

STATE BUDGET

2024-25

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BUDGET PAPER 1: BUDGET OVERVIEW

A summary publication capturing all highlights from the 2024-25 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.

BUDGET PAPER 4: AGENCY STATEMENTS | VOLUMES 1, 2, 3, 4

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

BUDGET PAPER 5: BUDGET MEASURES STATEMENT

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

ACKNOWLEDGEMENT OF COUNTRY

We acknowledge Aboriginal people as the state's first peoples, nations and Traditional Owners of South Australian land and waters. We recognise that their unique cultural heritage, customs, spiritual beliefs and relationship with the land are of ongoing importance today, and we pay our respects to Elders past, present and emerging leaders of the future.

ACKNOWLEDGEMENTS

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Budget Paper 2

2024-25
Budget Speech

Presented by
the Honourable Stephen Mullighan MP
Treasurer of South Australia
on the occasion of the Budget for 2024-25

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Budget Speech 2024-25

Delivered on 6 June 2024, on the second reading of the Appropriation Bill 2024, by the Honourable Stephen Mullighan MP, Treasurer of South Australia.

Mr Speaker

It gives me great pleasure to present to the House the 2024-25 State Budget, the third budget delivered by the Malinauskas Labor government.

Mr Speaker over the past year, our state's economy has been rated the best performing in the nation, our unemployment rate has fallen to a record low of 3.3 percent, and even as it moderates, we still record the highest number of job vacancies in the state's history.

We have recorded the best economic growth rate of all states in two out of the last three years, and we have seen strong performance in dwelling starts and construction work done.

Our exports have reached record levels and our tourism figures show more and more visitors are choosing our state as a destination, and many of them are coming with capital looking to invest.

In its recent Defence Strategic Review, the Commonwealth has confirmed our state's central role in defending our nation, as the home to decades of continuous ship building at Osborne.

Our state will be home to the construction of the nuclear-powered submarines and the Hunter class future frigates, and undertake the life-of-type extension to the existing Collins class submarines and refurbishment of the Hobart class destroyers. This is decades of complex manufacturing worth tens of billions of dollars and thousands of jobs to our economy.

Our global leadership in the clean energy transition offers the prospect for our state to again be at the forefront of renewables technology with hydrogen.

Our established industries in the Upper Spencer Gulf and their proximity to magnetite resources, and abundant renewable energy provide extraordinary opportunities in green iron and steel.

And as global industry races to decarbonise and electrify, our state's copper resources will play a pivotal role in meeting soaring global demand, meaning huge opportunities in our mining and extractive industries.

But Mr Speaker, as much as we celebrate the performance of our economy and the transformative developments that lie ahead of us, we must also recognise the challenges we must confront.

Our nation's economy is cooling: the Reserve Bank's 13 cash rate increases in only 18 months have seen mortgage costs and rents soar, and while inflation has moderated, the cost of groceries, fuel, insurance and other staples remains high.

Many South Australian households and small businesses are facing unprecedented cost of living pressures.

Our housing market remains extremely challenging for those looking for a safe, secure and affordable home.

We continue to see increasing demand in our hospitals during both the national GP shortage, and the lack of aged care and disability care places is stranding over 100 South Australians in hospital beds every day when they should be in more appropriate accommodation.

And to secure the full benefits that our future economy offers us, we need to rapidly improve the education and skills of our workforce.

Mr Speaker, I'm pleased to report to the House this year's budget invests to secure our state's future, and also meets the challenges that confront us today.

Mr Speaker once again, the Malinauskas Labor government will support those most in need in our community.

The budget provides \$266.2 million in cost of living relief to families, to those on low and fixed incomes, and in support for small businesses.

The budget provides \$51.5 million in 2023-24 for an additional once-off Cost of Living Concession payment of \$243.90 to all recipients who received the concession payment this financial year.

This will provide extra support to more than 210 000 households at the beginning of winter, right when the cost of heating homes increases.

Further to this, \$36.6 million over four years is provided to double the Cost of Living Concession for around 73 000 tenants and Commonwealth Seniors Health Card holders so that it is the same value as the concession is for homeowners.

These tenants and Commonwealth Seniors Health Card holders currently receive only half the concession of homeowners; the doubling of the concession and the additional once-off payment together will see them receive \$371.70 in extra support over the next three months.

For families with children, the budget provides \$54.6 million over four years to expand the sports vouchers program by doubling the number of vouchers from 1 to 2 per child each year, and for the first time, vouchers can be used for music lessons. This measure will reduce the cost of eligible activities for around 100 000 children each year.

The budget also provides \$24 million in 2024-25 to deliver a \$200 reduction to the school materials and services charge for the 2025 school year, a significant saving on the fees for parents of up to 120 000 public school students.

A family with two school-age children will benefit by \$600 from these changes.

The budget provides \$14.1 million over four years to improve access to a range of concessions for those vulnerable South Australians restricted from accessing the concessions available to many others.

These measures will benefit tenants in share houses, including those in disability accommodation, will expand access to subsidised eye glasses, emergency electricity payments and also to funeral concessions. In addition, companion card holders will be provided improved access to Changing Places facilities, and there have been improvements in the Home Dialysis Concession and in access to concessions for asylum seekers.

The government is also extending public transport concessions to all Health Care Card holders at a cost of \$10.6 million over four years.

These changes will see increased financial support for approximately 36 000 people and follows an extensive review of the state's concession system by the Department of Human Services and the South Australian Council of Social Services.

In partnership with the Commonwealth, the government is providing \$35.8 million over three years for a social housing energy upgrade initiative to replace power-hungry appliances and improve the energy efficiency of homes to deliver cost savings to tenants in both public and community housing sectors, upgrading approximately 3500 homes.

Mr Speaker, this government is not only looking after individuals needing cost of living relief but also our small business operators.

The budget allocates \$20 million for the second round of the Economic Recovery Fund to support up to 8000 eligible small businesses and not-for-profit organisations to invest in energy efficient equipment or other improvements to reduce and manage their energy bills.

Grants ranging from \$2 500 to a maximum of \$50 000, with a matching contribution by the applicant, will be available on a first-come, first-served basis until the funding allocation has been exhausted. Applications for Round 2 will open in August 2024 with further details on key eligibility criteria to be released shortly.

While last year's budget supported small businesses with time-limited support, this year's budget will help thousands of businesses lock in cost savings for years to come.

The government will also exempt from payroll tax general practitioner wages related to bulk billed services from 1 July 2024. The exemption provides an incentive for general practitioners to bulk bill patients and complements the Commonwealth's tripling of the bulk-billing incentive and significant reductions in the costs of medicines under the pharmaceutical benefits scheme.

The budget again has no new government taxes, with the indexation rate for government fees and charges limited to 3 per cent in 2024-25, below the rate of inflation, and vehicle owners will continue to benefit from the former Labor government's reforms to the competitive Compulsory Third Party insurance scheme, lowering average CTP premiums.

Mr Speaker, our state's housing market continues to make it difficult for many South Australians to access safe and affordable housing, with both house prices and rents continuing to increase as supply fails to keep pace with demand.

The government remains committed to doing everything it can to ensure South Australians don't have to give up on the dream of homeownership.

This year's budget allocates a further \$843.6 million to boost supply and improve affordability.

Last year the Malinauskas government abolished stamp duty for first homebuyers buying land to build a new home up to a property value cap of \$400 000 or buying a newly built home, up to a property value cap of \$650 000. In the space of a year, the median house price has continued to soar, reaching \$745 000 in Adelaide and \$665 000 across the state.

From today, the government has removed the value caps on new home and vacant land contracts for stamp duty relief as well as the value cap for the First Home Owner Grant.

Importantly Mr Speaker, targeting our relief to new homes incentivises more being built, contributing to much-needed supply: while some believe stamp duty relief and the First Home Owner Grant should go to purchases of existing homes, we know that in practice this drives up prices to benefit vendors, not first homebuyers, and does nothing to boost supply.

Over the next 12 years \$576 million will be used to redevelop South Australian Housing Authority land at Seaton estimated to deliver 1315 dwellings, including rebuilding 388 public housing dwellings and delivering an additional 197 affordable homes.

The funding will also be used to redevelop government sites at Noarlunga Downs estimated to deliver an additional 626 dwellings including 80 social and 90 affordable homes.

In addition to this funding, the budget provides \$135.8 million over five years to build around 442 additional social housing dwellings by 30 June 2028 funded from the Commonwealth Government's Social Housing Accelerator Payment.

A further \$30 million over three years will support the Office for Regional Housing in Renewal SA develop more regional housing in partnership with regional communities and their local governments.

The budget also provides an extra \$5 million over four years to extend the Aspire homelessness program for a further three years to 30 June 2027, in partnership with the Hutt Street Centre.

Mr Speaker, last year the government received the final report from the Royal Commission into Early Childhood Education and Care, led by former prime minister the Hon Julia Gillard, setting out the recommended pathway for the government to deliver its election commitment to introduce 15 hours per week of preschool for 3-year-olds across our state.

Make no mistake, this endeavour is the greatest reform to our education system in the state's history, getting our kids into formal education in their formative years, and tackling the developmental challenges experienced by one quarter of all preschool children.

This budget is the start of a \$1.9 billion investment in early childhood education between now and 2032-33, with \$715 million provided over the forward estimates to begin the phased introduction of universal 3-year-old preschool across both government and non-government providers.

The funding includes \$339.7 million over five years to start the delivery of preschool for 3-year-olds from 2026 as promised, with both government and non-government providers, including long day care centres commencing a staged roll out in selected regional and metropolitan locations.

This staged roll out will continue until all 3-year-olds across the state can access the minimum entitlement of 15 hours of preschool by 2032.

A further \$127.3 million over four years is provided for more hours of preschool and supports for children most in need, \$96.6 million over four years to grow and support the early childhood workforce, and \$30.6 million over four years to align the supports offered to 4-year-olds in preschool with the enhanced support being developed for 3-year-olds.

Mr Speaker, a staged roll out of this generational reform over seven years is required in order to build the workforce and infrastructure needed to expand high quality early years educational services across the state in a similar approach to how the reform has been staged in other jurisdictions.

Mr Speaker, this budget also builds greater capacity in our existing school system, with \$155.3 million over five years to construct a new secondary school in the northern suburbs, adding 1300 places for students, and \$62.7 million over four years for the construction of a new preschool and primary school in Mount Barker, adding 100 preschool places and 350 primary school places.

Mr Speaker, as I outlined earlier, our state has a prosperous future ahead.

To ensure our state reaps the full rewards from the generational developments in our economy in naval shipbuilding, clean energy, green manufacturing and mining, we must ensure we have a far more highly skilled workforce.

The budget delivers a record \$2.3 billion investment over five years in partnership with the Commonwealth to meet this skills challenge.

This represents a \$692.6 million — or 43 per cent — increase in skills and training funding, to support TAFE SA, not-for-profits and non-government training providers meet the challenge of skilling our workforce.

This will deliver over 160 000 training places in the areas of defence, health, building and construction, early childhood education, clean energy transition and ICT. This includes a 20 per cent increase in TAFE SA places in regional SA.

The funding importantly also provides \$56.2 million to support students in their training and increase completion rates. This includes additional wellbeing and financial support, and greater access to career and course information and foundation skills programs.

Mr Speaker, our state's reputation for holding major events and the records being set in our tourism and hospitality industries have contributed to the strong performance of our economy.

To build on this momentum, \$20.8 million is provided to increase marketing of our state both interstate and overseas, and \$14 million over four years to expand the Business Events Fund specifically to boost visitation in the winter months.

To build our state's presence internationally, \$6.8 million over four years is allocated to increase Defence SA's presence at major national and international exhibitions, and to increase supply-chain involvement of South Australian businesses in defence and AUKUS projects.

A further \$6 million over four years to expand investment attraction activities and trade programs is allocated along with \$4.3 million over four years for Brand SA to promote South Australian products and businesses.

The South Australian Business Chamber's South Australian Young Entrepreneur Scheme is supported with \$380 000 over two years.

Mr Speaker, the budget continues our record investment in our health system providing an additional \$2.5 billion over five years, bringing our additional investment in health to \$7.1 billion over our three budgets.

We are ensuring our health system has the resources it needs to deliver the health services our community relies on.

The budget allocates \$1.6 billion over five years to meet higher costs of service delivery across SA Health, in part due to new higher national efficient price levels, and to support SA Health as it strives to improve the effectiveness and efficiency of its services.

A further \$742.3 million is allocated over five years to meet higher activity demand pressures in the public health system, and the budget also includes \$30.2 million to deliver 20 additional general inpatient beds at the Lyell McEwin Hospital and 36 additional surgical and general inpatient beds at the Queen Elizabeth Hospital.

This will bring the total number of beds commissioned by this government to more than 600, and by the end of next year, over 300 of these will have been delivered — the equivalent of an entire Queen Elizabeth Hospital.

In mental health, new funding of \$5 million is allocated over four years to fund a range of programs to support youth mental health services, while the government continues delivering mental health support services, including 108 additional mental health beds, funded in its first two budgets at a cost of \$214 million.

Mr Speaker, keeping the community safe is a fundamental responsibility for any government and it remains a priority to ours. I'm pleased to report to the House the budget contains the largest investment in prison capacity in our state's history.

\$205.7 million is allocated over four years to construct 312 high security beds at Yatala Labour Prison, and a further \$21 million over two years to construct 40 additional residential beds at Adelaide Women's Prison.

The budget also starts the work of investing in post-release accommodation for prisoners preparing to re-enter the community, with \$3.4 million over four years to repurpose the former juvenile detention centre at Cavan to provide accommodation support services for 36 people.

The budget also continues the work of investing more in our police force.

Last year, the government funded the recruitment of 189 police security officers to take on roles to free up sworn officers for frontline duties.

This year, \$36.7 million is allocated over the next four years for a suite of initiatives to continue this work, and allow the equivalent of a further 102 officers and staff to be reallocated from administrative and back office roles onto the frontline.

\$19 million over four years will fund a digital police station initiative, a new online system which will provide a range of services to the public currently only available by visiting a police station.

\$9.3 million over four years is allocated to recruit civilian staff to various administrative and back-office positions to release sworn officers into priority operational policing duties.

A further \$8.5 million over four years will accelerate the delivery of a new telephone resolution desk employing 31 administrative call takers to reduce SA Police attendance at non-emergency incidents, without compromising public safety or service delivery standards.

Mr Speaker, this year's budget sees the largest ever infrastructure program, with \$25.6 billion invested over the next four years. This includes \$7.0 billion towards the River Torrens to Darlington section of the North-South Corridor, and \$1.7 billion towards the new Women's and Children's Hospital.

Road projects supported in the budget include \$200 million over three years to improve safety and traffic management between the Tollgate and Crafers on the South Eastern Freeway, and a further \$150 million over four years to upgrade two interchanges with the South Eastern Freeway at Mount Barker and Verdun.

An \$80.1 million road safety package over four years includes an extra \$35 million for key road maintenance upgrades, \$38.7 million for further road safety cameras including at key push-button pedestrian crossings, and \$2.6 million to reduce speed limits at priority locations on arterial roads adjacent to schools.

In the Arts the budget provides \$20.7 million over five years to establish an arts investment fund to drive targeted investment in strategic initiatives across South Australia's arts, culture and creative industries, as well as \$19 million over three years for new accommodation for the State Theatre Company, State Opera and Country Arts South Australia.

In sport and recreation facilities \$83.1 million over four years will be invested to redevelop the Netball SA stadium at Mile End, \$20 million will be contributed towards the redevelopment of the Lyndoch Recreation Park, and \$5 million will be provided from 2027-28 to continue partnering with councils to maintain and repair the state's jetties.

To support our primary industries, there is a further \$43 million over two years to respond to fruit fly outbreaks across the Riverland and metropolitan Adelaide, and \$24.4 million over five years to reduce agricultural emissions through supporting the upskilling of the sector in the take up of low emission intensity farming systems.

To continue to support communities across our regions, \$4.4 million over four years is provided to support the rural financial counselling and family and business support mentors programs.

More broadly across our regions the budget provides a range of new measures across portfolios, including:

- \$31.8 million for the construction of three overtaking lanes on Main South Road between Normanville and Cape Jervis
- \$20 million towards planning transport network improvements to support the Riverland following the River Murray flood event
- \$18 million to construct a new purpose-built police station in Naracoorte
- \$11.5 million to support the Port Pirie emergency department upgrade, and
- \$4.3 million to build a new integrated cancer consult suite at Mount Gambier Hospital.

The budget provides a significant boost to environment and conservation funding, including a further \$20.6 million in 2024-25 to protect our beaches, including \$14.3 million to commence restoring West Beach and evaluate long-term sand recycling options, and \$6.4 million to enable the continued replenishment of sand at West Beach and other Adelaide coastal areas.

\$30 million is allocated to protect and conserve our iconic natural places and enhance visitor experiences. The government is also providing \$16.4 million over four years in additional support to the RSPCA to provide compliance activities, welfare assessments and assist in the enforcement of animal welfare provisions.

Mr Speaker, our state's strong economy has seen state taxation revenues revised up by \$357 million in 2023-24 since the mid-year budget review and by a further \$1.1 billion over the period 2024-25 to 2026-27, mainly due to higher forecast collections from payroll tax, conveyance duty and land taxes.

Further, stronger national GST collections in 2023-24 and changes to South Australia's share of GST revenue since the mid-year budget review means GST grant revenues have been revised up by \$162 million in 2023-24 and by \$635 million over the period 2024-25 to 2026-27.

While the government has benefited from strong revenue collections from robust economic performance, those revenues have allowed us to get the budget back into surplus, reduce taxes, increase funding in key areas, and invest in more infrastructure.

The 2024-25 Budget outlines the government's second surplus, and projects surpluses across the forward estimates. As I have advised the House previously, these surpluses are important to provide a buffer in case of lower economic growth or to provide greater support to the community.

At the end of the current financial year, non-financial public sector net debt is projected to be \$3.6 billion lower than what had been forecast by the previous government, and the key debt affordability metric, the net debt to revenue ratio, is more than 28 percentage points lower than what had been forecast.

As a result of the budget's record \$25.6 billion infrastructure program, non-financial public sector net debt is forecast to increase by \$16.3 billion over the forward estimates, reaching \$44.2 billion as at 30 June 2028, however with a net debt to revenue ratio of 131.8 per cent, only 2.2 percentage points higher than what had been forecast by the previous government.

Mr Speaker, It takes an enormous effort to put a state budget together, and I'd like to thank those who have contributed so much and been an enormous support over recent months.

First, to my wife Antonia, and our children Ben, Isaac and Olivia — your unfailing support and love allows me to do this work and I am so grateful to you all.

To the Premier and my ministerial colleagues, I appreciate your support and input throughout the budget process, and I also thank my caucus colleagues for their ongoing support.

To my ministerial office, led by Chief of Staff John Atkinson, thank you for your unstinting work and diligence over the past months.

And as always, I thank the unfailing dedication of the Department of Treasury and Finance, particularly Under Treasurer Rick Persse, Deputy Under Treasurer Tammie Pribanic, as well as Acting Executive Director, Budget and Performance Sandy Burness and all those across the department who contribute throughout the budget process.

Mr Speaker, This year's budget puts more money in the pockets of those doing it toughest, it ensures more South Australians can afford a roof over their head, it gives our children the best start in life, and it prepares our workforce for the jobs of the future.

It provides record levels of funding for our hospitals, and builds more capacity in our prisons and in our police force.

It is a budget that sets our state on the path for a more prosperous future, and it does so while keeping the budget in surplus and our debt levels sustainable.

I commend the budget to the House.

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2024-25

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**Government of
South Australia**