



2010–11 Budget Overview

BUDGET PAPER 1



Government
of South Australia

2010–11 Budget Papers

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Treasurer's message



The 2010-11 State Budget marks the third part of the Rann Government's response to the global financial crisis, following the action taken in the 2008-09 Mid-Year Budget Review and the 2009-10 Budget.

This budget deals decisively with the revenue impact of the global financial crisis, achieves significant across government savings and delivers financial sustainability.

It does this while continuing the Rann Government's record investment in the state's infrastructure. With \$10.7 billion over the next four years, this investment for the future will support 12 000 FTE jobs in 2010-11 and provide crucial economic stimulus as we emerge from the global financial crisis.

And it does this while honouring all of the government's election commitments and increasing spending in priority areas of health and families and communities.

This budget has required difficult choices about the government's priorities over the next four years.

The challenge has been to balance the required savings needed for financial sustainability, with the requirement to maintain and improve quality government services and infrastructure.

The reforms to the public sector are significant and not without pain, but by seeking a greater proportion of savings from central administrative costs, the

impacts on front-line government services and on the general community have been reduced.

The measures we have introduced return the budget to surplus by 2011-12, followed by strengthening surpluses across the forward estimates. This provides a sound platform for future prosperity, and an important buffer against future economic shocks.

This budget builds on eight years of sound economic management by the Rann Government, which has seen our economy continue to grow and strengthen.

This is a responsible budget aimed at locking in the state's recovery from the effects of the global financial crisis, delivering public finances that are sustainable, and positioning South Australia for growth into the future.

Kevin Foley, MP
Treasurer

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2010–11 Budget at a glance

The 2010–11 Budget balances the need for significant capital and recurrent expenditures, with a considerable savings task, and achieves financial sustainability into the future.

The impact of the global financial crisis on government revenues means action is required to achieve financial sustainability.

The 2010-11 Budget delivers the government's 2010 election commitments, details significant savings in response to the Sustainable Budget Commission, and maintains record levels of capital investment to stimulate the local economy and support jobs in the wake of the global financial crisis.

The budget contains new operating and investing initiatives totalling \$2.8 billion over the next four years.

This includes the government's election commitments and increased resources, particularly in the areas of health, families and communities, and education.

Capital investment continues at historically high levels, with \$10.7 billion over four years, including \$3.6 billion in 2010-11, supporting 12 000 FTE jobs this financial year.

The budget also includes new savings and revenue measures totalling \$2 billion over four years, in response to the second report of the Sustainable Budget Commission.

These savings deliver the \$750 million savings task outlined in the 2009-10 budget, and further savings to restore the sustainability of the state's finances after the effects of the global financial crisis.

Net operating surpluses are restored from 2011-12, growing strongly to \$370 million in 2013-14. The 2014-15 projections show a very strong operating surplus.

Net lending deficits from 2009-10 to 2011-12 reflect the government's large capital investment program, resulting in a corresponding increase in net debt. A net lending surplus in 2013-14 and a stronger surplus in the 2014-15 projection, result in reductions in net debt levels.

The net financial liabilities to revenue ratio is forecast to peak in 2011-12 due to the growth in net debt. The ratio declines over the forward estimates as budget sustainability measures take effect.

Key general government sector budget indicators are outlined in the table below.

Total taxation, GST and royalty revenues were estimated to be \$3.8 billion lower at the time of the last budget, due to the impacts of the global financial crisis.

Revenues are recovering, but still remain almost \$1.4 billion lower (excluding revenue measures) than anticipated before the crisis. This is mainly due to the GST pool still being well below levels estimated in the 2008-09 Budget.

This has a significant impact on net debt, and reduced revenues also impact on the net operating position.

The graph below shows the gap in revenues across the forward estimates.

This reduction in revenue, along with the need to maintain the capital investment program supporting the economy and employment and ongoing cost pressures, particularly in health and families and communities, has required the government to take action to achieve financial sustainability.

In order to improve the state's budget position, the government has identified new operating savings of \$1.5 billion over four years, including savings of \$583 million in 2013-14.

Revenue and cost recovery measures have also been identified, taking the total budget improvement measures to \$2 billion over four years.

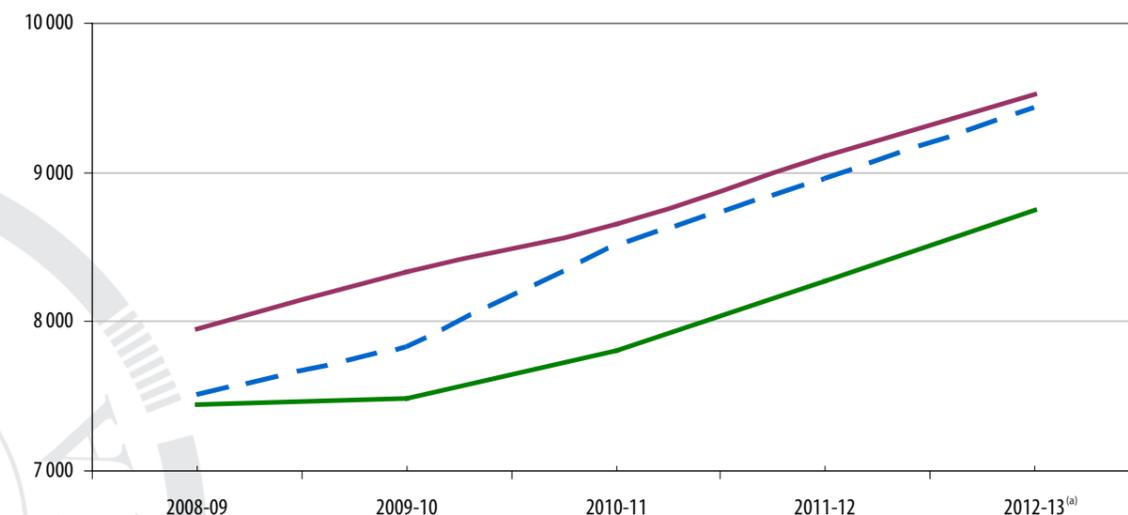
Savings announced in this budget provide capacity for additional expenditure, including maintaining the government's commitment to significant investment in infrastructure.

General government sector budget estimates (\$million)

		2009-10 Estimated Result	2010-11 Budget	2011-12 Estimate	2012-13 Estimate	2013-14 Estimate	2014-15 Projection ^(a)
Net operating balance	\$m	167	-389	55	216	370	840
Net lending	\$m	-1124	-1791	-841	-194	126	689
Net debt	\$m	1587	3335	3633	3864	3847	3243
Net financial liabilities to revenue	%	85.4	100.1	100.2	99.8	98.8	89.3

(a) Projections for 2014-15 are based on projections for revenue and expenditure aggregates rather than the detailed build up of portfolio expenditure and individual revenue items, which form the basis of the forward estimates up until 2013-14.

Taxation, GST and royalty estimates since the 2008-09 Budget (\$million)



(a) 2012-13 estimates not published in the 2008-09 Budget.
 (b) Excluding taxation and royalty policy measures in budget

— 2008-09 Budget
 — 2009-10 Budget
 - - 2010-11 Budget^(b)

Delivering sustainable budgets

The 2010–11 Budget details the savings measures necessary to return the budget to a sustainable position following the global financial crisis.

The Sustainable Budget Commission was established at the time of the 2009-10 Budget to assist the government in identifying \$750 million in savings over three years (\$150 million in 2010-11, \$250 million in 2011-12, and \$350 million in 2012-13) and to advise the government on achieving sustainable budget outcomes.

In its second and final report, the commission recommended a level of budget improvement measures to meet all existing savings targets, totalling over \$700 million in 2013-14, plus an additional savings target to allow for future spending.

The commission also outlined that savings growing to \$1.2 billion in 2013-14 would deliver strong surpluses and future budget flexibility. However, it noted that the government could adopt savings in 2013-14 of less than \$1.2 billion and commit to lower net new expenditures across the forward estimates in order to maintain acceptable budget outcomes. Lower net operating surpluses in future years may also be more sustainable if infrastructure investment is constrained.

The commission noted in its second report that “Budget sustainability is not a black and white test. Savings of \$1.2 billion in 2013-14 would deliver a sustainable budget

outcome, if backed up by sound fiscal policy subsequently, while savings of only \$700 million in 2013-14 would leave the budget vulnerable in a number of respects. Between these outcomes there is trade-off: higher up front savings allows more future budget flexibility ... ”

The commission provided the government with a menu of savings far in excess of the savings required, allowing the Government to choose the most appropriate measures to improve the budget position.

This budget contains over \$2 billion in new budget improvement measures over four years, including \$762 million in new savings and revenue initiatives in 2013-14.

Furthermore, previously announced efficiency dividend, CPI adjustment and FTE savings already in agency budgets are still required to be achieved by agencies.

The improvement measures announced in this budget, when added to the existing savings to be delivered in 2013-14 and the interest savings arising from the measures, contribute to an overall improvement in the net operating position of nearly \$1 billion in 2013-14.

New budget improvement measures

	2010-11 Budget	2011-12 Estimate	2012-13 Estimate	2013-14 Estimate	Total
Expenditure savings measures	124.8	327.2	491.2	582.7	1525.9
Revenue measures	11.7	127.3	160.4	179.2	478.6
Total new budget improvement measures	136.5	454.5	651.6	761.9	2004.5
Existing measures/interest savings	56.1	110.0	163.3	230.0	559.3
Total budget improvement measures	192.6	564.4	814.9	991.8	2563.8

Note: Totals may not add due to rounding.

Expenditure and revenue measures

The 2010–11 Budget includes new budget improvement measures totalling \$2 billion over the next four years, including operating savings of \$1.5 billion and revenue measures of \$479 million.

New operating savings apply to all portfolios and there are a number of across government savings initiatives.

Significant savings and revenue measures announced in the 2010-11 Budget include:

Expenditure savings

- \$118.1 million over four years from efficient price reform across metropolitan hospitals to increase efficiencies;
- \$98 million from a restructure of the Department of Trade and Economic Development.
- \$76.9 million over four years by reducing the eligibility for the First Home Owner Bonus grants to the construction of new dwellings. The amount for new dwellings will also be doubled from \$4000 to \$8000;
- \$76.1 million over four years by reducing the number of consultative outpatient services provided in public hospitals;
- \$65 million over four years in departmental efficiencies in the Department of Transport, Energy and Infrastructure;
- \$56.9 million over four years from health corporate services reform relating to the integrated finance function, integrated workforce function and consolidation of ICT service;
- \$49.8 million over four years from the elimination of the regional petroleum subsidy scheme; and
- \$31.5 million in facilities management savings.

Revenue measures

- \$65.5 million over three years from the increase in mining royalties rates;
- Taxation measures including \$50 million over three years from replacing land-rich stamp duty provisions with a landholder model and \$9.8 million over three years from phasing out the payroll tax exporters rebate scheme;
- \$48.9 million over four years from the Victims of Crime Levy increase; and
- \$44.8 million from an increase in expiation fines.

Efficient price reform

As part of the National Health and Hospital Network National Partnership agreement, the Commonwealth will pay 60 per cent of the efficient price of every public hospital service. Efficient price reform is a program to increase the efficiency of the South Australian hospital system, and bring state funding levels into line with the efficient price. This facilitates the new national agreements. The cost per service provided will be reduced through a range of measures that include:

- more efficient use of operating theatres;
- improved contract management;
- reducing the use of agency staff;
- reducing overtime; and
- improving leave management.

Reform in the public sector

The 2010–11 Budget includes reform initiatives for long service leave, leave loading, executive reduction and motor vehicle fleet reform.

The new savings measures combined with ongoing savings requirements retained in agency budgets are estimated to result in the reduction of 3743 FTEs from the public sector by 2013–14.

However, this reduction will be partially offset by an additional 1981 FTEs by 2013–14 resulting from 2010 election commitments and other expenditure initiatives in this budget. The net reduction of 1762 FTEs is around two per cent of the general government sector workforce.

Targeted Voluntary Separation Scheme

The government is fully committed to achieving a sustainable budget outcome through the approved savings measures. Government employees whose positions are determined to be redundant as a consequence of those saving measures will have the opportunity for training and skills development to find alternative employment positions that arise from natural attrition and higher priority expenditure initiatives in the public sector.

Employees whose positions are determined to be redundant and who are not assigned to other positions will also have available generous voluntary separation packages.

Following the introduction of separation packages, if the required reduction in employee numbers is not achieved in 12 months through redeployment and voluntary separation packages, the government will reconsider its 'no forced redundancy policy'.

Long service leave

Public sector employees currently accrue 15 calendar days of long service leave for each year beyond the first 15 years of service. It is proposed that this be reduced to nine days in the future, more in line with those of the majority of the South Australian workforce.

The initiative provides savings of \$90.7 million over three years.

Leave loading

Under current arrangements, leave loading for non-shift workers is generally paid at the rate of 17.5 per cent up to a maximum of around \$700 when the annual salary reaches \$51 900.

Under this proposal, which focuses on administrative positions, leave loading for non-shift workers would be replaced by two additional days of annual leave, providing a saving of approximately \$46.6 million over two years.

Executive reduction

The government has committed to reduce the number of executive positions across government by 20 per cent, equivalent to 138 FTEs.

This is expected to result in a saving of around \$30 million by 2013–14.

Motor vehicle fleet reform

The government has identified savings of \$31.7 million from the management of its motor vehicle fleet. The fleet utilisation initiative reduces government fleet passenger vehicles through the greater use of vehicle pooling arrangements.

Fleet optimisation involves purchasing a greater number of four cylinder vehicles, particularly once the locally built Holden Cruze becomes available.

Revised management arrangements for the government vehicle fleet will also deliver savings.

Revenue and subsidy measures

Revenue measures included in this budget are intended to ensure appropriate returns on the state's finite minerals, promote equitable treatment of significant land transfers and re-targeting assistance to areas considered most in need.

Royalties

A new three-tiered system for applying mineral royalty rates will be introduced from 1 July 2011. It is estimated to provide an additional \$65.5 million of revenue over three years.

A royalty rate of 3.5 per cent will be retained for refined metallic products, including refined copper, gold and silver. It will also continue to apply to categories of industrial minerals and construction materials, including limestone and gypsum. Retaining the 3.5 per cent rate for industrial minerals and construction materials will ensure that the housing and construction sector is not affected by the changes. Extractive minerals (such as sand, gravel and stone) also remain at their existing rate of 35 cents per tonne.

The royalty rate will be increased to 5.0 per cent for other mineral products, generally concentrates or minimally processed products, including copper concentrate, uranium oxide concentrate and iron ore.

New mines will remain eligible for a concessional rate for the first five years, but this rate will be increased to 2.0 per cent from 1.5 per cent. Existing mines paying the 1.5 per cent rate will be subject to this rate until the end of their five year term.

Stamp duty landholder model

A landholder model will be introduced to replace the existing land rich provisions in the *Stamp Duties Act 1923*. It is estimated that this measure will raise an additional \$50 million in revenue over three years. The landholder model has broader application than the land rich model. It treats all significant land transfers over \$1 million equitably and protects the conveyance duty base from being eroded through manipulation of the existing test.

First Home Owners Grant cap

First home buyer properties eligible for the \$7000 First Home Owners Grant will be capped at a market value of \$575 000. The \$575 000 cap is over two times the median value of first homes purchased in South Australia and around 98 per cent of first home buyers will still be eligible to receive the grant.

The cap will apply to eligible transactions entered into on or after 17 September 2010. This measure will save \$7.4 million over four years.

First home bonus grant

The first home bonus grant will be doubled to \$8000 and re-targeted towards first home buyers who build or purchase a newly constructed home valued at up to \$400 000. The grant phases out for new homes valued between \$400 000 and \$450 000.

The first home bonus grant will no longer be available to first home buyers of existing dwellings.

The new arrangements will apply to eligible transactions entered into on or after 17 September 2010, and are estimated to save \$76.9 million over four years.

Petroleum subsidy scheme

The petroleum subsidy scheme will be abolished from 1 January 2011. The scheme currently provides subsidies of up to 3.3 cents per litre for diesel and unleaded petrol purchased in regional areas. This is consistent with other jurisdictions, including New South Wales, Victoria, Queensland and Tasmania which have recently abolished their petrol subsidy schemes. This measure will save \$49.8 million over four years.

Payroll tax exporter rebate

The payroll tax exporters rebate will be phased out over three years, with the rebate halved from 20 per cent to 10 per cent from 1 July 2011 and fully abolished on 1 July 2013. The phased abolition of the rebate follows substantial payroll tax relief in recent budgets, with payroll tax rates considerably lower than when the rebate was introduced. This measure will save \$9.8 million over three years.

Cellar door subsidies

The annual cap on cellar door subsidies will be reduced to \$50 000 per producer from 1 July 2011. The state cellar door subsidy scheme is in addition to the benefit wine producers receive from the Commonwealth wine equalisation tax (WET) producer rebate, which effectively exempts the first \$1.7 million per annum in domestic wholesale wine sales for each producer group or independent wine producer from the WET. This measure will save \$7.0 million over three years.

The Health portfolio budget contains new initiatives of \$884 million over the next four years.

Major health initiatives include:

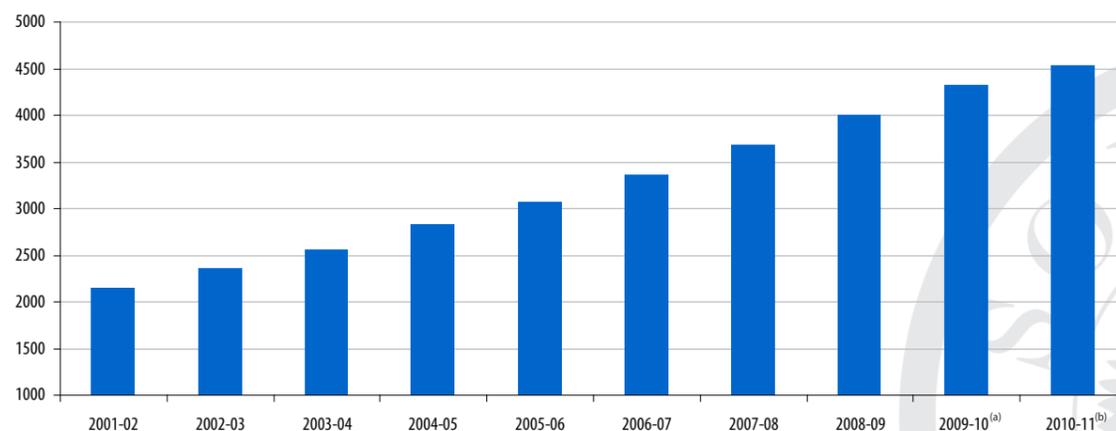
- \$502.2 million over four years (in addition to \$117.9 million in 2009-10) for additional resources for health services;
- \$111.0 million to implement strategies to achieve a four hour emergency department target for 95 per cent of cases where clinically appropriate;
- \$88.6 million to provide an additional 260 000 elective procedures across metropolitan and country hospitals;
- \$71.7 million over four years to upgrade the Women's and Children's Hospital, including \$64.4 million for the capital upgrade, which includes eight new high level neonatal intensive care cots, two additional operating theatres, a new central sterilisation unit, room upgrades and a new medical day unit and dialysis unit;
- \$46.0 million over three years to upgrade and expand the emergency department and deliver a 36 bed rehabilitation inpatient unit at the Modbury Hospital;
- \$38.6 million over two years as part of the \$125.0 million redevelopment of The Queen Elizabeth Hospital to provide a new emergency department, nine new operating theatres and the engineering works necessary to sustain the hospital in the future;

- \$9.8 million to provide the first 50 of the new 100 nurse practitioner positions and 80 two-year nursing scholarships; and
- \$9.7 million to provide 50 medical officer training positions.

In addition to the new budget initiatives, a number of initiatives were approved in the period following the 2009-10 Mid-Year Budget Review. These initiatives are shown as memorandum items in the 2010-11 Budget Measures Statement and include:

- \$121.2 million for sub-acute services to provide an additional 20 sub-acute beds at the Repatriation General Hospital and improve allied health services, create 90 mental health intermediate care places and 80 additional supported care packages, and to establish step down facilities for integrated forensic mental health services;
- \$20.5 million over four years (in addition to \$2.6 million in 2009-10) for increases in the rates of payment for on call allowances and ancillary services for rural general practitioners; and
- \$4.2 million to purchase additional equipment to support emergency departments and elective surgery.

Health expenditure^(a) (\$million)



(a) Based on Government Purpose Classification data which is used to analyse government spending over time.

(b) Estimated result.

(c) 2010-11 Budget

Source: Final budget outcomes, 2010-11 Budget Papers.

The Families and Communities portfolio budget contains new initiatives of \$307 million over the next four years.

Major families and communities initiatives include:

- \$137.7 million over four years (in addition to \$25.2 million for 2009-10) in increased resources for Families SA to support children requiring alternative care arrangements including home based, residential and emergency care;
- \$70.9 million over four years in additional resources for Disability SA to support people with disability and their carers;
- \$70.6 million over four years for an increase to energy, water, sewerage and emergency service levy (ESL) fixed property concessions and an extension of eligibility to lower income earners for energy and ESL fixed property concessions from 1 July 2010;
- \$13.8 million over four years (in addition to \$3.8 million in 2009-10) for the ongoing provision of disability equipment, a reduction in disability equipment waiting lists and extra adult and children's clinical assessments;

- \$6.6 million over four years for the Active Ageing initiative including:
 - \$3.1 million over four years for a home visiting scheme for older South Australians that will enable volunteers to assist older South Australians maintain their independence, make informed decisions and stay connected to their communities; and
 - \$2.9 million over four years to assist older South Australians who live alone with the purchase, installation and ongoing maintenance costs of a monitored personal alert system;
- \$4.2 million over four years to support children with autism through:
 - \$2.1 million over four years in additional grant funding to Autism SA for assessments and early intervention services for children with autism; and
 - \$2.1 million over four years to SA Health for a multi-disciplinary assessment team.

Increases in concession payments^(a)

	Prior to 1 July 2010	1 July 2010	1 July 2011	1 July 2012	Total increase
Energy	\$120	\$150	\$158	\$165	\$45
Water — owner occupier	\$200	\$210	\$221	\$232	\$32
Water — tenant ^(b)	\$160	\$168	\$176	\$185	\$25
Sewerage	\$95	\$100	\$105	\$110	\$15
Emergency Services Levy	\$40	\$42	\$44	\$46	\$6

(a) Maximum level of concession shown.

(b) Tenants are eligible for a lower maximum concession in recognition of the fact that tenants are not generally liable for the supply charge component of water bills.

Education

The Education portfolio budget contains new initiatives of \$156 million over the next four years.

Major education initiatives include:

- \$60 million, plus a further \$10 million to be allocated from the existing investing budget, to expand the capacity of four specialist government high schools: Adelaide High School; Glenunga International High School; Brighton Secondary School; and Marryatville High School;
- \$26.5 million to expand the network of children's centres with the establishment of an additional 10 centres;
- \$16.0 million for non-government schools to support the development of skills and knowledge in science and mathematics, to address behaviour management, and support students with English as a second language;
- \$15.1 million to establish six new better behaviour centres and employ an additional 12 truancy officers;
- \$9.0 million to establish six new special education units for children with a disability that will cater for an extra 120 students; and
- \$8.7 million to provide schools with more teachers who have specialist qualifications in maths and science.

In addition to the new budget initiatives, a number of initiatives were approved in the period following the 2009-10 Mid-Year Budget Review. These initiatives are shown as memorandum items in the 2010-11 Budget Measures Statement and include:

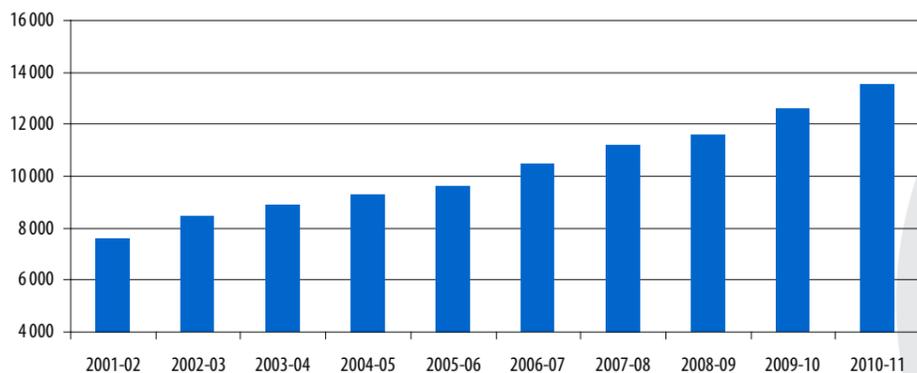
- \$32.8 million over four years (\$13.8 million from the redirection of existing resources) for new school buses and supporting private bus operator contracts to ensure all school buses are fully compliant with current safety standards including seat belts; and
- \$24.1 million over four years (in addition to \$1.1 million in 2009-10) under the Indigenous Early Childhood Development National Partnership for the construction and operation of Aboriginal Children and Family Centres.

The budget also includes additional resources of \$265.0 million over four years to support the costs arising from the *South Australian Education (Government Preschools and Schools) Arbitrated Enterprise Bargaining Award 2010*. This includes:

- resources for increases in preparation time for teachers;
- additional support for special class school services officers; and
- additional resources for ICT technical and curriculum support in schools.

The increase in preparation time and additional school service officers allocations for special classes will lead to the appointment of up to 720 FTEs per annum of additional teaching and non-teaching staff in schools and preschools. The additional ICT funding will provide for up to 125 FTE additional staff.

Spending per student (\$)



Justice and emergency services

The Justice portfolio budget contains new initiatives of \$186 million over the next four years.

Major Justice and Emergency Services initiatives include:

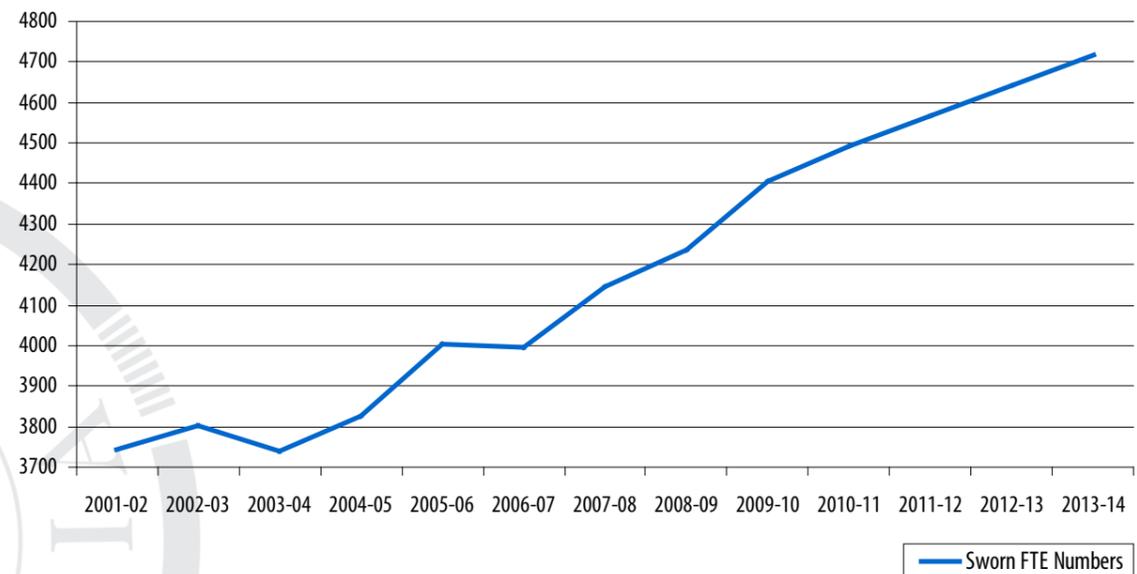
- \$106.3 million over four years to recruit an additional 300 police and equip SAPOL with the latest crime fighting technology including hand held computers, a portable fingerprint scanning system and more automated number plate recognition mobile cameras. This also includes funding for a trial of the Star Chase pursuit management system;
- \$15.5 million over four years to target street crime, including establishing the Southern Community Justice Court, the state's first community court;
- \$7.8 million to implement changes to domestic violence legislation, including support for the management of intervention orders and the establishment of assessment and intervention programs;
- \$6.8 million over four years to increase security on public transport by providing additional transit police officers on trains and trams; and

- \$5.4 million over four years (in addition to \$4.0 million provided in 2009-10) to increase resourcing to the state's volunteer-based emergency services, including new technology, infrastructure upgrades, equipment and volunteer support.

In addition to the new budget initiatives, a number of initiatives were approved in the period following the 2009-10 Mid-Year Budget Review. These initiatives are shown as memorandum items in the 2010-11 Budget Measures Statement and include:

- \$12.9 million over four years to continue the bushfire awareness program Prepare.Act.Survive;
- \$9.5 million over four years (in addition to \$1.0 million provided in 2009-10) for the Legal Services Commission to support legal aid services; and
- \$6.9 million over four years for additional prisoner accommodation, education and rehabilitation services.

Police numbers



Expenses by function and revenue by source

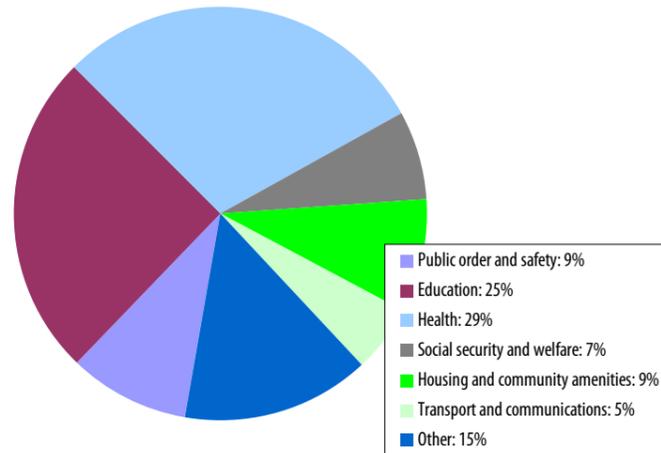
Spending on health and education continues to make up more than half of the budget in 2010–11.

Expenses by function

The majority of the government's expenditure is directed at the delivery of front-line services to South Australians.

Health is the most significant expense category, representing \$4.5 billion or 29 per cent of operating expenditure in 2010-11.

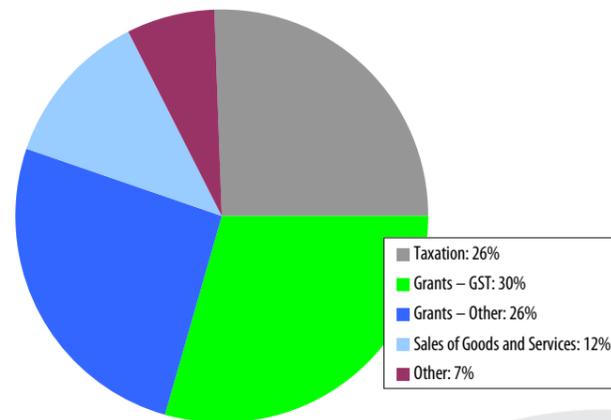
Education expenses, at \$3.9 billion in 2010-11, is the second largest expense category.



Revenue by source

These services are funded from the government's revenue streams, the most significant of which are:

- GST revenue grants from the Commonwealth, at \$4.5 billion or 29.6 per cent of revenue;
- other current and capital grants from the Commonwealth Government, at \$3.9 billion or 25.6 per cent of revenue; and
- state taxes, at \$3.9 billion or 25.6 per cent of revenue.



Delivering infrastructure for our future

The 2010–11 Budget provides significant ongoing investment of \$10.7 billion over four years to rebuild and expand the state's infrastructure.

The investment program for 2010-11 remains historically high at five times the level of actual expenditure in 2001-02.

The \$1.8 billion construction of a 100 Gigalitre desalination plant and transfer pipeline is proceeding.

Work will commence on the \$394 million expansion of the Adelaide Convention Centre and redesign of the Riverbank Precinct, including the footbridge.

Investment in transport, health and education infrastructure remains a priority, with the allocation of new resources over four years to projects including:

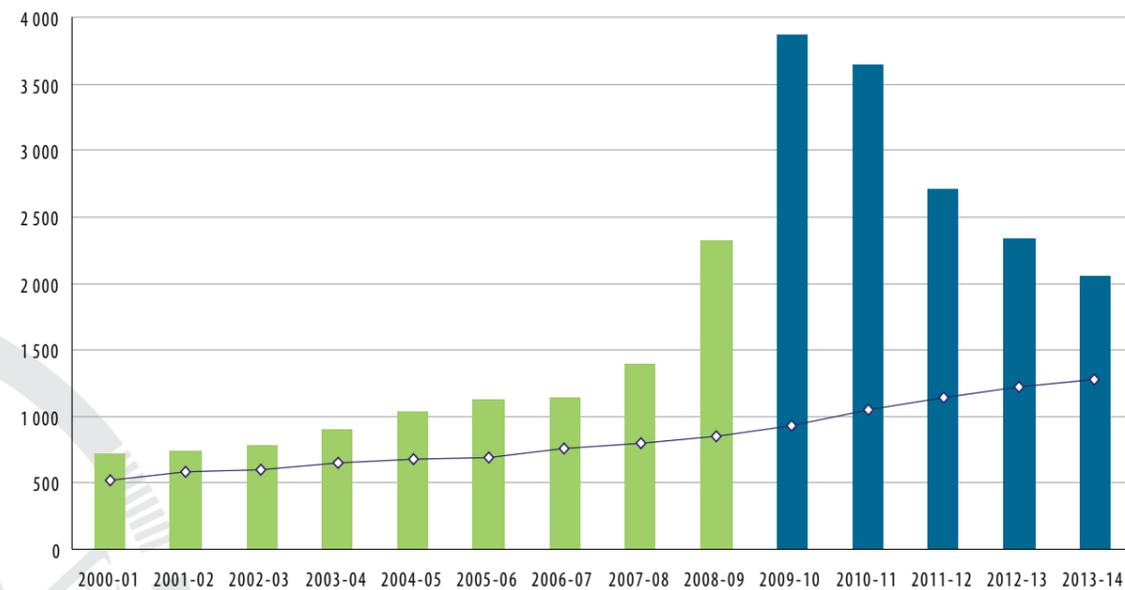
- \$149 million for upgrades at the Women's and Children's Hospital, and major redevelopment of Modbury Hospital and The Queen Elizabeth Hospital (\$235 million total project investment); and

- \$90 million to expand Adelaide's specialist high schools and establish new Better Behaviour Centres, special education units for children with a disability and a further 10 children's centres.

Capital projects under the Commonwealth Government's Nation Building — Economic Stimulus Plan will continue, including infrastructure and facility upgrades for South Australian government schools and construction to increase the supply and quality of social housing.

The investment program for 2010-11 will also provide for the completion of six new schools through a public private partnership as part of the government's successful Education Works initiative and \$420 million for ongoing public housing construction and redevelopment programs.

Non-financial public sector purchases of non-financial assets (\$million)



■ Estimated purchases of non-financial assets
■ Actual purchases of non-financial assets
◇ Depreciation

Transport, energy and infrastructure

The Transport, Energy and Infrastructure portfolio budget contains additional initiatives of \$525 million over the next four years.

In total, the government has committed \$3.7 billion for transport, energy and infrastructure projects over the forward estimates (in partnership with the Commonwealth).

Major initiatives include:

- \$445.5 million for the duplication of the Southern Expressway from Darlington to Old Noarlunga, including a grade separated interchange at Darlington;
- \$36.1 million over four years for additional buses and bus services across the existing metropolitan system and expansion in the outer metropolitan areas plus \$5.2 million over four years for the upgrade and replacement of bus shelters;
- \$12.4 million over four years to expand the Rural Road Safety and Black Spot programs;

- \$12.0 million over four years for the Greenways and Cycle Paths project; and
- \$6.1 million over two years for regional road projects, including a \$3.6 million state contribution towards the \$18.0 million McLaren Vale Overpass project and \$2.5 million for a road management plan and upgrade of the Highway One/Burgoyne Street intersection in Port Augusta.

In addition, new initiatives approved in the period following the 2009-10 Mid-Year Budget Review include:

- \$29.9 million over two years for refurbishment works to the Port Bonython jetty; and
- \$21.2 million over two years (in addition to \$2.8 million in 2009-10) for road and rail improvements required to service the Greater Edinburgh Parks development.

The above measures build on the government's previous major commitments in the area of transport infrastructure, including:

- the \$843.0 million South Road Superway, the state's largest ever individual road project;
- the \$875.0 million electrification of the Gawler, Noarlunga and Outer Harbor rail lines; and
- the \$366.0 million extension of the Noarlunga rail line to Seaford.

Continuing the \$2.6 billion public transport commitment

	Expected Completion
Extension of light rail to Adelaide Entertainment Centre	Completed
New Seaford line	2012-13
Noarlunga line resleepering and electrification ^(a)	2012-13
Gawler line resleepering and electrification	2014-15
Outer Harbour line resleepering and electrification	2014-15
Light rail extension to West Lakes, Semaphore and Port Adelaide	2018-19

(a) Electrified line will be operating in 2012-13. Some final rail car purchases will occur in 2013-14.

Supporting the economy and jobs

The 2010-11 Budget contains initiatives to revitalise TAFE facilities, upskill workers and support key industry development.

The government has committed to creating 100 000 new jobs in the economy over the next six years.

The budget provides a range of measures to support this commitment:

- the 2010-11 capital program will be \$3.6 billion, supporting 12 000 FTE jobs in 2010-11 alone;
- \$125 million for the development of the Sustainable Industries Education Centre, Tonsley Park;
- the abolition of payroll tax on the wages of eligible apprentices and trainees from 1 July 2010 at a cost of around \$80 million over the forward estimates;
- payroll tax relief provided by the government since it was first elected is estimated to save businesses more than \$200 million per annum;
- \$194 million to deliver more than 62 000 additional training places, combined with the existing 38 000 training places under the Productivity Places Program, bringing the total number of additional training places to 100 000 over the next six years;
- \$6.3 million over four years for a range of new programs to support the state's manufacturing industries.

The Government's commitment to sustainable economic growth is being reinforced with an additional \$5.5 million over three years to support the Cleantech industry and promoting sustainable manufacturing.

The government is also supporting economic activity and employment prospects in the regions through:

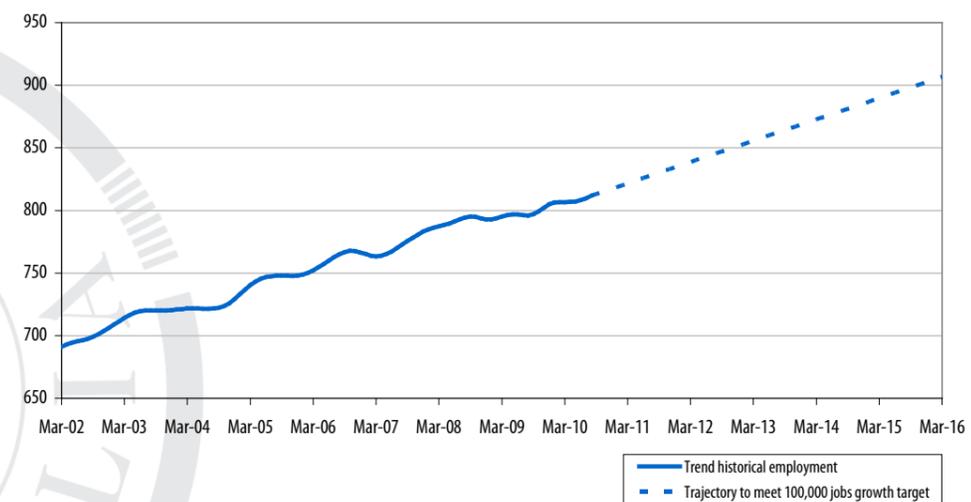
- \$20 million over four years to establish the Riverland Sustainable Futures Fund; and
- \$4 million over four years for the establishment of the Upper Spencer Gulf Enterprise Zone.

The government is also continuing the Regional Development Infrastructure Fund (RDIF), with \$12 million over the next four years.

An additional \$4.2 million over four years will be provided to further develop South Australian food and wine industries through the SA Food Centre at Regency Park.

An additional \$10.2 million over four years through the Plan for Accelerating Exploration (PACE 2020) to assist further exploration and mining development in South Australia.

South Australian Employment ('000 persons)



The 2010–11 Budget supports projects and initiatives for the development, prosperity and wellbeing of communities in regional areas.

The 2010-11 Budget provides support for the economic, social and environmental sustainability of regional communities across South Australia through a number of initiatives including:

- \$33.8 million over two years to meet the requirements of recent and expected extensions to the Exceptional Circumstances drought relief program by the Commonwealth Government;
- \$29.9 million over two years to refurbish the Port Bonython jetty;
- \$20 million over four years to establish a Riverland Sustainable Futures Fund;
- \$12.8 million in 2010-11 to tackle plague locusts in the spring of 2010;
- \$10.2 million over four years for the Plan for Accelerating Exploration (PACE 2020) to assist further exploration and mining developments in South Australia;
- \$9.5 million for continued drought support for the River Murray;
- \$8.1 million for a desalination plant in Hawker;
- \$8.0 million over four years to expand the Rural Road Safety Program;
- \$5.9 million to provide additional cancer services in country areas;
- \$5.0 million toward the Port Augusta sports hub; and
- \$2.5 million over two years for the Port Augusta Regional Roads Plan and Burgoyne Street Upgrade.

Regional infrastructure developments in 2010-11

The 2010-11 Budget has provided for a large range of infrastructure improvements relating to hospitals, public housing, government schools and rural roads for regional South Australia, including:

- \$70.1 million for regional health services. This includes \$23.5 million for the Ceduna Hospital, \$14.7 million for the Whyalla Hospital, \$12.7 million for the Berri Hospital, \$8.4 million for asset sustainment and equipment replacement in country hospitals, \$2.8 million for aged care facilities at Hammill House in Port Pirie and \$2.0 million for new ambulance stations in Orroroo and Booleroo Centre;
- \$51.8 million for social housing including \$46.2 million for remote indigenous housing and \$5.6 million for affordable rental units in Port Augusta;
- \$45.0 million for rural road safety. This comprises \$10.8 million for improvements to outback roads and the River Murray ferries, \$9.6 million for roadside rest areas, \$9.5 million for targeted rural road safety improvements, \$7.5 million for shoulder sealing on rural roads with high volumes of traffic, \$5.3 million for improvements to high risk roads under the national and state Black Spot programs and \$2.3 million for improvements to the state's rural freight network; and
- \$30.6 million for education including \$19.5 million for upgrades and new facilities at a number of regional government schools and the construction of two new children's centres, \$6.0 million for new school buses and \$5.1 million for three regional Aboriginal children and family centres.

The South Australian economy experienced solid recovery during 2009-10, and growth is expected to continue to gather further momentum through the course of the current financial year and into 2011–12.

World economic growth is projected to be stronger in 2010 and 2011, although slow and uneven in some developed countries. Robust growth is forecast for emerging and developing economies and this will lend support to South Australia's economy.

Public investment in new infrastructure has been a key contributor to growth, reflecting Commonwealth Government stimulus measures and the state government's historically high levels of infrastructure spending. Consumer spending, housing construction and business investment have all been maintained at high levels.

South Australia's annual population growth rate is currently at its highest level since 1975, with the estimated resident population growing by 21 200 during the year to December 2009.

Public sector construction activity will remain at high levels in 2010-11, and business investment activity is expected to strengthen over the course of the next couple of years. A large number of business investment projects remain in the

pipeline in South Australia, including a range of infrastructure and mining prospects.

Although South Australia's 2010-11 winter crop is predicted to be moderately lower than the large 2009-10 crop, prices are likely to be significantly higher, boosting farm incomes.

South Australian employment has grown by 15 400 through the year to August 2010, with an even larger increase in full-time employment. The state's trend unemployment rate declined to 5.3 per cent, down from 5.6 per cent a year earlier.

This momentum is expected to be maintained, with employment forecast to increase by 1¼ per cent in 2010-11, before strengthening to 2 per cent in 2011-12.

Key assumptions underlying the budget and forward estimates

	2009-10 Actual ^(a)	2010-11 Forecast	2011-12 Forecast	2012-13 Forecast	2013-14 Projection
South Australia					
Gross State Product (GSP) — real growth (%)	2	2¾	3½	2¾	2¾
Employment — growth (%)	0.9	1¼	2	1½	1
Australia					
Gross Domestic Product (GDP) — real growth (%)	2.3	3	3¾	3	3

(a) GDP and employment growth are Australian Bureau of Statistics outcomes. GSP is an estimate.

Delivering against South Australia's Strategic Plan

Initiatives supporting South Australia's Strategic Plan.

Objective 1: Growing Prosperity

Initiatives in the 2010-11 Budget to grow prosperity include:

- \$194 million to deliver more than 62 000 additional training places, combined with the existing 38 000 training places under the Productivity Places Program, bringing the total number of additional training places to 100 000 over the next six years;
- \$10.2 million over four years to further exploration and mining developments through the Plan for Accelerating Exploration (PACE 2020);
- \$6.3 million over four years for a range of new programs to support the state's manufacturing industries;
- \$4.2 million over four years to develop the South Australian food and wine industries; and
- \$1.5 million of scholarships over four years for students to undertake defence related honours qualifications at a South Australian university.

Objective 2: Improving Wellbeing

The 2010-11 Budget contains initiatives to improve the wellbeing of South Australians including:

- \$219.1 million over four years for hospitals to decrease emergency department waiting times, reduce the elective surgery waiting list and increase the number of medical internships and nurse practitioner scholarships;
- \$106.3 million to recruit and equip an additional 300 police officers over the next four years;
- \$12.0 million over four years to create a connected Adelaide to Marino Rocks walking and cycling route along the Noarlunga rail line; and
- \$1.6 million over two years to improve the state's surf life saving facilities.

The government remains committed to upgrading major metropolitan hospitals, with \$110.2 million in 2010-11 allocated to upgrading the Lyell McEwin Hospital, The Queen Elizabeth Hospital, Modbury Hospital, Women's and Children's Hospital and Flinders Medical Centre. A further \$60.1 million in 2010-11 has been allocated toward upgrading mental health facilities at Glenside and James Nash House.

Objective 3: Attaining Sustainability

Initiatives in the 2010-11 Budget to support sustainability in South Australia include:

- \$12.8 million in 2010-11 to tackle plague locusts in the spring of 2010;
- \$6.8 million over four years for additional police officers for public transport security;
- \$5.2 million over four years to provide additional bus shelters for the metropolitan bus transport network; and
- \$1.7 million over four years to extend the Resource Efficiency Assistance Program that aims to reduce landfill and minimise energy and water usage.

The government continues its commitment to upgrading the metropolitan rail networks with \$1.4 billion over four years for major rail upgrades including electrification of the Noarlunga and Gawler lines and the extension of the Noarlunga line to Seaford. These projects are funded in partnership with the Commonwealth.

Objective 4: Fostering Creativity and Innovation

The 2010-11 Budget provides support to foster creativity and innovation including:

- \$394.2 million to expand and redevelop the Adelaide Convention Centre and upgrade the Riverbank precinct including a footbridge across the River Torrens;
- \$125.0 million over four years to establish the Sustainable Industries Education Centre at Tonsley Park;
- \$5.5 million over three years to support the Cleantech industry and promote sustainable manufacturing;
- \$3.0 million over four years to attract new exhibitions and events to South Australia; and
- \$1.2 million over four years for multicultural grants to display South Australia's cultural, ethnic and linguistic diversity.

The government has also committed \$35.5 million in 2010-11 to improve the state's arts facilities including \$33.8 million for the Adelaide Film and Screen Centre and \$1.7 million for the Adelaide Festival Centre.

Objective 5: Building Communities

The 2010-11 Budget contains initiatives to build communities including:

- \$28.1 million over four years for an additional 20 buses in the outer metropolitan and Gawler regions;
- \$5.9 million over four years to improve local health services cancer services in country areas; and
- \$4 million over four years for the establishment of the Upper Spencer Gulf Enterprise Zone.

The government has committed \$50.9 million toward upgrading hospitals in major rural centres including \$23.5 million for Ceduna, \$14.7 million for Whyalla and \$12.7 million for Berri.

Objective 6: Expanding Opportunity

The 2010-11 Budget provides substantial resources to expand opportunities for South Australians including:

- \$60.0 million over four years, plus a further \$10 million to be allocated from the existing investing budget, to expand the capacity of four specialist government high schools; Adelaide High School, Brighton Secondary School, Glenunga International High School and Marryatville High School;
- \$36.6 million of additional support in 2010-11 for children in need of alternative care;
- \$26.5 million over four years to establish a further 10 children's centres;
- \$15.1 million over four years to establish six new Better Behaviour Centres and employ an additional 12 truancy officers;
- \$9.0 million over three years to establish six new special education units in government schools for children with a disability;
- \$8.7 million over four years to provide schools with more teachers who have specialist qualifications in maths and science; and
- \$4.2 million over four years to provide additional assessments and early intervention for children with autism.

Guide to the 2010–11 Budget Papers

1. Budget Overview 2010-11

The Budget Overview provides a summary of the 2010-11 Budget. This document highlights the key features of the budget and provides an overview of budget initiatives.

2. Budget Speech

The Treasurer's budget speech, as delivered by the Hon. Kevin Foley, MP in parliament on 16 September 2010.

3. Budget Statement

The Budget Statement presents budget and financial information for the Government of South Australia. It includes an analysis of the government's fiscal strategy, budget expenditure and revenue initiatives, budget priorities, intergovernmental finances, the management of the government's assets and liabilities and matters associated with the state's economy. The Budget Statement also includes the budget and forward estimates presented in accordance with the *Uniform Presentation Framework*.

4. Portfolio Statements

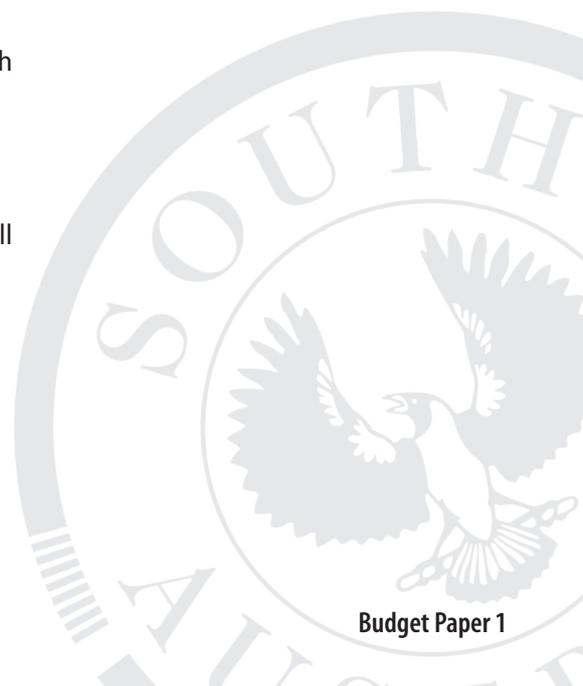
Portfolio Statements present detailed information on each of the government's portfolios. They include information on the revenue, expenses and performance of each portfolio as well as information on specific government agencies.

5. Capital Investment Statement

The Capital Investment Statement summarises the government's total capital investment program. It includes information on capital investment by portfolio, with details of planned and current investment projects.

6. Budget Measures Statement

The Budget Measures Statement is a new statement introduced this year that lists all budget measures contained in the budget.





Government
of South Australia