



Government of
South Australia

2011-12 Budget

Strong. Secure. Supportive.



Strong. Secure. Supportive.

- Helping the most vulnerable
- Continuing the investment in infrastructure
- Sustainable levels of debt that support a triple-A credit rating

Helping the most vulnerable

- Families
 - Resources for disabilities, family reunification, alternative care services and heating and cooling concessions.
- Health
 - More funding for doctors, nurses and health care workers
 - Increased support for digital breast cancer screening.
- Justice and Emergency Services
 - Increased resources for DNA analysis, a new public integrity office, reducing bushfire risk and SES and CFS volunteer training
- Education – relief for schools from higher electricity prices

Lotteries licence

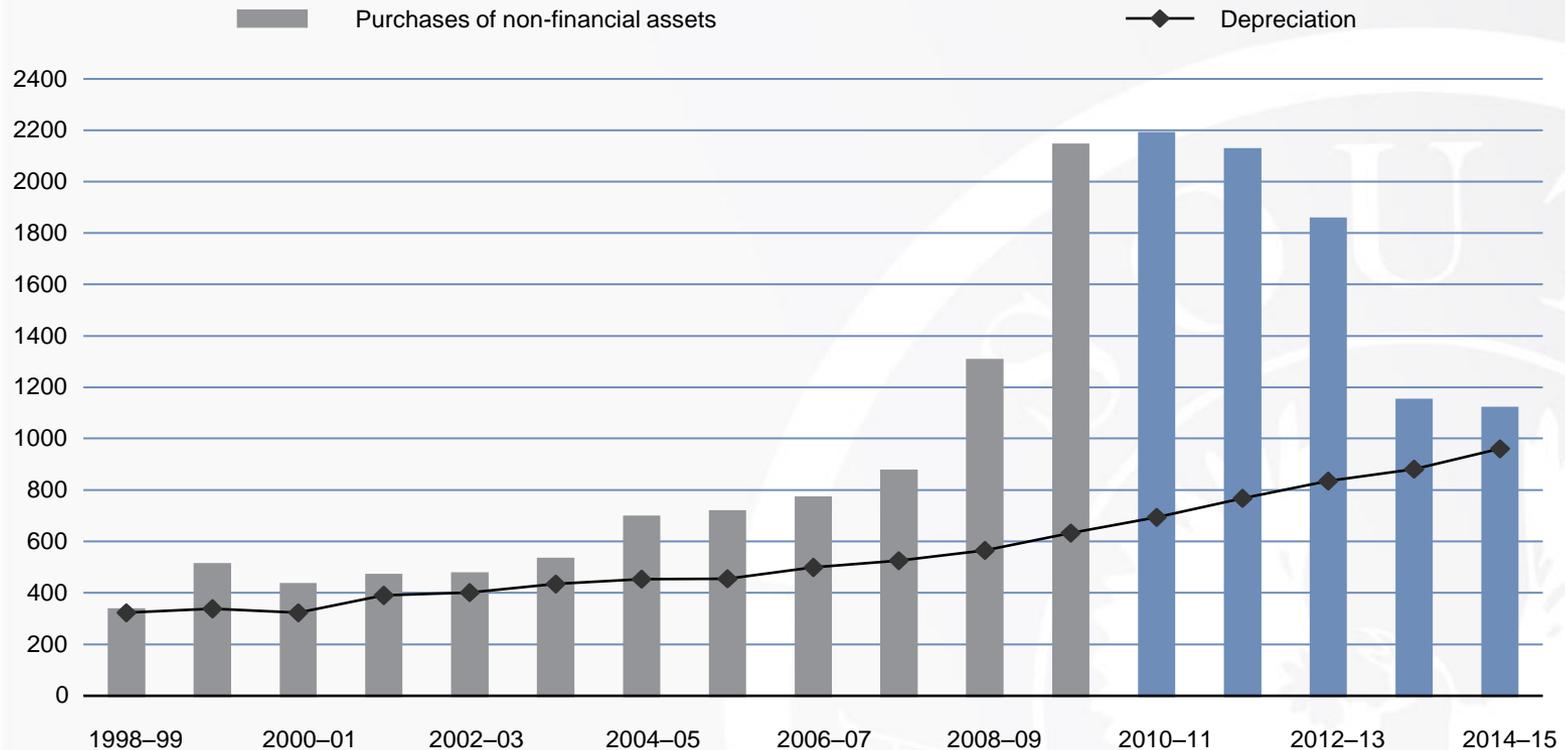
- Licenced under strict conditions to a private operator
- Gambling market increasingly competitive (casino, pokies, online gambling)
- Government will work to protect agents who rely on SA Lotteries
- State will continue to receive gambling taxes from lotteries

Investing in the future

- Budget continues massive infrastructure investment
- \$9.1 billion investment over four years that will benefit future generations
- Responsible level of borrowings for productive investment
- \$3.4 billion in 2011-12 alone
- Small part of capital investment program delayed (saving \$396.4 million over four years)
 - Standardisation of rail network, Outer Harbour electrification (now 2015-16)
 - Convention Centre plenary building (now 2015-16)
 - Oaklands Road capacity improvements (to be redesigned)
 - TQEH stage 3A (2014-15)
 - Noarlunga Health Service (2013-14)

An investment that will benefit future generations

General Government Sector



Developing our transport infrastructure

- Massive transport infrastructure program continues to be rolled out, including:
 - electrification of the Gawler rail line
 - Seaford rail upgrade
 - South Road Superway
 - duplication of the Southern Expressway
- New transport investments, including:
 - a new computerised train protection system
 - improvements to regional roads and freight routes
 - increased capacity of Park ‘n’ Rides
 - pedestrian safety cameras at school crossings on high risk arterial roads

Revenue

- Restrained household spending means lower GST revenue
- Lower property-related tax revenue
- New revenue measures are modest and include:
 - liquor licence fees (\$3.6 million per year)
 - motor registration fees (providing \$2 million for regional roads)
- Coming tax changes:
 - Indexing of land tax thresholds providing relief of around \$170 million to 2014-15 (from 1 July 2011)
 - Abolishing stamp duty on non-real property transfers providing relief of around \$112 million to 2014-15 (from 1 July 2012)

Expenditure

- Subdued revenue reinforces need for responsible spending controls
- Only modest new savings measures required in this Budget
- Honouring the pledge of no forced redundancies in the public sector
- Capacity to provide extra support for those most in need

	2011-12	2012-13	2013-14	2014-15
Expenditure growth (real)	0.1%	-2.4%	-1.1%	0.0%

Savings

- A further 400 public service FTE reduction (200 in 2012-13 and 200 in 2013-14). Saves \$31 million per year once fully carried out.
- Reducing first home bonus grant from \$8000 to \$4000 from 1 July 2012, and abolishing from 1 July 2013. Saves \$21.3 million over 4 years.
- Streamlining SAFECOM's functions saves \$2 million per year.

Fiscal indicators

- Net operating deficit forecast in 2011–12
- Surpluses forecast from 2012–13, with substantial surplus in 2014–15
- Net lending deficits decline to 2013–14 with surplus in 2014–15
- Net debt peaks in 2013–14 at 4.3 per cent of GSP (7.2 per cent of GDP nationally)
- Debt declines in 2014–15

General government sector fiscal indicators (\$ million)

	2010–11	2011–12	2012–13	2013–14	2014–15
	Estimated Result	Budget	Estimate	Estimate	Estimate
Net operating balance (\$m)	- 427	- 263	114	80	655
Net lending (\$m)	-1 821	-1 252	- 489	- 56	542
Net debt (\$m)	3 217	3 825	4 098	4 213	3 615
Net financial liabilities to revenue (%)	94.4	95.6	95.8	96.3	88.5

Economic outlook

- Projected solid economic growth of 2 ¾ per cent
- Performance of some sectors challenged by high Australian dollar
- Continued growth in South Australian employment

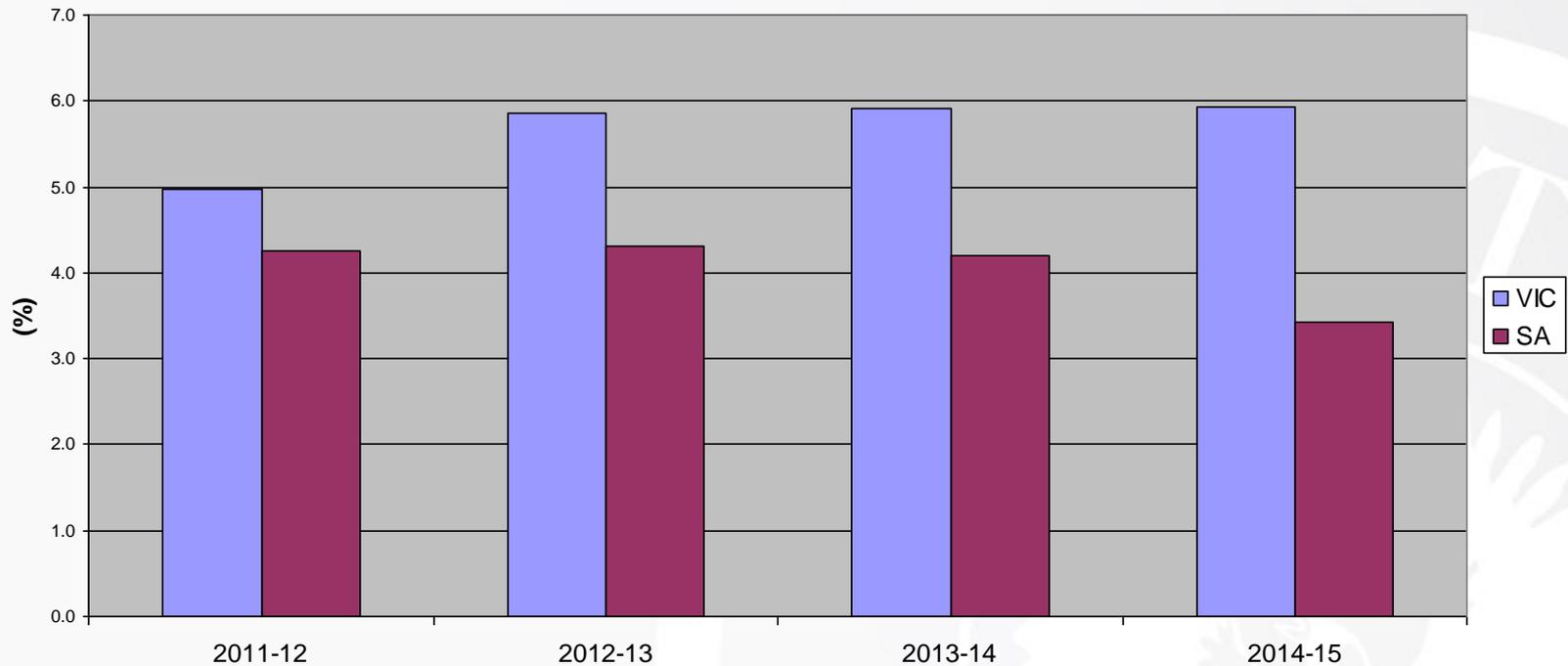
	2009–10 Actual	2010–11 Estimate	2011–12 Forecast	2012–13 Projection	2013–14 Projection	2014–15 Projection
South Australia						
Gross State Product — real growth (%)	1.5	3 1/2	2 3/4	2 3/4	2 3/4	2 3/4
Employment — growth (%)	0.9	1 3/4	1 1/2	1 1/2	1 1/4	1 1/4
Australia						
Gross Domestic Product — real growth (%)	2.3	2 1/4	4	3 3/4	3	3

Comparisons (Victorian Budget 03/05/2011)

- Consistently lower net debt as a percentage of Gross State Product
- Net Operating Balance by 2014/15 more than \$370 million further in Surplus
- Net Financial Liabilities as a percentage of revenue lower in each year of the forward estimates

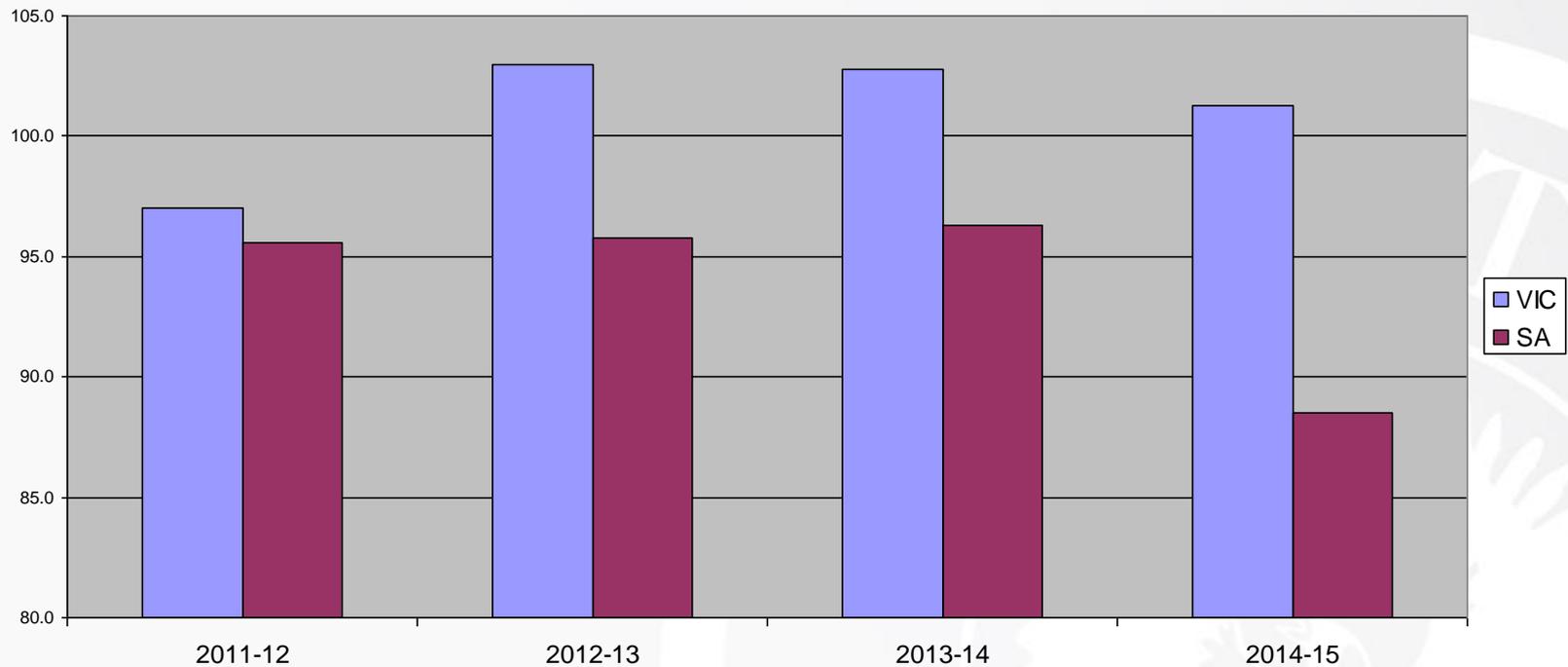
Comparisons (Victorian Budget 03/05/2011)

Net Debt as a percentage of Gross State Product



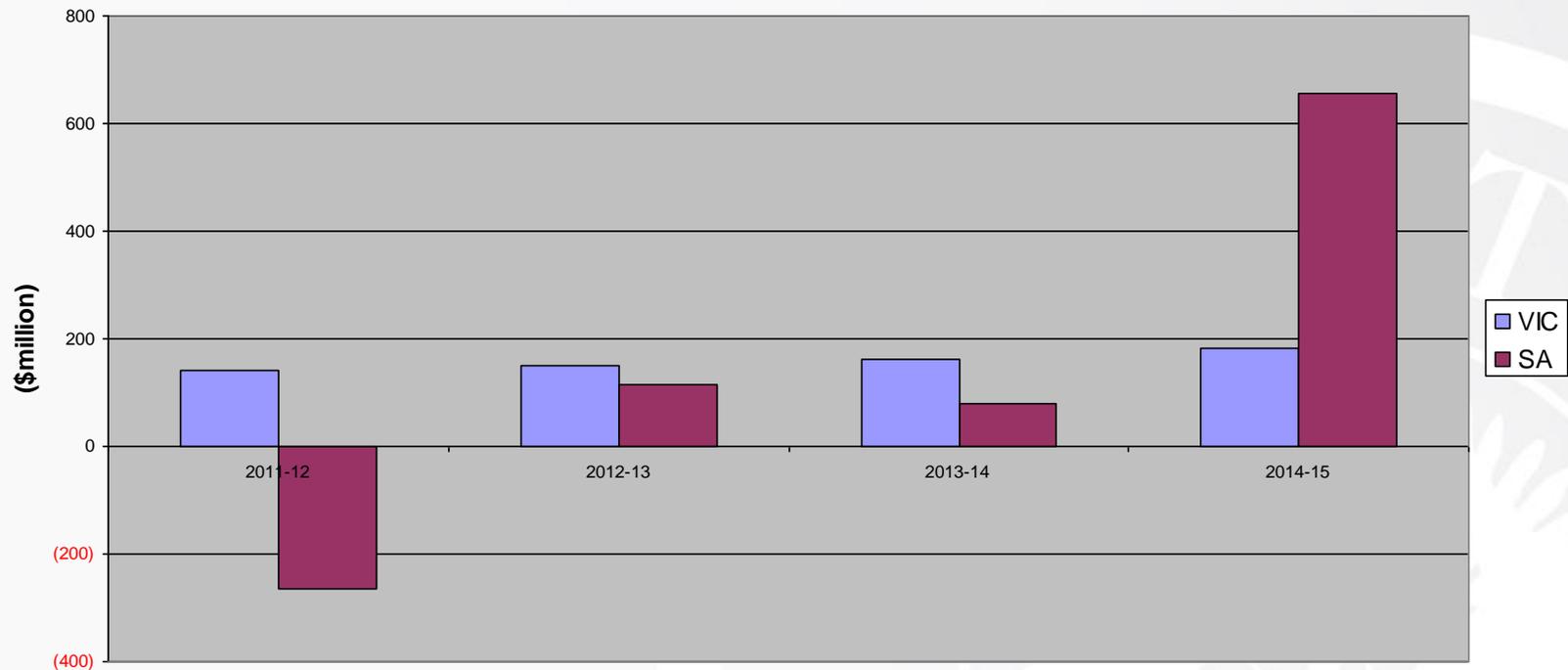
Comparisons (Victorian Budget 03/05/2011)

Net Financial Liabilites / Revenue



Comparisons (Victorian Budget 03/05/2011)

Net Operating Balance



The Opposition

- “Once we have seen the detail of the Government position, we will then consider our position” – Rob Lucas in The Advertiser on Tuesday in regards to Public Service Tenure
- “No, not at this stage. I’m not sure where Shadow Cabinet will go” – Iain Evans on ABC 730 when asked whether the Liberal Party will support in Parliament the licensing of SA Lotteries

“The job of the Treasurer is to look at the financial state of the government and to make sure that our policy settings are right so that we’re not living off our credit card and accruing the sort of debt that is going to be left to our kids to pay.”