NEWS RELEASE

Hon Tom Koutsantonis MP

Treasurer

Thursday, 21 December 2017

Surpluses maintained while investing in jobs, health and education

The Mid Year Budget Review forecasts continued surpluses over the forward estimates, with the Government to invest in infrastructure, health, education and child protection.

The MYBR invests $1.1 billion in additional initiatives, supporting local jobs. This investment includes:

- $372.6 million over the forward estimates as part of the $692 million Building Better Schools Infrastructure Program
- $200 million for the duplication of the Joy Baluch AM Bridge in Port Augusta
- $82.4 million for upgrades and additional services at Modbury Hospital
- $467.4 million over four years will be provided to meet increased demand in our hospitals
- $159.1 million in additional funding over the forward estimates will support children in care

Funding of $130 million has also been committed for stage 2 works to continue the duplication of South Road from Aldinga to Sellicks Beach.

The State Government will implement an efficiency measure of $370 million over four years across Government agencies, to make up for revenue lost as a result of the Liberals blocking the Budget Measures Bill, which included the Major Bank Levy.

The measure will apply to back office activities and will not impact frontline employees such as nurses, doctors, teachers, ambulance officers, firefighters or police.

The increase in the Foreign Investor Surcharge from 4 per cent to 7 per cent and larger than forecast receipts from payroll tax will also contribute additional revenue to the Budget.

The surplus in 2017-18 is forecast to be $12 million, rising to $334 million by 2020-21.

After the State Government was released from commercial-in-confidence obligations, the MYBR also records the cost of leasing and purchasing South Australia’s State-owned gas power plant. The cost of purchasing the gas power plant was $227.2 million, while the leasing and establishment costs were $111.5 million. This falls well within the State Government’s $550 million budget for the energy plan.

Quotes attributable to Treasurer Tom Koutsantonis

This has been a challenging MYBR after the Liberal Party broke 160 years of convention and blocked the Budget Measures Bill, resulting in the loss of $370 million in revenue from the Major Bank levy that was earmarked to support job creation.

We’ve cut our cloth, however, and have maintained forecast budget surpluses over the next four years. This follows successfully delivering a Budget surplus of almost half-a-billion dollars in 2016-17.

Media Contact: David Russell 0434 307 012

Our economy is performing well, with report after report showing we are ahead of our competitors interstate. Last year South Australia's Gross State Product increased by more than any other state on per capita terms - up 1.6 per cent compared with the national rate of 0.4 per cent.

This MYBR invests to meet growing demand in our hospitals, ensuring we have a first class health care system, and provides additional funding to support children living in care.

We have also been relieved of the commercial confidentiality around the purchase of the State-owned gas power plant. The cost of leasing and then purchasing the power plant falls well within the $550 million budget for our energy plan.

Given Business SA estimates the state-wide blackout cost the economy about $400 million, the state-owned gas power plant only needs to help avoid one major outage to pay for itself.

Creating jobs is our number one priority and in addition to helping businesses grow through our Future Jobs Fund and Job Accelerator grants, this Mid Year Budget Review invests $1.1 billion in new initiatives that will support thousands of local jobs.

We will be upgrading primary and secondary schools across the state, upgrading Modbury Hospital and improving road infrastructure on South Road and in Port Augusta – all projects that will not only improve community services, but will support local employment as well.

BUDGET OUTLOOK

	2017-18	2018-19	2019-20	2020-21
Net Operating Balance - revised ($m)	**12**	**14**	**110**	**334**
Net Operating Balance - 2017-18 Budget ($m)	72	132	193	462
Change since 2017-18 Budget	*-59*	*-118*	*-83*	*-128*
Net Lending - revised ($m)	**1,065**	**-996**	**-583**	**-390**
Net Lending - 2017-18 Budget ($m)	228	-685	-203	72
Change since 2017-18 Budget	*837*	*-311*	*-380*	*-462*
Net Debt - revised ($m)	**4,914**	**5,873**	**6,315**	**6,638**
Net Debt - 2017-18 Budget ($m)	6,072	6,733	6,808	6,687
Change since 2017-18 Budget	*-1,158*	*-861*	*-493*	*-48*
Net Debt/Revenue ratio - revised	**25.6%**	**30.5%**	**32.3%**	**32.9%**
Net Debt/Revenue ratio - 2017-18 Budget	31.7%	34.9%	34.8%	33.1%
Change since 2017-18 Budget	*-6.1%*	*-4.4%*	*-2.5%*	*-0.2%*