

TREASURER TOM KOUTSANTONIS

Thursday, 22 June 2017

2017-18 State Budget Overview: Putting South Australians first

The 2017-18 State Budget invests heavily in our hospitals, in our children's schools, in the neighbourhoods we live in and our state's infrastructure, with the primary aim being to support existing jobs and create new opportunities.

This year's State Budget also records a \$239 million surplus in 2016-17 and commits to \$859 million in operating surpluses across the forward estimates, while meeting all our metrics.

It commits to a \$200 million Future Jobs Fund which will grow the jobs of today and create the jobs of the future.

The budget includes a record \$2.2 billion in general government infrastructure spending for this year, leading to an overall investment of \$9.5 billion over the next four years. This will support an estimated 5700 jobs on average each year.

We are investing \$1.1 billion extra in health, including funding to upgrade the state's suburban hospitals and a commitment to build a new Adelaide Women's Hospital, connected to the new Royal Adelaide Hospital.

Two new schools will be built, under a public-private partnership, to meet demand arising from strong population growth in the north and south of Adelaide.

Each school will accommodate 1400 reception to Year 12 students and 100 special school students and there will be a co-located 55-place children's centre.

The State Government has also committed to its share of \$674 million to get on with other key infrastructure projects including the next stage of the South Road upgrade between Pym Street and Regency Road and the second stage of the electrification of the Gawler rail line from Salisbury to Gawler.

This budget also commits \$305 million for the first stage of the duplication of Main South Road from Seaford to Sellicks Beach, \$15 million for new Park 'n' Ride facilities at Klemzig and Tea Tree Plaza interchanges and we are also allocating \$3.5 million to upgrade the Blackwood roundabout.

Importantly, this budget retains funds in contingency for the realignment of the Springbank, Goodwood and Daws Road intersection. The Department of Planning Transport and Infrastructure has commenced detailed design work to create a standard cross intersection.

We also commit \$22.4 million over four years to increase the frequency of train services on the Gawler, Outer Harbor, Belair and Seaford lines, including nights and weekends.

The budget fully funds Our Energy Plan which will secure the state's power supply and put downward pressure on prices, and commits an extra \$8.2 million towards Stage 1 of the hydrogen road map.

We continue this Government's proud record of tax reform - locking in the nation's lowest payable payroll tax rate of 2.5 per cent for the state's small business and increasing the threshold for businesses eligible to receive tax cuts to a taxable payroll of \$1.5 million.

The budget also increases the Job Accelerator Grant program to target apprentices and trainees. This program has already helped to create almost 10,000 jobs and will now offer businesses up to an additional \$5000, backdated, for each new apprentice or trainee they employ, increasing the total grant on offer to up to \$15,000.

The state unemployment rate is unacceptably high - but we must not lose sight of the fact our businesses have continued to create more jobs than have been lost - even under the extraordinary pressure of the automotive manufacturing industry winding down.

Last calendar year, South Australia was second only to Victoria in the number of jobs gained according to Australian Bureau of Statistics seasonally-adjusted figures.

We can do more and will do more to create jobs.

Our budget initiatives build on previous business-friendly measures, including the next tranche of nation-leading tax cuts that come into effect on 1 July, when stamp duty on non-residential property transfers is halved. This will further enhance South Australia's reputation as the best place to do business.

The Government is committing \$40 million over two years for the Fund My Neighbourhood program. Using the framework of the successful Fund My Community initiative, the Fund My Neighbourhood program will be one of the world's biggest participatory-budgeting initiatives, allowing the community to direct how public funds are spent in their local area.

We also continue our strong track record of supporting grassroots sports with \$20 million over two years for synthetic playing surfaces grants, \$14 million for the Women's Sporting Facilities Fund, \$4.5 million for the Stage 1 upgrade of Netball SA's Priceline Stadium and \$1 million for the South Australian Olympic Council.

Our courts will benefit from a \$31 million upgrade to increase the number of jury court rooms and we are also expanding the jurisdiction of the South Australian Civil and Administrative Tribunal with a further \$6.1 million in funding. The budget also provides extra resources for the Coroner's Court to help clear the backlog of cases.

There is an additional \$38.3 million over four years to operate an additional 160 prison beds at Mount Gambier Prison, and \$28.1 million over four years for programs to reduce reoffending.

The budget also introduces two new revenue measures, both of which no South Australian should have to pay.

The first is a new South Australian major bank levy, which will be introduced from 1 July 2017, and apply to all authorised deposit-taking institutions that operate in South Australia and are liable for the Commonwealth Government's major bank levy. It is estimated to deliver \$370 million across the forwards estimates.

The second is the introduction of a 4 per cent conveyance duty surcharge which will apply to residential property purchases by foreign buyers and temporary residents from 1 January 2018. This measure is estimated to raise \$48.8 million across the forward estimates.

Background

South Australia's economy has performed stronger than anticipated in 2016-17 with an estimated growth of approximately 2.25 per cent, partly due to the record winter crop harvest, which has boosted Gross State Product.

A lower than anticipated Australian dollar and low-interest rates will continue to support consumer spending and economic activity in the trade-exposed sectors including tourism, international education, and premium food and wine.

Revenue growth remains constrained due to modest growth in property taxes, lower than expected growth in the GST pool, the profile of expected Commonwealth National Partnership Funding and the introduction of tax reform.

Employment growth is expected to reach 1.25 per cent in 2016-17, and 1 per cent per annum from 2017-18. We expect employment growth to outpace population growth.

The state will continue to face economic challenges over the next few years with the cessation of the car manufacturing industry in 2017-18 and our economy transitioning from traditional manufacturing to industries of the future.

Quotes attributable to Treasurer Tom Koutsantonis

This is a fair and equitable budget that is focussed on what is important to the people of South Australia.

Just as we did with Our Energy Plan, we have stepped up where we have been let down by the Commonwealth.

While we are negotiating a final support package to secure the successful sale of the Arrium business, in just under four months' time, more than 50 years of manufacturing history will end as Holden closes its factory at Elizabeth.

We are protecting existing jobs and trying to help our traditional manufacturers survive in tougher economic conditions.

We are backing our steel-makers in Whyalla and supporting component manufacturers in the car industry to develop new products and markets.

As our traditional industries wind down, the State Government is stepping forward to invest with our \$200 million Future Jobs Fund, which will support industries that are growing today, to create the jobs of tomorrow.

We are targeting the state's growing industries. We want to partner with South Australia's businesses to create jobs and opportunities.

This budget will ensure that our suburban hospitals are modernised centres of excellence, offering a standard of care on par with the new Royal Adelaide Hospital.

We will build new public schools to meet the demands of our growing outer suburbs and we are investing in apprentices and trainees with new grants to incentivise their employment.

This budget will enhance our neighbourhoods and improve the amenity of our suburbs. It will upgrade our sporting facilities, and provide women and girls with facilities they have for too long done without.

It will continue to enhance and expand our public education system, and it will protect and support our community's most vulnerable.

This is a Labor Budget - a budget that will grow the jobs of today and create the jobs of the future.

And importantly, our prudent fiscal management has ensured we continue to live within our means, with this year's budget putting us on track to deliver our ninth surplus, with forecast surpluses across the forward estimates.

This is a budget that puts South Australians first.

Media contact: David Russell 0434 307 012