

STATE BUDGET

2018–19

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State Budget returns to surplus as Marshall Government delivers on all its promises and cleans up Labor's mess

The Marshall Liberal Government's first State Budget achieves a return to surplus and projects surpluses across each year of the forward estimates.

The 2018-19 State Budget's net operating surplus of \$48 million in 2018-19 is in stark contrast to the estimated \$397.1 million deficit left by the former Labor government for 2017-18.

Treasurer Rob Lucas said his budget was a responsible one which delivered on all the Marshall Government's election promises and built a strong foundation for South Australia's future by creating more jobs, better services and lowering costs.

"This is a State Budget that is focused on cleaning up the enormous mess left to us by 16 years of Labor, while delivering on all our election promises," said Treasurer Lucas.

"We have addressed significant budget blowouts by reinvesting in Health (\$800 million over 5 years), TAFE SA (\$109.8 million over 5 years) and Child Protection (\$30.9 million over two years) while safeguarding front-line staff."

"Families and businesses will benefit from our major tax reforms, which reduce fixed property Emergency Services Levy bills by \$360 million over four years and exempt around 3,200 small businesses from payroll tax commencing January 1 next year.

"In addition, \$95.9 million will be provided in land tax relief over two years - from July 1, 2020 – which will benefit over 50,000 ownerships including around 8,000 that will no longer have a land tax liability."

An additional \$11.3 billion in infrastructure spending over the next four years will drive economic activity and change the face of Adelaide and the regions.

The budget commits money towards planning for a new Women's and Children's Hospital, as well as \$60 million to commence construction of a National Aboriginal Art and Cultures Gallery on the site of the Lot Fourteen (the former Royal Adelaide Hospital site).

"We will invest more than \$202.6 million over four years, in conjunction with the Federal Government, on skills and training programs to ensure South Australians are job-ready and able to capitalise on emerging industries, including the defence and space sectors – in particular the \$90 billion naval shipbuilding program," Treasurer Lucas said.

STATE BUDGET

2018–19

“We are encouraging entrepreneurship and innovation to transform our economy, establishing an innovation and commercialisation precinct on the site of Lot Fourteen with an investment of \$43.9 million and a new Research, Commercialisation and Start-Up Fund of \$27.9 million over four years.

“We are upgrading hospitals, reinstating the high-dependency unit at the Modbury Hospital, expanding country cancer services, clearing elective surgery backlogs and returning the Repat to a genuine health precinct.

“We are re-investing back into education and will be spending \$515 million more in 2021-22 than the former government spent last year. We will also invest \$361 million on building a \$100 million secondary school in Whyalla, and delivering two new schools in Adelaide’s north and south.

“The budget also funds the transition of Year 7 into high school, ready for the beginning of the 2022 school year.”

The Government has a significant capital expenditure program on major transport infrastructure projects.

These include the \$88.5 million Port Wakefield Overpass and Highway improvements, Gawler Line electrification total project (\$615 million), duplication of the Joy Baluch AM Bridge (\$200 million) and \$354.3 million Pym St to Regency Road Section of North-South Corridor, the \$14.6 million Penola bypass – joint-Federal government projects.

A masterplan will be developed for GlobeLink – which will investigate a non-stop corridor for freight to export markets avoiding heavily populated areas along existing freight routes for road and rail.

“Regional South Australia, long ignored under the previous government, is the focus of \$773 million in investment, with \$150 million over ten years for a Regional Growth Fund to unlock economic activity, as well as an estimated \$315 million over four years to a Regional Roads and Infrastructure Fund, driven by royalty revenues.

“Mobile telephone blackspot funding of \$10 million will ensure improved mobile phone coverage in regional and remote South Australia”

Protecting the state’s most vulnerable children is a focus of the budget, with \$30.9 million committed to fund the additional needs of children in care. The government will also deliver on its promise to extend foster and kinship support to carers of young people up to the age of 21 years.

Mr Lucas said significant savings targets over the forward estimates left by the former government in the mid-year budget review still have to be delivered.

He said the former government’s claimed budget surpluses assumed massive budget cuts of \$247.7 million in 2018-19 building to \$715 million in 2021-22.

“The most significant component of these budget cuts related to unrealistically high cuts to the Health budget.

STATE BUDGET

2018–19

“So, while the former government claimed budget surpluses, figures show 2017-18 was actually in significant deficit,” he said.

“Labor also used the returns from the Motor Accident Commission arising from the reform of the Compulsory Third Party insurance market to prop up their previous budget. Dividends from MAC improves the 2017-18 Net Operating Balance estimated result by \$341.5 million.

The 2018-19 State Budget makes provision for \$170 million in 2018-19 to fund TVSPs for public sector employees.

This budget estimates jobs growth for 2018-19 to be 1.5 per cent which is a significant increase on the 1.0 per cent figure estimated by the former Labor government in its December 2017 MYBR.

Net lending deficits are forecast in 2018-19 and across the forward estimates reflecting the government’s significant capital expenditure program.

Net debt for the Non-Financial Public Sector is forecast to be \$16.97 billion by the 2021-22 financial year – an increase of \$1.43 billion on the estimated \$15.54 billion net debt, based on projections from Labor’s last MYBR. The change reflects in part the new Government’s significant capital infrastructure program over the forward estimates.

Net debt - NFPS	2017–18	2018–19	2019–20	2020–21	2021–22
Labor - MYBR 2017–18	12 782	13 979	14 495	14 916	15 541*
Liberal 2018–19	12 889	14 284	15 409	16 020	16 971
Difference	↑ 107	↑ 305	↑ 914	↑ 1 104	↑ 1 430

*not published

The State Government has invested \$184 million on a comprehensive energy solution, including \$4 million (as well as a \$10 million financial guarantee) to accelerate a project to build a new interconnector with New South Wales, designed to help lower power prices, while an Independent Water Inquiry is funded to ensure SA consumers pay a fair price when they turn on the tap.

“We are providing additional resources to address domestic violence, including establishing an extra 40 domestic violence crisis accommodation beds and funding a women’s domestic violence crisis hotline to enable it to operate 24-hours-a-day.”

Over \$70 million will be invested to improve local sport and recreational facilities, including a funding partnership with Cricket Australia and the AFL to fund \$24 million of shared use club rooms and other facilities for local football, netball and cricket clubs, including a focus on female and family friendly and family facilities.

A new national park – Glenthorne – will be established in Adelaide’s southern suburbs, 20 more park rangers will be employed and an extra \$10.2 million will be spent on coastal protection and opening-up SA’s reservoirs for recreation.

STATE BUDGET

2018–19

The budget also commits an additional \$12.9 million to extend police station opening hours at Henley Beach, Norwood and Glenelg, under a new staffing model which will enable police to be freed up for the creation of a rapid response capability to enhance SAPOL's counter terrorism response.

An additional 270 high-security beds will be funded at Yatala Labour Prison, as well as 40 new beds at the Adelaide Women's Prison.

	Jun-17	Jun-18E	Jun-19E	Jun-20E	Jun-21E	Jun-22E
Real GSP (% change)	2.2	2¼	2¼	2¼	2¼	2¼
Employment (%)	1.3	2.1	1½	1	1	1
Population ('000)	1,724	1,734	1,748	1,761	1,774	1,788

Note: E denotes estimates