

STATE BUDGET 2018–19

Budget Speech

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Government
of South Australia

STATE BUDGET 2018–19

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ACKNOWLEDGEMENTS

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Budget Speech 2018–19

*Delivered on 4 September 2018, on the second reading of the Appropriation Bill 2018,
by the Honourable Rob Lucas MLC, Treasurer of South Australia.*

Mr Speaker — I thank you for the honour of visiting with you for what I can assure you will be a relatively brief visit solely for the purpose of presenting the second reading of the Appropriation Bill.

After 16 very long years the people of South Australia on March 17 overwhelmingly elected a new Premier and a new government pledged to implement a comprehensive reform agenda based on new priorities, projects and programmes.

This budget unashamedly is directed towards this reform agenda to create jobs, lower costs for struggling families and provide better services for all South Australians.

This budget will clean up Labor’s financial mess, keep our election promises and establish a strong foundation for our state’s future.

Some governments in the past — both State and Federal Labor and Liberal — have used the discovery of a financial mess or a financial ‘black hole’ as an excuse not to keep their election promises.

This government will not use the discovery of the extent of Labor’s financial mess as an excuse not to keep our election promises.

This government’s reform agenda reflected in this budget will help create jobs by lowering the cost of doing business for all businesses in the state rather than relying on politicians and public servants trying to ‘pick winners’ giving handouts to a small number of lucky businesses.

This budget will reduce the cost of living for struggling families by cutting waste and taxes and charges rather than relying on trying to introduce a new tax every budget such as a bank tax, car park tax or new betting and foreign investor taxes.

This budget will seek to provide better services by placing as much emphasis on productivity, outcomes and outputs rather than just relying on inputs and how much we spend on a service.

This budget will acknowledge the critical importance of regional South Australia rather than thinking the boundaries of our state end at the Tollgate and Elizabeth.

After 16 years this budget will be a clear break from the past with new priorities, projects and programmes which will mean that some of the priorities, projects and programmes of the former Labor government will have to be cut or stopped.

Mr Speaker the incoming government briefing folder prepared for the government by Treasury made it clear there were very significant problems with the budget.

Budget blowouts, massive overspending, negligence, financial incompetence and deception including a hidden contractual option to privatise the Motor Vehicles Registry. A former government which had all the financial discipline of footballers on an end of season footy trip. A former Treasurer who spent \$2.7 million out of a slush fund in the months leading up to the election on a series of projects with a priority of assisting Labor Members and candidates.

Mr Speaker reading this briefing folder was like the financial equivalent of reading a script for an episode of *Breaking Bad* — mayhem, deception and one atrocity after another.

The estimates included in the former Labor government's last budget and MYBR were unsustainable.

The former Labor government had used a series of one off financial 'sugar hits' from the privatisation of the Motor Accident Commission (MAC), with dividends estimated to total \$1.7 billion over the eight years from 2014–15, to create artificial budget surpluses which were unsustainable once the MAC dividends had been spent. For example the MYBR released in December 2017 claimed a \$12 million surplus for 2017–18 and MAC dividends are now expected to be \$341.5 million.

The monthly financial monitoring report prepared by Treasury for January 2018 included the following summary:

“Projected total deterioration in the net operating budget of \$193.7 million means that the budget is clearly in deficit in 2017–18”.

The new government after the election received the March 2018 quarterly monitoring report which reported the budget operating deterioration for 2017–18 as \$187.9 million.

The former Labor government over many years failed to manage persistent budget blowouts and overspending and consistently failed to deliver on budgeted savings targets.

For example in nearly every year the health portfolio has failed to achieve the savings task allocated to it in that year's budget. During 2017–18 SA Health was given an extra \$65 million at the start of the year, \$132 million in December 2017 and then \$70 million at the end of the year (\$267 million in total) to compensate for budget blowouts or overspending.

In fact in 2017–18 the Central Adelaide Local Health Network (CALHN) alone reported overspending of about \$250 million coming after reported overspending over the previous four years ranging between \$58 million and \$146 million. In recent days the government has received an interim update from external advisers Korda Mentha for CALHN for 2018–19 which indicates overspending continues and in fact may have worsened. It is clear now urgent corrective action will need to be taken.

Budget blowouts and overspending are not limited just to the health portfolio but have also existed in a number of other portfolios including child protection and TAFE SA.

This year's budget has had to allocate an extra \$90 million over the forward estimates to help bail out TAFE SA from budget blowouts and an inability to meet revenue targets outlined in previous budgets.

The former Labor government's record over many years showed they either lacked the financial management competence or political will or both to deliver on the savings underpinning their budget forward estimates.

Over the forward estimates period outlined in the MYBR the former Labor government claimed future budget surpluses based on the assumption that very significant savings targets would be achieved.

For example their MYBR assumed total Labor savings of \$248 million in 2018–19 increasing to \$715 million in 2021–22.

These Labor savings targets included very significant and unrealistically high savings targets for the health portfolio.

However the former Labor government's record in failing to achieve savings targets meant the projected budget surpluses were fictional and highly unlikely to ever be achieved.

As a result this year's budget has had to allocate an extra \$730 million over the forward estimates to try and ensure a sustainable health system. Even with these extra resources health will still have significant savings targets left to it by the former Labor government.

The result of these budget blowouts and overspending is that the former Labor government has left a massive budget deficit of \$397 million in 2017–18 rather than the claimed surplus of \$12 million.

This deficit means that seven of the last 10 budgets of the former Labor government have resulted in budget deficits.

In addition to this massive deficit left by the former Labor government they have also left the new government with a massive increase in the total Non-Financial Public Sector net debt. When the former Labor government was first elected total net debt was \$3.2 billion and based on projections from the last MYBR Labor's total net debt would have risen to \$15.5 billion by 30 June 2022.

Mr Speaker, that is just a brief outline of the extent of the financial mess left by the former Labor government.

The one element of good budget news since the MYBR has been the unexpected increases in estimated Goods and Services Tax (GST) revenue of around \$300 million per annum, on average, from 2018–19. In broad terms this is roughly equivalent to the modest package of election commitments made by the government during its election campaign period.

What this means is the government is now left with having to achieve the significant Labor savings targets of up to \$715 million per year by 2021–22 outlined in the former Labor government's MYBR as well as meet the cost pressures left unaddressed by the former government.

This budget not only meets that financial challenge but also outlines a framework for funding a significant number of new initiatives.

This budget outlines modest budget surpluses for each year of the forward estimates ranging from \$48 million in 2018–19 up to \$211 million in 2021–22. The budget papers note that from 1 July next year a new Australian Accounting Standard (AASB1059) will require a different accounting treatment of the Land Services Commercialisation transaction which may result in an improvement in the reported surplus of about \$38 million per year over the forward estimates. Underlying these budget surpluses the government has adopted a conservative budgeting approach by setting aside responsible contingencies in each year of the forward estimates.

Due to the lateness of the budget and the inevitable delay in the implementation of some of the required savings strategies the government has accepted that 2018–19 will be a transition year. The government will provide \$170 million in 2018–19 to fund centrally TVSPs for agencies. After 2018–19 agencies will be required to fund their own TVSPs.

One key priority of this budget has been to create the environment for jobs and economic growth. The government accepts that our small and medium sized businesses must be nationally and internationally competitive and for this to occur then the costs of doing business in South Australia have to be nationally and internationally competitive.

This budget:

- abolishes payroll tax for all small businesses from 1 January 2019 — businesses with payrolls up to \$1.5 million will be exempt from payroll tax and there is phased relief for businesses with payrolls up to \$1.7 million
- provides land tax relief from 1 July 2020 with the tax free threshold increased up to \$450 000 and the marginal tax rate for the current top land tax threshold up to \$5 million being reduced from 3.7 per cent to 2.9 per cent

- supports electricity cost relief through a range of reforms including support for a new interconnector between New South Wales and South Australia, \$150 million over four years for grid scale and household battery storage systems and \$30 million over three years for demand management trials
- provides \$202.6 million over four years for the Skilling South Australia initiative to create up to 20 800 additional apprenticeships and traineeships
- provides \$21.5 million over four years to increase funding to attract major events and conventions to further drive visitor numbers and job creation
- provides \$12.8 million over four years to establish new trade and investment offices in China, USA, Japan, Malaysia and the United Arab Emirates to drive exports and job creation.

Supporting these initiatives is a radical new approach to providing industry support with much less emphasis being placed on politicians and public servants ‘picking winners’ for the receipt of taxpayer funded grants and loans.

The government’s recent audit of the former Labor government’s industry assistance policy found that in 2017–18 alone there were 30 different programmes which involved \$260 million in grants and \$162 million in loans being given to businesses.

In one case one business was honest enough to say publicly they would have come to South Australia even if they hadn’t received the \$10 million grant and loan from the former Labor government.

The audit showed that even when applications from businesses failed to meet the very flexible rules which were meant to apply to funding from the Future Jobs Fund the former Labor government just ignored those rules.

In fact they offered \$29 million in grants and loans to seven businesses which Treasury said didn’t comply with the rules because of poor balance sheets, too high a cost per job or where it was concluded to be ‘too high a risk’ to taxpayers. Some of these loans were interest free for more than 10 years and in one case the cost per job was \$385 000.

The only explanation for another case relating to a \$3 million loan to a business associated with a popular Adelaide restaurant which didn’t comply with the rules was it appeared that the Premier directed that a Cabinet Submission be prepared to have the \$3 million loan approved.

This budget winds up a large number of the former Labor government’s programmes and will concentrate its financial assistance through three key areas:

- Economic and Business Growth Fund — \$100 million over four years.
- Regional Growth Fund — \$60 million over four years.
- Research, Commercialisation and Start-Up Fund — \$27.9 million over four years.

Whilst direct financial assistance might still be offered in limited circumstances the new emphasis will be on proposals that have broader benefits for an industry sector or a number of businesses.

All due diligence and contract management for any grants or loans will be managed centrally by SAFA which is located in Treasury.

This budget also introduces a series of measures to help reduce costs for all South Australians. Some of these include:

- reducing ESL bills by \$90 million per year from 1 July this year which will result in a saving of more than 50 per cent or around \$145 this year on a \$470 000 property in metropolitan Adelaide
- cutting up to \$306 per year for some public transport users who use the regular 28 day passes — total cost to budget of about \$15.4 million over four years.

- providing a \$100 sports voucher each year towards the cost of membership or registration fees for primary school aged children participating in sport and recreation programmes at a total cost of \$29.7 million over four years
- capping NRM levy increases from 1 July 2019 at a rate set by an independent body or according to the consumer price index
- capping local government council rate increases
- providing more affordable hospital car parking
- commencing implementing our new energy solution to cut electricity costs
- abolishing the \$59.40 fee for volunteer screening checks for working with children and vulnerable people at a total cost of \$4.9 million over four years

Mr Speaker the third priority of the government's reform agenda and this budget is the delivery of better services to all South Australians.

The government accepts that whilst dollars invested in services are one measure of a government's commitment to services what is just as important is the quality of the services being delivered. This means that measures of quality such as outcomes and outputs are just as important as measures of inputs.

For example even with all the money invested in our health system South Australia has the worst performance of any state in terms of the percentage of Emergency Department visits completed within four hours with only 64 per cent seen in this time.

The government also accepts that our state's future and economic and job growth prospects are highly dependent on the quality of education and training provided by our schools, training institutions and universities.

The recent NAPLAN results for numeracy, reading and spelling showed that our results remained lowest or second lowest of all states in 17 out of 20 domains.

The importance of the government's new \$20.9 million Literacy Guarantee over four years, therefore cannot be underestimated. This Literacy Guarantee will include many initiatives including phonics checks for all Year 1 students, 13 literacy coaches to provide professional development for teachers and free dyslexia workshops for parents across South Australia. The Guarantee will also require all new graduating teachers to have passed a literacy and numeracy test.

This budget includes further initiatives including:

- \$27.7 million to commence work to move Year 7 students into secondary schools
- \$15.5 million for early intervention approaches, strategies and support to address bullying, truancy and substance abuse
- \$12.2 million for languages in schools programmes.

This budget is also committing to a massive increase in funding to our schools. Total annual funding to education in 2021–22 will be \$515 million more than the total spending in the last year of the former Labor government (2017–18).

This will be the largest investment in schools by any state government in the history of our state.

In addition to this massively increased investment in education this budget allocates another \$110 million over five years to help TAFE SA meet the well-publicised challenges that confront that organisation.

The government accepts that in the immediate future TAFE SA's budget was unsustainable and in particular the targets for external revenue growth were unrealistic.

This budget however still reflects the government's position that TAFE SA will reform its operation to be competitive with private sector training providers.

The budget also provides significant savings relief for health because the government believes that the savings targets it inherited from the former government were not realistic or achievable.

This budget promises an extra \$800 million over five years to the health budget.

In addition the health budget provides funding for a range of new initiatives over the forward estimates including the following:

- \$40 million to reduce elective surgery waiting lists
- \$56 million as part of a \$140 million 10 year plan to improve country health facilities
- \$30.7 million for a Meningococcal B immunisation programme for babies and young people
- \$23 million to support reestablishment of a four bed high dependency unit at Modbury Hospital
- \$20 million for a Rural Health Workforce Strategy to address the shortage of health practitioners in rural areas
- \$16 million for increased palliative care support for people in the final stages of their life
- \$5.2 million for planning and design of a new Women's and Children's Hospital with the existing funding for the former government's Women's Hospital still held centrally by Treasury
- \$10 million to strengthen cardiac services at The Queen Elizabeth Hospital
- \$2.1 million to expand renal dialysis facilities at the Mount Gambier Hospital.

Protecting our children and our most vulnerable always remains a major priority for any government.

This budget provides an extra \$30.9 million over two years to meet additional costs for children in care. An additional \$8.8 million is provided to extend foster and kinship support to carers of young people up to the age of 21 years.

An important step for any government in taking responsibility for and helping to heal the pain caused by sexual abuse of children in government institutions, was to join the National Redress Scheme.

However the government discovered that not one dollar had been budgeted for by the former Labor government to meet the estimated costs of the scheme.

This government took immediate action and quarantined \$146.4 million in a specific fund in SAFA to meet the total estimated cost of the Redress Scheme. Balances being held in the Victims of Crime Fund were used to provide this much needed funding.

This budget also provides \$11.9 million to implement comprehensive programmes to address domestic violence including \$4 million funding for 40 additional domestic and family violence crisis beds.

This budget introduces practical environmental programmes that build the resilience of our coasts, parks and communities which when combined with the government's energy solution which includes increasing battery and grid-scale storage, clearly demonstrate the government's commitment to reducing emissions and protecting our environment. As a result of amendments by the former Labor government to the Zero Waste Act balances in the Green Industry Fund are being used to fund these battery programmes and seagrass meadow restoration programme.

In addition, the government is committed to the \$390 million project that will see SA Water's electricity costs reduced to net zero by 2020 through increased use of renewable energy at a majority of their sites.

A range of initiatives are included in this budget to tackle environmental issues:

- \$5.2 million to help protect our pristine coastline and beaches with funding for artificial reefs, sand replenishment and seagrass meadow restoration
- \$7.5 million to employ an additional 20 park rangers
- \$5 million to help open South Australia's reservoirs for recreational use
- \$10 million towards developing the new Glenthorne National Park.

This budget provides significant additional resources and funding to allow the extension of opening hours at police stations at Henley Beach, Glenelg and Norwood through the use of a new staffing model.

Significantly these additional resources will allow the establishment of a new Counter Terrorism Rapid Response group which will significantly enhance the ability of police to respond rapidly to higher risk incidents including terrorist incidents.

The budget also provides \$14.5 million in additional resources to the Independent Commissioner Against Corruption (ICAC) and the Office for Public Integrity.

Mr Speaker, this budget will provide around \$773 million over five years to grow economic opportunities as well as improve community infrastructure in regional communities.

The Regional Roads and Infrastructure Fund has been established with a guaranteed funding source of 30 per cent of royalties and this will provide \$315 million over the next four years.

Total funding over four years of \$82 million will also be provided for the Regional Growth Fund, Mobile Phone Black Spot funding and for Regional Development Australia Boards.

Dry conditions have impacted significant farming production areas this year, but for many farmers the amount of rainfall over coming weeks will determine what type of season they will have. The government has established a Dry Conditions Working Group with farm representatives to monitor and plan if it doesn't rain. Significant support measures currently exist to assist South Australian farmers experiencing drought and financial hardship. Prudent management of the budget will enable the government to support communities affected by drought-like conditions if additional assistance measures are required.

The government understands the historical importance of public investment in infrastructure in terms of helping generate job growth and economic growth.

Despite government assurances to the contrary there have been some people seeking to cause alarm about a supposed 'valley of death' because the government was going to slash infrastructure spending.

Mr Speaker I am pleased to indicate that this budget includes a massive increase in infrastructure investment.

This budget commits to a total government investing programme of \$11.3 billion over the forward estimates.

In fact the total government investing programme this year will be \$3.15 billion or \$576 million higher than the \$2.57 billion programme spent by the former Labor government last year.

The average total government investing programme over the forward estimates will be \$245 million higher than total government investing spent by the former Labor government last year.

Since the 2018–19 Federal Budget the government has been negotiating with the Commonwealth Government to bring forward into the forward estimates funding for three major transport projects.

As a result of the collaborative and productive relationship with the Commonwealth Government this budget now includes an additional \$395 million — \$125 million for the Regency Road to Pym Street upgrade, \$170 million for the Gawler Rail Electrification project and \$100 million for the Joy Baluch AM Bridge.

In addition to these three projects the government has also successfully negotiated an extra \$70.8 million toward the construction of the overpass at the intersection of the Copper Coast Highway and Augusta Highway and for the widening of Augusta Highway at Port Wakefield.

Some of the other major infrastructure spending over the forward estimates includes:

- \$169 million for 270 high security beds at Yatala Labour Prison and 40 beds at Adelaide Women’s Prison
- \$109 million for the redevelopment of Lot Fourteen (former Royal Adelaide Hospital Site)
- \$688 million to upgrade schools including increasing capacity to facilitate the transition of Year 7 students to High School
- \$361 million for 2 new reception to Year 12 Schools in the metropolitan area and a Year 7–12 School in Whyalla
- \$264 million for the Seaford to Aldinga Main South Road duplication (\$305 million total project)
- \$578 million Gawler Rail Electrification project (\$615 million total project)
- \$354 million Regency Road to Pym Street
- \$91 million Modbury Hospital upgrade
- \$272 million The Queen Elizabeth Hospital redevelopment
- \$56 million Country Health facilities
- \$315 million Regional Roads and Infrastructure Fund
- \$89 million Port Wakefield Project
- \$15 million Penola bypass
- \$15 million for safety screens, security and cameras on the Southern Expressway.

As a result of this massive increase in investment in productive infrastructure total Non-Financial Public Sector net debt will rise from \$15.5 billion estimated from the Labor government’s MYBR to \$16.9 billion in June 2022.

Mr Speaker as outlined earlier the former Labor government left the government with significant savings tasks to be achieved of up to \$715 million per year by 2021–22.

Whilst this financial mess is not of our making the government accepts the responsibility of cleaning up the mess.

This budget adopts a completely new approach to expenditure restraint or responsibly achieving saving targets. There is no escaping the reality that meeting the former Labor government’s savings task of \$715 million per year will require difficult decisions by government.

Agencies were advised it was no longer acceptable to only adopt the ‘salami slicing’ approach to expenditure restraint by maintaining all existing programmes and taking a ‘small slice’ or efficiency dividend off every programme.

Agencies were directed to return to first principles and adopt a simplified version of zero based budgeting by looking for wasteful or low priority programmes or projects that could be abolished.

Consistent with that directive, the following projects, programmes, units and agencies have been discontinued or defunded.

It should be noted that for some of these programmes the former Labor government had already made the decision not to provide ongoing funding for them eg. Future Jobs Fund, Retrenched Workers Programme.

- Economic Development Board
- Independent Gambling Authority
- Laptops for Students Programme
- Commissioner for Kangaroo Island
- Riverbank Authority
- Investment Attraction Advisory Board
- Health Industries Advisory Board and Grants Programme
- Tech In SA
- Fund My Neighbourhood Programme
- Northern Connections
- Southern Connections
- Unlocking Capital for Jobs Fund
- Economic Investment Fund
- Small Business Development Fund
- Food Parks Tenant Attraction Grant Programme
- SA Early Commercialisation Fund
- Renewable Technology Industry Development Programme
- Digital Game Development Programme
- Automotive Suppliers Diversification Programme
- Advanced Food Manufacturing Programme
- SA Premium Food and Wine Credentials Programme
- Energy Productivity Grants Programme — from 2019–20
- Mining and Petroleum Centre of Excellence Grant Programme
- Premier’s Research and Industry Fund (transitioned into Research Commercialisation and Start Up Fund)
- Strategic Industry Development Fund (transitioned into Research Commercialisation and Start Up Fund)
- Future Jobs Fund
- Renewable Technology Fund

- Careers Services Programme
- Dob in a litterer
- Regional Capability Community Grant Programme
- Synthetic Playing Surface and Women’s Sporting Facilities Fund — replaced by new programme
- Retrenched Workers Programme
- Jobs First Employment Project Fund
- Personal Support Programme

In addition to these savings measures the government has also kept its promise to cut spending on consultants, contractors, government advertising, Ministerial staff and cars.

This government, prior to the election, made specific commitments when asked to commit ‘to not privatising, outsourcing or commercialising any public sector assets and services.’

Our commitment was to not privatise SA Water and the following response was issued to the Public Service Association and others:

“There are many current examples (under the Labor government) where public services are being successfully delivered by private or non-government suppliers. We have a responsibility to consider such options where it is clearly in the public interest to do so”.

This budget keeps that promise.

This budget outlines that the operations of the Adelaide Remand Centre will be outsourced to a private provider. Staff will have the option of transferring to other public sector prison operations if they wish to take up that option.

In health in areas such as pathology services and in imaging services similar assessments will be made consistent with our promise.

Efficiencies will be pursued in these areas consistent with the intent of delivering services consistent with interstate peers. If these efficiencies are not achieved then the option of providing services from alternative providers will be pursued.

In considering the operation of a high quality and efficient health system the government acknowledges the critical role of all staff but especially our nurses and doctors.

However when considering options for achieving savings to meet the national efficient price then all costs need to be assessed.

Clinicians employed in public hospitals have Rights of Private Practice which allows them to generate additional personal income through treating private patients in public health facilities. Counting their public sector salary plus this private income, Health advises that there are currently 290 Salaried Medical Officers (SMOs) who earned more than \$500 000 in 2017–18 with two SMOs who earned more than \$1 million.

In South Australia for Rights of Private Practice entitlements clinicians pay the health system an administration fee of 9 per cent of private income whereas in Queensland and Western Australia the fee is up to 68 per cent and in New South Wales it is up to 90 per cent.

The government will initiate a review as a priority and seek a more reasonable contribution to the costs of use of public health facilities to generate this private income.

There are a range of other savings measures that are outlined in the budget papers which include the following:

- closure of some TAFE campuses with low utilisation rates
- closure of some Service SA centres
- cutting some low patronage bus services routes
- increasing some housing trust rents with increases limited to \$10 per week for each scheduled rate change
- increased cost recovery by the EPA for licensing facilities with underground petroleum storage systems and providing support for businesses for environmental regulations and community response
- Arts SA role will be refocussed to one of provision of policy advice to government
- increasing liquor licensing fees informed by recommendations contained in the Anderson review into liquor regulation.

The former government's MYBR released in December 2017 estimated a reduction of 2047 FTE employees in the general government sector between 30 June 2018 and 30 June 2021.

Excluding NDIS related transfers this budget estimates a reduction of 2286 FTE employees between 30 June 2018 and 30 June 2022.

After the transfer of FTEs delivering disability services to the now government sector the reduction over the same period will be 4013 FTEs.

The budget papers note that these estimates are notional and actual changes may vary. As has occurred for many years agencies have the flexibility to deliver the savings in the manner that best suits the needs of the agency.

Mr Speaker as the budget papers reveal total grants from the Commonwealth, account for more than 50 per cent of the state's total revenue with GST being the biggest component.

Therefore a successful resolution to the current discussions over the GST and possible changes to the horizontal fiscal equalisation methodology are critical to the state's budget and economic future.

Even though the Commonwealth estimates their latest offer would lead to additional funding to South Australia in the later years of the forward estimates they have not been included in this budget.

The government's position during these discussions remains that we will not support any changes that disadvantage South Australia.

The government welcome the optimistic signs for the South Australian economy evident in the job and economic growth estimates included in the budget.

Job growth for 2018–19 is estimated to be 1.5 per cent compared to the 1 per cent estimate included in the former Labor government's December 2017 MYBR.

Similarly State Final Demand (SFD) is now estimated to grow by 2.5 per cent in 2018–19 compared to the 2.25 per cent estimate included in the former Labor government's December 2017 MYBR.

Mr Speaker many years ago in 1994 a former Liberal Government took a sensible long term policy decision to fully fund the state's massive unfunded superannuation liabilities by 2034.

At the time I recalled thinking 40 years was a very long time and wondered whether it would ever be achieved.

I am pleased to report that 24 years later this budget commits another \$1.7 billion over the forward estimates and that we remain on track to meet that 40 year policy commitment.

Mr Speaker this budget is based on similar long term thinking and policy realignment.

Any new government with a comprehensive reform agenda based on new policies, programmes and priorities will have to take difficult decisions.

This budget establishes a strong foundation for a sound financial future and in doing so some of the priorities of the former government have to be discarded.

It is a time for change. The people of South Australia voted for change.

They made it clear that it was:

- unacceptable for job growth in South Australia to be lower than the national rate
- unacceptable for our NAPLAN results to be the lowest or second lowest of all states in the nation.
- unacceptable for our patients to wait longer for emergency treatment than anyone else.

This government understands the challenge and is directing extra resources and programmes to tackling these issues in this budget.

This budget delivers on our election promises to create jobs, lower costs for struggling families and provide better services for all South Australians.

Mr Speaker I would like to thank all of my Ministerial colleagues in particular for the cheerful and willing way they have participated in and supported the budget process.

They have all assured me they will be right behind me!

I also place on the record my thanks to all of the hardworking Treasury staff who have worked long hours in the massive task of putting together a budget for a new government.

Finally I want to thank all of the staff in my Ministerial office without whose hard work and commitment to this job we would never have met many of the deadlines required.

Mr Speaker I commend this budget to the House.



STATE BUDGET 2018–19

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