

TREASURER TOM KOUTSANTONIS

Thursday, 7 July 2016

Back in black and creating jobs

The 2016–17 Budget records a **\$258 million** surplus in 2015-16 allowing the Government to build on the economic stimulus and tax reforms provided in last year's Budget to create more jobs for more South Australians in a modern economy.

This is the eighth time the Government has recorded a Budget surplus which is predicted to increase across the forward estimates.

Nearly 6,000 more South Australians have been employed since the 2015-16 Budget which delivered **\$670 million** in tax reforms to South Australian businesses, reduced the WorkCover levy and continued record investment in infrastructure.

Our responsible fiscal management has allowed the Budget to invest heavily to create jobs and undertake a **\$500 million** upgrade of our school facilities.

The centre-piece of our Budget will be a **\$109 million** Jobs Accelerator Grant scheme which will incentivise the State's business community to employ more South Australians.

The Government will also invest **\$135 million** to support our entrepreneurs grow future industries and encourage more international and interstate tourism.

This Budget will support jobs by assisting businesses that want to grow, while also investing to modernise the South Australian economy to develop the industries and jobs of the future.

We are introducing measures that make it easier for businesses to employ new staff. We are continuing our support for small business and supporting new and emerging businesses to grow.

The 2016-17 Budget also delivers more than \$1.5 billion in infrastructure spending in each year of the forward estimates and invests in new commitments focusing on schools and public transport.

Background

Budget strategies and targets

The expected outcome for 2015–16 is on track to deliver the state's first operating surplus since 2009–10 following the fallout from the global financial crisis.

A net operating balance surplus of \$258 million has been met in 2015–16 surpluses are predicted to grow over the forward estimates.



Most government fees and charges only increased by 1.7 per cent on 1 July.

The 2016–17 Budget continues the emphasis on expenditure restraint to restore the overall fiscal position.

The government has revised its wages policy to limit wage growth to a maximum of 1.5 per cent per annum over the next three years of each enterprise agreement. This will save \$13.3 million in 2016–17 rising to \$168.8 million in 2019–20 compared to the existing wage policy of limiting wage growth to 2.5 per cent per annum.

The government's fiscal target 3, which is to achieve a maximum ratio of net debt to revenue of 35%, will be met across all years, even with the recognition of the \$2.8 billion finance lease liability for the new Royal Adelaide Hospital on the state's balance sheet in 2016–17.

Job Accelerator Grant scheme

The 2016–17 Budget introduces a grant scheme (**\$109 million** over three years) which will provide:

a \$10 000 grant for each additional person hired between 1 July 2016 and 30 June 2018 and maintained for two years for businesses with an annual payroll of between \$600 000 and \$5 million, and

a \$4000 grant for start-up and smaller businesses not liable for payroll tax (below \$600 000 annual payroll) for each additional person hired over the same period.

It is estimated that the grants will be provided for 14 000 full-time equivalent positions created in total.

Education

The government will invest **\$500 million** as part of an education infrastructure investment initiative to upgrade our primary and secondary school facilities.

As part of this initiative the government will provide **\$250 million** to invest in 139 science and technology facilities in public schools.

The government is also establishing a **\$250 million** loan facility for non-government schools for infrastructure projects, allowing schools to borrow at the same rate as government.

This 2016–17 Budget provides additional ongoing support for government funded preschools to meet new educator to child ratios of one educator for every 11 children from 1 January 2016.

\$10.6 million is provided to modernise the South Australian Certificate of Education (SACE), including the transition from paper-based to online assessment of examinations.

Media Contact: David Russell 0434 307 012



Payroll tax rebate

The small business payroll tax concession introduced in the 2013–14 Budget will be extended for an additional four years to 2019–20.

The four-year extension of the rebate will cost around **\$10 million** per year and provide a benefit of up to \$9800 each year to an estimated 2300 businesses.

Off-the-plan stamp duty concession

An estimated 600 apartment purchasers will benefit from the concession which has been expanded to cover all new apartments across the state, with a maximum concession of \$15,500 available.

SA Made Campaign and Tourism

The government will provide **\$2 million** to Brand SA to undertake an awareness campaign to support consumers to identify and choose products which support South Australian jobs.

Tourism, Marketing and Major Events Fund (**\$35 million** over two years), extending the 2015–16 Budget measure to 2018–19 to continue to secure new events and market the State's current events and tourism offerings

Defence

\$6 million over three years in the budget to secure new investment in South Australia from defence related industries.

\$4 million over four years for an engagement strategy with France.

\$1m provided for a master plan of the Techport site.

Future jobs

The government will spend at least **\$20 million** per year on innovation programs. New measures in this Budget include:

\$10 million for the South Australian Early Commercialisation Fund to assist start-ups at the pre-seed and seed stage of development so they are better positioned to attract long-term investment.

\$7.5 million for the University of South Australia's Future Industries Institute to encourage innovation, collaboration and new industry.

\$4.7 million towards the Gig City project creating an ultra-high speed broadband.

\$50 million South Australian Venture Capital Fund.

Media Contact: David Russell 0434 307 012



Nuclear Royal Commission

\$3.6 million to engage with the community and develop an informed response to the Final Report of the Nuclear Fuel Cycle Royal Commission.

Health

The 2014-15 Commonwealth budget cuts resulted in cuts to the state's health budget totalling \$1.25 billion between 2016-17 and 2019-20.

In April 2016, only around 18% of the Commonwealth's budget cuts to healthcare over 2017-18 to 2019-20 was reinstated. A funding shortfall of **\$741.6 million** over 5 years still exists.

The 2016-17 Budget provides funding of **\$527 million** to further address the funding shortfall created by the ongoing impacts of the 2014-15 Commonwealth budget cuts to health and to support on-going reforms in the State's health system.

In addition, \$44 million over four years will be provided for Indigenous health providing a range of initiatives to help close the gap in health outcomes for Indigenous South Australians.

Transport

\$50 million over two years to extend the tram network along North Terrace to the old Royal Adelaide Hospital site.

\$48.0 million over two years will be provided for a major mechanical upgrade and modernisation of 50 diesel railcars.

\$44.4 million is provided over four years for an industry assistance package to taxi and chauffeur vehicle industry in response to reforms to the sector.

Making South Australia the best place to do business

\$24.8 million over five years from 2016-17 for a new ePlanning system.

\$20 million over two years to increase the Economic Investment Fund.

The government will also undertake *Repeal Day* to remove out-dated and redundant legislation. A Bill to repeal legislation which is counterproductive to business or redundant will be tabled in Parliament in November.

Protecting the community

\$169 million will be spent on a wide range of initiatives to continue to reform our justice system, maintain our emergency services and ensure police can take a national approach to domestic violence.

Media Contact: [David Russell](mailto:David.Russell@sa.gov.au) 0434 307 012



\$16.1 million over 4 years will be provided to meet the government's commitment to recruit 313 additional police officers.

\$1.3 million over 3 years towards a national system for SA Police to share information on domestic violence orders.

\$4.5 million to reduce the time it takes for serious criminal matters to come to trial.

\$56.1 million will be provided towards constructing 198 additional prison beds at Mobilong, Mount Gambier, and Port Augusta prisons.

\$10.6 million over 5 years will be provided for continuous screening assessments of people who work or volunteer with children.

\$9.9 million of funding over 4 years for additional rehabilitation programs in prisons.

\$16.2 million over 4 years to implement fuel management strategies across the state.

\$2 million over 4 years to enable Zone Emergency Management Committees to continue to plan and implement actions in support of the State Emergency Management Plan.

\$3.6 million in funding to the Independent Commissioner Against Corruption and Office for Public Integrity will for new IT systems and resources.

Community

\$44.4 million over 4 years Funding to improve Aboriginal health outcomes.

\$8.7 million over 4 years to continue the operation of the Community Mental Health Rehabilitation Service in Whyalla.

\$90.7 million in additional disability funding will be provided to support the transition to the NDIS and provide additional disability services support.

\$450,000 for Together SA to continue work in northern and southern Adelaide under the government's thriving communities agenda.

\$8.5 million over 3 years for relief and recovery grants, clean up grants for primary producers and case management and mental health services as a result of the Pinery bushfire.

\$1.5 million over 3 years as additional to support and rehabilitate people affected by problem gambling.

The Budget includes funding to for Justice Nyland's interim recommendations from the inquiry into South Australia's child protection system. Additional funding will be provided if required to respond to Justice Nyland's final recommendations anticipated in early 2016-17.

Media Contact: David Russell 0434 307 012



Arts, sport and culture

\$7.3 million to revitalise laneways between the Adelaide Central Market and Riverbank Precinct in partnership with the Adelaide City Council.

\$10 million in 2015–16 to Football Federation South Australia to upgrade soccer facilities across the state.

\$10 million over 3 years to provide facilities for female participation in sport.

\$5 million towards the development of the Port Pirie Memorial Oval.

\$2 million towards the Regional level BMX facility at O'Halloran Hill Recreation Reserve.

\$7.5 million to the City of Charles Sturt to upgrade the St Clair Recreation.

\$4.6 million in land to be transferred to the City of Port Adelaide Enfield to develop an indoor community, recreation and sport facility.

\$3 million toward the Tea Tree Gully footpath renewal program.

\$35.2 million over 3 years to redevelop Her Majesty's Theatre.

\$15 million over 4 in extra Arts funding.

\$3.1 million over 4 years towards enhancing the OzAsia Festival.

\$1.4 million over 3 years for a live music events start up fund.

\$1 million to secure the Cedars for public viewing in perpetuity.

\$500,000 to develop a business case for a new Contemporary Gallery.

\$1 million in additional funding in 2015-16 for South Australian Film Corporation.

Supporting our regions

\$50 million funding to support a new owner of the Whyalla steelworks.

\$9.6 million is provided for an interest-free loan scheme to support small businesses experiencing cash-flow challenges as a result of Arrium entering administration.

\$24 million over three years already provided for the Northern Economic Plan to support our northern suburbs' economic transition after the closure of the GM Holden plant.

Media Contact: [David Russell 0434 307 012](tel:0434307012)



Climate change and the environment

Nearly **\$100 million** will be directed towards initiatives aimed at protecting, sustaining and enhancing our clean environment and tackling climate change are included in the budget.

Solid waste levy

The metropolitan solid waste levy will be increasing to \$103 by 2019-20. The solid waste levy increases will generate an additional **\$63.6 million** in revenue over 4 years to fund a number of climate change initiatives. Initiatives funded through the increase in the levy include:

\$26.4 million on local government and waste infrastructure, investment and innovation programs sector programs

\$15.8 million over 4 years on environmental assessment and remediation waste reform compliance

\$10 million over 3 years for cycling pathways

\$11.6 million over 4 years to Carbon Neutral Adelaide initiatives aimed at reducing emissions

\$1.2 million on scrap metal recycles rebate scheme

Quotes attributable to Treasurer Tom Koutsantonis

This Budget will deliver unprecedented upgrades to our schools. It will incentivise South Australian small businesses to employ more people. It continues our record infrastructure spend and backs our entrepreneurs and start-ups.

We were faced with difficult choices after the global financial crisis, declining revenues meant we had a choice between austerity measures to maintain a budget surplus or continue our stimulus spending in the State's infrastructure.

We didn't chase our revenues down, we didn't slash and burn, we steadied the ship, cut our own cloth, but kept our economy growing.

Our budget position is sound. A surplus has been delivered, a surplus this financial year and more predicted each year across the forward estimates, an outcome our opponents said would never occur.

This Budget records the eighth surplus of this Government, proving our responsible fiscal management of an economy that has grown for every year of our 14-year Governance.

Media Contact: David Russell 0434 307 012



2016-17 STATE BUDGET

The Government has built these surpluses as a buffer against the headwinds that we know we face over the next 24 months such as the impacts of Brexit, the instability we are witnessing at a federal level and the uncertainty in our financial markets with low commodity prices and a fluctuating Australian dollar.

This Budget's ambition is to create jobs, develop future industries and ensure our children have the right skills for a transforming, modern economy.

Media Contact: David Russell 0434 307 012

web: www.statebudget.sa.gov.au
twitter: @sa_press_sec

