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THE UNIVERSITY of ADELAIDE

# Impacts of the 2014-15 Federal Budget measures on South Australia

October 2014

Report prepared by the Australian Workplace Innovation and Social Research Centre (WISeR) for the Department of Premier and Cabinet

# *Impacts of the 2014-15 Federal Budget measures on South Australia*

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*WISeR also specialises in socio-economic impact assessment including the distributional impacts and human dimensions of change on different population groups and localities. Our research plays a key role in informing policy and strategy development at a national, local and international level.*

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# KEY FINDINGS AT A GLANCE

## DISTRIBUTIONAL IMPACTS OF CHANGES TO INCOME SUPPORT (P.27)

- The total cost to households of the Budget measures and other changes implemented by the Coalition government pre- and post budget is $2.1 billion in 2014-15, rising to $4.3 billion in 2017-18, a total impact of $14.6 billion over the 4 years.
- Overall, more than 265,000 (29.4%) South Australian families will be worse off in 2017-18 as a result of the 2014-15 Federal Budget. In most cases the budget impact will be felt the most profoundly and most severely in areas already associated with socio-economic disadvantage (see Table 12).
- By 2017-18 the most regressive budget measures come to the fore as the long-term measures impacting families and the unemployed (introduced in 1 July 2015) are played out.
- Across the board, single parents will experience the highest negative impact both in the proportion of their disposable income and in the dollar ($) change in income derived. By 2017-18, single parents in all but the highest income bracket will lose around $3,700 of their annual disposable income under the proposed changes. This will impact on those on the lowest income most, with those in income quintile 1 set to lose 10.8% of their annual income.
- Couples with children will also be negatively impacted - albeit to a lesser degree than single parents in both monetary and proportional terms. However, those in the lowest income quintile will again experience the largest negative impact from the budget measures to the tune of around $2,780 and a reduction in disposable income of 6.6%.

## ECONOMIC AND EMPLOYMENT IMPACTS (P.10)

- The proposed health and education spending reductions result in losses of Gross State Product ranging as high as $1.6 billion (relevant to health over the forward estimates and education, in 2018 to 2019). The jobs impact of these reductions combined with cancellation of Round 5 of National Rental Affordability Scheme (NRAS) are estimated to range as high as 17,800 person years of employment. Up to 7,000 fewer jobs are forecast for 2017-18.
- Over the period 2014-15 to 2017-18 Commonwealth health funding measures will result in reductions in GSP in South Australia. Three scenarios were modelled - low, medium and high. The most significant decline in GSP will occur in 2017-18 ranging from $285.1 million (low scenario) to $449.0 million (high scenario) loss to GSP in that year. Overall, estimates of the impact of health funding measures on GSP range up to a loss of $1068.8 million.
- The 2014-15 Commonwealth funding changes in South Australia's health system will result in a decline in expected jobs growth over the next four years. In 2017-18 this equates to FTE reductions in the range of 2,418 (low) to 4,204 (high) – at the highest end equating to over 10,000 fewer person years of employment over the period.
- Direct and flow-on GSP impacts in South Australia of the school education measures are expected to reduce GSP by between $98.0 million (low) and $155.1 million (high) in 2018 with a further decline of between $247.1 million (low) and $391.0 million (high) in 2019. Over the two year period, this equates to up to $546.1 million (high) in reduced GSP than otherwise would have been the case.
- The 2014-15 Commonwealth funding reductions in South Australia's school system will also result in employment losses between 2,782 FTE (low) and 5,017 FTE (high) across the two year period.

## INDUSTRY (P.4)

- The demand-dampening impacts of decisions contained in the 2014-15 Federal Budget are likely to adversely affect the

Nation's growth potential (and, in so doing, could in fact delay achievement of fiscal consolidation, the stated goal of the Budget's measures).

- There will be devastating impacts upon South Australia from the closure of the automotive industry (which coincides more or less with the winding down of the Air Warfare Destroyer build program), and of the increasingly likely decision to abandon the promise of Australian engineered and manufactured Future Submarines at Osborne in favour of imported vessels.

- The response required to such a challenge is to work with urgency to diversify the economy to participate in new knowledge intensive and advanced manufacturing value chains, recognising that unless such an accelerated transformation is able to be effected, critical capabilities are likely to be lost permanently.

- Total Commonwealth expenses for 'mining, manufacturing and construction' industries are expected to decline by 16.1% over 2013-14 to 2014-15 (from $3.1 billion to just under $2.6 billion).

### Income support and social services (p.20)

- The impacts of income support changes are expected to be felt the most by families, young people, low income individuals, single parents, and those with a disability. Given the significant changes proposed to the Family Tax Benefits, low income families with children are likely to bear the brunt of these changes.

- By virtue of key characteristics of South Australia (including higher than average unemployment, lower labour force participation rate, and lower average growth rates), changes to income support will have a disproportionately negative impact on the State, as a greater proportion of South Australian residents rely on unemployment benefit than the national average. There is also a higher incidence of single parent families with young children and children in jobless households, along with a higher incidence of dependence on public housing. In line with our higher age profile, we are also more reliant on disability support.

### Health (p.40)

- South Australia is directly impacted by proposed reductions in Australian government funding of hospitals via the National Health Reform Agreement (NHRA) and health-related National Partnership agreements to the tune of $655 million in the four years from 2014-15 to 2017-18.

- Although not impacting directly on revenue received, proposed changes to a range of public health, primary health, aged care and social services also contribute significantly to the costs borne by the South Australian hospital system.

- Public hospital funding reductions coincide with proposed increases to general and specialist medical services as well as pharmaceuticals, diagnostic and pathology services. Combined these measures are expected to discourage access to basic primary health care services leading to worsening health conditions in the short-term and a rise in avoidable chronic conditions over the longer term.

- The previous commitment to the NHRA involved increased transparency around payments, national reporting and benchmarking. Withdrawal from that agreement means decisions made in primary health care and aged care are made with impunity – the cost implications of failure will be worn by the public hospital system to the largest extent.

- There is considerable concern about the impact on the public hospital sector from the introduction of a GP co-payment. While there is some attempt to alleviate costs for the most vulnerable by capping the total annual cost at $70, any co-payment imposed on people in financial stress will impact on their decision making about accessing primary health care. Stakeholders expressed concern at the impact of the co-payment on those most vulnerable – people in rural and remote areas, Indigenous people, the elderly, those with chronic illnesses, and people with young children.

- Inadequate focus on preventive health threatens to encumber the public hospital system in particular with higher burdens and higher costs over the medium and longer terms. The cost of dealing with many conditions is higher once the patient is hospitalised. Best practice is to ensure availability of non-hospital treatments to minimise the necessity and length of any hospital treatment. The policy approach is in direct contrast to the imperative of productivity improvement across the health system.

## Schools (p.51)

- Needs-based schools funding under the Gonski Better Schools Plan has been renounced and replaced with CPI indexing after 2017 - noting it was the post-2017 period that was to have seen the major expenditures in reducing disparities in school student funding. This is a particular problem for South Australia which has a higher-than-national average proportion of disadvantaged and vulnerable students, and has in recent years been the only state to record an increase in the proportion of vulnerable children.

- Stakeholders across the public, independent and Catholic schooling systems express a high level of concern that reductions in expected Federal Budget outlays to schools over the next four years will significantly impede the realisation of the Gonski education reforms designed to improve educational outcomes in Australian schools.

- This will have direct impacts on the capacity of schools to provide different forms of specialist assistance to the substantial number of students who would benefit from more intensive support along with teacher capacity and capability building required to significantly improve outcomes in line with the objectives of the Gonski reforms. At a State level this is expected to lead to inferior schooling outcomes than would have otherwise been the case had investment in education by the Australian Government followed the funding trajectory that was determined by the Gonski process.

- As government schools provide education to most disadvantaged students they would have been the key beneficiaries of the Gonski reforms with overall (baseline and Gonski) Commonwealth funding set to increase by 82% from 2011-12 to 2017-18 (and non-government funding increasing by a healthy 49%). However, under the 2014-15 budget proposals, any increase in funding through the Gonski model will now be cancelled out by the funding reduction to the National Partnership Payments. While the NPP reductions occur across the board, the impact on government schools is significantly more profound reducing the seven year increase to only 40% for government schools and 42% for non-government schools.

- The broader impact of the new model was to become evident in the 2018-19 and 2019-20 forward estimates. However, this will no longer be realised.

- The projected total reduction in funding over 2018-2020 is $2.7 billion in government schools, while non-government schools will lose $1.2 billion over the same period – in South Australia, the funding reduction amounts to $335 million across the two years (assuming the CPI increase will amount to 2.5%).

## Vocational Education and Training (p.60)

- Federal Budget measures affecting vocational education and training funding and program offerings take place in a context where South Australia is experiencing stubbornly high unemployment and the prospect of significant adjustment pressures arising from the closure of the automotive industry over the next few years. A related concern is a sharp decline in apprentice and trainee commencements. Over the 12 months to 31 March 2014 - commencements in South Australian were 38% lower than March 2013. The largest fall in commencements recorded in Australia.

- South Australia will again bear the heaviest burden from Federal funding reductions for the vocational education and training sector as it has consistently had higher apprentice and trainee rates than Australia.

- The Budget measures include the cessation of 10 skills and training programs from 1 January 2015 with a total expected saving to the Commonwealth of $1 billion over five years from 2013-14. This includes cessation of the National Workforce Development Program and the Workplace English Language and Literacy Program (WELL). Along with reduced funding for training, the Commonwealth also substantially reduced employer incentives including wage subsidies.

- The cessation of Tools for the Trade (TFT) program will result in a reduction in funding to support South Australian apprentices of around $67 million over 4 years. This would be partially offset by the introduction of a Trade Support Loans (TSL) program but clearly this will not be as attractive to prospective and existing apprentices as the cash payments under the TFT program have been. The TSL will not have the incentive effect associated with the TFT and may act as a deterrent in an environment where the costs of education and training rise. The deterrent effects associated with the changes are a particular concern given the sharp decline in apprentice and trainee commencements in South Australia over the 12 months to 31 March 2014.

### Higher education (p.64)

- Proposed budget measures include reductions in per student funding accompanied by fee deregulation, leading to increased course fees to make up the institutions' shortfalls. These are combined with changes to the costs of HECS/HELP borrowings (rate of interest charged, and lowering of income levels at which repayments are triggered), which will further lift the cost of undertaking a course.

- Currently, the amount of funding for higher education courses is determined by the Commonwealth, with the cost divided between the government and student. Under the proposed changes the additional cost to an individual student can be as high as 59% for social sciences and communications.

- The 2014-15 Federal Budget plans to change CPI indexation to the 10-year bond yields (capped 6%). These changes impose a real interest rate which will compound over time. Estimates of the increase in average student loan amount due to funding changes range from a low of $30,000 to a high of $200,000.

### Housing (p.70)

- Housing and income support policy interact in complex ways to shape outcomes for low income residents and public housing providers. Analysis of these interactions demonstrates that changes to income support arrangements contained in the Federal Budget will have a number of detrimental impacts for both residents and the public housing system as a whole in South Australia. The latter is expected to face losses of around $131 million over ten years.

- Housing SA noted that residents are charged approximately 25% of their income, so reductions in income will necessarily lead to reduced rental income. Housing SA will need to consider how to deal with the prospect of some residents aged below 30 years losing their income support entirely for six months and effectively having zero income for that period.

- The spectre of increased homelessness was a major concern for all stakeholders as demand for public housing already far outweighs supply. There are approximately 24,000 people on the waiting list, of whom 4,000 are category one (unable to find housing and most at risk of homelessness) and 8,000 are category two (having difficulty finding appropriate housing).

- The cancellation of Round 5 of the National Rental Affordability Scheme will have significant social and economic impacts. Based on seven jobs per NRAS incentive, Round 5 would have generated around 2,800 direct and indirect jobs, providing a much needed boost to the South Australian property and construction sectors over the next few years.

- According to the South Australian Government, when combined with State support, the scheme has resulted in 2,458 dwellings for low and moderate income earners in South Australia (as of May 2014). The operation of the scheme has also had a significant stimulatory effect on the housing and property industries in South Australia and was set to continue to do so over years to come. The absence of NRAS will have a dampening impact on industry and employment growth in the property and construction industries with flow-on impacts to the household goods and services sector.

### Roads (p.76)

- Major road infrastructure will benefit from the Commonwealth and State agreement to fund both the Darlington Interchange and the Torrens to Torrens section of South Road. However, there are opportunity costs, in that funding for South Road may mean reduced funding is available for other roads.

- South Australian roads funding is affected in two ways in the 2014-15 Commonwealth budget: once by the 'pausing' of indexation funding under the roads Financial Assistive Grants (FAGs); and again, by removal of the Local Roads Supplementary Funding Program, which addressed a clear inequity in payments to South Australian local governments compared to those in other states.

- The failure to index the FAGs results in a cumulative loss of road funding to South Australian local government of $55 million by 2017-18.

- In addition, the South Australian Local Roads Supplementary Funding Program has been dropped. This was instituted initially to equalise national road funding under the Identified Local Road Grants program. South Australia manages 11% of the nation's road network yet only receives 5.5% of the national Identified Local Roads grants. The South Australian Local Roads Supplementary Funding Program was devised to overcome this inequity but the 2014-15 Budget has removed it. Described by the LGA as "*a body blow for Councils and their communities*", leaving an annual "$*18m pothole created just for South Australia",* this is in fact its impact in 2014-15, which actually grows to $78 million by end 2017-18.

- The combined impact of these reductions is $132.6 million to 2017-18. It should be noted that these funds go to Local Governments in their entirety. Reductions of these magnitudes will affect the delivery of road services by municipal authorities, and potentially, other services that may need to be trimmed to meet urgent road transport needs. In addition, the majority of these funds have gone to non-metropolitan councils, for which roads are often the sole modes of transport, and which often have a lesser revenue base from which to adjust to such funding shocks.

# 1 About this report

This report is an examination of the impacts of the 2014-15 Federal Budget on South Australia. It identifies a range of socio-economic impacts at the state, institutional, household and individual level. The report was commissioned by the South Australian Government. Preparation of the report has been informed by a range of methods including economic modelling, micro-simulation undertaken by NATSEM[1] and interviews with key stakeholders.[2] WISeR would like to thank all those who provided insights into the impact of the Federal Budget on South Australia.

# 2 SA Economy and the Federal Budget

The impact of the 2014-15 Federal Budget[3] needs to be assessed in the context of prevailing social and economic conditions in South Australia and Australia. Notwithstanding the better-than-expected June quarter GDP result, the Australian economy has been growing at below trend over the past couple of years, with a steady decline in rates of job formation and a persistently high unemployment rate. The Budget's expectation is for this below-trend growth to continue over the coming two years, with business investment forecast to decline every year to 2015-16. The Budget forecasts a pick-up to above-trend levels in 2016-17 and 2017-18. Note that this relatively optimistic forecast depends upon strengthening in household consumption and investment in dwellings (and that their future growth is the subject of debate at present).

The investment phase of the resources boom is now over (with the partial exception of oil and gas), and the sector is now largely concentrated on capital intensive extraction operations. At the same time, there is little evidence of recovery in non-mining investment and activity in sectors such as manufacturing and construction. The reasons for this lack of compensating response include the overhang of high costs bequeathed largely from the boom itself (high exchange rate, despite recent moderation, and high input costs, particularly energy) and the fact that the boom hastened the end of many manufacturing industries, so that the installed capacity often no longer exists to take advantage of more favourable conditions, should they arrive. An examination of the Budget gives little suggestion of understanding either of the position of such industries, nor of the consequences for Australia of failure to diversify away from excessive reliance on commodity based exports.

For a range of historical reasons, South Australia's trend rate of growth is below that of the nation, with consequent slower employment growth and higher recorded unemployment. As seen elsewhere in this report (see Section 4), demand-dampening decisions taken in this Budget will have an adverse impact on South Australia's growth and employment. This point is made by many stakeholders, who argue that fiscal consolidation needs to proceed on a basis that is not harmful to immediate and medium-term growth (and thereby does not perversely harm fiscal consolidation as well).

In addition to these macro-economic impacts on our growth performance, consideration must also be given to the effects of the Commonwealth's pronounced reduction of (and in some cases complete withdrawal from) public investment in a range of growth- and innovation-promoting policies and programs. The Budget's impacts on industry and business support policies and programs are considered in Section 3 of this report.

For the present, it is sufficient to note that South Australia generally and northern and southern Adelaide particularly will be affected adversely by the end of automotive

[1] National Centre for Social and Economic Modelling at the University of Canberra.

[2] A full list of those interviewed is contained in Appendix A.

[3] Key budget measures related to funding reductions are presenting in boxed text in each section. These have been drawn from Budget Paper No. 2 (Australian Government, 2014c). They are not a complete compilation of all proposed funding reductions.

manufacturing and engineering (with impacts expected by 2017). Whilst South Australia experiences unemployment above the national average, northern and southern Adelaide experiences unemployment at levels exceeding the state average. The establishment of the Growth Fund which, in the wake of the closures of GM Holden and Toyota provides $100.6 million of Commonwealth funds over six years from 2013-14 towards new jobs, investments and economic growth in South Australia and Victoria, is resourced at levels that are not yet commensurate with the likely magnitude of the shock. It should be noted that previous adjustment schemes followed significantly smaller shocks that occurred during times of stronger economic growth. Moreover, Australian government 'savings' due to the closure total $833.5 million due to the termination of the Automotive Transformation Scheme and the General Motors Next Generation Vehicles project.

But of equal concern is the apparent preparation for the announcement of a decision to abandon the promise of Australian engineered and manufactured Future Submarines at Osborne, in favour of imported units. Naval engineering is par excellence a knowledge industry, generating spinoffs and opportunities along local as well as global supply chains, and the promise of local manufacture made by both major parties held out the prospect not only of the sustainment of skills and capabilities used on the Air Warfare Destroyer program, but also of opportunities to reskill parts of the auto supplier base for this defence work, amongst other things. The overwhelming majority of such opportunities will disappear in the offshore sourcing option.

These adverse impacts will be amplified by the withdrawal evident in the Budget from growth- and innovation-promoting industry support policies.[4] At a time in which these public investments in industry innovation and diversification are more than ever needed and justified, the Commonwealth's stance has been one of severe financial retrenchment or complete withdrawal.

South Australia's growth prospects are constrained by a combination of factors including the impact of expenditure reductions contained in the Federal Budget. These are particularly acute in the areas of health and education where expectations were for a significant increase in expenditure to support improved outcomes in line with national and state policy objectives. Substantial beneficial economic and employment impacts were expected to flow from additional funding in these areas. These were of particular value to South Australia to help offset some of the adverse effects that will flow from the closure of the state's automotive manufacturing sector.

South Australia will be disproportionately and adversely affected by the budget measures because of its particular socio-economic and demographic characteristics. As shown in Table 1, South Australia has the highest 65 year and over proportion of population of any mainland jurisdiction and is well above the national average. In tandem with higher age, South Australia has higher disability rates than the Australian average, higher than national average dependence on provision of concessions that are being reduced, and lower than national average weekly ordinary time earnings (AWOTE).

[4] Discussed in greater detail in Section 3 'Industry'.

**Table 1: Age, health, disability and income, South Australia and Australia**

| | SA | Australia |
|---|---|---|
| Proportion of population aged **65yrs and over** (June 2013) | 16.7% | 14.4% |
| Proportion of population aged **85yrs and over** (June 2013) | 2.5% | 1.9% |
| **Disability** rates for persons with profound or severe core activity limitation | 6.9% | 6.1% |
| **Health care card** holders (of those aged 0-64yrs) | 8.4% | 7.5% |
| **Pensioner concession card** holders (of those aged 15yrs+) | 24.2% | 20.3% |
| Total **Centrelink concession card** holders | 27.0% | 22.9% |
| Adult average weekly ordinary time **earnings** (AWOTE, trend) | $1,358.40 | $1453.90 |

*Source: (Australian Bureau of Statistics, 2013c, 2014b)*

# 3 INDUSTRY

We earlier (see Section 2) indicated that the Australian economy has been growing at below-trend rates over the past couple of years, and that a continuation of this below-trend growth is forecast in the Commonwealth budget for the next two years. Critically, its expectation of improvement from 2016-17 relies, not on a recovery in business investment, but on strengthening household consumption and dwellings investment. Questions are being posed already as to the sustainability of current investment trends in property markets around Australia, and both household consumption and dwellings investment could prove vulnerable to even modest interest rate rises and, indeed, to the Budget's own fiscal tightening, which gathers momentum at around this time.

The demand-dampening impacts of decisions contained in the 2014-15 Federal Budget are likely to adversely affect the Nation's growth potential (and, in so doing, could in fact delay achievement of fiscal consolidation, the stated goal of the Budget's measures). The need for fiscal consolidation not to do harm to Australia's immediate and medium-term capacity for growth has been voiced widely.

We also emphasised that the end of the investment phase of the resources boom has not seen recovery of investment and activity in non-mining areas of the economy such as manufacturing and construction. This reflects several factors including the economy's continued below-trend growth, and the overhang of high costs bequeathed largely from the boom itself (high exchange rate, despite recent moderation, and high input costs, particularly energy).

But, most disturbingly, it is a warning sign of changes in the structure of the economy wrought by the resources boom particularly. The end of many large, scale-intensive manufacturing activities has been accelerated such that, were there to be a return to a more competitive exchange rate, there would be a much weaker investment and activity response than in the past. This is because of disinvestment decisions by companies, meaning that much of the installed capacity no longer resides in Australia. The most obvious example is automotive, but there are many others.

There will be devastating impacts upon South Australia from the closure of the automotive industry (which coincides more or less with the winding down of the Air Warfare Destroyer build program), and of the increasingly likely decision to abandon the promise of Australian engineered and manufactured Future Submarines at Osborne in favour of imported vessels. These impacts will overlay and amplify the state's historical position, with a trend rate of growth below that of the nation, with consequent slower employment growth and higher recorded unemployment (see Appendix B).

The situation faced acutely by South Australia is, nonetheless, one being faced by the Nation as a whole. This is the loss of key manufacturing activities and capabilities that underpin our capacity to compete in the global knowledge economy and our 'economic complexity' (which has been shown to be the driver of a nation's per capita income levels and predictive of nation's future growth) (Hausmann et al., 2011).

The response required to such a challenge is to work with urgency to diversify the economy to participate in new knowledge intensive and advanced manufacturing value chains, recognising that unless such an accelerated transformation is able to be effected, critical capabilities are likely to be lost permanently. Industry development and growth exhibits powerful path-dependencies. In a situation of potential deindustrialisation, as a consequence, it is likely that unless diversification opportunities are found rapidly, essential skills, capabilities and complexity will likely be lost permanently. The principle of 'use it or lose it' applies here (Worrall & Spoehr, 2014).

Given this path-dependency, the loss of these essential economic capabilities would also mean reduced capacity to develop new ones into the future. The consequences for the nation would include:

- Dependence in fewer, and lower value-adding, industries
- Greater vulnerability to external shocks, and
- A weaker, more narrowly-based and exposed Australian economy.

At a time when the case for public investments in industry innovation and diversification is stronger than ever, the Commonwealth's stance has been one of severe financial retrenchment or complete withdrawal. This includes not only decisions on automotive and naval shipbuilding, but also downgrading of commitment to a range of growth-promoting policies and programs.

These policies and programs, long embraced by both major parties, typically cover skills, education and training, and promotion of industry transition, growth and innovation. Such policies and programs involve a cost but are justified on the basis that those costs are lower than the benefits they deliver, through overcoming market failures, generating positive spill over benefits[5], cushioning the impact of shocks (such as closure of the automotive industry) or accelerating the transition to new knowledge intensive activities.

Total Commonwealth expenses for 'mining, manufacturing and construction' industries are expected to decline by 16.1% over 2013-14 to 2014-15 (from $3.1 billion to just under $2.6 billion) (Australian Government, 2014b).

The withdrawal of investment from many of these areas will have impacts on South Australian and Australian growth performance over the medium- and long-terms. Measures in the budget such as reduced support for skilling and workforce participation interact in complex ways with other budget measures in social services support (e.g., reductions in Family Tax Benefits Parts A and B), employment (e.g., six-month waiting period for unemployment benefit), and housing and health to, in all likelihood, deaden labour force participation and productivity.

The Commonwealth claims that changes to industry support programs in the Budget will result in streamlined, more efficient services. In some areas, a case can be made for 'de-cluttering' and refocussing through fewer but larger programs with critical mass. However, the centrepiece of this rationalisation, the Entrepreneurs Infrastructure Program (EIP) is funded to just over half the level of the suite of programs it replaces, including Enterprise Connect ($484.2 million over five years compared to $845.6 million).

The Australian Renewable Energy Agency (ARENA) is to be abolished, with $1 billion retained to complete legacy projects. It will not be replaced by an entity with a similar brief, which has been "*to improve the competitiveness of renewable energy technologies, and to increase the supply of renewable energy in Australia*" (Australian Renewable Energy Agency, 2014). The Direct Action Carbon Plan cannot be considered to have this remit. The abolition of ARENA, in association with savings to programs concerned with carbon capture, ethanol production, low emission coal and programs for investment and innovation in clean technologies, represent lost or deferred opportunities for Australia's diversification into new knowledge-intensive and high-growth industries.

South Australian based companies have made similar points in regard to the recommended abandonment of the Renewable Energy Target (RET) (whilst it is acknowledged that this is not a measure of the 2014-15 Budget itself). Tindo Solar, Australia's only remaining manufacturer of solar cell panels, has warned it would likely not survive adoption of the Warburton Review recommendations, and that at the very least the company's planned expansion to 600 jobs, at a facility close to the GM Holden

[5] For example, estimates by a range of researchers of the economic impact of years spent in education reveal high returns on investment.

site, would not proceed. Concerns have also been expressed by energy systems company Zen, proponents of the Ceres wind farm, Senvion Australia, and others.

The point being made is that the Budget changes in the area of renewables and carbon abatement do not represent a more efficient approach to the achievement of these goals, but a dilution of the commitment to these goals, with significant medium- to long-term losses in industry competitiveness and innovation to be expected.

A similar point applies to the level of support to assist the transition of workers and enterprises to opportunities outside the automotive industry. The amount and nature of funding does not approximate that required to effect a good transition, in which losses might be minimised and skills and enterprise capabilities retained as platforms for future industrial development. The challenge, requiring investment rather than disinvestment by Government, is to exploit opportunities for accelerated industrial diversification, applying both individual skills and enterprise level and supply chain capabilities that would otherwise be lost permanently, once the highly complex, vertically integrated automotive industry closes down.

The Manufacturing Transition Grants Program ($50 million over three years) will provide grants of between $5 and $10 million for capital equipment purchase, plant alterations or extensions and for training in utilisation and maintenance of new plant and equipment, where these measures assist in transition to higher value added or niche activities. This represents a level of commitment to rapid industry diversification that is dwarfed by the size of the task, and appears to be restricted to a small number of firms overall.

Decisions of the Commonwealth Government relating to industry support (see below), together with indications of the future of critical defence projects such as the Future Submarines, renewable energy, and other budget measures, suggest an amplification rather than amelioration of the impact upon South Australia of the automotive industry closure.

Finally, infrastructure spending (and a concomitant stimulus) was held to be an important part of the Budget overall, with an announced $40 billion in spending over the five years, 2013-14 to 2018-19. The reality is that of this, only $6.6 billion is additional funding, of which only $5 billion is to be expended over the next five years. Any stimulatory effect of this exiguous addition to funding will be swamped by the contractionary effects of the budget's measures *in toto*.

South Australia receives $944 million towards the South Road upgrade. More generally, the state is at a disadvantage under the Commonwealth's new Asset Recycling Fund. This will provide financial incentives to states that privatise existing assets and reinvest the proceeds of sale in approved new infrastructure. Quite apart from consideration of the costs and benefits of privatisation and the historical balance sheet of this policy, the great majority of this state's income earning public assets were sold to the private sector fifteen or so years ago, with few assets (and only one major asset) remaining.

### Box 1: 2014-15 Federal Budget - Industry funding reductions

Funding reductions impacting Industry include:

- The abolition of the **Australian Renewable Energy Agency** and repealing the **Australian Renewable Energy Act 2011** with savings of $1.3 billion over five years from 2017-18.
- The termination of the **Automotive Transformation Scheme** on 1 January 2018 with savings of $618.5 million over eight years from 2013-14.
    - In addition the **Supporting Automotive Sector Jobs** measure will not proceed (this was uncosted)
- The **General Motors Holden next generation vehicles** project will be ceased with savings of $215.0 million over four years from 2013-14.
- Funding for the **Carbon Capture and Storage Flagships Program** will be reduced saving $459.3 million over three years from 2017-18.
- Funding for the **Clean Technology (Investment and Innovation) Programmes** and the **Cooperative Research Centres** will be reduced saving $124.7 million over five years.
- The **Ethanol Production Grants Program** will be ceased on 30 June 2015 with savings of $120.0 million over six years.
- Reduced funding will be available for the **National Low Emissions Coal Initiative** with savings of $16.8 million over two years from 2013-14.
- The **Plantation Manufacturing Innovation and Investment Fund** will be ceased with savings of $15.5 million over three years from 2013-14.

Reduced funding will be available for following agencies:

- The **Commonwealth Scientific and Industrial Research organisation (CSIRO)** with savings of $111.4 million over four years.
- The **Australian Nuclear Science and Technology Organisation** with savings of $27.6 million over four years.
- The **Australian Institute of Marine Science** with savings of $7.8 million over four years.

Funding for the following programs will be ceased from 1 January 2015 with savings of $845.6 million over five years:

- **Australian Industry Participation**
- **Commercialisation Australia**
- **Enterprise Solutions**
- **Innovation Investment Fund**
- **Industry Innovation Councils**
- **Enterprise Connect**
- **Industry Innovation Precincts**
- **Textile, Clothing and Footwear Small Business and Building Innovation Capability**

Although not interviewed in this exercise, the Australian Industry (Ai) Group has been publicly vocal on the national and general impacts expected from reduction or abolition of growth- and innovation-promoting programs, as well as of the consideration of procurement of overseas manufactured submarines. It has described the reductions in CSIRO funding, the putting into abeyance of funding for new CRCs, the reductions to renewables and climate change programs – Clean Technology (Investment and Innovation) program, and the end of Enterprise Connect and other development programs, as lowering investment and innovation (Australian Industry Group, 2014b). It has expressed concern "*about the funding levels for the new arrangements*", noting that the replacement Entrepreneurs Infrastructure Program funding of $484.3 million over five years compares to savings of $845.6 million from discontinuing similar or equivalent programs (such as Enterprise Connect)(Australian Industry Group, 2014a, 2014b).

The Ai Group has criticised the reduction in the refundable rate under the R&D tax concession from 45% to 43.5% as -

> *"an additional cost to business of $550 million over the next four years. This will further erode businesses' capacity to invest in innovation at a time when our economy needs to develop new products, services and processes as it rebalances in the face of declining investment in mining projects and further falls in commodity prices" (Australian Industry Group, 2014b).*

Finally, measures resulting in various input cost rises, from abolition of Ethanol Grants and the Cleaner Fuels Grants, to indexation for petrol excise and the rise in the biodiesel fuel excise, are described by the Ai Group as increasing costs (Australian Industry Group, 2014b).

Whilst a return to (state and Commonwealth) surplus was regarded as of significance to business confidence over the cycle, business respondents were supportive of the state being prepared to take on additional borrowings to fund infrastructure investment under certain conditions. Additional borrowings for infrastructure were seen as having a useful stimulatory impact, in the event of further softening economic and business conditions. More importantly, however, infrastructure investment was seen as leveraging additional business investment and laying a foundation for longer-term growth.

Conditions needing to be met included that:

- Borrowings should be used for investment purposes, not to fund recurrent expenditure and public sector wages.
- The focus should be on the rate of return from such investment – as distinct from focussing solely on the initial capital costs - targeting projects with high impact and value generally. The focus should be on achieving a growth dividend from these investments and long term benefit.
- There be transparent processes, priority setting and decision making (a state equivalent of Infrastructure Australia was instanced as a desirable approach).
- A range of funding methods and sources should be considered. This includes industry user contributions and co-investment, possible government underwriting of privately financed infrastructure, leveraging superannuation savings, etc.

Infrastructure targets instanced as high value and high impact included several metropolitan and regional road projects and, servicing the mining industry particularly, bulk commodities port on the Eyre Peninsula, an extension of Eyre Peninsula power lines and network, and certain roads (Dukes Highway), rail and water. The South Australian Chamber of Mines and Energy (SACOME) considered targeted investment to the Eyre Peninsula would return multiples of any initial amount invested to economic activity in the state. SACOME saw this approach as important to the state avoiding a quasi-mendicant status within the Commonwealth.

Views differed as to the impact of the Commonwealth budget on business confidence, with SA Unions reporting adverse impacts on small businesses particularly, and the two business groups, with SACOME not regarding it as having *"direct issues that affect the* [mining] *industry"* (aside from abolition of the minerals resource rent tax), and Business SA suggesting it was too early to assess the impact of several measures.

As an example of the latter, Business SA was concerned about the impact of reduced funding of programs through the advent of the EIP, but noted that the staff of the former Enterprise Connect remain in place, so some capacity remains, even with reduced funding. It remains to be seen how satisfactory will be the situation with respect to business support programs.

However, Business SA noted a range of issues, such as the need to support the transition of automotive components SMEs and fear of their early collapse, problems in succession and ultimate survival of family owned businesses, and the importance of supporting existing businesses (noting that it is often harder to set up new businesses than to offer support to established ones). Help is needed for the transition following the end of automotive manufacturing in particular. This might include amalgamation strategies for smaller businesses that will not survive on their own, a continuation and deepening of collaborative approaches which include a strong emphasis on coaching and mentoring of SMEs (for export readiness and entering new markets in particular), and targeting any funds strategically to ensure businesses receive precisely the government support they need. A collaborative approach is needed also with respect to attraction of interstate and foreign investment.

Business SA instanced as medium-term economic opportunities, continued effort in defence industries, resources and energy, tourism and international education. It gave additional emphasis to the opportunity to grow the food and beverages industry on the back of being ‘premium, clean and green’, to leveraging the new medical precinct to capture additional activities (including professional medical and allied conferences), and to further development of the Adelaide CBD (including as a ‘walkable city’) and urban areas.

Business SA noted that unincorporated businesses would be caught by the temporary levy on high income earners in the Commonwealth Budget, with potential adverse impacts on cash flow. It voiced concern about rising utility costs (water, gas and electricity) and over the medium- to long-term seeks gains from locking in lower payroll tax rates at the state level in particular.

SACOME referred to conduct of public debate surrounding certain resource and energy developments as slowing and possibly preventing realisation of projects. It expressed pessimism about the likelihood of the mining sector absorbing workers displaced from automotive, and nominated the subdued conditions faced by companies in commercial and infrastructure projects, together with the consulting and service companies associated with them, as also warranting additional infrastructure investment.

# 4 Economic and employment impacts

Federal Budget funding reductions, particularly in the areas of health and school education will have significant economic and employment impacts in South Australia. The reductions have the effect of limiting the capacity of each system to undertake a range of planned activities responding to previously agreed national and state policy objectives. More broadly they have an impact on economic and employment outcomes in South Australia at a time when the state's rate of employment growth is expected to be adversely impacted by the closure of the Australian automobile industry. While growth in the health and school sectors could have played an important role in offsetting some of the adverse impacts of the closure of the automobile industry in South Australia, this alone will not be sufficient to compensate for the loss of economic activity.

The closure of General Motors Holden (GMH), Toyota and Ford is expected to have significant adverse economic and employment impacts over the next few years, fuelling a rising unemployment rate, particularly among males employed in the assembly and component supplier sectors. As indicated below, substantial flow-on impacts are expected due to the collapse of the automotive manufacturing supply chain and associated reduction in incomes that will flow through to other sectors.

> Australia is expected to suffer a negative annual shock of $29 billion (2011 prices) to national Gross Domestic Product (GDP) and a fall in national employment of around 200,000 as a result of the planned closure of GMH, Toyota and Ford between 2013 and 2017 (Barbaro, J, & NIEIR, 2014).
>
> South Australia is forecasted to experience a decline of $3.7 billion (2011 prices) in Gross State Product (GSP) and a reduction of around 24,000 jobs over the four year period.

The 2014-15 Federal Budget announced a $655 million reduction to South Australia's health system over the next four years. The Budget also included a reduction of $335 million to the school education sector in South Australia over two calendar years (2018 and 2019). The estimates of economic impact, both the direct impacts in the affected sectors themselves, and the flow-on impacts across the broader economy, that are presented in this section are based on the input-output (I-O) model of the South Australian economy constructed by EconSearch (2013) for SA's Department of Premier and Cabinet (DPC). The analyses here have been undertaken independently by WISeR using this model.

Estimates of economic impact are presented in terms of direct, flow-on and total impacts. **Direct or initial impacts** refer to the impact of the assumed dollar change in sales directly linked to the change in expenditure. Associated directly with this dollar change in output is an own-sector change in household income (wages and salaries, drawings by owner operators etc.) used in the production. Household income together with other value added provide the total Gross State Product/ Gross Regional Product (GSP/ GRP) from the production of that dollar of output. Also associated is own-sector change in employment, represented by the size of the employment coefficient. The employment coefficient represents an 'employment/output' ratio and is usually calculated as 'employment per million dollars of output'.

**Flow-on or indirect impacts** are the sum of production-induced impacts and consumption-induced impacts. *Production-induced impacts* are made up of first-round impacts and industrial support impacts. The first round impact refers to the effect of the first round of changes in purchases by the sector. Industrial-support impacts are the second and subsequent round effects as successive waves of output changes occur in the economy to provide industrial support, as a response to the original dollar change in sales to final demand, excluding any changes in household consumption. *Consumption-induced* impacts are defined as those induced by changes in household income associated with the original dollar change in output. **Total impacts** are the sum of direct and flow-on impacts.

The key indicators of economic impact reported are Gross State Product (GSP) and employment. GSP is a measure of the net contribution of an activity to the state economy as defined within the national accounting framework and is calculated as value of output less the cost of goods and services used in producing the output. Employment is a measure of the number of employees in terms of the number of full-time equivalent (fte) jobs in SA.

It should be noted that this analysis assumes that industries in South Australia respond to changes in demand with constant proportions, that there are no significant price adjustments that occur – and that population in the South Australia region changes more or less proportionally with employment opportunities (i.e. there are no substantial increases or decreases in unemployment – which is consistent with a long run view of regional economic adjustment).[6]

The use of I-O modelling is considered appropriate to reflect the order of magnitude impacts in South Australia and can be demonstrated to produce results similar to those of a Computable General Equilibrium modelling (CGE) with long run closure when modelling the impact of state level changes. It is understood here that the Commonwealth funding reductions being analysed are across the board nationally. Therefore, at the national level these changes would reduce demand for employment in the health and school sectors which would push down wages. This downward pressure on wages and salaries in these two sectors would transmit across the economy and make other sectors more competitive and as such there would be offsetting job growth outside the health and school sectors (and particularly in sectors that compete on global markets) – though this is constrained by the matching of skill sets and takes time to occur. The national impacts would be best analysed using a CGE model. But for this analysis, and specifically given the state of economic circumstances in South Australia (i.e. levels of unemployment and structural issues in a wide range of industries) the offsetting job creation implied within the relationships of a CGE model are in our opinion likely to be created in other states with export opportunities. South Australia is unlikely in the expected underlying circumstances to benefit in this context. Therefore, it is considered that I-O based modelling is sufficient for this economic analysis of Commonwealth reductions to South Australia's health and school systems.

## 4.1 Data and assumptions

The Commonwealth funding reductions in South Australia's health and school systems were provided in current dollars (2014-15) by South Australia's Department of the Premier and Cabinet (DPC) to WISeR. The estimates of direct and flow-on impacts are provided in current 2014-15 Australian dollars and based on the I-O model for South Australia constructed by EconSearch (2013) for DPC.

I-O analysis assumes each producer depends on the existence of other producers to purchase inputs from, or sell outputs to, for further processing. Producers also depend on final demand of outputs and labour inputs to production.

I-O models illustrate the purchases and sales of outputs taking place in an economy at a given point in time. Outputs produced in the economy are aggregated into a number of industries and the transactions between industries are recorded in an I-O table. The rows of the I-O table illustrate sales for intermediate inputs to other producers in the region for further processing and for users' final demand. The columns of the I-O table demonstrate purchases of intermediate inputs from other producers in the region, imported goods and services and purchases of primary inputs (i.e. labour, land and capital).

[6] For the list of assumptions behind the I-O method, refer to Appendix C.

In this analysis, it is assumed that health and education sectors purchased 10 per cent of their inputs from outside South Australia and that these imports are excluded from the analysis. Consideration is given to the funding reductions expected to occur in the SA's economy (local funding reductions of around $590 million and $301 million, respectively, in SA's health and education systems; 90 per cent of commonwealth funding reductions).

The economic impact, both direct and flow-on, of local funding reductions are estimated for three scenarios of low, medium and high (see Table 2 and Table 3).

**Low Scenario**

It is assumed in the low scenario that the reduction in funding is managed through the reduction of supplying entities into the health and education sectors – that equipment is allowed to run down, that building maintenance is reduced, that there are short cuts in administration, and that operational supplies are minimised. This scenario assumes that the cost reduction can be managed without direct jobs lost in the health and schooling sectors (i.e. there is no loss in jobs to nurses or teachers etc.) This is considered an unlikely scenario, and limited by the practicalities of being able to manage the funding issues in this way. In terms of the modelling this approach produce conservative estimates in that it only indirectly allows for the job losses in the health and education sectors themselves, and is used in acknowledgment that some structural adjustment and search for greater efficiencies may occur within the sectors.

**Medium Scenario**

This scenario allocates the expenditure reductions over the general production function of the sectors – including wages relating to direct employment and intermediate transaction (but excluding gross operating surplus), assuming that the funding adjustments are managed proportionally to the current spends.

This means that around 75 per cent of local Commonwealth health and school funding reductions were considered as a reduction in direct employment within the sectors and the remaining of local reductions were allocated to intermediate inputs according to their shares of the total.

Direct job losses were calculated for the medium scenario (and for the high scenario), based on an annual salary (with the on-costs of superannuation and workers compensation) of around $98,000 (2014 dollars) to South Australia's employees in the health and school sectors.[7]

**High Scenario**

With the high scenario, local health and school funding were only considered as reductions in direct job losses within these two sectors. That is, it is assumed that all of the funding reductions translate into direct job losses in the delivery of health and education (job losses to doctors, nurses, ancillary functions and administrators, and to teachers and teaching support roles). This scenario has the greatest economic impact in that it assumes all the expenditure reductions have an immediate impact and there is no offsetting impact through the reduction of imported inputs into activity (which is the case in the other two scenarios).

[7] This figure was calculated based on a) South Australia's public service employee's average weekly salary of $1,537 in 2014 dollars (ABS; 2014), b) a superannuation rate of 9.5% and c) WorkCoverSA industry premium rates of 3.5% and 1.5%, respectively, for hospitals and schools plus 10% GST (WorkCoverSA; 2014-15).

**Table 2: Allocation of local commonwealth funding reductions in SA's health system ($m)**

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | Total |
|---|---|---|---|---|---|
| **Low Scenario** | | | | | |
| Reduction in Direct Wages and Salaries | 0 | 0 | 0 | 0 | **0** |
| Reduction in Intermediate Expenditure | 61.7 | 112.6 | 167.8 | 247.8 | **589.8** |
| **Total** | **61.7** | **112.6** | **167.8** | **247.8** | **589.8** |
| **Medium Scenario** | | | | | |
| Reduction in Direct Wages and Salaries | 45.4 | 82.9 | 123.5 | 182.4 | **434.2** |
| Reduction in Intermediate Expenditure | 16.3 | 29.7 | 44.3 | 65.4 | **155.6** |
| **Total** | **61.7** | **112.6** | **167.8** | **247.8** | **589.8** |
| **High Scenario** | | | | | |
| Reduction in Direct Wages and Salaries | 61.7 | 112.6 | 167.8 | 247.8 | **589.8** |
| Reduction in Intermediate Expenditure | 0 | 0 | 0 | 0 | **0** |
| **Total** | **61.7** | **112.6** | **167.8** | **247.8** | **589.8** |

*WISeR Assumptions.*

**Table 3: allocation of local Commonwealth funding reductions in SA's Education system ($m)**

| | 2018 | 2019 | Total |
|---|---|---|---|
| **Low Scenario** | | | |
| Reduction in Direct Wages and Salaries | 0 | 0 | **0** |
| Reduction in Intermediate Expenditure | 85.6 | 215.8 | **301.3** |
| **Total** | **85.6** | **215.8** | **301.3** |
| **Medium Scenario** | | | |
| Reduction in Direct Wages and Salaries | 61.4 | 154.9 | **216.3** |
| Reduction in Intermediate Expenditure | 24.2 | 60.9 | **85.0** |
| **Total** | **85.5** | **215.8** | **301.3** |
| **High Scenario** | | | |
| Reduction in Direct Wages and Salaries | 85.6 | 215.8 | **301.3** |
| Reduction in Intermediate Expenditure | 0 | 0 | **0** |
| **Total** | **85.5** | **215.8** | **301.3** |

*WISeR Assumptions.*

## 4.2 Impact of Commonwealth health funding reductions

Table 4 provides the results of the impacts of Commonwealth funding reductions in South Australia's health system for the three scenarios (low, medium and high) in terms of Gross State Product (GSP) and employment. It is noted that the following estimates are based on the Commonwealth funding reductions only and do not account for any measures to be taken by the state government.

These results are also depicted in Figure 1 and Figure 2. GSP is a measure of the net contribution of an activity or industry to the regional economy. It is a state level equivalent of gross domestic product. Employment is a key indicator of both regional economic activity and the welfare of regional households.

### Health funding - Low Scenario

Under the low scenario, over the period 2014-15 to 2017-18, Commonwealth health funding changes will result in reductions in GSP in South Australia. These are highest in 2017-18 – when a decline in GSP of $285.1 million is expected to occur in South Australia. Over the four year period, health funding reductions will result in a total GSP reduction of $678.6 million. The 2014-15 Commonwealth funding reductions in South Australia's health system will also result in fewer jobs being created by the sector over the next four years. These losses peak in 2017-18 – when there will be 2,418 less jobs (FTEs) than otherwise would have been the case. Over the four year period, there is expected to be 5,756 less person years of employment.[8] Consistent with the scenario assumptions, around 40% of the employment loss is in businesses that directly supply the health sector, while the remaining 60% is in flow-on effects.

### Health funding - Medium Scenario

Direct and flow-on GSP in South Australia is expected to fall by $101.0 million in 2014-15 and continue to fall to around $405.8 million in 2017-18 under the medium scenario. Over the four year period, a total GSP reduction of $965.9 million is forecast. It is expected that the direct and flow-on employment impact in South Australia will be 929 fewer FTE in 2014-15 and 3,732 fewer FTE in 2017-18. Over the four year period, there will be 8,884 less person years of employment than would otherwise have been the case. Around 50% of the job losses are in health sector and in industries that supply it, while the remainder is through flow-on effects.

### Health funding - High Scenario

Under the high scenario direct and flow-on GSP in South Australia is expected to decline by $111.7 million in 2014-15 and $449.0 million in 2017-18. In total, the four year reduction in GSP equates to $1,068.8 million compared to a scenario with no health funding reductions. Job losses will also peak (over the forward estimates) in 2017-18 – when there will be 4,204 fewer jobs (FTEs) than would otherwise have been the case. Over the four year period this equates to 10,006 fewer person years of employment. Sixty per cent of the impact (job losses) occurs in the health sector directly.

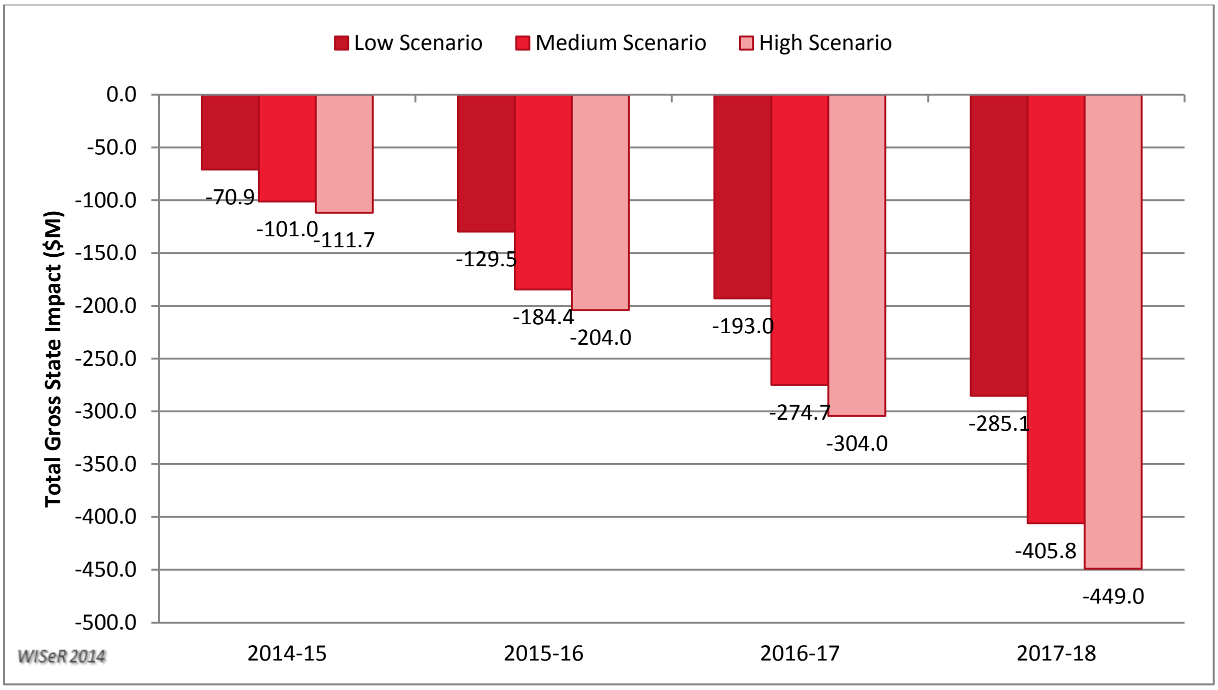
[8] In the tables and charts the jobs lost estimates are Full Time Equivalents (FTEs) linked to the expenditure reductions in the given year against the level of employment that would otherwise occur in that year. While GSP impacts can be added together across years, care must be taken in interpreting the sum of FTEs of employment. In this report, we use the term person years of employment to summarise the employment impact across the period. So for example, in the case of the commencement of a new business which employed 1,000 new full time jobs (on an ongoing basis), the impact in each year would be 1,000 FTEs, and the impact over 5 years would be 5,000 person years of employment.

TABLE 4: ECONOMIC IMPACTS OF COMMONWEALTH HEALTH FUNDING REDUCTIONS IN SOUTH AUSTRALIA

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | Total |
|---|---|---|---|---|---|
| **Low Scenario** | | | | | |
| **Reduction in Gross State Product ($M)** | | | | | |
| Direct | 30.0 | 54.9 | 81.8 | 120.8 | **287.5** |
| Flow-on | 40.9 | 74.7 | 111.2 | 164.3 | **391.1** |
| **Total** | **70.9** | **129.5** | **193.0** | **285.1** | **678.6** |
| **Loss in Employment (FTE)** | | | | | |
| Direct | 264 | 482 | 718 | 1,060 | **2,523** |
| Flow-on | 338 | 617 | 919 | 1,358 | **3,232** |
| **Total** | **602** | **1,099** | **1,637** | **2,418** | **5,756** |
| **Medium Scenario** | | | | | |
| **Reduction in Gross State Product ($M)** | | | | | |
| Direct | 45.4 | 82.9 | 123.5 | 182.4 | **434.2** |
| Flow-on | 55.6 | 101.5 | 151.2 | 223.4 | **531.7** |
| **Total** | **101.0** | **184.4** | **274.7** | **405.8** | **965.9** |
| **Loss in Employment (FTE)** | | | | | |
| Direct | 462 | 843 | 1,256 | 1,855 | **4,416** |
| Flow-on | 467 | 853 | 1,271 | 1,877 | **4,468** |
| **Total** | **929** | **1,696** | **2,527** | **3,732** | **8,884** |
| **High Scenario** | | | | | |
| **Reduction in Gross State Product ($M)** | | | | | |
| Direct | 61.7 | 112.6 | 167.8 | 247.8 | **589.8** |
| Flow-on | 50.1 | 91.5 | 136.3 | 201.3 | **479.1** |
| **Total** | **111.7** | **204.0** | **304.0** | **449.0** | **1,068.8** |
| **Loss in Employment (FTE)** | | | | | |
| Direct | 627 | 1,145 | 1,706 | 2,520 | **5,999** |
| Flow-on | 419 | 765 | 1,140 | 1,683 | **4,007** |
| **Total** | **1,046** | **1,910** | **2,846** | **4,204** | **10,006** |

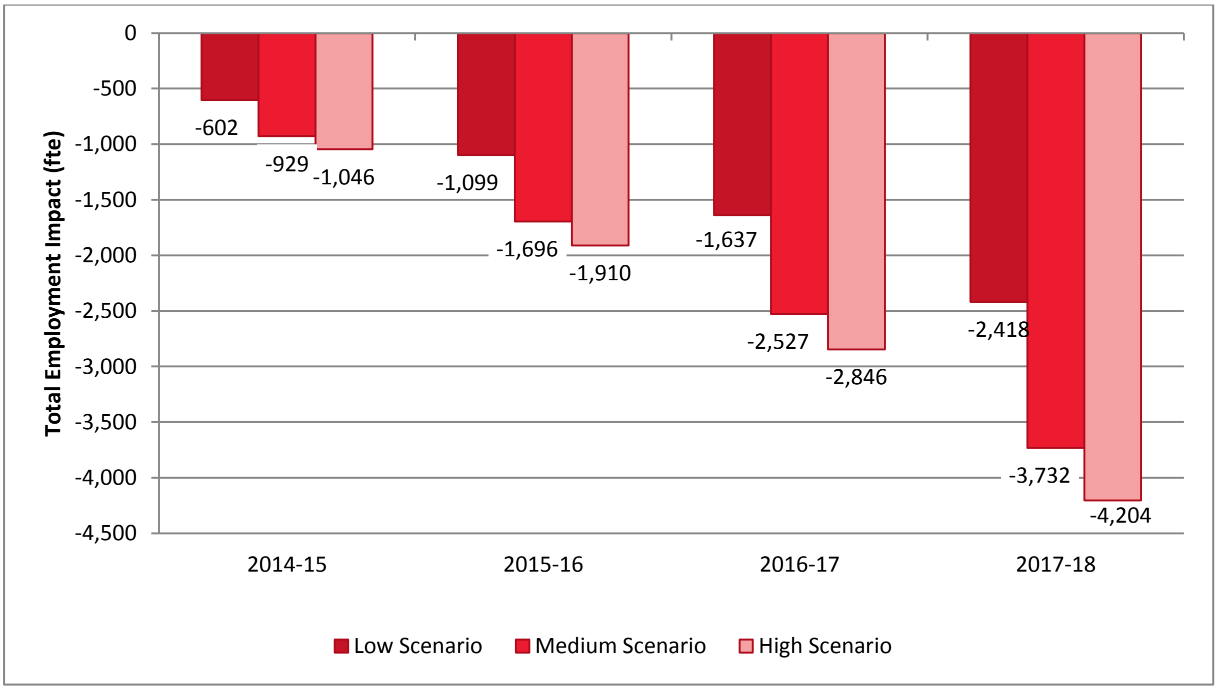
*Source: WISeR Analysis.*

**Figure 1: Total Gross State Product impact of Commonwealth Health funding reductions in South Australia, $M**




*Source: WISeR Analysis.*

**Figure 2: Total employment impact of Commonwealth Health funding reductions in South Australia, FTE**




*Source: WISeR Analysis.*

## 4.4 Impact of Commonwealth school funding reductions

The economic impacts of Commonwealth reductions in expenditure in South Australia's school system in terms of GSP and employment for the low, medium and high scenarios are provided in Table 5. The results are also illustrated in Figure 3 and Figure 4.

### School funding - Low Scenario

Direct and flow-on GSP in South Australia is expected to be $98.0 million less than expected in 2018 and a further $247.1 million less than expected in 2019. Over the two year period, this is $345.1 million less in GSP than anticipated. The 2014-15 Commonwealth funding reductions in South Australia's school system will also result in less employment than would have otherwise been the case. It is expected that direct and flow-on employment impact in South Australia will be 790 fewer FTE in 2018, increasing two and a half fold in 2019 to 1,992 fewer FTE. Over the two year period, this equates to 2,782 less person years of employment.

### School funding - Medium Scenario

Under the medium scenario, the direct and flow-on GSP in South Australia are expected to be $139.0 million less than expected in 2018 and a further $350.4 million less than expected in 2019. Over the two year period, there will be $489.4 million less GSP than otherwise would be the case. Job impacts follow a similar pattern, with 1,246 fewer FTE in 2018 and an additional 3,140 fewer FTE in 2019, equating to 4,386 fewer FTE over the two years.

### School funding - High Scenario

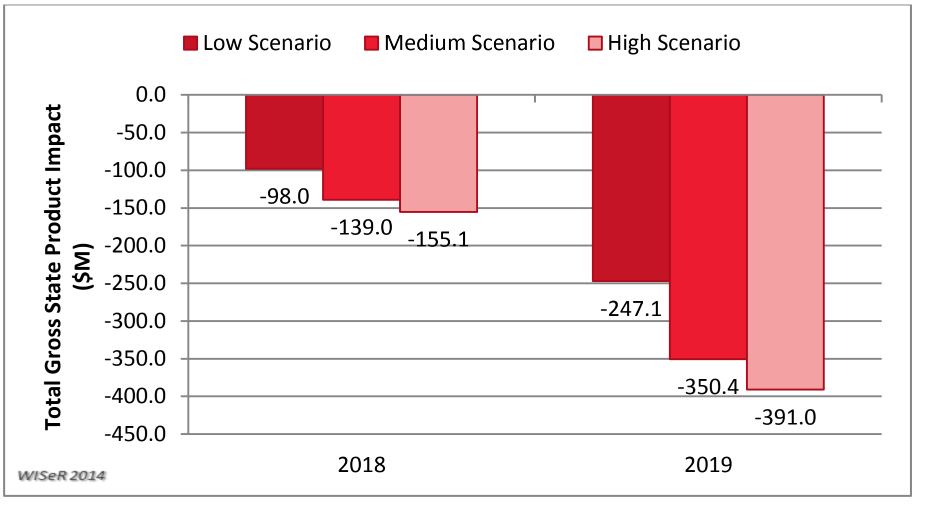
Under the high scenario, GSP in South Australia is expected to be $155.1 million less in 2018 and a further $391.0 million less in 2019. Over the two year period, this equates to $546.1 million less in GSP as a consequence of reduced school funding. Job losses peak in 2019 – when there are 3,592 fewer jobs (FTEs) following the 2018 decline of 1,425. Over the two year period, there will be 5,017 less person years of employment than there would otherwise be.

**TABLE 5: ECONOMIC IMPACTS OF COMMONWEALTH SCHOOL FUNDING REDUCTIONS IN SOUTH AUSTRALIA**

| | 2018 | 2019 | Total |
|---|---|---|---|
| **Low Scenario** | | | |
| **Reduction in Gross State Product ($M)** | | | |
| Direct | 42.1 | 106.2 | **148.3** |
| Flow-on | 55.9 | 140.9 | **196.8** |
| **Total** | **98.0** | **247.1** | **345.1** |
| **Loss in Employment (FTE)** | | | |
| Direct | 359 | 904 | **1,262** |
| Flow-on | 432 | 1,088 | **1,519** |
| **Total** | **790** | **1,992** | **2,782** |
| **Medium Scenario** | | | |
| **Reduction in Gross State Product ($M)** | | | |
| Direct | 61.4 | 154.9 | **216.3** |
| Flow-on | 77.6 | 195.5 | **273.1** |
| **Total** | **139.0** | **350.4** | **489.4** |
| **Loss in Employment (FTE)** | | | |
| Direct | 635 | 1,601 | **2,236** |
| Flow-on | 611 | 1,539 | **2,150** |
| **Total** | **1,246** | **3,140** | **4,386** |
| **High Scenario** | | | |
| **Reduction in Gross State Product ($M)** | | | |
| Direct | 85.6 | 215.8 | **301.3** |
| Flow-on | 69.5 | 175.3 | **244.8** |
| **Total** | **155.1** | **391.0** | **546.1** |
| **Loss in Employment (FTE)** | | | |
| Direct | 885 | 2,231 | **3,115** |
| Flow-on | 540 | 1,361 | **1,901** |
| **Total** | **1,425** | **3,592** | **5,017** |

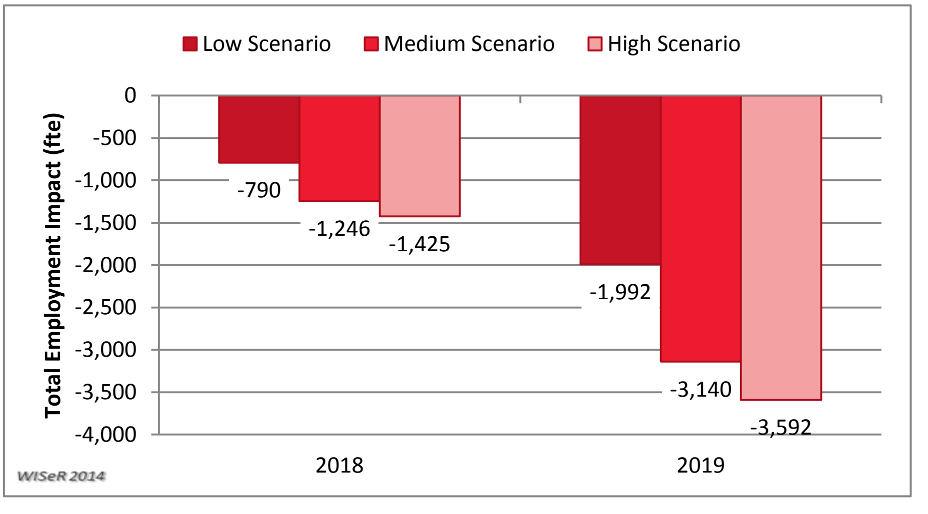
*Source: WISeR Analysis.*

**Figure 3: Total Gross state Product Impact of commonwealth school funding reductions in South Australia, $M**




*Source: WISeR Analysis.*

**Figure 4: Total Employment Impact of commonwealth school funding reductions in South Australia, FTE**




*Source: WISeR Analysis.*

## 4.5 Overall economic and employment impacts

The proposed health and education spending reductions result in losses of Gross State Product ranging as high as $1.6 billion (relevant to health over the forward estimates and education, in 2018 to 2019). The jobs impact of these reductions combined with cancellation of Round 5 of National Rental Affordability Scheme (NRAS) are estimated to range as high as 17,800 person years of employment (see Section 9.1). Up to 7,000 fewer jobs are forecast in 2017-18, compromised of approximately 4,200 health jobs, 1,400 education jobs, and 1,400 jobs from the cessation of the NRAS.[9]

[9] Assuming half of the 2,800 NRAS jobs would be lost in 2017-18.

# 5 INCOME SUPPORT AND SOCIAL SERVICES

The Federal Budget includes major changes to income support arrangements for young people, families and pensioners. If implemented the changes for young people will impose lengthy waiting periods before provision of a benefit while diminishing the incomes of a large number of people by shifting them from the Newstart Allowance to the inferior Youth Allowance. For example, on a conservative assessment, a 23 year old unemployed person on Newstart loses $47 per week or 18.3% of their income (Whiteford & Nethery, 2014). More stringent activity tests, together with Work for the Dole, will be required to attain lower benefits. Together, these reduce the time and resources of unemployed persons to find employment. These measures interact with other budget measures such as funding reductions to vocational education and training (e.g., ending the Tools for Your Trade payment in favour of a smaller scheme), higher university and vocational education fees, GP co-payment and reintroduction of fuel excise indexation, to increase these impediments further.

The lower Youth and Newstart Allowance payments (together with the delay in providing benefits) increase financial pressure on families already experiencing disadvantage, especially where the household experiences intergenerational unemployment. Additionally, they make young unemployed in particular more vulnerable to homelessness.

By virtue of key characteristics of South Australia, these and associated measures have a disproportionately negative impact on the state (see Table 6 and 7). These characteristics include higher than average unemployment, lower labour force participation rate, and lower average growth rates. As a result, a greater proportion of South Australian residents rely on unemployment benefit than the national average, including in the 15 to 24 cohort.

**TABLE 6: LABOUR FORCE PARTICIPATION AND UNEMPLOYMENT, SOUTH AUSTRALIA AND AUSTRALIA**

| | SA | Australia |
|---|---|---|
| Trend **unemployment** rate, year average to July '14 | 6.8% | 5.9% |
| Trend **participation** rates, year average to July '14 | 62.0% | 64.7% |
| **GDP/GSP**, 2012-13 | 1.3% | 2.6% |
| People receiving an **unemployment benefit** (of those aged 16-64yrs) | 5.3% | 4.2% |
| People receiving an **unemployment benefit long-term** (of those aged 16-64yrs) | 4.2% | 3.2% |
| **Young people** aged 15 to 24 receiving an **unemployment** benefit (of those aged 15-24yrs) | 7.0% | 5.4% |

*Source: (Australian Bureau of Statistics, 2013d, 2014d; Public Health Information Development Unit (PHIDU), 2014b).*

There is also a higher incidence of single parent families with young children and children in jobless households, along with a higher incidence of dependence on public housing. In line with our higher age profile, we are also more reliant on disability support.

**Table 7: Families, disability and housing, South Australia and Australia**

| | SA | Australia |
|---|---|---|
| **Single parent families** with children aged less than 15 years | 23.4% | 21.3% |
| **Jobless families** with children aged less than 15 years | 14.7% | 13.3% |
| **Children** aged less than 15 years **in jobless families** | 15.2% | 13.9% |
| Dwellings rented from the **government housing authority** | 6.1% | 4.1% |
| **Disability support pensioners** (of those aged 16-64yrs) | 7.2% | 5.6% |

*Source: (Public Health Information Development Unit (PHIDU), 2013, 2014b).*

The budget measures relating to participation and income support are extensive and interact with other budget measures (such as the GP co-payment, funding reductions to education and vocational training) and with existing entrenched disadvantage, to effectively increase impediments to participation in the labour market. Paradoxically, the rationale for the new more stringent policies is stated as being to encourage higher labour force participation.

Significant reductions in entitlements were included in the Federal Budget (including absolute reductions in payments under the Family Tax Benefits Parts A and B, and changes to indexation arrangements affecting amounts paid and eligibility). This includes changes to indexation for the aged pension and disability support that will see this fall below the poverty line (as the CPI and not a percentage of average male earnings becomes the basis of indexation).

**Box 2: 2014-15 Federal Budget - Family related funding reductions**

Principal income support measures for **families** include:

- **Family Tax Benefit (FBT)** rates paused for two years from 1 July 2014 with savings of $2.6 billion
- **FBT end of year supplements** will be revised down to their original values and indexation ceased from 1 July 2015 saving $1.2 billion over four years
- **FBT Part A** is paid for each child (income means tested with eligibility requiring a dependent child or student up to 22 years old, or care of a child for a minimum of 35 percent of the time) From 2015, the maximum per child rebate will be reduced to $750 per annum
    - **Large family supplement** closed to three children families from 1 July 2015 with savings of $377.7 million over four years
    - The per child add-on to the higher income free threshold for each additional child will be removed from 1 July 2015 with savings of $211.2 million over four years
- **FBT Part B** (paid to families on one income, currently means tested and not paid to those over $150,000)
    - Will only be available to those with neither parent earning above $100,000 with savings of $1.2 billion over four years from 1 July 2015
    - Will only be available to families with the youngest child below 6 years (existing recipients with children aged over 6 will continue to receive for 2 years) with savings of $1.9 billion over five years from 1 July 2015.

These measures are often highly regressive, removing a higher proportion of income from persons at the lower ends of income scales than those receiving higher incomes. Further, by virtue of key characteristics of SA, these measures have a disproportionately negative impact on the state.

## 5.1 Income and job support for the unemployed

**Box 3: 2014-15 Federal Budget - Income and job support for the unemployed related funding reductions**

**Eligibility thresholds will be maintained** saving $1.5 billion over four years for:

- Non-pension payments (including FBT, Child Care Benefit, Child Care Rebate, Newstart Allowance, Parenting Payments and Youth Allowance) from 1 July 2014
- Pension and related payments (including Aged Pension, Carer Payment, Disability Support Pension and Veteran's service Pension) from 1 July 2017.

Principal **income and job support measures for unemployed** include:

- **Access to Newstart and Youth Allowance (age 24 years and under) changed** for people under 30 years with savings of $1.2 billion over four years (exclusions apply to those with partial capacity to work, are a principal carer for a child, are part-time apprentices, are in education, are in Disability Employment Services, or in Job Services Australia Streams 3 and 4).
    - All **new claimants** (under 30 years) must demonstrate job search and participation in employment services support for six months before receiving payments, from 1 January 2015
        - Existing claimants subject to arrangements from 1 July 2015.
    - After six months, to receive payment, claimants must engage in **25 hours per week Work for the Dole**, from 1 January 2015
    - **Age of eligibility** for Newstart and Sickness Allowance rises to 24 years for all new applicants from 1 January 2015 with savings of $508.1 million over five years.
- All working age payments (including Newstart Allowance, Sickness Allowance, Parenting Payment, Widow Allowance and Youth Allowance) will have a **One-Week Ordinary Waiting Period (OWP)** applied from 1 October 2014 with savings of $231.7 million over five years.
- Job seekers who refuse a job or persistently fail to meet requirements will **lose their payments** for eight weeks saving $20.9 million over four years from 15 September 2014.
- Job seeking support programs will be ceased including
    - **Career Advice for Parents Programme** ceased from 2014-15 - saving $5.8 million over four years
    - **Connection Interviews and Job Seeker Workshops** ceased 30 June 2014– saving $4.4 million in 2014-15
    - **Experience+ Career Advice** initiative ceased from 1 July 2014 – saving $3.9 million
- **Access to Job Services Australia (JSA) limited** to one occasion for persons not accessing income support saving $52.5 million over four years from 2014-15.
- Redundancy payments under the **Fair Entitlements Guarantee** scheme will be aligned to the National Employment Standards reducing the maximum payment for insolvency under the scheme to 16 weeks with savings of $87.7 million over four years from 1 July 2014.

Support for gaining an **education**:

- The **Pensioner Education Supplement** will be ceased from 1 January 2015 with savings of $281.2 million over five years.
- The grandfathering arrangements for the **Student Start-Up Scholarship Recipients** will be removed saving $503.8 million over five years from 1 January 2015.
- **Student income support payments** will only be eligible for students travelling overseas if it is for eligible study or training, for medical treatment, or acute family crisis saving $153.1 million over five years commencing 1 October 2014.
- **Relocation Scholarship Assistance** (for students relocating within and between major cities) will be removed saving $290.1 million over five years from 2013-14.
- The **Education Entry Payment** will cease from 1 January 2015 with savings of $65.4 million over five years.

While Federal budget measures are vigorously pursuing a learn or earn model for the unemployed, they are compromising the ability of parents to participate in study by changing the Child Care: Jobs, Education and Training Child Care Fee Assistance. This involves introducing an $8 per hour cap on funding child care through the program and introducing a weekly cap of 26 hours (down from 50 hours) for parents undertaking study. The Youth Affairs Council of South Australia (YACSA) found the "*learn or earn mantra interesting*", given that many of the programs that were successfully helping young people to learn or earn have been cut (Youth Connections, the Partnership Brokers and the National Career Development programs will cease on 31 December 2014. Other examples of programs to be ceased include Alternative Pathways for the Trades, Apprentice to Business Owner, Accelerated Australian Apprenticeships, Apprenticeships Access, and Step Into Skills). Moreover, with proposed deregulation of university and TAFE fees, those that actually can afford tertiary education or an apprenticeship will be forced into long-term debt.

Stakeholders provided extensive commentary on the immediate and long-term impacts of income support changes, particularly for young people. With changes to eligibility criteria for Newstart Allowance and Youth Allowance, YACSA feared that young people already in financial trouble will shift from poverty into extreme poverty. The South Australian Council of Social Services (SACOSS) noted that the Newstart Allowance and the Youth Allowance are already directly impacted by CPI and cost of living increases; with further changes to indexation the value of the income support dollar would diminish further, and, in the context of other budget measures, many young people might be left with no income at all. Anglicare SA warned that the "*poverty trap*" is getting larger, and the number of people caught in the trap is increasing. This has led to significantly higher demand for their services and they are concerned that some of their more traditional on the ground supports will revert to being charities, rather than funded services.

Stakeholders noted that some regions would be harder hit by income support measures. YACSA indicated that in rural and regional areas it is already difficult to find work close to home, to pay for petrol to travel to work, and to find affordable local accommodation. Anglicare SA warned that in some communities, people up to the age of 30 will have no visible means of support and may not be able to afford to leave home.

SA Unions thought that the Work for the Dole scheme is "*at best glorified unpaid work experience*" that neither drives employment nor helps people find work. Anglicare SA commented that the scheme needs to be managed well and must provide good, productive activities for people to do. They felt strongly that most people want to be productive, want to work, and want to have a sense that they are making a positive difference in the world. In areas with high unemployment and a lack of available jobs, they considered the requirement to apply for up to 40 jobs per month to be a "*meaningless quota*" that would frustrate business owners and jobseekers alike.

SACOSS argued that the proposal to transfer responsibility for identifying and managing breaches to job service providers would damage the sometimes already tenuous relationship with the income support recipient. They envisage an antagonistic process where on the one hand the job service provider is meant to support the person into employment in a very difficult market place, while on the other hand has to breach the person if they do not turn up for an appointment without a good reason (the criteria for which would be very severe).

## 5.2 Income support for pensioners

**Box 4: 2014-15 Federal Budget - Pensioner related funding reductions**

Principal income support measures for **pensioners** include:

- **CPI indexation will apply to pensions** and equivalent payments (Age Pension, Disability Support Pension, Carer Payment and Veteran Affairs pensions) from 1 September 2017 with Parenting Payment Single from 1 July 2014 saving $449.0 million over five years (formerly indexation was to percentage of average male wage growth).
- The **Assets Test Deeming Rate Threshold** will be reset to $30,000 for singles and $50,000 for couples from 20 September 2017 with savings of $32.7 million over five years.
- **NPA on Certain Concessions for Pensioners Concession Care and Seniors Card Holders** (funding council rates, energy, water and sewage, motor vehicle registrations and public transport concession) will be terminated from 1 July 2014 with savings of $1.3 billion over four years.
- The **Clean Energy Supplement** will no longer be indexed (with rate set at the relevant level applied prior to 1 July 2014) saving $479.1 million over five years.
- The amount of time recipients of **Disability Support Pensions (DSP)** can travel outside Australia and still receive the DSP is limited to 4 weeks in 12 months from 1 January 2015 saving $12.3 million over five years.
- The **Age Pension qualifying age** will be lifted to 70 years rising by six months every 2 years from 1 July 2025 to 70 years at 1 July 2035.
- **Enhanced Compliance Review** for veterans to ensure change in assets and earnings does not result in overpayment with savings of $42.1 million over four years from 1 July 2014.
- **Veteran's Disability Pension** to be effective from date of lodgement from 1 January 2015 saving $38.8 million over four years.

Funding reductions related to **seniors** include:

- **Support Senior Australians – Housing Help for Seniors** (an income and assets text exemption for age pensioners who downsize their homes) will not proceed saving $173.1 million over five years from 2013-14.
- **Commonwealth Seniors Health Card (CSHC)** holders will have their untaxed superannuation income included in the assessment of eligibility from 1 January 2015 saving $20.9 million over five years.
- **The Seniors Supplement for CSHC holders** will be ceased from 20 September 2014 with savings of $1.1 billion over five years.

Funding reductions impacting on aged care include:

- The rate of real growth in the **Commonwealth Home Support Programme** will be reduced from 6% to 3.5% per annum (in addition to annual price indexation) saving $1.7 billion over six years from 1 July 2018.
- **Payroll Tax Supplement** payments to eligible aged care providers will be ceased from 1 January 2015 saving $652.7 million over four years.

The Council on the Ageing (COTA) commented that, in relation to the Age Pension, the federal government "*went for an outcome that was more draconian than the Commission of Audit*". It is clear to them that after 2017, the budget will have a significant and growing impact on the purchasing power of all pensioners, but in particular full pensioners who do not have other significant income or assets. At July 2017, the income and assets test will be frozen for three years rather than indexed, meaning that certain people who would have been marginally eligible for a part pension would now not be (as their income and assets would not be adjusted by CPI).

COTA called for a period of critical reflection on the consequences of changes to the pension. Of interest, they posit that if the pension is reduced for example by 10% or 20% over a period of time, the basic daily fee paid for residential aged care will fall proportionately (as currently the fee is set at 85% of the pension). The impact of this reduced income stream for residential aged care service delivery needs to be considered carefully. COTA proposes that the federal government puts the pension changes aside and initiates a retirement incomes inquiry to be completed by the end of next year, which they note is well within the timeframe of when pension changes would have taken effect.

The impact of the termination of concession payments to pensioners for a range of services including council rates, energy, water and sewage, motor vehicle registrations and public transport will be felt by local councils when rate notices are distributed in 2014 (Local Government Association of South Australia (LGA); LGGC). If councils are required to find additional funding to cover funding reductions in other areas such as roads (see Section 10), then pensioners may well be hit by higher council rates as well. With a constrained income source (and one that will decline in real terms with the introduction of CPI indexation), the LGA expressed concern about the implication of the additional cost burden whereby some pensioners may cut back on energy consumption or reduce food intake which may compromise the health and wellbeing of the most vulnerable – "*are more people going to die in their homes because they just won't turn their air-conditioner or heater on?*" (LGA).

## 5.3 Aboriginal and Torres Strait Islander services

**Box 5: 2014-15 Federal Budget - Aboriginal and Torres Strait Islanders related funding reductions**

- One hundred and fifty **Indigenous Affairs Programs** will be rationalised into the Indigenous Advancement Strategy comprised of five programs saving $534.4 million over five years from 2013-14.
    - Health funding for Indigenous programs, grants and activities will come under the new Indigenous Australians health Programme.
- The **National Congress of Australia's First Peoples** will be ceased from 1 July 2014 with savings of $15.0 million over three years.
- The **Indigenous Languages Programme (ILS)** will be ceased saving $9.5 million over four years from 2014-15

Aboriginal Family Support Services (AFSS) and State Aboriginal Advisory Committee (SAAC) expressed concern about a broad range of issues, including health, income support, funding for early childhood centres, child protection, and competition for funding. The proposed $7 GP co-payment is problematic for Aboriginal families already in crisis, reducing their capacity to see a doctor until a health problem becomes a health crisis. SAAC note that 'Closing the Gap' was intended to build capacity within communities to address health issues, but any increase in payments for medical services will stop families from seeking early health care. For many families, medical issues are already far down the list after basic items such as food and clothing.

AFSS believes that proposed changes to income support will have serious flow-on effects for families at risk of losing income for periods at a time: less capacity to seek medical care, increased minor crime, non-payment and disconnection of utilities, rental arrears, evictions, and increased homelessness. They note that responsibility for income support will effectively shift from the government to other family members, few of whom are in a position to support their extended family.

AFSS identified the critical role of early childhood centres as a hub for community activity, providing not only a place for growth, learning and early years development, but a place to learn about nutrition, good health, wellbeing, and how to manage issues that impacting on families, such as family violence, drug and alcohol misuse, and budgeting responsibilities. AFSS reported that South Australia has two established Aboriginal specific child and family centres, with two more still to be built. The federal government allocated money in the 2013-14 budget to build and run these centres, but indicated that from 1 July 2014 this is now a state issue. The state government has no allocation in their budget to fund the recurring costs of child and family centres. AFSS is very concerned that early childhood responsibilities may become part of the state education system and therefore become mainstreamed. They report that history has shown that Aboriginal people are more likely to use child and family centres that are Indigenous driven and community owned.

Child protection was an important issue for AFSS. They commented that many children were removed from their families effectively because of poverty, overcrowding and chronic illness issues. They noted the importance of investing in "*front end*" work to strengthen families, rather than continually responding at the crisis endpoint. They were concerned that "*we remove children because of poverty and yet we have budget cuts that deny families the ability to get out of that poverty cycle*."

AFSS indicated that while the rationalisation process that will see 150 programs consolidated into five core areas is a cause for concern, it may well present opportunities for change and flexibility in how services are delivered. They were far more concerned about the funding reductions of over $500 million dollars over a five year period. They foreshadow Aboriginal and non-Aboriginal organisations, small and large organisations, local and national organisations, all competing for funds. They are concerned that many small organisations have neither the infrastructure nor the capacity to prepare competitive submissions. They felt that this may lead to a range of non-Aboriginal organisations outbidding Aboriginal agencies to provide services for Aboriginal people. They expressed concern about a continued eroding of funding and a mainstreaming of how services are provided.

# 6 Distributional impact of the changes in income support

National analysis indicates that the impacts of income support changes are expected to be felt most by families, young people, low income individuals, single parents, and those with a disability. Given the significant changes proposed to the Family Tax Benefits, low income families with children are likely to bear the brunt of these changes. Whiteford and Nethery (2014) confirm that those on income support will do the 'heaviest lifting'. Their findings indicating the difference in disposable income per week are summarised in Table 8.

**Table 8: Impact on disposable income of the 2014-15 Federal budget funding reductions.**

| 2016-17 | Disposable Income 2014 $pw | | Difference | |
|---|---|---|---|---|
| Type | 1. Current policy | 2. After Budget Change | 3. 2014 $ pw | % |
| Single person on Newstart, 23 years | 259 | $211 | -$47 | -18.3% |
| Sole parent, 1 child aged 8, Newstart | 446 | $392 | -$54 | -12.2% |
| Sole parent, one child aged 6, Parenting Payment Single | 530 | $476 | -$54 | -10.2% |
| Sole parent, one child aged 8, (67% AWOTE) | 957 | $889 | -$67 | -7.0% |
| Sole parent, one child aged 6 (67% AWOTE) | 990 | $935 | -$56 | -5.6% |
| Single income couple with two children, 6 and 9 years (100% AWOTE) | 1,287 | 1,205 | -$82 | -6.4% |
| Dual income couple with two children, 3 and 6 years (100% and 33% AWOTE) | 1,658 | 1,590 | -$69 | -4.2% |
| Dual income couple with three children, 3 ,6 and 9 years (100% and 33% AWOTE) | 1,723 | 1,656 | -$67 | -3.9% |
| Sole parent, one child aged 3, Parenting Payment Single | 553 | 540 | -$13 | -2.4% |
| Single income couple with two children, 3 and 6 years (100% AWOTE) | 1,310 | 1,282 | -$28 | -2.1% |
| Sole parent, 1 child aged 3, (67% AWOTE) | 1,013 | 999 | -$15 | -1.5% |
| Single person (300% AWOTE) | 2,847 | 2,823 | -$24 | -0.9% |
| Couple, no children (150% and 100% AWOTE) | 2,712 | 2,712 | $0 | 0.0% |

*Source: reproduced from (Whiteford & Nethery, 2014). Note: Results are estimate for the 2016-17 year (but are deflated to 2014 $). Differences per week (3) may not precisely equal Current policy (1) less Budget change (2) due to rounding. AWOTE=Average weekly ordinary time earnings*

As evident from Table 8, these budgetary measures are regressive with particularly adverse impacts on young people and sole parents. For instance, an unemployed 23 year old will lose $47 per week (amounting to 18% of their disposable income). A single parent with one 6 year old child will lose $54 per week or 10% of their disposable income. The loss for a sole parent with an 8 year old child will be slightly higher at 12%. Sole parents on two-thirds of average wage are set to lose between 5.6% and 7% of disposable income. On the other hand, a single person earning three times the average wage will pay $24 per week (or 0.9% of their disposable income) for the Deficit Levy. Moreover, there will be no impact on high income couples with no children. As discussed by Whiteford and Nethery (2014), these estimates are conservative, hence potential impacts could be more severe.

Analysis of the impacts of selected measures[10] by the National Centre for Social and Economic Modelling (NATSEM), also indicate that low income families with children will be the most impacted (NATSEM, 2014). Their modelling based on the STINMOD[11] database shows that high income families, couples with no children and singles will not be affected as much (see Table 9 for selected results). Findings from another analysis conducted by the Australian Council of Social Service (2014) on the long term impacts of these budgetary measures are presented in Table 10. The results are broadly consistent with other studies in confirming the regressive nature of the impacts.

**Table 9: Distributional impacts of selected budget measures**

| Family type | 2014-15 Mean impact ($) | 2014-15 % change | 2017-18 Mean impact ($) | 2017-18 % change |
|---|---|---|---|---|
| Couple with children | -$692 | -0.6% | -$806 | -0.6% |
| Couple only | -$171 | -0.2% | $102 | 0.1% |
| Single parent | -$1,090 | -2.2% | -$3,515 | -6.4% |
| Single | -$41 | -0.2% | $29 | 0.1% |

*Source: Reproduced (NATSEM, 2014).*

[10] See NATSEM (2014) details of the selected measures.
[11] Static Incomes Model is NATSEM's static microsimulation model of the Australian income tax and transfer system. Details are available at http://www.natsem.canberra.edu.au/models/stinmod/

**TABLE 10: IMPACTS ($PW) ON PEOPLE NOT IN PAID EMPLOYMENT**

| Policy | Effect in first full year of measure^ | | | Effect after 10 years | | |
|---|---|---|---|---|---|---|
| | Current rate ($pw) | Proposed rate ($pw) | Reduction ($pw) | Rate in 2007 ($pw) | Proposed rate in 2017 ($pw) | Reduction in 2027 ($pw) |
| **Unemployed** | | | | | | |
| Unemployment payments limited to 6 months each year for those under 30 yrs | $207 (<21 yrs) or $255 (>21 yrs) | 0 | -$207 (<21 yrs) or -$255 (>$21 yrs) | | | |
| Move young unemployed people (22-24 yrs) from NSA to YA | $255 | $207 (less if living with parents) | -$48 | | | |
| Potential move of more people with disabilities under 35yrs from DSP to NSA | $421 | $255 (>23 yrs) or $207 (<$24 yrs) | -$166 (>23 yrs) or -$214 (<$24 yrs) | | | |
| **Families** | | | | | | |
| Index Parenting Payment Single to CPI instead of wages | $367 | $365 | -$2 | $525 | $450 | -$75 |
| Abolish Pensioner Education Supplement | $31 | $0 | -$31 | | | |
| Remove FTB (B) for sole parents with children over 5 years* | $58 | $14 | -$44 | | | |
| Freeze indexation of FTB (Part A) for 2 years and reduce supplement | $104 | $98 | -$6 | | | |
| Remove FTB (B) for single income couples with children over 5 years* | $58 | $0 | -$58 | | | |
| **Pensions** | | | | | | |
| Index Age, DSP and Carer Payments to CPI instead of wages | | | | $600 | $520 | -$80 |
| Defer eligibility for Age Pension to age 70 years# | | | | | | -$64 if unemployed <9months -$166 if unemployed >9 months |
| **Cost of doctor's visits and pharmaceuticals** | | | | | | |
| Medicare co-payments ^^ | $0 p.a. | $70 p.a. | -$70 p.a. | | | |
| Pharmaceutical benefit reductions ~ | $366 p.a. | $428 p.a. | -$62 p.a. | | | |

*Source: Reproduced (Australian Council of Social Service, 2014), Table 1.*
*Notes: NSA: New Start Allowance; YA: Youth Allowance; FTB: Family Tax Benefit; DSP: Disability Support Payments; CPI: Consumer Price Index; ^ In most cases this is 2015-16, but amounts are expressed in 2014 values; *With one child 6-12 years old. Income loss is $58 if the child is over 12 years. Income loss is less with two or more children. # Effect when fully implemented. Amounts are expressed in 2014 values. ^^ per annum estimates: 10 visits per year, bulk billing is currently available. ~ per annum estimates: pensioner concession card holder buying 80 medicines a year.*

## 6.1 MODELLING IMPACT OF BUDGET MEASURES ON SOUTH AUSTRALIANS

The total cost to South Australians due to the Budget measures and other changes implemented by the Coalition government pre- and post- Budget is $2.1 billion in 2014-15, rising to $4.3 billion in 2017-18, a total impact of $14.6 billion over the 4 years.

To better understand the likely distributional impacts of the Federal Budget income support measures on South Australians, WISeR commissioned the National Centre for

Social and Economic Modelling (NATSEM) to model the impact of the proposed changes using micro-simulation techniques.

This section models the impact of Federal Budget and other measures introduced by the Coalition on South Australians. The NATSEM analysis (Phillips, 2014) is based on the same assumptions and modelled changes as per earlier post-budget modelling undertaken by NATSEM (NATSEM, 2014) with a few important changes to adjust for post-budget announcements and with the Newstart allowance modelled as per the new policy with a 6 month waiting period for persons aged under 30 (see Table 11 for budget measures included in the modelling).

**TABLE 11: CHANGES MODELLED IN THE NATSEM ANALYSIS**

| 2014-15 Budget Specific measures: | | Commencing |
|---|---|---|
| 1 | Family Tax Benefits (FTB) special supplement moved onto a lower special supplement of $750 per child for maximum rate FTB A recipients | 1 July 2015 |
| 2 | FTB B $100,000 income limit on primary income earner (reduced from $150,000) | 1 July 2015 |
| 3 | FTB B removed from families with children aged over five years (most families are grandfathered through 2015 and 2016 and not transferred to (1) until 2017. | New recipients from 1 July 2015; existing recipients from 1 July 2017 |
| 4 | FTB payment freeze for two years. | 1 July 2014 to 30 June 2016 |
| 5 | Remove higher income per child add-on for top income threshold for FTB A | 1 July 2015 |
| 6 | Reduce FTB A and B supplements | 1 July 2015 |
| 7 | Large family supplement – remove from families with three children only | 1 July 2015 |
| 8 | Clean Energy Supplement freeze. | 1 July 2014 |
| 9 | Shift Newstart Allowance recipients under the age of 25 to the lower Youth Allowance | 1 January 2015 |
| 10 | Apply CPI indexation to pensions | Single parents from 1 July 2014; Pensions from 1 July 2017 |
| 11 | Maintain eligibility thresholds for income support payments (rather than indexing with CPI) | 1 July 2014 |
| 12 | Pension Education Supplement removed. | 1 January 2015 |
| 13 | Start-up scholarship removed. | 1 July 2014 |
| 14 | Senior Supplement removed. | 20 September 2014 |
| 15 | Dependent Spouse Offset removed. | 1 July 2014 |
| 16 | Mature Age Worker Tax Offset removed. | 1 July 2014 |
| 17 | Temporary Budget Levy introduced as 2% for dollars earned above $180,000 per annum | 2014 to 2016 only |
| 18 | Excise on automotive fuel indexed with CPI | 1 July 2014 |
| 19 | A six month waiting period for young unemployed persons in receiving the Newstart and Youth (other) Allowances. | 1 January 2015 |
| **Non-budget measures introduced prior or adjusted post- 2014-15 Budget by the Coalition:** | | |
| 20 | Carbon price removed (assuming a 2014 transition to an Emissions Trading Scheme and Pre-election Fiscal Outlook assumed prices) | 1 July 2014 |
| 21 | School Kids Bonus income tested at $100k (previously removed in 2014-15) | 1 January 2017 |
| 22 | Income support bonus (previously removed in 2014-15) | 1 January 2017 |

To analyse these measures NATSEM uses the STINMOD model of the Australian tax and benefits systems. This model is based on very detailed information from a sample of 44,450 actual families in the two latest ABS Income surveys (2009-10 and 2011-12) and further data on non-private dwellings from the 2006 ABS Census[12]. The surveys are

[12] Families are defined in STINMOD as 'income units' which includes couples with children, couples only, single parents and single persons.

updated with respect to their population, price and income data to 2014-15 using appropriate assumptions around wages, prices, ATO taxation data and demographic population change. NATSEM developed this model for the Commonwealth of Australia and the model has been used by Treasury, social services, employment departments and NATSEM for over 20 years.

The model is a 'static' model of policy change. It is budget convention that measures in the budget do not include 'second-round' effects. It would be expected that the savings listed in the budget papers would take the same approach.

NATSEM used its standard version of STINMOD that has been updated using the most recent data available on wages, CPI, taxation data, unemployment statistics, population data and government sourced administration data for government benefits such as family payments and pensions. For the forward estimates, NATSEM makes a number of assumptions. The most important assumptions relate to the CPI and wages. For CPI annual growth of 2.5% is assumed while wages growth of 3.5% is assumed. For 2013-14 CPI (year-on-year) growth is expected to be 3.2%. Unemployment is expected to continue at 5.8% (the budget is moderately higher over the short-term and about the same by 2017) while the participation rates is expected to remain at its current rate of 64.7%.[13]

To develop the regional impact, NATSEM uses its *Spatial MSM* (Spatial Microsimulation Model) which aligns the STINMOD model with detailed ABS Census benchmarks at the regional level. Spatial MSM removes the weights (which apply to Australia) and replaces those with weights that apply to each region.[14] The new regional weights are estimated using a regression estimator that minimises the difference between the original weights (scaled down to the regional population) and the regional weights subject to a range of benchmarks from the Census. In the case of this budget analysis the impact on families depends heavily on the family income, family type and the labour force status of persons in the family, all of which are benchmarked variables. In this instance, NATSEM believes these estimates should have a high degree of accuracy at the regional level.

## 6.2 Regional disadvantage

Overall, more than 265,000 (29.4%) South Australian families will be worse off in 2017-18 as a result of the 2014-15 Federal Budget.[15] In most cases the budget impact will be felt the most profoundly and most severely in areas already associated with socio-economic disadvantage. At the SA3 level, more than 11,200 families (37.2% of the regional population) will be worse off in Port Adelaide – West with a further 10,600 families (32.7%) worse off in Port Adelaide – East (see Table 12).

[13] The Budget forecasts a slightly higher unemployment rate projection of 6.25% for 2015 and 2016 and dropping to 5.75% by 2017. The budget participation rate is in the longer term 64.5%. These differences would be expected to make little more than a 'rounding' error of difference to the NATSEM analysis. The unemployment assumption uses the current unemployment rate at the time of STINMOD 14 development – April 2014.

[14] Weights are applied to each sampled record to ensure the sample accurately reflects the population of interest by key known characteristics (e.g. number of persons/households, sex, age).

[15] The number of families worse off in SA2 areas are presented in Table A 1.

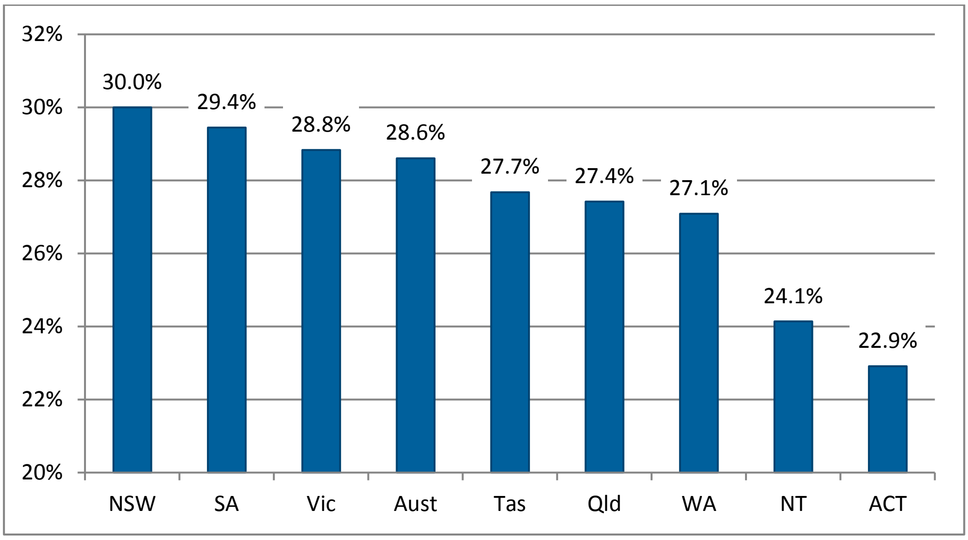
### TABLE 12: NUMBER OF FAMILIES WORSE OFF, SOUTH AUSTRALIA (SA3 AND SA4), 2017-18

| | | Total families (N) | Families worse off (n) | Families worse off (%) | | | Total families (N) | Families worse off (n) | Families worse off (%) |
|---|---|---|---|---|---|---|---|---|---|
| **SA4 name** | **SA4 code** | | | | | | | | |
| South Australia | | 903004 | 265903 | 29.4% | | | | | |
| **SA3 name** | **SA3 code** | | | | **SA3 name** | **SA3 code** | | | |
| Adelaide City | 40101 | 13014 | 3311 | 25.4% | Mitcham | 40303 | 33022 | 9840 | 29.8% |
| Adelaide Hills | 40102 | 36246 | 9603 | 26.5% | Murray and Mallee | 40703 | 41318 | 11297 | 27.3% |
| Barossa | 40501 | 19692 | 5114 | 26.0% | Norwood - Payneham - St Peters | 40105 | 20730 | 6585 | 31.8% |
| Burnside | 40103 | 22272 | 6103 | 27.4% | Onkaparinga | 40304 | 91739 | 26175 | 28.5% |
| Campbelltown (SA) | 40104 | 27716 | 8707 | 31.4% | Outback - North and East | 40602 | 14337 | 3653 | 25.5% |
| Charles Sturt | 40401 | 62808 | 19772 | 31.5% | Playford | 40202 | 45438 | 13953 | 30.7% |
| Eyre Peninsula and South West | 40601 | 30207 | 8308 | 27.5% | Port Adelaide - East | 40203 | 32637 | 10672 | 32.7% |
| Fleurieu - Kangaroo Island | 40701 | 27527 | 7525 | 27.3% | Port Adelaide - West | 40402 | 30324 | 11267 | 37.2% |
| Gawler - Two Wells | 40201 | 18018 | 5032 | 27.9% | Prospect - Walkerville | 40106 | 15738 | 4556 | 28.9% |
| Holdfast Bay | 40301 | 19318 | 5331 | 27.6% | Salisbury | 40204 | 67717 | 22345 | 33.0% |
| Limestone Coast | 40702 | 37185 | 9675 | 26.0% | Tea Tree Gully | 40205 | 49075 | 14589 | 29.7% |
| Lower North | 40502 | 11984 | 3208 | 26.8% | Unley | 40107 | 20816 | 5801 | 27.9% |
| Marion | 40302 | 49374 | 15122 | 30.6% | West Torrens | 40403 | 33418 | 10067 | 30.1% |
| Mid North | 40503 | 16725 | 4333 | 25.9% | Yorke Peninsula | 40504 | 14610 | 3960 | 27.1% |

*Source: NATSEM data 2014. Note 'families' is used to denote 'income units'.*

At the national level, South Australian families (29.4%) were second only to New South Wales families (30.0%) in terms of the proportion worse off by 2017-18 due to the Budget and non-Budget measures analysed (see Figure 5). We note the anomalous finding that just under one-quarter of Northern Territory families will be worse off. However, areas with high Indigenous populations had extremely high proportions of families worse off (e.g. East Arnhem, 39.5%; West Arnhem, 34.9%).

### FIGURE 5: PROPORTION OF FAMILIES WORSE OFF BY STATE AND TERRITORY, 2017-18




*Source: NATSEM data 2014. Note 'families' is used to denote 'income units'.*

Table 13 presents the Statistical Area Level 2 (SA2)[16] in South Australia ranked by families who will experience the highest average income reduction in 2014-15 as a result of the Budget and non-Budget measures outlined in Table 11. SA2s most impacted in 2014-15

[16] Further information about SA2s are available from the ABS (Australian Bureau of Statistics, 2013a).

include some of the more affluent areas of the state with this reflecting the introduction of the 2% Temporary Budget Levy for those with incomes over $180,000. This measure was introduced for two years from 1 July 2014. The highest average annual income loss at this time (-$338.20) was in Glenside – Beaumont, where 27.3% of families were worse off in 2014-15 losing 0.4% of their income. In 2017-18 the situation for Glenside – Beaumont had reversed, with a ranking of 150 indicating they were in the top 12 'best off' SA2s in South Australia.

**TABLE 13: TOP 10 SA2S WITH FAMILIES WORSE OFF AND INCOME LOST, SOUTH AUSTRALIA, *2014-15***

| SA2 | | 2014-15 | | | | | 2017-18 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | % families worse off | | Average p.a. cost ($) per family | | % of income lost | % families worse off | | Average p.a. cost ($) per family | | % of income lost |
| name | Code | % | Rank | $ p.a | Rank | % | % | Rank | $ p.a | Rank | % |
| Glenside - Beaumont | 401031012 | 27.3 | 24 | -$ 338.20 | 1 | -0.4 | 27.0 | 110 | -$ 203.30 | 150 | -0.2 |
| Walkerville | 401061022 | 25.0 | 79 | -$ 286.50 | 2 | -0.4 | 27.0 | 111 | -$ 173.80 | 159 | -0.2 |
| Christies Beach | 403041074 | 24.7 | 86 | -$ 272.10 | 3 | -0.5 | 26.8 | 112 | -$ 352.60 | 85 | -0.6 |
| Salisbury | 402041046 | 32.8 | 4 | -$ 271.50 | 4 | -0.5 | 35.5 | 10 | -$ 649.40 | 9 | -1.1 |
| Morphett Vale - East | 403041084 | 27.4 | 23 | -$ 269.70 | 5 | -0.4 | 29.9 | 54 | -$ 475.20 | 32 | -0.7 |
| Burnside - Wattle Park | 401031011 | 26.8 | 31 | -$ 267.00 | 6 | -0.3 | 27.1 | 107 | -$ 273.50 | 122 | -0.3 |
| Toorak Gardens | 401031013 | 25.1 | 75 | -$ 259.10 | 7 | -0.3 | 26.5 | 119 | -$ 224.70 | 142 | -0.3 |
| Uraidla - Summertown | 401021010 | 27.6 | 22 | -$ 257.40 | 8 | -0.3 | 27.2 | 103 | -$ 302.40 | 111 | -0.4 |
| Mitcham (SA) | 403031069 | 25.8 | 54 | -$ 251.70 | 9 | -0.3 | 26.6 | 116 | -$ 283.90 | 118 | -0.3 |
| St Peters - Marden | 401051019 | 24.4 | 95 | -$ 249.50 | 10 | -0.3 | 26.1 | 128 | -$ 242.70 | 133 | -0.3 |

*Source: NATSEM data 2014. Note 'families' is used to denote 'income units'. SA2 refers to Australian Statistical Geographic Standard (ASGS) regional structure Statistical Area Level 2.*

Table 14 ranks the families 'worse off' in terms of income loss in 2017-18.[17] At this time, the most regressive budget measures come to the fore as the long-term measures impacting families and the unemployed (introduced in 1 July 2015) are played out. In South Australia, families in The Parks SA2 (ranked 22 out of 2059 SA2s in Australia) will experience an average per annum income loss of -$1,124.90, a cut to family disposable income of 2.2%. However, at the social and community level the proportion of families in an area who will be disadvantaged by the changes is also critical to understand the capacity and resilience of that community. It is notable that the SA2 ranking for family income loss and proportion of families disadvantaged is more aligned in 2017-18 (than 2014-15) spelling both community and individual crisis and stress. At the most extreme end of this spectrum, 4,500 families (54.1%) in The Parks will be negatively impacted by the Budget and non-Budget measures.

[17] A comprehensive list of all 161 SA2s (excludes 10 SA2 without data) showing families worse off and income lost in 2014-15 and 2017-18 is presented in Table A 2.

**Table 14: Top 10 SA2s with families worse off and income lost, South Australia, *2017-18***

| SA2 | | 2014-15 | | | | | 2017-18 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | % families worse off | | Average p.a. cost ($) per family | | % of income lost | % families worse off | | Average p.a. cost ($) per family | | % of income lost |
| name | Code | % | Rank | $ p.a | Rank | % | % | Rank | $ p.a | Rank | % |
| The Parks | 404021102 | 40.1 | 1 | -$ 159.30 | 111 | -0.3 | 54.1 | 1 | -$ 1,124.90 | 1 | -2.2 |
| Paralowie | 402041044 | 34.0 | 2 | -$ 230.80 | 18 | -0.4 | 39.9 | 4 | -$ 839.10 | 2 | -1.3 |
| Salisbury North | 402041048 | 33.1 | 3 | -$ 195.00 | 50 | -0.3 | 40.4 | 2 | -$ 827.60 | 3 | -1.4 |
| Smithfield - Elizabeth North | 402021034 | 31.9 | 5 | -$ 186.40 | 61 | -0.4 | 38.0 | 7 | -$ 822.50 | 4 | -1.6 |
| Davoren Park | 402021029 | 28.7 | 11 | -$ 159.40 | 110 | -0.3 | 33.5 | 19 | -$ 720.50 | 5 | -1.2 |
| Elizabeth | 402021030 | 28.8 | 10 | -$ 208.00 | 40 | -0.5 | 40.4 | 3 | -$ 708.80 | 6 | -1.7 |
| Parafield Gardens | 402041043 | 28.8 | 9 | -$ 225.30 | 20 | -0.4 | 34.4 | 15 | -$ 701.90 | 7 | -1.1 |
| Craigmore - Blakeview | 402021028 | 28.5 | 14 | -$ 203.80 | 42 | -0.3 | 30.8 | 44 | -$ 650.70 | 8 | -1.0 |
| Salisbury | 402041046 | 32.8 | 4 | -$ 271.50 | 4 | -0.5 | 35.5 | 10 | -$ 649.40 | 9 | -1.1 |
| Enfield - Blair Athol | 402031036 | 28.6 | 13 | -$ 142.70 | 128 | -0.3 | 38.2 | 5 | -$ 637.90 | 10 | -1.1 |

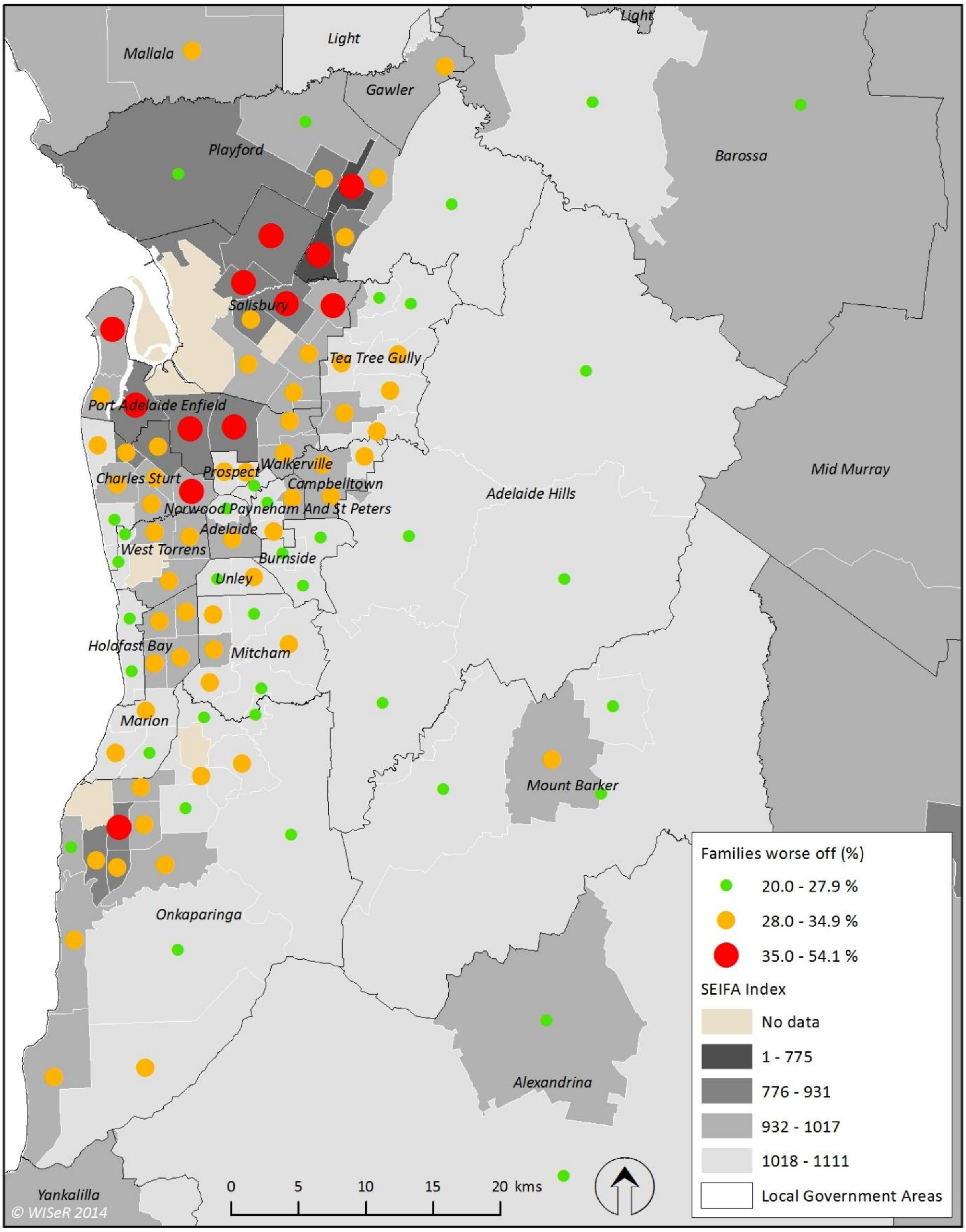
*Source: NATSEM data 2014. Note 'families' is used to denote 'income units'. SA2 refers to Australian Statistical Geographic Standard (ASGS) regional structure Statistical Area Level 2.*

The proportion of families disadvantaged or 'worse off' in 2017-18 as a result of the Budget and non-Budget measures is also presented in Map 1 by SEIFA.[18] This reveals the strong relationship between the impact of the budget and non-budget measures and entrenched socio-economic disadvantage.

Map 2 shows the twenty South Australian SA2s that will lose the most income in 2017-18 due to the measures analysed. Income lost at this time ranges from $549 in Woodville-Cheltenham through to $1,125 in The Parks. As evident by SEIFA, income is being lost in areas least able to afford it - with most falling within the Playford, Salisbury and Port Adelaide Enfield council areas. These areas are amongst the most vulnerable in Australia to the potential shock of the automotive industry closures.

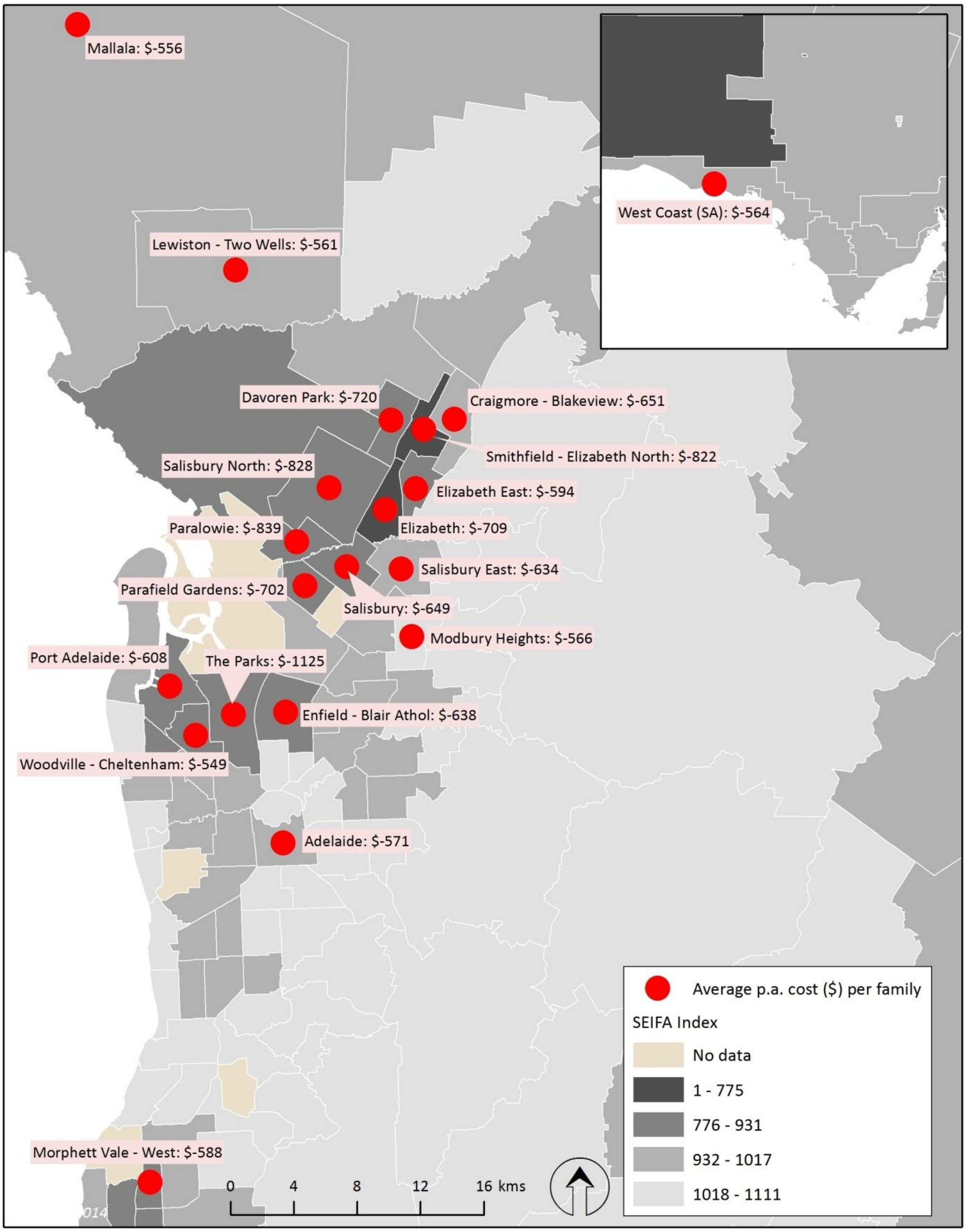
[18] Information about SEIFA is provided in Section 8.1, page 56. Also see Map A 1.

**Map 1: Proportion of families worse off by SEIFA, Adelaide SA2 regions, 2017-18**




*Source: NATSEM data 2014 and ABS (2013b). Note 'families' is used to denote 'income units'. Map A 1 presents data with SEIFA data only. Map A 2 presents data with 'families' worse off only.*

**MAP 2: AVERAGE PER ANNUM COST TO FAMILIES -TOP 20 IMPACTED SA2S IN SOUTH AUSTRALIA BY SEIFA, *2017-18***

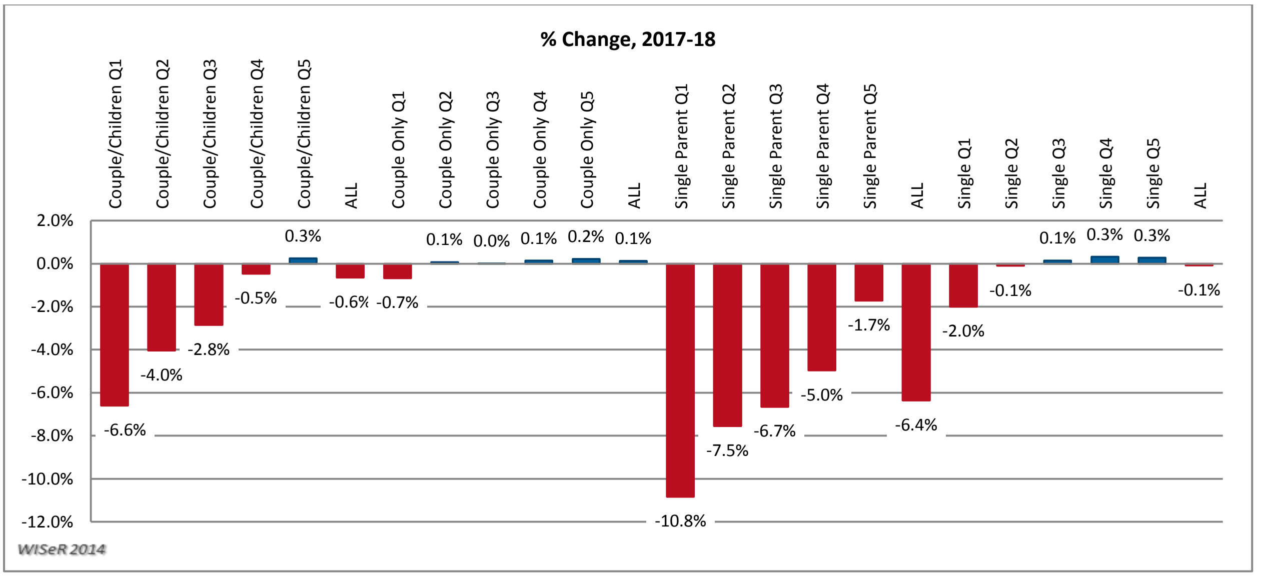



*Source: NATSEM data 2014 and ABS (2013b). Note 'families' is used to denote 'income units'.*

## 6.3 Impact on Family Types

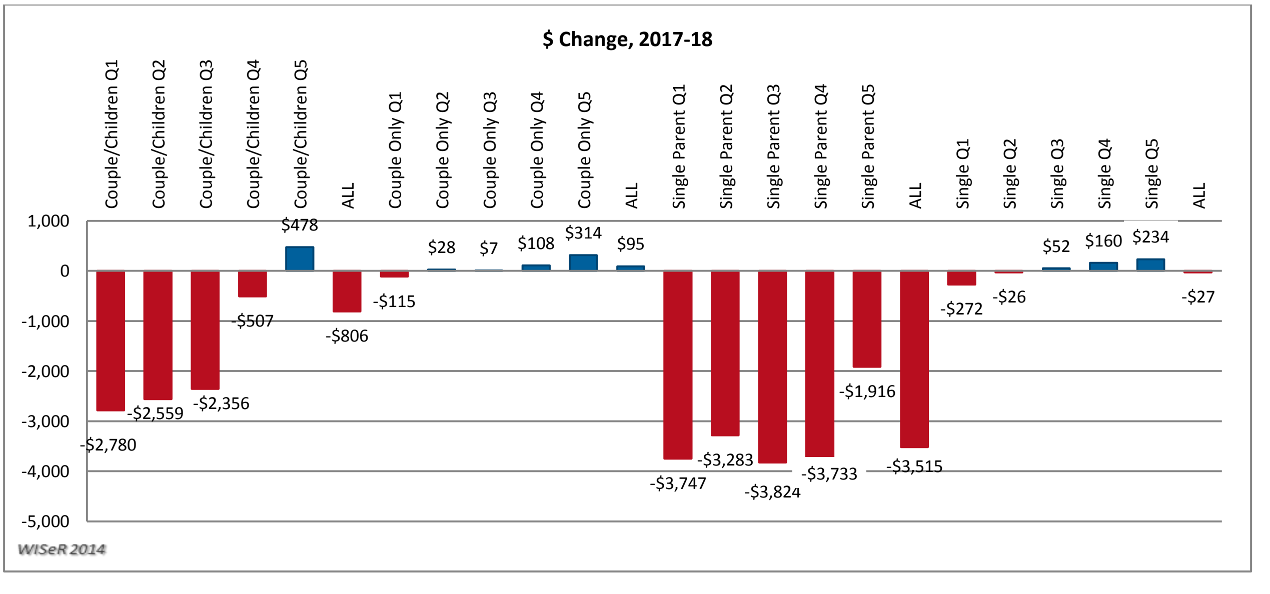
Analysis was also conducted exploring the impact of income quintiles within four family types (couples with children, couples only, single parents, singles). Data in Figure 6 presents the proportional change in disposable income due to the proposed 2014-15 Federal Budget funding measures and other changes implemented by the Coalition government pre- and post budget related to tax, benefits, carbon price and excise in 2017-18; with Figure 7 showing the change in dollar ($) terms.[19]

**Figure 6: Change (%) in Disposable Income - Impact of Budget and non Budget measures, South Australia, 2017-18**




*Source: NATSEM data 2014.*

**Figure 7: Change ($) in Disposable Income - Impact of Budget and non Budget measures, South Australia, 2017-18**




*Source: NATSEM data 2014.*

[19] For further results for 2014-15 (see Figure A 1 and Figure A 2), 2015-16 (see Figure A 3 and Figure A 4) and 2016-17 (see Figure A 5 and Figure A 6).

Across the board, single parents will experience the highest negative impact both in the proportion of their disposable income and in the dollar ($) change in income derived. By 2017-18, single parents in all but the highest income bracket will lose around $3,700 of their annual disposable income under the proposed changes. This will impact on those on the lowest income most, with those in income quintile 1 set to lose 10.8% of their annual income. It is noteworthy that all single parent income quintiles are significantly worse off under the proposed measures, with those on the highest incomes set to lose just under $2,000 in 2017-18.

Couples with children will also be negatively impacted - albeit to a lesser degree than single parents in both monetary and proportional terms. However, those in the lowest income quintile will again experience the largest negative impact from the budget measures to the tune of around $2,780 and a reduction in disposable income of 6.6%. The impact on couples without children and singles is considerably reduced with minor income changes for those in the lowest quintiles, and small disposable income increases in the highest quintiles. The major impact of the budget for low income singles and couples without children relates to tougher unemployment benefit conditions where a 6 month waiting period applies before an unemployed person under the age of 30 can receive the Newstart allowance.

### 6.3.1 Regional impacts on families with children

Additional analysis was conducted to determine the regional impact on families with children. As is evident in Table 15, families with children will lose around double the income in 2017-18 compared with average families (or income units) in their region.[20] Moreover, between 40% and 85% of families with children in all SA2s were worse off under the 2014-15 Federal Budget, with a minimum average income loss of $768.30 in Walkerville, rising to an average loss of more than $2,500 in The Parks and Elizabeth - cutting 3.5% off the average income in the areas that can afford it the least.

**Table 15: South Australian SA2s with highest average income loss per *family with children* per annum in *2017-18***

| SA2 name | Code | % families with children worse off % | Rank | 2017-18 Average p.a. cost ($) per family with children $ p.a | Rank | % of income lost % |
|---|---|---|---|---|---|---|
| The Parks | 404021102 | 84.6 | 1 | -$ 2,760.90 | 1 | -3.5 |
| Elizabeth | 402021030 | 80.3 | 2 | -$ 2,561.60 | 2 | -3.6 |
| Smithfield - Elizabeth North | 402021034 | 71.8 | 12 | -$ 2,399.00 | 3 | -3.0 |
| The Coorong | 407031169 | 75.6 | 4 | -$ 2,276.70 | 4 | -3.2 |
| Yorke Peninsula - South | 405041128 | 73.2 | 7 | -$ 2,205.10 | 5 | -3.2 |
| Salisbury | 402041046 | 72.2 | 11 | -$ 2,169.50 | 6 | -2.4 |
| Salisbury North | 402041048 | 72.7 | 8 | -$ 2,163.60 | 7 | -2.4 |
| Goolwa - Port Elliot | 407011144 | 72.7 | 9 | -$ 2,158.40 | 8 | -2.6 |
| Enfield - Blair Athol | 402031036 | 71.2 | 13 | -$ 2,143.80 | 9 | -2.4 |
| Davoren Park | 402021029 | 67.5 | 21 | -$ 2,117.20 | 10 | -2.2 |

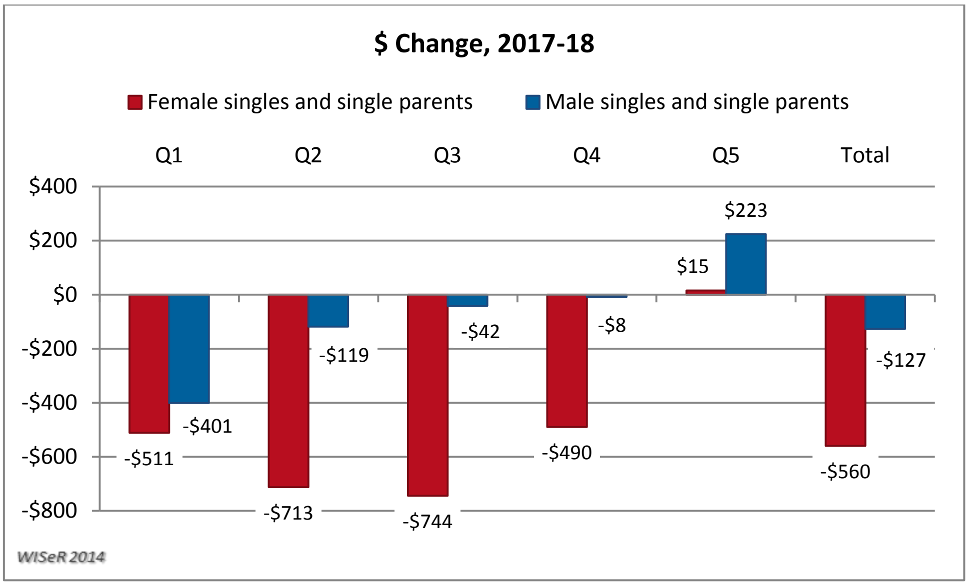
*Source: NATSEM data 2014. Note 'families' is used to denote 'income units'. SA2 refers to Australian Statistical Geographic Standard (ASGS) regional structure Statistical Area Level 2.*

### 6.3.2 Impacts by gender

The gender impacts of the Budget and non-Budget measures introduced by the Coalition are presented in Figure 8. It is apparent that Australian females (single or sole parents) are significantly worse off than males across all income quintiles.

[20] A comprehensive list of all 161 SA2s (excludes 10 SA2 without data) showing families *with children* worse off and income lost in 2017-18 is presented in Table A 3.

**Figure 8: Change ($) in disposable income – Gender Impact of Tax/Benefit/Carbon Price/Excise, Australia, 2017-18**




*Source: NATSEM data 2014.*

# 7 Health

#### Box 6: 2014-15 Federal Budget - Health funding reductions

Funding changes proposed in the Australian Government 2014-15 Budget result in a reduction of South Australian hospital funding including:

- **Funding guarantees under the NHRA** will not be honoured with savings of $1.8 billion over four years from 2014-15, with funding from 2017-18 indexed by a combination of CPI and population growth (instead of by efficient growth)
  - In South Australia this will result in the removal of $444 million from the public hospital system over four years
- Reductions in **NPA funding** includes:
  - The deferral of the **NPA for adult public dental services** from 2014-15 to 2015-16 saving $390.0 million over four years.
  - The **NPA on improving Public Hospital Services** will be ceased with savings of $201.0 million over three years from 2015-16.
  - The **NPA on Preventive Health** will be ceased from 2014-15 with savings of $367.9 million over four years,
- **The Dental Flexible Grants Program** will be ceased from 2014-15 with saving $229 million over four years.
- **DVA Dental and Allied Health Provider** fees will have indexation deferred until 1 July 2016 saving $35.7 million over four years.
- The **Diagnostic Imaging Quality Programme** will be ceased with no funding round undertaken since 2012-13 with savings of $14.4 million over five years.
- Funding for the establishment of 13 **Partners in Recovery** organisations will be deferred for two years from 2013-14 with savings of $53.8 million.

Reductions proposed to funding primary health care services will put additional pressure on hospital services including:

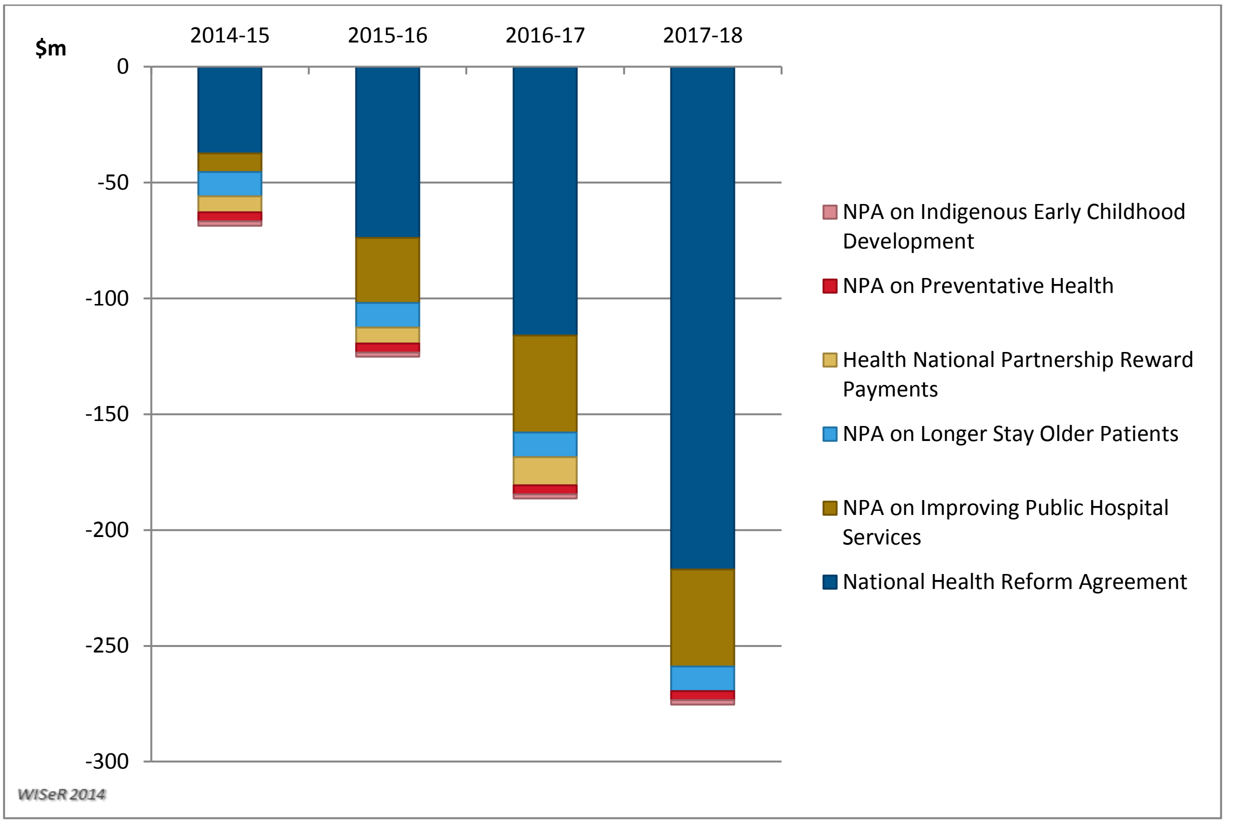
- **MBS payments to all GPs and pathology services** (X-rays, blood tests, etc.) will be reduced by $5 per visit (from 1 July 2015) with savings of $3.5 billion over five years from 1 July 2015.
  - The cost to service providers will be offset by increasing all patient costs. This includes the introduction of a bulk-bill co-payment proposed at $7 per visit (with an annual cap of 10 payments for children under 16 and concession card holders).
  - The restriction on State and Territory Governments for charging GP-like attendances at hospital emergency departments will be removed.
- **Indexation of Medical Benefits Scheme** (MBS) fees (excluding general practice fees) to be suspended by two years from 1 July 2014, income thresholds for the Medicare Levy Surcharge and Private Health Insurance Rebate paused for three years from 1 July 2015, with savings of $1.7 billion over five years.
- The **Medicare Safety Net** will replace other arrangements from 1 January 2016 saving $266.7 million over five years.
- **MBS – comprehensive eye examinations** will be available every three (rather than two) years for asymptomatic people aged under 65 years (those 65 years and over will have access every year) saving $9.6 million over five years from 2014-15.
- **MBS optometry rebates** will be reduced from 85% to 80% from 1 January 2015 with savings of $89.6 million over four years. The charging cap will also be removed allowing them to set their own fees.
- **Co-payments for the PBS** to increase by $5 (from $37.70 to $42.70) for general patients (with concession card holders to pay an additional 80 cents per item) with savings of $1.3 billion over four years from 1 January 2015.

In addition:

- The Coalition plans to establish a **Medical Research Futures Fund (MRFF)** on 1 January 2015 for funding medical research, including that provided through the NHMRC. There will be a $1 billion contribution to the MRFF from uncommitted Health and Hospitals Fund monies. Additional contributions to the MRFF (over the next five years and up to $20 billion) will come from reductions to health expenditure contained in the 2014-15 Budget.
- The indexation of **Health Flexible Funds** will be paused for three years from 2015-16 and uncommitted funds will be reduced for a saving of $197.1 million.
- Medicare Locals will be replaced with **Primary Health Networks** from 1 July 2015.
- The **Australian National Preventive Health Agency** will be abolished from 2013-14 saving $6.4 million over five years
- **Health Workforce Australia** will be abolished in 2014-15 with savings of $142 million over five years.

South Australia is directly impacted by proposed reductions in Australian government funding of hospitals via the National Health Reform Agreement (NHRA) and health-related National Partnership agreements to the tune of $655 million in the four years from 2014-15 to 2017-18 (see Figure 9), noting that these impacts escalate most substantially for the NHRA. Although not impacting directly on revenue received, proposed changes to a range of public health, primary health, aged care and social services also contribute significantly to the costs borne by the South Australian hospital system.

**Figure 9: Annual reductions in NHPA and health-related NPA funding to South Australia, 2014-15 to 2017-18**




*Source: South Australian Government.*

Accordingly, public hospital funding reductions coincide with proposed increases to general and specialist medical services as well as pharmaceuticals, diagnostic and pathology services. Combined these measures are expected to discourage access to basic primary health care services leading to worsening health conditions in the short-term and a rise in avoidable chronic conditions over the longer term. People on low incomes, already suffering from a higher incidence of health problems, will be affected most as their financial situation already impacts on access to medical services and the purchase of prescribed medication; with 11.4% of South Australians estimated to be delaying consultations and 10.9% delaying purchases (Public Health Information Development Unit (PHIDU), 2014b). Changes to both short- and long-term health outcomes will lead to increased demands on South Australian public hospitals - whose budgets have been reduced. Moreover, opportunities for improved outcomes and system-wide productivity improvement which were intrinsic in the proposed reforms will now be lost.

## 7.1 NATIONAL HEALTH REFORM AGREEMENT (NHRA)

*The objective of this Agreement [NHRA] is to improve health outcomes for all Australians and the sustainability of the Australian health system. (COAG, 2011)*

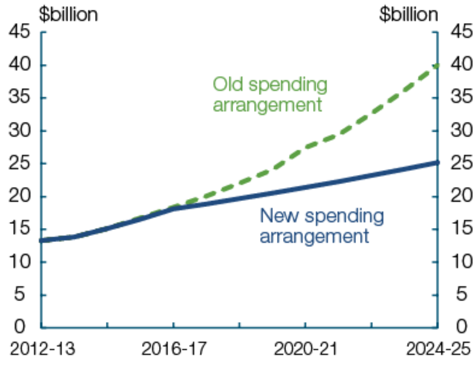
The introduction of the National Health Reform Agreement in 2011 was to end the cost-shifting and blame game in the health system where the jurisdictions blame the Commonwealth for insufficient funding and the Commonwealth claims the states and Territories are managing the health system inefficiently (Hordacre, 2013). It formalised a partnership approach from the Commonwealth and jurisdictions and introduced governance and financial arrangements for public hospitals and changes to the governance of primary health and aged care.

The 2011 National Health Reform Agreement (NHRA) detailed arrangements by which the Commonwealth provided funding to the states and territories, along with the implementation of activity based grants, which included funding the 'efficient growth' of public hospital services[21]. The agreement was to eventually redress the discrepancy in Commonwealth to state splits in health funding, and return the current 35:65 Commonwealth/State split to parity (albeit well into the future). It was accompanied by a funding guarantee that provided funding surety to states and territories as they transitioned to the activity based systems.

Activity-based funding, to commence 2014-15, was to be based on an assessment of the level of growth in the South Australian health system - compared to a baseline level of activity. The 'National Efficient Price' was included to ensure services were appropriately costed (jurisdictions wouldn't be paid more if they were more expensive). Through the NHRA, the Commonwealth committed to providing a contribution of up to 45% of the efficient growth of the cost of public hospital services until 2017/18 wherein the contribution would be 50% of efficient growth.

The Australian Government has agreed to honour the NHRA agreement through to 2017-18, at which time it will no longer abide by the funding guarantee reverting to a block funding grant with CPI indexation (which accounts for population growth). However, at this time, it is unclear which factors will be included in the future CPI indexation. The funding reduction as a result of the budget will have a substantial and immediate impact of $444m to the South Australian public hospital system over four years (as seen in Figure 9) – and then the impact will escalate. The impact across Australia was detailed in the budget papers (see Figure 10).

**FIGURE 10: AUSTRALIAN GOVERNMENT EXPENDITURE ON AUSTRALIAN HOSPITALS 2012-13 TO 2024-25**




*Source: (Australian Government, 2014a).*

[21] Previously the Commonwealth had paid a contribution to public hospitals via a block grant.

The previous commitment to the NHRA involved increased transparency around payments, national reporting and benchmarking. Withdrawal from that agreement means decisions made in primary health care and aged care are made with impunity – the cost implications of failure will be worn by the public hospital system to the largest extent. Moreover, it means the elements of the health system will again be working in silos.

In a public hospital system already under pressure to meet South Australia's needs, the Health Consumers' Alliance of SA (HCA) expressed concern about the impact on the number of beds in the system. In addition, they were concerned about the redistribution of funding previously allocated to improve the efficiency of the system, health promotion and prevention strategies, advocacy services and other community support services. They felt that the impact of changes is likely to be felt most significantly in transitional spaces, where vulnerable people enter and leave the hospital system.

The NHRA had been viewed by most stakeholders as a step forward to an integrated and coordinated system. For example, although SA Health acknowledged the reform was not perfect, it had started to give the Commonwealth a sense of what the prevention and the primary care systems did in terms of impacts on the hospital system. The potential for a better alignment around 'health', rather than funding hospital activity, is now lost.

At the national level the Australian Medical Association (AMA) has expressed concern that significantly decreased funding to the states under the national agreements combined with other budget measures threaten fairness and equity in the health system. Reducing funding for public hospital services will impact on their capacity to meet the needs of those in the community who cannot afford private health care. However, AMA(SA) stressed that the ultimate effect of federal funding reductions also depends on the state government's response, and indicated they did not consider proposed funding reductions should be used as a blanket justification for reductions in services, for adverse outcomes or poor performance. They called for state and federal governments to put health beyond politics and come to an agreement that adequately funds health with a dialogue about what reform is needed to improve and support the health system into a sustainable future for the benefit of the population.

The Aboriginal Health Council of South Australian (AHCSA) commented that they were not involved in the original discussions about the NHRA, even though the community controlled sector is the largest employer of Aboriginal Health workers and Aboriginal people. They were concerned that Aboriginal health funding over the last few years has mostly gone to mainstream organisations, and commented on an ideology that questions why Aboriginal people should have their own services. AHCSA were further concerned that a social welfare deficit model was emerging, and that post-budget, the community controlled sector has been pushed back into the "*survival mode*" of the 1970s and 1980s. Significant levels of service delivery within the Aboriginal sector are being impacted by budget funding reductions; AHCSA noted, however, that their services "*are resilient enough to keep fighting and changing*." They were more concerned about the next budget than the current one, given the review of Aboriginal health funding scheduled for this year.

The Public Service Association of South Australia (PSA) raised the possibility that the government might argue for the cutting of funds to some services that could be picked up by the private sector. PSA noted that in this scenario the private sector would most likely only adopt profitable services; others would be completely lost or would have to be covered by the non-government sector. HCA expressed concerned about the impact of budget funding reductions on the government's willingness and ability to fund the non-government sector to provide services; non-government organisations provide a diverse range of health services and cutbacks are already evident with effects being felt. This leads to the additional risk of losing a strong and effective non-government sector, in mental health in particular, but also in other areas.

PSA commented that support roles in health and other sectors will be cut to save costs. Allied health professionals are already reporting that without support staff their time is taken up with administrative tasks and therefore they have less time to spend with clients. Interestingly, PSA noted not only an increase in the number of volunteers in health and other sectors, but also a subtle expansion of the volunteer role to cover previously paid positions. For them, this raised significant privacy issues about who has access to what information.

With changes to health funding across the board it is critically important to measure negative impacts, yet health typically does not have reliable outcome measures. South Australian Salaried Medical Officers Association (SASMOA) speculated that reduced funding is likely to lead to reduced quality and quantity of services – further speculating that short-term efficiencies could cost more in the long term.

SA Health indicated South Australia has been a relatively strong performer as indicated by some of the published national benchmark results related to time in emergency departments. They were also very concerned about the impact on the national data collection and benchmarking (which had been implemented to help inform the national efficient price). This work has been valuable to help jurisdictions determine if they have been as efficient as possible. Now some states and territories are saying they will no longer contribute to the national data set. This is another opportunity lost – which is likely to lead to a failure of the national data sets developed to date.

Several stakeholders identified characteristics that made South Australia particularly vulnerable to funding reductions. South Australia has a more disadvantaged, older and sicker population that tends to be centrally located (Australian Nursing and Midwifery Federation, South Australia Branch (ANMF)). Unlike the eastern states, South Australia has no major regional centres; the economic survival of some regions is closely linked to the fact that they have a health service (SA Health). SA Health further commented that in the absence of the funding guarantee, the state cannot afford to continue to grow.

## 7.2 CO-PAYMENTS

*Medicare payment to GPs, diagnostic and pathology services (X-rays, blood tests, etc.) are to be reduced by $5 per visit (from 1 July 2015). The federal government is suggesting a bulk bill co-payment of $7 to be introduced per service – which is to be capped at 10 payments for children under 16 years and concession card holders.*

On delivering the Second Reading Speech of *Health Insurance Bill 1973,* the Hon. Bill Hayden said Medibank[22] was designed to be "the most equitable and efficient means of providing health insurance coverage for all Australians". It was to be "universal in coverage, equitable in distribution of costs, and administratively simple to manage" (Scotton, R.B. cited by Biggs, 2003). The program provided free treatment for public patients in public hospitals with subsidies for private hospitals. Federal-state government agreements were implemented with the federal government providing half the net operating costs.

Changes under the Fraser liberal government introduced new hospital agreements with the federal government now responsible for *approved* net operating costs. Medical benefits were set at 75% of the Schedule fees with bulk billing available to those with Pensioner Health Benefits cards and the 'socially disadvantaged'. The Hawke Labor government rejected these changes and restored the original model (along with bulk-billing and free hospital care) – with a name change to Medicare in 1984 and the introduction of a Medicare Levy at 1% of taxable income.

[22] The predecessor of Medicare.

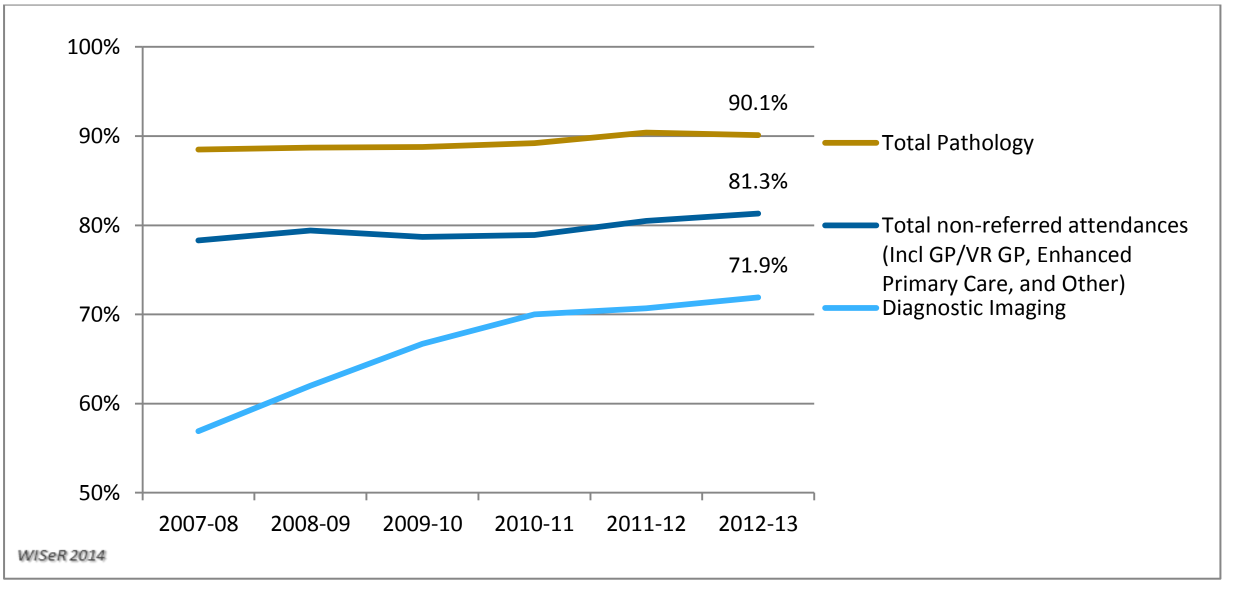
November 1991 saw the introduction of a $2.50 co-payment for bulk-billed consultations and the introduction of an annually indexed Safety Net to offset the impact. Three months later the co-payments were abolished. Over the years the Medicare levy has been increased incrementally reaching its current level, 1.5% by July 1995. Two years later the Medicare Levy Surcharge was introduced with an additional 1% for households without private health insurance coverage and earning $100,000 per annum.

### Bulk billing

Commonwealth government policy in recent years has successfully sought to increase the proportion of bulk billed services, and specifically encouraged it for pensioners, children and health care card holders. This was evident in the 2004 introduction of Bulk Bill Incentive payments for GPs, with services to concession card holders and children attracting an additional $5 payment for the GP (now $6.15). This incentive was higher ($7.50, now $9.25) in non-metropolitan areas (RRMAs 3-7[23]) and Tasmania, eligible urban areas and large regional centres (Australian Government Department of Health, 2014).

From 2007-08 to 2012-13, bulk billing for non-referred attendances (including GP/VR GP.[24] Enhanced Primary Care, and Other) in South Australia had increased from 78.3% to 81.3% (see Figure 11). Bulk billing for pathology services had increased by 1.6 percentage points, whereas bulk billing for diagnostic imaging had increased significantly by 15 percentage points.

**Figure 11: Bulk billing rate (%) – in and out of hospital, South Australia**

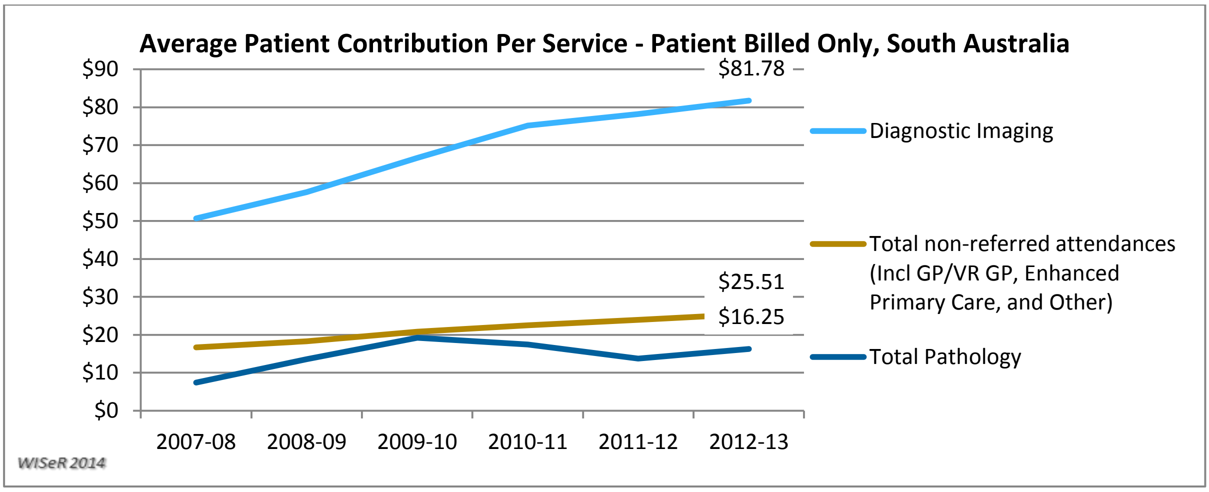



*Source: (Australian Government Department of Health, 2013).*

Patient contributions to non-referred attendances has increased substantially in the five years to 2012-13 (see Figure 12), by 53% to $25.51 for non-referred attendances (GP/VR GP, Enhanced Primary Care, and Other), 61% to $81.78 for diagnostic imaging, with a 120% increase for total pathology (to $16.25).

[23] RRMA 3 to 7 includes large and small rural centres, other rural areas, remote centres and Other remote areas (Australian Institute of Health and Welfare, 2013a)
[24] Vocationally registered GP.

**FIGURE 12: PATIENT CONTRIBUTIONS, SOUTH AUSTRALIA**




*Source: (Australian Government Department of Health, 2013).*

A conservative estimate by the Family Medical Research Centre is:

- That a young family of four (two young children) pay $170 pa for GP co-payment and additional $14 for medications (additional $184), and
- That a pensioner couple (both over 65 with concession cards) pay $140 in GP co-payments and $59 extra for medications (additional $199) over the course of a year.

*Source: (Bayram, Harrison, Miller, & Britt, 2014)*

There is considerable concern about the impact on the public hospital sector from the introduction of a GP co-payment. While there is some attempt to alleviate costs for the most vulnerable by capping the total annual cost at $70, any co-payment imposed on people in financial stress will impact on their decision making about accessing primary health care. If people avoid GPs because of cost, there are potentially deleterious consequences for their health. Those on low incomes, pensioners and unemployed will be disproportionately impacted by the changes, they will delay visiting a GP, will be sicker when they go, may require hospitalisation rather than primary care services and end up costing the health system more. The consequence of ill health will be compounded and impact individuals personally, financially and socially. It will also require the public hospital system to manage preventable chronic conditions and people turn to the public hospital system with serious and expensive to treat conditions - putting additional pressure on a system starved of funding through the federal government decision to abandon the NHRA.

There is evidence that People are already delaying accessing GP and specialist services, not filling prescriptions and not having tests because of cost.

- 11.4% of South Australians (aged 18 years and over) delay medical consultations because they cannot afford them
- 10.9% of South Australians (aged 18 years and over) delay purchasing prescribed medication because they cannot afford them

*Source: (Public Health Information Development Unit (PHIDU), 2014a) using modelled estimates from the ABS 2007-08 National Health Survey*

All stakeholders were concerned about co-payments and that the impost of co-payments is further compounded by accessing the health system in ways most beneficial to one's health. In many cases, people require multiple services over a short period. It is not just one $7 payment for a GP - there may be an associated x-ray, blood test, medication and follow-up visit to the GP all for one episode of ill health. In this simple example the combined co-payments would result in a $30 cost in one week.

Stakeholders commented on the impact of the co-payment on those most vulnerable – people in rural and remote areas, Indigenous people, the elderly, those with chronic illnesses, and people with young children. While the co-payment may be viewed "*as only $7*", people with chronic illnesses, people with mental health issues, those with families and people on low incomes will be disproportionately impacted by the charge. AMA(SA) noted that they not opposed to the principle that people with the means to should contribute to the cost of their health care, but sees the Government's model as flawed, failing to protect vulnerable groups, and significantly increasing the cost barriers to quality health care for Australians. They believe there must be no disincentive in seeking inexpensive early management of chronic illness in primary care, noting that overseas evidence shows that better health outcomes are delivered when barriers to primary care are low.

There is real concern about an anticipated flow-on effect of people opting to visit emergency departments rather than GPs, placing even more pressure on a system that will not receive extra funding. SASMOA is concerned about the impacts on hospital staff, waiting times, and safety.

The cost of collecting money for co-payments is not revenue neutral which, in effect, pushes an additional cost onto the service provider, negating the cost recovery. The impost of co-payments will negatively impact on residents of aged care facilities. GPs cannot be expected to collect $7 from patients who have dementia or are very frail, and residential facilities have indicated they can't and won't manage it. Therefore, co-payments will be an added disincentive for GPs to provide services in residential settings. Again, in the absence of primary health care services, aged care facilities will be forced to use ambulances and the public hospital system to manage general health care for residents. This will particularly apply where disadvantage is high, bulk billing is high, and margins to absorb new costs associated with charging individual patients (credit facilities, billing, etc.) are low.

## 7.3 NPA on Preventive Health

*The Federal Government has abolished the National Partnership Agreement on Preventive Health at a cost of $15.6 million to South Australia and has closed the Australian National Preventive Health Agency.*

The National Partnership Agreement on Preventive Health was agreed in November 2008 with six key focus areas: healthy children, healthy workers, healthy communities, industry partnerships, social marketing and enabling infrastructure (COAG, 2012), with three-quarters of the funding allocated to jurisdictions for the first two focus areas. The agreement provided support to jurisdictions to develop and deliver programs with consideration of local needs, existing policies and priorities.

> *This National Partnership Agreement [on preventive health] has been established to address the rising prevalence of lifestyle related chronic diseases, by:*
>
> *(a) laying the foundations for healthy behaviours in the daily lives of Australians through social marketing efforts and the national roll out of programs supporting healthy lifestyles; and*
>
> *(b) supporting these programs and the subsequent evolution of policy with the enabling infrastructure for evidence-based policy design and coordinated implementation.(COAG, 2012)*

In the 2014-15 Budget, the Commonwealth made decisions to end some of the National Partnership Agreements (NPAs). Although some of these were due to expire, there was an expectation that these were longer term initiatives. The NPA on Preventive Health has been ceased four years early (at a loss of $15.6m to South Australia) – it funded a range of important programs including Obesity Prevention and Lifestyle (OPAL) and Healthy Workers - Healthy Futures. This has additional implications for South Australia, as the SA Government had contracts with local councils which now are no longer funded by the NPA (SA Health, LGA). SA Unions noted that the Healthy Workers program was just beginning to gain traction in the rail, maritime and construction industries when it was cut. PSA noted that these types of preventive programs are often easily targeted because they are not seen as "*direct services*", yet they play a critical role in longer-term health benefits for individuals and cost savings for the health system.

The decision on the Preventive Health NPA crystallises key aspects of the Commonwealth's approach as being more about cost-shifting to the states and much less about the system-wide efficiency and effectiveness of health expenditure. In addition, the now abolished Australian National Preventive Health Agency had provided an opportunity to gather evidence and start looking at alternative approaches to health care (SA Health).

The preventive health focus has come about through experience and observation of long term societal and lifestyle factors that have brought about a rise in the incidence of preventable diseases. The incidence of these is often correlated to low income and low labour market participation, which other budget measures will accentuate. These include the GP co-payment and associated rises in charges for post-GP consultation services and medicines, which will impede early diagnosis and lead potentially to treatable problems either becoming more expensive and intractable to treat over time, or increased chronic disease. AMA(SA) commented that moves away from primary care, prevention and promotion are concerning, and may have long term effects. They consider preventive health to be vitally important and are concerned not only about the impact of cancelling the NPA on Preventive Health, but also the abolition of the Australian National Preventive Health Agency.

Inadequate focus on preventive health threatens to encumber the public hospital system in particular with higher burdens and higher costs over the medium and longer terms. The cost of dealing with many conditions is higher once the patient is hospitalised. Best practice is to ensure availability of non-hospital treatments to minimise the necessity and length of any hospital treatment. The policy approach is in direct contrast to the imperative of productivity improvement across the health system.

Obesity is one of the biggest challenges in South Australia and in Australia. It will have a detrimental effect on people's wellbeing and longevity. It will result in mobility issues, joint problems, and increased chronic disease. In removing funding for the NPA on Preventive Health – the federal government has diminished its responsibility for a major national health problem. Obesity isn't a state issue - it is an Australian issue, it also isn't only a health issue, it is a community, infrastructure, employment and housing issue (SA Health).

The impacts of the abolition of the NPA on Preventive Health are unlikely to be seen immediately but they will have a generational impact. In the absence of preventive and promotional measures people are less likely to take responsibility for their own health, with the effect that they will get sicker in the longer term and this will cost more. Moreover, coupling this with the other budget measures leads to a downward spiral - people delay accessing health services, get sicker, can't afford the cost of treatment, and then have delays accessing hospital services (HCA).

## 7.4 The health system

In recent years Local Health Networks have started to make a significant difference to health services in South Australia. There has been collaboration between the three levels of government in those working to provide prevention, primary and acute health care services, consumers and carers as well as partnerships with those providing step-down, aged care and disability services. Within the framework of the National Safety and Quality

Standards, local services have had greater autonomy and independence to review what they have been doing and to innovate. This has also provided an opportunity for people passionate about an issue to show local leadership. The Department has been freed up to look at the broader issues, and to provide value by focusing on the important areas requiring policy setting and standardisation across the system, developing toolkits and online education.

Several stakeholders expressed concern that since the budget announcements there has been a fragmentation of who is involved in conversations about the health system. There is uncertainty about primary health care in the Medicare Local community, and those involved in acute care are concerned about implications for them. Service providers are trying to hold on to what they have, so networks and agencies are disintegrating rather than working together. Key health stakeholders argue strongly that consumers need to be included in the conversation about what should be prioritised in the health care system, what the system needs to provide, what the government should provide and what consumers can contribute or provide for themselves (HCA).

AMA(SA) commented that one of the large enduring issues in health is the tension between areas of state and federal funding and responsibility, as well as between areas of the health system. At a state level, they are concerned at the disjunct between health and disability services as well as a lack of coordination between primary and tertiary care. They also note that the AMA nationally had long-running concerns about the Medicare Locals which they consider have performed patchily (some better than others). The AMA has developed points on how the Primary Health Networks (PHNs) could be made more effective than the Medicare Locals, noting that the instability of transition and set-up of PHNs would likely mean a gap of one to three years before effective function with the rest of the system.

AHCSA reported that Aboriginal community controlled health services have been in existence for over 25 years and with sometimes limited funds have achieved sustainable outcomes compared to the Medicare Locals - which will now be replaced by PHNs. They consider that the community controlled sector essentially always has been a primary health network, and there is increasing evidence that community controlled health services do as well and often better than the rest of the primary health care system, particularly in the management of chronic disease.

Stakeholders have argued that decisions about health reform should be targeting improved outcomes for individuals – not based on financial outcomes or cost-cutting measures which are more likely to negatively impact on the health of individuals than improve it (SASMOA). Moreover, little consideration appears to have been given to the practical implications of some measures – i.e. what will an amalgamated organisation look like? Public servants are therefore being required to put a lot of time into redesigning the existing structure and governance (SA Health).

Budget measures have resulted in a lack of clarity about where the health system is headed. A lot of work has been undertaken to better integrate the system, but this is now in limbo pending the future *White Paper on the Reform of the Federation* (scheduled for release at the end of 2015) (SA Health).

## 7.5 Consumers and carers

HCA reported that consumers and carers are worried about the implications of the Budget measures for them and their families and uncertain about what to prioritise for their health. They are concerned there will be a decline in quality, quantity and access to care. It is also of concern that cost pressures are often first applied to the patient-centred focus and coordination of care areas highly valued by consumers and carers providing them with input and access to information about their own health and care. Accordingly, communication with consumers and carers suffers - HCA commented that the way consumers and carers are communicated with, or not communicated with, is the biggest problem in the health system. AMA(SA) also commented on the importance of meaningful consultation and engagement with the community as well as those delivering services, noting that backlash against well intentioned and positive changes could sometimes have been avoided through a better process of community engagement.

People with chronic health issues and their carers are concerned about the impact of new pressures on critical services. Concerns include whether access to needed services will be impacted or emergency departments close. Already under pressure and stress, carers are likely to be left bearing more responsibility – as services aren't available in hospitals or primary care. Conversely, if carers take on more responsibility then they will be less able to participate in the economy by working, and will be further and adversely impacted by budget measures relating to social and income support.

PSA anticipated that cost-cutting measures are likely to lead to a greater focus on centralised services rather than services delivered to the community when and where they are needed. They note that some of the cost savings would necessarily be transferred to consumers who would have to travel to use the services - and this would particularly disadvantage people in regional and rural areas.

## 7.6 Health in all policies

Health is not exclusively the remit of the health portfolio as health outcomes are impacted by broader socio-economic and cultural considerations. This has been recognised by the state government 'Health in all policies' approach, which applies a health lens to the development of policies in all portfolios. Accordingly funding reductions to other portfolios will have a flow-on effect for health, and funding reductions in health will similarly impact on the ability of other portfolio areas to deliver their services.

SA Health expressed concern that hospitals will increasingly be used as a waiting room for other services as people wait to access aged care and disability services. At the other end of the spectrum, young people are likely to be impacted by increased debt either through unemployment or increased costs of education. Given this, they are likely to be poorer for longer – which will impact on their access to health services and their ability to live healthy and productive lives (SASMOA and HCA). HCA expressed concern about changes to access unemployment support (including the requirement to apply for 40 jobs a month) and the potential impact on the mental health of unemployed youth (noting the established link between mental health, chronic disease and unemployment). Serious concerns are harboured that this will result in the need for more youth mental health services, and could also contribute to a downward spiral of learned helplessness. AHCSA also noted that restricted access to unemployment support for young people will impact on drug and alcohol abuse, youth suicide, crime, incarceration, and chronic ill health.

Funding pressures and a shrinking budget are likely to impact on government funding support for non-core, but important, services such as HCA, SACOSS and the Mental Health Coalition (HCA).

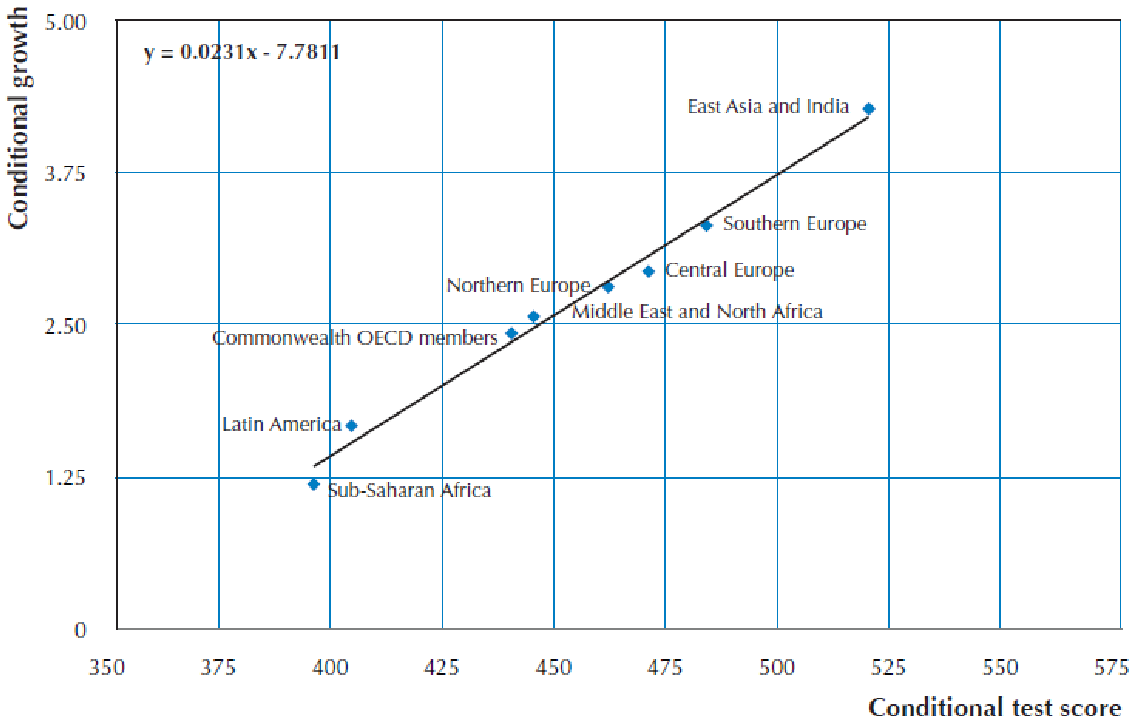
SASMOA felt that potential university deregulation, with resultant increased costs for a medical degree, may lead to a decrease in the rich diversity in medical schools that began in the 1990s. Moreover, medicine is only just making headway with increased numbers of Aboriginal and Torres Strait Islander students, while more students from regional and remote areas are still needed. Similarly, AMA were concerned that higher education reforms could have devastating and lasting effects on the size shape and distribution of the future medical workforce. Medical graduates may incur debts in excess of $250,000, discouraging students from pursuing lower-remunerated medical specialties (such as general practice) potentially depriving rural, regional, and outer-suburban communities of much-needed doctors.

# 8 Education

The availability of a well-functioning, comprehensive and equitable education system is personally and economically beneficial to individuals, communities and the nation. Early education is critical for a child's development with neuroscience research showing early experiences impact on brain development and can have lifelong effects on physical and mental wellbeing, learning, behaviour and social development (Mustard, 2007). We know that by the time a child is three years old, 85% of their brain has been developed. The greatest determinant of a child's future health, development and happiness is the experience in the first five years of life. Gaps in the achievement of children's health, development and learning between groups of children open early and get harder to close with time.

Increased public investment to achieve significant improvements in schooling outcomes generates both a social and an economic dividend for those nations and regions (Hanushek & Woessmann, 2010). This is demonstrated in Figure 13 which (accounting for differences in per capita GDP in 1960) shows real per capita GDP regional growth by average test scores which measure student achievement between 1960 and 2000. In effect, an increase of half a standard deviation in performance in mathematics and science equates to a 0.87% increase in per capita GDP (independent of other factors).

**Figure 13: Educational performance and economic growth across world regions**




*Source: reproduced from (Hanushek & Woessmann, 2010).*

## 8.1 Schools

### 8.1.1 Responsibility for school funding

Traditionally, state and territory governments have responsibility for regulating school education and administering government schools. As such they have provided the majority of public funding for government schools and contribute to funding non-government schools (including schools in the independent and Catholic sector). Whereas, the Australian government contributes to funding government schools but provides most funding for non-government schools.

In 1970, the Australian Government commenced recurrent funding for non-government schools, which was fixed in 1973 at 20% of the cost of education in a government school. Recurrent Australian Government funding was extended to government schools in 1974 along with the introduction of special funding programs that supported special education, disadvantaged schools and professional development for teachers.

In 2009, COAG agreed to a restructure of school funding whereby Australian government funding for schools is made through the National Schools Specific Purpose Payments (NSSPP) which contribute to both government and non-government schools (Harrington, 2013). The NSSPP for government schools was calculated at 10% of the Average Government School Recurrent Costs (AGSRC), it was indexed annually based on increases in and growth in enrolments – with the projected growth factor 5.6% for the three year period, 2013-14 to 2015-16. NSSPP for non-government schools provided General Recurrent Grants (GRGs) based on the socio-economic status (SES) of students.[25] Funding ranged from 13.7% of AGSRC (for those with SES scores of 130 or higher) through to 70.0% (for those with SES scores of 85 or lower).

Government and non-government schools also received funding through special purpose National Partnership agreements (including Smarter Schools and Trade Training Centres in Schools Program) and Commonwealth Own-Purpose Expenses (COPEs, which includes the National School Chaplaincy Program).

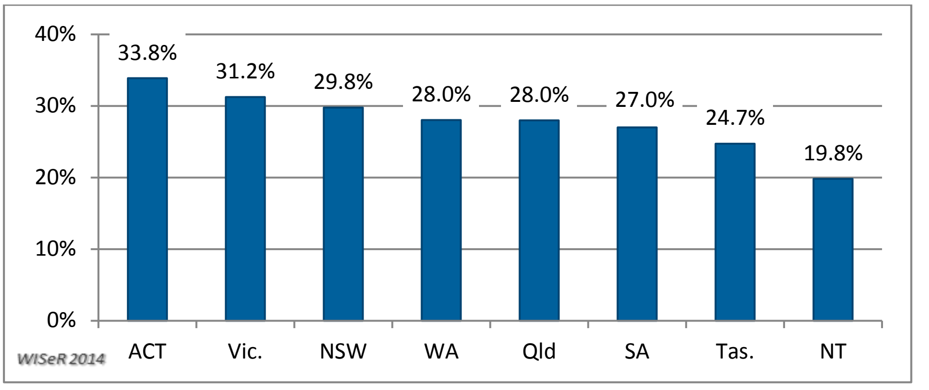
In the fifteen year period from 1999-2000 to 2013-2014, the Australian government contribution to government and non-government schools increased by 46.2% and 92.6%, respectively (in real terms); with the Australian government providing two-thirds of its $12.8 billion NSSPP school funding to non-government schools (Harrington, 2013). This increase is, in part, due to higher enrolments in non-government schools,[26] but it is also due to the grandfather clause (where no school was to be worse off) which continues to mean just under half of non-government schools remain funded higher than the SES per student rate.

In 2013, South Australia had a total of 722 schools comprised of 527 (73.0%) government schools and 195 (27.0%) non-government schools – a smaller proportion than all states and territories with the exception of Tasmania and Northern Territory (see Figure 14). Accordingly with fewer non-government schools, South Australia has received comparatively less Australian government funding in the past and will be disproportionately impacted by the changes presented above.

[25] The 2001 commitment that no school would be financially worse off meant that where SES score would have lead to lower funding, rates active in 2000 have been maintained, while Catholic schools who entered the funding agreement later have had funding maintained at their 2004 level. Indexing continued for these schools until 2008, at which time it was ceased. At 1 January 2012, 39.5% of non-government schools had funding maintained at previous levels (ie not based on SES).

[26] With increased enrolments between 1999 and 2011 in Australian government schools at 2.0% compared to 25.1% in non-government schools

**FIGURE 14: PROPORTION OF NON-GOVERNMENT SCHOOLS, 2013**




*Source:(Australian Bureau of Statistics, 2014e).*

## GONSKI REVIEW (REVIEW OF FUNDING FOR SCHOOLING)

The Review of Funding for Schooling was announced in April 2010 with a final report released almost two years later (Gonski et al., 2011). The report identified declining performance against international benchmarks and a fall in the international position of Australia's students from 2000 to 2009. Of additional concern was the performance gap between Australia's top and bottom students, which was greater than other OECD countries with high performing school systems, and the link between the bottom students and measures of disadvantage (such as low socio-economic status and Indigenous background).

> *The panel has concluded that Australia must aspire to have a schooling system that is among the best in the world for its quality and equity, and must prioritise support for its lowest performing students. Every child should have access to the best possible education, regardless of where they live, the income of their family or the school they attend. Further, no student in Australia should leave school without the basic skills and competencies needed to participate in the workforce and lead successful and productive lives. The system as a whole must work to meet the needs of all Australian children, now and in the future. (Gonski, et al., 2011)*

The review identified a number of inconsistencies and an imbalance in state, territory and Australian government school funding, particularly in relation to funding based on student needs. It also recognised that due to prevailing economic conditions and disproportionate numbers of disadvantaged students, some states and territories bear a greater share of the student cost.

The report suggested a transformational change in the funding model involving increased funding for schools along with a commitment to strengthen and reform the schooling system. The report suggests public funding should be better balanced between the states, territories and Australia, with the Australian government contributing more to government schools than they currently do. Moreover, the largest funding increase was proposed to be in the government sector, which has the highest number of students and critically, the highest number of disadvantaged students.

## BETTER SCHOOLS (NATIONAL PLAN FOR SCHOOL IMPROVEMENT)

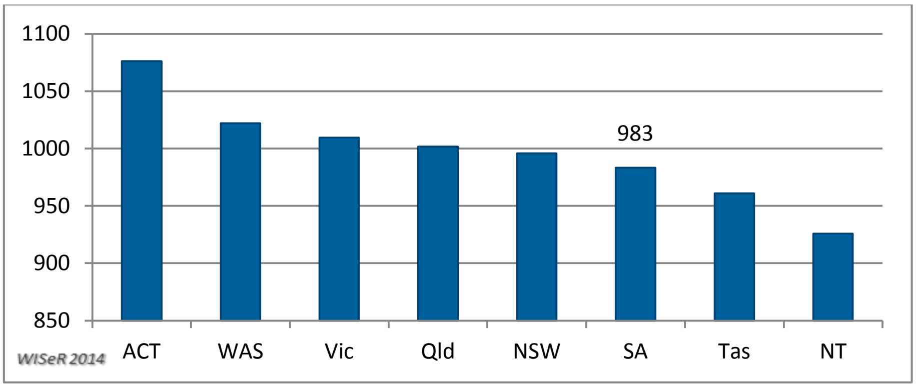
The Australian government accepted the core funding recommendations in its response to the Gonski review in September 2012 by implementing Better Schools (the National Plan for School Improvement). This plan was enacted when the former Labor Government passed the *Australian Education Act 2013* to commence 1 January 2014 and to be implemented over six years. It was subsequently endorsed by most jurisdictions (including South Australia) when they agreed to the National Education Reform Agreement (NERA) with the clear goal to place "*students and their achievements of the nationally agreed outcomes at the centre of any reform efforts*" (COAG, 2013).

The Act detailed funding based on a School Resourcing Standard (SRS) which provided recurrent resources for students with minimal educational disadvantage determined by high achieving benchmark schools (in which 80% of students achieved NAPLAN results to the national minimum standard). The SRS funding amount for a primary and secondary student in 2014 was set at $9,271 and $12,193, respectively, with these amounts indexed annually at 3.6% (Australian Government, 2013)[27]. In addition, schools receive a loading determined by the geographic location and size of the school as well as disadvantage measures including student load with a disability, lacking English proficiency, from the lowest and second lowest income quartiles and Indigenous backgrounds.

The Socio-Economic Indexes For Areas (SEIFA) - Index of Relative Socio-Economic Disadvantage (IRSD) provides a ranking of social and economic wellbeing for areas across Australia. It is derived from measures including low income, low educational attainment, unemployment and dwellings without motor vehicles. SEIFA scores are standardised to a distribution where 1000 is the average (mean) and the standard deviation (SD) of 100. Just over two-thirds of a given population fits within one standard deviation of the mean – in this case they will have a SEIFA score of between 900 and 1100, and around 2% of any population will have a SEIFA score of less than 800.

South Australia has an IRSD score of 983 compared with Australia which has an IRSD score of 1000. The South Australian score is the lowest of the states and territories, excluding Tasmania and Northern Territory (see Figure 15). Coupled with this South Australia consistently records lower labour force participation (62.0% compared to 64.7% in Australia at July 2014) and higher unemployment (6.8% compared to 5.9%)(Australian Bureau of Statistics, 2014d). This is reflected in the South Australian median weekly household income ($1,044) which was almost $200 less than the Australia household income ($1,234) (Australian Bureau of Statistics, 2011). In addition, when employed South Australians received almost $100 less per week than their Australian colleagues, with the South Australian adult average ordinary time earnings (AWOTE) at $1,358 at May 2014, compared to Australian AWOTE of $1,454(Australian Bureau of Statistics, 2014a).

**FIGURE 15: SEIFA INDEX OF RELATIVE SOCIO-ECONOMIC DISADVANTAGE, 2011**

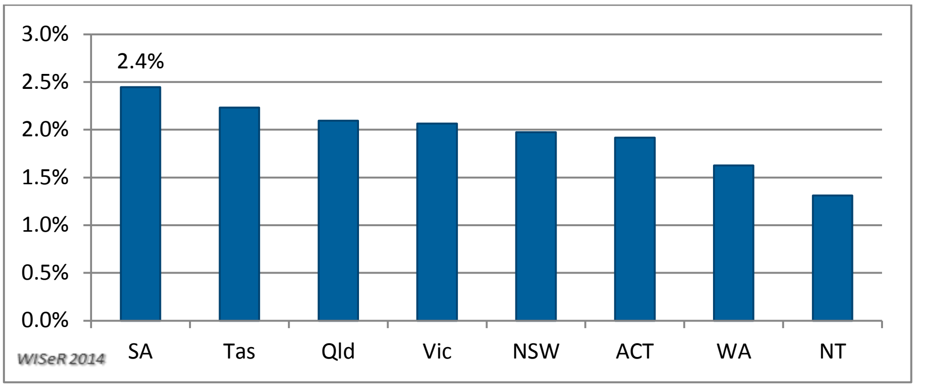



*Source: (Public Health Information Development Unit (PHIDU), 2014a).*

Moreover, the Better Schools model which included funding for disadvantage would have provided South Australia with a more equitable allocation of resources. This would have accounted for the high proportion of South Australian students eligible for additional resources and support due to disability (compared with Australia). Noting this reflects the fact that South Australia has the highest proportion (2.4%) of young (0 to 18 years) persons requiring significant assistance with core activities compared to other states and territories (see Figure 16).

[27] Australian government funding was to be indexed at 4.7% to increase their share of funding. Noting, also that different rates were negotiated with the states and territories.

**FIGURE 16: PERSONS AGED 0 TO 18 YEARS REQUIRING ASSISTANCE WITH CORE ACTIVITIES, 2011**




*Source: (Australian Bureau of Statistics, 2011).*

### 8.1.2 IMPACT OF CHANGES TO GONSKI ARRANGEMENTS

Needs-based schools funding under the Gonski Better Schools Plan has been renounced and replaced with CPI indexing after 2017 - noting it was the post-2017 period that was to have seen the major expenditures in reducing disparities in school student funding. This is particular problem for South Australia which has a higher-than-national average proportion of disadvantaged and vulnerable students, and has in recent years been the only state to record an increase in the proportion of vulnerable children.

Stakeholders across the public, independent and Catholic schooling systems express a high level of concern that reductions in expected Federal Budget outlays to schools over the next four years will significantly impede the realisation of the Gonski education reforms designed to improve educational outcomes in Australian schools. This will have direct impacts on the capacity of schools to provide different forms of specialist assistance to the substantial number of students who would benefit from more intensive support along with teacher capacity and capability building required to significantly improve outcomes in line with the objectives of the Gonski reforms. At a state level this is expected to lead to inferior schooling outcomes than would have otherwise been the case had investment in education by the Australian Government followed the funding trajectory that was determined by the Gonski process.

The effect of the reduction in expected funding will be amplified by abolition of the Schoolkids Bonus and other funding reductions to social security payments, such as the Family Tax Benefits, Parts A and B. Reduced funding here and in vocational training will interact with punitive employment measures (such as denial of Newstart for the first six months) to reduce prospects of job seekers significantly.

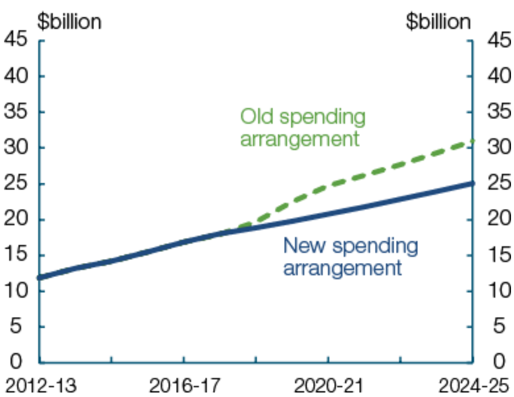
#### Box 7: 2014-15 Federal Budget - School education and childcare funding reductions

The **school education and childcare** changes proposed include:

- The **Australian Education Act 2013** will be amended to "reduce regulatory burden and ensure states and territories remain responsible for schools and non-government schools maintain their independence and autonomy". Significant changes are outside the forward estimates but include:
    - The cessation of funding under the **National Education Reform Agreement (NERA)** for the final two years of the agreement (from 2018) accounting for $258 million in South Australia; and a reduced indexation commitment from 4.7% to CPI (currently estimated at 2.5%) equating to a reduction in $77 million over the two years in South Australia.
- The **Australian Institute for Teaching and School Leadership** will have reduced funding with savings of $19.9 million over five years from 2013-14.
- The **Centre for Quality Teaching and Learning** will be ceased with savings of $21.0 million over five years.
- Discontinued development of the **Australian Baccalaureate** with savings of $9.6 million over four years from 2014-15.
- The **Online Diagnostic Tools Programme** will be ceased with savings of $38.4 million over five years from 2013-14.
- **Child care funding** will be reduced or redirected from the following programs:
    - Child Care Early Learning Projects saving $14.7 million over four years from 2014-15
    - Inclusion and Professional Support Programme with savings of $12 million over two years from 2016-17
    - $3.7 million over three years from 2015-16 by suspending funding for professional development of staff in Budget Based Funded child care services
    - $3.6 million over two years from 2014-15 by terminating the Child Care Accessibility Fund
    - $3.1 million over four years from 2014-15 through a reduction in funding for the Stronger Quality Element of the Child Care Services Support Programme
    - $1.2 million over two years from 2013-14 through efficiencies in the National Career Development Programme; and
    - $1.0 million in 2014-15 by restricting access to the Recognition of Prior Learning Programme to non-long day care child care staff in that year.
- **Child Care: Community Support Programme** will have tightened eligibility criteria from 2015-16 with savings of $157.1 million over three years.

A key proposal in the Federal budget includes a significant change to the Gonski funding reforms from January 2018, from which time Australian government funding will be indexed by growth in student numbers and the CPI (Australian Government, 2014a). The primary objective of the proposed changes is to reduce government expenditure on education. Figure 17 illustrates the long-term trend in Australian government expenditure on education, which shows how the decline in Australian government funding to schools under the proposed 2014-15 budget will commence in 2018 (a time school spending was set to increase). With these changes, Australian government funding for schools will no longer align with the principles and reforms detailed in the Gonski review (McMorrow, 2014).

#### Figure 17: Australian government expenditure on schools 2012-13 to 2024-25




*Source: (Australian Government, 2014a).*

As government schools provide education to most disadvantaged students they were set to be the key beneficiaries of the Gonski reforms with overall (baseline and Gonski) Commonwealth funding due to increase by 82% from 2011-12 to 2017-18 (and non-government funding increasing by a healthy 49%). However, under the 2014-15 budget proposals, any increase in funding through the Gonski model will now be cancelled out by the reduction in funding to the National Partnership Payments (see Table 16). While the NPP funding reductions occur across the board, the impact on government schools is significantly more profound reducing the seven year increase to only 40% for government schools and 42% for non-government schools.

**Table 16: Australian Government funding for schools**

| | Final | | | Budget 2014 estimates | | | | Change from 2011-12 | |
|---|---|---|---|---|---|---|---|---|---|
| | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | | |
| | $m | $m | $m | $m | $m | $m | $m | $m | % |
| Government schools | | | | | | | | | |
| Baseline funding | 3776 | 3945 | 4354 | 4684 | 4960 | 5260 | 5545 | 1770 | |
| Gonski funding | | | 134 | 430 | 729 | 1088 | 1326 | 1326 | |
| National Partnerships | 1162 | 801 | 486 | 173 | 109 | 54 | 33 | -1129 | |
| Total | 4938 | 4746 | 4973 | 5286 | 5798 | 6401 | 6904 | 1967 | 40% |
| Non-government schools | | | | | | | | | |
| Baseline funding | 7579 | 7965 | 8693 | 9138 | 9765 | 10415 | 10957 | 3378 | |
| Gonski funding | | | 43 | 123 | 192 | 270 | 320 | 320 | |
| National Partnerships | 380 | 282 | 175 | 79 | 21 | 20 | 14 | -366 | |
| Total | 7959 | 8247 | 8910 | 9339 | 9978 | 10704 | 11291 | 3332 | 42% |
| All schools | | | | | | | | | |
| Baseline funding | 11355 | 11910 | 13047 | 13822 | 14726 | 15675 | 16503 | 5147 | |
| Gonski funding | | | 177 | 553 | 921 | 1358 | 1646 | 1646 | |
| National Partnerships | 1542 | 1082 | 661 | 251 | 130 | 73 | 47 | -1495 | |
| Total | 12897 | 12992 | 13884 | 14625 | 15776 | 17105 | 18196 | 5299 | 41% |
| % government schools | 38% | 37% | 36% | 36% | 37% | 37% | 38% | | |

*Source: reproduced from McMorrow (2014) based on the Commonwealth budget 2014, budget paper no.3 Table 2.5.*
**Includes National Partnership Payments for schools, early childhood education funding and programs administered outside the education portfolio (ie youth transition programs).*

Under the Federal Budget measures some National Partnership Payments are now scheduled to end prematurely, while others will be terminated at the end of the current funding period. However, The Department for Education and Child Development (DECD) report that it was expected that the NERA funding model would provide for the continuation of many of the activities funded under the National Partnerships Agreement with this built into the department's forward planning from 2018-19. The cessation of the National Partnerships on top of the changes to NERA funding is therefore a double blow.

The broader impact of the new model was to become evident in the 2018-19 and 2019-20 forward estimates. However, this will no longer be realised. Table 17 presents the shortfall in Australian government budget allocations compared with funding under the full 'Gonski' model. This further reveals the disproportionate distribution of the reductions in funding across government and non-government schools. The projected total reduction in funding over 2018-2020 is $2.7 billion in government schools, while non-government schools will lose $1.2 billion over the same period – in South Australia, the funding reduction amounts to $335 million across the two years (assuming the CPI increase will amount to 2.5%)

**Table 17: Projected reduction in Australian Government funding for schools 2018-19 to 2019-20**

| | Projections | | |
|---|---|---|---|
| | 2018-19<br>$m | 2019-20<br>$m | Total over 2 years<br>$m |
| Government schools | | | |
| Baseline funding | -104 | -218 | |
| 'Gonski' funding | -390 | -1,959 | |
| Total | -493 | -2,177 | -2,670 |
| Non-government schools | | | |
| Baseline funding | -195 | -412 | |
| 'Gonski' funding | -108 | -501 | |
| Total | -303 | -912 | -1,216 |
| All schools | | | |
| Baseline funding | -299 | -629 | |
| 'Gonski' funding | -498 | -2,460 | |
| Total | -796 | -3,089 | -3,886 |
| % Government schools | 62% | 70% | 69% |

*Source: Reproduced from McMorrow (2014). Estimated at constant year 2013-14 prices.*

The overarching concern from stakeholders was the impact of the repudiation of the Gonksi education reforms and the associated reductions in school funding, particularly the effects of CPI indexing and the impact of reductions on schools, teachers and parents.

The impact of CPI indexing and changes to NERA funding from 2018, emerged as a critical issue for all stakeholders. They emphasised the most significant impact involved the decision not to fund years 5 and 6 of the new funding model, noting the additional money was heavily loaded toward those last two years and acknowledging that the South Australian government has honoured years 5 and 6 of its commitment to the transition profile unilaterally. The independent sector was also highly critical of the Australian government decision to adopt CPI indexing for years 5 and 6. One respondent considered that CPI was not an appropriate measure to track the costs of running a school as "*school CPI*" was higher (at approximately 5-6%, compared to 2.5%). On a similar note, another respondent expressed concern that the Enterprise Bargaining Agreement salary increase of 3% was potentially threatened by CPI increases.

The move away from needs-based funding was seen as a particular issue for South Australia given its higher proportion of low SES students. One respondent noted that all schools in South Australia, whether Catholic, independent or government, will receive less federal funding than their interstate counterparts.

All stakeholders highlighted the issue of inequity in the suite of funding decisions for schools. Overall budget measures will disproportionately impact lower income earners, and therefore affect a significant number of teachers who work in lower income locations. The Association of Independent Schools of SA (AIS SA) called for a Commonwealth funding model that is "*state blind*"; they did not believe that the Australian government should be paying more to educate a child in New South Wales than to educate a child in South Australia. One respondent referred to the Australian government plan for independent public schools as helping to create a two-tier system within public education. Catholic Education SA (CESA) commented that whilst funding for the lowest resourced schools should be a priority, the changes in funding actually makes it harder to get money to lower SES schools. The South Australian Secondary Principals' Association Inc. (SASPA) noted that country areas are particularly affected by budget reductions; unlike most metropolitan and some regional areas, they do not have the option to work with other schools to share resources. The South Australian Primary Principals Association Inc. (SAPPA) foreshadowed that an inadequately funded public education system will have dire consequences not only for individuals but for the country in years to come.

School funding reductions will particularly impact on specific programs. The Australian Educaion Union – SA Branch (AEU SA) expressed concern that many schools that would have funded programs for students whose first language is not English, students with disabilities, and students with special needs, may now have to reconsider expenditure on these programs. Additional payments under Gonski to address multiple disadvantage were now lost. CESA, which provides fairly significant support to special schools and special education, will have to look at some cutting of those expenses because of the funding shortfall. Both AIS SA and SAPPA hypothesised that many schools would have used Gonski funding to employ more specialists to work with students with special needs, with a resultant better learning environment for everyone. SAPPA was concerned that parents who have the option financially may shift towards private schooling, where there tends to be less dysfunctional and disruptive behaviour, thus diminishing the health and strength of the public education system.

The Independent Education Union of South Australia (IEUSA) found it particularly disappointing that there was now "*unfinished business*" concerning students with disabilities and SASPA commented that much needs to be done to provide the intensive support required by some students with disabilities. DECD noted that the 'Better Pathways' program, in which case managers support students with disabilities to transition from school into other education or employment, and which successfully keeps about 60 percent of those students engaged in the system, will only be funded for another 12 months.

DECD commented extensively on the impact of potential budget reductions on literacy and numeracy programs, particularly for students in low SES areas with particular concern for Aboriginal children. They considered that literacy and numeracy requires a whole of school and whole of state focus, noting the impact on the individual's ability to learn, their future employability, their health and wellbeing, and ultimately the state economy. Efforts have focussed not only on working with individual students but on building the capacity of the teaching and support workforce to support the students; funding reductions to literacy and numeracy programs would be a significant step backwards.

SASPA and DECD commented on the critical role of programs in later secondary school that (re) engage young people at risk of leaving school early and prepare them for the transition to employment. The Innovative Community Action Networks (ICANs) have largely been funded through federal National Partnership Agreements and would rely on state funding to continue. DECD was concerned that the 31 December 2014 cessation of the Youth Connections program (which supports around 2,000 young people to complete Year 12 or attain a similar qualification) will leave a significant number of 13 to 19 year olds without a service response as they cannot all be picked up through the ICAN program. This would be compounded by proposed changes to income support criteria for young people; DECD commented that many in this high risk category who do not stay in school might not actually be capable of preparing 40 job applications per month.

Several stakeholders expressed concern about the impact on teachers. AEU SA reported that Gonski funding would have enabled schools at the local level to free up teacher time, not just to employ more teachers, but to release teachers to work collaboratively and professionally. IEUSA was concerned that teachers will have to educate a much more diverse group of students and they will have less time to provide individual and small group tuition and support, geared to particular needs. With around 90% of school budgets devoted to staffing costs, SASPA noted that cuts would be made to needs-based and support staff, fewer subjects would be offered, class sizes would grow, and demands on teachers would increase. There will be an impact on the capacity of teachers to deliver as they will be in a "*state of negativity*". PSA also anticipated cuts to support staff, with resultant higher workloads for teachers and fewer opportunities for professional development activities. AIS SA indicated that some teachers already work 80 hour weeks during term time and many will continue to do so as support anticipated via the Gonski funding reforms will now not be available. CESA indicated that the impacts of funding reductions would be immediate for their schools, with an urgent need to rationalise spending, and the potential for industrial activity if the Enterprise Bargaining Agreement salary increase of 3% cannot be honoured.

Several stakeholders commented on the impact on parents of the broader budget funding reductions with changes to income support expected to affect people on middle to low incomes. CESA reported concerns about an increase in parents defaulting on fees, and commented on an associated increased likelihood that they could exit the Catholic system and put more pressure on the government sector. Similarly, IEUSA was concerned about potential load and cost shifting from the independent to the government sector if parents impacted by the broader budget funding reductions are unable to afford even moderate school fees. AIS SA considered the potential impact on future enrolments in independent schools. That is, in light of other budget funding reductions, parents may become unable to afford independent schooling.

Current and future employment trends may be impacted by changes to school funding. IEUSA reported that while the teacher numbers tend to be fairly stable, staffing cuts are likely to target Education Support Officers (which in turn will impact on teaching loads). They also referred to the impact of changes to university funding, fee deregulation and HELP changes as potentially discouraging entry to the profession. Similarly, the two principals associations commented that leadership roles are becoming less attractive, particularly as administrative and managerial tasks increasingly compete with educational leadership responsibilities. SAPPA noted fewer applicants for school principal positions in the city and fewer again in country areas, and SASPA commented that this issue will be exacerbated as a wave of current leaders approaches retirement.

DECD expressed concern over changes to the Child Care Community Support Program where funding reductions would be felt for new family day care centres from 1 April 2014, with existing providers impacted from 1 July 2015. The Budget proposes tightened eligibility criteria for family day care and a cap on operational funding of $250,000 per service (which must be the sole provider of family day care in the surrounding area). As DECD provides family day care services this funding reduction will impact directly on their ability to provide the current level of services. In addition, DECD received funding to build four early learning centres (at Ernabella, Christies Beach, Whyalla and Ceduna) for Aboriginal children and families. However, no funding is available for the operation of the centres on the expiry of the NPA on Indigenous Early Childhood Development on 30 June 2014.

## 8.2 Vocational Education and Training (VET)

Federal Budget measures affecting vocational education and training funding and program offerings take place in a context where South Australia is experiencing stubbornly high unemployment and the prospect of significant adjustment pressures arising from the closure of the automotive industry over the next few years. A related concern is a sharp decline in apprentice and trainee commencements. Over the 12 months to 31 March 2014, commencements in South Australian were 38% lower than March 2013, the largest fall in commencements recorded in Australia (National Centre for Vocational Education Research, 2014b). Major adjustment pressures associated with the collapse of the Australian automobile industry are expected to place considerable pressures on the VET system as thousands of workers in the automotive supply chain are forced to seek alternative employment. It is clear that successful transitions will require significant retraining for a large proportion of workers unable to utilise existing knowledge and skills in South Australia's struggling manufacturing sector. The impacts of changes to VET funding, policy and programs need to be considered in a context where demand for retraining is likely to sharply increase and incentives to support this will play an important role in helping workers affected by structural change to make successful transitions to new jobs.

### Box 8: 2014-15 Federal Budget - VET funding reductions

The following skills and training programs will be ceased from January 1 2015 with saving of $1 billion over five years from 2013-14:

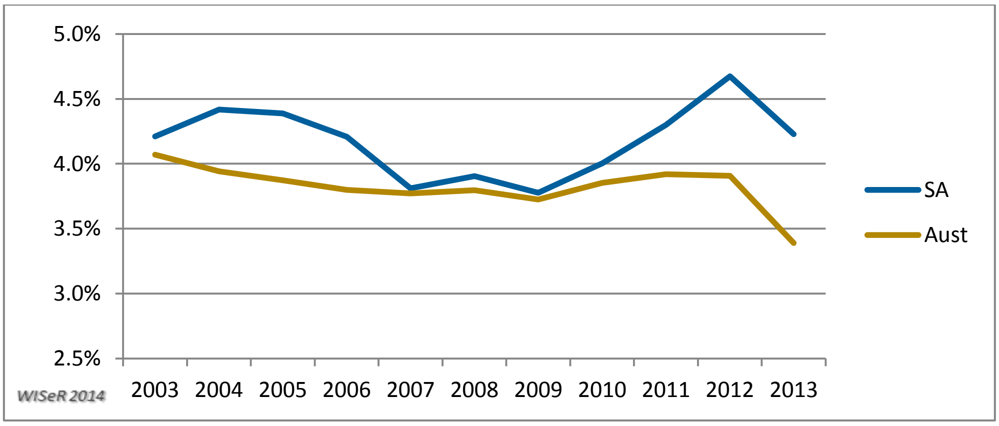
- **National Partnership Agreement on Training Places for Single Parents**
- **Accelerated Australian Apprenticeships Programme**
- **Australian Apprenticeships Mentoring Programme**
- **National Workforce Development Fund**
- **Workplace English Language and Literacy Programme**
- **Alternative Pathways Programme**
- **Apprenticeship to Business Owner Programme**
- **Productive Ageing through Community Education**
- **Australian Apprenticeships Access Programme**
- **Step Into Skills Programme**

The following apprenticeship support program has been discontinued:

- The **Tools for the Trade (TFT) program** will be ceased from 1 July 2014 with savings of $914.6 million over four years.

South Australia will bear the heaviest burden from Federal funding reductions for the vocational education and training sector as it has consistently had higher apprentice and trainee training rates[28] than Australia (see Figure 18). Moreover, South Australian rates were higher than other states and territories in 2013 (see Figure 19). With 15.6% of employed 15 to 19 year olds in 2013 also conducting training as apprentices or trainees the sustainability of a vibrant and diverse VET sector is critical.

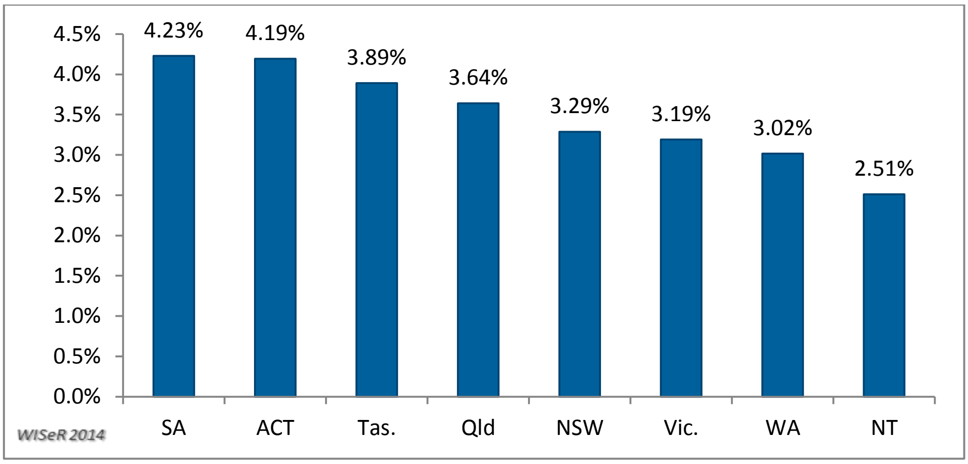
### Figure 18: Apprentice and trainee training rates, South Australia and Australia, 2003 to 2013




*Source: (National Centre for Vocational Education Research, 2014a).*

[28] The rate of apprentices and trainees in-training of employed persons

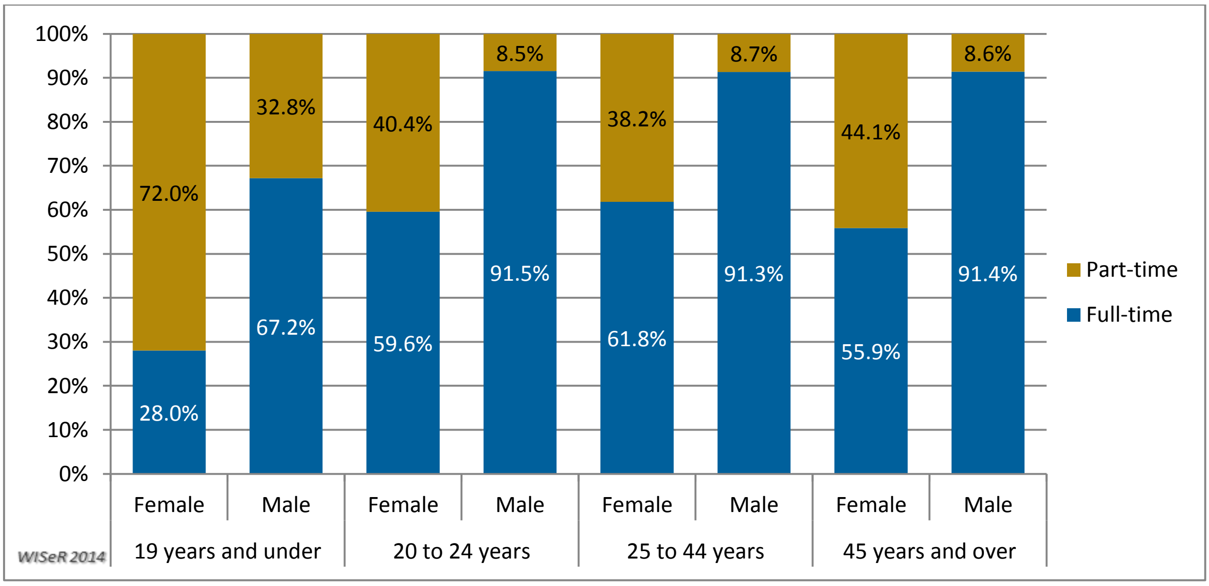
**Figure 19: Apprentice and trainee training rates by state, 2013**




*Source: (National Centre for Vocational Education Research, 2014a).*

In the context of learn or earn, South Australians are engaging in VET at a greater rate than other states. At 31 March 2014, 33,874 South Australians were engaged in training for either an apprenticeship or as a trainee (National Centre for Vocational Education Research, 2014a). More than two-thirds (69.0%) of these were male with almost a quarter of the total (24.5%; n=8,295) aged 19 years and under. There was a marked difference between the employment status of males and females with half the females engaged in full-time study compared with 86% of males. However, males and females in the youngest cohort were more likely to be engaged in training in a part-time capacity than the older cohorts (see Figure 20).

**Figure 20: Apprentices and trainees in training by sex, age and employment status, South Australia, March 2014**




*Source: (National Centre for Vocational Education Research, 2014b).*

The 2014-15 Federal Budget announcement of the cessation of ten skills and training programs worth $1 billion was accompanied by the introduction of the Industry Skills Fund which will receive less than half the funding ($476 million). In addition, this fund will be focused specifically toward small to medium enterprises such as health and biomedical products; mining, oil and gas equipment technology and services; and advanced manufacturing, including defence and aerospace - and enterprises will be expected to make a co-contribution to the cost of training. The Department of State Development (DSD) expressed concern that skills and training funding will only be available for a relatively narrow band of activities and believed foundational skills and training may suffer. For example, workplace literacy and numeracy have consistently been seen as a fundamentally important platform for any other learning. They discussed the value of training for the development of capabilities, acknowledging that not everyone attains work in the specific area they trained or are qualified in. Moreover, DSD expressed concerns that decisions at the Commonwealth level about funding allocations to states and the types of activities may not align with state priorities and investments. Noting that even if South Australia retains its per capita share of the funding there is likely to be a reduction of over 50%.

Along with reduced funding for training, the Commonwealth also substantially reduced employer incentives including wage subsidies. This is starting to impact on traineeship and apprenticeship data.

With these changes and significant funding reductions, DSD wondered how the state could accommodate an increasing demand for VET places, particularly by young people seeking to satisfy the new participation requirements for income support benefits. Noting the date for termination of programs (on 1 January 2015) corresponds precisely with the date of the introduction of stringent new access requirements for Newstart and Youth Allowance.

DSD and SA Unions expressed concern that young people are more vulnerable when they transition from school to training, education or work than they have been for a number of years. This is compounded by changes to the Commonwealth's income support for the under 30 age cohort. Not only will young people be entering the training system to improve their employment prospects, but for many it will be a necessity for accessing income support payments. This has real implications for the state government in terms of the delivery of courses and how individuals gain access to courses. Will priority need to be given to individuals from particular vulnerable age cohorts or other disadvantaged groups? Will the state government need to ration access to training?

A number of elements remain unclear at this stage around the Commonwealth approach to participation including at the individual level, the extent to which any training or courses meet the participation requirement, and at the system level, precisely how attaining a welfare benefit interacts with the delivery of VET services. In addition, it is not clear whether Job Services Australia (JSA) providers may be involved in referring people to training, or if new contractual changes will affect the payment and incentive structure for JSA providers.

The closure of the automotive industry also magnifies the demands on skill development and training courses. This presents additional problems with the need to identify and provide appropriate training that enables a diverse group of people to "*transition from the employment opportunities that they're losing to industries where there's a reasonable prospect that they might be able to gain employment*" (DSD). For example, in the automotive industry GM Holden workers are being asked to make decisions about training while anticipating opportunities in two to three years. In a shifting economy these decisions are difficult enough for seasoned economists.

### 8.2.1 Tools for the Trade Cessation

The South Australian Government estimates that cessation of TFT will result in a reduction in funding to support South Australian apprentices of around $67 million over 4 years. This would be partially offset by the introduction of a Trade Support Loans (TSL) program which will not be as attractive to prospective and existing apprentices as the cash payments under the TFT program have been. The TSL will not have the incentive effect associated with the TFT and may act as a deterrent in an environment where the costs of education and training rise. The deterrent effects associated with the changes are a particular concern given the sharp decline in apprentice and trainee commencements in South Australia over the 12 months to March 31 2014.

## 8.3 Higher education

Proposed budget measures include reductions in per student funding accompanied by fee deregulation, leading to increased course fees to make up the institutions' shortfalls. These are combined with changes to the costs of HECS/HELP borrowings (rate of interest charged, and lowering of income levels at which repayments are triggered), which will further lift the cost of undertaking a course.

The policy then entails:

- Deregulation of the university sector to incorporate all bachelor and sub-bachelor courses (with universities setting their own fees) and the expansion of Commonwealth Supported Places to all approved higher education institutions, which is expected to lead to increased student costs.
- A higher rate of interest on HECS/HELP loans to cover the (higher) cost of courses
- A lowering of minimum income for HECS/HELP loan repayments.

Combined these measures raise barriers to higher education participation significantly by increasing student and graduate debt and, thereby, increase the period required to repay the debt.

The changes follow the belief that higher education represents a benefit that accrues primarily to individuals in the form of higher earnings. However, this perspective underplays economic and social benefits from high levels of educational participation instanced in the international literature and scholarship on the issue.

Although fees for courses producing high paid graduates are likely to increase more substantially than fees for courses producing low paid graduates, the impact of the proposed changes are likely to be most marked for the latter. For example, significant impacts of these changes are to be felt for lower income graduate categories such as nursing and teaching. These employment categories are high employers of women and are more likely to be affected by interruptions to earnings caused by childbearing and parenting responsibilities, or by periods of unemployment or intermittent employment, during which periods the borrower's liabilities continue to grow.

The changes interact with other budget measures (such as changes to Family Tax Benefits) to erect additional barriers to higher education participation, affecting low income earners and possibly, the supply of essential skills in education and health. In addition, they will discourage mature aged student participation.

**Box 9: 2014-15 Federal Budget - Higher education funding reductions**

Funding reductions associated with higher education:

- The expansion of the **demand driven funding system for higher education** from 1 January 2016 is expected to save $1.1 billion over three years
    - Caps on student contributions to higher education will be removed from 1 January 2016 for students accepting an offer to commence a course after 14 May 2014 (others remain capped until 31 December 2020). Commonwealth Grant Scheme subsidies for these students will be reduced.
- The **HECS/HELP benefit** intended to incentivise graduates of some courses to work in specified locations will end in 2015-16 saving $87.1 million over three years.
- Changes to the **HELP repayment threshold and indexation** of the debt will save $3.2 billion over 4 years.
    - The HELP repayment income threshold will be reduced to 90% of the minimum threshold that would have applied in 2016-17 (currently estimated at $50,638) with 2% repayment applied at this level
    - The HELP debt will be indexed at the 10 year bonds rate (instead of CPI) from 1 June 2016
- A 3.25% efficiency dividend will be applied to the **ARC's administered funding** in 2015-16, saving $74.9 million.
- **Higher Education Reward Funding** will be ceased from 2014, saving $121.1 million
- Funding for the **Research Training Scheme** will reduce from 1 January 2016 for higher degree by research students. Institutions will be able to charge up to $3,900 for high cost courses (saving $173.7 million over three years).
- **ARC and Higher Education Support** funding will be indexed at CPI (instead of Higher Education Grants Index) from 1 January 2016, saving $202.8 million over three years.
- The participation and partnerships components of the **Higher Education Participation Programme** will be consolidated into a single fund with savings of $51.3 million over four years from 2014-15.
- Funding for the **Tertiary Education Quality and Standards Agency** will be reduced with savings of $31.1 million over four years from 2014-15.

### 8.3.1 Fee impact by discipline

While the Commonwealth is proposing an average 20% reduction in university tuition fees, Koshy et al. (2014) found that the fee-impact will vary widely between courses (as is the intent of this 'demand driven' policy). They report, if universities adjust their fees only to maintain current per-student funding levels, almost half of undergraduate disciplines would increase costs to students by more than 15%. However, fees for nursing and education would increase by more than 15%. Fees for engineering, science and social sciences would increase by more than 50%, while agriculture, medicine and veterinary science would see increases of more than 30%. However, Koshy et al., maintain that in a deregulated demand-driven system, most universities are likely to increase their fees by more than the reduction in Commonwealth support.

The National Tertiary Education Union, SA Branch (NTEU) conveyed fears expressed by members that if deregulation broadens, courses that do not make a profit will disappear, regardless of whether the community would benefit from people having studied such courses. If universities are to be run like businesses rather than educational institutions, NTEU doubted that three major universities could survive in South Australia in the medium to long term.

With increased efficiencies come increased workloads for professional and academic staff, but there is a point at which you can't do more with less without affecting quality (although universities are reluctant to admit this as they need to protect their brand). NTEU also commented on the tensions that can arise between schools and disciplines that generate decent income for the university and those that are being subsidised.

NTEU commented that deregulation will disproportionately impact people from lower socio-economic groups as they are more "*price sensitive*" than those from wealthier backgrounds and will have to think more carefully about incurring a prolonged period of debt. This sentiment was echoed by others.

### 8.3.2 CURRENT COMMONWEALTH FUNDING FOR UNDERGRADUATE STUDENTS AND PROPOSED CHANGES

Currently, the amount of funding for higher education courses is determined by the Commonwealth, with the cost divided between the government and student. Table 18 shows how costs for undergraduates are currently distributed, with the cost to students between $6,044 and $10,085 (depending on the course) and students bearing between 29% and 84% of the total course cost.

**TABLE 18: *CURRENT* FUNDING RATES FOR COMMONWEALTH SUPPORTED PLACES, PER ANNUM (2014)**

| Funding cluster | Discipline | Cost to govt. | Cost to student | Total | Student share |
|---|---|---|---|---|---|
| 1 | Law, accounting, administration, economics, commerce | $1,951 | $10,085 | $12,036 | 84% |
| 2 | Humanities | $5,419 | $6,044 | $11,463 | 53% |
| 3 | Mathematics, statistics, built environment, computing, other health | $9,587 | $8,613 | $18,200 | 47% |
| | Behavioural sciences, social sciences | $9,587 | $6,044 | $15,631 | 39% |
| 4 | Education | $9,974 | $6,044 | $16,018 | 38% |
| 5 | Clinical psychology, foreign languages, visual and performing arts | $11,790 | $6,044 | $17,834 | 34% |
| | Allied health | $11,790 | $8,613 | $20,403 | 42% |
| 6 | Nursing | $13,163 | $6,044 | $19,207 | 31% |
| 7 | Engineering science, surveying | $16,762 | $8,613 | $25,375 | 34% |
| 8 | Dentistry, medicine, veterinary medicine | $21,273 | $10,085 | $31,358 | 32% |
| | Agriculture | $21,273 | $8,613 | $29,886 | 29% |

*Source: reproduced from (Koshy, et al., 2014).*

Table 19 shows the proposed Commonwealth funding for undergraduates assuming the current university fees remain the same (i.e. no increase or decrease in course fees in addition to the government funding changes)[29]. The additional cost to an individual student can be as high as 59% for social sciences and communications.

[29] While it is expected that many course fees will increase once the system is deregulated, there is no way of knowing how universities will set fees.

TABLE 19: *PROPOSED* FUNDING RATES FOR COMMONWEALTH SUPPORTED PLACES, PER ANNUM

| Funding Tier | Discipline | Cost to govt. | Cost to student | Total | Student share | Change in cost to student from 2014 |
|---|---|---|---|---|---|---|
| 1 | Law, accounting, administration, economics, commerce | $1,805 | $10,231 | $12,036 | 85% | 1% |
| 2 | Humanities | $6,021 | $5,442 | $11,463 | 47% | -10% |
| | Social studies | $6,021 | $9,610 | $15,631 | 61% | 59% |
| | Communications | $6,021 | $9,610 | $15,631 | 61% | 59% |
| 3 | Computing, built environment, other health | $9,033 | $9,167 | $18,200 | 50% | 6% |
| | Behavioural sciences, Welfare studies | $9,033 | $6,598 | $15,631 | 42% | 9% |
| | Education | $9,033 | $6,985 | $16,018 | 44% | 16% |
| | Visual and performing arts | $9,033 | $8,801 | $17,834 | 49% | 46% |
| 4 | Mathematics | $12,045 | $6,155 | $18,200 | 50% | 6% |
| | Clinical psychology, foreign languages | $12,045 | $5,789 | $17,834 | 32% | -4% |
| | Allied health | $12,045 | $8,358 | $20,403 | 41% | -3% |
| | Nursing | $12,045 | $7,162 | $19,207 | 37% | 18% |
| | Engineering, science, surveying, environmental studies | $12,045 | $13,330 | $25,375 | 53% | 55% |
| 5 | Dentistry, medicine, vet sciences | $18,067 | $13,291 | $31,358 | 42% | 32% |
| | Agriculture | $18,067 | $11,819 | $29,886 | 40% | 37% |

*Source: reproduced from (Koshy, et al., 2014).*

To further illustrate the dispersion of effect across disciplines, an analysis by the NTEU (2014) on the impact of the average 20% reduction in the Commonwealth Supported Places (CSP) indicates that this would roughly result in a 5% reduction in total income for universities[30], but with impacts ranging from a 37.2% reduction in CSP funding per social science student, a 28.1% reduction per engineering, surveying or science student, to an increase of 25.6% in CSP funding per mathematics and statistics student.

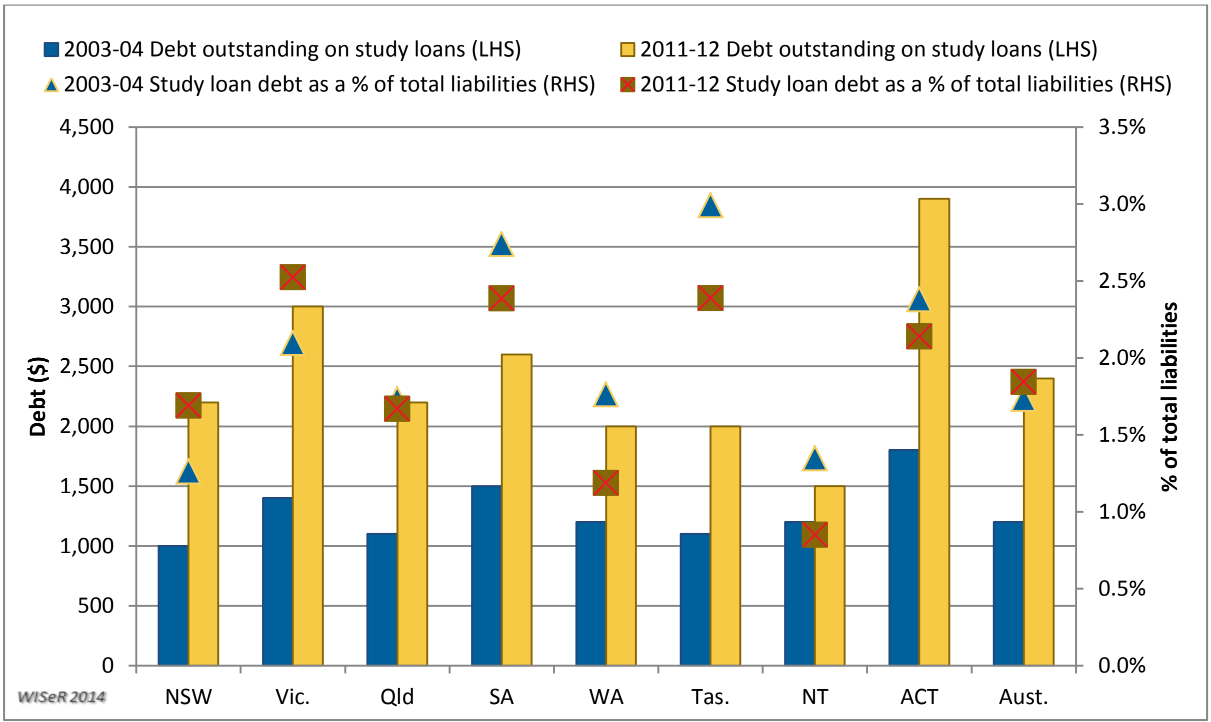
### 8.3.3 IMPACT OF CHANGES TO HECS/HELP

Currently HECS/HELP debts are indexed by the CPI[31] (on 1 June each year) to maintain the real value of the debt. The original decision to link HECS/HELP to CPI was to ensure equity for all, as adjusting debts to CPI meant that an interest rate subsidy was provided to all, with the largest subsidy available to those who spend time out of the workforce through, for example, unemployment or child rearing.

In 2003-04 South Australians had an average HECS debt of $1,500, the highest state debt in Australia (see Figure 21) representing 2.7% of the total liabilities in the state. By 2011-12, the South Australian HECS/HELP debt had climbed 73% to $2,600 remaining above the Australian average, but now trailing Victoria. There has also been a slight decline in proportion of overall liabilities to 2.4%.

[30] Though there is considerable variation across the universities.
[31] The CPI rate applied in 2014 was 2.6%.

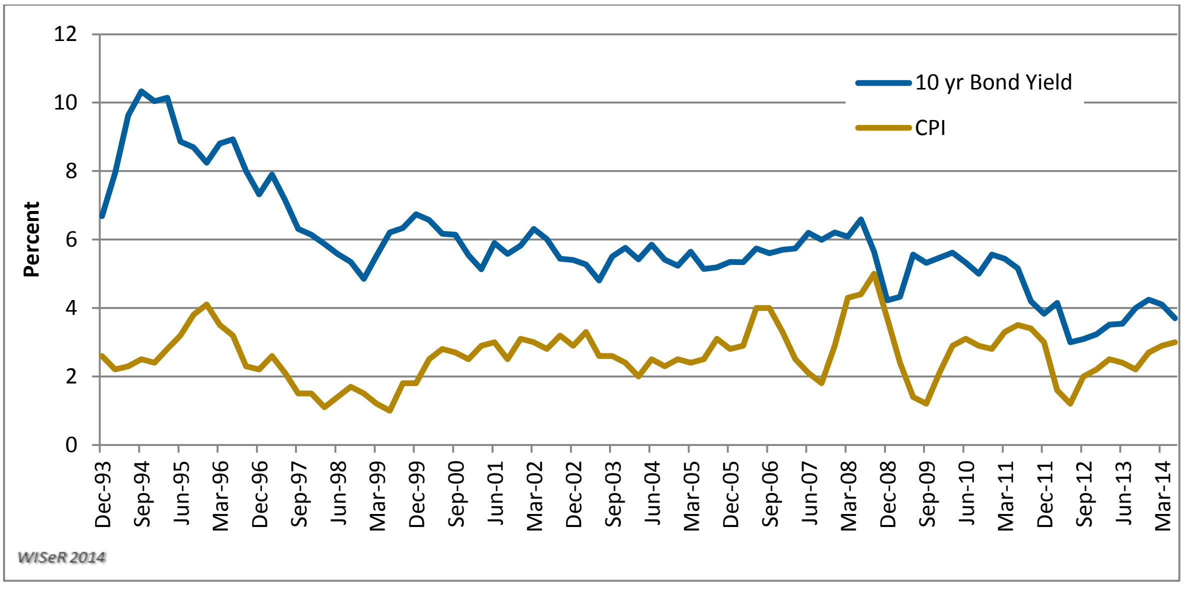
**FIGURE 21: STUDY LOAN DEBT BY STATE, 2003-04 AND 2011-12**




*Source: (Australian Bureau of Statistics, 2006, 2013d).*

The 2014-15 Federal Budget plans to change CPI indexation to the 10-year bond yields (capped 6%) from 1 June 2016. As the Figure below illustrates, the 10-year bond yield has historically been higher than the CPI. These changes impose a real interest rate which will compound over time. Estimates of the increase in average student loan amount due to funding changes range from a low of $30,000 to a high of $200,000 (Koshy, et al., 2014). Moreover, given that the minimum threshold for repayment of student loans will be lowered to $50,638 in 2016-17, graduates will be expected to start their repayments earlier. The combined effect of these changes will be an increase in the burden on students, most particularly those on lower incomes or those who spend time outside the workforce. In effect low income earners will pay up to 30% more for their education than high income earners which is viewed as a regressive approach by the designer of HECS (Chapman & Higgins, 2014).

**FIGURE 22: 10 YEAR BOND YIELD AND CPI**




*Source: (Reserve Bank of Australia, 2014).*

In addition, DECD is concerned that the removal (from 1 July 2015) of the HECS/HELP assistance to reduce the debt of early childhood education teachers working in regional or remote areas, Indigenous communities or areas of high socio-economic disadvantage will impact on the numbers of teachers prepared to work in these areas. Concern was also expressed by other stakeholders (SASMOA and AMA(SA)) about the impact of university deregulation and the repayment of potentially high HECS or HELP debts for medical students. It was felt that this could discourage students from pursuing medical degrees with resultant impacts to be felt most in rural or difficult to service areas.

# 9 HOUSING

Housing and income support policy interact in complex ways to shape outcomes for low income residents and public housing providers. Analysis of these interactions demonstrates that changes to income support arrangements contained in the Federal Budget will have a number of detrimental impacts for both residents and the public housing system as a whole in South Australia. The latter is expected to face losses of around $130 million over ten years.

**BOX 10: 2014-15 FEDERAL BUDGET - HOUSING RELATED FUNDING REDUCTIONS**

- Funding will be reduced for the **National Homelessness Research Strategy** with savings of $3.1 million from 2013-14 by returning uncommitted funding.
- The **National Rental Affordability Scheme** will be discontinued with savings of $235.2 million over three years from 2015-16.
- The **First Home Saver Accounts scheme** will be abolished, new accounts after Budget night will not be eligible with government co-contributions ceasing 1 July 2014, and tax concessions and other exemptions ceasing from 1 July 2015 with savings of $134.5 million over five years.

As we have seen earlier, the proposed changes result in a significant deterioration in the incomes of low income households. They place considerable financial stress on public housing residents who will find it more difficult to meet rental payment commitments, increasing their vulnerability to homelessness. At the same time demand for affordable housing is likely to increase significantly as a consequence of rising unemployment when the full effects of the automotive closure begin to be felt in South Australia over the next few years. Table 20 show key changes to income support measures with implications for existing Housing SA residents.

**Table 20: Budget measures impacting public housing in South Australia**

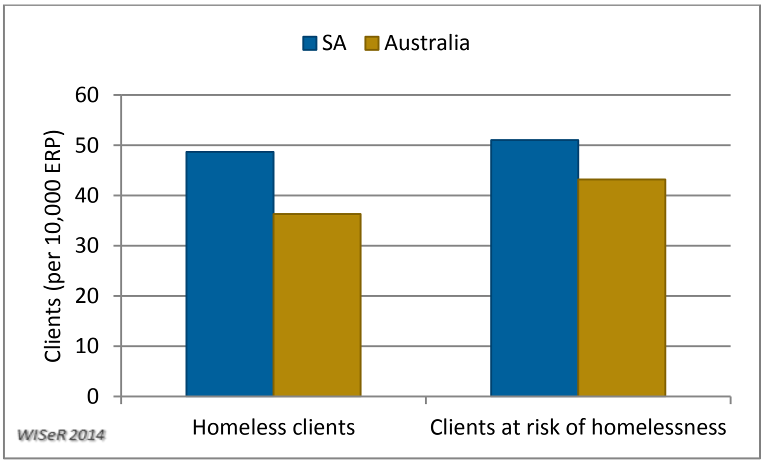
| | Impact on individuals |
|---|---|
| Reduction or cancellation of payments | |
| Increase age of eligibility for NewStart from 22 to 25 years from 1 January 2015. | Young jobseekers remain on Youth Allowance ($414.40/fortnight) rather than moving to NewStart ($510.50/fortnight). Approximately 300 Housing SA residents in this age group currently receive NewStart. |
| '6 months off, 6 months on' for jobseekers under 30 years from 1 January 2015. | Place young jobseekers on a zero payment for up to 6 months per year ($0 per fortnight compared to $414.40 or $510.50). Housing SA has approximately 2,500 residents aged between 16 and 30 who could be affected. |
| Review Disability Support Pension (DSP) eligibility for under 35s from 2014. | Those deemed ineligible for DSP ($829/fortnight) may be moved to a lower payment (eg. Youth Allowance, NewStart) or zero payment. Housing SA has approximately 1,600 DSP recipients aged under 35. |
| Reduce child age limit for Family Tax Benefit Part B (FTB B) from 18 years to 6 years; and<br>Introduce new payment for single parents with children aged between 6 and 12 years from 2017;<br>Both measures are phased in from 2015 (new applicants) to 2017 (existing recipients) | Families with children 0-5 will keep same FTB B (approx. 1,900 households)<br>Families with children aged 6+ will receive zero FTB B, a reduction of between $3,000- and $4,300 per annum (approx. 3,800 households).<br>Single parents with children aged 6-12 get new payment of $750 per eligible child rather than $3,000 to $4,300 for the family unit (approx. 1,700 households, 2,300 eligible children). |
| Reduced indexation | |
| Index all Pensions and Parenting Payment Single at CPI rather than Male Total Average Weekly Earnings from 2014 and 2017 respectively. | Reduced rate of growth in payments from approximately 5% per annum to approximately 2.5% per annum (approx. 35,000 pensioners and single parents in Housing SA accommodation) |
| Freeze payments rates and income thresholds for 2 years from 2014. | FTB payment rates, and income thresholds at which payments reduce, will have zero increase rather than CPI (approx. 2.5%) from July 2014 to July 2016. Approximately 5,700 Housing SA households receive FTB. |

Housing SA noted that residents are charged approximately 25% of their income, so reductions in income will necessarily lead to reduced rental income. Housing SA will need to consider how to deal with the prospect of some residents aged below 30 years losing their income support entirely for six months and effectively having zero income for that period. They note that they are already the provider of last resort, and are worried that some people may end up homeless. They are also concerned about the impact of "*six months off, six months on*" upon those young people in the private rental market, again with the very real prospect of them becoming homeless.

Shelter SA described this same scenario as "*disastrous*"; at the same time that homelessness funding is under threat, there is likely to be a huge increase in people losing their tenancies and secure places to live. They also commented on the uncertain situation for community housing tenants who are eligible for Commonwealth Rent Assistance funding if they receive income support and rent a property to a certain value (public housing tenants are not eligible). They were unsure how the scheme would proceed for those tenants who lose their income for six months at a time, and whether they would be vulnerable to eviction.

In 2012-13, South Australian services supported over 8,000 homeless clients along with almost 8,500 clients at risk of homelessness with services for the latter directed at prevention strategies (Australian Institute of Health and Welfare, 2013b). Compared with Australia, South Australia has significantly more homeless clients and more clients at risk of homelessness. As such Budget reductions associated with funding for housing or homelessness is likely to have a greater impact on South Australia. In addition, Budget measures impacting on income support for those with limited financial resources (such as the unemployed and pensioners) will also affect South Australian housing services to a greater extent and was a source of concern for many stakeholders.

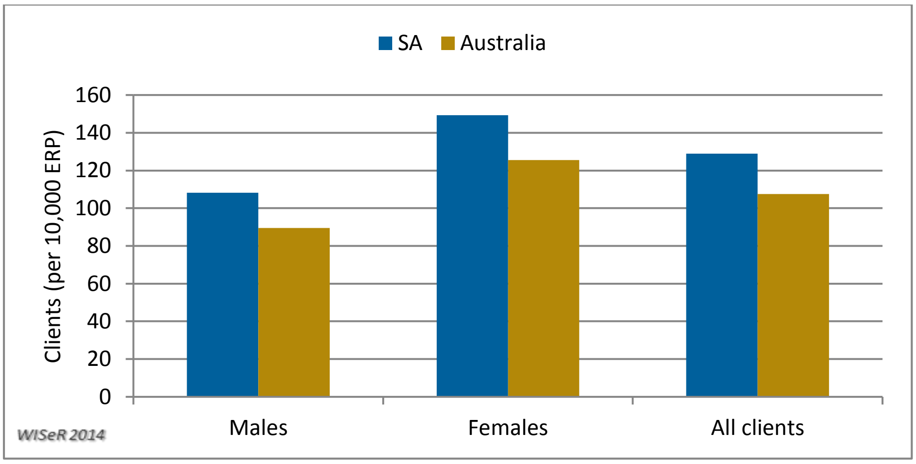
**Figure 23: Specialist homelessness services by status, 2012-13**




*Source: Table S4.13 (Australian Institute of Health and Welfare, 2013b).*

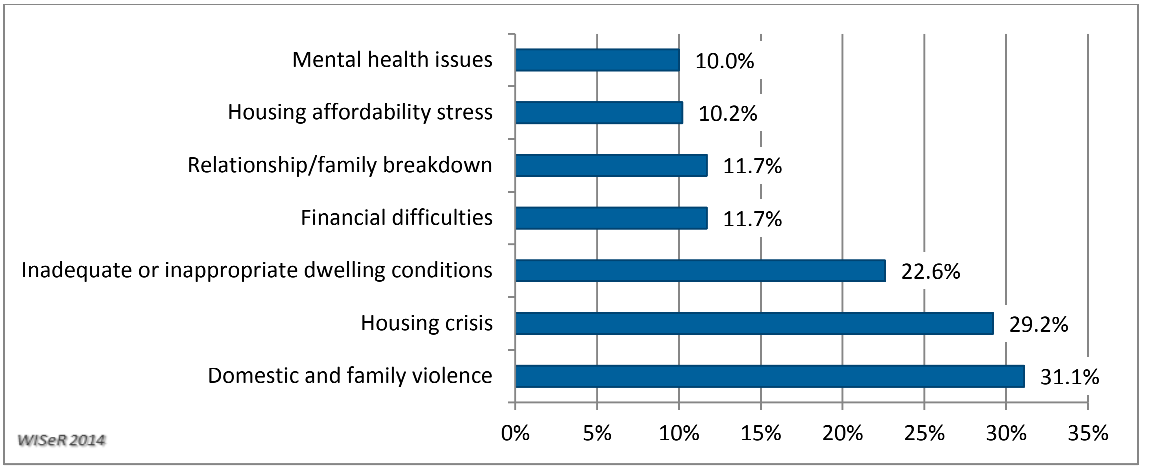
The spectre of increased homelessness was a major concern for all stakeholders. For example, Anglicare SA suggested that "*we're all a redundancy away from homelessness, and that means that everything unravels, and particularly young children, are put at risk*" and Shelter SA commented that "*the great majority of homeless people are women and children escaping domestic violence, families, and just ordinary people*." This is evident in Figure 24, which shows more females access specialist homelessness services than males - with 58% of South Australian services provided to women. Figure 25 shows that almost one-third of people accessing homelessness services in South Australia were escaping domestic or family violence. Followed by almost 30% reporting a housing crisis has led them to seek support.

**Figure 24: Specialist homelessness services by sex, 2012-13**




*Source: Table S2.2 (Australian Institute of Health and Welfare, 2013b).*

**Figure 25: Specialist homelessness services by reasons for seeking assistance, South Australia, 2012-13**

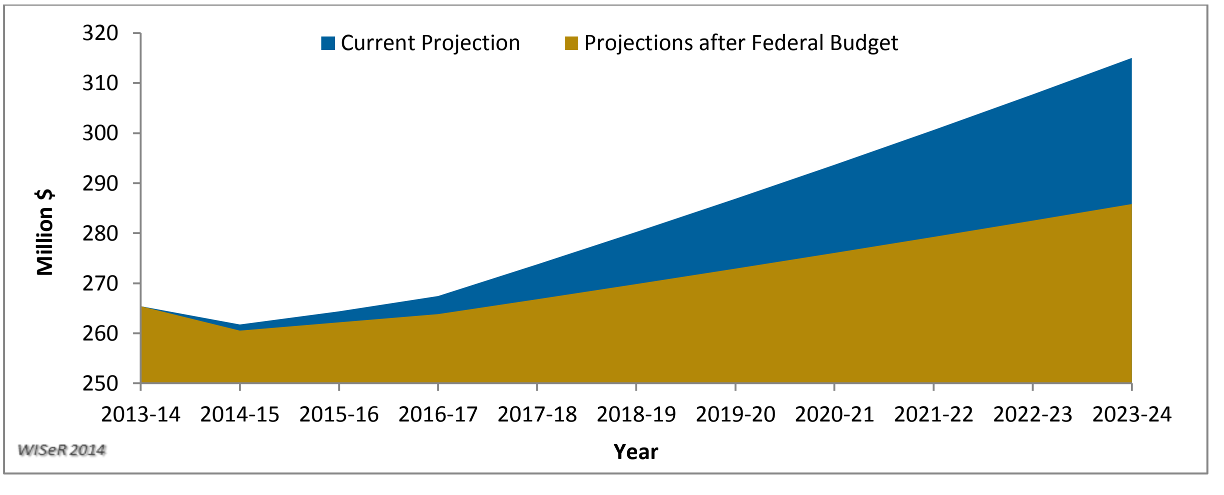



*Source: Table SA2.13 (Australian Institute of Health and Welfare, 2013b)*
*Note, data with fewer than 10% of clients responding is not shown. Multiple responses are possible.*

A number of stakeholders expressed concern about the uncertainty of funding for the National Partnership Agreement on Homelessness beyond 2015 (Shelter SA, Anglicare SA and the SA Housing Trust (SAHT)). The Commonwealth will provide funding of $115 million in 2014-15, to be matched by the states and territories (noting this is $44 million less than the previous year, with reductions to capital works but not frontline services). Combined with a planned review of housing and homelessness at the federal level, Shelter SA and SAHT were alarmed that the federal government appears to be considering its future involvement and responsibility in this area, potentially leaving a very short timeframe for the states and territories to reorganise how they work. Shelter SA felt that it is absolutely essential that the federal government remain involved in housing and homelessness, as many of the factors affecting housing can only be influenced at the federal level.

Any reduction in income support to Housing SA residents will also have a significant impact on South Australian rent assessments leading to a substantial reduction in rental income. Housing SA estimates indicate the potential revenue losses associated with this to be around $131m over the 2013-14 to 2023-24 period. These losses are illustrated in Figure 26.

**Figure 26: Projected Impact on public housing revenue after budget measures introduced, South Australia**




*Source: Housing SA.*

A significant loss of rental income to Housing SA is likely to have negative impacts on housing stock maintenance and replacement programs, affecting both the quality and quantity of public housing stock. Reduction in rental revenues will intensify pressure to raise revenue through sale of the existing housing stock. Any reduction in public housing stock upgrade and maintenance will of course have negative impacts on the South Australian construction industry which has the potential to be a major generator of replacement jobs for South Australian's affected by the sharp decline in South Australian manufacturing employment over the last decade.

Housing SA reported that demand for public housing already far outweighs supply. There are approximately 24,000 people on the waiting list, of whom 4,000 are category one (unable to find housing and most at risk of homelessness) and 8,000 are category two (having difficulty finding appropriate housing). In addition, the National Disability Insurance Agency has projected that around 4,600 people with disabilities will require assistance into housing either through Housing SA or their own scheme to July 2019, most of whom would be assessed as category one or two. (Category three comprises low income earners who are unlikely to secure public housing but may be provided with private rental assistance.)

Shelter SA spoke about the stock transfer process that is happening around Australia, in which public housing is transferred to community housing providers so that Commonwealth Rent Assistance can be captured. They gave the hypothetical example that if 45,000 public housing properties were transferred to community housing there would suddenly be 45,000 more households attracting rent assistance and bringing federal money into the state. The process is more advanced in other states than in South Australia. Shelter SA was concerned that the federal government might see the Commonwealth Rent Assistance bill increasing exponentially and consider it a sufficient contribution to affordable housing without considering which states were not accessing this assistance.

## 9.1 National Rental Affordability Scheme

The National Rental Affordability Scheme has played an important role in stimulating the growth of affordable dwellings in Australia. According to the Australian Government it provides "*financial incentives to individuals or entities to build and rent dwellings to low and moderate income households at a rate that is at least 20 per cent below market value rent*".

The cancellation of Round 5 of the National Rental Affordability Scheme will have significant social and economic impacts. Studies of NRAS commissioned by NRAS Providers Ltd (Dean & Khanjanashiti, 2013) have found that the scheme adds to the supply of affordable rental dwellings while generating substantial national economic, employment and tax benefits. The jobs impact of NRAS was estimated to be seven jobs for each NRAS incentive. Nationally NRAS was expected to generate around 329,000 jobs by 2016 with around 24,000 of these being in South Australia (ibid, p 17). Nationally the scheme has helped to deliver around 24,000 new dwellings involving gross investment of around $7.3 billion ($736 million in South Australia).

According to the South Australian Government, when combined with state support, the scheme has resulted in 2,458 dwellings for low and moderate income earners in South Australia (as of May 2014). The operation of the scheme has also had a significant stimulatory effect on the housing and property industries in South Australia and was set to continue to do so over years to come. The absence of NRAS will have a dampening impact on industry and employment growth in the property and construction industries with flow-on impacts to the household goods and services sector.

NRAS has played a particularly important role in enabling the not-for-profit (NFP) housing sector to create affordable housing opportunities, contributing to the completion of 487 dwellings by mid-2014. Importantly it has opened up new lines of private finance to the NFP sector and delivered affordable housing outcomes at less than 75% of market rent.

The utility of NRAS in South Australia was demonstrated by the high number of applications for Round 5 funding. Over 100 applications were received in South Australia for over 4,900 dwellings according to the South Australian Government.

The cancellation of NRAS Round 5 will impact on South Australia's capacity to grow the affordable housing sector over coming years with expansion plans in the Adelaide CBD and surrounding inner ring suburbs jeopardised by the decision not to proceed with a further round of NRAS. It was expected that NRAS Round 5 would have enabled the NFP sector to significantly expand affordable housing for those who can least afford quality housing.

The state government had anticipated 395 allocations for NRAS funded dwellings for Round 5. Assuming an average dwelling cost of $300,000 the direct investment in new construction would have been around $118 million, representing a significant stimulus to the property and construction sectors over the next few years. Payments from NRAS were expected to flow in 2017-18, estimated to be around $45 million over ten years. The savings to households associated with NRAS Round 5 are estimated to be just over $14 million over ten years.[32] Based on 7 jobs per NRAS incentive, Round 5 would have generated around 2,800 direct and indirect jobs, providing a much needed boost to the South Australian property and construction sectors over the next few years.

The National Rental Affordability Scheme (NRAS) was expected to add significantly to the affordable housing stock. The abolition of the scheme will deprive the State of around 1,000 affordable housing opportunities for lower income earners. SACOSS states that it is "*… a massive decrease in available supply and at the same time we know that we've kind of got this growing pressure from people that haven't got access to housing but are seeking it*."

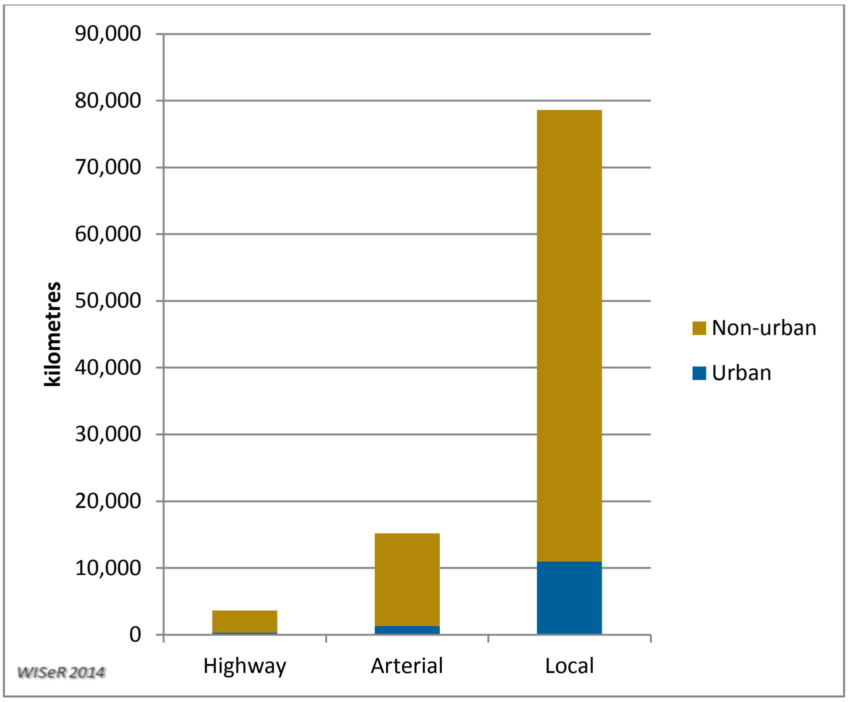
[32] The household savings estimate is based on 20% of market rent saved over 10 years where market rent is assumed to be $300 per week subject to CPI of 3%.

# 10 Road infrastructure funding

In 2012, South Australia's road network was a total length of 97,468 km, with 13% in urban areas. Four-fifths (80.7%) of the network is managed by local government, with 15.6% arterial roads (managed by the state government) and only 3.7% national highways, managed by the Commonwealth (see Figure 27). Road use has climbed steadily over the last 40 years, with a total of 16.21 billion vehicle kilometres travelled in 2011-12 (see Figure 28).

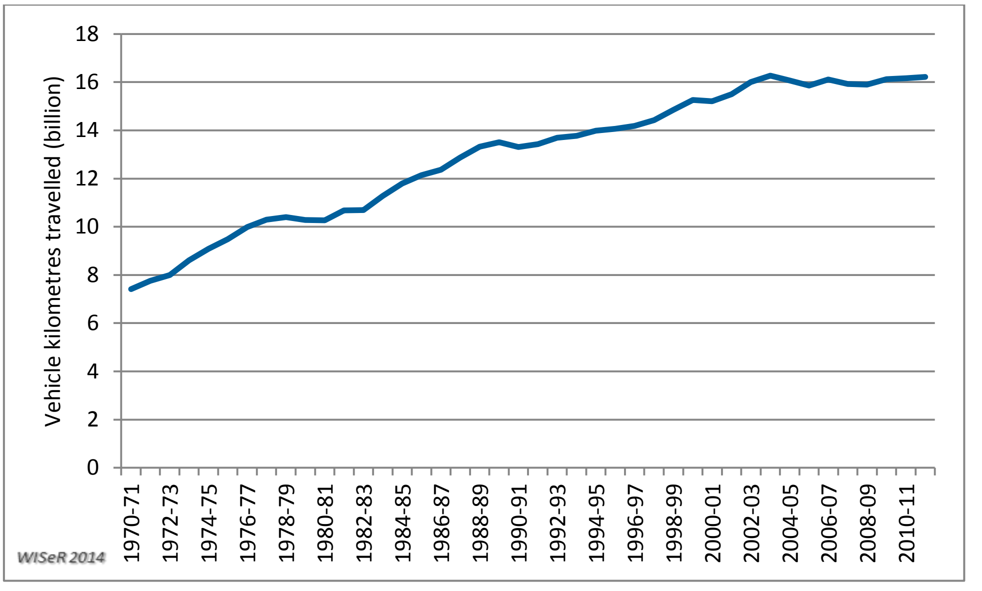
It is noted that major road infrastructure will benefit from the Commonwealth and State agreement to fund both the Darlington Interchange and the Torrens to Torrens section of South Road. However, there are opportunity costs, in that funding for South Road may mean reduced funding is available for other roads. The South Australian Freight Council (SAFC) expressed concerned about the impact of proposed Budget funding cuts to other sectors. If extra state government money was needed to support hospitals and schools over coming years then less may be available to support the local and arterial roads that are critical for the delivery of freight. Moreover, Commonwealth funding of other critical national highway infrastructure is far from certain.

**Figure 27: Total road length by road type, South Australia, 2012**




*Source: Table T1.4 (Bureau of Infrastructure Transport and Regional Economics, 2013). Note, excludes 24.7km of busway.*

**FIGURE 28: TOTAL VEHICLE KILOMETRES TRAVELLED, SOUTH AUSTRALIA, 1970-71 TO 2011-12**




*Source: Table T4.3 (Bureau of Infrastructure Transport and Regional Economics, 2013).*

The implications of an inefficient road system are increased costs and delays. A free-flowing network may mean that three runs can be done in one day, whereas a congested network may mean only two runs can be achieved in one day. Good infrastructure supports freight efficiencies.

> *Less infrastructure means less efficient operations, which ultimately manifests in higher operating costs. Higher operating costs equal higher freight rates. Higher freight rates manifest themselves as higher prices at the checkout. So there's a natural progression from failing to invest in infrastructure to dearer cornflakes. (SAFC)*

**BOX 11: 2014-15 FEDERAL BUDGET - INFRASTRUCTURE FUNDING REDUCTIONS**

Funding reductions impacting infrastructure include:

- **Local Governments Financial Assistance Grants** will have their indexation paused for three years commencing 1 July 2014 with savings of $925.2 million over four years.
- The **Department of Infrastructure and Regional Development** and the former **Department of Regional Australia, Local Government, the Arts and Sport** will be merged with savings of $17.6 million over five years from 2013-14.
- Savings of $140.5 million from 2013-14 will be achieved due to low calls on the **Infrastructure Investment Programme**.

While local and arterial roads are not part of the national highway system, they are a critical component of the Australian road network. Local responsibility for roads include, for example, the road to the grain silo complex or the road to the farm. The reduction of funding to local government for roads, compromises the ability of the entire network to be fit-for-purpose and efficient (SAFC).

South Australian roads funding is affected in two ways in the 2014-15 Commonwealth budget: once by the 'pausing' of indexation funding under the roads Financial Assistance Grants (FAGs); and again, by removal of the Local Roads Supplementary Funding Program, which addressed a clear inequity in payments to South Australian local governments compared to those in other states.

FAGs were introduced under Whitlam (and refined under Fraser) to ensure every council both metropolitan and rural has the ability to provide a basic level of service to their community. It consists of two elements - a general purpose per capita component[33] and a local road component (with distribution determined by a fixed historical share). The funding is distributed by the state or territory based local government grants commission to local governments whose spending is determined by local priorities. In South Australia, an average of one quarter (25%) is provided to roads with the remaining 75% allocated to general purpose grants (see Table 21). However, this distribution varies significantly between LGAs ranging from 8% spent on roads in the Riverland (Berri Barmera and Renmark) through to a 70% spend on roads by Mt Barker council (see Table A 4). The quantum of grant pool funding has been updated annually based on population change and CPI, which has ensured the amounts retain their capital value. However, the 2014-15 Federal Budget has now paused indexation for three years[34].

**Table 21: Aggregate grants for local government by state or territory, 2014-15**

| Jurisdiction | General purpose | Local roads | Total |
|---|---|---|---|
| New South Wales | $510,449,725 | $205,226,443 | $715,676,168 |
| Victoria | $395,898,102 | $145,831,415 | $541,729,517 |
| Queensland | $320,607,800 | $132,532,773 | $453,140,573 |
| Western Australia | $174,564,649 | $108,155,915 | $282,720,564 |
| South Australia | $114,632,290 | $38,874,053 | $153,506,343 |
| Tasmania | $35,128,373 | $37,484,917 | $72,613,290 |
| Northern Territory | $16,635,820 | $16,569,711 | $33,205,531 |
| Australian Capital Territory | $26,200,935 | $22,681,706 | $48,882,641 |
| **Total** | **$1,594,117,694** | **$707,356,933** | **$2,301,474,627** |

*Source: (Department of Infrastructure and Regional Development, 2014b).*

The failure to index the FAGs (which was done without warning) results in a cumulative loss of road funding to South Australian local government of $55 million by 2017-18.[35] Moreover it disproportionately impacts on smaller councils. The method for distribution has employed horizontal fiscal equalisation whereby 22 large councils are allocated on a per capita minimum (which is $22 per head) whereas small councils may get up to $1,500 per head. When the funding pool is frozen, the large councils still receive the minimum funding with the reductions forced from those smaller regional councils – who need the money the most (Local Government Grants Commission (LGGC)).

In addition, the South Australian Local Roads Supplementary Funding Program has been dropped. This was instituted initially to equalise national road funding under the Identified Local Road Grants program. South Australia manages 11% of the nation's road network yet only receives 5.5% of the national Identified Local Roads grants. The South Australian Local Roads Supplementary Funding Program was devised to overcome part of this inequity, bringing funding up to 8.3% - but the 2014-15 Budget has removed the supplementary funding bringing local road funding back down to 5.5%. Described by the LGA as "*a body blow for Councils and their communities*", leaving an annual "*$18 million pothole created just for South Australia*", this is in fact its impact in 2014-15, which actually grows to $78 million by end 2017-18.

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[33] Noting the general purpose grant can also include additional road funding.

[34] The only other time indexation was paused was in order to support infrastructure building for the Brisbane Commonwealth Games which was done with the agreement of all states(LGGC).

[35] This result is obtained by comparing the funding estimates disclosed in the budget papers to what funding would have been under indexation.

The combined impact of these reductions is $132.6 million to 2017-18, as outlined in Table 22. It should be noted that these funds go to Local Governments in their entirety. Reductions of these magnitudes cannot help but affect the delivery of road services by municipal authorities, and potentially, other services (such as asset maintenance of footpaths or recreation areas or library opening hours) that may need to be trimmed to meet urgent road transport needs. In addition, the majority of these funds had previously gone to non-metropolitan councils, for which roads are often the sole mode of transport, and which often have a lower revenue base from which to adjust to such funding shocks.

**Table 22: Analysis of impact to South Australian roads funding, 2014-15 to 2017-18**

| South Australia | 3 Year "Paused" Indexation Period | | | | | | | Indexation Re-applied | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014-15 | | 2015-16 | | 2016-17 | | Total | 2017-18 | | Total |
| Indexed Financial Assistance Grants | ($mill) | % Change | ($mill) | % Change | ($mill) | % Change | ($mill) | ($mill) | % Change | ($mill) |
| General Purpose Grants | | | | | | | | | | |
| Previous Year's Estimated GPG | 114.48 | | 118.13 | | 121.90 | | | 125.79 | | |
| Inc using last indexed Increase for SA (3 | 3.65 | 3.19 | 3.77 | 3.19 | 3.89 | 3.19 | | 4.01 | 3.19 | |
| New Estimate | 118.13 | | 121.90 | | 125.79 | | 365.81 | 129.80 | | 495.61 |
| Identified Local Road Grants | | | | | | | | | | |
| Previous Year's Estimated ILRG | 38.44 | | 40.07 | | 41.76 | | | 43.52 | | |
| Inc using last indexed Increase for SA (4 | 1.62 | 4.22 | 1.69 | 4.22 | 1.76 | 4.22 | | 1.84 | 4.22 | |
| New Estimate | 40.07 | | 41.76 | | 43.52 | | 125.34 | 45.35 | | 170.69 |
| Total FAG's Indexed (14-15 to 2016-17) | 158.19 | 3.45 | 163.65 | 3.45 | 169.30 | 3.45 | 491.15 | 175.15 | 3.45 | 666.30 |
| 2014-15 Federal Budget Estimates | | | | | | | | | | |
| General Purpose Grants | 113.92 | -3.56 | 113.03 | -7.28 | 112.15 | -10.84 | | 116.09 | -10.56 | |
| Identifed Local Road Grants | 38.63 | -3.59 | 38.63 | -7.50 | 38.63 | -11.24 | | 40.29 | -11.17 | |
| Total FAG's (Federal Budget Estimates) | 152.54 | -3.57 | 151.65 | -7.33 | 150.78 | -10.94 | 454.97 | 156.38 | -10.72 | 611.35 |
| Gap Analysis (Indexed vs Paused FAG's) | | | | | | | | | | |
| General Purpose Grants | -4.21 | | -8.87 | | -13.63 | | -26.71 | -13.71 | | -40.42 |
| Identified Local Road Grants | -1.44 | | -3.13 | | -4.89 | | -9.46 | -5.06 | | -14.53 |
| Total Difference to Paused Estimates | -5.65 | | -12.00 | | -18.53 | | -36.18 | -18.77 | | -54.95 |
| Supplementary Local Road Funding | | | | | | | | | | |
| Previous Years Funding | 17.82 | | 18.43 | | 19.07 | | | 19.73 | | |
| Indexed in line with Total FAG's Increas | 0.61 | 3.45 | 0.64 | 3.45 | 0.66 | 3.45 | | 0.68 | 3.45 | |
| New Estimate | 18.43 | | 19.07 | | 19.73 | | 57.23 | 20.41 | | 77.64 |
| Federal Budget | - | | - | | - | | | - | | |
| GAP | -18.43 | | -19.07 | | -19.73 | | -57.23 | -20.41 | | -77.64 |
| **TOTAL GAP (FAG's + Supplementary LRF)** | **-24.08** | | **-31.07** | | **-38.25** | | **-93.41** | **-39.18** | | **-132.59** |

*Source: LGGC personal communication.*

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# Appendix A. Key stakeholder interviews completed

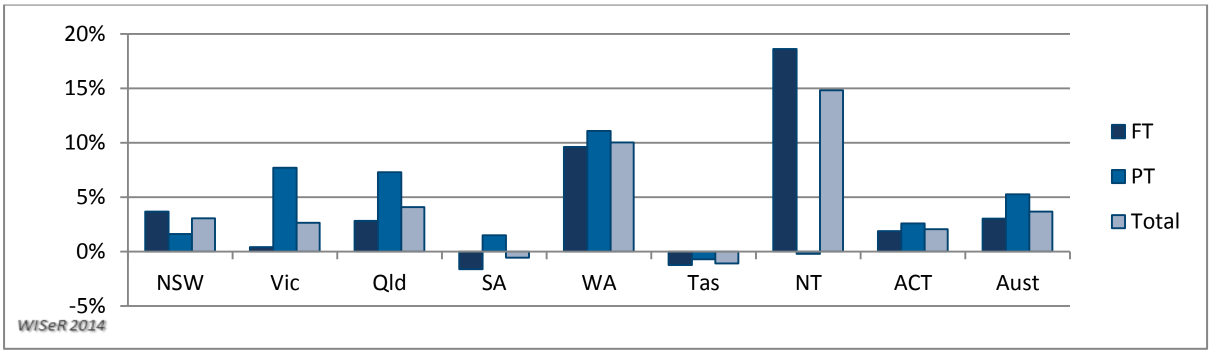
| Acronym | Organisation | Name, role |
|---|---|---|
| **AFSS** | Aboriginal Family Support Services | Sharron Williams, CEO (also Chair, State Aboriginal Advisory Committee), Warren Guppy, Senior Manager Regional Services |
| **AHCSA** | Aboriginal Health Council of South Australia | Shane Mohor, Acting Chief Executive Officer, David Scrimgeour, Public Health Medical Officer and Karen Wyld, Workforce Project Officer |
| **Anglicare SA** | Anglicare SA | Peter Sandeman, Chief Executive Officer |
| **AIS SA** | Association of Independent Schools of SA | Carolyn Grantskalns, Chief Executive |
| **AEU SA** | Australian Education Union - SA Branch | David Smith, President |
| **AMA(SA)*** | Australian Medical Association (SA) | Patricia Montanaro, President |
| **ANMF** | Australian Nursing & Midwifery Federation (SA Branch) | Elizabeth Dabars, Chief Executive Officer/Secretary |
| **Business SA** | Business SA | Rick Cairney, Director of Policy |
| **CESA** | Catholic Education SA | Paul Sharkey, Director and Paul Roocke |
| **COTA** | Council on the Ageing | Ian Yates, Chief Executive |
| **DECD** | Department for Education and Child Development | Kathryn Jordan, Chris Bernardi, Trish Strachan, Rosa Bondza, Deonne Smith |
| **DSD** | Department of State Development | Peter Mylius-Clark, Executive Director Strategic Policy, Resources and Finance |
| **HCA** | Health Consumers Alliance of SA Inc. | Stephanie Miller, Executive Director |
| **Housing SA** | Housing SA | Geoff Slack, Director Housing Strategy |
| **IEUSA** | Independent Education Union of South Australia | Glen Seidel, Secretary |
| **LGGC** | Local Government Grants Commission | Mary Patetsos**, Chair |
| **LGA** | Local Government Association of South Australia | David O'Loughlin, President |
| **NTEU** | National Tertiary Education Union | Kevin Rouse, SA Division Secretary and National Executive Member |
| **SA Health** | Policy and Commissioning, SA Health | Sinead O'Brien, Executive Director and Skye Jacobi, Director of Intergovernmental Relations and Ageing |
| **SA Health** | Public Health & Clinical Systems, SA Health | Stephen Christley, Chief Public Health Officer |
| **PSA** | Public Service Association of South Australia | Jan McMahon, General Secretary, Peter Christopher, Chief Industrial Officer and Josie Barbaro, Senior Industrial Officer |
| **SA Unions** | SA Unions | Joe Szakacs, Secretary |
| **Shelter SA** | Shelter SA | Alice Clark, Executive Director |
| **SACOME** | South Australian Chamber of Mines and Energy | Jason Kuchel, Chief Executive |
| **SACOSS** | South Australian Council of Social Service | Ross Womersley, Executive Director |
| **SAFC** | South Australian Freight Council | Neil Murphy, Chief Executive Officer |
| **SAHT** | South Australian Housing Trust | Mary Patetsos**, Chair |
| **SAPPA** | South Australian Primary Principals Association Inc | Pam Kent, President |
| **SASMOA** | South Australian Salaried Medical Officers Association | Marc Agzarian, President and Bernadette Mulholland, Chief Executive |
| **SASPA** | South Australian Secondary Principals' Association Inc | Jan Paterson, President and Peter Mader, Vice President |
| **YACSA** | Youth Affairs Council of South Australia | Anne Bainbridge, Executive Director and Richard Cannon, Policy Officer |

** Note,the AMA provided a written submission instead of interview.*
***Note, the interview of Mary Patetsos addressed her dual roles.*

# Appendix B. Industry employment

Just over 800,000 South Australians were employed at May 2014, with one-third (33.3%) employed in a part-time capacity - the highest part-time workforce on the Australian mainland.[36] While in the last three years growth in the full-time workforce only exceeded growth in the part-time workforce in New South Wales and Northern Territory, only in South Australia and Tasmania did the full-time workforce decline over this period (see Figure 29).

**FIGURE 29: EMPLOYMENT CHANGE BY INDUSTRY BY STATE, MAY 2011 TO MAY 2014**



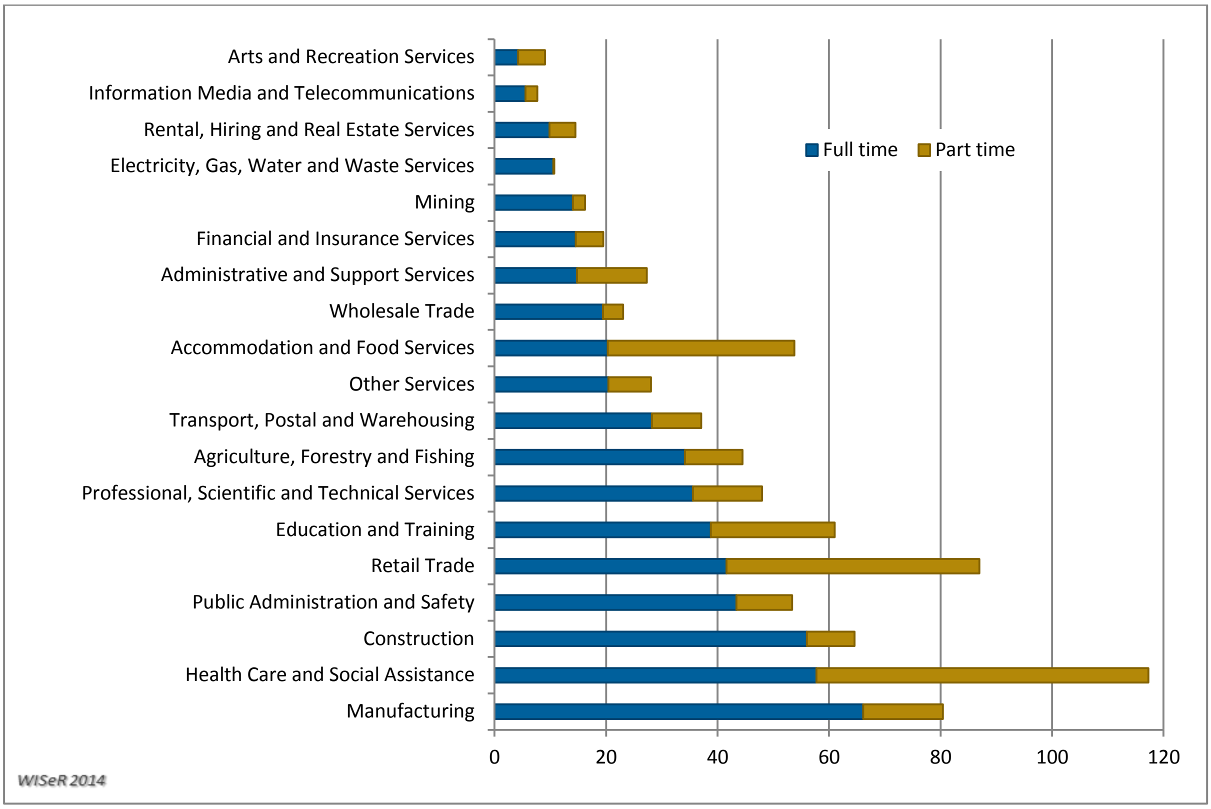

*Source: (Australian Bureau of Statistics, 2014c).*

The distribution of employment across South Australian industries is presented in Figure 30. Most people were employed in health care and social assistance (117,300), and retail trade (87,000), where around half the workforce was engaged part-time. Just over 80,000 South Australians were employed in manufacturing at May 2014 – 10% of the South Australian workforce. Moreover, manufacturing had the highest number of full-time employees and amongst the highest proportion of full-time employees (82.2%). In the last ten years, growth in health care and social assistance employment has exceeded all other industries, increasing by 36,400 (45%) over the period, with a fairly even proportion of full-time and part-time positions.

The construction industry employed 64,600 South Australians at May 2014, the third largest full-time workforce (86.7%). While ten year growth of the construction workforce has been sound (with an increase of 22.2% over the period), the last three years has seen a significant contraction of around 8%.

[36] Tasmania's part-time workforce was higher at 35.0%

**FIGURE 30: PERSONS EMPLOYED IN SOUTH AUSTRALIA BY INDUSTRY, MAY 2014**




*Source: (Australian Bureau of Statistics, 2014c).*

# Appendix C. Regional input-output analysis

Regional economic impact statements regarding the impact of major projects and policies has become a critical part of regional development analysis, and is an extensive component of the applied economic literature. Input-output (I-O) analysis provides a standard approach for the estimation of the economic impact of a particular activity.

The Australian Bureau of Statistics produces I-O tables, consistent with the 2006 Australian and New Zealand Standard Industrial Classification (ANZSIC) 4-digit industry codes (114 sectors), at the national level only with the latest for 2009/10 year.

The preparation of a regional I-O table is dependent on the availability of data at the regional level. There is limited economic data available for regions and as such provision of a region specific table usually requires extensive survey work and collection of region specific information. However, there are a number of mathematical techniques that have been developed in order to provide estimates of tables from information that is available, without the expense and inconvenience of survey and primary data collection. It should be evident that the more region specific data (or 'superior data') that is available the more reliable the table. The less data available, the more indicative (in terms of orders of magnitude) is the table derived.

The I-O tables can be used by private and public stakeholders to conduct an I-O analysis providing an economic impact assessment of regional projects and policies. The key indicators of economic impact include gross state product/ gross regional product (GSP/ GRP) and employment. GSP or GRP is a measure of the net contribution of an activity to the regional economy and is calculated as value of output less the cost of goods and services used in producing the output. Employment is a measure of the number of employees in the region in terms of the number of full-time equivalent (FTE) jobs.

## Input-Output Multiplier

The constructed regional I-O models can be used to calculate industry multipliers which in turn can be applied to estimate regional economic impacts of various change scenarios. A multiplier is essentially a measurement of the impact of an economic stimulus. In the case of I-O multipliers the stimulus is assumed to be a change of one dollar in sales to final demand by an industry sector.

Gross state/ regional product and employment multipliers refer to changes in gross state/ regional product per initial change in output and changes in employment per initial change in output. These multipliers are expressed as 'per unit' measurement and described as Type I and Type II multipliers. For example, with respect to gross state product:

$$\begin{aligned}&\textbf{Type I gross state product multiplier}\\&\qquad= [\textbf{initial} + \textbf{production induced}]/\textbf{initial}\end{aligned}$$

And

$$\begin{aligned}&\textbf{Type II gross state product multiplier}\\&\qquad= [\textbf{initial} + \textbf{production induced}\\&\qquad+ \textbf{consumption induced}]/\textbf{initial}\end{aligned}$$

## Impact Factor Analysis

The economic impact in terms of contribution to gross state/ regional product and employment can be identified in terms of direct, flow-on (indirect) and total impacts.

The dollar change in a sector's final demand is the stimulus or the cause of the impacts. Direct or initial impacts refer to the impact of the assumed dollar change in sales directly in the sector. Associated directly with this dollar change in output is an own-sector change in household income (wages and salaries, drawings by owner operators etc.) used in the production. Household income together with other value added, provide the total GRP from the production of that dollar of output. Also associated is own-sector increase in employment, represented by the size of the employment coefficient. The employment coefficient represents an employment/output ratio and is usually calculated as 'employment per million dollars of output'.

Flow-on or indirect impacts are the sum of production-induced impacts and consumption-induced impacts. Production-induced impacts are the sum of first-round impacts and industrial support impacts. The first round impact refers to the effect of the first round of purchases by the sector. Industrial-support impacts are the second and subsequent round effects as successive waves of output changes occur in the economy to provide industrial support, as a response to the original dollar change in sales to final demand, excluding any changes caused by increased household consumption. Consumption-induced impacts are defined as those induced by increased household income associated with the original dollar stimulus in output.

Total impacts are the sum of direct and flow-on impacts.

### Model Assumptions

There are a number of important assumptions that underpin the use of I-O models, these must be considered in interpreting the predicted impacts. They include:

- Industries in the region response to changes in demand with constant proportions, there are no significant price adjustments that occur;
- Industries have a linear production function, which implies constant returns to scale and fixed input proportions;
- Firms within a sector are homogeneous, which implies they produce a fixed set of products that are not produced by any other sector and that the input structure of the firms are the same;
- These models are static that do not take account of the dynamic processes involved in the adjustment to an external change; and
- Changes in populations and labour force productivity have not been taken into account.

# Appendix D. ADDITIONAL MATERIAL

**TABLE A 1: NUMBER OF FAMILIES WORSE OFF, SOUTH AUSTRALIA (SA2), 2017-18**

| | | Total families (N) | Families worse off (n) | Families worse off (%) | | | Total families (N) | Families worse off (n) | Families worse off (%) |
|---|---|---|---|---|---|---|---|---|---|
| **SA2 name** | **SA2 code** | | | | **SA2 name** | **SA2 code** | | | |
| Aberfoyle Park | 403041071 | 6031 | 1801 | 29.9% | Goyder | 405021118 | 2607 | 752 | 28.9% |
| Adelaide | 401011001 | 9546 | 2856 | 29.9% | Grant | 407021150 | 2897 | 723 | 25.0% |
| Adelaide Hills | 401021003 | 3472 | 888 | 25.6% | Greenwith | 402051050 | 5156 | 1234 | 23.9% |
| Aldgate - Stirling | 401021004 | 9916 | 2421 | 24.4% | Hackham - Onkaparinga Hills | 403041078 | 3664 | 1031 | 28.2% |
| Aldinga | 403041072 | 7930 | 2320 | 29.3% | Hackham West - Huntfield Heights | 403041079 | 5100 | 1572 | 30.8% |
| APY Lands | 406021138 | 1355 | 412 | 30.4% | Hahndorf - Echunga | 401021005 | 2263 | 565 | 25.0% |
| Athelstone | 401041014 | 4947 | 1408 | 28.5% | Hallett Cove | 403021059 | 6049 | 1742 | 28.8% |
| Barmera | 407031159 | 4007 | 1132 | 28.3% | Happy Valley | 403041080 | 7585 | 2200 | 29.0% |
| Barossa - Angaston | 405011110 | 3398 | 860 | 25.3% | Henley Beach | 404011092 | 8834 | 2475 | 28.0% |
| Belair | 403031065 | 2331 | 733 | 31.4% | Highbury - Dernancourt | 402051051 | 5472 | 1541 | 28.2% |
| Bellevue Heights | 403031066 | 3608 | 1155 | 32.0% | Hindmarsh - Brompton | 404011093 | 10170 | 3734 | 36.7% |
| Berri | 407031160 | 2849 | 730 | 25.6% | Hope Valley - Modbury | 402051052 | 9207 | 3303 | 35.9% |
| Beverley | 404011090 | 4860 | 1365 | 28.1% | Ingle Farm | 402041040 | 8686 | 2589 | 29.8% |
| Blackwood | 403031067 | 5587 | 1522 | 27.2% | Jamestown | 405031120 | 2797 | 694 | 24.8% |
| Brighton (SA) | 403011056 | 8293 | 2349 | 28.3% | Kadina | 405041124 | 3076 | 880 | 28.6% |
| Burnside - Wattle Park | 401031011 | 9215 | 2515 | 27.3% | Kangaroo Island | 407011145 | 2799 | 746 | 26.6% |
| Ceduna | 406011129 | 1669 | 452 | 27.1% | Karoonda - Lameroo | 407031161 | 1825 | 523 | 28.7% |
| Christie Downs | 403041073 | 5508 | 1794 | 32.6% | Kimba - Cleve - Franklin Harbour | 406011131 | 2590 | 668 | 25.8% |
| Christies Beach | 403041074 | 6204 | 1676 | 27.0% | Kingston - Robe | 407021151 | 2290 | 634 | 27.7% |
| Clare | 405021116 | 2323 | 558 | 24.0% | Largs Bay - Semaphore | 404021099 | 7721 | 2203 | 28.5% |
| Clarendon | 403041075 | 1436 | 342 | 23.8% | Le Hunte - Elliston | 406011132 | 1430 | 361 | 25.2% |
| Colonel Light Gardens | 403031068 | 8548 | 2540 | 29.7% | Lewiston - Two Wells | 402011027 | 2857 | 805 | 28.2% |
| Coober Pedy | 406021139 | 1100 | 322 | 29.2% | Light | 405011111 | 4825 | 1268 | 26.3% |
| Coromandel Valley | 403041076 | 2192 | 566 | 25.8% | Lobethal - Woodside | 401021006 | 4709 | 1248 | 26.5% |
| Craigmore - Blakeview | 402021028 | 8479 | 2455 | 28.9% | Lockleys | 404031106 | 6546 | 2029 | 31.0% |
| Davoren Park | 402021029 | 8344 | 2639 | 31.6% | Loxton | 407031162 | 3391 | 890 | 26.2% |
| Edwardstown | 403021058 | 7973 | 2679 | 33.6% | Loxton Region | 407031163 | 1040 | 312 | 30.0% |
| Elizabeth | 402021030 | 6904 | 2742 | 39.7% | Lyndoch | 405011112 | 2960 | 796 | 26.9% |
| Elizabeth East | 402021031 | 7104 | 2230 | 31.4% | Mallala | 405011113 | 1844 | 518 | 28.1% |
| Enfield - Blair Athol | 402031036 | 11449 | 4092 | 35.7% | Mannum | 407031164 | 3592 | 915 | 25.5% |
| Eyre Peninsula | 406011130 | 3126 | 846 | 27.1% | Marino - Seaview Downs | 403021060 | 5102 | 1459 | 28.6% |
| Flagstaff Hill | 403041077 | 5104 | 1404 | 27.5% | McLaren Vale | 403041083 | 3280 | 878 | 26.8% |
| Flinders Park | 404011091 | 8102 | 2802 | 34.6% | Millicent | 407021152 | 3310 | 840 | 25.4% |
| Flinders Ranges | 406021140 | 1313 | 341 | 26.0% | Mitcham (SA) | 403031069 | 7945 | 2107 | 26.5% |
| Fulham | 404031105 | 1696 | 489 | 28.8% | Mitchell Park | 403021061 | 8858 | 2827 | 31.9% |
| Gawler - North | 402011025 | 5196 | 1353 | 26.0% | Modbury Heights | 402051053 | 9461 | 3038 | 32.1% |
| Gawler - South | 402011026 | 9965 | 2947 | 29.6% | Moonta | 405041125 | 2605 | 680 | 26.1% |
| Gilbert Valley | 405021117 | 2541 | 614 | 24.2% | Morphett Vale - East | 403041084 | 7958 | 2264 | 28.5% |
| Glenelg (SA) | 403011057 | 11024 | 2963 | 26.9% | Morphett Vale - West | 403041085 | 4949 | 1660 | 33.5% |
| Glenside - Beaumont | 401031012 | 4906 | 1368 | 27.9% | Morphettville | 403021062 | 8121 | 2681 | 33.0% |
| Golden Grove | 402051049 | 5101 | 1399 | 27.4% | Mount Barker | 401021007 | 7425 | 2346 | 31.6% |
| Goodwood - Millswood | 401071023 | 9186 | 2202 | 24.0% | Mount Barker Region | 401021008 | 3337 | 869 | 26.1% |
| Goolwa - Port Elliot | 407011144 | 6376 | 1935 | 30.4% | Mount Gambier | 407021153 | 15719 | 4509 | 28.7% |

*Source: NATSEM data 2014.*

| SA2 name | SA2 code | Total families (N) | Families worse off (n) | Families worse off (%) | SA2 name | SA2 code | Total families (N) | Families worse off (n) | Families worse off (%) |
|---|---|---|---|---|---|---|---|---|---|
| Munno Para West - Angle Vale | 402021032 | 4051 | 1042 | 25.7% | Salisbury | 402041046 | 9030 | 3120 | 34.5% |
| Murray Bridge | 407031165 | 8984 | 2711 | 30.2% | Salisbury East | 402041047 | 8613 | 2974 | 34.5% |
| Murray Bridge Region | 407031166 | 1957 | 549 | 28.0% | Salisbury North | 402041048 | 7377 | 2838 | 38.5% |
| Nailsworth - Broadview | 401061020 | 3624 | 1023 | 28.2% | Seaford (SA) | 403041087 | 10181 | 3130 | 30.7% |
| Nairne | 401021009 | 2507 | 627 | 25.0% | Seaton - Grange | 404011095 | 9290 | 3087 | 33.2% |
| Naracoorte | 407021154 | 3696 | 839 | 22.7% | Sheidow Park - Trott Park | 403021063 | 5305 | 1356 | 25.6% |
| Naracoorte Region | 407021155 | 1345 | 373 | 27.7% | Smithfield - Elizabeth North | 402021034 | 6932 | 2568 | 37.0% |
| North Adelaide | 401011002 | 3467 | 727 | 21.0% | St Agnes - Ridgehaven | 402051055 | 6814 | 2045 | 30.0% |
| North Haven | 404021100 | 7491 | 2545 | 34.0% | St Peters - Marden | 401051019 | 7806 | 2122 | 27.2% |
| Northgate - Oakden - Gilles Plains | 402031037 | 10965 | 3370 | 30.7% | Strathalbyn | 407011146 | 3927 | 997 | 25.4% |
| Norwood (SA) | 401051017 | 5965 | 2079 | 34.9% | Strathalbyn Region | 407011147 | 3738 | 979 | 26.2% |
| Nuriootpa | 405011114 | 3799 | 988 | 26.0% | Tanunda | 405011115 | 2865 | 667 | 23.3% |
| One Tree Hill | 402021033 | 1288 | 304 | 23.6% | Tatiara | 407021157 | 4128 | 1012 | 24.5% |
| Outback | 406021141 | 1390 | 319 | 22.9% | The Coorong | 407031169 | 3289 | 958 | 29.1% |
| Panorama | 403031070 | 5005 | 1595 | 31.9% | The Parks | 404021102 | 8979 | 4504 | 50.2% |
| Para Hills | 402041041 | 8332 | 2350 | 28.2% | Toorak Gardens | 401031013 | 8151 | 2203 | 27.0% |
| Paradise - Newton | 401041015 | 10811 | 3560 | 32.9% | Unley - Parkside | 401071024 | 11630 | 3694 | 31.8% |
| Parafield Gardens | 402041043 | 8657 | 2770 | 32.0% | Uraidla - Summertown | 401021010 | 2618 | 728 | 27.8% |
| Paralowie | 402041044 | 7395 | 2817 | 38.1% | Victor Harbor | 407011148 | 7858 | 2249 | 28.6% |
| Payneham - Felixstow | 401051018 | 6959 | 2314 | 33.3% | Virginia - Waterloo Corner | 402021035 | 2336 | 644 | 27.6% |
| Penola | 407021156 | 1976 | 519 | 26.3% | Waikerie | 407031170 | 4022 | 1075 | 26.7% |
| Peterborough - Mount Remarkable | 405031121 | 3379 | 893 | 26.4% | Wakefield - Barunga West | 405021119 | 4514 | 1355 | 30.0% |
| Plympton | 404031107 | 13526 | 4592 | 34.0% | Walkerville | 401061022 | 4135 | 1155 | 27.9% |
| Pooraka | 402041045 | 9628 | 2729 | 28.3% | Wallaroo | 405041126 | 2237 | 606 | 27.1% |
| Port Adelaide | 404021101 | 6133 | 2205 | 36.0% | Warradale | 403021064 | 7965 | 2622 | 32.9% |
| Port Augusta | 406021142 | 7118 | 1857 | 26.1% | Wattle Range | 407021158 | 1824 | 479 | 26.3% |
| Port Lincoln | 406011133 | 7580 | 2301 | 30.4% | West Beach | 404031109 | 2777 | 727 | 26.2% |
| Port Pirie | 405031122 | 8515 | 2365 | 27.8% | West Coast (SA) | 406011134 | 2010 | 542 | 27.0% |
| Port Pirie Region | 405031123 | 2034 | 500 | 24.6% | West Lakes | 404011096 | 8764 | 2586 | 29.5% |
| Prospect | 401061021 | 7979 | 2448 | 30.7% | Whyalla | 406011136 | 11802 | 3545 | 30.0% |
| Redwood Park | 402051054 | 7864 | 2406 | 30.6% | Willunga | 403041088 | 1811 | 513 | 28.3% |
| Renmark | 407031167 | 3412 | 824 | 24.2% | Windsor Gardens | 402031038 | 10222 | 3232 | 31.6% |
| Renmark Region | 407031168 | 2951 | 758 | 25.7% | Woodcroft | 403041089 | 6424 | 1671 | 26.0% |
| Reynella | 403041086 | 6381 | 1744 | 27.3% | Woodville - Cheltenham | 404011097 | 9070 | 3015 | 33.2% |
| Richmond (SA) | 404031108 | 8874 | 2722 | 30.7% | Yankalilla | 407011149 | 2829 | 759 | 26.8% |
| Rostrevor - Magill | 401041016 | 11957 | 3928 | 32.9% | Yorke Peninsula - North | 405041127 | 4206 | 1166 | 27.7% |
| Roxby Downs | 406021143 | 2061 | 376 | 18.2% | Yorke Peninsula - South | 405041128 | 2486 | 646 | 26.0% |
| Royal Park - Hendon - Albert Park | 404011094 | 3717 | 1058 | 28.5% | | | | | |

*Source: NATSEM data 2014.*

### Table A 2: Families worse off and income lost, South Australia (SA2), 2014-15 and *2017-18*

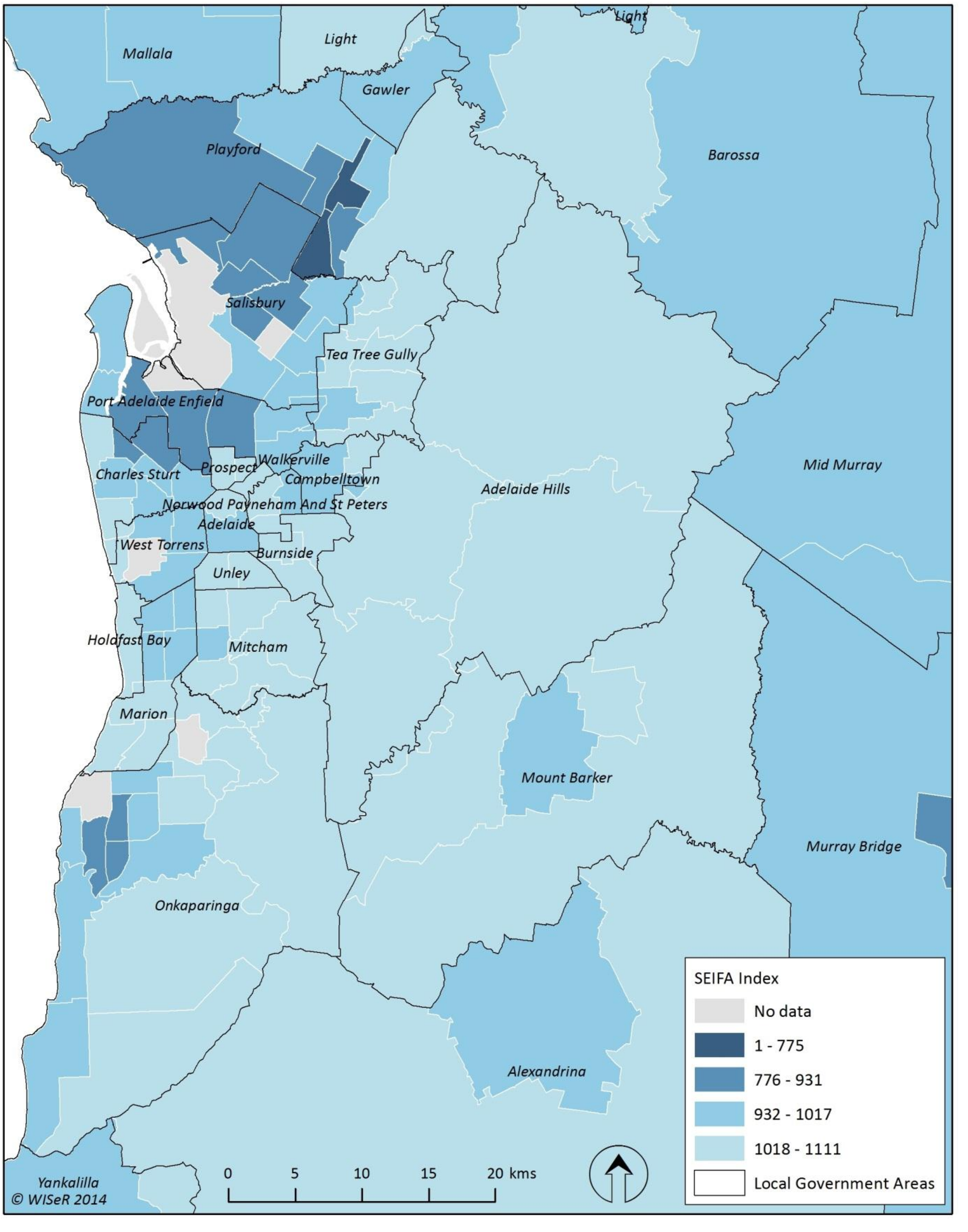
| SA2 | | 2014-15 | | | | | 2017-18 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | % families worse off | | Average p.a. cost ($) per family | | % of income lost | % families worse off | | Average p.a. cost ($) per family | | % of income lost |
| name | Code | % | Rank | $ p.a | Rank | % | % | Rank | $ p.a | Rank | % |
| Aberfoyle Park | 403041071 | 27.0 | 28 | -$ 222.90 | 24 | -0.3 | 30.3 | 48 | -$ 452.20 | 42 | -0.6 |
| Adelaide | 401011001 | 26.7 | 35 | -$ 217.50 | 28 | -0.5 | 29.7 | 58 | -$ 570.80 | 15 | -1.1 |
| Adelaide Hills | 401021003 | 24.0 | 106 | -$ 167.50 | 92 | -0.2 | 25.3 | 140 | -$ 299.80 | 112 | -0.4 |
| Aldgate - Stirling | 401021004 | 23.5 | 114 | -$ 232.40 | 15 | -0.3 | 24.3 | 149 | -$ 200.80 | 152 | -0.2 |
| Aldinga | 403041072 | 25.1 | 77 | -$ 128.80 | 143 | -0.2 | 29.3 | 65 | -$ 462.50 | 37 | -0.8 |
| APY Lands | 406021138 | 31.2 | 6 | -$ 231.20 | 17 | -0.3 | 30.7 | 46 | -$ 417.60 | 54 | -0.6 |
| Athelstone | 401041014 | 26.7 | 33 | -$ 227.20 | 19 | -0.3 | 29.7 | 59 | -$ 387.50 | 67 | -0.5 |
| Barmera | 407031159 | 22.6 | 136 | -$ 146.90 | 123 | -0.3 | 27.8 | 88 | -$ 365.50 | 80 | -0.6 |
| Barossa - Angaston | 405011110 | 22.2 | 142 | -$ 160.00 | 107 | -0.3 | 24.5 | 146 | -$ 252.00 | 128 | -0.4 |
| Belair | 403031065 | 25.5 | 63 | -$ 233.40 | 14 | -0.3 | 29.9 | 56 | -$ 231.10 | 139 | -0.3 |
| Bellevue Heights | 403031066 | 26.7 | 34 | -$ 224.10 | 23 | -0.3 | 31.8 | 30 | -$ 349.90 | 86 | -0.5 |
| Berri | 407031160 | 20.7 | 154 | -$ 128.00 | 146 | -0.3 | 25.5 | 137 | -$ 244.90 | 132 | -0.5 |
| Beverley | 404011090 | 24.2 | 99 | -$ 241.70 | 12 | -0.4 | 28.2 | 83 | -$ 344.10 | 91 | -0.5 |
| Blackwood | 403031067 | 25.2 | 73 | -$ 186.50 | 60 | -0.2 | 27.7 | 92 | -$ 323.80 | 103 | -0.4 |
| Brighton (SA) | 403011056 | 21.3 | 149 | -$ 161.60 | 103 | -0.3 | 27.2 | 104 | -$ 193.90 | 153 | -0.3 |
| Burnside - Wattle Park | 401031011 | 26.8 | 31 | -$ 267.00 | 6 | -0.3 | 27.1 | 107 | -$ 273.50 | 122 | -0.3 |
| Ceduna | 406011129 | 22.7 | 135 | -$ 70.20 | 159 | -0.1 | 27.1 | 106 | -$ 277.60 | 120 | -0.5 |
| Christie Downs | 403041073 | 25.5 | 64 | -$ 210.90 | 35 | -0.3 | 34.2 | 17 | -$ 542.00 | 21 | -0.8 |
| Christies Beach | 403041074 | 24.7 | 86 | -$ 272.10 | 3 | -0.5 | 26.8 | 112 | -$ 352.60 | 85 | -0.6 |
| Clare | 405021116 | 23.0 | 122 | -$ 195.70 | 49 | -0.3 | 23.8 | 154 | -$ 174.80 | 158 | -0.3 |
| Clarendon | 403041075 | 24.5 | 93 | -$ 219.30 | 26 | -0.3 | 24.0 | 151 | -$ 295.80 | 114 | -0.4 |
| Colonel Light Gardens | 403031068 | 25.4 | 68 | -$ 218.60 | 27 | -0.3 | 28.9 | 76 | -$ 334.30 | 93 | -0.4 |
| Coober Pedy | 406021139 | 24.1 | 103 | -$ 58.00 | 161 | -0.1 | 31.2 | 41 | -$ 203.10 | 151 | -0.4 |
| Coromandel Valley | 403041076 | 24.2 | 101 | -$ 182.80 | 66 | -0.2 | 25.4 | 138 | -$ 269.30 | 125 | -0.3 |
| Craigmore - Blakeview | 402021028 | 28.5 | 14 | -$ 203.80 | 42 | -0.3 | 30.8 | 44 | -$ 650.70 | 8 | -1.0 |
| Davoren Park | 402021029 | 28.7 | 11 | -$ 159.40 | 110 | -0.3 | 33.5 | 19 | -$ 720.50 | 5 | -1.2 |
| Edwardstown | 403021058 | 23.9 | 107 | -$ 185.80 | 62 | -0.3 | 32.9 | 21 | -$ 471.30 | 34 | -0.8 |
| Elizabeth | 402021030 | 28.8 | 10 | -$ 208.00 | 40 | -0.5 | 40.4 | 3 | -$ 708.80 | 6 | -1.7 |
| Elizabeth East | 402021031 | 26.8 | 32 | -$ 173.70 | 83 | -0.3 | 32.4 | 24 | -$ 593.70 | 13 | -0.9 |
| Enfield - Blair Athol | 402031036 | 28.6 | 13 | -$ 142.70 | 128 | -0.3 | 38.2 | 5 | -$ 637.90 | 10 | -1.1 |
| Eyre Peninsula | 406011130 | 25.4 | 72 | -$ 163.20 | 100 | -0.3 | 27.8 | 89 | -$ 305.40 | 108 | -0.5 |
| Flagstaff Hill | 403041077 | 26.2 | 44 | -$ 224.90 | 22 | -0.3 | 27.9 | 87 | -$ 346.00 | 89 | -0.4 |
| Flinders Park | 404011091 | 25.8 | 58 | -$ 174.20 | 82 | -0.3 | 34.3 | 16 | -$ 435.80 | 48 | -0.7 |
| Flinders Ranges | 406021140 | 21.2 | 151 | -$ 86.60 | 158 | -0.2 | 25.8 | 132 | -$ 326.30 | 97 | -0.6 |
| Fulham | 404031105 | 21.2 | 150 | -$ 134.80 | 138 | -0.2 | 27.8 | 90 | -$ 216.00 | 148 | -0.3 |
| Gawler - North | 402011025 | 22.4 | 140 | -$ 156.30 | 115 | -0.2 | 26.5 | 117 | -$ 381.40 | 69 | -0.6 |
| Gawler - South | 402011026 | 24.2 | 102 | -$ 171.80 | 85 | -0.3 | 29.8 | 57 | -$ 442.60 | 46 | -0.7 |
| Gilbert Valley | 405021117 | 24.7 | 87 | -$ 177.60 | 73 | -0.3 | 25.2 | 143 | -$ 248.90 | 129 | -0.4 |
| Glenelg (SA) | 403011057 | 22.7 | 131 | -$ 183.10 | 65 | -0.3 | 26.5 | 120 | -$ 221.90 | 144 | -0.3 |
| Glenside - Beaumont | 401031012 | 27.3 | 24 | -$ 338.20 | 1 | -0.4 | 27.0 | 110 | -$ 203.30 | 150 | -0.2 |
| Golden Grove | 402051049 | 23.0 | 123 | -$ 181.50 | 70 | -0.3 | 27.7 | 93 | -$ 322.30 | 104 | -0.4 |
| Goodwood - Millswood | 401071023 | 22.9 | 124 | -$ 197.30 | 48 | -0.3 | 24.0 | 152 | -$ 205.00 | 149 | -0.3 |
| Goolwa - Port Elliot | 407011144 | 25.1 | 76 | -$ 234.10 | 13 | -0.5 | 29.4 | 64 | -$ 323.90 | 101 | -0.6 |
| Goyder | 405021118 | 25.2 | 74 | -$ 138.90 | 133 | -0.3 | 28.9 | 75 | -$ 360.60 | 81 | -0.7 |
| Grant | 407021150 | 23.3 | 120 | -$ 140.50 | 131 | -0.3 | 26.2 | 125 | -$ 323.90 | 102 | -0.6 |
| Greenwith | 402051050 | 22.8 | 127 | -$ 156.60 | 114 | -0.2 | 25.1 | 144 | -$ 376.70 | 73 | -0.5 |
| Hackham - Onkaparinga Hills | 403041078 | 24.9 | 81 | -$ 164.30 | 99 | -0.3 | 29.0 | 71 | -$ 472.90 | 33 | -0.8 |
| Hackham West - Huntfield Heights | 403041079 | 25.9 | 50 | -$ 213.30 | 32 | -0.4 | 31.8 | 29 | -$ 475.70 | 31 | -0.8 |
| Hahndorf - Echunga | 401021005 | 22.4 | 139 | -$ 162.60 | 101 | -0.2 | 24.3 | 148 | -$ 218.00 | 147 | -0.3 |
| Hallett Cove | 403021059 | 26.6 | 38 | -$ 190.50 | 55 | -0.3 | 29.9 | 55 | -$ 465.10 | 35 | -0.6 |
| Happy Valley | 403041080 | 24.0 | 104 | -$ 177.40 | 74 | -0.3 | 29.6 | 61 | -$ 380.00 | 71 | -0.6 |
| Henley Beach | 404011092 | 21.9 | 143 | -$ 177.90 | 72 | -0.3 | 26.7 | 115 | -$ 224.50 | 143 | -0.3 |
| Highbury - Dernancourt | 402051051 | 25.8 | 56 | -$ 197.90 | 46 | -0.3 | 28.7 | 80 | -$ 359.10 | 82 | -0.5 |
| Hindmarsh - Brompton | 404011093 | 27.0 | 29 | -$ 145.00 | 126 | -0.2 | 36.0 | 9 | -$ 484.00 | 28 | -0.7 |
| Hope Valley - Modbury | 402051052 | 28.1 | 18 | -$ 216.10 | 29 | -0.4 | 34.8 | 14 | -$ 480.30 | 30 | -0.7 |
| Ingle Farm | 402041040 | 25.4 | 70 | -$ 184.00 | 63 | -0.3 | 31.3 | 38 | -$ 480.90 | 29 | -0.8 |

| SA2 | | 2014-15 | | | | | 2017-18 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | % families worse off | | Average p.a. cost ($) per family | | % of income lost | % families worse off | | Average p.a. cost ($) per family | | % of income lost |
| name | Code | % | Rank | $ p.a | Rank | % | % | Rank | $ p.a | Rank | % |
| Jamestown | 405031120 | 23.6 | 111 | -$ 174.60 | 81 | -0.3 | 23.6 | 156 | -$ 231.10 | 140 | -0.4 |
| Kadina | 405041124 | 22.8 | 129 | -$ 128.40 | 144 | -0.3 | 28.7 | 79 | -$ 416.70 | 55 | -0.8 |
| Kangaroo Island | 407011145 | 24.6 | 90 | -$ 214.90 | 31 | -0.4 | 25.3 | 141 | -$ 236.20 | 136 | -0.4 |
| Karoonda - Lameroo | 407031161 | 28.1 | 19 | -$ 119.90 | 150 | -0.2 | 29.1 | 70 | -$ 269.10 | 126 | -0.5 |
| Kimba - Cleve - Franklin Harbour | 406011131 | 25.1 | 78 | -$ 117.20 | 151 | -0.2 | 24.4 | 147 | -$ 191.40 | 154 | -0.3 |
| Kingston - Robe | 407021151 | 24.4 | 98 | -$ 114.20 | 155 | -0.2 | 27.7 | 94 | -$ 221.80 | 145 | -0.4 |
| Largs Bay - Semaphore | 404021099 | 24.4 | 97 | -$ 144.70 | 127 | -0.2 | 29.2 | 67 | -$ 398.30 | 63 | -0.6 |
| Le Hunte - Elliston | 406011132 | 26.2 | 46 | -$ 171.40 | 87 | -0.3 | 25.4 | 139 | -$ 245.50 | 130 | -0.4 |
| Lewiston - Two Wells | 402011027 | 27.1 | 27 | -$ 207.20 | 41 | -0.3 | 30.1 | 51 | -$ 560.90 | 18 | -0.9 |
| Light | 405011111 | 24.0 | 105 | -$ 170.80 | 88 | -0.3 | 27.0 | 108 | -$ 379.40 | 72 | -0.6 |
| Lobethal - Woodside | 401021006 | 22.8 | 128 | -$ 156.10 | 117 | -0.2 | 26.5 | 118 | -$ 292.50 | 116 | -0.4 |
| Lockleys | 404031106 | 26.4 | 41 | -$ 192.10 | 54 | -0.3 | 32.0 | 27 | -$ 424.50 | 50 | -0.6 |
| Loxton | 407031162 | 21.4 | 148 | -$ 147.20 | 122 | -0.2 | 26.2 | 124 | -$ 375.70 | 74 | -0.6 |
| Loxton Region | 407031163 | 26.3 | 43 | -$ 117.00 | 152 | -0.2 | 29.2 | 68 | -$ 319.80 | 105 | -0.6 |
| Lyndoch | 405011112 | 24.9 | 82 | -$ 156.20 | 116 | -0.2 | 27.4 | 100 | -$ 381.80 | 68 | -0.6 |
| Mallala | 405011113 | 25.5 | 67 | -$ 160.70 | 105 | -0.3 | 29.1 | 69 | -$ 555.90 | 19 | -1.0 |
| Mannum | 407031164 | 21.5 | 147 | -$ 121.60 | 149 | -0.3 | 26.2 | 126 | -$ 305.10 | 109 | -0.6 |
| Marino - Seaview Downs | 403021060 | 26.4 | 40 | -$ 197.90 | 45 | -0.3 | 28.8 | 78 | -$ 348.10 | 87 | -0.5 |
| McLaren Vale | 403041083 | 23.3 | 119 | -$ 152.40 | 118 | -0.3 | 27.4 | 101 | -$ 308.20 | 107 | -0.5 |
| Millicent | 407021152 | 20.1 | 156 | -$ 192.80 | 52 | -0.4 | 25.2 | 142 | -$ 331.60 | 96 | -0.6 |
| Mitcham (SA) | 403031069 | 25.8 | 54 | -$ 251.70 | 9 | -0.3 | 26.6 | 116 | -$ 283.90 | 118 | -0.3 |
| Mitchell Park | 403021061 | 24.8 | 85 | -$ 161.20 | 104 | -0.3 | 31.2 | 39 | -$ 405.70 | 60 | -0.6 |
| Modbury Heights | 402051053 | 29.0 | 8 | -$ 210.20 | 36 | -0.3 | 33.7 | 18 | -$ 566.30 | 16 | -0.8 |
| Moonta | 405041125 | 20.9 | 153 | -$ 123.20 | 148 | -0.3 | 25.6 | 135 | -$ 239.00 | 135 | -0.5 |
| Morphett Vale - East | 403041084 | 27.4 | 23 | -$ 269.70 | 5 | -0.4 | 29.9 | 54 | -$ 475.20 | 32 | -0.7 |
| Morphett Vale - West | 403041085 | 28.5 | 15 | -$ 189.80 | 56 | -0.3 | 35.1 | 11 | -$ 587.70 | 14 | -1.0 |
| Morphettville | 403021062 | 22.7 | 132 | -$ 160.40 | 106 | -0.3 | 31.4 | 37 | -$ 358.80 | 83 | -0.6 |
| Mount Barker | 401021007 | 26.9 | 30 | -$ 175.70 | 79 | -0.3 | 31.5 | 36 | -$ 497.70 | 25 | -0.7 |
| Mount Barker Region | 401021008 | 25.6 | 61 | -$ 166.50 | 96 | -0.3 | 27.0 | 109 | -$ 373.50 | 75 | -0.5 |
| Mount Gambier | 407021153 | 23.6 | 113 | -$ 166.80 | 95 | -0.3 | 29.2 | 66 | -$ 445.20 | 44 | -0.8 |
| Munno Para West - Angle Vale | 402021032 | 24.7 | 88 | -$ 159.50 | 108 | -0.3 | 26.7 | 114 | -$ 457.60 | 40 | -0.7 |
| Murray Bridge | 407031165 | 25.8 | 55 | -$ 209.20 | 38 | -0.4 | 31.5 | 35 | -$ 526.30 | 23 | -0.9 |
| Murray Bridge Region | 407031166 | 25.8 | 59 | -$ 170.40 | 89 | -0.3 | 27.6 | 96 | -$ 370.30 | 78 | -0.6 |
| Nailsworth - Broadview | 401061020 | 24.5 | 92 | -$ 232.30 | 16 | -0.3 | 28.0 | 85 | -$ 304.10 | 110 | -0.4 |
| Nairne | 401021009 | 23.9 | 108 | -$ 158.10 | 112 | -0.3 | 26.4 | 121 | -$ 380.70 | 70 | -0.6 |
| Naracoorte | 407021154 | 19.4 | 159 | -$ 123.50 | 147 | -0.3 | 21.6 | 160 | -$ 181.40 | 155 | -0.3 |
| Naracoorte Region | 407021155 | 28.5 | 17 | -$ 128.20 | 145 | -0.2 | 27.5 | 98 | -$ 347.30 | 88 | -0.6 |
| North Adelaide | 401011002 | 22.7 | 130 | -$ 225.20 | 21 | -0.3 | 21.9 | 159 | -$ 113.20 | 161 | -0.1 |
| North Haven | 404021100 | 28.5 | 16 | -$ 181.50 | 69 | -0.3 | 34.9 | 12 | -$ 531.70 | 22 | -0.8 |
| Northgate - Oakden - Gilles Plains | 402031037 | 26.2 | 45 | -$ 183.50 | 64 | -0.3 | 31.7 | 31 | -$ 454.60 | 41 | -0.7 |
| Norwood (SA) | 401051017 | 23.4 | 117 | -$ 146.60 | 124 | -0.2 | 30.5 | 47 | -$ 245.00 | 131 | -0.3 |
| Nuriootpa | 405011114 | 20.1 | 157 | -$ 134.10 | 139 | -0.2 | 25.7 | 134 | -$ 270.80 | 124 | -0.5 |
| One Tree Hill | 402021033 | 23.5 | 115 | -$ 166.90 | 94 | -0.2 | 23.9 | 153 | -$ 233.80 | 138 | -0.3 |
| Outback | 406021141 | 20.3 | 155 | -$ 61.70 | 160 | -0.1 | 23.7 | 155 | -$ 138.20 | 160 | -0.2 |
| Panorama | 403031070 | 25.4 | 69 | -$ 202.30 | 43 | -0.3 | 31.2 | 40 | -$ 344.40 | 90 | -0.5 |
| Para Hills | 402041041 | 25.5 | 66 | -$ 181.90 | 67 | -0.3 | 29.5 | 63 | -$ 494.10 | 26 | -0.8 |
| Paradise - Newton | 401041015 | 26.7 | 36 | -$ 188.10 | 57 | -0.3 | 33.2 | 20 | -$ 445.20 | 43 | -0.7 |
| Parafield Gardens | 402041043 | 28.8 | 9 | -$ 225.30 | 20 | -0.4 | 34.4 | 15 | -$ 701.90 | 7 | -1.1 |
| Paralowie | 402041044 | 34.0 | 2 | -$ 230.80 | 18 | -0.4 | 39.9 | 4 | -$ 839.10 | 2 | -1.3 |
| Payneham - Felixstow | 401051018 | 25.4 | 71 | -$ 175.20 | 80 | -0.3 | 31.7 | 32 | -$ 395.00 | 66 | -0.6 |
| Penola | 407021156 | 25.9 | 51 | -$ 177.30 | 75 | -0.3 | 26.1 | 127 | -$ 332.30 | 95 | -0.6 |
| Peterborough - Mount Remarkable | 405031121 | 21.9 | 146 | -$ 136.60 | 137 | -0.3 | 25.9 | 130 | -$ 294.00 | 115 | -0.6 |
| Plympton | 404031107 | 24.5 | 94 | -$ 168.10 | 91 | -0.3 | 31.6 | 34 | -$ 403.90 | 61 | -0.6 |
| Pooraka | 402041045 | 24.4 | 96 | -$ 176.30 | 78 | -0.3 | 28.9 | 73 | -$ 397.00 | 64 | -0.5 |
| Port Adelaide | 404021101 | 28.6 | 12 | -$ 172.10 | 84 | -0.3 | 38.2 | 6 | -$ 608.00 | 12 | -1.1 |

| SA2 name | Code | 2014-15 % families worse off % | Rank | Average p.a. cost ($) per family $ p.a | Rank | % of income lost % | 2017-18 % families worse off % | Rank | Average p.a. cost ($) per family $ p.a | Rank | % of income lost % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Port Augusta | 406021142 | 22.7 | 134 | -$ 157.60 | 113 | -0.3 | 27.5 | 97 | -$ 370.80 | 77 | -0.6 |
| Port Lincoln | 406011133 | 26.2 | 47 | -$ 162.00 | 102 | -0.3 | 30.9 | 43 | -$ 462.10 | 38 | -0.7 |
| Port Pirie | 405031122 | 22.7 | 133 | -$ 159.50 | 109 | -0.3 | 28.9 | 74 | -$ 396.20 | 65 | -0.6 |
| Port Pirie Region | 405031123 | 21.1 | 152 | -$ 115.00 | 154 | -0.2 | 24.2 | 150 | -$ 225.60 | 141 | -0.4 |
| Prospect | 401061021 | 26.1 | 48 | -$ 213.20 | 33 | -0.3 | 29.6 | 62 | -$ 308.60 | 106 | -0.4 |
| Redwood Park | 402051054 | 27.9 | 20 | -$ 199.30 | 44 | -0.3 | 31.8 | 28 | -$ 507.60 | 24 | -0.7 |
| Renmark | 407031167 | 17.7 | 161 | -$ 167.10 | 93 | -0.4 | 23.0 | 158 | -$ 297.20 | 113 | -0.6 |
| Renmark Region | 407031168 | 22.9 | 125 | -$ 145.10 | 125 | -0.3 | 26.3 | 122 | -$ 343.30 | 92 | -0.6 |
| Reynella | 403041086 | 23.8 | 109 | -$ 151.60 | 119 | -0.2 | 29.6 | 60 | -$ 422.90 | 51 | -0.6 |
| Richmond (SA) | 404031108 | 25.9 | 53 | -$ 148.70 | 121 | -0.2 | 32.2 | 26 | -$ 438.30 | 47 | -0.7 |
| Rostrevor - Magill | 401041016 | 27.2 | 26 | -$ 222.70 | 25 | -0.3 | 31.6 | 33 | -$ 421.90 | 52 | -0.6 |
| Roxby Downs | 406021143 | 20.0 | 158 | -$ 138.90 | 134 | -0.2 | 19.2 | 161 | -$ 176.80 | 157 | -0.2 |
| Royal Park - Hendon - Albert Park | 404011094 | 24.2 | 100 | -$ 212.30 | 34 | -0.4 | 29.0 | 72 | -$ 415.10 | 56 | -0.6 |
| Salisbury | 402041046 | 32.8 | 4 | -$ 271.50 | 4 | -0.5 | 35.5 | 10 | -$ 649.40 | 9 | -1.1 |
| Salisbury East | 402041047 | 30.2 | 7 | -$ 215.80 | 30 | -0.4 | 36.3 | 8 | -$ 633.90 | 11 | -1.0 |
| Salisbury North | 402041048 | 33.1 | 3 | -$ 195.00 | 50 | -0.3 | 40.4 | 2 | -$ 827.60 | 3 | -1.4 |
| Seaford (SA) | 403041087 | 26.0 | 49 | -$ 192.20 | 53 | -0.3 | 30.8 | 45 | -$ 485.20 | 27 | -0.7 |
| Seaton - Grange | 404011095 | 26.7 | 37 | -$ 187.60 | 58 | -0.3 | 32.9 | 22 | -$ 443.50 | 45 | -0.7 |
| Sheidow Park - Trott Park | 403021063 | 25.8 | 57 | -$ 181.60 | 68 | -0.3 | 27.6 | 95 | -$ 464.00 | 36 | -0.6 |
| Smithfield - Elizabeth North | 402021034 | 31.9 | 5 | -$ 186.40 | 61 | -0.4 | 38.0 | 7 | -$ 822.50 | 4 | -1.6 |
| St Agnes - Ridgehaven | 402051055 | 24.8 | 84 | -$ 187.60 | 59 | -0.3 | 30.3 | 49 | -$ 400.40 | 62 | -0.6 |
| St Peters - Marden | 401051019 | 24.4 | 95 | -$ 249.50 | 10 | -0.3 | 26.1 | 128 | -$ 242.70 | 133 | -0.3 |
| Strathalbyn | 407011146 | 22.8 | 126 | -$ 165.90 | 97 | -0.3 | 25.5 | 136 | -$ 324.80 | 99 | -0.5 |
| Strathalbyn Region | 407011147 | 26.3 | 42 | -$ 177.00 | 77 | -0.3 | 27.3 | 102 | -$ 366.20 | 79 | -0.6 |
| Tanunda | 405011115 | 19.3 | 160 | -$ 100.50 | 157 | -0.2 | 23.1 | 157 | -$ 180.50 | 156 | -0.3 |
| Tatiara | 407021157 | 23.5 | 116 | -$ 116.20 | 153 | -0.3 | 25.0 | 145 | -$ 235.90 | 137 | -0.5 |
| The Coorong | 407031169 | 27.3 | 25 | -$ 132.20 | 141 | -0.3 | 30.2 | 50 | -$ 435.80 | 49 | -0.9 |
| The Parks | 404021102 | 40.1 | 1 | -$ 159.30 | 111 | -0.3 | 54.1 | 1 | -$ 1,124.90 | 1 | -2.2 |
| Toorak Gardens | 401031013 | 25.1 | 75 | -$ 259.10 | 7 | -0.3 | 26.5 | 119 | -$ 224.70 | 142 | -0.3 |
| Unley - Parkside | 401071024 | 26.4 | 39 | -$ 249.20 | 11 | -0.3 | 30.0 | 53 | -$ 272.70 | 123 | -0.3 |
| Uraidla - Summertown | 401021010 | 27.6 | 22 | -$ 257.40 | 8 | -0.3 | 27.2 | 103 | -$ 302.40 | 111 | -0.4 |
| Victor Harbor | 407011148 | 21.9 | 145 | -$ 138.40 | 136 | -0.3 | 28.5 | 81 | -$ 291.90 | 117 | -0.6 |
| Virginia - Waterloo Corner | 402021035 | 21.9 | 144 | -$ 138.80 | 135 | -0.3 | 27.9 | 86 | -$ 355.50 | 84 | -0.6 |
| Waikerie | 407031170 | 22.6 | 137 | -$ 141.40 | 129 | -0.3 | 26.8 | 113 | -$ 239.60 | 134 | -0.5 |
| Wakefield - Barunga West | 405021119 | 25.9 | 52 | -$ 171.60 | 86 | -0.3 | 31.1 | 42 | -$ 411.10 | 58 | -0.7 |
| Walkerville | 401061022 | 25.0 | 79 | -$ 286.50 | 2 | -0.4 | 27.0 | 111 | -$ 173.80 | 159 | -0.2 |
| Wallaroo | 405041126 | 22.5 | 138 | -$ 139.30 | 132 | -0.3 | 28.0 | 84 | -$ 325.20 | 98 | -0.6 |
| Warradale | 403021064 | 25.0 | 80 | -$ 165.70 | 98 | -0.3 | 32.5 | 23 | -$ 417.70 | 53 | -0.7 |
| Wattle Range | 407021158 | 25.5 | 65 | -$ 210.00 | 37 | -0.4 | 27.1 | 105 | -$ 333.70 | 94 | -0.6 |
| West Beach | 404031109 | 23.6 | 112 | -$ 168.30 | 90 | -0.3 | 25.9 | 131 | -$ 219.90 | 146 | -0.3 |
| West Coast (SA) | 406011134 | 22.4 | 141 | -$ 110.90 | 156 | -0.2 | 25.7 | 133 | -$ 564.00 | 17 | -0.9 |
| West Lakes | 404011096 | 24.8 | 83 | -$ 197.60 | 47 | -0.3 | 28.9 | 77 | -$ 276.20 | 121 | -0.4 |
| Whyalla | 406011136 | 23.4 | 118 | -$ 130.30 | 142 | -0.2 | 30.1 | 52 | -$ 406.00 | 59 | -0.7 |
| Willunga | 403041088 | 25.7 | 60 | -$ 177.10 | 76 | -0.3 | 28.4 | 82 | -$ 373.20 | 76 | -0.5 |
| Windsor Gardens | 402031038 | 25.6 | 62 | -$ 140.50 | 130 | -0.2 | 32.4 | 25 | -$ 458.20 | 39 | -0.7 |
| Woodcroft | 403041089 | 24.6 | 91 | -$ 178.60 | 71 | -0.3 | 27.7 | 91 | -$ 413.10 | 57 | -0.6 |
| Woodville - Cheltenham | 404011097 | 27.8 | 21 | -$ 208.60 | 39 | -0.4 | 34.8 | 13 | -$ 548.80 | 20 | -0.9 |
| Yankalilla | 407011149 | 23.3 | 121 | -$ 133.30 | 140 | -0.2 | 27.5 | 99 | -$ 283.80 | 119 | -0.5 |
| Yorke Peninsula - North | 405041127 | 24.7 | 89 | -$ 151.40 | 120 | -0.3 | 26.3 | 123 | -$ 263.70 | 127 | -0.5 |

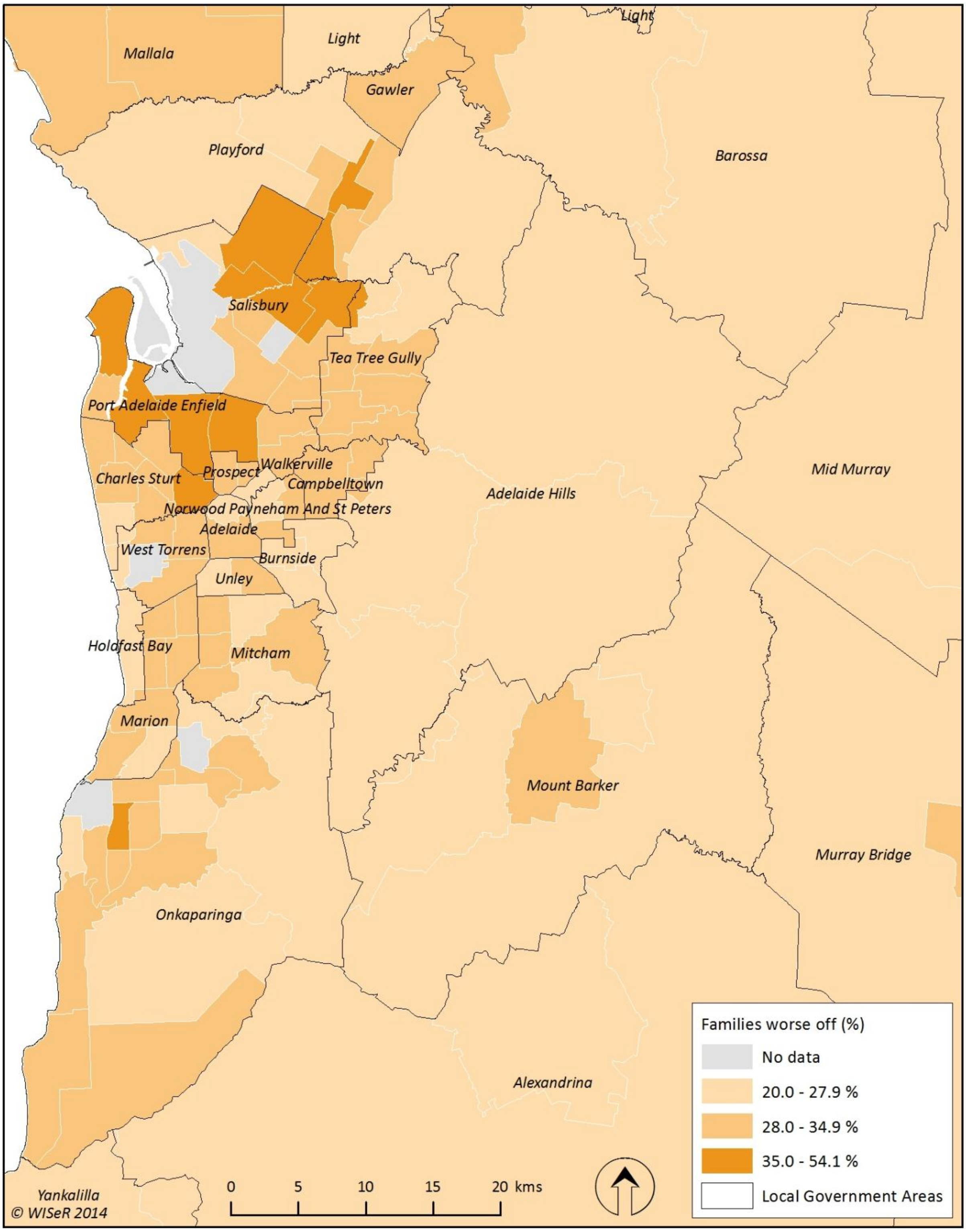
*Source: NATSEM data 2014.*

**Map A 1: SEIFA index, Adelaide SA2, 2011**



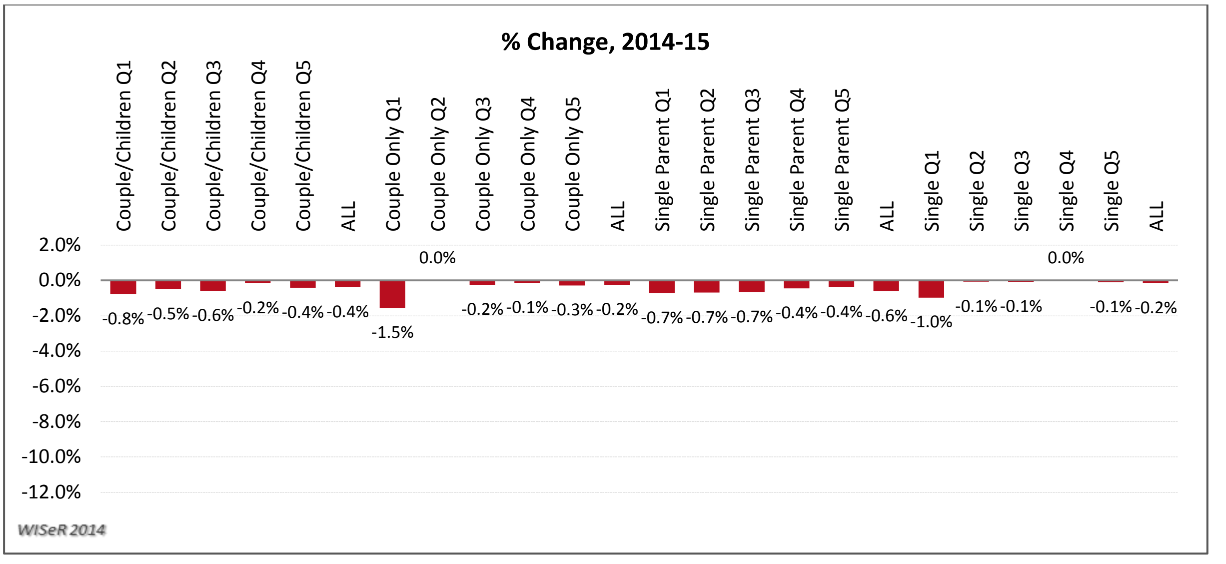

*Source: ABS (2013b).*

**Map A 2: Proportion of families worse off in 2017-18 under the 2014-15 Federal Budget measures, Adelaide SA2 regions**



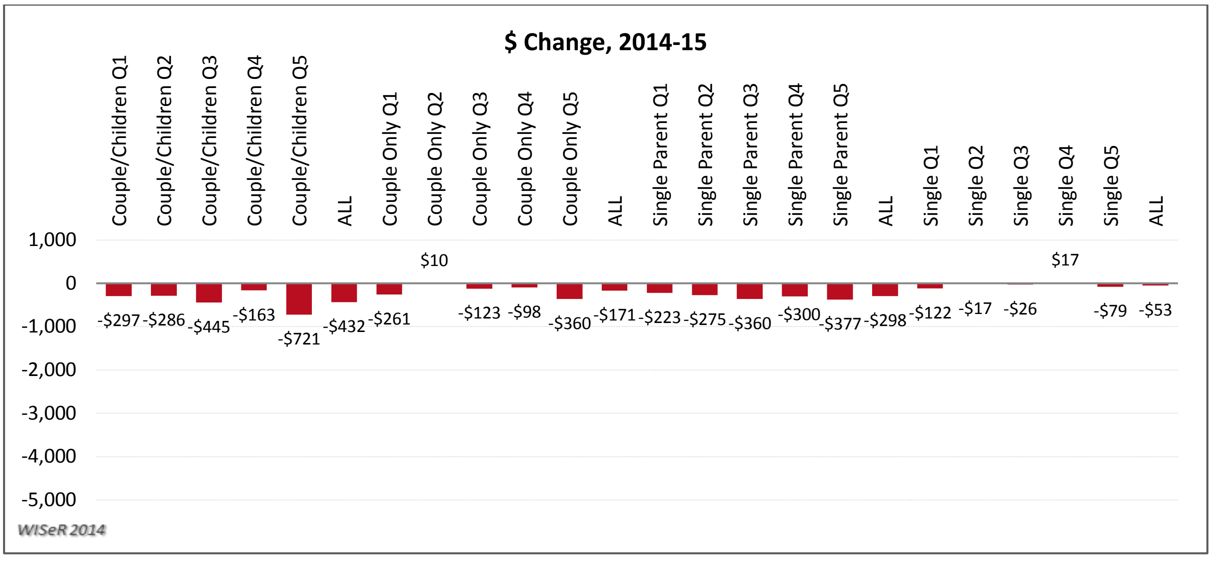

*Source: NATSEM data 2014.*

**Figure A 1: Change (%) in Disposable Income - Impact of Budget and non Budget measures, South Australia, *2014-15***



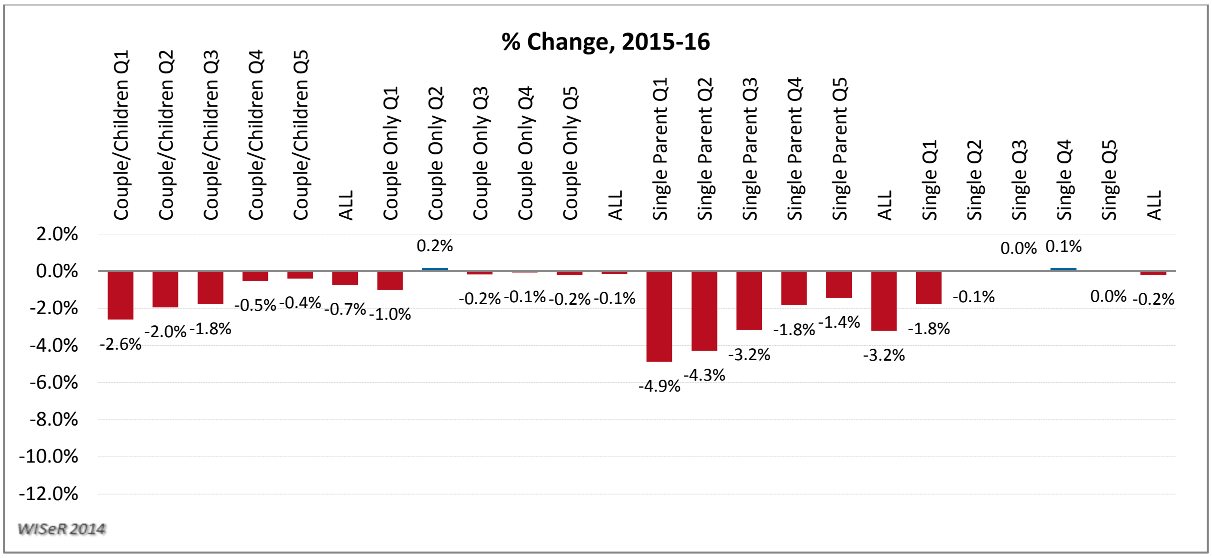

*Source: NATSEM data 2014*

**Figure A 2: Change ($) Disposable Income Impact of Budget and non Budget measures, South Australia, *2014-15***



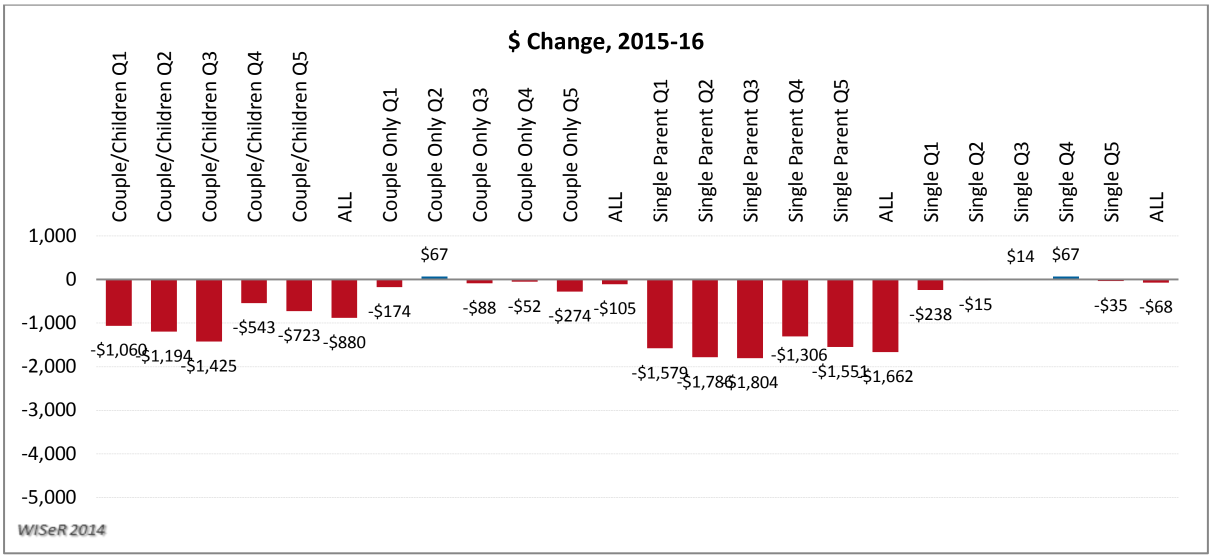

*Source: NATSEM data 2014*

**Figure A 3: Change (%) Disposable Income - Impact of Budget and non Budget measures, South Australia, *2015-16***



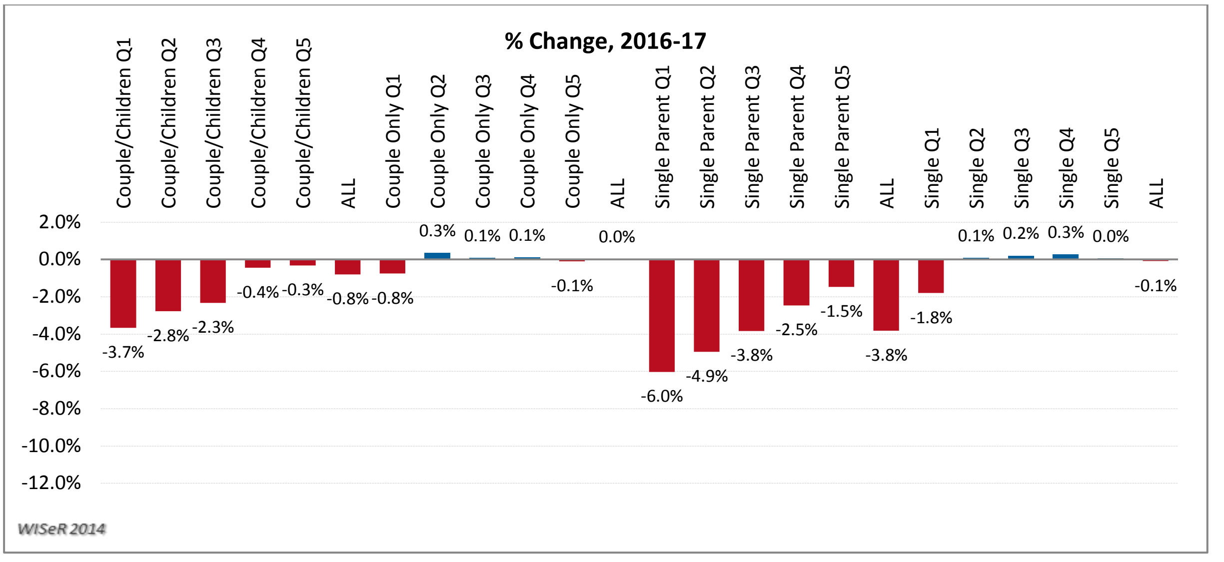

*Source: NATSEM data 2014*

**Figure A 4: Change ($) Disposable Income - Impact of Budget and non Budget measures, South Australia, *2015-16***



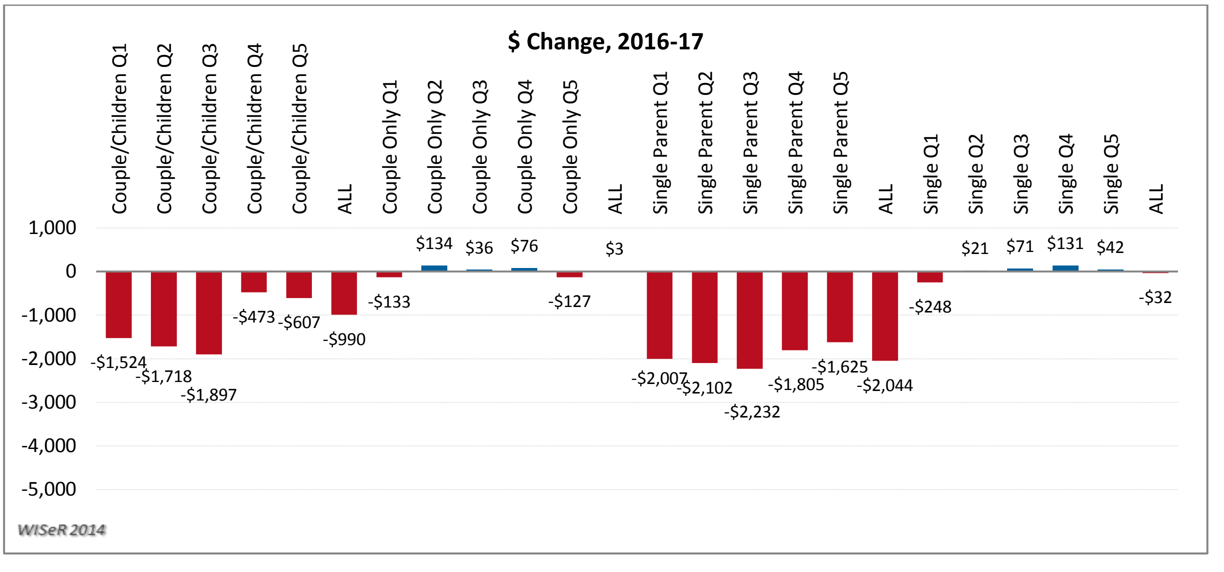

*Source: NATSEM data 2014*

**Figure A 5: Change (%) in Disposable Income - Impact of Budget and non Budget measures, South Australia, *2016-17***




*Source: NATSEM data 2014*

**Figure A 6: Change ($) in Disposable Income - Impact of Budget and non Budget measures, South Australia, *2016-17***




*Source: NATSEM data 2014*

TABLE A 3: FAMILIES *WITH CHILDREN* WORSE OFF AND INCOME LOST, SOUTH AUSTRALIA (SA2), *2017-18*

| SA2 | | % families with children worse off | | 2017-18 Average p.a. cost ($) per family with children | | % of income lost |
|---|---|---|---|---|---|---|
| Name | Code | % | Rank | $ p.a | Rank | % |
| Aberfoyle Park | 403041071 | 53.7 | 119 | -$ 1,331.30 | 117 | -1.2 |
| Adelaide | 401011001 | 57.9 | 90 | -$ 1,631.30 | 72 | -1.6 |
| Adelaide Hills | 401021003 | 45.9 | 147 | -$ 1,050.00 | 145 | -0.9 |
| Aldgate - Stirling | 401021004 | 40.5 | 160 | -$ 806.60 | 160 | -0.6 |
| Aldinga | 403041072 | 63.9 | 41 | -$ 1,621.30 | 76 | -1.8 |
| APY Lands | 406021138 | 54.3 | 110 | -$ 1,410.50 | 106 | -1.3 |
| Athelstone | 401041014 | 52.0 | 127 | -$ 1,292.20 | 122 | -1.1 |
| Barmera | 407031159 | 66.9 | 24 | -$ 1,914.70 | 25 | -1.8 |
| Barossa - Angaston | 405011110 | 50.0 | 133 | -$ 1,189.20 | 133 | -1.3 |
| Belair | 403031065 | 43.4 | 150 | -$ 940.40 | 152 | -0.7 |
| Bellevue Heights | 403031066 | 48.2 | 138 | -$ 1,056.70 | 143 | -0.9 |
| Berri | 407031160 | 62.8 | 50 | -$ 1,947.10 | 20 | -1.8 |
| Beverley | 404011090 | 59.2 | 76 | -$ 1,487.00 | 97 | -1.4 |
| Blackwood | 403031067 | 45.8 | 148 | -$ 1,069.90 | 142 | -0.9 |
| Brighton (SA) | 403011056 | 51.1 | 130 | -$ 1,102.60 | 139 | -0.9 |
| Burnside - Wattle Park | 401031011 | 42.6 | 152 | -$ 949.00 | 150 | -0.7 |
| Ceduna | 406011129 | 74.1 | 6 | -$ 2,012.20 | 16 | -2.5 |
| Christie Downs | 403041073 | 63.7 | 42 | -$ 1,881.60 | 31 | -1.6 |
| Christies Beach | 403041074 | 58.7 | 82 | -$ 1,444.10 | 101 | -1.5 |
| Clare | 405021116 | 52.8 | 122 | -$ 1,193.60 | 132 | -1.2 |
| Clarendon | 403041075 | 42.3 | 156 | -$ 925.60 | 153 | -0.7 |
| Colonel Light Gardens | 403031068 | 56.2 | 99 | -$ 1,332.70 | 116 | -1.2 |
| Coober Pedy | 406021139 | 77.9 | 3 | -$ 1,954.70 | 19 | -2.5 |
| Coromandel Valley | 403041076 | 42.8 | 151 | -$ 900.60 | 157 | -0.7 |
| Craigmore - Blakeview | 402021028 | 62.4 | 52 | -$ 1,840.90 | 37 | -1.9 |
| Davoren Park | 402021029 | 67.5 | 21 | -$ 2,117.20 | 10 | -2.2 |
| Edwardstown | 403021058 | 64.5 | 37 | -$ 1,858.30 | 36 | -1.8 |
| Elizabeth | 402021030 | 80.3 | 2 | -$ 2,561.60 | 2 | -3.6 |
| Elizabeth East | 402021031 | 63.4 | 44 | -$ 1,873.30 | 34 | -1.7 |
| Enfield - Blair Athol | 402031036 | 71.2 | 13 | -$ 2,143.80 | 9 | -2.4 |
| Eyre Peninsula | 406011130 | 52.2 | 126 | -$ 1,259.80 | 126 | -1.1 |
| Flagstaff Hill | 403041077 | 47.0 | 144 | -$ 1,092.80 | 140 | -0.9 |
| Flinders Park | 404011091 | 67.4 | 23 | -$ 1,936.60 | 23 | -1.9 |
| Flinders Ranges | 406021140 | 61.0 | 60 | -$ 1,715.10 | 56 | -1.9 |
| Fulham | 404031105 | 48.0 | 139 | -$ 994.30 | 148 | -0.8 |
| Gawler - North | 402011025 | 54.3 | 109 | -$ 1,428.60 | 103 | -1.3 |
| Gawler - South | 402011026 | 60.6 | 68 | -$ 1,670.00 | 64 | -1.7 |
| Gilbert Valley | 405021117 | 47.2 | 143 | -$ 1,052.80 | 144 | -0.9 |
| Glenelg (SA) | 403011057 | 46.5 | 145 | -$ 1,087.90 | 141 | -0.9 |
| Glenside - Beaumont | 401031012 | 41.5 | 158 | -$ 812.00 | 159 | -0.6 |
| Golden Grove | 402051049 | 47.3 | 142 | -$ 1,114.30 | 137 | -0.9 |
| Goodwood - Millswood | 401071023 | 42.0 | 157 | -$ 904.40 | 154 | -0.7 |
| Goolwa - Port Elliot | 407011144 | 72.7 | 9 | -$ 2,158.40 | 8 | -2.6 |
| Goyder | 405021118 | 68.9 | 16 | -$ 2,107.80 | 11 | -2.7 |
| Grant | 407021150 | 56.1 | 101 | -$ 1,589.20 | 81 | -1.7 |
| Greenwith | 402051050 | 48.6 | 137 | -$ 1,259.80 | 127 | -1.1 |
| Hackham - Onkaparinga Hills | 403041078 | 59.1 | 78 | -$ 1,579.20 | 82 | -1.5 |
| Hackham West - Huntfield Heights | 403041079 | 65.9 | 28 | -$ 1,878.50 | 32 | -1.9 |
| Hahndorf - Echunga | 401021005 | 42.6 | 153 | -$ 901.80 | 156 | -0.7 |
| Hallett Cove | 403021059 | 54.3 | 112 | -$ 1,364.20 | 112 | -1.2 |
| Happy Valley | 403041080 | 54.3 | 111 | -$ 1,406.60 | 107 | -1.3 |
| Henley Beach | 404011092 | 51.8 | 128 | -$ 1,120.30 | 136 | -1.0 |
| Highbury - Dernancourt | 402051051 | 49.9 | 134 | -$ 1,230.50 | 130 | -1.1 |
| Hindmarsh - Brompton | 404011093 | 66.1 | 26 | -$ 1,910.10 | 26 | -1.9 |
| Hope Valley - Modbury | 402051052 | 67.8 | 20 | -$ 1,891.80 | 29 | -2.0 |
| Ingle Farm | 402041040 | 60.9 | 64 | -$ 1,798.60 | 39 | -1.7 |

| SA2 | | % families with children worse off | | 2017-18 Average p.a. cost ($) per family with children | | % of income lost |
|---|---|---|---|---|---|---|
| Name | Code | % | Rank | $ p.a | Rank | % |
| Jamestown | 405031120 | 58.7 | 80 | -$ 1,667.00 | 65 | -1.9 |
| Kadina | 405041124 | 64.4 | 38 | -$ 1,773.80 | 44 | -1.9 |
| Kangaroo Island | 407011145 | 70.1 | 14 | -$ 1,875.20 | 33 | -2.4 |
| Karoonda - Lameroo | 407031161 | 59.7 | 74 | -$ 1,655.10 | 68 | -1.9 |
| Kimba - Cleve - Franklin Harbour | 406011131 | 52.4 | 124 | -$ 1,334.70 | 115 | -1.3 |
| Kingston - Robe | 407021151 | 66.8 | 25 | -$ 1,569.10 | 85 | -1.5 |
| Largs Bay - Semaphore | 404021099 | 57.7 | 92 | -$ 1,530.30 | 91 | -1.4 |
| Le Hunte - Elliston | 406011132 | 54.7 | 108 | -$ 1,388.60 | 109 | -1.4 |
| Lewiston - Two Wells | 402011027 | 59.9 | 71 | -$ 1,753.00 | 46 | -1.7 |
| Light | 405011111 | 60.1 | 69 | -$ 1,626.90 | 73 | -1.7 |
| Lobethal - Woodside | 401021006 | 50.4 | 132 | -$ 1,205.80 | 131 | -1.1 |
| Lockleys | 404031106 | 57.4 | 93 | -$ 1,481.80 | 98 | -1.4 |
| Loxton | 407031162 | 65.0 | 35 | -$ 1,863.50 | 35 | -1.4 |
| Loxton Region | 407031163 | 62.4 | 53 | -$ 1,787.70 | 41 | -1.9 |
| Lyndoch | 405011112 | 54.8 | 107 | -$ 1,368.20 | 111 | -1.3 |
| Mallala | 405011113 | 63.3 | 46 | -$ 1,823.40 | 38 | -2.1 |
| Mannum | 407031164 | 66.0 | 27 | -$ 1,937.90 | 22 | -2.3 |
| Marino - Seaview Downs | 403021060 | 55.1 | 105 | -$ 1,352.70 | 113 | -1.2 |
| McLaren Vale | 403041083 | 50.4 | 131 | -$ 1,249.70 | 128 | -1.1 |
| Millicent | 407021152 | 61.0 | 62 | -$ 1,612.40 | 77 | -1.8 |
| Mitcham (SA) | 403031069 | 42.4 | 155 | -$ 948.90 | 151 | -0.7 |
| Mitchell Park | 403021061 | 58.4 | 86 | -$ 1,738.10 | 51 | -1.6 |
| Modbury Heights | 402051053 | 60.9 | 65 | -$ 1,623.50 | 75 | -1.6 |
| Moonta | 405041125 | 60.0 | 70 | -$ 1,644.20 | 70 | -1.7 |
| Morphett Vale - East | 403041084 | 62.9 | 49 | -$ 1,725.70 | 54 | -1.8 |
| Morphett Vale - West | 403041085 | 67.8 | 19 | -$ 1,893.70 | 28 | -2 |
| Morphettville | 403021062 | 57.1 | 95 | -$ 1,603.20 | 78 | -1.5 |
| Mount Barker | 401021007 | 58.4 | 87 | -$ 1,515.50 | 93 | -1.5 |
| Mount Barker Region | 401021008 | 54.2 | 113 | -$ 1,281.70 | 123 | -1.2 |
| Mount Gambier | 407021153 | 62.4 | 54 | -$ 1,744.80 | 49 | -1.8 |
| Munno Para West - Angle Vale | 402021032 | 55.6 | 104 | -$ 1,538.10 | 89 | -1.5 |
| Murray Bridge | 407031165 | 65.1 | 34 | -$ 1,987.70 | 18 | -2.1 |
| Murray Bridge Region | 407031166 | 57.0 | 96 | -$ 1,594.80 | 80 | -1.6 |
| Nailsworth - Broadview | 401061020 | 58.1 | 89 | -$ 1,403.10 | 108 | -1.3 |
| Nairne | 401021009 | 53.5 | 120 | -$ 1,336.30 | 114 | -1.2 |
| Naracoorte | 407021154 | 51.2 | 129 | -$ 1,323.10 | 119 | -1.5 |
| Naracoorte Region | 407021155 | 58.6 | 83 | -$ 1,599.20 | 79 | -1.9 |
| North Adelaide | 401011002 | 47.8 | 141 | -$ 1,140.80 | 135 | -0.9 |
| North Haven | 404021100 | 65.8 | 29 | -$ 1,793.20 | 40 | -1.8 |
| Northgate - Oakden - Gilles Plains | 402031037 | 65.4 | 32 | -$ 1,737.40 | 52 | -1.8 |
| Norwood (SA) | 401051017 | 53.8 | 117 | -$ 1,382.90 | 110 | -1.2 |
| Nuriootpa | 405011114 | 58.5 | 85 | -$ 1,490.00 | 95 | -1.4 |
| One Tree Hill | 402021033 | 42.5 | 154 | -$ 980.20 | 149 | -0.8 |
| Outback | 406021141 | 49.5 | 135 | -$ 1,018.90 | 147 | -1.1 |
| Panorama | 403031070 | 62.2 | 55 | -$ 1,689.30 | 60 | -1.6 |
| Para Hills | 402041041 | 57.7 | 91 | -$ 1,624.00 | 74 | -1.6 |
| Paradise - Newton | 401041015 | 68.4 | 17 | -$ 1,882.70 | 30 | -2 |
| Parafield Gardens | 402041043 | 62.6 | 51 | -$ 1,921.10 | 24 | -1.9 |
| Paralowie | 402041044 | 69.1 | 15 | -$ 1,940.00 | 21 | -2.1 |
| Payneham - Felixstow | 401051018 | 60.7 | 67 | -$ 1,670.00 | 63 | -1.6 |
| Penola | 407021156 | 63.4 | 45 | -$ 1,646.20 | 69 | -1.8 |
| Peterborough - Mount Remarkable | 405031121 | 65.4 | 31 | -$ 2,007.40 | 17 | -2.7 |
| Plympton | 404031107 | 59.7 | 73 | -$ 1,683.20 | 61 | -1.7 |
| Pooraka | 402041045 | 56.1 | 102 | -$ 1,440.50 | 102 | -1.3 |
| Port Adelaide | 404021101 | 74.3 | 5 | -$ 2,101.40 | 12 | -2.3 |
| Port Augusta | 406021142 | 59.1 | 77 | -$ 1,752.80 | 47 | -1.7 |
| Port Lincoln | 406011133 | 59.9 | 72 | -$ 1,541.70 | 88 | -1.5 |

| SA2 Name | Code | % families with children worse off % | Rank | 2017-18 Average p.a. cost ($) per family with children $ p.a | Rank | % of income lost % |
|---|---|---|---|---|---|---|
| Port Pirie | 405031122 | 64.7 | 36 | -$ 1,703.00 | 58 | -1.3 |
| Port Pirie Region | 405031123 | 55.1 | 106 | -$ 1,304.30 | 120 | -1.3 |
| Prospect | 401061021 | 56.3 | 98 | -$ 1,295.30 | 121 | -1.1 |
| Redwood Park | 402051054 | 58.5 | 84 | -$ 1,531.90 | 90 | -1.5 |
| Renmark | 407031167 | 68.3 | 18 | -$ 2,027.30 | 15 | -2.6 |
| Renmark Region | 407031168 | 56.0 | 103 | -$ 1,573.00 | 84 | -1.6 |
| Reynella | 403041086 | 61.0 | 61 | -$ 1,682.70 | 62 | -1.4 |
| Richmond (SA) | 404031108 | 61.8 | 58 | -$ 1,714.60 | 57 | -1.7 |
| Rostrevor - Magill | 401041016 | 63.1 | 48 | -$ 1,665.40 | 66 | -1.6 |
| Roxby Downs | 406021143 | 46.0 | 146 | -$ 904.20 | 155 | -0.7 |
| Royal Park - Hendon - Albert Park | 404011094 | 61.8 | 57 | -$ 1,724.00 | 55 | -1.6 |
| Salisbury | 402041046 | 72.2 | 11 | -$ 2,169.50 | 6 | -2.4 |
| Salisbury East | 402041047 | 65.7 | 30 | -$ 1,779.30 | 42 | -1.8 |
| Salisbury North | 402041048 | 72.7 | 8 | -$ 2,163.60 | 7 | -2.4 |
| Seaford (SA) | 403041087 | 61.4 | 59 | -$ 1,740.20 | 50 | -1.7 |
| Seaton - Grange | 404011095 | 65.2 | 33 | -$ 1,900.50 | 27 | -2 |
| Sheidow Park - Trott Park | 403021063 | 54.1 | 114 | -$ 1,414.30 | 105 | -1.3 |
| Smithfield - Elizabeth North | 402021034 | 71.8 | 12 | -$ 2,399.00 | 3 | -3.0 |
| St Agnes - Ridgehaven | 402051055 | 57.3 | 94 | -$ 1,530.00 | 92 | -1.5 |
| St Peters - Marden | 401051019 | 52.5 | 123 | -$ 1,268.40 | 125 | -1.0 |
| Strathalbyn | 407011146 | 58.7 | 81 | -$ 1,511.10 | 94 | -1.5 |
| Strathalbyn Region | 407011147 | 56.4 | 97 | -$ 1,449.60 | 100 | -1.4 |
| Tanunda | 405011115 | 53.8 | 118 | -$ 1,143.10 | 134 | -1.0 |
| Tatiara | 407021157 | 61.0 | 63 | -$ 1,575.90 | 83 | -1.9 |
| The Coorong | 407031169 | 75.6 | 4 | -$ 2,276.70 | 4 | -3.2 |
| The Parks | 404021102 | 84.6 | 1 | -$ 2,760.90 | 1 | -3.5 |
| Toorak Gardens | 401031013 | 39.5 | 161 | -$ 880.90 | 158 | -0.7 |
| Unley - Parkside | 401071024 | 49.0 | 136 | -$ 1,274.30 | 124 | -1.0 |
| Uraidla - Summertown | 401021010 | 45.3 | 149 | -$ 1,045.00 | 146 | -0.8 |
| Victor Harbor | 407011148 | 67.4 | 22 | -$ 2,052.60 | 14 | -2.3 |
| Virginia - Waterloo Corner | 402021035 | 56.1 | 100 | -$ 1,698.90 | 59 | -1.6 |
| Waikerie | 407031170 | 72.5 | 10 | -$ 2,081.70 | 13 | -2.8 |
| Wakefield - Barunga West | 405021119 | 58.2 | 88 | -$ 1,560.20 | 86 | -1.5 |
| Walkerville | 401061022 | 41.0 | 159 | -$ 768.30 | 161 | -0.6 |
| Wallaroo | 405041126 | 64.3 | 39 | -$ 1,658.80 | 67 | -1.5 |
| Warradale | 403021064 | 62.1 | 56 | -$ 1,747.60 | 48 | -1.7 |
| Wattle Range | 407021158 | 60.8 | 66 | -$ 1,637.80 | 71 | -1.8 |
| West Beach | 404031109 | 47.9 | 140 | -$ 1,103.10 | 138 | -0.9 |
| West Coast (SA) | 406011134 | 53.8 | 116 | -$ 1,489.40 | 96 | -1.3 |
| West Lakes | 404011096 | 52.3 | 125 | -$ 1,243.70 | 129 | -1.1 |
| Whyalla | 406011136 | 59.7 | 75 | -$ 1,542.40 | 87 | -1.6 |
| Willunga | 403041088 | 53.9 | 115 | -$ 1,325.80 | 118 | -1.2 |
| Windsor Gardens | 402031038 | 63.9 | 40 | -$ 1,727.00 | 53 | -1.7 |
| Woodcroft | 403041089 | 53.4 | 121 | -$ 1,420.60 | 104 | -1.2 |
| Woodville - Cheltenham | 404011097 | 63.6 | 43 | -$ 1,753.80 | 45 | -1.6 |
| Yankalilla | 407011149 | 58.9 | 79 | -$ 1,461.80 | 99 | -1.4 |
| Yorke Peninsula - North | 405041127 | 63.3 | 47 | -$ 1,777.30 | 43 | -2.1 |

*Source: NATSEM data 2014*

**TABLE A 4: FINANCIAL ASSISTANCE GRANT ENTITLEMENTS FOR 2014-15, SOUTH AUSTRALIA**

| | 2014–15 Estimated Entitlement | | | | 2014–15 Estimated Entitlement | | |
|---|---|---|---|---|---|---|---|
| **Local Government Area** | **General Purpose** | **Roads** | **Total** | **Local Government Area** | **General Purpose** | **Roads** | **Total** |
| Adelaide | $454,656 | $238,231 | $692,887 | Mount Remarkable | $1,677,076 | $354,493 | $2,031,569 |
| Adelaide Hills | $823,975 | $696,905 | $1,520,880 | Murray Bridge | $3,144,581 | $461,025 | $3,605,606 |
| Alexandrina | $648,901 | $558,528 | $1,207,429 | Naracoorte Lucindale | $2,233,099 | $472,079 | $2,705,178 |
| Anangu Pitjantjatjara | $1,131,943 | $145,298 | $1,277,241 | Nipapanha Comm Inc | $28,338 | $19,275 | $47,613 |
| Barossa | $538,839 | $447,335 | $986,174 | Northern Areas | $1,416,742 | $391,172 | $1,807,914 |
| Barunga West | $352,801 | $187,790 | $540,591 | Norwood, Payneham & StPeters | $755,057 | $355,051 | $1,110,108 |
| Berri Barmera | $2,436,238 | $209,241 | $2,645,479 | Onkaparinga | $5,532,790 | $2,277,895 | $7,810,685 |
| Burnside | $911,360 | $466,395 | $1,377,755 | Orroroo Carrieton | $981,420 | $248,199 | $1,229,619 |
| Campbelltown | $1,042,289 | $521,456 | $1,563,745 | Outback Communities Authority | $1,437,109 | $- | $1,437,109 |
| Ceduna | $2,075,410 | $431,278 | $2,506,688 | Peterborough | $1,344,711 | $239,331 | $1,584,042 |
| Charles Sturt | $2,278,113 | $1,154,244 | $3,432,357 | Playford | $8,658,329 | $1,223,334 | $9,881,663 |
| Clare & Gilbert Valleys | $551,579 | $377,511 | $929,090 | Port Adelaide Enfield | $2,466,345 | $1,303,059 | $3,769,404 |
| Cleve | $962,046 | $903,563 | $1,865,609 | Port Augusta | $2,695,136 | $284,108 | $2,979,244 |
| Coober Pedy | $817,540 | $44,738 | $862,278 | Port Lincoln | $1,096,753 | $220,933 | $1,317,686 |
| Coorong | $2,442,297 | $1,065,788 | $3,508,085 | Port Pirie | $3,982,032 | $419,589 | $4,401,621 |
| Copper Coast | $1,482,998 | $308,183 | $1,791,181 | Prospect | $432,824 | $199,291 | $632,115 |
| Elliston | $740,623 | $398,939 | $1,139,562 | Renmark Paringa | $2,567,113 | $212,959 | $2,780,072 |
| Flinders Ranges | $1,219,972 | $1,351,559 | $2,571,531 | Robe | $29,642 | $105,082 | $134,724 |
| Franklin Harbour | $1,048,860 | $232,563 | $1,281,423 | Roxby Downs | $103,035 | $77,944 | $180,979 |
| Gawler | $1,171,852 | $894,634 | $2,066,486 | Salisbury | $6,402,367 | $1,503,964 | $7,906,331 |
| Gerard Cty Council | $44,176 | $19,359 | $63,535 | Southern Mallee | $1,138,221 | $391,374 | $1,529,595 |
| Goyder | $2,695,235 | $658,558 | $3,353,793 | Streaky Bay | $1,485,042 | $1,027,927 | $2,512,969 |
| Grant | $969,859 | $524,667 | $1,494,526 | Tatiara | $2,383,129 | $1,146,709 | $3,529,838 |
| Holdfast Bay | $752,906 | $365,180 | $1,118,086 | Tea Tree Gully | $2,014,850 | $1,094,531 | $3,109,381 |
| Kangaroo Island | $1,427,513 | $386,430 | $1,813,943 | Tumby Bay | $540,520 | $256,803 | $797,323 |
| Karoonda East Murray | $1,222,068 | $1,130,128 | $2,352,196 | Unley | $792,491 | $369,651 | $1,162,142 |
| Kimba | $1,017,164 | $294,752 | $1,311,916 | Victor Harbor | $299,807 | $258,517 | $558,324 |
| Kingston | $547,171 | $244,862 | $792,033 | Wakefield | $1,794,173 | $516,341 | $2,310,514 |
| Light | $296,120 | $401,947 | $698,067 | Walkerville | $150,897 | $73,894 | $224,791 |
| Lower Eyre Peninsula | $472,841 | $400,353 | $873,194 | Wattle Range | $1,906,602 | $525,864 | $2,432,466 |
| Loxton Waikerie | $3,637,428 | $712,208 | $4,349,636 | West Torrens | $1,191,076 | $594,418 | $1,785,494 |
| Mallala | $1,036,050 | $245,136 | $1,281,186 | Whyalla | $3,907,106 | $384,647 | $4,291,753 |
| Maralinga Tjarutja | $92,303 | $51,984 | $144,287 | Wudinna | $1,242,875 | $385,216 | $1,628,091 |
| Marion | $1,793,516 | $927,962 | $2,721,478 | Yalata Cty Council | $159,008 | $41,853 | $200,861 |
| Mid Murray | $3,134,486 | $629,642 | $3,764,128 | Yankalilla | $125,486 | $147,136 | $272,622 |
| Mitcham | $1,345,946 | $737,128 | $2,083,074 | Yorke Peninsula | $1,436,294 | $790,536 | $2,226,830 |
| Mount Barker | $670,555 | $1,535,537 | $2,206,092 | **Totals** | **$114,036,315** | **$38,658,279** | **$152,694,594** |
| Mount Gambier | $2,196,610 | $384,067 | $2,580,677 | | | | |

*Source: (Department of Infrastructure and Regional Development, 2014a)*