

# STATE BUDGET

2020-21

Budget Speech

**BUDGET PAPER 2**



SOUTH  
AUSTRALIA



Government  
of South Australia

# STATE BUDGET

## 2020-21

### **BUDGET PAPER 1 : BUDGET OVERVIEW**

A summary publication capturing all highlights from the 2020-21 Budget.

### **BUDGET PAPER 2 : BUDGET SPEECH**

A copy of the Treasurer's speech, delivered to Parliament.

### **BUDGET PAPER 3 : BUDGET STATEMENT**

A financial report presenting the state government's current and estimated future economic performance, fiscal strategy, budget priorities, expenditure, revenue, assets, liabilities, risks and government business.

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Various financial reports presenting the state government's current and estimated revenue, expenses and performance by agency.

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A financial report detailing the state government's expenditure, savings and revenue initiatives.

#### **ACKNOWLEDGEMENTS**

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**Budget Paper 2**

**2020-21**  
***Budget Speech***

**Presented by  
the Honourable Rob Lucas MLC  
Treasurer of South Australia  
on the occasion of the Budget for 2020-21**

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# **Budget Speech 2020-21**

*Delivered on 10 November 2020, on the second reading of the Appropriation Bill 2020, by the Honourable Rob Lucas MLC, Treasurer of South Australia.*

Mr Speaker, thank you again for your invitation to visit with you briefly to present the third budget of the Marshall Liberal Government.

Last year's budget speech warned that the 'national and international economic backdrop to this budget presents a number of challenges' but no one ever envisaged we would confront a challenge as sinister and momentous as a global pandemic.

And of course the COVID-19 pandemic came immediately after the carnage wrought by one of the worst bushfires in the history of our state.

COVID has changed the world in ways none of us could have ever imagined — and in ways none of us will ever forget.

Once thriving businesses fell to their knees;

Thousands of workers lost their jobs;

Some South Australians fell ill;

Tragically four lost their lives — despite the best efforts of intensive care nursing staff and doctors who worked around the clock to care for them;

In the eight months since COVID hit the government has thrown everything at our response — in order to save as many lives as we could;

And to save as many jobs and businesses as we could.

To help combat the threat of COVID-19 the government virtually wrote blank cheques for health such as \$93 million for millions of protective masks for our health care workers and other staff.

And our government was the first state government to launch a massive economic stimulus package to help save jobs and businesses.

This budget will continue to fund whatever is necessary to maintain our health response but will now provide even greater focus on whatever is needed to assist our state's economic recovery.

The economic context for this budget has been outlined by the Governor of the Reserve Bank Dr Phillip Lowe who has strongly urged all governments to provide massive financial stimulus through investment in publicly funded infrastructure.

The focus of this budget will therefore be on economic recovery and directed to creating jobs and inspiring confidence in businesses and households.

Confidence in businesses to invest and help create jobs and confidence in households where workers have jobs to resume spending at usual levels rather than increasing levels of savings.

For this to occur businesses and households need to have confidence in their leadership and governments that they have a clear plan and vision for how to implement policies required for economic recovery.

Last week's survey by Business SA — William Buck showing record jumps in business confidence to levels higher than existed just prior to the pandemic is an encouraging sign.

The government has decided that this budget needs to jump-start our economy through the largest ever economic stimulus in our state's history — a \$4 billion state stimulus package which will leverage another \$1 billion in Commonwealth and local government and business stimulus. The total stimulus package will therefore inject more than \$5 billion into the state's economy.

The emphasis of this \$4 billion state stimulus package will be on projects that can be completed or significantly completed within two years. This is consistent with the emphasis outlined by the Commonwealth Government in its recent budget and with the advice of the Reserve Bank.

This two year state stimulus package will not only assist our state's economic recovery post COVID-19 but will also assist a transition to the exciting jobs of the future in defence, space, cyber security and related advanced technology industries.

In terms of economic recovery and creating jobs South Australia has a significant competitive advantage in that we have a locked and loaded Commonwealth Government commitment of at least \$90 billion defence investment in Offshore Patrol Vessels, Hunter Class Frigates and Attack Class Submarines.

This is an unprecedented pipeline of jobs and business opportunities right here in our state for decades to come.

Jobs have already been created but we will see a significant acceleration of thousands of jobs over the next two to five years.

Mr Speaker, in last year's budget the government was pleased to report that after inheriting a budget deficit of \$313 million it had delivered a budget surplus of \$289 million in its first budget and forecast modest budget surpluses over the forward estimates.

The funding of a record state stimulus package and many other new projects and programs together with the impact of COVID-19 on GST and other revenue will mean significant increases in the budget deficit and debt levels.

This is an inevitable consequence of the COVID-19 pandemic and is consistent with the response of the Commonwealth Government and other State and Territory Governments.

The budget deficit for last year was \$1.49 billion and will increase to \$2.59 billion this year and \$1.42 billion next year.

As outlined earlier the government's stimulus response is time limited to two years so the forward estimates outline a return to a \$406 million budget surplus in 2023-24.

One of the major impacts on these deficits has been a massive reduction in actual and estimated GST receipts. Last year's GST return was actually \$663 million less than estimated in last year's budget and this year will be \$1.34 billion less than last budget's estimates.

The government's state stimulus package and a record infrastructure program will mean that total non-financial public sector net debt almost doubles to \$33.17 billion by 2023-24.

Whilst these numbers are eye-watering for any Treasurer they are mouth-watering for workers and businesses as they are the means of saving thousands of jobs and businesses in South Australia.

One of the reasons why the Reserve Bank has urged governments to borrow more to fund stimulus and infrastructure projects is that interest rates are at historically low levels and the Reserve Bank has pledged to take action to maintain that position.

For example over the last 10 months we have borrowed \$6.65 billion at an average rate of 1.3 per cent. In fact term interest rate borrowings conducted over 2020 have varied from 0.69 per cent for two year bonds in April, to 2.29 per cent for 20-year bonds in September.

As a result even though debt will increase significantly estimated interest costs for general government sector debt over the next three years will be \$447 million less than the estimate in last year's budget.

Mr Speaker as outlined earlier the primary objective of this budget is jobs — both saving as many jobs as we can and creating as many jobs as we can.

Since the 2018 election the government's clear policy plan has been that long term and substantial economic growth and jobs growth will be achieved by ensuring the costs of doing business in South Australia are nationally and internationally competitive.

Government policies already implemented to abolish payroll taxes for all small business, slash ESL costs, further reducing workers compensation costs and driving down electricity prices are all consistent with that objective.

This budget continues that policy with further relief on payroll tax, land tax, water prices and electricity costs.

Further payroll tax relief of \$233 million is outlined in this budget. All small and medium businesses with annual Australian grouped wages of up to \$4 million will pay no payroll tax for the period from April 2020 to June 2021.

Larger businesses with annual Australian grouped wages greater than \$4 million and who are eligible for the extended JobKeeper payment from 4 January 2021 also will pay no payroll tax for the period January 2021 to June 2021.

In addition to these payroll tax waivers larger businesses with payrolls greater than \$4 million and who were also adversely impacted by COVID-19 are able to defer their payroll tax due for the period April 2020 to December 2020. Extended payment arrangements will be available for these deferred payroll tax liabilities. This deferral is estimated to have a cash flow benefit to businesses of up to \$180 million.

In addition, the estimated cost of the decision to exempt JobKeeper payments from payroll tax is about \$69.5 million.

Finally the government has also decided to provide the equivalent of payroll tax relief for 12 months for wages paid to eligible new apprentices and trainees who commence a relevant contract of training with an employer from 10 November 2020 to 30 June 2021.

The cost of this relief is estimated to be \$5.7 million.

The government's land tax reform commenced from July 2020 and this budget now confirms that with the further land tax relief announced since then, land tax relief in 2020-21 will now be \$106 million and will be \$237 million over three years.

From 1 July this year businesses as well as households have started benefitting from massive reductions in water costs. Average businesses are receiving savings of around \$1400 but some high volume water users have saved up to \$1 million per year.

A significant feature of the record \$4 billion state stimulus package is a \$850 million 'Tradies Package' which will see steel caps, hard hats, hi-vis and overalls all over our state in a direct and targeted response to the greatest economic challenge of our time.

Included in the 'Tradies Package' are significant increases in funding for essential maintenance of government assets such as schools, preschools, regional health facilities, country theatres, roads and bridges.

For example the government has allocated \$37 million to provide grants of between \$20 000 and \$100 000 depending on need to government schools to undertake priority maintenance works in the 2021 school year. Similarly grants of \$30 000 for every government preschool to undertake maintenance will provide significant work for tradies and local businesses. This builds on a \$32 million government school and preschool maintenance package implemented by the department by repurposing funding. This package provided \$20 000 to government preschools as well as additional maintenance works in government schools.

Other projects include:

- \$100 million in road maintenance to improve road safety which will unlock an additional \$168 million of Commonwealth funding for small scale road safety projects
- \$10 million for sustainability works at regional health facilities
- \$40 million to upgrade boat ramps, jetties and road bridges
- \$44 million in Parks 2025 projects including tourism and visitor facilities in the Flinders Ranges, Eyre Peninsula and Yorke Peninsula
- \$10 million for works at the Botanic Gardens and Torrens Parade Ground.

The ‘Tradies Package’ is part of the economic adrenaline hit of the \$4 billion state stimulus package and is geared towards creating jobs immediately and over the next two years as our economy recovers from a global pandemic.

This \$4 billion state stimulus package includes a significant number of projects which are too numerous to list but are detailed in the budget papers. The more significant funding commitments include:

- \$82 million for a second round of \$10 000 grants for small businesses and not for profit organisations adversely impacted by COVID-19 and a \$3000 grant for owner operated small businesses conducted from a commercial premises but do not employ staff, funded from the Business and Community Jobs Support Funds
- \$220 million increase for the Economic and Business Growth Fund
- \$245 million increase for the Business and Jobs Support Fund and the Community and Jobs Support Fund
- \$100 million from the Community and Jobs Support Fund for a Local Government Infrastructure Partnership Program which after matching funding will fund at least \$200 million of projects
- \$76 million for a Housing Construction Stimulus Package from the Community and Jobs Support Fund designed to support the sector after the HomeBuilder stimulus wanes — this package will include initiatives such as shared equity for new home construction and opportunities to promote community and affordable housing
- \$60 million for capital upgrades to government buildings to improve energy efficiency and deliver long term electricity saving.
- \$320 million expanded non-government schools loan scheme which will be interest free for the first five years and low interest rates for the remaining term
- \$30 million for Golden Grove Road — Stage 2 and an extra \$25 million for the \$33 million Golden Grove Park ‘n’ Ride
- \$37 million for maintenance related works on the Port Bonython Jetty to ensure the ongoing use of the port for oil and gas exports
- \$25 million funding for Regional Growth Fund projects
- \$16 million to upgrade the South Australian Aquatic Sciences Centre.

Mr Speaker one of the industry sectors that has been most impacted by the COVID-19 pandemic has been the tourism and hospitality sector.

Whist the easing of restrictions in South Australia has assisted the viability of many businesses there is no doubt there are significant challenges for some businesses in the sector.

The government has decided therefore in this budget to fund a Tourism and Hospitality Sector Support package.

This budget includes significant increases in funding to secure new major leisure events and conventions to further drive future visitation and protect and create jobs in the sector.

An extra \$12 million over three years has been provided to help attract new events to South Australia. One such event will be Illuminate which will run over two weeks and three weekends in July and is being led by home grown Creative Leaders Rachael Azzopardi and Lee Cumberlidge who are working in collaboration on the event with representatives from the creative, scientific, business and entrepreneurial sectors.

This budget also commits \$10 million per year (\$40 million over four years) to continue existing levels of funding available for events and conventions.

The government has also committed to reallocating millions of dollars per annum from Adelaide 500 funding to these funds to attract new events and conventions.

The government is also committing to more than \$120 million over four years to tourism marketing. Funding previously directed to international marketing and is being reallocated to domestic marketing — both intrastate and interstate. This will continue whilst international travel remains restricted.

The government has also committed \$20 million over two years for a Tourism Industry Development Fund to help stimulate private sector investment in new and improved regional accommodation and the development of quality tourism products and experiences.

The government allocated \$4 million for up to \$100 great state travel vouchers for accommodation across the state to boost the sector.

The government will reallocate any unexpected funding in a new scheme early in 2021 and details of the scheme will be announced in the near future.

It should also be noted that tourism and hospitality businesses significantly impacted by COVID-19 will be major beneficiaries of the payroll tax relief and small business grant scheme outlined in this budget.

As we emerge from the pandemic and seek to grow jobs in the sector in the future public and private investment in improved tourism visitor experiences is essential.

The \$40 million resort and visitor centre at Monarto to provide the biggest safari experience outside of Africa is one example and this budget's further funding boost for Parks 2025 is another example.

The budget also commits another \$50 million to the \$200 million Aboriginal Art and Cultures Centre at Lot Fourteen which will be a major visitor experience boost for our state when concluded.

The government recognises the importance of this sector in terms of creating new jobs in the future and the government will continue to work with industry leaders to assist that growth.

Mr Speaker, last year's Mid-Year Budget Review committed \$12.9 billion over four years for a record infrastructure program.

Consistent with the recommendations of the Reserve Bank and many other stakeholders this budget further increases funding by almost \$4 billion.

This budget now allocates a record \$16.7 billion over four years for the biggest public sector infrastructure program in this state's history.

This record \$16.7 billion funding is designed to build what matters and \$7.6 billion is allocated to road and public transport infrastructure and \$3 billion to health and education facilities.

However there are also significant new infrastructure commitments across virtually all other portfolios.

This budget allocates \$204 million over four years to progress implementation of the State Sport and Recreation Infrastructure Plan.

This investment is a game changer for sport and was developed after widespread consultation by the government with individuals and organisations across the state.

The clear message to the government was that people welcomed past investment in major sporting facilities such as Adelaide Oval but now they wanted a focus on community and state level facilities.

This budget allocates an extra \$35 million over the next two years for community sporting and recreation facilities in both the metropolitan area and the regions.

The success of this type of investment is demonstrated by existing great programmes which by partnering with communities and sporting codes turned \$15 million of taxpayer funding into about \$60 million worth of projects.

The State Sport and Recreation Infrastructure Plan identifies a number of existing state sport facilities which need significant upgrades to ensure they can position South Australia as a premier sporting destination.

The government today announces the first two of these projects.

This budget commits \$44 million for implementing Stage Two of the Memorial Drive Tennis Centre redevelopment. This investment will build on the momentum of Stage One and continue the transformation of one of the nation's most iconic sporting precincts into a state of the art arena for sporting, arts and entertainment events

This redevelopment which will be completed by the end of 2021 includes:

- Four new grandstands to increase seating capacity to 6000
- Areas for event activities and general function spaces
- Elite Training and recovery facilities
- Improved access to the Adelaide Oval precinct
- Digital infrastructure.

This budget also commits \$45 million to bring Hindmarsh Stadium up to a contemporary elite sport standard which is suitable for bidding for elite national and international level events.

It is intended for the project to be completed by the end of 2022 or start of 2023 in readiness for the FIFA Women's World Cup should South Australia be successful in hosting games.

This redevelopment includes:

- Shade covering over the east grandstand
- New stadium lighting (3500 lux)
- New and upgraded change rooms and toilets
- Replacement pitch
- Improved disability access media, broadcast and corporate facilities and air conditioning
- Improved food and beverage outlets and kitchen and catering facilities.

An additional \$8 million will also be spent on technology enhancements including two new super screens.

Over the coming weeks the government will announce a number of other new projects highlighted in the State Sport and Recreation Infrastructure Plan.

Mr Speaker the government's record \$16.7 billion infrastructure program is a healthy mix of stimulus type projects which will be completed or significantly completed within two years and long term projects which the government had promised to deliver.

One of these long term projects was the completion of the most complex part of the North South Corridor project from Darlington to the River Torrens.

When we were elected just over two years ago we discovered that under the Labor Government:

- No business case had been commenced or completed
- Tunnels had been considered and rejected in the period 2012-14
- Not a single dollar had been allocated to this project in the budget forward estimates other than for a planning study
- Funding promises for tram projects to various suburbs had been given higher priority.

In recent weeks there have been a significant number of inaccurate claims about the government's supposed decision on this project. Those inaccurate claims included that the project would not conclude until 2035 and that the government had decided on a 5.8 km tunnel from Tonsley to Anzac Highway and an open motorway from Anzac Highway to the Torrens.

Mr Speaker it is fair to say that over recent months dozens of different options for this project have been considered and rejected.

The government has rejected the all tunnel option which was estimated to cost \$12 billion and the at-surface motorway option which was similar to the option adapted by the Labor Government for other stages of the North South Corridor project.

The government has now decided on an option which combines two separate tunnels and lowered and surface motorway sections.

Stage 1 of the option includes:

- 1 km of surface road and lowered motorway from the tie-in to the Darlington interchange until the commencement of the southern tunnel
- 4.3 km southern tunnel ending just south of the Glenelg Tram line
- 1 km of lowered motorway under Glenelg Tram line and Anzac Highway.

Stage 2 of the option includes:

- 2 km surface motorway from Gallipoli underpass to just south of Richmond Road then lowered motorway under Richmond Road until commencement of the northern tunnel just south of Sir Donald Bradman Drive
- 2 km of northern tunnel ending just south of West Thebarton Road
- 1.1 km of lowered motorway under West Thebarton Road until south of the River Torrens and then surface motorway from River Torrens until the tie-in with the Torrens to Torrens section.

This project creating up to 4000 jobs will be the biggest ever job-creating infrastructure project in South Australia's history which will be completed by 2030.

This project will remove thousands of vehicles a day from South Road and slash up to 24 minutes in travel time during peak hour.

This option will require about 480 fewer property acquisitions when compared to the Labor government's open motorway option. This will significantly reduce impacts on businesses and will protect community and heritage assets such as the Thebarton Theatre, Queen of Angels Church, Hindmarsh Cemetery and Hoffman Brick Kiln.

The current estimated cost for this option is \$8.9 billion but that final cost estimate will be determined later next year after a detailed business case is concluded by mid-year and considered by Infrastructure SA by later next year.

This budget allocates \$1.96 billion over four years towards the project with allocation of \$30.5 million in 2020-21, \$151.4 million in 2021-22, \$394.8 million in 2022-23, and \$1384.9 million in 2023-24, whilst the Commonwealth budget has currently budgeted a total of \$536 million over the forward estimates including funding already paid.

The government is confident that it will be able to negotiate a bring-forward of Commonwealth funding currently beyond the forward estimates as we have done successfully over the last two budgets.

Early works including ground investigations are already under way with relocation of utilities commencing mid next year and continuing for about two years. Major construction will commence in late 2023.

Other transport projects in the budget include:

- \$250 million over four years for the Hahndorf traffic improvement project
- \$135 million over three years towards the total \$180 million total cost of the sealing of the Strzelecki Track
- \$185 million over five years for works on the Main South Road and Victor Harbor Road
- \$52 million over three years for upgrades of regional roads such as the Stuart, Dukes, Spencer and Riddoch Highways

- \$58 million over two years on road maintenance works in the metropolitan areas.

Mr Speaker given the massive size of this record infrastructure program it will not be possible to list all funded projects in this speech so I will refer Members to the details in the budget documents.

However some of the major projects included:

- \$685 million allocated toward the final cost of the new Women's and Children's Hospital estimated to be completed in 2025-26
- \$50 million at the current Women's and Children's Hospital for works such as a new Special Care Baby Unit and Paediatric Emergency Department upgrade
- \$50 million towards the total \$314 million cost of Stage 3 of the Queen Elizabeth Hospital redevelopment
- \$15 million for the expansion of the Gawler Hospital Emergency Department
- \$196.8 million over three years to complete the roll out of the Sunrise Electronic Medical Record and Patient Administration System
- \$10 million over two years to upgrade the recently purchased former Investigator College site in Goolwa
- \$34.9 million over four years on the Mobile Workforce Transformation program which will establish remote connectivity for all SAPOL staff and in SAPOL vehicles
- \$86.5 million over five years for a new Cultural Institution Collections Storage Facility
- \$11.5 million over four years for MFS fire appliances
- \$7.2 million over four years for CFS fire truck replacement
- \$18.7 million over three years to consolidate the provision of youth custodial services into a single site at Cavan.

Mr Speaker, the government continues to spend record amounts on education and skills development.

This budget continues that record with an extra \$805 million to be spent on education in 2023-24 when compared to spending levels in 2019-20. The government will also be employing an extra 1768 FTE employees in education by 2023-24.

An additional \$68.9 million over two years to deliver on the Job Trainer Fund National Agreement to deliver additional training options as the economy recovers. The budget also provides \$5 million this year to subsidise small businesses in accessing business advice to support the development of sustainable business strategies.

The government's Skilling SA Public Sector program has been supporting more than 2600 participants over four years to undertake a vocational qualifications.

This budget is now providing additional funding to agencies of \$32.9 million over four years to support a further 750 traineeships and apprenticeship places in areas such as cyber security, aged care, disability services and housing construction.

The government has allocated \$120 million for a Digital Restart Fund to invest in projects that support an improved digital experience and access to information for businesses and individuals dealing with government.

The budget also allocated \$18.3 million over four years for a Statewide Electric Vehicle Charging Network as well as a number of other measures to increase the uptake of electric vehicles.

Mr Speaker, governments have provided significant resources to their Health Departments in coping with the COVID-19 pandemic but also to many other agencies undertaking important roles, including:

- \$330 million in State and Commonwealth funding to protect the health and wellbeing of South Australians and also supporting health workers. This includes \$21.2 million extra resources to SAPOL
- \$13.8 million to provide support for international students impacted by COVID-19

- \$27.5 million for a once-off \$500 boost to the 2020-21 Cost of Living Concession
- \$350 000 in multicultural grants to support the needs of vulnerable migrants coping with COVID-19
- Additional funding for COVID-19 self isolation payments.

Mr Speaker this budget continues to provide additional resources to help protect vulnerable members of our community.

An additional \$124 million over four years has been provided to meet the costs of an increase in the number of children and young people in care. A further \$9.8 million over four years has been provided for the Child and Family Assessment and Referral Network program supporting children and families with complex needs and a trial to support young women under 23 years of age with child protection histories.

This budget provides \$3.8 million over four years for domestic violence measures including the continuation of the Domestic Violence Disclosure scheme to ensure people who request information about a partner's criminal history have support from the specialist women's domestic violence service.

Funding is also provided for:

- \$13.6 million over three years to provide short term emergency accommodation and support services to rough sleepers including those from remote Aboriginal communities in response to the COVID-19 pandemic
- \$3.5 million over four years to expand the Adult Safeguarding Unit to include adults living with a disability who may be vulnerable to abuse
- \$5.1 million over four years in funding for the new National Agreement on Closing the Gap.

Mr Speaker, this budget demonstrates that the government recognises that South Australia's regions are critical for the future of our state. There is significant new investment in our regions to help grow economic opportunity and improve community infrastructure. This funding comes in addition to the \$293 million that has been provided in bushfire support funding which provided immediate relief, recovery and response to regions impacted by bushfires.

Mr Speaker, the government was elected with a clear commitment to lower costs for households and businesses in South Australia and this budget continues to deliver significant cost of living relief driving down the cost of average household bills.

From 1 July this year average households are saving approximately \$200 per year on their SA Water bills. In June the government took the first opportunity to reverse the decision of the Labor Government and revised down the value of SA Water's regulated asset base which helped deliver big savings to households. Businesses also have benefitted with average bills dropping by about \$1400 but some businesses with high volume water usage saved up to \$1 million per year.

This decision has a big impact on the state budget as well because there is an estimated reduction of around \$214 million this year in the contribution SA Water makes to the budget in dividends and income tax equivalents as a result of the reduced water and sewerage prices.

The budget continues the ESL remission of \$90 million per year which saves an average household \$163.60 this year.

Funding continues for the doubling of sports vouchers from \$50 to \$100 for primary school aged children whilst savings of \$100 per car on average from the CTP reforms also continues.

The government continues to fund and implement policies to drive down electricity prices. Our returns already have resulted in an average savings to households of \$158 per year.

Mr Speaker all these reform's mean that a 2 child, 2 car household will be saving more than \$800 per year since the election just two years ago.

The size of these household savings swamp the impact of some increases in fees and charges announced last year.

In addition to these savings this budget allocated \$17 million over two years to provide hospital staff with free car parking and public transport during the COVID-19 pandemic.

This budget introduces a limited number of revenue measures including:

- Fees and charges increased by around 1.9 per cent on 1 July 2020 reflecting the average increase in the cost of providing services.
- An increase to the Victims of Crime levy by 50 per cent from 1 January 2021 with the exception of Youth Levy fees which remain unchanged.
- Requiring upfront payment of vehicle clamping and impound fees at the time of the vehicle's release.
- An increase in the Public Trustee investment management fee for the growth common funds increases from 1 per cent to 1.2 per cent from 1 July 2021.
- The government is intending to introduce a road user charge for plug-in-electric and zero emissions vehicles. The charge will include a fixed component (similar to current registration charging) and a variable charge based on distance travelled. Electric vehicles do not attract fuel excess and therefore make a lower contribution to the cost of maintaining our road networks. The proposed road user charge will ensure road maintenance funding is sustainable into the future. The government is consulting with other jurisdictions about the details of the proposed road user charge. Current estimates are that less than about \$1 million per year will be collected by the charge.

Mr Speaker, the economic outlook since the 2019-20 Mid-Year Budget Review has obviously changed significantly due to the impact of the COVID-19 pandemic.

For example the International Monetary Fund in its October 2020 World Economic Outlook is projecting a deep recession in 2020. The IMF comments that 'economies everywhere face difficult paths back to pre-pandemic activity levels' and predicts that advanced economies will contract by 5.8 per cent in 2020.

Economic growth in South Australia during 2019-20 has been shaken firstly by drought and bushfires and then by the COVID-19 pandemic with real GSP expected to contract by 1.75 per cent and employment declined by 0.6 per cent.

The easing of restrictions in South Australia from the end of June is aiding the recovery of the state economy.

Whilst employment declined significantly in April and May employment has recovered significantly in each of the four months since then.

Encouragingly as of September about three quarters of the almost 50 000 jobs lost between March and May had been recovered. As outlined earlier confidence levels have also recovered significantly.

The budget estimates economic growth this year at -0.75 per cent but rebounding strongly in 2021-22 to 4.25 per cent growth.

Mr Speaker, this budget has a critical role to play in providing resources to manage the response to the COVID-19 pandemic but also to provide the resources for a clear plan for the economic recovery as we emerge from the pandemic. The focus for this budget therefore has been a \$4 billion stimulus package to jump start our economy with an emphasis on projects that can be completed or significantly completed within two years. However at the same time the budget provides a basis for long term economic growth and jobs growth by continuing to focus on ensuring the costs of daily business in South Australia has to be nationally and internationally competitive whilst also completing long term infrastructure projects such as the North South Corridor, the new Women's and Children's Hospital and the projects at Lot Fourteen such as the Aboriginal Art and Cultures Centre.

Mr Speaker, on behalf of all South Australian I do want to place in the public record our thanks to all the hard working health staff and other public servants who continue to work to keep us all safe from the COVID-19 pandemic.

I again want to thank all my Ministerial colleagues for their cooperation during the budget process. I have to say they seem to enjoy this budget process much more than any previous budget I have observed.

I also place on the record my thanks to all the hardworking Treasury staff who have worked long hours in putting together this budget. However after this budget result I may need to speak to the Minister for Health about the need for counselling and support for Treasury staff as they are unused to saying yes to so many budget requests!

Finally I want to thank all the staff in my Ministerial office without whose hard work and commitment to the job we would never have met the deadlines required.

Mr Speaker, I commend the budget to the House.

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Government  
of South Australia

# STATE BUDGET

## 2020-21

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