

10 February 2011

Lara Giddings MP Treasurer

\$159 Million in Immediate Savings

The Premier and Treasurer Lara Giddings today announced a series of measures to immediately reduce State Government expenditure in response to the challenges highlighted in the Mid Year Financial Report.

Ms Giddings said further reductions would be pursued in the lead up to the State Budget, but the initial measures taken today would deliver savings of around \$159 million over the next four years.

Ms Giddings said it was regrettable that some worthwhile programs would not be continued, but strong action was needed in response to falling GST revenue and other income in the wake of the global financial crisis.

“I am determined to take the steps necessary to protect the Government’s financial position,” Ms Giddings said.

“While I would prefer not to have to take some of these measures, I believe they are essential if we are to avoid sliding back into net debt.

“These savings will improve the Government’s financial position in the short term while longer-term structural changes are being developed and implemented.

Ms Giddings said the main savings areas included:

- \$97.5m revised GBE equity transfers;
- \$30.9m planned Helicopter Emergency Medical Service;
- \$18m proposed Cosgrove Specialist Sports School;
- \$3.8m Events Attraction Program;
- \$2m Renewable Energy Loan Fund
- \$3.9m IT projects over two years; and
- \$2.5m reduced funding for Ministerial and Parliamentary offices.

“We will also not be able to proceed with the promised withdrawal of police from prisoner transport and Court security duties.

“Some of these savings relate to commitments we made in the lead-up to the 2010 State election.

“No government likes to break election promises.

“I am sorry that this has been necessary and I recognise that we will be criticised for doing so.

“But equally I would be justifiably criticised for spending beyond our means.

“Some IT funding for low priority programs that are yet to commence will also not be continued, but we are continuing the high priority \$1 million Digital Futures Development Fund.

“This approach has been discussed with key stakeholders in the IT sector.

“But the Government will also continue to invest in IT solutions that can help deliver more efficient and effective services, such as E Health.

“Circumstances have changed in recent months as the ongoing impact of the GFC became clearer and I believe abandoning these commitments is both prudent and necessary if we are to return the State Budget to a sustainable footing,” Ms Giddings said.

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