

## Barton Deakin Brief: South Australia Budget 2020-21

10<sup>th</sup> November 2020

### Overview

Today, South Australian Treasurer, the Hon. Robert Lucas MLC, handed down the 2020-21 State Budget.

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 since the end of June has aided the recovery of the state economy.

### Summary of Key Economic Indicators

Projections over forward estimates:

**Revenue:** \$3.8 billion revenue loss since the 2019-20 Budget.

**Net Operating Savings:** \$198 million over the next four years.

**Net Debt:** \$24.5 billion at 30 June 2024. This reflects the projected cash deficits in the general government sector across forward estimates.

### Economic Outlook

Projections over forward estimates:

**Employment / Unemployment:** Employment declined significantly in April and May, but 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.

**Economic Growth:** -0.75 per cent in 2020-21 Budget year. The Budget predicts a return to 4.25% growth in the 2021-22 Budget year.

### COVID-19 Response

\$4 billion in total will be provided to meet the economic effects of the COVID-19 pandemic.



Business and Jobs Support Fund and Community and Jobs Support Fund	\$795m
Support for the community and community infrastructure	\$747m
Support for our educational institutions	\$657m
Tax and fee relief	\$592m
Economic and business growth	\$354m
Investment in road infrastructure	\$317m
Investment in our assets	\$297m
Digital Restart Fund	\$120m
Investment in health infrastructure	\$118m
<b>State economic stimulus package</b>	<b>\$4b</b>

### Health:

\$330 million will be provided through state and Commonwealth funding to respond to the threat to health and wellbeing posed by the coronavirus pandemic.

- \$93.1 million for Personal Protective Equipment
- \$83 million for further public health measures, including contact tracing and a state disease control centre
- \$19.7 million over two years for the activation of hospital sites
- \$20.4 million for a mental health support and community wellbeing strategy
- \$17 million will be provided to hospital staff for transport relief throughout the duration of the pandemic

### Economic

- A further \$230 million in payroll tax relief for the Business and Jobs Support Fund to bring the total for this stimulus fund to \$795 million.
- A total of \$265 has been committed to the Community and Jobs Support Fund. Grant funding will also be provided to eligible multicultural non-government organisations supporting vulnerable migrants and connecting them to mainstream services.
- \$220 million for the Economic and Business Growth Fund
- \$851 million 'Tradies Package' will create a pipeline of building and construction works for trades – including plumbers, bricklayers, electricians, carpenters and other suppliers
- \$21.2 million over 2 years for the SA Police to support their COVID-19 response
- \$76 million will create a Housing Construction Stimulus Package. Further measures for this package will be announced in 2021.

### Infrastructure

A total of \$16.7 billion has been committed in total to infrastructure spending. This spending reflects a mix of stimulus-type projects and long-term infrastructure plans.

- \$6.9 billion for road infrastructure over 4 years



- \$2.2 billion in water infrastructure
- \$1.7bn in health facilities
- \$1.3 billion in education infrastructure
- \$782 million in residential housing over 4years
- \$772 million in public transport over 4 years
- \$52.8 million will be dedicated to local infrastructure recovery plans in the Adelaide Hills and Kangaroo Island.
- \$100 million over 2020-21 will be spent on a local government infrastructure partnership program, which will provide grants of up to 50% for local governments for construction and upgrade projects.
- \$240 million hydrogen project, which is expected to be the largest green ammonia plant in the world. \$37 million will be dedicated to upgrading Port Bonython Jetty.

### Energy & Resources

- \$60 million will be provided over 2020-21 and 2021-22 to improve energy efficiency through capital upgrades to government buildings

### Health

- \$1.7 billion will be spent on health facilities from FY2020-21 until FY2024-25. Of this allocation, \$685 million will be spent on the new Women's and Children's Hospital, including further sustainment works, spending on emergency departments, ICU beds, rehabilitation beds, medical imaging, and pathology. Over 2020-21 and 2021-22, \$42.8 million will be spent on improving public health facilities, including upgrades for facilities in regional areas.
- \$196.8 million will be spent from FY2020-21 until FY2024-25 on the rollout of electronic medical records
- \$14 million will be spent from FY2020-21 until FY2025-26 on mental health services, funded by commonwealth government grants.
- \$10 million will be spent in 2020-21 on the provision of cancer services through the Cancer Council of South Australia.
- \$5.6 million will be spent from FY2020-21 until FY2023-24 on the establishment of an expanded home hospital service
- \$5 million will be spend from FY2020-21 until FY2021-22 on a wellbeing center for veterans
- \$4.6 million over FY2020-21 until FY2024-25 on the expansion of the Youth Treatment Order program.

### Education

- \$1.3 billion over FY2020-21 until FY2024-25 for education infrastructure. This includes new schools in Whyalla, Goolwa, Aldinga, Angle Vale. Over the next two years, this funding will also provide \$37 million in additional funding for government schools and preschools to undertake priority maintenance and \$66.9 billion for education capital works. The South Australian Government will also be providing \$320 million in loans to non-government schools over the next five years, and \$11.6 million over the next year in additional funding for capital works at non-government schools.



- \$8.5 million will be provided over FY2020-21 until FY2024-25 in grants to non-government schools to provide more appropriate regional transport services.
- \$99.6 million over FY2019-20 and FY2020-21 will be provided in additional funding for TAFE SA
- \$68.9 million over FY2020-21 and FY2021-22 in additional expenditure for the JobTrainer National Partnership Agreement
- \$19 million over FY2020-21 and FY2021-22 in supporting the JobTrainer initiative in South Australia.
- \$32.9 million over FY2020-21 until FY2024-25 for a further 750 traineeship and apprenticeship places in government projects assessed as having high growth potential.
- \$28.2 million over FY2020-21 until FY2021-22 in additional funding for preschool as part of the National partnership Agreement on universal Access to Early Childhood Education.
- \$13.8 million over 2 years will be provided to set up an International Students Support Package, through the provision of emergency cash grants.

### Tourism

- \$20 million over FY2020-21 and FY2021-22 for the Tourism Industry Development Fund. The fund is a grant program for businesses which provide tourism products and services, especially those in regional areas.
- \$120 million over FY2020-21 until FY2024-25 to advertise tourism to South Australia in domestic and international markets.
- \$4 million over FY 2020-21 for travel vouchers of up to \$100 for domestic tourism accommodation
- \$32 million over FY 2020-21 until FY 2024-25 to promote event and convention bids in South Australia

### Regions

- \$69.3 million for bushfire preparedness and response capabilities. This includes funding for hazard reduction, fire trucks, fire appliances and additional Country Fire Service (CFS) staffing.
- \$293 million will be paid to support regions impacts by bushfires, providing immediate relief, recovery, and response
- \$1 billion will be paid in further economic stimulus to support regions as the state emerges from the impacts of the COVID-19 pandemic. This will include:
  - o \$908.8 million in new rural transport infrastructure
  - o \$25 million special regional growth fund for strategic businesses
  - o \$24.5 million to support the development of the marine-scale fish industry
  - o \$32 million to build the capacity of regional national parks
  - o \$20.6 million towards a drought support package.



## Defence Industries

- \$1 million will be allocated through 2020-21 and 2021-22 to attract defence industry jobs to South Australia.

## Small Business

- The South Australian Government will continue to provide support for small businesses as they deal with the continued economic impacts of the COVID-19 pandemic. The Government has provided \$233 million in payroll tax relief, available to businesses for periods of 6, 9, and 15 months. A payroll tax exemption has also been provided on all JobKeeper payments and wages paid to new eligible employees and trainees.
- The Budget also provides for \$106 million in land tax relief in FY2020-21 as part of the land tax reform package. Businesses affected adversely by the COVID-19 pandemic will be eligible for further temporary reductions in land tax.
- In addition to the \$186 million provided in Small Business Grants in 2019-20, a second round of grants of up to \$10,000 will be available to adversely affected businesses. The estimated cost will be \$82 million in over FY 2020-21.
- \$5 million will be provided to support small and medium enterprises access business advice.

## Further Information

### [Budget Papers](#)

### [Treasurer's Speech](#)

For further information, please contact [John Griffin](#) on +61 419 901 159, [Georga Nonnenmacher](#) on +61 457 662 422 or [Terence Duggan](#) on +61 457 679 595.