

TREASURER TOM KOUTSANTONIS

Thursday, 7 July 2016

Support for Whyalla

State Budget 2016-17 includes nearly \$70 million to support steelmaking, businesses and the community in Whyalla.

Last month the State Government committed \$50 million to support a new owner of the Whyalla steelworks, with the funding able to be accessed provided it is used to support the operations at Whyalla.

The State Government also previously announced a \$9.6 million Whyalla Small Business Loan Scheme to support Arrium suppliers experiencing cash-flow challenges as a result of the Arrium administration.

Vital mental health services will also be maintained in Whyalla after the discontinuation of funding previously provided by the Federal Government. The State Government will commit \$8.5 million over four years to restore mental health services in Whyalla, which were scheduled to close on June 30.

And \$300,000 was made available to Foodbank Whyalla through the gifting of a distribution centre to enable Foodbank to continue offering services to people in need in the Upper Spencer Gulf region.

Background

Arrium entered voluntary administration in April after a sustained period of low commodity prices and the dumping of cheap, low-quality foreign steel in the Australian market. The administration process has put significant strain on local supply chain businesses, many of whom are owed large amounts of money but have had payments frozen.

The administration has also affected workers at the steelworks, their families and the broader community, who have been subject to rising unemployment, falling property prices and an uncertain future.

\$50 million State Government Grant Facility

Premier Jay Weatherill announced the support package on 9 June and called for a commitment from both major parties federally to contribute \$100 million towards the funding facility to give the Whyalla steelworks the best chances of a long-term future.

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

web: www.statebudget.sa.gov.au

twitter: @sa_press_sec



In response the Federal Labor Opposition pledged \$100 million - \$50 million in grants and \$50 million in low-interest loans – and The Federal Coalition Government committed \$50 million in loans alone.

The facility will be allocated to technological efficiencies or upgrades in the Whyalla operations, to ensure that tax-payer money is spent to benefit the thousands of jobs at Arrium and in the wider supply chain.

Whyalla Small Business Loan Scheme

The loans scheme is primarily funded by \$10 million from the Regional Development Fund and offers interest-free loans of up to \$750,000 to South Australian businesses that supply Arrium.

Applications for loans are considered on a case by case basis and provided over a term of up to three years.

28 companies have applied for assistance under the loan scheme, with 11 loans totalling over \$3 million already approved.

In addition to the loan initiative the Government has engaged accounting firm Hood Sweeney to provide free financial counselling support, and legal firm Thomson Geer to provide small businesses with legal advice.

Mental Health Funding

On 30 June 2016, Commonwealth funding expired across five mental health programs – including in Whyalla – funded under two COAG national partnership agreements.

Since mid 2015, the South Australian Government has made representations to Federal Health Minister Sussan Ley urging her to renew the partnership agreements.

The reinstatement of services in Whyalla will ensure the community continues to receive essential mental health service that would have been lost after funding was cut by the Turnbull Federal Government.

Quotes attributable to Treasurer Tom Koutsantonis

Steelmaking is critical to the fabric of the Whyalla community, but it is also strategically important to the whole of the nation.

Media Contact: David Russell 0434 307 012



Quality structural steel from Whyalla holds up our high-rise buildings and our homes, and forms the building blocks of our major infrastructure projects.

It is essential we retain the ability to produce this steel so that we are not subject to the whims of foreign businesses and governments.

This funding facility is not a handout – the social and welfare costs of losing such a significant employer in a regional centre would be far more expensive – South Australia and the nation as a whole simply can't afford to let that happen.

We are pleased that so many local supply chain businesses have taken up the offer of the State Government's interest-free loan scheme, because we need these businesses to be there to supply Arrium when it comes out of Administration.

And by stepping in to continue to offer mental health services in Whyalla that were set to close after Federal Government cuts, we will be making sure the most vulnerable in the community receive the support they rightly deserve.

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