

# STATE BUDGET

## 2021-22

### TREASURER HON ROB LUCAS MLC MEDIA RELEASE

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### **Healing health system at heart of State Budget 2021-22 which charts path out of COVID for a stronger South Australia – by creating jobs, building what matters and delivering better services**

The final State Budget of the Marshall Liberal Government's first term secures South Australia's strong ongoing economic recovery, with a record \$17.9 billion job-creating infrastructure spend over four years and a substantial investment in health to support the State's continuing management of the pandemic, ease pressure on emergency departments, reduce ramping and improve the lives of all South Australians.

In addition to job creation, the centrepiece of the State Budget 2021-22 is a record \$7.4 billion in health spending next year, with a plan to fix ramping, ease pressure on hospital emergency departments and boost resources for important health services.

The \$7.4 billion spend next year is almost \$900 million more than was spent in the final year of the former Labor government.

The investment is part of a strong plan that includes:

- A landmark \$163.5 million Mental Health Package over the next 4 years – that will provide a suite of critical new services (outside of an ED setting) to further support South Australians seeking mental health care. This includes additional ongoing community support services, construction of a new 16-bed Crisis Stabilisation Centre in the northern suburbs, and expansion of the Adelaide Adult Mental Health Care Centre to operate 24-hours a day.
- Other measures to reduce emergency demand, which include: My Home Hospital which delivers hospital care to people with certain conditions in the comfort of their own home, and Four Priority Care Centres, providing community-based healthcare and treatment, including diagnostic and pharmacy services.
- Increasing emergency department capacity with more than \$110 million to provide more than 140 new treatment spaces across the State
- Tackling bed block in our hospitals, including additional housing for people with a mental health disability, and continued support for a Transition to Home: Step Down program, providing additional short-medium term accommodation beds available for NDIS eligible patients awaiting longer term supports; and
- Providing additional resources to our ambulance service (\$45.1 million over four years) to fund an addition 74 FTEs for the SA Ambulance Service, as well as additional ambulances and fit-out works at stations to accommodate the additional crews.

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The Government also confirms the delivery of a new \$1.95 billion\* Women's and Children's Hospital. The new hospital will include 500 treatment spaces, providing a 13 per cent increase in capacity from the current hospital, and catering for the needs of South Australian mothers and children for decades to come.

A new \$50.1 million Early Learning Strategy includes funding to expand the reach, frequency and number of child development checks – including one at 12 months and another at 3 years – to help reduce undiagnosed developmental delays in children entering the education system.

Treasurer Rob Lucas said the Budget charts a clear path out of the pandemic, with thousands of new jobs to be created through a record infrastructure investment that will see new and upgraded roads, rail, schools – including a new 1200 place Rostrevor High School - and hospitals, right across the state.

“Our commitment to improving the lives, and livelihoods, of all South Australians is unparalleled as we embark on one of the biggest economic recovery efforts this state has ever seen,” said Mr Lucas.

***“This Budget is our blueprint for a stronger South Australia, creating jobs, building what matters and delivering better services to further secure our growing global reputation as one of the safest and most attractive places in the world to live, work and raise a family.”***

The State Budget 2021-22 projects a net operating deficit of \$1.397 billion in 2021-22 as a direct result of the Government's comprehensive health and economic recovery response to the global pandemic, including \$354 million for COVID-related costs (including, but not limited to, the vaccine roll-out, additional SAPOL resources, contact tracing capacity and supporting SA Pathology's increased testing capacity).

The Budget is forecast to return to a modest surplus of \$48 million in 2022-23 – one year earlier than estimated in last year's Budget – and maintains projected surpluses over the forward estimates, including \$498 million in 2023-24 and \$379 million in 2024-25.

Mr Lucas said the Budget invests additional funding in a new Jobs and Economic Growth Fund (formerly the Economic and Business Growth Fund) bringing funding capacity to \$200 million to promote economic development and grow jobs in new and existing industries. A total of \$444 million has been committed to the fund to date.

Net debt for the Non-Financial Public Sector is forecast to be \$31.5 billion in the 2023-24 financial year – a reduction of \$1.7 billion on the estimated \$33.2 billion net debt in 2023-24 reflected in last year's State Budget. Net debt will then rise to \$33.6 billion in 2024-25.

Mr Lucas said the Government is committed to sustainable debt levels that support borrowings for key job-creating economic infrastructure and stimulus in a low interest rate environment, and this was consistent with advice from the Reserve Bank.

“We are actively turbo-charging our ongoing economic recovery through targeted, increased spending on key economic infrastructure to create thousands of local jobs in an environment of record low interest rates,” said Mr Lucas.

“This path is considered sustainable given the relatively low cost of debt currently available.”

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While net debt increases, South Australia's non-financial public sector net debt to revenue ratio is comparable with other similar or higher rated jurisdictions over the forward estimates.

### NET DEBT TABLE

Net debt – NFPS (\$b)	2020-21	2021-22	2022-23	2023-24	2024-25
2020-21 Budget	23.0	27.7	30.7	33.2	na
2021-22 Budget	22.0	26.2	28.9	31.5	33.6
Difference	-1.1	-1.5	-1.8	-1.7	na

Note: Totals may not add due to rounding

Although GST has improved by \$2.5 billion over the four years to 2023-24 compared with 2020-21 Budget estimates, expected collections are still down by \$374 million in 2020-21, \$364 million in 2021-22 and \$198 million in 2022-23 compared with pre-COVID expectations included in the 2019-20 Mid-Year Budget Review.

State tax collections have been revised up by \$257 million in 2020-21 and by around \$40 million per annum over the period 2021-22 to 2023-24 since the 2020-21 Budget.

The strong rebound in South Australia's economy following COVID-19 shutdowns has resulted in upward revisions to forecasts. SA's economic growth is now expected to be 2¼% in 2020-21 compared to a contraction of ¾% forecast in last year's budget.

This Budget now estimates economic growth in 2021-22 to be 3½% compared to the Commonwealth estimate of national economic growth of 4¼%.

*\*New Women's and Children's Hospital costing subject to Infrastructure South Australia review which may impact estimated project costs*