

Today the South Australian Treasurer, Jack Snelling, released the SA 2011-12 Budget. It is Mr Snelling's first Budget and the first Rann Government Budget not delivered by Kevin Foley. Mr Snelling said that this Budget continues the Government's strong investment in infrastructure, secures the state's financial future through modest spending and provides targeted support to help those who need it most.

Contrary to prediction in the last budget, weaker than expected GST revenues meant a net operating deficit is now forecast for 2011-12. Restrained spending would see the state return a net operating surplus one year later than previously forecast, in 2012-13, and would continue over the remainder of the forward estimates.

South Australia's financial position for the forward estimates is:

- 2010-11 – Estimated net operating deficit of \$427 million
- 2011-12 – Budgeted net operating deficit of \$263 million
- 2012-13 – Budgeted net operating surplus of \$114 million
- 2013-14 – Budgeted net operating surplus of \$80 million
- 2014-15 – Budgeted net operating surplus of \$655 million.

South Australia's net debt will peak at \$4.2 billion in 2013-14, 4.3 per cent of Gross State Product over.

Key Spending Initiatives

The key new spending initiatives in the 2011-12 Budget include:

- Extra spending of \$133.3 million over the next four years on health care
- Extra spending of \$69.1 million over the next four years to boost the state's child protection system and meet the growing needs of children requiring state care
- Extra spending of \$37.5 million over the next four years to meet the needs of South Australians living with a disability and their carers
- Extra spending of \$19.3 million over the next four years for breast cancer screening, which amounts to 23,000 more women by 2014-15
- Extra spending of \$10.8 million over the next four years to help meet demand for equipment for people with a disability

Infrastructure Spending

The budget includes more than \$3.3 billion for infrastructure programs, including:

- \$535 million for the redevelopment of the Adelaide Oval
- \$445.5 million for the Southern Expressway Duplication
- \$403 million for the North-South Interconnector water system
- \$291 million for the Seaford Rail Line extension
- \$163 million for the redevelopment of Flinders Medical Centre

Savings Initiatives

Recreation Leave Loading

- The Government has reversed a 2010-11 Budget decision to remove recreation leave loading for eligible public sector employees.
- Mr Snelling said the decision to replace leave loading with an additional two days annual leave per year had hit the lowest paid public service workers the hardest and that, "The Government has listened to the concerns of unions and decided to act accordingly and re-instate leave loading entitlements."
- The decision is expected to cost the Government \$66.9 million over the forward estimates.

Annual Liquor Licencing Fee

- The Treasurer announced that the Government will introduce an annual liquor licensing fee to recover the cost of regulating the liquor industry.
- The new fee is expected to raise \$3.6 million per year (indexed).

SA Lotteries

- The Government will move to licence SA Lotteries to a private operator. Mr Snelling said that with wide competition from other forms of gambling, particularly on-line gambling, the time was right for the Government to become a regulator and not an operator within the gambling market.
- The Government will still continue to collect the gambling taxes that will still be paid into hospital and recreation and sport funding.
- Agency fees will be kept stable, current commissions would be retained and the SA Lotteries brand will continue to remain under Government control.

First Home Bonus Grant

- The First Home Bonus Grant, which is currently \$8000 for first-home buyers who build or purchase a newly constructed home, will be gradually phased out, with it being reduced to \$4000 from July 1, 2012 and abolished from July 1, 2013.
- Mr Snelling said people would still be eligible for the \$7000 First Home Owners Grant.
- This is expected to save the Government \$3.8 million in 2012-13 and up to \$9.5 million in 2014-15.

Public Sector Employees

- Mr Snelling announced a reduction of 400 full-time equivalent public sector employees over 2012-13 and 2013-14, which will deliver savings of \$31 million a year (indexed) by 2014.
- The Treasurer said the reductions wouldn't affect frontline services and will be shared on a pro-rata basis across departments.
- This reduction is separate to those announced in the 2010-11 State Budget.

Safecom

- Streamlining the South Australian Fire and Emergency Services Commissioner (SAFECOM) will deliver savings of \$2 million per year (indexed).
- Mr Snelling said these changes would ensure SAFECOM can continue to provide corporate support, health, safety, welfare and volunteer support to emergency services agencies while allowing the Government to direct additional funding to support frontline emergency services.
- This support for frontline services is reflected in the funding to the State Emergency Service of \$3.5 million over five years from 2010-11.