

2015-16 STATE BUDGET

Budget Overview

2015-16 Budget Paper 1



Government of
South Australia



2015–16

BUDGET

PAPERS

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Acknowledgements

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BUDGET AT A GLANCE

Promoting jobs, investment
and stimulating growth.

\$985
almost
MILLION

1

Tax reform package - restructuring business taxes to help businesses invest, grow and create jobs

2

Stimulating the economy to promote jobs

3

Protecting pensioners and the vulnerable

4

Returning the budget to balance - delivering a surplus from 2015-16

5

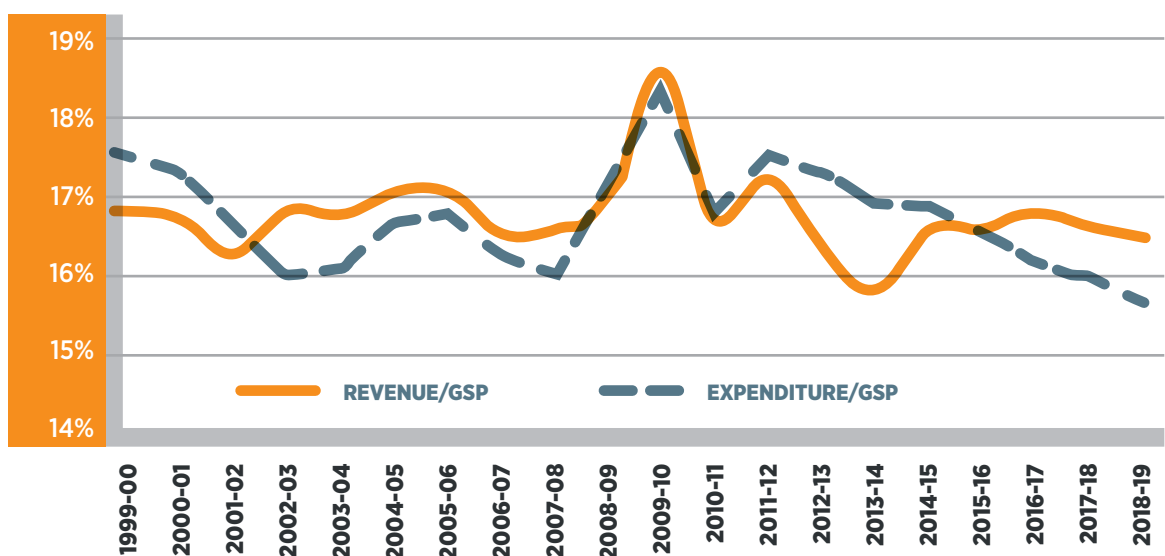
Locking in spending of at least \$1.3 billion per year on infrastructure

STATE BUDGET OUTLOOK

Key general government sector budget indicators

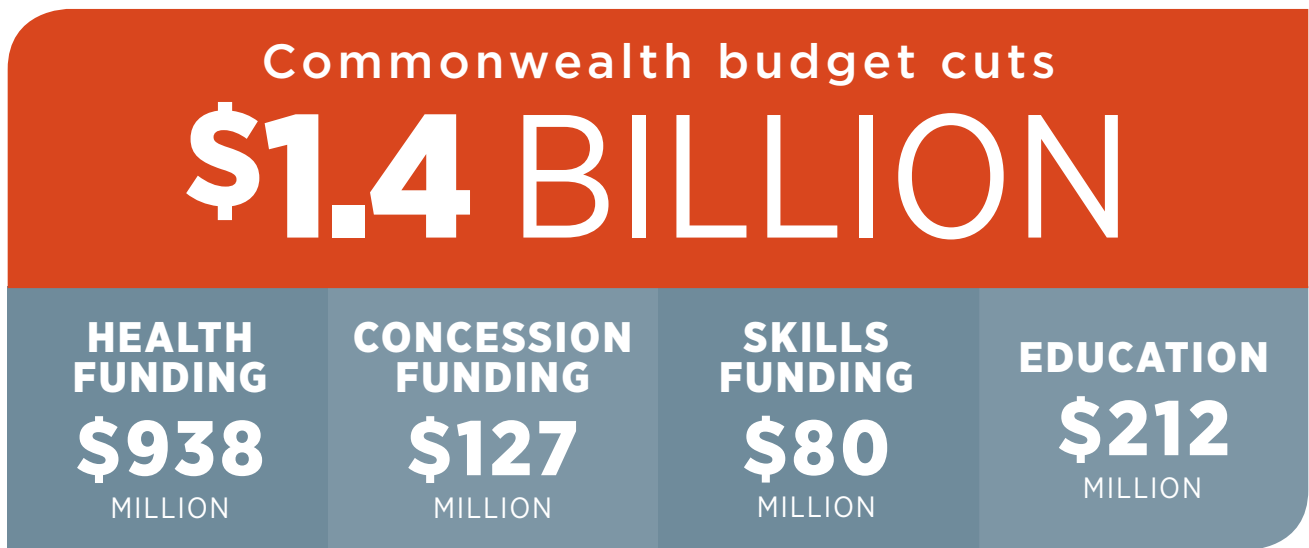
	2014-15 ESTIMATED RESULT	2015-16 BUDGET	2016-17 ESTIMATE	2017-18 ESTIMATE	2018-19 ESTIMATE
Operating statement					
Net operating balance (\$m)	- 279	43	654	727	961
Net lending (\$m)	- 212	- 29	-2 556	399	578
Revenue and expenses					
Revenue real growth (%)	5.7	1.3	2.9	0.6	1.1
Expenses real growth (%)	0.5	-0.7	-0.6	0.3	0.0
Balance sheet					
Net debt (\$m)	4 108	4 238	6 533	6 227	5 761
Net debt to revenue (%)	24.9	24.8	36.2	33.5	29.9

General government revenue and expenditure as a percentage of Gross State Product

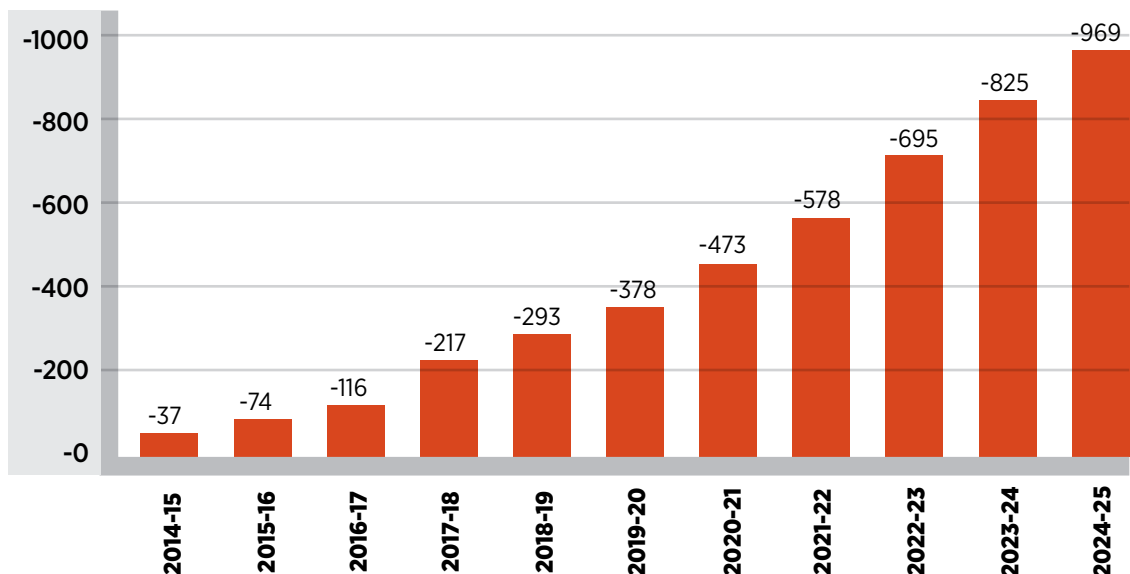


COMMONWEALTH BUDGET CUTS NOT REVERSED

The Commonwealth Government has not reversed the substantial funding cuts it made to South Australia in its 2014-15 Budget. It will be difficult for the state government to continue to deliver high quality services to the community in the face of these cuts, particularly over the longer term.



Loss of national health reform payments in South Australia (\$m)



TAX REFORM - THE BEST PLACE TO DO BUSINESS

The state taxation system needs to reward effort and not obstruct those wanting to invest, grow and create jobs. The government is abolishing taxes that constrain business investment and expansion. The cost of business will fall substantially for those businesses wanting to create new businesses or expand existing ones.

Once tax reforms are fully implemented, a business could save \$364 800 in its first year of operation.

The most comprehensive package of tax reforms in our state's history

\$670
almost

MILLION

returned to businesses and families

Taxes are being Abolished

Non-real stamp duty

\$134.9
MILLION

From 18 June 2015

Will provide relief on around 1 300 non-real property transactions each year

Non-residential real stamp duty

\$388.7
MILLION

Phased out over
1 July 2016 - 1 July 2018

Up to 6 000 non-residential real property transfers will benefit each year

Share duty

\$10.7
MILLION

From 18 June 2015

Relief on the purchase or gift of shares not listed on a recognised stock exchange

Extend the Small Business Payroll Tax Rebate



\$11.3 MILLION SAVING IN 2015-16

Over 130 000 South Australian businesses (around 90%) will not pay any payroll tax



WorkCover Levy Reduction
\$180 million saving to businesses each year

Levy from 2.75% to 1.95%



TAX RELIEF FOR HOUSEHOLDS



F A M I L I E S

Tax reform provides relief to most households and protects those most vulnerable

\$108.9
MILLION

Abolish Save the River Murray Levy

From 1 July 2015

Savings of more than \$40 each year to nearly 415 000 households
Savings of more than \$182 each year to around 50 200 non-residential properties

\$6.4
MILLION

Special Disability Trusts (SDTs)

From 1 July 2015

Exemption from stamp duty and land tax on principal place of residence transferred into SDTs

Cost of Living Concession

\$148.2 MILLION

New concession to replace the council rate concession that can be used towards the recipient's greatest needs

\$200

each year

Pensioners and low income earners who own their home

\$100

each year

Pensioners and low income earners who are tenants

\$100

each year

Self-funded retirees with a Commonwealth Seniors Health Card

The Government is spending around **\$275 million** in total on concessions each year

STIMULATING THE ECONOMY

The government continues to transform and modernise the economy by accelerating growth and creating jobs in key industries such as defence, resources and energy, premium food and wine, health and biomedical industry, tourism, education services and creative industries.

The budget includes a range of initiatives that support the transition of the state's economy to industries for the future that promote ongoing jobs growth.

\$315 MILLION

Growing tourism & major events



\$15
MILLION
NEW MAJOR EVENTS
AND CONVENTIONS

\$14
MILLION
GROW TOURISM FROM
INTERNATIONAL
MARKETS

\$6
MILLION
MARKET ADELAIDE &
REGIONAL TOURISM

\$16
MILLION
MAINTAINING
ARTS ACTIVITY

\$2
MILLION
ADELAIDE FASHION
FESTIVAL

Total tourism budget will increase by 30% to \$75.5 million in 2015-16

Attracting Growth and New Industries

\$15 MILLION

Creation of an Industry Attraction Fund to secure new investment in South Australia through targeted assistance to support the attraction of new and growing businesses to the state and development of key industries within the state

Growing International Education




\$5.7 MILLION

Will promote and increase the impact of Adelaide as a destination of choice for international students
The international education industry contributed \$972 million to the South Australian economy in 2013-14 and provided around 8 000 jobs

BUILDING KEY

INFRASTRUCTURE

New infrastructure projects will provide stimulus to the construction sector, supporting jobs in these industries

<p>EDUCATION</p>	<p>\$50 MILLION Upgrade schools and early years facilities and additional children's centres</p>		
 <p>SCHOOLS</p>	<p>SCHOOLS Christies Beach High School disability unit Christie Downs Primary School Fremont-Elizabeth City High School Le Fevre High School Swallowcliffe School P-7</p>	<p>CHILDREN'S CENTRES/EARLY YEARS FACILITIES Including: Keithcot Farm Roxby Downs Mount Barker Renown Park Pennington Seaton</p>	
<p>TRANSPORT</p>	<p>\$165 MILLION Improvement of key roads around South Australia</p>		
 <p>ROADS</p>	<p>\$40 MILLION Shoulder sealing and audio-tactile line marking</p>	<p>\$70 MILLION Improve the safety and sustainability of the state's road network</p>	<p>\$55 MILLION Construction of the Gawler East Collector Link Road</p>
<p>SHELTER</p>	<p>\$65 MILLION For public housing</p>		
 <p>HOUSING</p>	<p>Creating jobs through the refurbishment and construction of public housing stock</p>		

SUPPORTING THE NORTH

Support is being provided to assist businesses and industries in the North as we transition from traditional manufacturing to new growth industries. This investment is intended to protect and create jobs.

\$93 MILLION

Key Initiatives

\$10 MILLION

UPGRADE SCHOOLS AND EARLY YEARS FACILITIES IN NORTHERN ADELAIDE

Including: Fremont-Elizabeth City High School, Swallowcliffe School P-7, Keithcot Farm Children's Centre and various early years facilities

\$1

MILLION

As part of \$5.4 million for the development of the Northern Economic Plan

\$2

MILLION

Developing Northern Adelaide Food Park

\$55

MILLION

Construction of the Gawler East Collector Link Road

\$25 MILLION

of the \$65 million for public housing upgrades to be spent in the North



Tax reform will benefit businesses in the North including automotive suppliers



What does this mean for the North?

BUILDING GROWTH INDUSTRIES

PROTECT AND GROW LOCAL JOBS

BETTER EDUCATIONAL FACILITIES

IMPROVE TRAFFIC FLOW

UNLOCK LAND

BETTER PUBLIC HOUSING

INFRASTRUCTURE

The budget reflects a major investment program of \$10.8 billion over four years that will continue to rebuild and expand the state's strategic economic and social infrastructure to accommodate future needs.

Government investment expenditure since 2009-10 remains at historically high levels, reflecting continued significant investment by the government in transport, health, and education infrastructure. This includes the redevelopment of many metropolitan and country hospitals, and the major redevelopment of the Adelaide Festival Centre precinct in partnership with the private sector.

Total infrastructure spend

\$10.8
BILLION

Government will guarantee to spend at least \$1.3 billion per year on infrastructure

in the general government sector

Government infrastructure projects include

\$3.3
BILLION
HEALTH FACILITIES
(INCLUDING NRAH)

\$1.4
BILLION
ROAD PROJECTS

\$353
MILLION
PUBLIC TRANSPORT

\$216
MILLION
EDUCATION FACILITIES

\$197
MILLION
ADELAIDE FESTIVAL
CENTRE PRECINCT

\$1.7
BILLION
WATER

Improving Our Transport Networks

\$12 MILLION
Upgrade signalling and communications cables on Adelaide's metropolitan passenger rail network

\$6.5 MILLION
New and upgraded greenways and bicycle boulevards

\$4 MILLION
Railway station security and amenity upgrades

\$1.7 MILLION
Implement Operation Moving Traffic Adelaide - improve traffic flows around the Adelaide Metropolitan area

JOBS

average jobs per annum from government infrastructure spending

4 689

1 810
Construction

1 390
Road and Rail

985
Water Supply

504
Health

TRANSFORMING HEALTH

The transformation of South Australia's health system is occurring to ensure access to the best care, first time, every time.

more than
\$260
MILLION

Including

\$159.5 MILLION

Flinders Medical Centre for a new 55-bed rehabilitation centre and a new older persons mental health service

\$32 MILLION

Modbury Hospital for a new hydrotherapy pool and to more than double rehabilitation beds

\$20.4 MILLION

Queen Elizabeth Hospital – for an additional level to the Allied Health and Rehabilitation Building and a new hydrotherapy pool

\$16.1 MILLION

Additional ambulance vehicles and upgrading ambulance stations

\$15.1 MILLION

New Post Traumatic Stress Centre for Excellence

PROTECTING OUR VULNERABLE CHILDREN

A range of programs are being introduced to improve the outcomes for children in state care or at risk.

\$60.8
MILLION

Children in Care

\$51.4 MILLION



\$31
MILLION

To support growth in the number of children in care

\$9.3
MILLION

To expand the existing Positive Parenting Program (Triple P)

\$4.6
MILLION

To implement initiatives to increase the number of foster carers

\$4.4
MILLION

To implement a program to reunite adolescents currently in out-of-home residential care with their families

\$2
MILLION

To increase the use of other person guardianship orders under the *Children's Protection Act 1993*

\$9.4 MILLION Royal Commission
into the state's child protection system

KEEPING OUR COMMUNITY SAFE

We are spending more on justice, with additional funds for police, courts and prisons. We are reforming the justice system to ensure it serves the community and delivers improved outcomes.

Increased spending
on justice

\$85.1
MILLION

\$28.6
MILLION

To operate an additional
84 prisoner beds at
Mt Gambier prison

\$20.7
MILLION

To operate a 26 bed
high dependency unit
at Yatala Labour prison

\$7.4
MILLION

For portable data entry
devices for our police

\$5.9
MILLION

For body worn video
devices for frontline police

Transforming Our Justice System

The government is committed to reducing the time it takes for matters to come to trial and implementing reforms that will encourage the early resolution of serious criminal offences

\$20.3 MILLION

For an electronic case management system which will lead to efficiencies within the judicial system

\$2.2 MILLION

For a new prosecution management system

INVESTING IN OUR COMMUNITY

\$19.8

MILLION

Emergency Services

To provide extra support, training and equipment for our emergency services organisations

\$9 MILLION

Purchase a second set of protective clothing for South Australian Country Fire Service volunteers

\$5.4 MILLION

Recruitment, training and support of Country Fire Service, State Emergency Service and Volunteer Marine Rescue SA volunteers

\$3.7 MILLION

Replacement of the Emergency Services Communications Centre telecommunications system

\$1.7 MILLION

Purchase eight new bulk water carriers for the CFS

\$36.6 MILLION

To continue services provided under the National Partnership Agreement on homelessness

\$8 MILLION

To support the Goyder Institute for water research

\$5.1 MILLION

Additional grants to SAHMRI to support its health and medical research projects

\$4.8 MILLION

To replace mechanical stretchers and handling units in ambulances

\$3.7 MILLION

For flood warning and flood hazard management

A More Innovative Way to Engage with the Community

FUND MY IDEA

\$50,000 grants for community projects voted by the community

YOUR SAY

Brings the voices of citizens and stakeholders into the issues relevant to them

CITIZEN'S JURY

Incorporating the community into decision-making around complex policy issues

REGIONS

Regions are an integral part of the state's identity. Regional South Australia produces around half of our merchandise exports.

Regional South Australia plays a crucial part in meeting key government economic objectives for premium food and wine and resources, energy and renewable assets.

\$25

BILLION

contribution to the state's economy

\$15 MILLION Regional Development Fund

per annum

Tourism

Regions will benefit from additional local and international tourists visiting South Australia

Roads

Additional state-wide road funding will improve the condition and safety of our regional roads

\$4.3 MILLION Regional Arts

INCLUDING

\$1.7
MILLION

Replace the air-conditioning system in Whyalla's Middleback Theatre and undertake a fire safety upgrade

\$1.4
MILLION

Commence the upgrade of Port Pirie's Northern Festival Centre air-conditioning system as well as replacing its fly tower

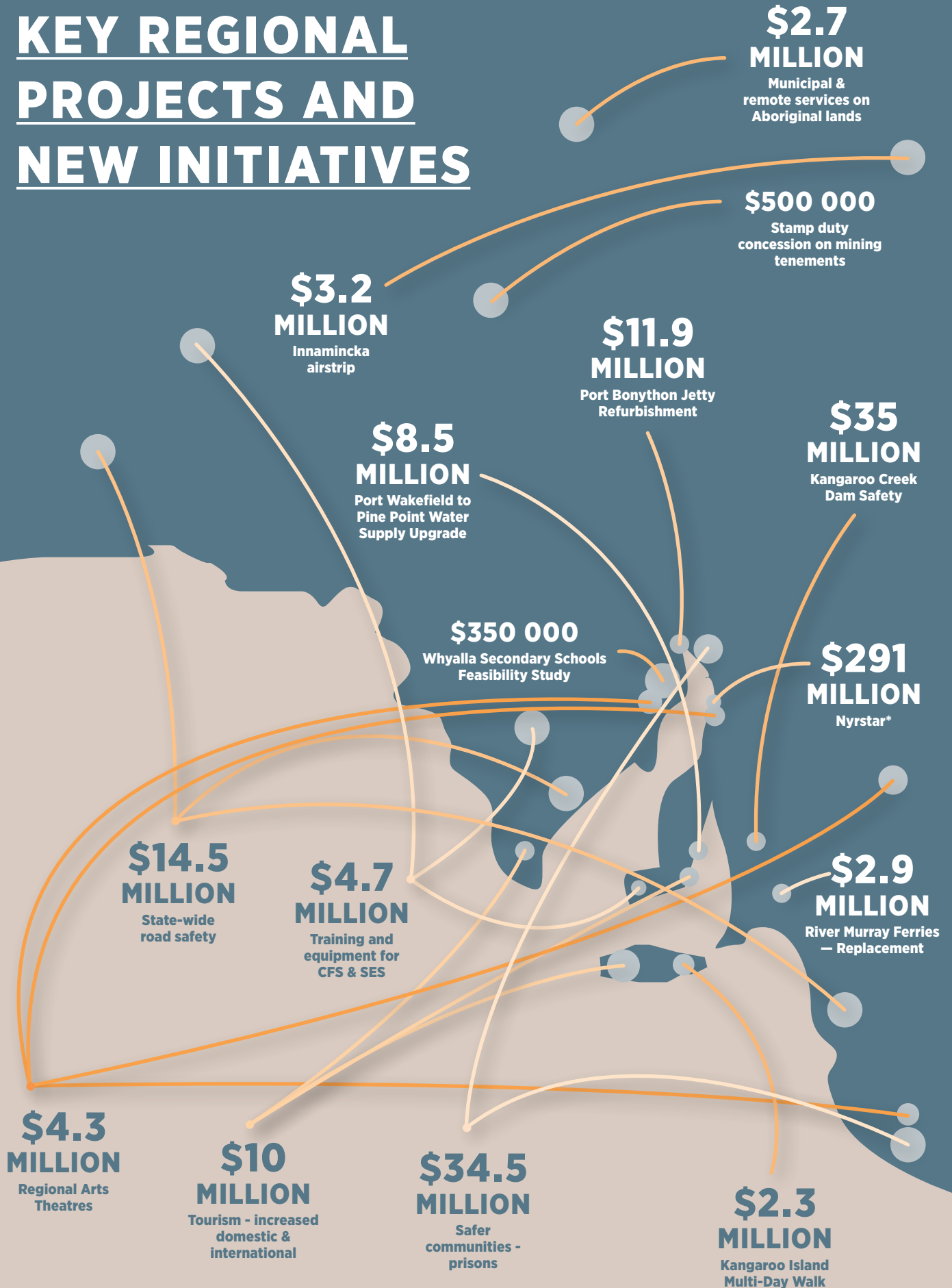
\$964 000

Replace the tiled panels on the Sir Robert Helpmann Theatre in Mount Gambier in partnership with the City of Mt Gambier

\$90 000

Replace the counterweight system at Renmark's Chaffey Theatre

2015-16 KEY REGIONAL PROJECTS AND NEW INITIATIVES



* Third party funding guarantee underwritten by SA Government

ECONOMIC OUTLOOK

While global economic conditions continue to gradually improve, particularly in the United States of America, slower growth in China has had dampening economic effects domestically through significantly lower commodity prices.

National economic growth is forecast to gradually accelerate over the forward estimates period returning to trend rates of growth in 2016-17. While the Australian dollar has depreciated, significant falls in commodity prices suggest it has further to fall.

In South Australia, Gross State Product (GSP) is forecast to increase by 2 per cent in real terms in 2015-16, following expected growth of 1¾ per cent in 2014-15.

Positive trends have been evident in improved consumer spending,

and in the tourism and international education sectors.

There has also been strong growth in exploration spending in South Australia over the past twelve months, centred on petroleum. The lower Australian dollar is expected to further support trade exposed businesses taking advantage of the stronger world outlook by making them more competitive.

Employment growth in South Australia is expected to be ½ per cent in 2014-15, and 1 per cent in 2015-16.

The state will, however, continue to face a range of challenges over the next few years as car manufacturing ceases in 2017. Further challenges include falling commodity prices which are affecting mining operations in South Australia.

Key Economic Indicators – Australia and South Australia Real Growth Rates (Per Cent Per Annum)

	2013-14 ACTUAL	2014-15 ESTIMATED	2015-16 FORECAST	2016-17 PROJECTION	2017-18 PROJECTION	2018-19 PROJECTION
Australia (a)						
Gross Domestic Product (GDP)	2.5	2½	2¾	3¼	3½	3½
South Australia						
Gross State Product (GSP)	1.3	1¾	2	2	2	2¼
State Final Demand (SFD)	0.8	1¾	2	2	2	2¼
Employment (b)	-1.2	½	1	1	1	1¼
Adelaide Consumer Price Index (CPI)	2.6	1 ½	2½	2½	2½	2½

(a) Australian forecasts from 2015-16 Commonwealth Government Budget.

(b) Employment growth forecast and projections reflect full year averages.

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