans; commercial paper; overseas bonds; and medium term notes principally raised by SAFA. In relation to deposits, income derived from their investment accrues to depositors daily. The amount reported in the Statement of financial position represents the market value of deposits held at balance date.

### **Other financial assets and financial liabilities held at amortised cost**

Other financial assets are initially measured at fair value plus transaction costs. Other financial assets consist of non-derivative financial assets with fixed or determinable payments, which are not subsequently valued at fair value either because they are not quoted in an active market or they are intended to be held to maturity. These financial assets are measured at amortised cost using the effective interest method. Changes are accounted for in the Statement of comprehensive income when impaired, derecognised or through an amortisation process.

### **Derivative financial instruments**

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

Currency swaps are recorded in the Statement of financial position on a gross basis and translated at the exchange rate applying at balance date. Resulting exchange rate differences are recognised in the Statement of comprehensive income.

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

Financial futures and exchange traded interest rate option contracts are marked-to-market daily and the resultant change in value is recognised directly in the Statement of comprehensive income. Forward rate agreements gains or losses are recognised directly in the Statement of comprehensive income. Forward foreign exchange contracts are accounted for as outlined in Note 1(l). Further disclosures about financial instruments are outlined in Note 41.

### **(m) Leases**

The government's rights and obligations under finance leases, which are leases that effectively transfer to the government substantially all of the risks and benefits incidental to ownership of the leased items, are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as plant and equipment under lease, and are amortised over the period during which the government is expected to benefit from use of the leased assets. Minimum lease payments are allocated between finance cost expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor effectively retains substantially all of the risks and benefits incidental to ownership of the leased items, lease payments are charged to expense over the lease term.

In respect of lease incentives, all incentives for the agreement of new or renewed operating leases are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received to enter into operating leases are recognised as a liability.

The aggregate benefits of lease incentive received in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight-line basis. Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

### **(n) Foreign currency**

#### **Transactions**

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

#### **Hedges**

All hedge transactions are initially recorded at the spot rate at the date of the transaction. Gains or losses arising at the time of entering into a hedge, other than to hedge the purchase of goods and services are expensed or recognised as revenue, as the case may be at that time.

Hedges, other than to hedge the purchase of goods and services, outstanding at balance date are translated at the rates of exchange ruling on that date and any exchange differences are brought to account in the Statement of comprehensive income.

Where hedge transactions are designed to hedge the purchase of goods and services, exchange differences arising up to date of purchase or sale, together with any gains or losses arising at the time of entering into the hedge, are deferred and included in the measurement of the purchase or sale. Any exchange differences on the hedge transaction after that date is included in the Statement of comprehensive income.

### **(o) Commitments**

Commitments include operating, capital and other outsourcing commitments and contracts arising from non-cancellable contractual or statutory sources. These commitments are stated at their nominal value. Details of such commitments are reported in Notes 43 and 45.

### **(p) Contingent assets and liabilities**

In accordance with Australian Accounting Standard AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, contingent assets and liabilities are not recognised in the Statement of financial position, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Further disclosures are outlined in Note 46.

### **(q) Budget information**

Budget information provided in Note 50 refers to the original estimates as disclosed in the 2009–10 Budget papers and is not subject to audit. Explanation of the major variances between budget and actual outcomes is provided in the Final Budget Outcome (FBO).

### **(r) Rounding**

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

## **2. Disaggregated information**

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

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

## Statement of comprehensive income (\$million)

Sector of Government	General Government		Non-Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>Revenue from transactions</b>										
Taxation revenues	3 645	3 544	—	—	—	—	-309	-291	3 335	3 253
Grant revenue	9 218	7 492	1 112	630	7	7	-1 113	-625	9 224	7 503
Charges for goods and services	1 576	1 427	1 949	1 926	1 273	1 135	-524	-354	4 274	4 135
Interest income	138	150	24	29	949	887	-498	-445	613	620
Dividends and income tax equivalents	431	372	13	11	30	21	-430	-371	44	32
Other revenues	496	516	138	109	10	67	-43	-68	602	624
<b>Total revenue from transactions</b>	<b>15 504</b>	<b>13 500</b>	<b>3 235</b>	<b>2 704</b>	<b>2 269</b>	<b>2 116</b>	<b>-2 917</b>	<b>-2 154</b>	<b>18 092</b>	<b>16 166</b>
<b>Expenses from transactions</b>										
Employee expenses	6 103	5 637	225	210	41	42	-25	-20	6 345	5 869
Superannuation interest cost	455	383	—	—	—	—	—	—	455	383
Other superannuation expenses	600	580	28	25	3	3	—	—	631	608
Depreciation and amortisation	633	566	325	286	51	2	—	—	1 009	853
Use of goods and services	3 473	3 257	926	1 051	198	227	-484	-389	4 112	4 146
Interest expenses	204	180	179	164	877	796	-475	-440	784	701
Grant expenses	3 650	2 788	112	19	1	1	-1 103	-619	2 659	2 189
Income tax expense	—	—	129	114	34	3	-163	-117	—	—
Other operating expenses	199	348	601	564	977	1 192	-368	-313	1 409	1 791
<b>Total expenses from transactions</b>	<b>15 316</b>	<b>13 740</b>	<b>2 525</b>	<b>2 433</b>	<b>2 181</b>	<b>2 265</b>	<b>-2 618</b>	<b>-1 898</b>	<b>17 404</b>	<b>16 539</b>
<b>Net result from transactions — Net operating balance</b>	<b>188</b>	<b>-239</b>	<b>711</b>	<b>271</b>	<b>88</b>	<b>-149</b>	<b>-299</b>	<b>-256</b>	<b>688</b>	<b>-373</b>
<b>Other economic flows — included in net result</b>										
Net foreign exchange gains	-1	—	—	2	429	-475	—	—	428	-473
Net gain/loss on sale of non-financial assets	-2	8	33	28	8	—	—	—	39	36
Net gain/loss on financial assets or liabilities at fair value	6	7	76	68	-84	235	—	—	-2	310
Net actuarial gains/(losses) of superannuation defined benefit plans	-490	-2 379	—	—	—	—	—	—	-490	-2 379
Revaluations to deferred income tax equivalents	338	144	—	—	—	—	-338	-144	—	—
Other net actuarial gains/(losses)	-83	-178	-1	-5	-110	88	—	—	-194	-95
Other economic flows	-40	-71	-12	-13	-1	-3	—	—	-52	-87
<b>Total other economic flows — included in net result</b>	<b>-270</b>	<b>-2 469</b>	<b>96</b>	<b>80</b>	<b>241</b>	<b>-155</b>	<b>-338</b>	<b>-144</b>	<b>-271</b>	<b>-2 688</b>
<b>Net result</b>	<b>-82</b>	<b>-2 708</b>	<b>807</b>	<b>351</b>	<b>329</b>	<b>-304</b>	<b>-638</b>	<b>-400</b>	<b>416</b>	<b>-3 061</b>

Note: Totals may not add due to rounding.

**Statement of comprehensive income (continued)**

Sector of Government	General Government		Non-Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>Other economic flows — other non-owner movements in equity</b>										
Changes in property, plant and equipment asset revaluation reserve	9 785	1 827	1 469	1 592	—	—	338	144	11 592	3 562
Net gain on equity investments in other sectors	2 321	1 388	—	—	—	—	-2 321	-1 388	—	—
Net gain on financial assets at fair value	3	—	5	4	4	-16	—	—	12	-12
Prior period adjustments	—	50	—	17	—	—	—	—	—	67
<b>Total other economic flows — non-owner movements in equity</b>	<b>12 109</b>	<b>3 265</b>	<b>1 474</b>	<b>1 613</b>	<b>4</b>	<b>-16</b>	<b>-1 983</b>	<b>-1 244</b>	<b>11 605</b>	<b>3 618</b>
<b>Comprehensive result — total change in net worth</b>	<b>12 027</b>	<b>557</b>	<b>2 280</b>	<b>1 964</b>	<b>334</b>	<b>-320</b>	<b>-2 621</b>	<b>-1 645</b>	<b>12 021</b>	<b>557</b>
<b>Transactions with owners as owners</b>										
Dividends	—	—	-260	-236	-40	-20	299	256	—	—
Restructures	-6	—	—	—	6	—	—	—	—	—
Contributed capital	—	—	-4	—	-52	—	56	—	—	—
<b>Total transactions with owners</b>	<b>-6</b>	<b>—</b>	<b>-264</b>	<b>-236</b>	<b>-85</b>	<b>-20</b>	<b>356</b>	<b>256</b>	<b>—</b>	<b>—</b>
<b>Total change in net worth</b>	<b>12 021</b>	<b>557</b>	<b>2 017</b>	<b>1 728</b>	<b>249</b>	<b>-340</b>	<b>-2 265</b>	<b>-1 388</b>	<b>12 021</b>	<b>557</b>
<b>Key fiscal aggregates</b>										
<b>Net operating balance</b>	188	-239	711	271	88	-149	-299	-256	688	-373
Less net acquisition of non-financial assets	1 279	643	1 082	576	223	16	—	—	2 584	1 234
<b>Net lending/borrowing</b>	<b>-1 091</b>	<b>-882</b>	<b>-371</b>	<b>-304</b>	<b>-135</b>	<b>-165</b>	<b>-299</b>	<b>-256</b>	<b>-1 896</b>	<b>-1 607</b>

Note: Totals may not add due to rounding.

## Statement of financial position (\$million)

Sector of Government	General Government		Non-Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>ASSETS</b>										
<b>Financial assets</b>										
Cash and deposits	3 277	3 084	512	437	159	196	-3 366	-3 141	583	576
Receivables	1 999	1 635	726	762	318	344	-2 182	-1 972	862	768
Advances paid	676	752	53	60	9 901	7 520	-8 788	-6 884	1 842	1 447
Investments, loans and placements	163	126	68	41	9 280	6 591	—	—	9 512	6 759
Investments in other public entities	18 403	16 138	—	—	—	—	-18 403	-16 138	—	—
Investments — other	34	28	6	5	12 658	10 538	—	—	12 698	10 571
Interest in joint ventures	718	667	9	14	—	—	—	—	727	681
<b>Total financial assets</b>	<b>25 270</b>	<b>22 429</b>	<b>1 374</b>	<b>1 320</b>	<b>32 317</b>	<b>25 188</b>	<b>-32 738</b>	<b>-28 134</b>	<b>26 223</b>	<b>20 802</b>
<b>Non-financial assets</b>										
Produced assets										
Inventories	62	119	368	292	—	—	—	—	429	411
Machinery and equipment	2 245	1 847	255	235	211	5	—	—	2 711	2 087
Buildings and structures	22 604	12 286	16 088	13 707	155	173	—	—	38 847	26 166
Heritage assets	857	853	7	7	—	—	—	—	864	860
Biological assets	2	3	768	686	—	—	—	—	769	689
Intangibles	58	57	16	17	43	28	—	—	117	102
Non-financial assets held for sale	21	9	15	7	9	—	-3	—	43	16
Other non-financial assets	50	48	90	70	25	53	-34	-50	132	122
Non-produced assets										
Land	3 763	3 494	5 940	5 481	—	—	—	—	9 703	8 975
Intangibles	39	11	71	40	—	—	—	—	111	51
Non-financial assets held for sale	26	21	20	9	—	—	—	—	46	29
<b>Total non-financial assets</b>	<b>29 727</b>	<b>18 748</b>	<b>23 637</b>	<b>20 551</b>	<b>444</b>	<b>259</b>	<b>-36</b>	<b>-50</b>	<b>53 772</b>	<b>39 508</b>
<b>Total assets</b>	<b>54 997</b>	<b>41 177</b>	<b>25 011</b>	<b>21 871</b>	<b>32 761</b>	<b>25 447</b>	<b>-32 774</b>	<b>-28 184</b>	<b>79 995</b>	<b>60 310</b>

Note: Totals may not add due to rounding.



## Statement of financial position (continued)

Sector of Government	General Government		Non-Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>LIABILITIES</b>										
Deposits held	387	335	—	—	3 402	3 288	-3 515	-3 242	275	382
Advances received	—	—	—	—	—	—	—	—	—	—
Borrowing	5 126	4 116	3 717	2 931	12 081	7 250	-8 637	-6 870	12 287	7 427
Payables	1 397	1 234	438	452	202	163	-724	-661	1 313	1 187
Employee benefits	1 922	1 867	81	76	4	3	—	—	2 007	1 947
Superannuation	9 478	8 939	—	—	—	—	—	—	9 478	8 939
Superannuation fund deposits	—	—	—	—	12 405	10 544	—	—	12 405	10 544
Provisions (other than employee benefits)	481	509	35	34	4 769	4 599	-15	-17	5 270	5 126
Other liabilities	612	604	1 965	1 620	269	219	-1 481	-1 257	1 366	1 186
<b>Total liabilities</b>	<b>19 404</b>	<b>17 604</b>	<b>6 237</b>	<b>5 113</b>	<b>33 133</b>	<b>26 067</b>	<b>-14 372</b>	<b>-12 046</b>	<b>44 401</b>	<b>36 738</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>35 594</b>	<b>23 573</b>	<b>18 775</b>	<b>16 758</b>	<b>-372</b>	<b>-620</b>	<b>-18 403</b>	<b>-16 138</b>	<b>35 594</b>	<b>23 573</b>
<b>EQUITY</b>										
Retained earnings	208	262	3 705	3 132	-377	-674	-482	-144	3 053	2 577
Contributed capital	—	—	395	400	1	53	-396	-452	—	—
Reserves										
Asset revaluation reserve	17 316	7 569	13 881	12 509	—	—	482	144	31 679	20 221
Other reserves	60	57	783	712	—	—	—	—	843	769
Financial assets available for sale reserve	3	—	11	5	5	—	—	—	18	6
Net equity investments in other sectors reserve	18 006	15 685	—	—	—	—	-18 006	-15 685	—	—
<b>Total equity (Net worth)</b>	<b>35 594</b>	<b>23 573</b>	<b>18 775</b>	<b>16 758</b>	<b>-372</b>	<b>-620</b>	<b>-18 403</b>	<b>-16 138</b>	<b>35 594</b>	<b>23 573</b>

Note: Totals may not add due to rounding.

## Statement of changes in equity

	Restated equity at 1 July 2009 \$m	Total comprehensive result <sup>(a)</sup> \$m	Equity at 30 June 2010 \$m
<b>General Government sector</b>			
Contributed capital	—	—	—
Retained earnings	262	- 54	208
Asset revaluation reserve	7 569	9 747	17 316
Other reserves	57	4	60
Financial assets available for sale reserve	—	3	3
Net equity investments in other sectors reserve	15 685	2 321	18 006
<b>Total General Government sector</b>	<b>23 573</b>	<b>12 021</b>	<b>35 594</b>
<b>Public Non-Financial Corporations sector</b>			
Contributed capital	400	- 4	395
Retained earnings	3 132	573	3 705
Asset revaluation reserve	12 509	1 373	13 881
Other reserves	712	70	783
Financial assets available for sale reserve	5	5	11
Net equity investments in other sectors reserve	—	—	—
<b>Total Public Non-Financial Corporations sector</b>	<b>16 758</b>	<b>2 017</b>	<b>18 775</b>
<b>Public Financial Corporations Sector</b>			
Contributed capital	53	- 52	1
Retained earnings	- 674	296	- 377
Asset revaluation reserve	—	—	—
Other reserves	—	—	—
Financial assets available for sale reserve	—	4	5
Net equity investments in other sectors reserve	—	—	—
<b>Total Public Financial Corporations sector</b>	<b>- 620</b>	<b>249</b>	<b>- 372</b>
<b>Total sector equity</b>	<b>39 710</b>	<b>14 286</b>	<b>53 996</b>
Eliminations	-16 138	-2 265	-18 403
<b>Total Whole of Government</b>	<b>23 573</b>	<b>12 021</b>	<b>35 594</b>

Note: Totals may not add due to rounding.

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

**Statement of cash flows (\$million) – disaggregated**

Sector of Government	General Government		Non-Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
<b>Cash inflows (receipts):</b>										
Taxes received	3 685	3 358	—	—	—	—	- 320	- 132	3 365	3 227
Grants received	9 247	7 492	1 111	629	4	7	- 1 109	- 625	9 253	7 502
Sales of goods and services	1 457	1 317	1 938	1 635	1 277	1 115	- 505	- 327	4 167	3 740
Interest receipts	128	149	23	30	912	875	- 459	- 454	604	600
Dividends received	424	367	13	11	30	21	- 423	- 367	44	33
Other receipts	815	718	60	189	114	80	- 251	- 44	738	942
<b>Cash generated from operating activities</b>	<b>15 756</b>	<b>13 402</b>	<b>3 144</b>	<b>2 493</b>	<b>2 337</b>	<b>2 098</b>	<b>- 3 067</b>	<b>- 1 948</b>	<b>18 169</b>	<b>16 044</b>
<b>Cash outflows (payments):</b>										
Payment for employees	- 7 128	- 6 427	- 250	- 237	- 43	- 39	24	20	- 7 397	- 6 683
Purchase of goods and services	- 3 391	- 3 283	- 959	- 1 033	- 198	- 212	465	380	- 4 083	- 4 149
Interest paid	- 159	- 188	- 185	- 173	- 845	- 825	444	473	- 745	- 712
Grants paid	- 3 685	- 2 742	- 111	- 18	- 1	- 1	1 102	618	- 2 695	- 2 143
Other payments	- 466	- 299	- 785	- 641	- 897	- 995	586	131	- 1 561	- 1 805
<b>Cash used in operating activities</b>	<b>- 14 828</b>	<b>- 12 939</b>	<b>- 2 289</b>	<b>- 2 103</b>	<b>- 1 984</b>	<b>- 2 072</b>	<b>2 621</b>	<b>1 622</b>	<b>- 16 481</b>	<b>- 15 492</b>
<b>Net cash flows from operating activities</b>	<b>928</b>	<b>462</b>	<b>855</b>	<b>390</b>	<b>353</b>	<b>26</b>	<b>- 447</b>	<b>- 326</b>	<b>1 689</b>	<b>552</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Non-financial assets</b>										
Sales of non-financial assets	19	94	310	195	53	—	- 3	—	380	289
Purchases of non-financial assets	- 2 136	- 1 310	- 1 594	- 874	- 119	- 18	3	—	- 3 847	- 2 202
<b>Net cash flows from investments in non-financial assets</b>	<b>- 2 117</b>	<b>- 1 216</b>	<b>- 1 284</b>	<b>- 679</b>	<b>- 66</b>	<b>- 18</b>	<b>—</b>	<b>—</b>	<b>- 3 468</b>	<b>- 1 912</b>
<b>Financial assets (policy purposes)</b>										
Advances repaid	141	35	7	6	333	232	- 266	- 58	214	215
Advances granted	- 5	- 4	—	—	- 3 049	- 2 204	2 436	1 826	- 617	- 381
<b>Net cash flows from investments in financial assets</b>	<b>136</b>	<b>31</b>	<b>7</b>	<b>6</b>	<b>- 2 716</b>	<b>- 1 972</b>	<b>2 170</b>	<b>1 768</b>	<b>- 403</b>	<b>- 166</b>
<b>Financial assets (liquidity management purposes)</b>										
Sale of investments	2	—	8	8	595	157	—	—	605	164
Purchases of investments	- 24	- 9	- 28	- 9	- 3 171	- 831	—	—	- 3 222	- 849
<b>Net cash flows from investments in financial assets</b>	<b>- 22</b>	<b>- 9</b>	<b>- 19</b>	<b>- 1</b>	<b>- 2 576</b>	<b>- 674</b>	<b>—</b>	<b>—</b>	<b>- 2 617</b>	<b>- 684</b>
<b>Net cash flows from investing activities</b>	<b>- 2 003</b>	<b>- 1 193</b>	<b>- 1 297</b>	<b>- 674</b>	<b>- 5 357</b>	<b>- 2 663</b>	<b>2 170</b>	<b>1 768</b>	<b>- 6 488</b>	<b>- 2 763</b>

Note: Totals may not add due to rounding.

## Statement of cash flows — disaggregated (continued)

Sector of Government	General Government		Public Non-Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Cash inflows (receipts):</b>										
Advances received	—	—	—	—	—	—	—	—	—	—
Deposits received	62	16	—	—	218	379	-273	-379	7	16
Borrowings	1 254	1 267	2 636	1 763	6 526	2 290	-3 890	-3 029	6 526	2 290
<b>Cash generated from financing activities</b>	<b>1 316</b>	<b>1 283</b>	<b>2 636</b>	<b>1 763</b>	<b>6 744</b>	<b>2 670</b>	<b>-4 163</b>	<b>-3 409</b>	<b>6 533</b>	<b>2 306</b>
<b>Cash outflows (payments):</b>										
Advances repaid	—	—	-4	—	-52	—	56	—	—	—
Dividends paid	—	—	-264	-233	-41	-20	305	253	—	—
Deposits paid	-10	-9	—	—	-13	-18	—	21	-23	-6
Borrowings	-12	-102	-1 850	-1 250	-1 695	-26	1 853	1 347	-1 704	-31
Other financing	-25	—	—	—	25	—	—	—	—	—
<b>Cash used in financing activities</b>	<b>-48</b>	<b>-111</b>	<b>-2 118</b>	<b>-1 483</b>	<b>-1 776</b>	<b>-64</b>	<b>2 214</b>	<b>1 621</b>	<b>-1 728</b>	<b>-37</b>
<b>Net cash flows from financing activities</b>	<b>1 268</b>	<b>1 172</b>	<b>518</b>	<b>280</b>	<b>4 968</b>	<b>2 606</b>	<b>-1 949</b>	<b>-1 788</b>	<b>4 805</b>	<b>2 270</b>
Net inc/dec in cash and cash equivalents	193	441	75	-5	-36	-31	-226	-346	6	59
Cash and cash equivalents at beginning of the year	3 084	2 643	437	442	196	227	-3 141	-2 795	576	518
<b>Cash and cash equivalents at the end of the year</b>	<b>3 277</b>	<b>3 084</b>	<b>512</b>	<b>437</b>	<b>159</b>	<b>196</b>	<b>-3 366</b>	<b>-3 141</b>	<b>583</b>	<b>576</b>
<b>Key fiscal aggregate</b>										
Net cash flows from operating activities	928	462	855	390	353	26	-447	-326	1 689	552
Net cash flows from investments in non-financial assets	-2 117	-1 216	-1 284	-679	-66	-18	—	—	-3 468	-1 912
Dividends paid	—	—	-264	-233	-41	-20	305	253	—	—
<b>Cash surplus/(deficit)</b>	<b>-1 189</b>	<b>-753</b>	<b>-694</b>	<b>-523</b>	<b>247</b>	<b>-12</b>	<b>-142</b>	<b>-73</b>	<b>-1 779</b>	<b>-1 361</b>

Note: Totals may not add due to rounding.

### 3. Reconciliation of Key Fiscal Aggregates to GFS Aggregates (\$million)

	General Government		Non-Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>3(a) Reconciliation to GFS Net Operating Balance</b>										
Net result from transactions - net operating balance	188	- 239	711	271	88	- 149	- 299	- 256	688	- 373
<b>Convergence differences</b>										
Dividends to GGS from other sector entities <sup>(a)</sup>	—	—	- 256	- 233	- 40	- 20	296	253	—	—
Exclusion of dividends from electricity leases <sup>(b)</sup>	- 3	- 3	- 3	- 3	—	—	3	3	- 3	- 3
Exclusion of Funds SA from GFS scope <sup>(c)</sup>	—	—	—	—	31	24	—	—	31	24
Exclusion of tax effect accounting transactions from GFS <sup>(d)</sup>	2	10	- 2	- 10	—	—	—	—	—	—
<b>GFS NET OPERATING BALANCE</b>	<b>187</b>	<b>- 233</b>	<b>449</b>	<b>26</b>	<b>80</b>	<b>- 145</b>	<b>—</b>	<b>—</b>	<b>716</b>	<b>- 352</b>
<b>3(b) Reconciliation to GFS Net Lending/(Borrowing)</b>										
Net Lending/(Borrowing)	-1 091	- 882	- 371	- 304	- 135	- 165	- 299	- 256	-1 896	-1 607
<b>Convergence differences</b>										
Relating to net operating balance	-1	7	- 262	- 246	- 8	4	299	256	28	21
Relating to net acquisition/(disposal) of non-financial assets from transactions	—	4	—	- 35	—	—	—	—	—	- 31
<b>GFS NET LENDING/(BORROWING)</b>	<b>-1 092</b>	<b>- 872</b>	<b>- 633</b>	<b>- 584</b>	<b>- 143</b>	<b>- 161</b>	<b>—</b>	<b>—</b>	<b>-1 868</b>	<b>-1 617</b>
<b>3(c) Reconciliation to GFS Total Change in Net Worth</b>										
Comprehensive Result - total change in net worth before transactions with owners in their capacity as owners	12 027	557	2 280	1 964	334	- 320	- 2 621	-1 645	12 021	557
<b>Convergence differences</b>										
Relating to net operating balance	-1	7	- 262	- 246	- 8	4	299	256	28	21
<i>Relating to other economic flows</i>										
Net gain/(loss) on equity investments in other sector entities measured at proportional share of the carrying amount of net assets/(liabilities) <sup>(e)</sup>	338	134	—	—	—	—	- 338	- 134	—	—
Exclusion of tax effect accounting transactions from GFS	- 338	- 144	338	144	—	—	—	—	—	—
Exclusion of Funds SA from GFS scope	—	—	—	—	- 31	- 24	—	—	- 31	- 24
Transactions with owners as owners	- 6	—	- 4	—	- 46	—	56	—	—	—
Other	- 2	- 12	2	—	—	—	—	—	—	- 12
<b>GFS TOTAL CHANGE IN NET WORTH</b>	<b>12 017</b>	<b>542</b>	<b>2 355</b>	<b>1 862</b>	<b>249</b>	<b>- 340</b>	<b>- 2 603</b>	<b>-1 523</b>	<b>12 017</b>	<b>542</b>

Note: Totals may not add due to rounding.

## Reconciliation of Key Fiscal Aggregates to GFS Aggregates (continued)

	General Government		Non-Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>3(d) Reconciliation to GFS Net Worth</b>										
Net Worth	35 594	23 573	18 775	16 758	- 372	- 620	-18 403	-16 138	35 594	23 573
<b>Convergence differences</b>										
Net gain/(losses) on equity investments in other sector entities measured at proportional share of the carrying amount of net assets/(liabilities)	1 331	993	—	—	—	—	-1 331	- 993	—	—
Exclusion of electricity lease liability from GFS <sup>(b)</sup>	491	497	—	—	—	—	—	—	491	497
Exclusion of tax effect accounting transactions from GFS	-1 353	-1 017	1 353	1 017	—	—	—	—	—	—
Other	169	168	- 24	- 25	1	1	—	—	146	144
<b>GFS NET WORTH</b>	<b>36 231</b>	<b>24 214</b>	<b>20 104</b>	<b>17 750</b>	<b>- 371</b>	<b>- 619</b>	<b>-19 734</b>	<b>-17 131</b>	<b>36 231</b>	<b>24 214</b>
<b>3(e) Reconciliation to GFS Cash Surplus/(Deficit)</b>										
Cash Surplus/(Deficit)	-1 189	- 753	- 694	- 523	247	- 12	- 142	- 73	-1 779	-1 361
<b>Convergence differences</b>										
Other	36	32	—	1	—	6	—	—	36	39
<b>GFS CASH SURPLUS/(DEFICIT)</b>	<b>-1 153</b>	<b>- 721</b>	<b>- 694</b>	<b>- 522</b>	<b>247</b>	<b>- 6</b>	<b>- 142</b>	<b>- 73</b>	<b>-1 743</b>	<b>-1 322</b>

Note: Totals may not add due to rounding.

- (a) GFS recognises dividends to owners by the PNFC and PFC sectors as a GFS expense, whereas under AASB 1049 they are treated as distributions to owners and therefore, a direct reduction of accumulated funds. This difference does not flow through to the whole of government as dividends are eliminated on consolidation.
- (b) Transactions recognised by the government in respect of 200 year leases of electricity assets are recorded under the GFS framework in the year the asset was leased rather than amortised over the term of the lease.
- (c) Funds SA is excluded from the scope of GFS reporting, as the funds are deemed not to be controlled by the government under the ABS rules.
- (d) AASB 1049 adopts tax effect accounting whereby timing differences between accounting profit and tax profit are deferred as future income tax benefit assets or provisions for deferred tax liabilities. GFS does not recognise deferred tax. As the State's PNFCs revalue their infrastructure, this can create large provisions for deferred tax liabilities and result in significant differences between the GFS and the AASB 1049 sector aggregates. This convergence difference also flows through to the GGS, as the GGS is the counterparty to the tax effect accounting entries recognised by the PNFC/PFC entities. However, this difference does not flow through to the total state sector as income tax equivalents are eliminated on consolidation.
- (e) In the absence of a market value for PNFC/PFCs, the value of net assets is applied as a surrogate for the general government's equity investment in other sectors. GFS net assets do not equal AASB 1049 net assets because GFS balance sheets exclude certain items such as deferred taxes and allowance for doubtful debts. This results in differences between the GFS and the AASB 1049 values for the general government's equity investment in other sectors.

	General Government		Whole of Government	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
<b>4. Taxation revenues</b>				
Taxes on employers' payroll and labour force	914	929	900	912
Taxes on property:				
Stamp duties	807	772	804	769
Land tax	554	510	357	333
Emergency services levy	93	90	93	90
Natural resource management levy	27	27	24	24
River Murray levy	24	23	24	23
Total taxes on property	1 504	1 423	1 302	1 240
Taxes on the provision of goods and services:				
Gambling	401	408	315	324
Stamp duties on insurance	347	327	343	323
Total taxes on the provision of goods and services	749	734	658	647
Motor vehicle registration	435	412	434	412
Other taxes on motor vehicles	29	30	29	30
Total taxes on use of goods and performance of activities	464	442	464	442
Other taxation revenue	14	15	12	12
<b>Total taxation revenues</b>	<b>3 645</b>	<b>3 544</b>	<b>3 335</b>	<b>3 253</b>

Note: Totals may not add due to rounding.

## 5. Grant revenue

### Current grant revenue

General purpose grants	4 061	3 820	4 061	3 820
National partnership grants	744	454	744	454
Specific purpose grants	1 344	1 483	1 344	1 469
Specific purpose grants for on-passing	698	737	698	737
<b>Total current grants from the Commonwealth</b>	<b>6 846</b>	<b>6 494</b>	<b>6 846</b>	<b>6 480</b>
Other contributions and grants	531	401	520	425
<b>Total current grant revenue</b>	<b>7 377</b>	<b>6 895</b>	<b>7 365</b>	<b>6 905</b>

### Capital grant revenue

General purpose grants	—	—	—	—
National partnership grants	1 615	174	1 615	174
Specific purpose grants	115	387	115	387
Specific purpose grants for on-passing	12	33	12	33
Other capital grants	90	1	108	1
<b>Total capital grants from the Commonwealth</b>	<b>1 832</b>	<b>595</b>	<b>1 850</b>	<b>595</b>
Other contributions and grants	9	3	9	3
<b>Total capital grant revenue</b>	<b>1 841</b>	<b>598</b>	<b>1 859</b>	<b>598</b>
<b>Total grant revenue</b>	<b>9 218</b>	<b>7 492</b>	<b>9 224</b>	<b>7 503</b>

Note: Totals may not add due to rounding.

	General Government		Whole of Government	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
<b>6. Charges for goods and services</b>				
Goods:				
Gambling products (Lotteries Commission)	—	—	391	394
Forestry products (Forestry SA)	—	—	126	108
Land sales (Land Management Corporation)	—	—	74	71
Other goods	118	26	123	32
Total charges for goods	118	26	713	605
Services:				
Water related rates and charges (SA Water)	—	—	743	677
Health services	305	287	305	287
House rentals (South Australian Housing Trust)	—	—	256	248
Education services (incl. TAFE Colleges)	97	91	97	91
MetroTicket public transport sales	77	80	77	80
Rental from investment properties	9	1	47	44
Other services	447	457	524	639
Total charges for services	935	916	2 049	2 065
Fees/levies:				
Workers compensation levies	—	—	629	646
Compulsory Third Party Premiums	—	—	471	430
Drivers licences	35	45	35	45
Other regulatory fees	488	439	376	343
Total charges for fees/levies	523	484	1 511	1 464
<b>Total charges for goods and services</b>	<b>1 576</b>	<b>1 427</b>	<b>4 274</b>	<b>4 135</b>
Cost of goods sold forms part of expenses for supplies and services in the Statement of comprehensive income. Cost of sales/charges in relation to goods were as follows:	5	2	71	52

Note: Totals may not add due to rounding.

## 7. Interest income

Interest earnings: SA Government Financing Authority	—	—	477	455
Interest earnings: other agencies	132	141	127	145
Other investment revenue	7	9	9	21
<b>Total interest income</b>	<b>138</b>	<b>150</b>	<b>613</b>	<b>620</b>

Note: Totals may not add due to rounding.

## 8. Dividends and income tax equivalents

Dividends	297	254	44	32
Income tax equivalents	134	118	—	—
<b>Total dividends and income tax equivalents income</b>	<b>431</b>	<b>372</b>	<b>44</b>	<b>32</b>

Note: Totals may not add due to rounding.



## 9. Other revenues

	General Government		Whole of Government	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
Royalties	126	153	126	153
Resources received free of charge	9	7	48	76
Fines and penalties	106	104	106	104
Other revenues	256	251	322	290
<b>Total other revenues</b>	<b>496</b>	<b>516</b>	<b>602</b>	<b>624</b>

Note: Totals may not add due to rounding.

## 10. Employee expenses

Salaries and wages	5 190	4 915	5 400	5 106
Annual leave	589	541	609	562
Long service leave	146	135	156	140
TVSP payments	126	—	127	—
Board fees	9	9	13	12
Other employee related expenses	43	37	41	47
<b>Total employee expenses</b>	<b>6 103</b>	<b>5 637</b>	<b>6 345</b>	<b>5 869</b>

Note: Totals may not add due to rounding.

## 11. Depreciation and amortisation

### Depreciation

Buildings	243	221	337	313
Plant, equipment and vehicles	164	185	238	206
Infrastructure:				
water, sewerage and drainage	4	3	204	171
road network, rail and bus tracks	197	135	197	135
Other depreciation	4	—	4	—
<b>Total depreciation</b>	<b>612</b>	<b>543</b>	<b>981</b>	<b>825</b>

### Amortisation

Buildings and improvements under finance lease	2	4	3	4
Plant, equipment and vehicles under finance lease	3	5	3	6
Intangible assets	16	13	23	19
<b>Total amortisation</b>	<b>21</b>	<b>23</b>	<b>28</b>	<b>29</b>
<b>Total depreciation and amortisation</b>	<b>633</b>	<b>566</b>	<b>1 009</b>	<b>853</b>

Note: Totals may not add due to rounding.

	General Government		Whole of Government	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
<b>12. Use of goods and services</b>				
Rental expense on operating leases	127	113	135	122
Consultancy expenses	18	21	29	29
Contract service expenses	465	452	575	618
Computing and communication expenses	244	245	266	266
Repairs and maintenance expenses	294	223	465	373
Intra-government supplies and services	306	226	—	—
Other use of goods and services	2 018	1 977	2 643	2 737
<b>Total use of goods and services</b>	<b>3 473</b>	<b>3 257</b>	<b>4 112</b>	<b>4 146</b>

Note: Totals may not add due to rounding.

### 13. Interest expenses

Interest on borrowings	191	167	764	679
Finance charges on finance leases	5	6	18	18
Other finance cost expenses	8	8	3	3
<b>Total interest expenses</b>	<b>204</b>	<b>180</b>	<b>784</b>	<b>701</b>

Note: Totals may not add due to rounding.

### 14. Grant expenses

Recurrent grants	1 013	873	1 096	934
Capital grants	371	40	11	41
Subsidies	700	644	495	446
Intra government transfers	509	463	—	—
Other current transfer payments	771	756	771	756
Other capital transfer payments	286	13	286	13
<b>Total grant expenses</b>	<b>3 650</b>	<b>2 788</b>	<b>2 659</b>	<b>2 189</b>

Note: Totals may not add due to rounding.

### 15. Other operating expenses

Income/capital and redemption related workers compensation payments	—	—	343	428
Gambling prizes/dividends	—	—	233	237
Medical related workers compensation payments	—	—	110	114
Self insurance claims	—	—	420	541
Remuneration of judiciary and members of Parliament	36	32	36	32
Bad debts	11	12	21	19
Assets donated	10	15	10	15
Other expenses	143	289	237	407
<b>Total other expenses</b>	<b>199</b>	<b>348</b>	<b>1 409</b>	<b>1 791</b>

Note: Totals may not add due to rounding.

	General Government		Whole of Government	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
<b>16. Other net actuarial gains/(losses)</b>				
Revaluation of annual leave liability	- 6	- 32	- 6	- 32
Revaluation of long service leave liability	- 68	- 95	- 69	- 99
Revaluation of workers compensation liability	—	- 16	2	- 17
Revaluation of insurance claims provisions	- 13	- 26	- 15	- 27
Revaluation of other provisions	4	- 8	- 106	81
<b>Total other net actuarial gains/(losses)</b>	<b>- 83</b>	<b>- 178</b>	<b>- 194</b>	<b>- 95</b>

Note: Totals may not add due to rounding.

## 17. Other economic flows

Amortisation on non-produced assets	- 4	—	- 4	—
Doubtful debts	- 14	- 2	- 15	- 5
Writedown of non-financial assets	- 22	- 31	- 34	- 44
Prior period adjustments - salaries and wages backpay	—	- 38	—	- 38
<b>Total other economic flows</b>	<b>- 40</b>	<b>- 71</b>	<b>- 52</b>	<b>- 87</b>

Note: Totals may not add due to rounding.

## 18. Cash and deposits

Cash and cash equivalents	3 246	3 038	553	532
Australian dollar term deposits	31	46	29	44
Foreign currency term deposits	—	1	—	1
<b>Total cash and deposits</b>	<b>3 277</b>	<b>3 084</b>	<b>583</b>	<b>576</b>

Note: Totals may not add due to rounding.

## 19. Receivables

Charges for goods and services	311	282	599	450
Accrued investment income	12	14	46	45
GST receivable	75	77	101	101
Tax equivalent receivable	1 445	1 094	—	—
Other taxes collectable	107	145	79	108
Other receivables	86	52	90	108
	<b>2 034</b>	<b>1 663</b>	<b>915</b>	<b>811</b>
Less provision for doubtful debts	- 36	- 28	- 53	- 43
<b>Total receivables</b>	<b>1 999</b>	<b>1 635</b>	<b>862</b>	<b>768</b>

Note: Totals may not add due to rounding.

## 20. Loan advances

Treasurer's loans	625	710	1	1
Loan advances	51	42	1 859	1 462
Provision for loan advances	—	- 1	- 18	- 16
<b>Total advances paid</b>	<b>676</b>	<b>752</b>	<b>1 842</b>	<b>1 447</b>

Note: Totals may not add due to rounding.

	General Government		Whole of Government	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
<b>21. Investments, loans and placements</b>				
Marketable debt securities	—	—	6 618	3 893
Non-marketable debt securities	—	—	1 238	1 305
Other investments	163	126	1 655	1 561
<b>Total investments, loans and placements</b>	<b>163</b>	<b>126</b>	<b>9 512</b>	<b>6 759</b>

Note: Totals may not add due to rounding.

## 22. Investments — other

Equity in listed entities	23	26	9 086	7 720
Equity in unlisted entities	11	2	3 612	2 851
<b>Total investments — other</b>	<b>34</b>	<b>28</b>	<b>12 698</b>	<b>10 571</b>

Note: Totals may not add due to rounding.

## 23. Interest in joint ventures

### Investments accounted for using the equity method

Murray Darling Basin Authority	718	667	718	667
Other joint ventures	—	—	9	14
	<b>718</b>	<b>667</b>	<b>727</b>	<b>681</b>

Note: Totals may not add due to rounding.

#### *Murray-Darling Basin Authority*

Effective from 14 December 2008, the Murray-Darling Basin Commission (MDBC) was dissolved and its functions transferred to the Commonwealth wholly owned Murray Darling Basin Authority (MDBA). The MDBA is established under the *Water Act 2007* (Commonwealth) and a new Ministerial Council, Basin Officials Committee and Basin Community Committee were established for the MDBA.

The MDBA's functions are to:

- prepare, implement, monitor and enforce the Basin Plan
- implement decisions made by the Ministerial Council and Basin Officials Committee.

The recognition of MDBA infrastructure assets and water rights is in accordance with various agreements which were signed by the Commonwealth, States of NSW, VIC and SA, ACT and MDBA on 12 June 2009. South Australia has recognised its joint interest as an interest in a joint venture in accordance with AASB 131 *Interests in Joint Ventures*.

In accordance with a determination by the former MDBC Finance Committee, the share in the individually controlled assets was transferred at transition in the original proportions of the share of the entity held by the individual jurisdictions as follows:

South Australia	26.67 per cent
New South Wales	26.67 per cent
Victoria	26.67 per cent
Commonwealth Government	20 per cent

During the reporting period, South Australia recognised an increase in its joint interest in MDBA assets of \$51.554 million, bringing the State's total recognition in the MDBA assets to \$718 million.

	General Government		Whole of Government	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m

Below is a table summarising the Government of South Australia's investment in the MDBA:

Carrying amount at beginning of period	667	647	667	647
Share of increment on revaluation of property, plant & equipment	52	19	52	19
<b>Carrying amount at end of period</b>	<b>718</b>	<b>667</b>	<b>718</b>	<b>667</b>

Note: Totals may not add due to rounding.

### Other joint ventures

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

Carrying amount at beginning of period	—	—	14	18
Capital contributions received	—	—	—	2
Share of profit after income tax	—	—	11	8
Distributions / repayments	—	—	- 16	- 14
<b>Carrying amount at end of period</b>	<b>—</b>	<b>—</b>	<b>9</b>	<b>14</b>

Note: Totals may not add due to rounding.

The Government of South Australia has an interest in each of the following joint ventures:

#### *Northfield Stage 3 Joint Venture (50 per cent interest)*

Joint venture with CIC Northgate Pty Ltd to develop the land subdivision component of Precinct One at Northgate Stage 3 over a forecast six-year timeframe. In June 2010, Cabinet approved the extension of the joint venture to encompass development of the adjoining Precinct 2 land parcel. The structure, management and operation of the joint venture will remain unchanged, and the extended joint venture is forecast to run until 2018.

#### *Mawson Lakes Economic Development Project (50 per cent interest)*

Joint venture with Delfin Mawson Lakes Pty Ltd, Lend Lease Development Pty Ltd and associated entities to develop residential, retail and industrial accommodation (the Mawson Lakes Economic Development Project) at The Levels over a 10 to 12 year timeframe. This joint venture has a contingent liability in respect of an indemnity for letter of guarantee in favour of Local and State Government Authorities. South Australia's contingent liability in respect of this is 50 per cent — \$0.207 million (\$0.289 million).

#### *Empak Homes Joint Venture*

Joint venture with Mt Gambier developer/builder, Empak Homes to develop land at Naracoorte and create 31 residential allotments with the aim of providing affordable housing in the area. Due to market conditions, the joint venture was wound up during the previous reporting period, with South Australia retaining ownership of the unsold allotments of Stage 2 land.

#### *PAWR Marina Joint Venture (50 per cent interest)*

Joint venture with Newport Quays Consortium, to construct approximately 600 marina berths in the Port Adelaide inner harbour to be staged with the land-based development over the next 10–13 years. The government will receive revenue by way of land payments for the subjacent land and individual marina berth sales.

*SOHO Joint Venture*

Joint venture with Holcon Australia Pty Ltd to develop a parcel of lakefront land at Technology Park and create 13 waterfront SOHO (small office/home office) homes and 10 commercial offices over six stages with an anticipated timeframe of approximately three years. South Australia provides the land for development and receives progressive land payments as development proceeds, together with a 35 per cent share of profit or loss. Market response to this product has been slow and alternatives are now being investigated, including termination of the joint venture as one of three principal options.

	General Government		Whole of Government	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
Work in progress	6	5	108	80
Raw materials and stores	42	43	52	52
Finished goods	2	2	15	27
Land held for resale	3	2	239	183
Other inventories	9	68	16	69
<b>Total inventories</b>	<b>62</b>	<b>119</b>	<b>429</b>	<b>411</b>

**The above inventories were held as follows:**

Held for consumption by government controlled entities	35	38	45	47
Held for distribution at no/nominal cost	17	12	19	13
Held for other than distribution at no/nominal cost	9	68	365	350
<b>Total inventories</b>	<b>62</b>	<b>119</b>	<b>429</b>	<b>411</b>

**Inventory write-downs:**

Inventory write-downs to net realisable value:	—	—	—	—
--	---	---	---	---

Note: Totals may not add due to rounding.

**25. Machinery and equipment**

Plant, equipment and vehicles under finance lease at cost	9	11	9	11
Accumulated amortisation	-7	-8	-7	-8
	<b>3</b>	<b>4</b>	<b>3</b>	<b>4</b>

Plant, equipment and vehicles at fair value	2 283	2 277	2 988	2 717
Accumulated depreciation	-1 303	-1 240	-1 551	-1 445
	<b>980</b>	<b>1 037</b>	<b>1 436</b>	<b>1 272</b>

Plant, equipment and infrastructure under construction	1 262	806	1 272	811
<b>Total machinery and equipment</b>	<b>2 245</b>	<b>1 847</b>	<b>2 711</b>	<b>2 087</b>

**Movements in machinery and equipment during the year:**

Carrying amount — opening balance	1 847	1 510	2 087	1 705
Additions	583	522	725	556
Capitalised subsequent expenditure	124	69	127	74
Disposals	-5	-43	-53	-45
Transfers in/(- out)	-181	-34	27	-29
Net revaluation increments	53	34	53	58
Recoverable amount write-downs or impairment losses	-10	-20	-17	-20
Depreciation and amortisation expense	-163	-190	-237	-212
Other movements	—	—	—	—
<b>Carrying amount — closing balance</b>	<b>2 245</b>	<b>1 847</b>	<b>2 711</b>	<b>2 087</b>

Note: Totals may not add due to rounding.

	General Government		Whole of Government	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
<b>26. Buildings and structures</b>				
<b>Buildings</b>				
Buildings at fair value	10 644	10 261	15 415	14 911
Accumulated depreciation	-4 745	-4 542	-4 919	-4 728
	<b>5 899</b>	<b>5 719</b>	<b>10 496</b>	<b>10 183</b>
Buildings under finance lease	78	77	78	77
Accumulated amortisation	- 34	- 30	- 34	- 30
	<b>44</b>	<b>47</b>	<b>44</b>	<b>47</b>
Buildings and improvements under construction	934	249	1 216	358
Investment properties — buildings	1	1	200	230
<b>Total buildings and improvements</b>	<b>6 878</b>	<b>6 017</b>	<b>11 956</b>	<b>10 818</b>
<b>Infrastructure</b>				
Water, sewerage and drainage assets at fair value	187	113	18 313	15 261
Accumulated depreciation	- 38	- 19	-7 002	-6 093
	<b>150</b>	<b>93</b>	<b>11 311</b>	<b>9 168</b>
Road network, bus and rail tracks at fair value	20 809	11 592	20 816	11 598
Accumulated depreciation	-5 472	-5 625	-5 475	-5 628
	<b>15 337</b>	<b>5 967</b>	<b>15 341</b>	<b>5 971</b>
Harbour and port facilities	243	209	243	209
Accumulated depreciation	- 3	—	- 3	—
	<b>240</b>	<b>209</b>	<b>240</b>	<b>209</b>
<b>Total infrastructure</b>	<b>15 726</b>	<b>6 269</b>	<b>26 892</b>	<b>15 348</b>
<b>Total buildings and structures</b>	<b>22 604</b>	<b>12 286</b>	<b>38 847</b>	<b>26 166</b>
<b>Movements in buildings and structures during the year:</b>				
Carrying amount — opening balance	12 286	10 805	26 166	23 150
Additions	506	192	840	294
Capitalised subsequent expenditure	837	394	1 993	1 109
Disposals	- 8	- 5	- 133	- 52
Transfers in/(- out)	209	226	285	311
Net revaluation increments	9 499	1 036	10 716	1 977
Recoverable amount write-downs or impairment losses	- 28	- 5	- 28	- 5
Depreciation and amortisation expense	- 457	- 362	- 752	- 623
Other movements	- 239	5	- 239	5
<b>Carrying amount — closing balance</b>	<b>22 604</b>	<b>12 286</b>	<b>38 847</b>	<b>26 166</b>

Note: Totals may not add due to rounding.

## 27. Heritage assets

	General Government		Whole of Government	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
Heritage assets at fair value	859	856	866	863
Accumulated amortisation	- 2	- 3	- 2	- 3
<b>Total heritage assets</b>	<b>857</b>	<b>853</b>	<b>864</b>	<b>860</b>

### Movements in heritage assets during the year:

Carrying amount — opening balance	853	850	860	857
Additions	3	3	3	3
Disposals	—	—	—	—
Transfers in/(-out)	- 1	- 1	- 1	- 1
Net revaluation increments	—	1	—	1
Recoverable amount write-downs or impairment losses	—	—	—	—
Amortisation expense	1	—	1	—
Other movements	—	—	—	—
<b>Carrying amount — closing balance</b>	<b>857</b>	<b>853</b>	<b>864</b>	<b>860</b>

Note: Totals may not add due to rounding.

## 28. Biological assets

Standing timber (commercial forests)	—	—	768	686
Other plants and livestock	2	3	2	3
<b>Total biological assets</b>	<b>2</b>	<b>3</b>	<b>769</b>	<b>689</b>

### Movements in biological assets during the year:

Carrying amount — opening balance	3	3	689	617
Additions (i.e. new plantings, acquisitions)	—	—	7	5
Disposals (i.e. harvesting)	- 3	- 1	- 80	- 66
Recognition of (physical) growth changes	—	—	72	62
Net revaluation increments (ie price changes)	—	—	80	70
Other movements	1	1	1	1
<b>Total biological assets</b>	<b>2</b>	<b>3</b>	<b>769</b>	<b>689</b>

Note: Totals may not add due to rounding.

### Standing timber (Commercial forests)

Standing timber of a marketable size is valued at its fair value less estimated point-of-sale costs. The fair value is determined as the amount which could be expected to be received from disposal of the existing mix of forest products in an active and liquid market.

Forestry SA has determined the fair value by sampling market conditions over the 12 months preceding balance date and has calculated the weighted average return for each diameter class, after deducting direct costs incurred in realising those returns. This policy is in accordance with the requirements of AASB 141 *Agriculture*. All amounts are calculated in pre-tax dollars in accordance with the Treasurer's instructions.

Standing timber below a marketable size is valued at fair value by annually compounding the historical establishment and maintenance cost, from the date of preparation of the site for planting, at the 10 year Commonwealth bond rate. This applied to trees up to 9 years old in the Green Triangle region, 10 years old in the Mount Lofty Ranges region and 12 years old in the Mid-North region.



The difference between the fair value of the standing timber held at the reporting date and the fair value at the previous reporting date is recognised in the Statement of comprehensive income as the net change in value of standing timber. The reduction in the value of standing timber attributable to fire during the period is reported under expenses. All forest expenditure is recognised as an expense in the year the expenditure takes place.

The volume of standing timber is estimated using a model that simulates forest growth. Actual growth will invariably differ to some extent from growth predicted by the model resulting in periodic adjustments to net market value for these growth variations. The model uses sample inventory data as the base line from which to start growth simulations. Inventory data is continuously being collected from sample inventory plots with the complete forest estate being covered in five yearly intervals.

The inventory master database is updated every three to five years and on these occasions the model simulations are repeated. For the Green Triangle forests, the master database was last updated as at June 2009, affecting the standing timber valuation as at 30 June 2010. For the Mount Lofty Ranges forests the master database was last updated in 2008, affecting the standing timber valuation as at 30 June 2008, while for the Mid-North forest the master database was last updated in 2006, affecting the standing timber valuation as at 30 June 2006.

The method used to determine the volume of timber contained in the radiata and non-radiata plantations is 'standing volume' (the volume of wood in the stem of trees which is potentially useable) less an allowance for residues incurred under current harvesting practices. This ensures that the fair value is based upon expected realisable volumes. There is inherent uncertainty in the standing volume estimate and resultant standing timber valuation of profit determination. This is endemic to all forest valuations and best practice methodology is used to generate reliable estimates.

	General Government		Whole of Government	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
<b>29. Intangibles</b>				
Intangible assets	<b>194</b>	151	<b>386</b>	289
Accumulated amortisation	<b>- 97</b>	- 83	<b>- 158</b>	- 136
<b>Total intangible assets</b>	<b>97</b>	<b>68</b>	<b>228</b>	<b>153</b>
<b>Produced/non produced breakdown:</b>				
Produced	<b>58</b>	57	<b>117</b>	102
Non produced	<b>39</b>	11	<b>111</b>	51
<b>Total produced and non produced intangibles</b>	<b>97</b>	<b>68</b>	<b>228</b>	<b>153</b>
<b>Movements in intangible assets during the year:</b>				
Carrying amount — opening balance	<b>68</b>	53	<b>153</b>	119
Additions	<b>16</b>	13	<b>52</b>	30
Capitalised subsequent expenditure	<b>15</b>	18	<b>31</b>	29
Disposals	—	- 11	—	- 11
Transfers in/(-out)	<b>17</b>	8	<b>16</b>	5
Net revaluation increments	—	—	—	—
Amortisation expense	<b>- 18</b>	- 13	<b>- 25</b>	- 19
Other movements	—	—	—	—
<b>Carrying amount — closing balance</b>	<b>97</b>	<b>68</b>	<b>228</b>	<b>153</b>

Note: Totals may not add due to rounding.

	General Government		Whole of Government	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
<b>30. Non-financial assets classified as held for sale</b>				
<b>Produced</b>				
Buildings and structures	19	2	34	8
Machinery and equipment	1	7	8	7
	<b>21</b>	<b>9</b>	<b>43</b>	<b>16</b>
<b>Non-produced</b>				
Land	26	21	46	29
<b>Total non-financial assets classified as held for sale</b>	<b>47</b>	<b>30</b>	<b>89</b>	<b>45</b>

Note: Totals may not add due to rounding.

### 31. Other non-financial assets

Prepayments	47	43	125	102
Other non-financial assets	3	5	6	19
<b>Total other non-financial assets</b>	<b>50</b>	<b>48</b>	<b>132</b>	<b>122</b>

Note: Totals may not add due to rounding.

### 32. Land

Site land at fair value	3 175	2 951	8 554	7 901
National parks and other 'land only' holdings at fair value	586	542	1 114	1 033
Investment properties — land	2	1	35	40
<b>Total land</b>	<b>3 763</b>	<b>3 494</b>	<b>9 703</b>	<b>8 975</b>

#### Movements in land during the year:

Carrying amount — opening balance	3 494	2 736	8 975	7 498
Additions	28	26	31	104
Capitalised subsequent expenditure	25	60	25	60
Disposals	- 8	- 11	- 63	- 57
Transfers in/(-out)	41	- 14	- 16	- 60
Net revaluation increments	190	718	757	1 453
Recoverable amount write-downs or impairment losses	- 6	- 23	- 6	- 23
Other movements	—	—	—	—
<b>Carrying amount — closing balance</b>	<b>3 763</b>	<b>3 494</b>	<b>9 703</b>	<b>8 975</b>

Note: Totals may not add due to rounding.

### 33. Deposits held

Deposits at call	387	335	275	382
<b>Total deposits held</b>	<b>387</b>	<b>335</b>	<b>275</b>	<b>382</b>

Note: Totals may not add due to rounding.

### 34. Borrowing

	General Government		Whole of Government	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
Debt securities	—	1	12 081	7 251
Lease liability (refer Note 44)	87	90	203	172
Loan liability	5 039	4 024	3	4
<b>Total borrowing</b>	<b>5 126</b>	<b>4 116</b>	<b>12 287</b>	<b>7 427</b>

#### These liabilities are due for repayment as follows:

not longer than one year	6	79	5 662	2 780
longer than one year but not longer than five years	1 276	184	4 665	3 437
longer than five years	3 844	3 853	1 961	1 210
<b>Total borrowing</b>	<b>5 126</b>	<b>4 116</b>	<b>12 287</b>	<b>7 427</b>

Note: Totals may not add due to rounding.

### 35. Payables

Creditors	857	893	560	597
Accruals	472	301	687	529
GST payable	1	1	9	11
Other payables	66	39	57	50
<b>Total payables</b>	<b>1 397</b>	<b>1 234</b>	<b>1 313</b>	<b>1 187</b>

Note: Totals may not add due to rounding.

### 36. Employee benefits

Accrued wages and salaries	151	186	154	190
Annual leave	448	420	469	440
Long service leave	1 285	1 225	1 343	1 279
Other employee benefits	38	37	40	39
<b>Total employee benefits</b>	<b>1 922</b>	<b>1 867</b>	<b>2 007</b>	<b>1 947</b>

Note: Totals may not add due to rounding.

	General Government		Whole of Government	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
<b>37. Unfunded superannuation liabilities</b>				
Unfunded superannuation liabilities	<b>9 478</b>	8 939	<b>9 478</b>	8 939
<b>Total unfunded superannuation liabilities</b>	<b>9 478</b>	<b>8 939</b>	<b>9 478</b>	<b>8 939</b>

Superannuation related assets and liabilities are material in the context of the Government's financial position as shown in the table below.

#### Assets

Funds SA net superannuation assets under management at net market value			<b>12 405</b>	<b>10 544</b>
---	--	--	---------------	---------------

#### Liabilities

Superannuation related liabilities:				
Superannuation plans <sup>(a)</sup>			<b>11 832</b>	10 204
Superannuation post-retirement products			<b>573</b>	340
Total superannuation related liabilities			<b>12 405</b>	<b>10 544</b>
<b>Total liabilities</b>			<b>12 405</b>	<b>10 544</b>

#### Reconciliation of total government's superannuation

Funded superannuation related liabilities			<b>12 405</b>	10 544
Unfunded superannuation liabilities			<b>9 478</b>	8 939
<b>Total government superannuation liabilities</b>			<b>21 883</b>	<b>19 483</b>

Note: Totals may not add due to rounding.

- (a) At 30 June 2010 superannuation plan liabilities was backed by assets held of \$11.8 billion (\$10.2 billion), comprised \$5.3 billion (\$4.8 billion) held against defined benefit plans, and \$6.5 billion (\$5.4 billion) held against defined contribution plans.

The government and its controlled entities contribute, for their employees, to a number of defined benefit and defined contribution superannuation plans. Under accounting standards, the government does not control these superannuation plans and therefore these plans are not included in the consolidated financial report. However, all of the superannuation plans' investment funds are lodged with Funds SA for investing on their behalf.

The government has a liability to the defined benefit plans for any excess of the estimated future payments to employees arising from membership of the plans over the fair value of the plans' assets. The present value of this unfunded superannuation liability is also recognised in the consolidated financial report.

Details of the funding status of defined benefit plans as at reporting date, as determined by the Department of Treasury and Finance or by trustees of the various plans, are set in the following table:

**Funding status of defined benefit plans (\$million)**

Defined benefit plans	Vested benefits		Accrued benefits		Fair value plans' assets		SA Govt liability (deficit) to plans	
	2010	2009	2010	2009	2010	2009	2010	2009
SA Govt administered schemes <sup>(a)</sup>								
State scheme	11 539	10 888	11 787	11 097	3 928	3 595	7 859	7 502
Police scheme	2 131	1 888	2 196	1 950	734	618	1 462	1 332
Parliamentary super scheme	228	198	208	170	164	157	44	13
Judges pension scheme	150	136	212	186	171	158	41	28
Governors pension scheme	2	2	2	2	1	1	1	1
SA Ambulance Service Scheme	126	112	155	138	126	109	29	29
Total SA Govt administered schemes	14 176	13 224	14 560	13 543	5 124	4 638	9 436	8 905
Other schemes <sup>(b)</sup>	250	214	250	214	208	180	42	34
<b>Total</b>	<b>14 426</b>	<b>13 438</b>	<b>14 810</b>	<b>13 757</b>	<b>5 332</b>	<b>4 818</b>	<b>9 478</b>	<b>8 939</b>

Note: Totals may not add due to rounding.

(a) The assets of these schemes are administered by Super SA.

(b) Schemes administered by statutory authorities, health units and public trading enterprises.

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

Vested benefits represent an immediate 'resignation benefit', measuring amounts that would be paid out if the scheme was wound up and employee's benefits were paid based on calculations at that point in time.

Accrued benefits assume employment benefits and conditions calculated as a 'going concern' and are measured as the present value of estimated future payments to employees arising from membership of the plan up to the reporting date.

As at 30 June 2010 the present value of estimated future benefit payments to employees was calculated using a discount rate of 5.3 per cent, equal to the market yield on the Commonwealth Government's long term bond rate at 30 June 2010.

As at 30 June 2009 the present value of estimated future benefit payments to employees was calculated using a discount rate of 5.7 per cent, equal to the market yield on the Commonwealth Government's long term bond rate at 30 June 2009.

The lower discount rate applied for 2009–10 (5.3 per cent) compared with the discount rate applied for 2008–09 (5.7 per cent) resulted in an increase (\$691 million) in the estimated present value of future superannuation obligations.

The excess of accrued benefits over the fair value of a defined benefit plan's assets has been recognised as a liability in the Statement of financial position.

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

	General Government		Whole of Government	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
<b>Reconciliation of movement in unfunded superannuation liability is as follows:</b>				
Opening balance of unfunded superannuation liability	8 939	6 468	8 939	6 468
Closing balance of unfunded superannuation liability	9 478	8 939	9 478	8 939
<b>Movement in unfunded superannuation liability</b>	<b>539</b>	<b>2 471</b>	<b>539</b>	<b>2 471</b>
<b>Comprising</b>				
Superannuation expense:				
Nominal interest expense on unfunded superannuation liability	455	383	455	383
Current year employer expense	799	811	799	811
Variation in superannuation expense from difference in (lower) actual investment returns from the long term expected return	- 196	1 283	- 196	1 283
Impact of change in discount rate assumption <sup>(a)</sup>	691	1 118	691	1 118
Impact of change in actuarial assumption / other changes	- 15	- 21	- 15	- 21
Other movements	10	—	10	—
<b>Total superannuation expense</b>	<b>1 744</b>	<b>3 574</b>	<b>1 744</b>	<b>3 574</b>
Cash flow items:				
Current year employer contributions	- 799	- 811	- 799	- 811
Past service contributions	- 406	- 292	- 406	- 292
<b>Equals movement in total unfunded superannuation</b>	<b>539</b>	<b>2 471</b>	<b>539</b>	<b>2 471</b>

Note: Totals may not add due to rounding.

(a) A risk free discount rate based on the Commonwealth Government's long-term bond rate of 5.3% has been used to value superannuation liabilities, compared with 5.7% in 2008–09.

### 38. Superannuation fund deposit liabilities

Liability of Funds SA to all superannuation plans	—	—	12 405	10 544
<b>Total superannuation fund deposit liabilities</b>	<b>—</b>	<b>—</b>	<b>12 405</b>	<b>10 544</b>

Note: Totals may not add due to rounding.

### 39. Provisions (other than employee benefits)

Workers compensation:				
Workcover Corporation provisions	—	—	2 498	2 385
Other agencies workers compensation provisions	363	358	380	375
<b>Total workers compensation provisions</b>	<b>363</b>	<b>358</b>	<b>2 878</b>	<b>2 760</b>
Insurance claims:				
Motor Accident Commission (MAC) motor vehicle compensation insurance claim provisions	—	—	1 936	1 828
South Australian Government (SAICORP) insurance and risk management fund (SAGIRM) provisions	—	—	286	324
Other agencies insurance claims	86	94	121	141
<b>Total insurance claims</b>	<b>86</b>	<b>94</b>	<b>2 343</b>	<b>2 292</b>
Other provisions	33	57	49	74
<b>Total provisions (other than employee benefits)</b>	<b>481</b>	<b>509</b>	<b>5 270</b>	<b>5 126</b>

Note: Totals may not add due to rounding.

**Movements in provisions for whole of government during the 2009–10 year were as follows:**

	<b>Workcover workers comp. provisions</b>	<b>MAC motor vehicle comp. provisions</b>	<b>SAICORP SAGIRM provisions</b>	<b>Other provisions</b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Carrying amount — opening balance	2 385	1 828	324	554	5 092
Additional ( - reduction in) provisions recognised	600	536	—	n/a	1 205
Payments	- 487	- 429	- 29	n/a	- 983
Other movements	—	—	- 10	- 4	- 43
<b>Carrying amount — closing balance</b>	<b>2 498</b>	<b>1 936</b>	<b>286</b>	<b>550</b>	<b>5 270</b>

Note: Totals may not add due to rounding.

**40. Other liabilities**

	<b>General Government</b>		<b>Whole of Government</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Unearned revenue	<b>154</b>	156	<b>852</b>	812
Other liabilities	<b>458</b>	448	<b>514</b>	374
<b>Total other liabilities</b>	<b>612</b>	<b>604</b>	<b>1 366</b>	<b>1 186</b>

Note: Totals may not add due to rounding.

**41. Additional financial instrument disclosures****(a) Foreign currency risk**

Foreign currency risk arises when the value of financial assets and liabilities fluctuate due to changes in foreign exchange rates. It is government policy that where possible exposures should be hedged with the exception of certain financial corporations.

The Superannuation Funds Management Corporation of South Australia (Funds SA) has a policy that 42.5 percent of their international equities exposure is hedged. This has the capacity to reduce overall portfolio volatility associated with movements in the value of foreign currencies in the absence of these instruments. The net un-hedged market value of Funds SA's total portfolio as at 30 June 2010 was \$1.903 billion (\$1.376 billion).

As part of a diversified investment strategy, the Motor Accident Commission (MAC) has investments in funds investing in international markets. MAC's fund manager for international equities hedges a 42.5 percent of the international equities investments to Australian dollars. The net un-hedged market value of these investments as at 30 June 2010 was \$208.7 million (\$93.2 million).

The South Australian Government Financing Authority (SAFA) utilises foreign exchange swaps, foreign exchange and forward exchange contracts to manage foreign exchange risk associated with foreign currency borrowings. The value of foreign exchange swaps was \$1.152 billion (nil).

SAFA has entered into forward foreign exchange contracts of \$30.7 million (\$19.8 million) to hedge exposures arising from the foreign exchange hedging service provided to public sector clients. These transactions have a nil exposure.

No other material exposures existed in other public sector entities as at 30 June 2010.

**(b) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments as they fall due. In order to manage liquidity risk, agencies such as SAFA have in place liquidity management guidelines, which require them to hold base levels of liquidity comprising highly marketable financial assets. Liquid assets include cash, promissory notes, Commonwealth bonds, floating rate notes and negotiable discount securities. Adherence to guidelines enables the government to be in a position to meet the forecast cash demands and any unanticipated funding requirements of the South Australian public sector.

SAFA has chosen an approach to minimise medium-term refinancing risks, which involves diversification of physical borrowings across the maturity spectrum, diversification of funding sources and the holding of liquid assets to assist in the management of refinancing and liquidity risk. These strategies result in SAFA facing manageable funding demands from financial markets in any given period. This approach assists the maintenance of an orderly market place for SAFA's securities when refinancing maturing debt obligations.

**(c) Credit risk exposures**

Credit risk is the risk of a financial loss arising from another party to a contract/financial position failing to discharge a financial obligation. The State's largest holder of derivatives and investments is SAFA. SAFA incurs credit risk through undertaking its core functions of fundraising, debt management, liquidity management and the Government's reinsurance program. To minimise the potential for credit loss, SAFA ensures transactions and risks are diversified between counterparties and limited to dealing with highly rated banking and governmental institutions worldwide.

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

Below is an analysis of credit risk exposure by credit rating for the whole of government:

<b>Long term</b>	<b>2009–10</b>	<b>2008–09</b>
AAA	22%	24%
AA+	0%	3%
AA	48%	51%
A+	19%	10%
AA-	2%	5%
A	4%	3%
<b>Short term</b>		
A1+	1%	1%
Not rated*	4%	3%

\*Not rated refers to amounts not classified under particular ratings.

**(d) Interest rate risk exposures**

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

SAFA, as the government's central borrowing authority, is charged with the responsibility of raising funding for the majority of government agencies, debt management, cash management and investment services and the Government's reinsurance program. Limits on measures of interest rate risk for SAFA's portfolios are approved by the Under Treasurer and Treasurer, while limits on interest rate risk for portfolios managed on behalf of clients are set in consultation with the clients.



Interest rate risk is managed by portfolios rather than from a total operations perspective. The current policy benchmark duration for the Treasurer's managed portfolio is between 1 and 1.5 years.

Funds SA accepts deposits from the various superannuation schemes to invest on behalf of these schemes. Funds SA aims to earn the highest possible return on its investments for an appropriate level of risk. The government has an indirect interest rate exposure in respect of its superannuation liabilities to various superannuation schemes (see Note 37). The risk is primarily due to possible adverse movements in the assets and liabilities of the superannuation schemes as a result of fluctuations in financial markets.

### (e) Maturity analysis of financial assets and liabilities

The following table illustrates a maturity analysis in relation to financial assets and liabilities held at balance date by the whole of government:

	Contracts maturing in:				Total carrying amount	Fair value
	Up to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years		
2010	\$m	\$m	\$m	\$m	\$m	\$m
<b>Financial assets</b>						
Cash and cash equivalents	553	—	—	—	553	553
Loan Receivables	1 535	66	208	33	1 842	1 933
Other Receivables	296	312	132	21	760	760
Investments <sup>(a)</sup>	4 930	650	1 806	14 804	22 190	22 189
Interest rate swaps <sup>(b)</sup>	- 1	6	38	6	49	49
<b>Total financial assets</b>	<b>7 313</b>	<b>1 034</b>	<b>2 184</b>	<b>14 864</b>	<b>25 394</b>	<b>25 484</b>
<b>Financial liabilities</b>						
Bank overdrafts	—	—	—	—	—	—
Deposits at call/Term deposits <sup>(a)(c)</sup>	275	—	—	12 405	12 680	12 680
Debt securities	4 356	2 389	3 522	1 814	12 081	12 081
Lease liabilities	1	12	70	127	211	211
Loan liabilities	—	—	2	1	3	3
Other payables	636	580	73	1	1 291	1 291
<b>Total financial liabilities</b>	<b>5 268</b>	<b>2 981</b>	<b>3 667</b>	<b>14 348</b>	<b>26 266</b>	<b>26 266</b>
<b>Net financial assets (-liabilities)</b>	<b>2 045</b>	<b>-1 947</b>	<b>-1 483</b>	<b>516</b>	<b>- 872</b>	<b>- 782</b>

Note: Totals may not add due to rounding.

- (a) Superannuation deposits and investments relating to amounts held or invested by Funds SA are assumed to be of a long-term nature and have been classified within the category of 'More than 5 years'.
- (b) Market value less accruals.
- (c) Includes at-call and short term as well as liabilities to superannuation plans.

### (f) Fair values of financial assets and liabilities

The fair value of cash and cash equivalents, non-interest bearing monetary financial assets and financial liabilities approximates their carrying value. The fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows using the relevant yield curve derived from observable rates in the financial markets.

Equity investments traded on organised markets have been valued by reference to market prices prevailing at balance date. For non-traded equity investments, the fair value is an assessment based on the underlying net assets and future maintainable earnings.

The fair value hierarchy disclosures required by AASB 7 *Financial Instruments: Disclosures* are not included in the 2009–10 Consolidated Financial Report, as reliable information to eliminate internal government transactions is not available. This will be reviewed for the 2010–11 Report.

**(iii) Sensitivity analysis**

In relation to financial assets and liabilities held at balance date by the whole of government, the following table illustrates:

- carrying amounts and fair values of financial assets and liabilities at balance date; and
- sensitivity analysis regarding foreign exchange risk, interest rate risk and price risk.

	Carrying amount \$m	Fair value \$m	Foreign Exchange risk				Interest rate risk				Price risk								
			+10% profit \$m	+10% equity \$m	-10% profit \$m	-10% equity \$m	+1% profit \$m	+1% equity \$m	-1% profit \$m	-1% equity \$m	+1% profit \$m	+1% equity \$m	-1% profit \$m	-1% equity \$m					
<b>2010</b>																			
<b>Financial assets</b>																			
Cash and cash equivalents	553	553	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loan and receivables at cost																			
Loan receivables	1 842	1 933	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other receivables	760	760	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Financial assets at fair value through P&L																			
Investments	22 190	22 189	186	186	- 186	- 186	6	—	- 6	—	—	—	—	—	—	—	—	—	—
Interest rate swaps	49	49	—	—	—	—	- 30	—	30	—	—	—	—	—	—	—	—	—	—
<b>Total financial assets</b>	<b>25 394</b>	<b>25 484</b>	<b>186</b>	<b>186</b>	<b>- 186</b>	<b>- 186</b>	<b>- 42</b>	<b>- 19</b>	<b>42</b>	<b>19</b>	<b>- 81</b>	<b>7</b>	<b>81</b>	<b>- 7</b>					
<b>Financial liabilities</b>																			
Financial liabilities — at cost																			
Bank overdrafts	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Lease liabilities	211	211	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loan liabilities	3	3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other payables	1 291	1 291	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Financial liabilities at fair value through P&L																			
Deposits at call/term deposits	12 680	12 680	190	190	- 190	- 190	- 1	—	1	—	—	—	—	—	—	—	—	—	—
Debt securities	12 081	12 081	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total financial liabilities</b>	<b>26 266</b>	<b>26 266</b>	<b>190</b>	<b>190</b>	<b>- 190</b>	<b>- 190</b>	<b>- 1</b>	<b>1</b>	<b>259</b>	<b>- 259</b>	<b>260</b>	<b>- 260</b>	<b>- 260</b>	<b>- 260</b>					

Note: Totals may not add due to rounding.

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

General Government		Whole of Government	
2010	2009	2010	2009
\$m	\$m	\$m	\$m

## 42. Cash flows

### (a) Reconciliation of cash

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

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

Cash and deposits disclosed in the Statement of Financial Position (also refer Note 18)	3 277	3 084	583	576
<b>Balances per Cash Flow Statement</b>	<b>3 277</b>	<b>3 084</b>	<b>583</b>	<b>576</b>

Note: Totals may not add due to rounding.

### (b) Non-cash financing and investing activities

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

### (c) Reconciliation of net cash used in operating activities to net result

<b>Net result</b>	<b>- 82</b>	<b>-2 708</b>	<b>416</b>	<b>-3 061</b>
<b>Non-cash items in net surplus</b>				
Depreciation and amortisation	636	566	1 012	853
Assets received free of charge	1	7	- 39	- 62
Loss on revaluation of property, plant and equipment	—	20	—	20
Gain on sale of property, plant and equipment	2	- 8	- 39	- 36
Net loss/gain on sale of investments	- 1	7	10	76
Net loss/gain on revaluation of investments	2	—	-1 446	1 701
Loss on write-off of assets	21	7	33	19
Loss on write-down of assets	—	4	1	5
Loss on revaluation of financial assets and liabilities	1	—	1	—
Loss on foreign currency exchange differences	1	—	- 428	473
Other revaluation increments	- 8	- 16	1 438	-2 089
<b>Non-cash items in net surplus</b>	<b>656</b>	<b>586</b>	<b>543</b>	<b>960</b>
<b>Movements in assets and liabilities</b>				
(-Increase)/decrease in inventories	- 3	- 11	- 99	- 46
Increase/(-decrease) in employee benefits — unfunded superannuation	539	2 471	539	2 471
Increase in employee benefits — other	56	219	60	223
Change in other assets and liabilities	- 239	- 95	228	4
<b>Movements in assets and liabilities</b>	<b>354</b>	<b>2 584</b>	<b>729</b>	<b>2 652</b>
<b>Net cash provided by operating activities</b>	<b>928</b>	<b>462</b>	<b>1 689</b>	<b>552</b>

Note: Totals may not add due to rounding.

### 43. Aged commitments

#### (a) Aged commitments — capital

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

	General Government		Whole of Government	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
not longer than one year	1 099	768	1 795	1 759
longer than one year but not longer than five years	325	317	445	732
longer than five years	—	15	3	21
<b>Total aged commitments — capital</b>	<b>1 424</b>	<b>1 100</b>	<b>2 243</b>	<b>2 512</b>

#### (b) Aged commitments — operating

At the reporting date, the Government had entered into contracts for the following other expenditures. These obligations have not been recognised as liabilities due for payment:

not longer than one year	542	556	728	708
longer than one year but not longer than five years	953	721	1 285	1 053
longer than five years	789	164	1 702	574
<b>Total aged commitments — operating</b>	<b>2 284</b>	<b>1 441</b>	<b>3 715</b>	<b>2 335</b>
<b>Total aged commitments</b>	<b>3 708</b>	<b>2 541</b>	<b>5 958</b>	<b>4 847</b>

#### The major aged commitments relate to the following

Department of Transport, Energy and Infrastructure	1 953	1 717	1 953	1 717
South Australian Water Corporation	—	—	1 900	2 034
Department of Education and Children's Services	890	16	890	16
South Australian Housing Trust	—	—	169	72
Incorporated Health Services	150	149	150	149
Department of Water, Land and Biodiversity Conservation	142	133	142	133
Department of Health	107	54	107	54
South Australian Police	73	29	73	29
Forestry SA	—	—	69	76
Attorney General's Department	64	48	62	48
Department of Correctional Services	52	11	52	11
South Australian Motor Sport Board	—	—	50	52
Further Education, Employment, Science and Technology	49	56	49	56
Land Management Corporation	—	—	42	31
Trade and Economic Development	41	40	41	40
Department of Primary Industries and Resources	28	22	28	22
South Australian Tourism Commission	26	23	26	23
Defence SA	19	48	19	45
Department of the Premier and Cabinet	18	51	18	51
Lotteries Commission of South Australia	—	—	13	27
TransAdelaide	—	—	8	25
Arts SA	—	33	—	9
Other Agencies	96	111	97	127
<b>Total aged commitments</b>	<b>3 708</b>	<b>2 541</b>	<b>5 958</b>	<b>4 847</b>

Note: Totals may not add due to rounding.

## **Discussion of major aged commitments**

### *Department for Transport, Energy and Infrastructure*

The department's capital commitments are predominantly for aggregate capital expenditure on construction projects relating to road networks, the purchase of new public transport vehicles and the construction and update of government buildings and facilities. Where this construction work is being done on behalf of other agencies the cost is recovered accordingly.

The department's other commitments include major service and supply contracts for road maintenance, ferry operations and bus and rail transport services. It also includes the outsourced facilities management contract which it manages on behalf of government. These costs are reimbursable from other agencies.

### *SA Water Corporation*

Expenditure commitments exist pursuant to the contract to operate, manage and maintain the Adelaide metropolitan water and wastewater treatment plants. The costs for the commitments include the service charge payable to United Water International Pty Ltd and the costs incurred by United Water International Pty Ltd in performing services, which are reimbursed by the corporation. The costs are reported for the total period of the contract and include an estimate for escalation charges.

Also included are expenditure commitments of \$1.129 billion relating to the operations and maintenance of the Adelaide Desalination Project which is based on the minimum expenditure commitment.

### *Department of Education and Children's Services*

In July 2009 the State of South Australia entered into a 30 year agreement with Pinnacle Education SA2 Pty Ltd under the Partnerships SA policy, for the financing, design, construction and maintenance of six schools to open during the 2010–11 financial year. When construction of the new schools is completed the State will assume responsibility for education provision, staffing, curriculum and teacher practice, and a commitment in regard to assets will be recognised as a finance lease with related finance lease assets. This commitment includes quarterly service payments, equipment maintenance, equipment replacement and other expenses.

General Government		Whole of Government	
2010	2009	2010	2009
\$m	\$m	\$m	\$m

#### 44. Finance lease liabilities

At the reporting date, the Government had the following obligations under finance leases (the total obligation net of future lease finance charges has been recognised as a liability in the balance sheet):

not longer than one year	14	9	30	21
longer than one year but not longer than five years	53	59	117	90
longer than five years	113	100	246	205
<b>Minimum lease payments</b>	<b>180</b>	<b>167</b>	<b>393</b>	<b>315</b>
deduct future finance charges	94	77	191	143
<b>Total finance lease liabilities</b> (refer Note 34)	<b>87</b>	<b>90</b>	<b>203</b>	<b>172</b>

#### The major finance lease obligations relate to the following agencies:

South Australian Water Corporation	—	—	116	120
Incorporated Health Services	47	49	47	49
Department of Transport, Energy and Infrastructure	20	21	—	—
Courts Administration Authority	19	20	—	—
Other	1	—	40	3
<b>Total finance lease liabilities</b>	<b>87</b>	<b>90</b>	<b>203</b>	<b>172</b>

Note: Totals may not add due to rounding.

#### Discussion of finance lease obligations

##### *SA Water Corporation*

Future finance lease payments are amounts contracted with private sector providers to construct, own and operate water and wastewater treatment facilities. The leases comprise a base amount plus an incremental contingent rental. Contingent rentals are based on the consumer price and related indexes.

##### *Incorporated Health Services*

Future finance lease payment obligations relating to the lease of buildings and improvements, as well as plant and equipment. The lease obligations primarily relate to periods beyond one year.

General Government		Whole of Government	
2010	2009	2010	2009
\$m	\$m	\$m	\$m

## 45. Operating lease obligations

At the reporting date, the Government had the following obligations under non-cancellable operating leases (these obligations have not been recognised as liabilities):

not longer than one year	<b>163</b>	152	<b>171</b>	166
longer than one year but not longer than five years	<b>423</b>	400	<b>434</b>	415
longer than five years	<b>310</b>	353	<b>307</b>	343
<b>Total operating lease obligations</b>	<b>896</b>	<b>905</b>	<b>912</b>	<b>924</b>

### The major operating lease obligations relate to the following agencies:

Department of Transport, Energy and Infrastructure	<b>562</b>	537	<b>562</b>	537
South Australia Police	<b>137</b>	168	<b>137</b>	168
Department of Families and Communities	<b>110</b>	128	<b>110</b>	128
Other Agencies	<b>87</b>	72	<b>103</b>	91
<b>Total operating lease obligations</b>	<b>896</b>	<b>905</b>	<b>912</b>	<b>924</b>

Note: Totals may not add due to rounding.

### Discussion of major operating lease obligations

#### *Department for Transport, Energy and Infrastructure*

The department's operating lease commitments are for land, motor vehicles, office equipment, other plant and equipment and commercial and residential accommodation. Commercial accommodation leases are non-cancellable with terms ranging from one to ten years. Rental is payable in advance with no contingent rental provisions. Residential accommodation leases are cancellable with varying terms and have no option to renew.

Motor vehicle leases are cancellable, rentals are paid monthly in arrears and no contingent rentals provisions exist within the agreement. Motor vehicle lease terms may be for three years (or 60 000 kms, whichever comes first) or five years (or 100 000 kms, whichever comes first). Photocopier leases are non-cancellable with terms of four years, with rentals paid monthly.

#### *South Australia Police*

Operating lease payment obligations relate to non-cancellable property and vehicle leases with rental payable in advance. Contingent rental provisions within the lease agreements require minimum lease payments to be increased periodically and generally in line with Consumer Price Index movements and market conditions. Options exist to renew property leases at the end of the term of the leases. Operating lease commitments include commitments for Public Private Partnership leases related to SAPOL occupancies only.

#### *Department of Families and Communities*

The department has many lease agreements. These leases are for administrative purposes and vary in length. Lease payments are monthly and predominantly paid in advance. Some lease agreements have renewal options for a determined period, exercisable by both the lessor and lessee.

## 46. Contingent assets and contingent liabilities

At the reporting date, the government had the following liabilities, or possible liabilities, that have not been recognised in the Statement of financial position because they have been assessed as being not likely to give rise to a future sacrifice of economic benefits or they cannot be measured reliably or the existence of a liability 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.

### (a) Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These can be classified into either quantifiable, where the potential economic benefit is known, or non-quantifiable.

No material quantifiable contingent assets have been reported.

### (b) Contingent liabilities

A contingent liability is:

- a possible obligation that arises from past events where and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

#### (i) Quantifiable contingent liabilities: Generic guarantee of government businesses' liabilities

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

In accordance with AASB1049, the value of the net assets of public corporations are recognised on the general government balance sheet under the line 'Investments in other public entities'. The carrying amount of the liabilities guaranteed by the Treasurer are therefore reflected in general government sector net worth.

In the event of the Treasurer's guarantee being called upon, a liability would be recognised (along with an offsetting increase to the value of the investment in public sector entities). While this would not change the net worth of the general government sector, additional assets and liabilities would be recognised on the general government sector balance sheet.



	General Government		Whole of Government	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
<b>(ii) Quantifiable contingent liabilities</b>				
Guarantees:				
Treasurer's guarantee re — LGFA guarantees	565	477	565	477
Guarantee re — Osborne Cogeneration Pty Ltd	—	—	200	200
Other guarantees	30	—	65	21
<b>Total guarantees</b>	<b>595</b>	<b>477</b>	<b>830</b>	<b>698</b>
Indemnities/Legal	—	—	1	1
Other contingent liabilities	11	14	11	18
<b>Total quantifiable contingent liabilities</b>	<b>606</b>	<b>491</b>	<b>842</b>	<b>717</b>

Note: Totals may not add due to rounding.

### Discussion of quantifiable contingent liabilities

#### *Treasurer's guarantee of Local Government Finance Authority loans and other liabilities*

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

The total value of loans and liabilities as at 30 June 2010 was \$542.7 million (\$460 million).

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

As at 30 June 2010, the amount of the liability was \$22.4 million (\$16 million).

#### *Osborne Cogeneration Pty Ltd*

In 1996, the then ETSA Corporation entered into arrangements with Osborne Cogeneration Pty Ltd (OCPL) for the generation of electricity at the Osborne Generation Plant. As part of these arrangements, ETSA Corporation entered into a Power Purchase Agreement and a Gas Sale Agreement with OCPL requiring ETSA Corporation, in general terms, to purchase prescribed amounts of electricity from OCPL and to sell prescribed amounts of gas to OCPL for the respective terms of those agreements.

Over the life of the Power Purchase Agreement and Gas Sale Agreement (Osborne Arrangements) it was estimated that ETSA Corporation would incur losses representing, in general terms, the difference between:

- the contracted purchase price under the Power Purchase Agreement and forecast pool prices in the electricity market; and
- the contracted sale price under the Gas Sale Agreement and the wholesale price for gas available in the market to ETSA Corporation to comply with its gas supply commitments.

The Osborne Arrangements, and the underlying exposures, were subsequently transferred to Flinders Power Pty Ltd (Flinders Power). When NRG Energy Inc purchased the operations of Flinders Power as part of the then government's program for privatisation of the state's electricity assets, the Osborne

Arrangements (together with the underlying exposures) were transferred to NRG Energy Inc's subsidiary Flinders Osborne Trading Pty Ltd (FOT).

As part of the privatisation of the operations of Flinders Power (Flinders Operations), the Treasurer provided a guarantee to OCPL in respect of the obligations of FOT under the Osborne Arrangements (Treasurer's Guarantee). In turn NRG Energy Inc indemnified the Treasurer if the Treasurer's Guarantee was called upon by OCPL (NRG Indemnity).

On 30 June 2009, FOT divested its interests under the Osborne Arrangements to related entities of Origin Energy Ltd. The Treasurer was released from the Treasurer's Guarantee and the guarantee to OCPL under the Osborne Arrangements is now provided by the South Australian Government Financing Authority (SAFA), with Origin Energy Ltd indemnifying SAFA if the guarantee to OCPL is called upon.

#### *Adelaide Oval Redevelopment*

In December 2009 the government announced a financial assistance package for the Adelaide Oval Redevelopment which was subsequently increased to \$535 million on 25 May 2010. The financial assistance package included a guarantee from the Treasurer of up to \$30 million as part of South Australian Cricket Association's (SACA's) \$85 million loan facility from Westpac.

The guarantee was not called upon and was discharged on 1 September 2010, when the Treasurer lent \$30 million directly to SACA which was used to reduce SACA's debt to Westpac.

#### **(iii) Discussion of other significant contingent liabilities**

The possibility of an outflow of resources embodying economic benefits, for the following cases, is considered to be remote:

##### *Generation Lessor Corporation*

In the unlikely event that the Generation Lessor Corporation (GLC) defaults under the Torrens Island Generating Plant leases, Synergen Generating Unit Lease, Northern and Playford Generating Unit Leases, the Leigh Creek Township Lease and the Leigh Creek Railway Sub-Lease, with respect to limited specified undertakings resulting in the lessees termination of any of these leases by the lessees, GLC will be required to refund the net present value portion (as at the termination date) of the post termination date rent obligations that was prepaid by the relevant lessee. The likelihood of these defaults occurring is considered highly remote.

The rent refund under the above leases as at 30 June 2010 is \$496.1 million (\$519.3 million).

##### *Distribution Lessor Corporation*

In the unlikely event that Distribution Lessor Corporation (DLC) defaults under the Distribution Network Lease with respect to limited specified undertakings resulting in the termination of the lease by the lessor, DLC will be required to refund the net present value portion (as at the termination date) of the post termination date rent obligations that was prepaid by the lessee. The likelihood of these defaults occurring is considered highly remote.

Under the terms of the distribution network leases, the lessee can elect to own new assets constructed during the term of the lease which qualify as 'qualifying projects' or 'geographical extensions' as well as land on which those assets are located.

The lessee is also entitled to terminate the Distribution Network Lease, and obtain a partial refund of prepaid rent, where there is the destruction or permanent incapacity of at least 65 per cent of the power

lines making up the distribution network as a result of an uninsurable event such as war, terrorism or the release of nuclear ionisation. The likelihood of this occurring is considered highly remote.

Qualifying projects are a discrete replacement, modification, alteration, addition or renewal to the network which is outside the ordinary course of maintenance, modification, alteration or renewal and, at the time effected, cost greater than a qualifying threshold of \$2 million indexed in accordance with the lease documentation. Geographical extensions are extensions beyond the outer extremities of the distribution network as at the commencement date of the lease.

At the expiry of the lease, qualifying projects will be automatically transferred and vested in DLC or a body nominated by DLC for a price equal to the regulatory value of the qualifying projects as at the lease end date. Geographical extensions receive the same treatment if DLC so elects, but not otherwise. It is not possible at this time to quantify the value of DLC's obligation to acquire qualifying projects on termination.

The rent refund as at 30 June 2010 is \$1.3 billion (\$3 billion).

#### *Transmission Lessor Corporation*

In the unlikely event that Transmission Lessor Corporation (TLC) defaults under the Transmission Network Lease with respect to limited specified undertakings resulting in the termination of the lease by the lessor, TLC will be required to refund the net present value portion (as at the termination date) of the post termination date rent obligations that was prepaid by the lessee. The likelihood of these defaults occurring is considered highly remote.

The rent refund as at 30 June 2010 is \$511.2 million (\$543.3 million).

#### *Alice Springs to Darwin Railway*

The AustralAsia Railway Corporation (the Corporation), the Northern Territory (NT) and South Australian (SA) Governments and Asia Pacific Transport Pty Ltd have entered into a concession arrangement for the design, construction, operation and maintenance of the Alice Springs to Darwin Railway on a build, own, operate, transfer-back basis.

Both the SA and NT Governments guarantee the obligations of the Corporation. This guarantee is a joint guarantee, but SA and NT each accept responsibility for breach of an indemnity that is caused by its act or omission. Where the event giving rise to a Corporation obligation is solely caused by one jurisdiction, that jurisdiction accepts sole responsibility. If both SA and NT caused the event, then each accepts responsibility to the extent to which it caused the event.

For other Corporation obligations, SA and NT accept liability for events occurring within the geographical area of its jurisdiction. Principally, the Corporation has granted indemnities to ensure that title to the railway corridor is secure for the construction and operation of the railway infrastructure. These indemnities cover risks related to native title claims, undisclosed interests in the corridor, environmental contamination, heritage and sacred sites, and environmental assessment processes.

The project documents provide for the early termination of the concession arrangement by Asia Pacific Transport Pty Ltd. In certain circumstances that would give rise to the payment of an early termination amount. The amount includes all debt and debt break costs for the project, certain agreed break costs for the project, certain agreed break costs for third party contractors and payments to equity. For all these events the cure is within the control of either the Corporation or the governments.

While the Department of the Premier and Cabinet is not signatory to these arrangements, the Government of South Australia has assigned responsibility for these arrangements to the department. If a subsequent event were triggered such that the Government of South Australia had to honour a

commitment under the agreement, the Government of South Australia would have to fund that commitment and the payment would be made through the department.

On 9 June 2010, Genesee & Wyoming Inc announced that it had signed an agreement to acquire the assets of the railway business. Re-documentation of the concession arrangements is being considered and the Corporation is working to realise the best outcome for the railway and to ensure that there is no increase in risk to itself or the two governments as a result of the sale. The prospect of any one of these contingent liabilities arising is considered to be extremely remote.

## **47. Events after balance date**

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

## 48. Details of controlled entities

For the 2009–10 financial year the entities listed below are controlled by the government and their income, expenses, assets, liabilities and equity have been included in the consolidated financial report. Some of these entities control other entities, in which case the consolidated accounts include the entities' consolidated financial information.

The government's interest in each of the public non-financial corporations and public financial corporations listed below is 100 per cent.

	General Government Sector	Public Non-Financial Corporations Sector	Public Financial Corporations Sector
Adelaide Cemeteries Authority .....		*	
Adelaide Convention Centre Corporation .....		*	
Adelaide Entertainments Corporation (trading as Adelaide Entertainment Centre).....		*	
Adelaide Festival Centre Trust.....		*	
Adelaide Festival Corporation.....	*		
Adelaide Film Festival .....	*		
Adelaide and Mount Lofty Ranges Natural Resources Management Board .....	*		
Alinytjara Wilurara Natural Resources Management Board .....	*		
Art Gallery Board, The .....	*		
Attorney-General's Department .....	*		
Auditor-General's Department .....	*		
Australian Children's Performing Arts Company (trading as Windmill Performing Arts) .....	*		
Bio Innovation SA .....	*		
Carrick Hill Trust .....	*		
Correctional Services, Department for.....	*		
Courts Administration Authority.....	*		
Dairy Authority of South Australia .....	*		
Defence SA .....	*		
Distribution Lessor Corporation .....		*	
Education Adelaide.....	*		
Education and Children's Services, Department of .....	*		
Electoral Commission of South Australia.....	*		
Environment and Heritage, Department for .....	*		
Environment Protection Authority .....	*		
Essential Services Commission of South Australia.....	*		
Eyre Peninsula Natural Resources Management Board .....	*		
Families and Communities, Department for.....	*		
Further Education, Employment, Science and Technology, Department of.....	*		
Generation Lessor Corporation .....		*	
Government Schools .....	*		
Health, Department of .....	*		
History Trust of South Australia .....	*		
HomeStart Finance.....			*
House of Assembly.....	*		
Independent Gambling Authority .....	*		
Joint Parliamentary Services .....	*		

	General Government Sector	Public Non-Financial Corporations Sector	Public Financial Corporations Sector
Justice, Department of.....	*		
Kangaroo Island Natural Resources Management Board .....	*		
Land Management Corporation .....		*	
Legislative Council.....	*		
Libraries Board of South Australia .....	*		
Lotteries Commission of South Australia (trading as SA Lotteries) .....		*	
Motor Accident Commission .....			*
Museum Board .....	*		
Northern and Yorke Natural Resources Management Board.....	*		
Outback Communities Authority .....	*		
Planning and Local Government, Department of.....	*		
Playford Centre.....	*		
Premier and Cabinet, Department of the .....	*		
Primary Industries and Resources, Department of .....	*		
Public Trustee.....		*	
RESI Corporation .....		*	
SACE Board of South Australia .....	*		
South Australia Police (also known as South Australian Police Department, SAPOL) .....	*		
South Australian Ambulance Service .....	*		
South Australian Arid Lands Natural Resources Management Board .....	*		
South Australian Asset Management Corporation .....			*
South Australian Centre for Trauma and Injury Recovery Incorporated (trading as TRACsa).....	*		
South Australian Country Arts Trust.....	*		
South Australian Country Fire Service .....	*		
South Australian Film Corporation .....	*		
South Australian Fire and Emergency Services Commission (trading as SAFECOM).....	*		
South Australian Forestry Corporation (trading as ForestrySA)...		*	
South Australian Government Employee Residential Properties..		*	
South Australian Government Financing Authority (trading as SAFA) .....			*
South Australian Housing Trust .....		*	
South Australian Local Government Grants Commission .....	*		
South Australian Metropolitan Fire Service.....	*		
South Australian Motor Sport Board .....		*	
South Australian Murray Darling Basin Natural Resources Management Board .....	*		
South Australian State Emergency Service (trading as SES) .....	*		
South Australian Tourism Commission .....	*		
South Australian Water Corporation (trading as SA Water) .....		*	
South East Natural Resources Management Board .....	*		
South Eastern Water Conservation and Drainage Board .....	*		
State Governor's Establishment .....	*		
State Opera of South Australia .....	*		
State Procurement Board .....	*		
State Theatre Company of South Australia .....	*		

	General Government Sector	Public Non-Financial Corporations Sector	Public Financial Corporations Sector
Superannuation Funds Management Corporation of South Australia (trading as Funds SA).....			*
Trade and Economic Development, Department of.....	*		
TransAdelaide .....		*	
Transmission Lessor Corporation .....		*	
Transport, Energy and Infrastructure, Department for .....	*		
Treasury and Finance, Department of .....	*		
Water, Land and Biodiversity Conservation, Department of .....	*		
West Beach Trust (trading as Adelaide Shores) .....		*	
WorkCover Corporation of South Australia .....			*
Zero Waste SA .....	*		

**Changes to controlled entities/reporting structures since the previous Consolidated Financial Report:**

Change of Entity name:

Outback Communities Authority..... \*

Previously known as the Outback Areas Community Development Trust. Name change was effective 10 December 2009.

Future changes of significance:

Department of Environment and Natural Resources..... \*

Previously known as the Department for Environment and Heritage. Change effective 01 July 2010.

Department for Water..... \*

Previously known as the Department of Water, Land and Biodiversity Conservation. Change effective 01 July 2010.

	General Government		Whole of Government	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
<b>49. Total expenses and assets by government purpose classification</b>				
<b>Total Expenses from transactions by Function</b>				
General Public Services	334	277	317	316
Defence	—	—	—	—
Public order and safety	1 391	1 293	1 406	1 307
Education	3 837	3 325	3 837	3 325
Health	4 374	4 000	4 374	4 000
Social security and welfare	928	903	1 510	1 580
Housing and community amenities	1 870	1 330	1 842	1 845
Recreation and culture	289	284	668	656
Fuel and energy	50	52	45	48
Agriculture, forestry, fishing and hunting	211	243	283	316
Mining/mineral resources other than fuels manufacturing; and construction	70	48	70	48
Transport and communications	829	784	1 355	1 420
Other economic affairs	259	226	259	226
Other purposes	875	975	1 438	1 454
<b>Total Expenses</b>	<b>15 316</b>	<b>13 740</b>	<b>17 404</b>	<b>16 539</b>

<b>Total Assets by Function</b>				
General Public Services	1 099	1 245	19 328	15 697
Defence	—	—	—	—
Public order and safety	1 997	1 689	1 656	1 559
Education	4 717	4 069	4 008	3 477
Health	3 367	3 187	3 052	3 019
Social security and welfare	326	265	1 799	1 591
Housing and community amenities	1 461	1 326	24 527	19 941
Recreation and culture	1 589	1 570	1 817	1 863
Fuel and energy	15	21	59	78
Agriculture, forestry, fishing and hunting	230	231	1 511	1 378
Mining/mineral resources other than fuels manufacturing; and construction	1 609	702	1 541	663
Transport and communications	17 912	8 486	19 800	10 207
Other economic affairs	562	483	484	457
Other purposes	20 114	17 901	413	381
<b>Total Assets</b>	<b>54 997</b>	<b>41 177</b>	<b>79 995</b>	<b>60 310</b>

Note: Totals may not add due to rounding.

The Government Purpose Classification (GPC) classifies expenses and assets of the public sector in terms of the purposes for which the transactions are made. The major groups reflect the broad objectives of government.

#### General public services

Include legislative and executive affairs, financial and fiscal affairs, external affairs, foreign economic aid, general research, general economic and social services, general statistical services, and government superannuation benefits.

#### Defence

Includes administration, supervision, operation and support of military and civil defence affairs, foreign military aid and defence research.



### **Public order and safety**

Includes police and fire protection services, law courts and legal services, prisons and corrective services, and control of domestic animals and livestock.

### **Education**

Includes primary and secondary education, university and other higher education, technical and further education, preschool and special education and transportation of students.

### **Health**

Includes general hospitals, repatriation hospitals, mental health institutions, nursing homes, special hospitals, hospital benefits, medical clinics and practitioners, dental clinics and practitioners, maternal and infant health, ambulance services, medical benefits, school and other public health services, pharmaceuticals, medical aids and appliances and health research.

### **Social security and welfare**

Includes sickness benefits; benefits to ex-servicemen and their dependants; invalid and other permanent disablement benefits; old age benefits, widows, deserted wives, divorcees and orphan benefits; unemployment benefits; family and child benefits; sole parents benefits; family and child welfare; and aged and handicapped welfare.

### **Housing and community amenities**

Includes housing and community development, water supply, household garbage and other sanitation, sewerage, urban stormwater drainage, protection of the environment and street lighting.

### **Recreation and culture**

Includes public halls and civic centres, swimming pools and beaches, national parks and wildlife, libraries, creative and performing arts, museums, art galleries, broadcasting and film production.

### **Fuel and energy**

Includes coal, petroleum, gas, nuclear affairs and electricity.

### **Agriculture, forestry, fishing and hunting**

Includes agricultural land management, agricultural water resources management, agricultural support schemes, agricultural research and extension services, forestry, fishing and hunting.

### **Mining and mineral resources, other than fuels; manufacturing; and construction**

Includes activities relating to prospecting, mining and mineral resources development; manufacturing activities and research into manufacturing methods, materials and industrial management; and activities associated with the building and construction industry.

### **Transport and communications**

Includes road construction, road maintenance, parking, water transport, rail transport, air transport, pipelines, multi-mode urban transit systems and communications.

**Other economic affairs**

Includes storage, saleyards, markets, tourism and area promotion, and labour and employment affairs.

**Other purposes**

Includes public debt transactions, general purpose inter-government transactions and natural disaster relief.

**50. Budgetary information (General Government sector only)**

The tables presented within this note provide a comparison of the original budget figures as presented in the 2009–10 Budget Statement to the 2009–10 final outcome figures as presented in accordance with AASB 1049 for the general government sector.

The original budget figures presented in the 2009–10 Budget Statements are presented on the Uniform Presentation Framework basis. The UPF is based on the ABS Government Finance Statistics (GFS) format. However, AASB 1049 requires that the original budget information be disclosed on the same basis, which includes in the same format, for the same scope and with the same content as the accounting basis to facilitate a comparison of actuals against the budget.

Unlike the actuals, the original budget figures have not been subject to an audit process.

As the SA Government does not present budgets on the AASB 1049 basis, a restated budget is presented in this note to align with the accounting basis specified by the standard.

The restated budget position for 2009–10 includes the following variations from the published UPF basis:

- gross down of transport concession revenue and expenses in the statement of comprehensive income due to the GFS requiring these concessions to be reflected as a expense to households rather than payments internal to government;
- reclassifying SAFA Commonwealth repayment from advance to borrowing in the statement of financial position (recorded as an advance under GFS);
- reinstating the lease liability in the statement of financial position and to reflect amortisation of lease liability for long term leases of electricity assets. Under GFS the lease transaction was recognised as a sale in the year the transaction occurred;
- take up of deferred tax asset in the statement of financial position in GG sector to reflect PNFC and PFC sector entities reporting deferred tax liabilities; and
- other reclassifications between lines in all financial statements reflecting changes to the format of the presentation of budget figures to the AASB 1049 basis.

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

For an analysis of the original budget to the final budget outcome variations please refer to the Final Budget Outcome (FBO).

**Statement of comprehensive income (\$million)**

	2009-10	2009-10	
	Original	Actual	Variance
	Budget	Audited	
	Unaudited	Audited	
<b>Revenue from transactions</b>			
Taxation revenues	3 529	3 645	116
Grant revenue	8 431	9 218	787
Charges for goods and services	1 438	1 576	138
Interest income	144	138	- 5
Dividends and income tax equivalents	388	431	43
Other revenues	488	496	8
<b>Total revenue from transactions</b>	<b>14 417</b>	<b>15 504</b>	<b>1 087</b>
<b>Expenses from transactions</b>			
Employee expenses	5 948	6 103	155
Superannuation interest cost	444	455	11
Other superannuation expenses	623	600	- 22
Depreciation and amortisation	601	633	32
Use of goods and services	3 339	3 473	134
Interest expenses	174	204	30
Grant expenses	3 363	3 650	286
Income tax expense	—	—	—
Other operating expenses	231	199	- 31
<b>Total expenses from transactions</b>	<b>14 721</b>	<b>15 316</b>	<b>595</b>
<b>Net result from transactions — Net operating balance</b>	<b>- 304</b>	<b>188</b>	<b>492</b>
<b>Other economic flows — included in net result</b>			
Net foreign exchange gains/(losses)	—	- 1	- 1
Net gain/(loss) on sale of non-financial assets	8	- 2	- 9
Net gain/(loss) on financial assets or liabilities at fair value	- 2	6	8
Net actuarial gains/(losses) of superannuation defined benefit plans	- 5	- 490	- 486
Revaluations to deferred income tax equivalents	—	338	338
Other net actuarial gains/(losses)	- 76	- 83	- 7
Other economic flows	- 12	- 40	- 27
<b>Total other economic flows — included in net result</b>	<b>- 87</b>	<b>- 270</b>	<b>- 183</b>
<b>Net result</b>	<b>- 391</b>	<b>- 82</b>	<b>309</b>
<b>Other economic flows — other non-owner movements in equity</b>			
Changes in property, plant and equipment asset revaluation reserve	41	9 785	9 744
Net gain on equity investments in other sectors	971	2 321	1 350
Net gain/(loss) on financial assets at fair value	—	3	3
<b>Total other economic flows — non-owner movements in equity</b>	<b>1 013</b>	<b>12 109</b>	<b>11 097</b>
<b>Comprehensive result — total change in net worth</b>	<b>622</b>	<b>12 027</b>	<b>11 405</b>
<b>Transactions with owners as owners</b>			
Restructures	—	- 6	- 6
<b>Total transactions with owners</b>	<b>—</b>	<b>- 6</b>	<b>- 6</b>
<b>Total change in net worth</b>	<b>622</b>	<b>12 021</b>	<b>11 399</b>
<b>Key fiscal aggregates</b>			
<b>Net operating balance</b>	<b>- 304</b>	<b>188</b>	<b>492</b>
Less net acquisition of non-financial assets	1 237	1 279	42
<b>Net lending/borrowing</b>	<b>-1 541</b>	<b>-1 091</b>	<b>450</b>

Note: Totals may not add due to rounding.

**Statement of financial position (\$million)**

	<b>2009-10 Original Budget Unaudited</b>	<b>2009-10 Actual Audited</b>	<b>Variance</b>
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	3 302	3 277	- 24
Receivables	1 573	1 999	426
Advances paid	689	676	- 13
Investments, loans and placements	156	163	8
Investments in other public entities	17 535	18 403	868
Investments — other	26	34	8
Interest in joint ventures	647	718	71
<b>Total financial assets</b>	<b>23 927</b>	<b>25 270</b>	<b>1 343</b>
<b>Non-financial assets</b>			
Produced assets			
Inventories	48	62	14
Machinery and equipment	1 426	2 245	819
Buildings and structures	13 037	22 604	9 567
Heritage assets	852	857	5
Biological assets	3	2	- 2
Intangibles	43	58	15
Non-financial assets held for sale	6	21	15
Other non-financial assets	59	50	- 8
Non-produced assets			
Land	2 767	3 763	996
Intangibles	—	39	39
Non-financial assets held for sale	24	26	2
<b>Total non-financial assets</b>	<b>18 265</b>	<b>29 727</b>	<b>11 462</b>
<b>Total assets</b>	<b>42 192</b>	<b>54 997</b>	<b>12 806</b>
<b>Liabilities</b>			
Deposits held	539	387	- 151
Advances received	—	—	—
Borrowing	5 751	5 126	- 625
Payables	1 124	1 397	273
Employee benefits	1 848	1 922	75
Superannuation	9 790	9 478	- 312
Provisions (other than employee benefits)	492	481	- 11
Other liabilities	387	612	225
<b>Total liabilities</b>	<b>19 931</b>	<b>19 404</b>	<b>- 527</b>
<b>Net assets/(liabilities)</b>	<b>22 261</b>	<b>35 594</b>	<b>13 333</b>
<b>Equity</b>			
Retained earnings	-1 347	208	1 555
Reserves			
Asset revaluation reserve	6 410	17 316	10 906
Other reserves	46	60	15
Financial assets available for sale reserve	—	3	3
Net equity investments in other sectors reserve	17 152	18 006	855
<b>Total equity (Net worth)</b>	<b>22 261</b>	<b>35 594</b>	<b>13 333</b>

Note: Totals may not add due to rounding.

**Statement of cash flows (\$million)**

	<b>2009-10 Original Budget Unaudited</b>	<b>2009-10 Actual Audited</b>	<b>Variance</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash inflows (receipts):</b>	3 618	3 685	67
Taxes received	8 431	9 247	816
Grants received	1 354	1 457	103
Sales of goods and services	131	128	- 3
Interest receipts	266	424	158
Dividends received	539	815	276
Other receipts	<b>14 339</b>	<b>15 756</b>	<b>1 417</b>
<b>Cash generated from operating activities</b>			
<b>Cash outflows (payments):</b>			
Payment for employees	-6 965	-7 128	- 164
Purchase of goods and services	-3 529	-3 391	139
Interest paid	- 174	- 159	15
Grants paid	-3 155	-3 685	- 530
Other payments	- 221	- 466	- 245
<b>Cash used in operating activities</b>	<b>-14 044</b>	<b>-14 828</b>	<b>- 785</b>
<b>Net cash flows from operating activities</b>	<b>295</b>	<b>928</b>	<b>633</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Non-financial assets</b>			
Sales of non-financial assets	341	19	- 322
Purchases of non-financial assets	-2 172	-2 136	36
<b>Net cash flows from investments in non-financial assets</b>	<b>-1 831</b>	<b>-2 117</b>	<b>- 286</b>
<b>Financial assets (policy purposes)</b>			
Advances repaid	146	141	- 5
Advances granted	- 5	- 5	—
<b>Net cash flows from investments in financial assets</b>	<b>141</b>	<b>136</b>	<b>- 5</b>
<b>Financial assets (liquidity management purposes)</b>			
Sale of investments	1	2	1
Purchases of investments	- 16	- 24	8
<b>Net cash flows from investments in financial assets</b>	<b>- 15</b>	<b>- 22</b>	<b>7</b>
<b>Net cash flows from investing activities</b>	<b>-1 705</b>	<b>-2 003</b>	<b>298</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash inflows (receipts):</b>			
Deposits received	76	62	- 14
Borrowings	1 959	1 254	- 706
<b>Cash generated from financing activities</b>	<b>2 036</b>	<b>1 316</b>	<b>- 720</b>

Note: Totals may not add due to rounding.

**Statement of cash flows (continued)**

	<b>2009-10</b>	<b>2009-10</b>	
	<b>Original</b>	<b>Actual</b>	<b>Variance</b>
	<b>Budget</b>	<b>Audited</b>	
	<b>Unaudited</b>	<b>Audited</b>	
<b>Cash outflows (payments):</b>			
Advances repaid	- 1	—	1
Deposits paid	- 1	- 10	- 9
Borrowings	- 238	- 12	226
Other financing	—	- 25	- 25
<b>Cash used in financing activities</b>	<b>- 240</b>	<b>- 48</b>	<b>192</b>
<b>Net cash flows from financing activities</b>	<b>1 796</b>	<b>1 268</b>	<b>- 527</b>
<b>Net inc/dec in cash and cash equivalents</b>	<b>386</b>	<b>193</b>	<b>- 193</b>
Cash and cash equivalents at beginning of the year	2 916	3 084	168
<b>Cash and cash equivalents at the end of the year</b>	<b>3 302</b>	<b>3 277</b>	<b>- 25</b>
<b>Key fiscal aggregate:</b>			
Net cash flows from operating activities	295	928	633
Net cash flows from investments in non-financial assets	-1 831	-2 117	- 286
<b>Cash surplus/(deficit)</b>	<b>-1 536</b>	<b>-1 189</b>	<b>347</b>

Note: Totals may not add due to rounding.

## 51. Key technical terms used in the financial report

### ABS GFS Manual

The Australian Bureau of Statistics (ABS) publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005* as updated from time to time.

### Capital transfers

Transactions in which ownership of an asset (other than cash and inventories) is transferred from one institutional unit to another, in which cash is transferred to enable the recipient to acquire another asset, or in which the funds realised by the disposal of another asset are transferred, for which no economic benefits of equal value are receivable or payable in return.

### Cash surplus/(deficit)

Equals net cash flows from operating activities plus net cash flows from acquisition and disposal of non-financial assets less distributions paid. GFS cash surplus/(deficit) also deducts the value of assets acquired under finance leases and similar arrangements.

### Change in net worth

Change in net worth (comprehensive result) is revenue from transactions less expenses from transactions plus other economic flows, and measures the variation in a government's accumulated assets and liabilities. It excludes any adjustments to the prior period and transactions with owners as owners.

### Contingent asset

A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

### Contingent liability

A potential financial obligation arising out of a condition, situation, guarantee or indemnity, the ultimate effect of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events.

### Convergence difference

Relates to the difference between the amounts recognised in the financial statements compared with the amounts determined for GFS purposes as a result of differences in definition, recognition, measurement, classification and consolidation principles and rules.

### Current transfers

The provision of something of value for no specific return or consideration and include grants, subsidies and donations.

### Finance lease

Lease agreements that transfer substantially all the risks and benefits relating to ownership of an asset from the lessor (legal owner) to the lessee (party using the asset).

**Financial asset**

Includes any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right:
  - (i) to receive cash or another financial asset from another entity; or
  - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
  - (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

**General Government Sector (GGS)**

The institutional sector comprising all government units and non-profit institutions controlled and mainly financed by government.

**Government Finance Statistics (GFS)**

Enables policymakers and analysts to study developments in the financial operations, financial position and liquidity situation of the government. More details about the GFS can be found in the Australian Bureau of Statistics (ABS) GFS Manual *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005*.

**Government Purpose Classification (GPC)**

Classifies outlays or expenditure transactions by the purpose served, e.g. health, education.

**Key fiscal aggregates**

Financial aggregates are important for analysis purposes, including assessing the impact of a government and its sectors on the economy.

**National Partnership Payments**

Grants received from the Commonwealth to support delivery of specified projects, to facilitate reforms or to reward jurisdictions that deliver on national reforms.

**Net acquisition/(disposal) of non-financial assets from transactions**

Includes purchases (or acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. Purchases and sales (or net acquisitions) of non-financial assets generally include accrued expenses and payables for capital items. Purchases exclude non-produced assets and valuables which are included in other movements in non-financial assets.



### **Net actuarial gains**

Includes actuarial gains and losses on defined benefit superannuation plans, employee leave entitlements, workers compensation entitlements and various other provisions.

### **Net cash flows from investments in financial assets (liquidity management purposes)**

Equals cash receipts from liquidation or repayment of investments in financial assets for liquidity management purposes less cash payments for such investments. Investment for liquidity management purposes means making funds available to others with no policy intent and with the aim of earning a commercial rate of return.

### **Net cash flows from investments in financial assets (policy purposes)**

Equals cash receipts from the repayment and liquidation of investments in financial assets for policy purposes less cash payments for acquiring financial assets for policy purposes. Acquisition of financial assets for policy purposes is distinguished from investments in financial assets (liquidity management purposes) by the underlying government motivation for acquiring the assets.

Acquisition of financial assets for policy purposes is motivated by government policies such as encouraging the development of certain industries or assisting citizens affected by natural disaster.

### **Net debt**

Net debt measures a government's net stock of selected gross financial liabilities less financial assets. Net debt equals the sum of deposits held, advances received, loans and other borrowing less the sum of cash and deposits, advances paid and investments, loans and placements.

### **Net financial liabilities**

Total liabilities less financial assets, other than equity in PNFCs and PFCs. This measure is broader than net debt as it includes significant liabilities other than borrowings (for example, accrued employee liabilities such as superannuation and long service leave entitlements).

### **Net financial worth**

A measure of a government's net holdings of financial assets. It is calculated from the Uniform Presentation Framework balance sheet as financial assets minus liabilities.

Net financial worth is a broader measure than net debt, in that it incorporates provisions (such as superannuation, but excludes depreciation and doubtful debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities.

### **Net lending/(borrowing)**

Equals net operating balance minus the net acquisition/(disposal) of non-financial assets. It is also equal to transactions in the net acquisition/(disposal) of financial assets minus the net incurrence of liabilities. It indicates the extent to which financial resources are placed at the disposal of the rest of the economy or the utilisation of financial resources generated by the rest of the economy.

A net lending (or fiscal surplus) balance indicates that the public sector is saving more than enough to finance all its investment spending. A net borrowing (or fiscal deficit) position indicates that the public sector's level of investment is greater than its level of savings.

**Net operating balance**

Calculated from the operating statement as income from transactions less expenses from transactions. It is a summary measure of the ongoing sustainability of operations and excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to Government policies.

**Net other economic flows**

Equals the net change in the volume or value of assets and liabilities that does not result from transactions.

**Net result**

Is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'.

**Net worth**

Is an economic measure of wealth and provides a relatively comprehensive picture of a government's overall financial position. It is calculated as total assets less total liabilities and less shares/contributed capital. For the GGS, net worth is assets less liabilities, since shares and contributed capital do not exist in a GGS context.

**Non-financial assets**

All assets that are not 'financial assets', predominantly land and other fixed assets.

**Other revenues**

Refers to revenue other than revenue from taxes, sales of goods and services, property income and Commonwealth Grants, etc. It includes revenue from fines other than penalties imposed by tax authorities.

**Superannuation expenses**

Includes all superannuation expenses from transactions except superannuation interest cost. It generally includes current service cost, which is the increase in entitlements associated with the employment services provided by employees in the current period. Superannuation actuarial gains/losses are excluded as they are considered other economic flows.

**Other economic flows**

Changes in the volume or value of an asset or liability that do not result from transactions (e.g. revaluations).

**Public Financial Corporations (PFC) sector**

Is the institutional sector comprising resident government controlled corporations and quasi-corporations mainly engaged in financial intermediation or provision of auxiliary financial services.

**Public Non-Financial Corporations (PNFC) sector**

Is the institutional sector comprising resident government controlled corporations and quasi-corporations mainly engaged in the production of market goods and/or non-financial services.

**Superannuation interest cost**

Represents the carrying cost of unfunded superannuation liabilities, net of interest revenue on plan assets of defined benefit schemes.

**Tax Equivalents Regime (TER)**

The mechanism to ensure that public corporations incur similar tax liabilities to privately owned organisations. Thus, greater parity exists between the cost structures of government controlled trading entities and the private sector, aiding in the achievement of competitive neutrality.

**Uniform Presentation Framework (UPF)**

A uniform reporting framework agreed by the Australian Loan Council in 2000, which is a revision of the agreement reached at the 1991 Premiers' Conference. The UPF was further updated and reissued in April 2008 to incorporate the new accounting standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The UPF specifies that the Commonwealth, state and territory governments will present a minimum set of budget and financial outcome information on the Government Finance Statistics basis according to an agreed format and specified Loan Council reporting arrangements.

**Whole of government financial report**

A financial report that is prepared in accordance with Australian Accounting Standards, including AASB 127 *Consolidated and Separate Financial Statements*, and thereby separately recognises assets, liabilities, income, expenses and cash flows of all entities under the control of the government on a line-by-line basis.

## **Statement by the Acting Treasurer and Under Treasurer**

The Consolidated Financial Report for the year ended 30 June 2010 for the State of South Australia has been prepared by the Department of Treasury and Finance through the consolidation of audited financial information provided by South Australian public sector controlled reporting entities.

In our opinion, the Consolidated Financial Report set out on pages 4 to 82:

- has been prepared in accordance with Australian Accounting Standards, in particular AASB 1049: *Whole of Government and General Government Sector Financial Reporting*, Treasurer's instructions, Accounting Policy Frameworks and the *Public Finance and Audit Act 1987*, as amended; and
- presents a true and fair view of the financial position of the Government of South Australia and the general government sector as at 30 June 2010 and the results of its operations and its cash flows for the year then ended.

**(signed)**

Patrick Conlon  
Acting Treasurer

7/12/2010

**(signed)**

Brett Rowse  
Under Treasurer

3/12/2010

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



Ref: A10/314

13 December 2010

Mr B Rowse  
Under-Treasurer  
Department of Treasury and Finance  
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Dear Mr Rowse

### **CONSOLIDATED FINANCIAL REPORT YEAR ENDED 30 JUNE 2010**

An audit review of the South Australian Consolidated Financial Report for the year ended 30 June 2010 was recently completed.

#### **Background**

Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049) applies to annual reporting periods beginning on or after 1 July 2008.

AASB 1049 requires governments to prepare Whole of Government and General Government Sector financial reports in accordance with the standard.

The Consolidated Financial Report for the year ended 30 June 2010 comprises both Whole of Government and General Government Sector financial reports.

#### **Audit Mandate and Auditor's Report**

As previously reported to you and the Parliament, there is presently no requirement under the *Public Finance and Audit Act 1987* or other legislation to provide an independent auditor's report on the preparation of the Consolidated Financial Report. I have therefore not issued a formal independent auditor's report.

I do, however, consider it both valuable and within the ambit of wider public expectation that such financial information should be subject to some form of independent review regarding its credibility and validity. As a result, Audit has performed sufficient work to provide the following observations in respect to the Consolidated Financial Report for the year ended 30 June 2010.

## Scope of Audit

The Consolidated Financial Report comprises:

- a General Government Statement of Comprehensive Income
- a General Government Statement of Financial Position
- a General Government Statement of Changes in Equity
- a General Government Statement of Cash Flows
- a Whole of Government Statement of Comprehensive Income
- a Whole of Government Statement of Financial Position
- a Whole of Government Statement of Changes in Equity
- a Whole of Government Statement of Cash Flows
- Notes to the Consolidated Financial Report
- a Statement by the Acting Treasurer and Under-Treasurer.

The key features of the audit of the Consolidated Financial Report included reviewing:

- the principles adopted in defining the economic entity for Consolidated Financial Report purposes
- controls and procedures within the Department of Treasury and Finance (DTF) for evaluating the reliability and validity of data forwarded by agencies
- the adequacy and reliability of the Hyperion database as a medium for the preparation of the Consolidated Financial Report
- processes for preparing of the Consolidated Financial Report
- compliance with appropriate legislation and accounting frameworks.

The audit was conducted in accordance with Australian Auditing Standards to obtain reasonable assurance as to whether the Consolidated Financial Report was free of material misstatement.

The audit procedures involved assessing controls operating over the preparation of the Consolidated Financial Report and testing evidence supporting the amounts and other disclosures in the Consolidated Financial Report. This included evaluating accounting policies and significant accounting estimates in the Consolidated Financial Report and compliance with Australian Accounting Standards and, where applicable, Treasurer's Instructions promulgated under the *Public Finance and Audit Act 1987*.

## Audit Findings and Comments

The audit of the 2009-10 Consolidated Financial Report revealed a number of reporting matters that would need to be addressed in order to provide an unmodified independent auditor's report should such an opinion be given.

The matters identified include:

- completeness and accuracy of Consolidated Financial Report items
- inclusion of unaudited data.

These matters were discussed with relevant officers in DTF and are set out in the attachment to this letter.



## Other Matters

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

I trust that the matters raised will be of assistance to the continual improvement of the Consolidated Financial Report. If you wish to discuss any matter in relation to this letter, please contact Mr Andrew Richardson and/or Mr Robert Huddy on 8226 9640 at your convenience.

Your comments in relation to the matters in this letter would be appreciated by 17 January 2010.

Yours sincerely,



S O'Neill  
**AUDITOR-GENERAL**

## CONSOLIDATED FINANCIAL REPORT – AUDIT FINDINGS AND COMMENTS

### 1. Matters that Would Cause Qualification to an Independent Auditor’s Report

#### 1.1 Completeness and Accuracy of Financial Statements

Issues that arose during the audit of individual agency 2009-10 financial statements that impact on the completeness and accuracy of particular Consolidated Financial Report items include:

- *Department for Transport, Energy and Infrastructure*

The Department recognised grants from the Commonwealth Government as liabilities representing income received in advance in the years 2005-06 to 2007-08 and bring this income to account in subsequent financial reporting periods. In my opinion, the grants meet the recognition criteria of income as specified in AASB 1004 and DTF Accounting Policy Framework V ‘Income Framework’, ie the grants represent contributions with unconditional stipulations and as such should be recognised as income upon receipt. Consequently, the following financial statements lines were misstated:

- Total income and total comprehensive result have been overstated by \$42.0 million (overstated by \$43.3 million in the year ended 30 June 2009)
- Other current liabilities have been overstated by \$11.7 million (\$53.7 million as at 30 June 2009)
- Accumulated Surplus as at 30 June 2010 has been understated by \$11.7 million (\$53.7 million as at 30 June 2009).

I qualified the Department’s financial statements for 2009-10. As a result I am unable to form an opinion of the impact of these matters on the Consolidated Financial Report for the year ended 30 June 2010.

- *Department for Environment and Heritage*

The Statement of Administered Assets and Liabilities excludes unallotted Crown Land, as the Department has not been able to formulate a suitable methodology for determining a reliable measure of the value of these holdings. In addition, limitations exist on the reliability of the base information used to determine the valuation of Property, Plant and Equipment of the Crown as reported in the Statement of Administered Assets and Liabilities.

I qualified the Department’s financial statements on this basis for 2009-10. As a result I am unable to form an opinion of the impact of these matters on the Consolidated Financial Report for the year ended 30 June 2010.

## 1.2 Inclusion of Unaudited Data

The Consolidated Financial Report captures health services (incorporated under the *South Australian Health Commission Act 1976*). Health service financial statements not finalised at the time of this letter include:

- Central Northern Adelaide Health Service.
- Health, Ageing, Community and Disability Services Ministerial Council.

## 1.3 Land Under Roads

The Department for Transport, Energy and Infrastructure (DTEI), the agency responsible for managing all land under roads controlled by the South Australian government, has elected to not recognise land under roads acquired prior to 1 July 2008. This accounting policy choice is allowable under Australian Accounting Standard AASB 1051 *Land Under Roads*.

AASB 1049 requires that where an accounting standard permits a choice of accounting policy, the policy that aligns with Government Finance Statistics (GFS) principles must apply. GFS principles require measurement of all assets at market value. Under this interpretation the election permitted in AASB 1051 cannot be applied to the general government sector or whole of government reports. Exclusion of land under roads from the Consolidated Financial Report is therefore not in compliance with the requirements of AASB 1049.

The Consolidated Financial Report (Note 1(d)) outlines the practical difficulties in recognising land under roads, noting that:

- A full inventory of land under roads controlled by the SA Government does not currently exist.
- Determining ownership and control, particularly with respect to easements, footpaths and road reserves is problematic.
- While Valuers-General across Australia accept that land under roads should be valued with reference to the value of adjoining land discounted to account for the restricted use of the land, the Valuers-General have not recommended a methodology to determine an appropriate discount rate to use.

As a consequence I am unable to form an opinion of the impact of this matter on the Consolidated Financial Report for the year ended 30 June 2010.

## 2. Other Matters

### 2.1 Disclosures required under AASB 7 *Financial Instruments: Disclosures*

AASB 7 specifies the disclosure requirements for financial instruments. I note that DTF was unable to obtain reliable information to support the following disclosure requirements of the Standard:

- Fair Value Hierarchy

AASB 7 requires entities to categorise and disclose, for each class of financial instrument, the level in a fair value hierarchy into which a class of financial instrument belongs. DTF were unable to obtain reliable information to support this disclosure in the Consolidated Financial Report for 2009-10.

I recommend that DTF review its data collection procedures and determine whether it can obtain reliable information to support the fair value hierarchy disclosure requirements of AASB 7.

- Credit Risk

AASB 7 requires entities to disclose, by class of financial instrument, information about the credit quality of financial assets that are neither past due nor impaired. To meet this disclosure requirement the Consolidated Financial Report includes a table that identifies the percentage of credit risk exposure by credit rating for the whole of government.

I note that this table is based on information that does not include financial assets managed by the Superannuation Funds Management Corporation of South Australia (Funds SA).

This information is unavailable because Funds SA is not required to comply with the AASB 7 and therefore does not acquire the information necessary to support disclosure of credit risk by credit rating.

Financial assets managed by Funds SA and included in the Consolidated Financial Report exceed \$12 billion. Exclusion of credit risk exposures for financial assets managed by Funds SA reduces the meaningfulness of this disclosure within the Consolidated Financial Report.

I recommend that DTF review its data collection procedures to determine whether it can obtain, from Funds SA, the necessary reliable information to improve the meaningfulness of credit risk disclosures included in the Consolidated Financial Report.

### 2.2 Designation of financial assets at fair value through profit or loss

As indicated, Funds SA manages assets valued at about \$12 billion on behalf of public sector and other eligible superannuation funds. AASB 139 *Financial Instruments: Recognition and Measurement* requires an entity to classify financial assets into the following four categories:

- Financial asset at fair value through profit or loss

- Held-to-maturity investments
- Loans and receivables
- Available-for-sale financial assets

The classification of financial assets can impact on their recognition, measurement and disclosure.

While movements in the fair value of Funds SA assets under management are recognised in the whole of government Statement of Comprehensive Income, the financial assets are not formally classified as required by AASB 139. This is because Funds SA is not required to comply with the requirements of AASB 139 and therefore has not classified financial assets under management in this manner.

Recognising movements in the fair value of these assets through the Statement of Comprehensive Income is consistent with the recognition treatment for the underlying superannuation liabilities that these financial assets are held to support. Notwithstanding, I recommend that DTF, in liaison with Funds SA, formally classify Funds SA's assets under management as required under AASB 139 and retain documentation to support this classification.

### **2.3 Disclosures required under AASB119 *Employee Benefits***

AASB 119 (paragraph 120A) specifies a series of disclosure requirements for superannuation defined benefit plans. These disclosure requirements apply for both state and multi-employer plans. I note that the Consolidated Financial Report does not include all of the disclosures specified AASB 119.

I understand that the financial reporting disclosures currently included in the Consolidated Financial Report are based on data submitted by DTF's in-house actuary. I recommend that DTF review its data collection procedures to determine whether it can obtain the necessary information to include the specific defined benefit plan disclosures required under AASB 119.