

## Hon Tom Koutsantonis MP

Treasurer

Friday, 16 December 2016

### **MYBR delivers larger surplus while investing in new measures**

The Mid Year Budget Review forecasts a larger surplus in 2016-17 than originally predicted, while investing in a range of new measures across child protection, cost-of-living, energy, public transport and health.

The forecast budget surplus for 2016-17 is now \$300 million, \$46 million higher than predicted at the time of the State Budget in July.

Delivery of the larger than forecast surplus was in part assisted by an additional \$43 million to the Budget bottom line as a result of the delay in delivery of the New Royal Adelaide Hospital.

Net debt has also been revised down, now \$57 million lower than forecast in July 2016.

The MYBR meets the State Government's fiscal targets across the forward estimates of:

- Growing surpluses
- Net Debt to revenue ratio below 35 per cent
- Expenses growing modestly – average growth of 2.9 per cent, well below trend growth in household income of 4.5 per cent each year

### **Background**

In addition to a forecast larger surplus in 2016-17 the MYBR delivers:

- \$432 million for the response to the Child Protection Systems Royal Commission
- \$51.5 million to accelerate recruitment of the additional 313 police officers (by 2018)
- \$31.0 million for an Energy Productivity Program that helps big business reduce power costs
- \$24.2 million in grants to help gas companies extract more gas and offer it to local generators first
- \$24.2 million in recovery funding for damage caused by September's severe weather
- \$21.4 million for additional beds at Mt Gambier and Adelaide Women's Prison
- \$14.5 million for the annual indexation of concessions
- \$6.0 million for a dedicated health industries investment attraction fund

### **Quotes attributable to Treasurer Tom Koutsantonis**

In this year's MYBR we have been able to deliver a forecast surplus of \$300 - \$46 million higher than was predicted when I handed down the State Budget in July.

Additional contributions from the MAC sale as well as \$43 million extra to the Budget bottom line as a result of the delay in delivery of the New Royal Adelaide Hospital has enabled the Government to continue to invest in growing the economy.

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The growing surplus, which follows the delivery of a \$300 million surplus in the 2015-16 financial year, has given us the ability to make important investments across a range of State Government services.

We have indexed concessions on energy, cost-of-living, water and sewerage, ensuring State Government assistance to pensioners and families on low incomes grows every year in line with CPI, and have committed \$31 million to large SA businesses to help them invest in energy saving technologies.

We have also allocated \$432 million for the response to the Child Protection System Royal Commission, invested in our prisons and have provided an additional \$51.5 million to recruit 313 local police by 2018.

Importantly, these surpluses give us the ability to invest in further job creation measures as we face strong headwinds with the closure of Holden next year.

Our Job Accelerator Grants announced in July have already helped create more than 4000 new jobs, and job creation remains our first priority as we head towards next year's State Budget.