

SOUTH AUSTRALIA

Report
of the
Auditor-General

Supplementary Report
for the
year ended 30 June 2010

Tabled in the House of Assembly and ordered to be published, 8 February 2011

First Session, Fifty-Second Parliament

State Finances and Related Matters:
November 2010
Erratum

By Authority: B. Morris, Government Printer, South Australia



7 February 2011

The Hon R K Sneath, MLC
President
Legislative Council
Parliament House
ADELAIDE SA 5000

The Hon L R Breuer, MP
Speaker
House of Assembly
Parliament House
ADELAIDE SA 5000

9th Floor
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

Dear President and Speaker

Report of the Auditor-General
Supplementary Report for the year ended 30 June 2010
State Finances and Related Matters: November 2010
Erratum

On the 23 November 2010, pursuant to section 36 (3) of the Public Finance and Audit Act 1987, I delivered to each of you a copy of my Supplementary Report for the year ended 30 June 2010 'State Finances and Related Matters: November 2010'.

The Supplementary Report which was tabled in Parliament on 24 October 2010, contained an error in two charts presented in the Report and an explanatory paragraph to one of the charts.

The following provides error and correction details for each chart and the explanatory paragraph presented on pages 63 and 64 of the Supplementary Report.

Erratum Details

Table with 3 columns: Page Number, Reference, and Error and Correction Details. It lists errors and corrections for Chart 10.1, Chart 10.2, and a paragraph following Chart 10.2.

Please find attached two replacement amended pages (pages 63 and 64) to my Supplementary Report for the year ended 30 June 2010 'State Finances and Related Matters: November 2010'.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S O'Neill', with a small horizontal line at the end.

S O'Neill
AUDITOR-GENERAL

10 COMPARISON WITH OTHER STATES

10.1 SOME OBSERVATIONS

The purpose of this analysis is to draw attention to trends for this State over time and the relative differences between jurisdictions. No suggestions are made as to what is regarded as optimal. However, significant variations or negative trends would warrant consideration as to the related implications.

Across jurisdictions, these indicators are influenced by varying valuation approaches between states for both assets and liabilities, differences in the type and level of infrastructure, and can be associated with higher debt levels. Infrastructure can also be provided through the private sector and therefore not be included in government data.

Importantly before drawing conclusions, any assessment needs a sound understanding of the specific circumstances prevailing in different states. I have not sought to provide all of the relevant information in this Report. Rather I take the opportunity to show what each State is forecasting through to 2014.

The following table shows 2010-11 budgeted total revenue for each State.

Table 10.1 — 2010-11 Budgeted general government total revenue by State

State	NSW	VIC	QLD	WA	SA	TAS
	\$'million	\$'million	\$'million	\$'million	\$'million	\$'million
Total Revenue	57 669	45 759	40 606	22 591	15 086	4 563

Given the relative differences in size and level of financial activity of each State, comparisons that follow are given as proportions of total revenue in each State.

10.2 OPERATING STATEMENT

The following charts compare some trends in the GFS information with other states using 2010-11 budget data.

Chart 10.1 — General government sector net operating balance as a proportion of total revenue

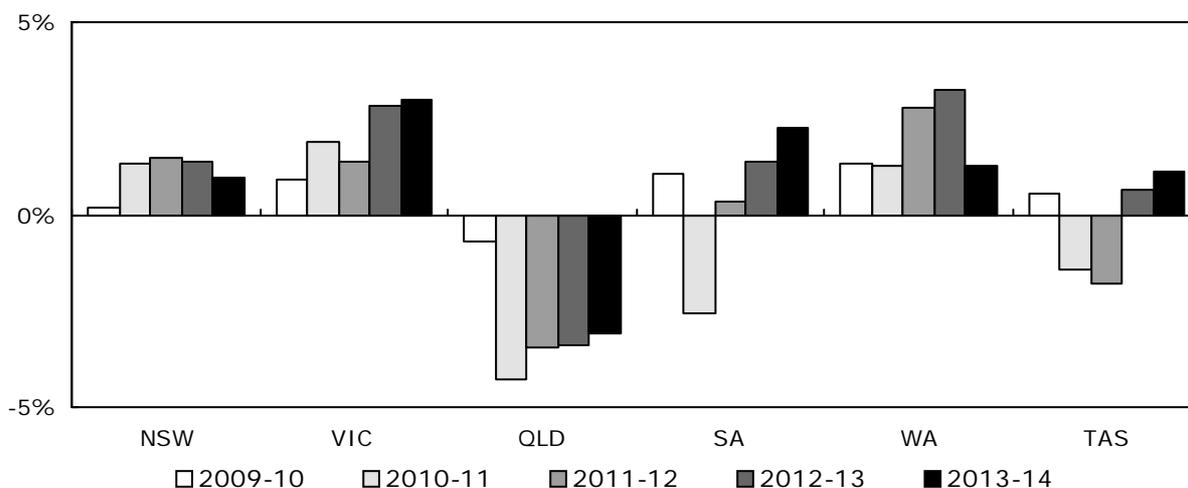
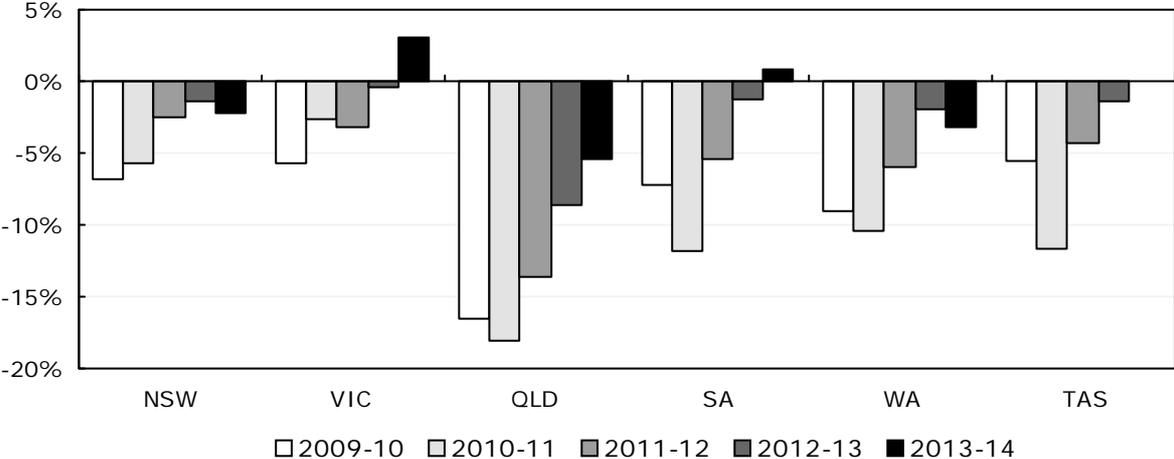


Chart 10.1 shows that projections for South Australia’s net operating balance as a ratio to total revenue compares reasonably favourably with other states from 2011-12 onwards. South Australia, Queensland and Tasmania each have projected negative ratios for the 2010-11 financial year.

Chart 10.2 – General government sector net lending (borrowing) as a proportion of total revenue



As detailed in chart 10.2, most states (except for Victoria, South Australia and Tasmania) are estimating net lending deficits (borrowing) outcomes for all or most of the four years to 2013-14.

Chart 10.2 shows that South Australia’s net borrowing as a proportion of total revenues is consistent with other states.

10.3 BALANCE SHEET

10.3.1 Ratio of net financial liabilities to revenue

The fiscal targets include a measure, the ratio of net financial liabilities to revenue. This measure is broader than net debt as it includes significant liabilities other than borrowings, such as unfunded superannuation and long service leave entitlements. This ratio is sensitive to the interest rate used to value unfunded superannuation liabilities. The rate used by each State may vary.

The following chart plots the ratio of net financial liabilities to revenue for each of the States.

Chart 10.3 – Ratio of net financial liabilities to revenue

