

# STATE BUDGET 2021-22

Budget Speech

**BUDGET PAPER 2**



**Budget Paper 2**

**2021-22**  
***Budget Speech***

**Presented by**  
**the Honourable Rob Lucas MLC**  
**Treasurer of South Australia**  
**on the occasion of the Budget for 2021-22**

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# ***Budget Speech 2021-22***

*Delivered on 22 June 2021, on the second reading of the Appropriation Bill 2021, by the Honourable Rob Lucas MLC, Treasurer of South Australia.*

Mr Speaker

As much as I always enjoy the company of you and your colleagues, I am pleased to note that this will be the last occasion on which I have to again thank you for your invitation to present the budget speech.

Twenty three years ago when I presented the 1998-99 budget speech in the aftermath of the financial and economic catastrophe of the collapse of the State Bank I stated that 'South Australians have witnessed the first stage of a financial rescue operation that is unparalleled in the State's history'.

Well Mr Speaker I am sure that all South Australians would agree that that was nothing compared to the financial and economic challenges we now confront.

No one would have ever contemplated framing budgets with a backdrop of the Governor of the Reserve Bank, Federal Treasury Secretary and national business and economic commentators all urging governments to keep spending and incurring massive increases in debt and deficit.

Last year's budget was geared toward two clear objectives — to save as many lives as we could and then to save as many jobs and businesses as we could.

In the six months since the last budget it is pleasing to report that there have been no further deaths related to the COVID-19 pandemic.

We have also seen significant economic recovery as thousands of businesses reopen their doors and workers return to work or increase their hours of work.

Since the depths of the pandemic in May last year more than 60 000 jobs have been created in South Australia and there are now more people employed than at any time in our state's history.

The centrepiece for last year's budget was the largest ever economic stimulus package in our state's history designed to jump start our economic recovery. This two year \$4 billion economic stimulus package is leveraging another \$1 billion in commonwealth, local government and business stimulus bringing the total stimulus to \$5 billion.

The Independent Commonwealth Parliamentary Budget Office has assessed the relative strengths of each state's stimulus package and concluded that South Australia's economic stimulus package was the second largest stimulus package of all the states as a percentage of gross state product.

Whilst significant progress has been made there is no doubt there is still more work to be done and this budget launches the next stage in our strong economic recovery plan.

This budget is our blueprint for a Stronger South Australia — a positive plan that charts our course out of the pandemic by creating jobs, building what matters and delivering better services to further secure our growing global reputation as one of the safest and most attractive places in the world to live, work and raise a family.

This blueprint for the future builds on the foundations of a completely new approach to economic growth and job growth that we outlined in our first budget three years ago.

Long term sustainable job growth would not be achieved by an emphasis on politicians and public servants 'picking winners' by giving grants to favoured individual businesses.

This new policy for long term sustainable job growth would be based on improving business competitiveness by reducing the cost of doing business in South Australia for all businesses.

If we want South Australian businesses to export more goods and services to national and international markets then the costs of doing business in our state have to be nationally and internationally competitive.

For three years now we have implemented policies to achieve that objective:

- Payroll tax has been abolished for all small businesses with payrolls less than \$1.5 million per year.
- ESL costs for businesses and households have been reduced by \$90 million per year.
- The top land tax rate has been slashed from 3.7 per cent to 2.4 per cent in the most comprehensive land tax reform package in the state's history.
- Electricity costs for the average business have dropped by 20 per cent and the recent approval of a second interconnector will drive electricity costs down even further.
- Water bills for an average business have dropped by \$1350 per year and a small number of high volume businesses have saved up to \$1 million this year on their water bills. The overall water bill cuts have come at a cost to the state budget of almost \$200 million per year due to lower SA Water profits.

Treasury have estimated that a small nursery business with a payroll of \$750 000 saved \$7730 in 2020-21 compared to what they would have paid if the policy settings of 2017-18 had been continued. Similarly, the annual savings for a business with a payroll of \$5.5 million are estimated to be \$5178. That business also received \$203 000 in direct COVID-19 relief as well as deferral of \$107 500 in payroll and land tax.

This budget continues our economic growth strategy and rejects the alternative approach to post COVID recovery adopted by the Victorian Labor Government which has just announced massive increases in land tax and stamp duty, gambling tax and the imposition of a new business payroll tax to fund health expenditure.

This is very much the Labor way as the former Labor Government in this state introduced new betting and foreign investor taxes and tried to introduce new banking and car park taxes.

Consistent with our job growth strategy this year's budget provides further relief in the following areas:

- A 12 month extension of payroll tax exemption for wages paid for eligible new trainees and apprentices — a combination of state and federal government subsidies means that businesses can receive up to \$32 000 in support for new apprentices and trainees.
- A 50 per cent land tax discount will be introduced for eligible new build to rent housing projects which will reduce the land values for land tax purposes up to 2039-40.
- A further \$10.7 million in land tax relief in 2021-22 through the land tax transition fund for those taxpayers negatively impacted by changes to land tax aggregation rules in 2021-22. This initiative increases relief from 30 per cent to 70 per cent of the relevant increase in 2021-22 and brings total relief through the fund over three years to \$48.7 million. The government remains committed to ensuring annual land tax relief from 2022-23 onwards from the land tax reforms is no less than the originally estimated \$75 million per year.

Mr Speaker, as I outlined last year a critical feature of ongoing economic recovery is increasing 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 pre-Covid levels rather than increasing levels of savings.

Recent confidence surveys of businesses and households have now shown significant increases in confidence and the ABS this month reported that capital spending by business in South Australia in the last 12 months had increased by a massive 21 per cent — the highest increase of all states in the nation.

When combined with the fact that last year we finally attracted more people from interstate into our state then actually left the state we can be optimistic about what the future holds for our state.

The government in this budget has established a new \$200 million Jobs and Economic Growth Fund to promote economic development and help create jobs. This fund includes significant new funding together with unallocated funding from the former Economic and Business Growth Fund.

This new jobs fund will also be a potential funding source for the Federal Government's Modern Manufacturing Initiative which provides significant federal funding for initiatives as long as it is matched by state government funding and private sector investments.

The state government is considering a range of initiatives including those in the hydrogen, space, defence and plant protein sectors.

Over the last three years \$244 million has been committed to projects out of the Economic and Business Growth Fund.

This budget is also funding a range of other job creating and supporting initiatives including:

- \$1.8 million to establish a trade office in Paris which is in addition to offices in Tokyo, Houston, New York, Dubai, Singapore and Shanghai. In contrast the former government closed down six trade offices.
- \$20.8 million to upgrade existing buildings at Lot Fourteen to enable the expansion of space, digital, hi-tech and cyber companies in a collaborative setting. A particular focus will be on companies involved in small satellite development.
- \$22.8 million to meet increased demand under the Post-Production, Digital and Visual Effects Rebate Scheme and also to continue the scheme beyond 2022-23.
- \$6.6 million to increase funding for the Screen Production Fund managed by the South Australian Film Corporation. This initiative will be funded by ceasing the payroll tax exemption and associated ex gratia relief scheme for film production.
- \$14 million per year extra into the Leisure Events Bid Fund as all the available funding from the former Adelaide 500 race is transferred into the fund.
- \$2.6 million to support small businesses developing digital and cyber security capabilities as well as other capabilities to enter the national trade market.
- \$4 million for the Great State Voucher Scheme including funding for another round of vouchers later this year. This scheme will include further support for accommodation providers in the CBD.
- \$500 000 in addition to \$300 000 already announced to support activation of the Adelaide precinct by supporting events and activities that encourage people to return to work in the city or to visit and spend time in the city.

Mr Speaker together with a focus on creating jobs and growing the economy the government's other major priority in this budget is another significant increase in spending on hospitals and health services and in particular mental health services.

COVID-19 has placed enormous pressure on hospitals and health services throughout the nation and this has also been apparent in South Australia.

The government next year will commit a record \$7.4 billion in health spending which is actually an increase of almost \$900 million over health spending by the former Labor Government in 2017-18.

The government is also allocating an additional \$800 million over five years to fund new initiatives, meet growing pressures as well as providing additional funding for savings targets unable to be achieved.

Budget papers estimate that total health staff next year will be about 1000 higher than the number employed by the former Labor Government in its last year.

In fact figures produced by the Commissioner for Public Sector Employment indicate that in the first two years of this government from 2018 to 2020 the number of nurses and doctors actually increased by 855.

These facts clearly debunk claims being made that pressure in the health system has been caused by funding cuts or cuts to the number of nurses and doctors being employed.

The government has a clear plan to tackle our health challenges including fixing ramping and easing pressure in our hospitals.

This plan includes:

- Increasing emergency department capacity.
- Reducing demand on our emergency departments.
- Tackling bed block in our hospitals.
- Providing additional resources to our ambulance services.

In this budget the government is going to spend an additional \$163.5 million over four years to strengthen the state's mental health system by supporting the implementation of the state's Mental Health Services Plan.

The plan is designed to respond to the immediate need for support services and by also investing for the future to create a more resilient and flexible system.

Some of the new initiatives include:

- \$20.4 million over three years to build a new 16-bed crisis stabilisation facility in the northern suburbs to support the mental health needs of the community.

The centre will operate 24 hours a day, providing acute crisis care based on a recovery model, with highly skilled professional staff and peer workers in a high quality therapeutic but safely designed setting. The centre will provide a further 16 beds of capacity in our acute mental health system, and another alternative treatment pathway to reduce admissions to our public hospitals and ease pressure on our emergency departments. Operating costs will be about \$8.5 million per year.

- \$8.4 million per annum to increase the capacity of our community mental health services to provide help for people who have acute mental health challenges in the community and reduce the number of people in crisis presenting to our public hospitals. This includes investing in additional drug and alcohol services, child and adolescent mental health services, forensic mental health services, and support for adults with severe mental health conditions, including post-traumatic stress disorder.

Mental health clinicians will also be permanently assigned to work with our ambulance service to assist as first responders, and to facilitate referral to an appropriate treatment pathway, avoiding the need to transfer a person to a public hospital emergency department if this is not necessary.

- \$12 million in 2021-22 to support the fit out required to create additional psychiatric intensive care bed capacity in our public hospital system. This will create the capacity for up to 8 additional beds, available to be commissioned by SA Health as necessary based on future demand.
- The Adelaide Adult Mental Health Centre opened in March 2021, providing adults access to a range of mental health support services in an alternative setting to a hospital emergency department. The Centre, opened in partnership with the Commonwealth Government, currently operates as a 12 hour per day service (12pm to 12am). \$4.5 million per annum is provided to expand the delivery of urgent mental health care to the community, including through expanding the Centre's service to 24 hours a day. This will expand the number and type of patients that can be assisted by the Centre, further easing the pressure on our hospital emergency departments.
- \$48 million over four years to construct a new 20 bed older person's acute mental health unit at Modbury Hospital.

This will allow for the decommissioning of the current Woodleigh House site at Modbury Hospital. This investment will allow for the transfer of the current older person's mental health unit from the Lyell McEwin Hospital to the new Modbury facility, and for the current adult mental health patients at Woodleigh House to transfer to fit-for-purpose facilities at the Lyell McEwin Hospital.

- \$5 million in 2021-22 to support the building of additional accommodation to provide options for people living with mental health disability to live independently whilst accessing appropriate supports.

With a contribution to the upfront capital costs, the government will invite proposals by the non-government sector to build and operate such accommodation. This will also help to provide

greater capacity to the public health system to discharge patients who no longer need acute medical attention in a public hospital but require support to return to the community.

- \$5 million over two years to support the immediate needs of the mental health workforce in our public mental health services by increasing training and oversight capacity to assist in filling immediate positions, and to provide greater opportunity to the existing workforce to build skills in mental health treatment.
- \$7.3 million in 2021-22 to continue a series of additional time limited programs designed to support the mental health, wellbeing and resilience of the community in the face of the COVID-19 pandemic. This includes increased in-reach support to vulnerable communities, and increased access to phone and other counselling services over the next twelve months, as the community continues to navigate the implications of the global pandemic.

Mr Speaker this massive investment in extended and new mental health services is consistent with the advice from mental health experts over recent months. The State Government continues to negotiate with the Federal Government about possible further extension of mental health services.

The government has always maintained its clear plan to easing pressure on our emergency departments and fixing ramping required a comprehensive range of initiatives in a number of areas.

A number of these new mental health services will assist significantly in easing the pressure on our emergency departments.

The government will continue to invest in other initiatives which are designed to also ease pressure on our emergency departments.

- Four Priority Care Centres, providing community based healthcare and treatment, including diagnostic and pharmacy services.
- My Home Hospital delivering hospital care to people with certain conditions in the comfort of their own home.
- Placing medic nurses in custodial facilities.
- Assigning mental health specialists with paramedic crews across the metropolitan area.

Another feature of the government's plan has been continued investment in initiatives to tackle bed block in hospitals such as:

- A Transition to Home: Step Down program — additional beds available for NDIS eligible patients awaiting longer term supports.
- State-wide hospital Criteria Led Discharge to help patients return home as soon as possible.
- Transferring metropolitan patients to peri-urban hospitals for ongoing care in times of peak demand.

When this government was elected just three years ago, we inherited a hospital system which after 16 years of neglect by the former government did not have anywhere near enough treatment spaces in our emergency departments.

The government has allocated more than \$110 million to provide 140 new treatment spaces in emergency departments and emergency extended care units in eight hospitals and health services. This will increase treatment space capacity in these sites by 65 per cent.

Flinders Medical Centre is being transformed from the state's busiest ED into the biggest ED, growing it by 30 treatment spaces to 86 spaces.

Lyell McEwin Hospital ED is being increased from 39 treatment spaces to 72.

The Queen Elizabeth Hospital will add 15 ED treatment spaces as part of the \$314 million redevelopment of the hospital.

Modbury, Mount Barker, Murray Bridge, Gawler and Southern Fleurieu Health Service in Victor Harbor will also grow their EDs by 45 treatment spaces between them.

The remaining critical factor in the government's plan to ease pressure in our emergency departments and fix ramping is to increase funding significantly to our South Australia Ambulance Service.

The government has commenced the process of appointing an additional 74 ambulance staff as a result of a recent negotiated settlement with the unions which involves agreement for significant roster reform which will significantly assist in improving ambulance services in our state.

These extra employees will mean that since 2018 there will be an increase of 258 ambulance staff.

Claims that the government has cut funding for ambulance services are clearly wrong. In fact funding for the South Australian Ambulance Services next year is budgeted to be \$28 million per year more than the funding provided by the former Labor government in 2017-18.

In fact, South Australia has the second highest spending per capita on ambulance services of all states and territories.

It is clear that simply increasing the number of ambulance staff will not by itself solve the problem of easing pressure in our emergency departments and fixing ramping.

That is why the government's comprehensive plan is the only real solution to the challenges of fixing ramping and easing pressure in our emergency departments.

Mr Speaker the government's commitment to deliver the new Women's and Children's Hospital has moved an important step closer with the recent conclusion of the business case.

This new state of the art hospital will have 500 treatment spaces providing more bed capacity, more operating theatres and a bigger emergency department than the current hospital.

Overall the new hospital will provide for a 13 per cent (59 treatment spaces) increase in capacity from the current hospital to cater for the needs of South Australian women and children for decades to come.

This increased capacity has obviously meant an increased cost and the business case estimates the final cost at \$1.95 billion.

However a final estimated cost will only be resolved once the project has been reviewed by Infrastructure SA.

This budget allocates \$1.1 billion in the forward estimates toward the building of the new hospital.

The business case now estimates construction will conclude in 2026 and that the hospital will open for patients in 2027.

One of the most exciting initiatives in this budget is the \$50.1 million Early Learning Strategy which will improve identification of developmentally vulnerable children and enable early intervention and support.

All parents will be familiar with the 'blue book' that they are given in hospital when their baby is born as the place to record important milestones and development checks. Currently every family is offered a universal home visit for their baby from the Child and Family Health Services (CaFHS) soon after birth, with milestone checks offered at 6-9 months, 18-24 months and at preschool.

Unfortunately, many parents are not aware of or do not take up this opportunity to utilise these checks. Records show the following percentages of children have accessed the developmental check:

- Over 90 per cent of children aged 1 to 4 weeks old
- 28 per cent of children aged 6 months
- 18 per cent of children aged 18 months, and
- 50 per cent of preschool children.

Under this new initiative, in partnership with CaFHS and non-government providers, we will be increasing the frequency and reach of screening and enhancing its effectiveness. The schedule will be widened to include additional checks at 12 months and three years. Increased monitoring of children's developmental milestones from birth to school age will reduce undiagnosed developmental delays in children entering the education system.

Around a quarter of South Australian children start school developmentally vulnerable in one or more of the following domains: physical health and wellbeing, social competence, emotional maturity, language and cognitive skills, communication skills and general knowledge.

Many of these children do not catch up to their peers at school. To address this, the Early Learning Strategy will increase the number of children developmentally on track when they start school by identifying any issues early so families can receive support as soon as they need it.

The strategy outlines a suite of initiatives including:

- \$35.1 million in new funding to expand the reach, frequency and number of child development checks
- Helping parents in their role as first teachers, including by partnering and providing grants to Playgroups SA and Raising Literacy Australia to give more families easy access to tips, tricks and resources to support their children's development
- Investment in new resources for teachers to build on the high-quality learning and development in every public preschool, and
- Providing strategic vision and direction across the early years system, through the establishment of a new Office for the Early Years, within the Department for Education.

The government is committed to ensuring that those children identified with developmental delays through this program will be provided with additional supports and interventions.

The government's commitment to the importance of education is clearly demonstrated by the fact that total education spending in 2021-22 will be \$769 million more than spent by the former government in 2017-18.

Over the forward estimates the government is budgeting to employ 1727 more teachers and other education staff than were employed at June 2020.

Over the forward estimates the government is continuing with its significant investment in upgrading education infrastructure with \$665 million being invested in education and schools.

The government continues to invest in building new schools as it meets the increasing demand for government schooling in our state. New schools are being delivered at Angle Vale, Aldinga, Whyalla and Goolwa.

In this budget the government is committing \$84.4 million to construct a new 1200 student year 7-12 high school at Rostrevor.

This new school is required to meet the growing demand in this area for government secondary schooling.

Enrolment demand analysis makes it clear that the school will be required to open from the beginning of 2023 for year 7 students.

The government will also provide additional capital grants of \$11.8 million for non-government schools focussed on projects that grow enrolments including improving non-government school facilities.

Mr Speaker since 2018 there have been more than 40 000 apprenticeship and traineeship commencements in South Australia. The number of new commencements in 2020-21 was almost double the number of commencements under the former government in 2017-18.

This budget provides an extra \$68.9 million over two years to extend the existing Job Trainer Fund National Partnership Agreement.

The government also continues to provide significant funding to TAFE and this budget allocates an extra \$215.5 million over four years to support TAFE as a contemporary training provider.

Mr Speaker this budget allocates \$17.9 billion towards a record infrastructure program which it is estimated will support more than 19 000 jobs during construction.

The most important economic infrastructure project in this state remains the completion of the north-south corridor and this year's budget allocates \$3.4 billion over the next four years to the project.

This project will provide a 78 kilometre non-stop motorway connecting north and south and slashing travel time by 24 minutes. Productivity improvements will be enormous as it is estimated that commercial freight operators will save up to \$8.80 per trip.

The project is estimated to create up to 4000 jobs during construction and is still projected to be completed in 2030.

Updated traffic modelling has now estimated significantly increased traffic volumes on the motorway and this has necessitated wider tunnels to allow for three lanes each way. This has now increased the estimated cost of the project to \$9.9 billion. However final estimated costs for the project will not be known until the Final Business Case and the Final Reference Design are completed later this year.

Other transport initiatives include:

- an additional \$100 million towards the \$715 million Gawler Line electrification project
- \$99 million over 10 years for a railway station refresh program
- \$48.5 million for a 700 car park Tea Tree Plaza Park & Ride
- \$215 million to proceed with the Strzelecki Track upgrade
- \$36 million to refurbish the Old Murray Bridge
- \$202 million to construct a bypass of Truro township
- \$180 million for stage 2 of the Augusta Highway duplication
- \$45 million to upgrade the Marion Road and Sir Donald Bradman Drive intersection.

Over recent months the Hove Level Crossing project has attracted significant public comment during a public consultation process over various options for the project. The original project was originally estimated to cost \$170 million but the two most favoured options involved very significant possible cost blowouts. One option was costed at \$290 million and the other was costed at \$440 to \$450 million. Local community concerns were expressed about both of these options and the Federal Government has made it clear that it was not willing to fund the additional cost of the \$440 to \$450 million option.

Given the lack of community support for this project and the massive blowout in estimated costs the government has decided to not proceed with the project.

The budget contains funding of \$200 million for the exciting Aboriginal Art and Cultures Centre project at Lot Fourteen which will be opened in early 2025. Funding of \$49 million is also being provided to build new world class sports science and training facilities at Mile End as the new location for the South Australian Sports Institute.

Mr Speaker the government earlier this year committed to the building of a new multipurpose arena within the Riverbank Precinct.

The new arena will be fully integrated with the Adelaide Convention Centre and will provide the capacity and flexibility to attract larger conferences and exhibitions of strategic importance to South Australia.

It will also host professional court sports including basketball, netball and tennis as well as having the capacity of 15 000 spectators for live entertainment performances.

The estimated cost of the arena is \$662 million which will be reduced by the proceeds from the sale of the Adelaide Entertainment Centre site. The budget funds \$79 million in the forward estimates for planning and site preparation works and the project is expected to be completed in 2027-28.

Mr Speaker this budget also funds a large number of new initiatives providing better services including:

- \$42.1 million to meet increased costs for the number of children and young people in care.
- \$18.2 million to establish the Newpin family reunification program which is expected to support more than 200 families with children aged 6 years and under in care or on a temporary care order.
- \$11.3 million for the Resilient Families program which is an intensive home based family support intervention program. It is expected to support 300 families with children aged under 9 years who have been referred for protective family preservation.
- \$3.7 million to establish family group conferences as an ongoing program.
- \$5.8 million to expand the successful sports voucher program to include students in year 8 and 9.
- \$10 million to implement strategies to reduce the rate of aboriginal reoffending and over representation in the criminal justice system.
- \$2.9 million to establish a new Aboriginal Engagement Reform model which includes the creation of an elected aboriginal engagement body.
- \$500 000 to develop a safeguarding smartphone app for people living with disabilities and their supporters.
- The commitment to 2.5 per cent indexation for eligible not for profit community service providers has been extended for four years.
- \$5.5 million to expand the green neighbourhoods program.
- \$22.9 million to fund projects investing in new technology and equipment related to mixed plastics reprocessing, improving the recovery and separation of soft plastics and increasing glass re-manufacturing.
- \$6.3 million for a range of domestic violence initiatives to assist women to remain in the workforce and maintain economic security.
- \$5.5 million for an expansion of the residential aged care enterprise system.
- \$3.9 million for an additional 100 electronic monitoring devices.
- \$21.1 million to implement stages 3 and 4 of the Shield project which is SAPOL's primary information, data and records management system.
- \$7.7 million for the ongoing management, support and maintenance of the Automatic Vehicle Location system for the emergency services sector.
- An accelerated MFS fire truck replacement schedule with 8 new pumpers and an aerial platform appliance next year and a further six new firefighting appliances each year over the next three years.
- \$20 million to help reduce the backlog of people waiting for elective surgery procedures.
- \$1 million to complete a detailed business case and further \$5 million to acquire land and begin early works on a new Barossa Hospital.

Mr Speaker regional South Australia contributes around \$29 billion to the state's economy which is more than one quarter of total GSP. This year's budget includes an additional \$875.7 million in new measures over the forward estimates supporting the regions.

Together with the \$1.6 billion of new measure in last year's budget this brings total new measures of \$2.5 billion funded in the last two budgets.

For example over the next four years there will be \$786 million invested on regional roads and \$120 million on regional education facilities.

Mr Speaker the South Australia economy has performed much more strongly than expected at the time of last year's budget. Last year's budget predicted the state's economy would actually contract by 0.75 per cent in 2020-21 but it is now estimated actually to have grown by 2.25 per cent.

While there are still segments of the economy that will continue to face challenges during 2021-22 as a result of the current COVID-19 restrictions the economy is expected to grow by a further 3.5 per cent next year.

The economic turnaround has been due to a combination of the massive \$4 billion economic stimulus package and our state's impressive record so far of managing the health challenges of the COVID-19 pandemic.

The improved economic outlook has resulted in expected increases in GST revenue compared to estimates in last year's budget. For example, last year's budget revised down GST revenue in 2020-21 by about \$1.3 billion. Economic recovery has meant that the level of GST losses has been reduced but not removed. Compared to pre-Covid estimates included in the 2019-20 MYBR GST estimates are still lower by \$374 million in 2020-21, \$364 million in 2021-22 and \$198 million in 2022-23 mainly reflecting South Australia's revised share of the GST pool. Total GST losses over just these three years are estimated to be \$937 million.

Last year's budget made it clear that the \$4 billion economic stimulus was strictly time limited to a two year period and it was the government's intention to return to a balanced budget as soon as possible.

This budget outlines significant deficits for this year and next year before returning to surplus budgets from 2022-23 which is one year earlier than estimated last year.

The deficit for 2020-21 is now expected to be about \$1.8 billion down from the \$2.6 billion deficit estimated in last year's budget.

The deficit for 2021-22 is estimated to be \$1.4 billion which includes increased contingencies for possible increased costs such as costs related to managing the COVID-19 pandemic.

This early return to balanced budgets is in contrast to the Victorian and Commonwealth budgets which don't return to surplus over the forward estimates and the Queensland budget which returns to surplus in 2024-25.

Whilst this budget does return to surplus earlier than expected there are still projected significant increases in state debt due to record infrastructure spending and the short term deficit budgets.

Total net debt is still expected to rise from about \$22 billion this year to about \$33.6 billion in 2024-25.

The total net debt to revenue ratio rises to 129.6 per cent in 2024-25 but remains lower than Victoria and Northern Territory and based on 2020-2021 budgets is lower in 2023-24 than the ratios for New South Wales and Australian Capital Territory. For example the Victorian debt to revenue ratio is significantly higher at 199.6 per cent in 2024-25.

Mr Speaker when this government was elected we promised to deliver not only lower costs for business but lower costs for families.

The government is pleased to report that those promises have been delivered and that an average Adelaide household with two children and two cars is now around \$940 a year better off over a range of bills when compared to 2018. Lower water and sewerage bills, ESL bills, electricity bills and car registration/CTP bills together with the doubling of the value of sports vouchers have provided significant financial benefits to families.

This year's budget continues policies to drive down electricity costs and also extends the sports voucher benefits to even more families.

The Budget Measures Bill associated with the budget this year only contains a limited number of measures including the build to rent land tax concession and the payroll tax issue associated with the film sector. The bill also incorporates a compliance measure associated with mining royalties and an amendment to the Motor Vehicles Act and the Road Traffic Act arising from a measure in last year's budget.

Consistent with the commitment in last year's budget and now that legislation has passed in Victoria the government will introduce in the coming weeks its promised bill for a road user charge for electric vehicles.

Mr Speaker this budget provides the foundation and direction for our state's economic recovery and future.

Our priorities in this budget are clear — jobs, health especially mental health and education especially the early years of education.

As we manage our way out of the financial and economic destruction caused by COVID-19, South Australia is at the dawn of an exciting future.

A future which includes:

- Thousands of new jobs building submarines and ships.
- Rockets being launched as part of an exciting new space industry.
- Lot Fourteen continuing as a focus for innovation in sectors like cyber security and space.
- A state of the art new hospital for women and children.
- The completion of the North South Corridor project.
- New job opportunities in areas like hydrogen and plant protein.
- An iconic and nationally significant Aboriginal Art and Cultures Centre which is attracting visitors from interstate and overseas to Adelaide.
- Significant improvements in health and education services especially in areas of mental health and the early years of education.

Mr Speaker this government is excited about the future for our state and we strongly believe this budget provides the foundation and vision to chart the course of economic recovery and deliver on that future.

Mr Speaker in conclusion and I am sure I speak on behalf of all South Australians in again thanking publicly all the hardworking staff, in particular in health and related portfolios and all other public servants who have worked hard to keep us all safe from the COVID-19 pandemic.

I again thank the Premier and my ministerial colleagues for their cooperation during this budget process. Their willing recognition of the need to return to fiscal discipline after we emerge from the pandemic has been an important part of this process.

I also again thank all the hardworking Treasury staff who have worked long hours in putting together this budget.

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

Mr Speaker I commend the budget to the House.





# STATE BUDGET 2021-22

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