

SOUTH AUSTRALIA'S RESPONSE



BUDGET
2014-15

THE 2014-15 COMMONWEALTH BUDGET CUTS

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THE ONLY GOOD
OUTCOME WILL BE
WITHDRAWAL OF
THE CUTS AND THE
SOUTH AUSTRALIAN
GOVERNMENT
WILL CAMPAIGN
TO HAVE THEM
REVERSED.

”

MESSAGE FROM THE PREMIER



OUR STATE BUDGET IS DESIGNED TO SUPPORT JOBS AND MEET THE ELECTION PROMISES WE MADE TO SOUTH AUSTRALIANS.

It continues investment that supports the transformation and modernisation of our economy.

It increases our investment in healthcare, honours our 6-year commitment to the Gonski funding for better schools and continues the roll out of the National Disability Insurance Scheme.

But cuts made in the recent Federal Budget mean that South Australia will lose \$898 million over the next four years alone.

By tearing up a signed contract with the states the Federal Government has cut funding for South Australian public hospitals by \$655 million.

It's bad faith and bad policy that will mostly hurt the less well off, the old, the young and the sick.

The Federal cuts were made without consultation with the states and they are the biggest cuts ever to our public hospitals.

But health will not be the only area to suffer. There are also cuts to funding for better schools, training, and pensioner concessions.

The South Australian Government will not make a snap decision about how to respond to this in the few weeks since the Federal Budget was handed down.

The only thing that is clear at the moment is this - South Australia cannot make up the difference by itself because these cuts grow year by year.

There will be no good outcomes from the Federal Government cuts.

The only good outcome will be withdrawal of the cuts and the South Australian Government will campaign to have them reversed.

A handwritten signature in black ink that reads "Jay Weatherill". The signature is written in a cursive, slightly slanted style.

Jay Weatherill
Premier

DETAIL OF CUTS



COMMONWEALTH CUTS OF



\$898 MILLION

OVER THE NEXT 4 YEARS

\$655 MILLION

HEALTH FUNDING

The 2014-15 Commonwealth Budget included a reduction of \$655 million in funding to South Australia's health system over the next four years.

\$123 MILLION

CONCESSION FUNDING

Cut to pensioner concessions of about \$30 million each year of the forward estimates.

\$47 MILLION

SKILLS FUNDING

\$38 million cut to Skills Vocational Education and Training Programs for working age people and \$9 million cut for training places for single and teenage parents.

\$73 MILLION

GONSKI PLUS OTHER FUNDING

Including \$45 million Gonski cut, \$8m to the Seamless National economy program and \$13 million repayment for Northern Expressway project completion.

NATIONAL EDUCATION REFORM AGREEMENT

NATIONAL HEALTH REFORM AGREEMENT



Prime Minister of Australia
Australian Government

Premier of South Australia
Government of South Australia

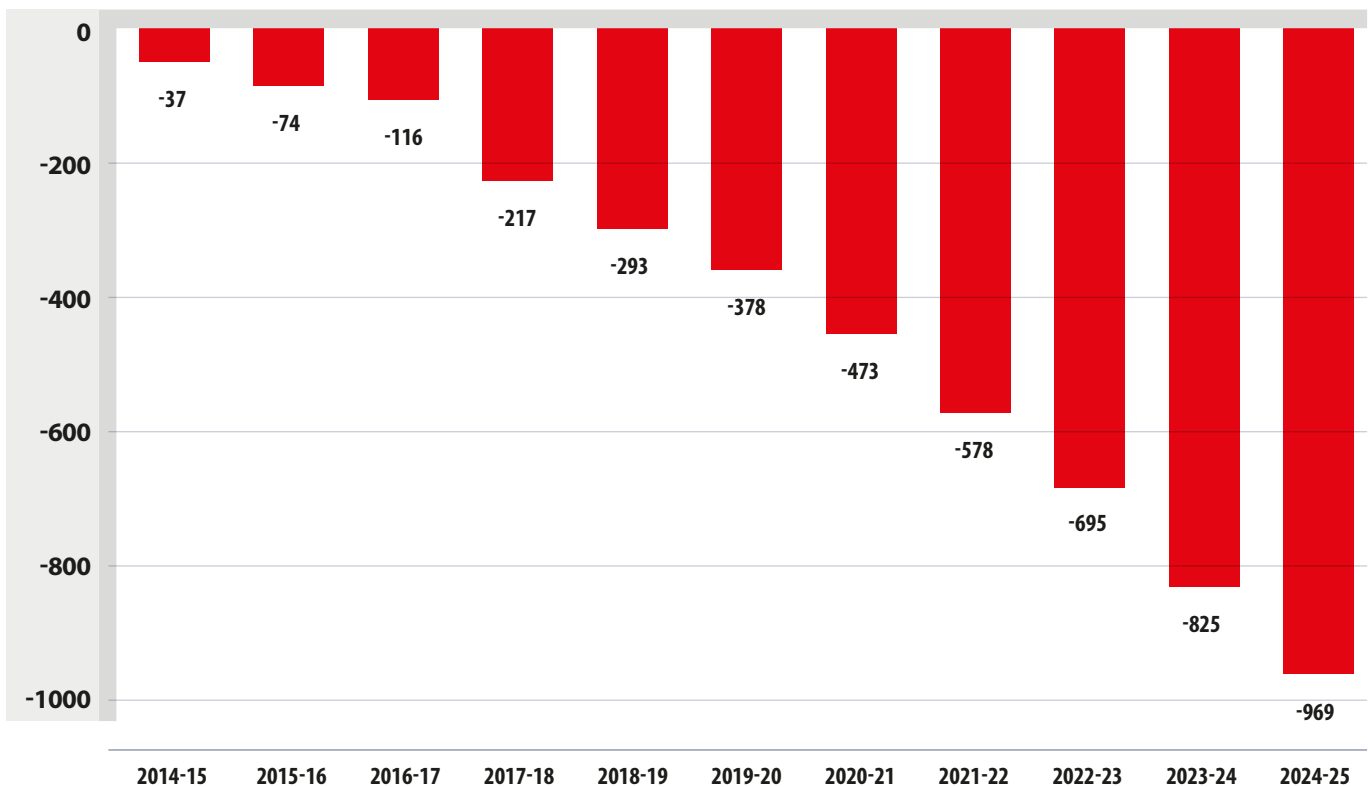
Prime Minister of Australia
Australian Government

Premier of South Australia
Government of South Australia

BUDGET POSITION AFTER COMMONWEALTH CUTS

(ALL \$ IN MILLIONS)	2013-14 ESTIMATED RESULT	2014-15 BUDGET	2015-16 ESTIMATE	2016-17 ESTIMATE	2017-18 ESTIMATE
NET OPERATING BALANCE	-1 232	-581	227	499	426
NET LENDING/BORROWING	-1 808	-482	-2 767	538	160
NET DEBT	6 887	7 314	10 128	9 597	9 484
NET DEBT/REVENUE %	45.1	45.5	58.6	53.0	50.8

LOSS OF NATIONAL HEALTH REFORM PAYMENTS IN SOUTH AUSTRALIA (\$M)



\$5.5

BILLION

REDUCTION TO
HOSPITAL AND SCHOOL
FUNDING OVER
THE NEXT 10 YEARS.

“

**THESE RECKLESS
DECISIONS WILL
HAVE PROFOUND
RAMIFICATIONS
ACROSS THE NATION
AND UNFORTUNATELY
SOUTH AUSTRALIA
IS NOT IMMUNE.**

Treasurer Tom Koutsantonis

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WHAT'S THE IMPACT?

The impact of the Commonwealth indexing hospital funding below cost growth is equivalent to closing 600 hospital beds (roughly the size of the Flinders Medical Centre) and significantly increasing waiting times in

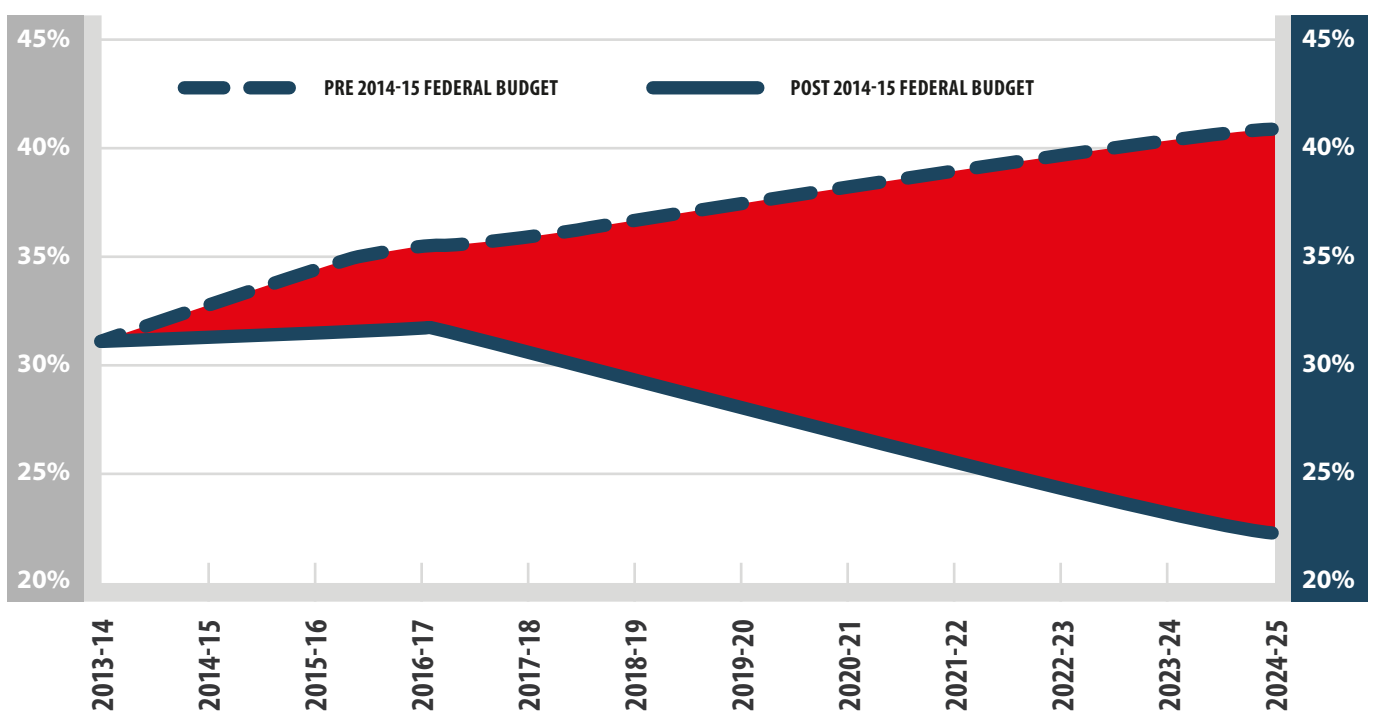
emergency departments. South Australia will have difficulty adopting new and more expensive life-saving technology. We would expect that elective surgery waiting times will also more than double as shown below.

ELECTIVE SURGERY

GROWTH IN DAYS WAITED DUE TO 2014-15 COMMONWEALTH BUDGET

MEDIAN WAITING TIME	2013-14 DAYS	2017-18 DAYS
EAR NOSE THROAT	54	116
TOTAL HIP REPLACEMENT	99	213
TOTAL KNEE REPLACEMENT	152	327
LENS EXTRACTION	75	161
GALL BLADDER REMOVAL	33	71
TONSILLECTOMY	70	150
HYSTERECTOMY	44	95

HOSPITALS



OUR RESPONSE

\$655 MILLION

HEALTH CUTS

**WE'RE FILLING HALF
THE GAP WITH AN
INCREASE OF THE ESL
ON FIXED PROPERTY**

\$322 MILLION

**BALANCE OF
COMMONWEALTH
CUTS TO HEALTH**

\$332 MILLION

RESPONSE TO THE CUTS MADE BY THE COMMONWEALTH

(ALL \$ IN MILLIONS)	TOTAL
FIXED PROPERTY ESL - REMOVE GENERAL REMISSIONS	322
MOBILE PROPERTY ESL - REMOVE GENERAL REMISSIONS	35
HEALTH SYSTEM RESPONSE	332
REMOVE LOCAL GOVERNMENT RATE CONCESSION FROM 2015-16	98
CUTS TO COMMONWEALTH PROGRAMS - HEALTH	23
CUTS TO COMMONWEALTH PROGRAMS - GONSKI	45
CUTS TO COMMONWEALTH PROGRAMS - SKILLS TRAINING	47
OTHER COMMONWEALTH EXPENDITURE CHANGES	-4

TOTAL \$898 MILLION

NATIONAL EDUCATION REFORM AGREEMENT - GONSKI

The 2014-15 Commonwealth Budget:

- Includes a reduction in Commonwealth funding of \$45 million in 2017–18 rising to over \$200 million in the 2019 school year in relation to the National Education Reform Agreement; and
- Does not provide funding for the Universal Access to Early Childhood Development National Partnership beyond 2015–16 (estimated at approximately \$30 per annum). The Commonwealth Government is undertaking a review of this program and is yet to confirm funding arrangements beyond the 2014 preschool year.

The 2014–15 State Budget fully incorporates the Commonwealth Government's revised four year funding arrangements under the National Education Reform Agreement (NERA).

The Commonwealth Government announced, as part of its 2014–15 Budget, that it would cut the last two years of the original six year NERA funding agreement. Additionality funding for the 2018 and 2019 calendar years would be capped at 2017 levels, and the rate of Commonwealth indexation would be reduced from 4.7% to CPI after 2017.

This is equivalent to a potential loss in school funding of \$335 million in the 2018 and 2019 calendar years (assuming CPI at 2.5%).

SCHOOLS FUNDING IMPACTS - ALL SECTORS

YEAR (ALL \$ IN MILLIONS)	2018	2019	TOTAL
REDUCTION IN C/W INDEXATION	25	52	77
REDUCTION IN C/W ADDITIONALITY	70	187	257
TOTAL REDUCTION IN C/W FUNDING	95	240	335

THE STATE GOVERNMENT HAS UPHELD ITS COMMITMENT TO PROVIDE ADDITIONAL EDUCATION FUNDING FOR THE FULL SIX YEARS OF THE AGREEMENT


THE ADDITIONAL STATE FUNDING THAT WILL BE PROVIDED BY CALENDAR YEAR

(ALL \$ IN MILLIONS)	ADDITIONAL STATE FUNDING	CUMULATIVE TOTAL
2014	9.1	9.1
2015	11.7	20.8
2016	15.3	36.1
2017	17.9	54.0
2018	56.0	110.0
2019	119.9	229.9

NATIONAL EDUCATION REFORM AGREEMENT - GONSKI

THE 2014-15 COMMONWEALTH BUDGET
 INCLUDES A REDUCTION IN COMMONWEALTH FUNDING

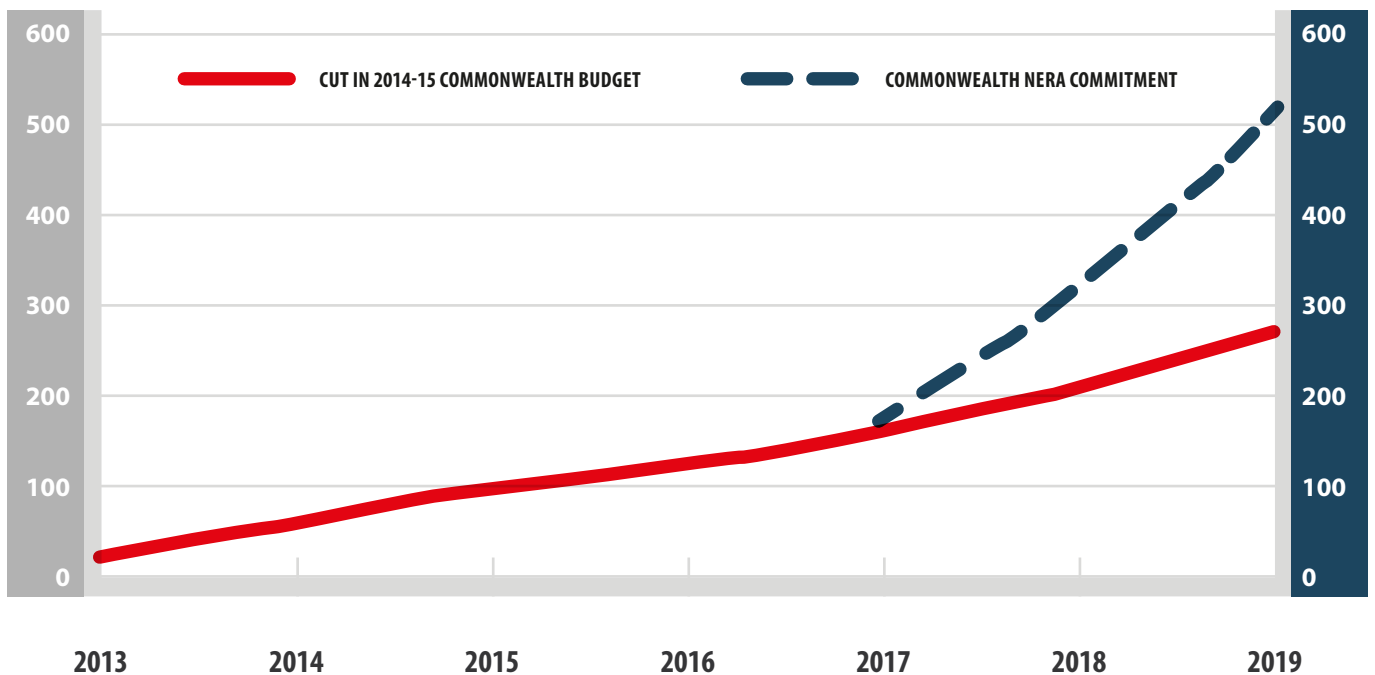
\$45 MILLION IN 2017-18
 RISING TO OVER
\$200 MILLION
 IN THE 2019 SCHOOL YEAR



IN RELATION TO THE NATIONAL EDUCATION REFORM AGREEMENT

COMMONWEALTH GONSKI COMMITMENT

(ALL \$ IN BILLIONS)



SOURCE: Commonwealth budget papers 2014-15



Government of
South Australia



Government of
South Australia