

2016-17 SA Budget Review

Monday, 11 July 2016

TTF'S SOUTH AUSTRALIAN BUDGET AGENDA

FUTURE ECONOMY FUTURE JOBS

In the lead up to the SA Budget, TTF released a [submission](#) outlining key budgetary and policy recommendations related to tourism, transport and aviation.

KEY BUDGET RECOMMENDATIONS FOCUSED ON:

- Tourism marketing, business events and major events
- Visitor economy infrastructure, including priority projects such as the Strzelecki Track
- Incentivise new carriers and aviation attraction
- Transport infrastructure
- Growing transport demand
- The sharing economy

BUDGET HIGHLIGHTS

The Wetherill Government has recognised the visitor economy as a true economic driver for South Australia and a key employment generator in the face of the State's high unemployment rate. In combination with last year's Budget, the 2016-17 Budget has essentially secured 4 years of additional funding for the South Australian Tourism Commission. The Government has also announced a number of tax measures that will provide support for the some 18,000 tourism business in South Australia.

The Wetherill Government has also allocated a little under \$3 billion over the next four years for road and rail projects aimed at expanding the State's transport infrastructure networks and expanding service delivery through improved fleet and customer facilities. The Government's reforms in personalised transport will also set the Government back around \$36 million over four years; while just under \$12 million was allocated to improve facilities at key regional airports.

In broader economic terms, nearly 6,000 more South Australians have been employed since last year's Budget, which has delivered \$670 million in tax reforms to SA businesses, reduced the WorkCover levy and continued record investment in infrastructure.

KEY BUDGET FACTS AT A GLANCE

	2014-15 Actual	2015-16 Revised	2016-17 Budget	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast
Surplus (deficit) (\$ millions)	(1,071)*	258	254	415	464	466
Real Gross State Product (%)	1.6	1.5	2.0	2.25	2.25	2.25
Employment Growth (%)	0.5	0.5	0.75	1.0	1.0	1.0
Net Debt (\$ millions)	7,071*	4,071	6,246	6,561	6,541	6,536

*Estimates from 2015-16 Budget Papers

VISITOR ECONOMY AND TRANSPORT BUDGET MEASURES

BUDGET MEASURE	ANALYSIS
GROWING DEMAND FOR TRAVEL	
Tourism, marketing and major events	<p>\$35 million over two years from 2017-18</p> <p>For the second year in a row, the Budget includes a funding package of \$35 million over two years from 2017-18 to promote SA to key domestic and international markets, secure new major events and conferences, and create thousands of tourism-related jobs.</p> <p>This includes:</p> <ul style="list-style-type: none"> • \$14 million to tourism marketing opportunities in China, India and South East Asia as well traditional markets of the UK, Europe, the United States and New Zealand, • \$6 million on marketing campaigns to promote Adelaide and regional tourism experiences to the Australian market, • \$15 million for the State Government's bid fund, with \$5 million allocated to secure conventions and \$10 million to secure new leisure events.
International trade and engagement	<p>\$7 million over four years</p> <p>Includes:</p> <ul style="list-style-type: none"> • \$2.9 million over four years to increase SA's presence in the Shandong province and advance the China engagement strategy • \$1 million annually to strengthen SA's relationship with France and maximise cultural and economic opportunities that arise from the submarine contract.

BOOSTING INVESTMENT IN VISITOR INFRASTRUCTURE

<i>Cultural tourism infrastructure</i>	<p><i>\$222 million over four years</i></p> <p>This includes funding towards the Adelaide Festival Centre Precinct and Her Majesty's Theatre. Her Majesty's Theatre redevelopment has been allocated \$35.2 million. The redevelopment will aim to create a world-class venue that will attract more national and international shows, with a new entrance and foyer and an expansion to the auditorium of up to an additional 570 seats.</p>
<i>New contemporary gallery</i>	<p><i>\$500,000 in 2016-17</i></p> <p>Funding will go towards the development of a business case for a new contemporary gallery.</p>
<i>Regional airports</i>	<p><i>\$12 million over three years</i></p> <p>Includes:</p> <ul style="list-style-type: none"> • \$9 million for the upgrade of the Kangaroo Island Airport • \$2.95 million for the upgrade of the Mount Gambier airport
<i>New and upgraded Sporting infrastructure</i>	<p><i>\$40 million over four years</i></p> <p>Includes:</p> <ul style="list-style-type: none"> • \$5 million for the redevelopment of the Port Pirie Memorial Oval, • \$2 million to build a Union Cycliste Internationale (UCI) standard BMX track in O'Halloran Hill • \$1.1 million to upgrade the Ice Arena at Thebarton.

INVESTING IN TRANSPORT

<i>Road Projects</i>	<p><i>More than \$2 billion over four years</i></p> <p>Includes funding allocations to continue works on:</p> <ul style="list-style-type: none"> • Northern Connector (\$985 million) • North-South Corridor Darlington upgrade (\$620 million) • Torrens Road to River Torrens South Road upgrade (\$896 million) • \$160 million for the O-Bahn extension to the city.
<i>Rail infrastructure and station upgrades</i>	<p><i>\$385 million over four years</i></p> <p>Including:</p> <ul style="list-style-type: none"> • \$358 million for the Goodwood and Torrens Rail Junction upgrade (this includes \$110 million spent to date) • \$153 million for the Adelaide to Salisbury rail line electrification • \$2 million for facilities upgrades at various train and tram stations, including the redevelopment of City South Tram platform.
<i>AdeLINK Tram Network</i>	<p><i>\$50 million over two years</i></p> <p>To extend the tram network along North Terrace to the Old Royal Adelaide Hospital site. This represents the first stage of delivering the AdeLINK tram network.</p>

	A further \$4 million was also allocated over two years for further AdeLINK investigations - including planning, design, identifying the precise tram routes and stops, as well as environmental and land value benefits, and costs.
Railcar Upgrades	\$48 million over two years Major electronic upgrade of 50 diesel railcars including the overhaul of bogies, brakes and traction power systems.
Personalised Transport reforms	\$35.6 million over four years Taxi and Chauffeur Vehicle Industry reform to cost \$44.4 million in departmental operating reforms, offset by \$8.8 million in non-taxation revenue measures (\$1 per ride industry levy). This includes: <ul style="list-style-type: none"> • a \$30,000 compensation payment per taxi licence • a weekly \$50 compensation to licence lessees up to 11 months • subsidising lifting fees for wheelchair accessible taxis and providing additional funding towards enforcement and compliance • a freeze on the release of taxi licenses for at least five years.
Low carbon emission transport program	\$10 million over three years To provide improved infrastructure to promote low carbon forms of transport, increasing cycling and public transport journeys.

INDUSTRY COMPETITIVENESS

World's first carbon neutral city	\$3.6 million dollars over four years Will go towards helping Adelaide showcase renewable and clean technology. The funding will enable further work with the private sector and community to help reduce emissions and drive innovation. Initiatives include seed funding for community activity to build green infrastructure, reduce and recover community waste and promote shared transport.
Creating jobs	\$109 million over four years The grant package will go towards encouraging businesses to employ more staff and help to address unemployment. The scheme offers a Job Creation Grant of up to \$10,000 over two years for each new full-time equivalent job created in small and medium sized businesses liable for payroll tax in SA. A Small Business and Start-ups grant of up to \$4,000 over two years is also available for each new job of 22 hours or more per week created by eligible businesses which do not pay payroll tax.
Payroll tax	\$40 million over four years The small business payroll tax rebate will be extended for an additional four years, saving eligible small businesses up to \$9,800 each year. The extension of the payroll tax rebate to 2019-20 comes after the rebate was extended for 12 months in the last Budget. The rebate effectively halves the payroll tax rate for businesses with a taxable payroll less than \$1 million.