

# STATE BUDGET

## 2026-27

**PETER MALINAUSKAS MP**  
PREMIER

**TOM KOUTSANTONIS MP**  
TREASURER

### SUPERCHARGING PRODUCTIVITY TO MAKE SOUTH AUSTRALIA THE SMART STATE

The Malinauskas Labor Government will invest \$50 million in a landmark fund that will supercharge research and development in South Australia, driving productivity and ensuring we foster the knowledge and innovation we need to capitalise on the economic opportunities presented by AUKUS and a world-class copper province.

The Research and Development Productivity Fund is part of a broader \$650 million in the 2026-27 State Budget towards innovation and productivity that will drive the South Australian economy.

Combined with almost \$620 million in funding on new education initiatives including fee-free public school for all students, as well as early childhood initiatives including delivering three-year-old preschool, this will help create a pipeline of knowledge and innovation investment from pre-school to university and beyond.

The Research and Development Productivity Fund will support targeted, high-impact research programs aligned with the state's strategic priorities and areas of research strength.

The initiative will complement existing investments in research and innovation by strengthening collaboration between universities, industry and government and by accelerating the translation of research into commercial outcomes.

This investment will attract world-class researchers, innovative businesses and encourage co-investment from domestic and international partners.

This initiative begins the Malinauskas Government's response to the South Australia Productivity Commission's Report into *Building our R&D Intensity to Deliver a More Productive and Competitive State*.

The Government endorses the long-term model proposed by the Commission for the establishment of separate Frontier Technology Institutes - independent research institutes associated with the state's universities – however has ruled out raising payroll taxes on big business to fund the measure as proposed by the Commission report.

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The State Government will consult broadly with business on the design of the fund, with a view to introducing legislation into the Parliament before the end of the year.

In addition, the Government will ask the SA Productivity Commission to immediately undertake a **Red Tape Reduction Review**. This would identify and analyse specific opportunities to reduce our regulatory burden and streamline business dealings with government.

The review will be informed by in-depth consultation with industry and include identifying reforms to regulations administered by local government.

Improving productivity is critical to lifting long-term economic growth and living standards for South Australians.

Reducing unnecessary regulatory burden is one way to improve productivity. It can unlock investment and lower costs for business - but achieving this requires deliberate, often complex, review of entrenched regulatory settings.

The review would identify specific priority reform opportunities in state and local government regulation, targeting areas where South Australia is demonstrably more restrictive or burdensome than other jurisdictions, and undertake structured engagement with business to identify practical regulatory constraints.

Other budget investments in innovation include:

- \$50 million in 2029-30 to increase capacity in the Digital Investment Fund, driving new initiatives supporting public sector efficiency. This will bring the total investment in government digital initiatives to \$376.5 million.
- \$15 million over two years to deliver a business case and the necessary planning and design for transport infrastructure solutions to enable access to the Lefevre Peninsula for the increase in workforce expected at the Osborne naval defence precinct.
- The South Australian Strategic Gas Reserve - a long-term domestic gas supply agreement with Santos, ensuring gas currently sold overseas will instead be used in South Australia and help underpin the transformation of the Whyalla Steelworks. The Reserve will see Santos supply 20 petajoules of gas each year for 10 years from 2030.
- \$12.4 million over four years for new PACE (Plan for Accelerating Exploration) partnerships to help prime South Australia's resources sector. The program will support industry with co-funding grants for drilling, geophysics, research programs, and groundwater investigations with a focus on under-explored and prospective provinces of the state.
- \$2 million over two years for the establishment of the new SA Gas and Water Trust,

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honouring our election commitment to consolidate oversight of SA Water, industrial water projects including Northern Water and the SA Strategic Gas Reserve.

### Quotes attributable to Peter Malinauskas

We know South Australia is a great state, but we are investing to ensure we are also the Smart State.

From our investments in 3-year-old preschool, to the establishment of a new university, my government has been firmly focused on delivering improved productivity and in turn, a better standard of living for South Australians.

It is now time to take that investment to a new level through the Research and Development Productivity Fund.

Research and development is the best way to unlock new economic growth for our state.

Through this \$50 million fund, we will establish new research and development institutes to work closely with businesses and universities to achieve this end.

This will be done without imposing additional payroll taxes on business, as has been recommended.

The independent Productivity Commission estimates that every \$1 we spend on this initiative across the next decade is expected to generate economic output of \$3.70.

### Quotes attributable to Tom Koutsantonis

The evidence is clear that research and development programs are a key driver of productivity growth, higher incomes and long-term economic performance.

This initiative will focus on increasing the scale and impact of research activity in South Australia.

It will allow us to excel in our areas of strength, and to foster the knowledge base that will underpin the opportunities presented by AUKUS and the copper boom.

The investment will strengthen collaboration between universities, industry and government, help turn research into commercial outcomes, and support the adoption of new technologies and practices that lift productivity across the economy.

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