

# STATE BUDGET

## 2024-25

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PREMIER

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### A BUDGET THAT DELIVERS ON KEY PRIORITIES

The 2024-25 State Budget provides cost of living relief for families and South Australians on concessions and low incomes, while investing in key priorities including health, housing and jobs.

The budget estimates the Malinauskas Government will deliver a \$306 million surplus in 2023-24, with surpluses forecast across the forward estimates.

There are no new taxes, and stamp duty will be completely abolished for all eligible first home buyers who build a new home, regardless of the purchase price. This will help to address the key issue of supply without driving up prices for established homes.

#### Cost of Living

The budget provides \$266.2 million in cost of living relief for South Australians including:

- \$54.6 million over four years to double the number of \$100 sports vouchers from one to two per child each calendar year, and music lessons will now be eligible;
- \$24 million to reduce the materials and services charge at government schools by \$200, supporting parents and caregivers of 120 000 school children;
- \$51.5 million to provide a once-off additional Cost of Living Concession payment of \$243.90 this month to more than 210 000 South Australians
- \$36.6 million over four years to double the Cost of Living Concession from 2024-25 for tenants and Commonwealth Seniors Health Card Holders – providing an additional \$371.70 in relief to around 73 000 people
- \$35.8 million over three years for energy upgrades in 3 500 social houses, to deliver efficiency and cost saving benefits to tenants in both public and community housing sectors;
- \$14.1 million over four years to improve and expand access to a range of concessions, assisting up to around 21 000 vulnerable South Australians;
- \$10.6 million over four years to extend public transport concessions to around 15 000 HealthCare Card holders.

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**Businesses** will benefit from \$20 million in 2024-25 for Round 2 of the Economic Recovery Fund, to support grants for up to 8 000 eligible small businesses and not-for-profit organisations to become more energy efficient, reducing their energy bills on an ongoing basis.

There is also \$18.4 million over four years to help non-government organisations meet rising costs.

Families with two school-age children will benefit by \$600 from the increased sports vouchers and the materials and services charge reduction.

These measures are designed to complement the broad-based Commonwealth support in its budget, by providing relief to families and those on low incomes.

### Housing

The budget provides a record \$843.6 million for housing, to build more houses and improve affordability.

From today, stamp duty is completely abolished for all eligible first home buyers who build or buy a new home, regardless of the property's purchase price.

An eligible first home buyer who buys a newly constructed home broadly in line with Adelaide's median house price of \$750,000 will receive more than \$50,000 in both stamp duty relief and the First Home Owner Grant of \$15,000.

There is also \$576 million for the redevelopment of SA Housing Authority property at Seaton and vacant land at Noarlunga Downs, estimated to deliver 1,315 homes at Seaton, including the replacement of 388 existing social houses, and a further 626 dwellings in the south, including 80 social and 90 affordable homes.

There is also \$30 million to develop more regional housing, \$136 million to build and upgrade 442 more social housing dwellings, and \$5 million to extend the Aspire homelessness program until the end of June 2027.

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### Health

The budget provides an additional \$2.5 billion for health over five years, to meet demand and ensure our health system is appropriately resourced.

New measures include:

- \$1.6 billion to meet the higher cost of service delivery and recent increase in the national efficient price, and to support SA Health as it progressively increases the efficiency of its services;
- \$742.3 million for additional hospital activity;
- \$24 million over three years to build new ambulance stations at Whyalla, Marion and Two Wells;
- \$17.1 million over four years for an extra 21 renal haemodialysis chairs in northern Adelaide supporting an additional 84 patients;
- \$15.2 million over three years to combat tuberculosis;
- An extra \$11.5 million over four years for the Port Pirie Hospital upgrade and multi profession simulated training and development service;

There is also an additional \$64.4 million for measures to address ramping including 20 new beds at the Lyell McEwin Hospital and 36 new beds at the Queen Elizabeth Hospital.

The budget also invests an additional \$5 million over four years to support youth mental health programs, with \$219 million in additional funding now committed since the election of the Government to support mental health, including to deliver an additional 108 mental health beds across the health system.

### Jobs

The 2024-25 budget invests in young South Australians and the economy, boosting our investment in skills to \$2.3 billion over five years in partnership with the Commonwealth Government.

The budget provides an additional \$692 million over five years, representing a 43 per cent increase in skills funding, to ensure South Australians get the skills they need for the jobs being created across the state's economy.

This includes \$275.6 million for more than 160 000 training places in key areas such as defence, health, building and construction, early childhood education, clean energy transition and ICT, and \$56.2 million to help more students complete their training.

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### Budget position

The budget estimates the Malinauskas Government will deliver a \$306 million surplus in 2023-24, the second surplus in a row which is anticipated to continue through the forward estimates.

This follows the Malinauskas Government delivering the first surplus in four years in 2022-23 following three years of deficits under the previous Liberal Government.

South Australia's return to surplus has occurred early in comparison to the rest of the nation, highlighting the strength of our current budget position.

The only other jurisdiction currently expecting to deliver a surplus in 2023-24 is Western Australia. However, that's underwritten by the favourable GST arrangements WA was provided in 2018.

The budget includes \$25.6 billion in infrastructure funding over four years with \$7 billion across the forward estimates for the North-South Corridor — River Torrens to Darlington project and \$1.7 billion for the new Women's and Children's Hospital.

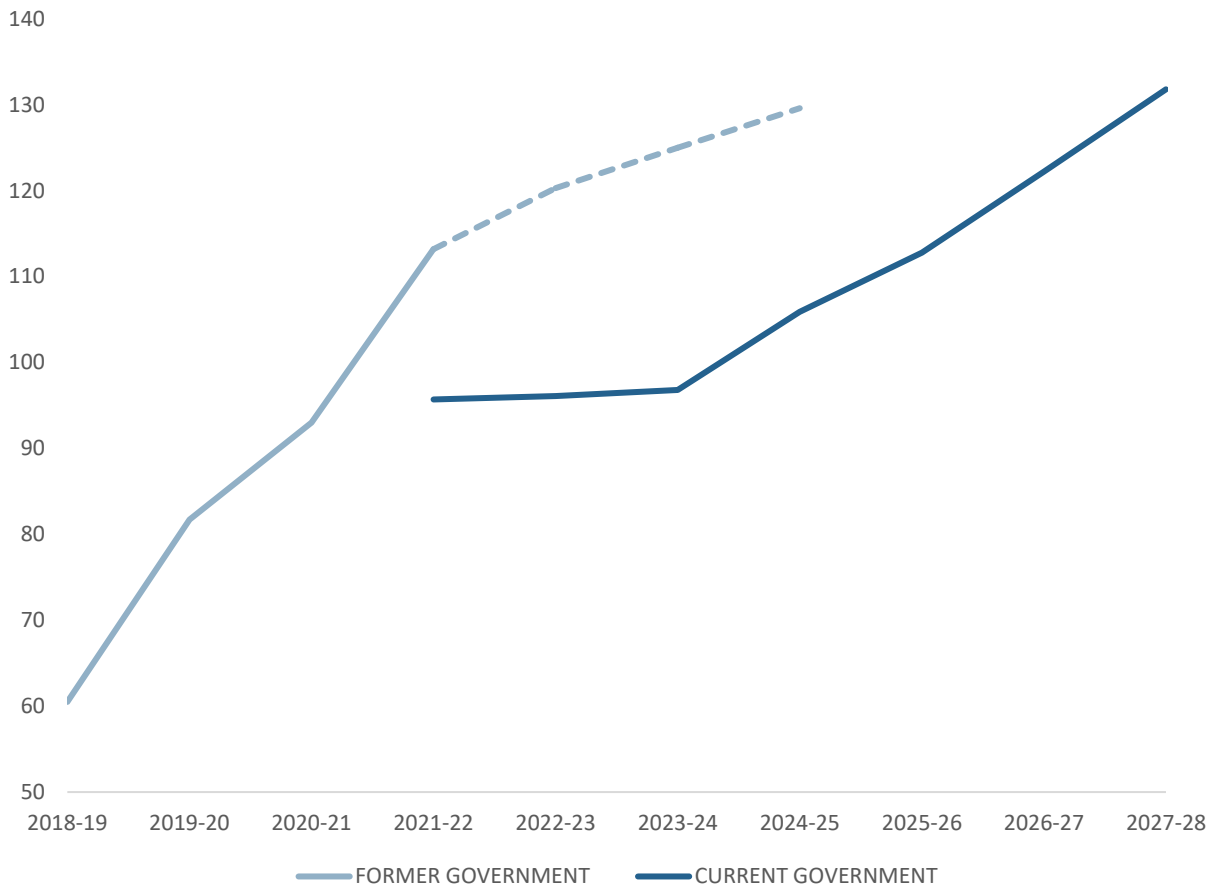
With these projects and other ambitious government building programs, non-financial public sector (NFPS) net debt is expected to increase by \$16.3 billion over the next four years to \$44.2 billion in 2027-28.

Importantly, increased debt levels remain sustainable as the key affordability metric, the net debt to revenue ratio, remains consistent with the projections of the previous government.

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NON-FINANCIAL PUBLIC SECTOR NET DEBT TO REVENUE (%)



### Revenue

Taxation and grant revenue has been revised up in all years across the forward estimates since the 2023-24 MYBR, partially reflecting the recent strength of the South Australian economy.

The budget maintains the Malinauskas Government’s promise of no new taxes, and most fees and charges have been indexed by 3.0%, ensuring increases are well below inflation.

In 2023-24, per capita taxation in South Australia is expected to be around 34 per cent below the national average. This reaffirms South Australia as the lowest taxing state on the mainland.

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### Savings

There are no new savings targets for agencies in the 2024-25 Budget.

### Economy

Economic performance over the past year has been strong.

For the first time, South Australia was ranked the number one performing economy in CommSec's State of the States report – not once, but twice.

We recorded an average unemployment rate of 3.9 per cent over the past 12 months (to April), reaching a record low 3.3 per cent in February, outperforming the rest of the nation.

The unemployment rate was 5.0 per cent when the Malinauskas Government was elected in 2022.

There are almost 40,000 more people employed now than at the time of the 2022 state election, despite recent population growth.

Driving historically strong labour force and economic growth figures has been high levels of activity in both residential and non-residential construction, exports, business investment, and increasing state government investment in recent quarters.

However, as financial pressure on households and businesses persists because of higher interest rates and prices, household demand is slowing, consistent with Commonwealth Budget forecasts.

This, along with a reduction in crop production as agricultural output comes off the record high of last year, means that South Australia's economic growth across the forwards will be slower than recent years.

The 2024-25 Budget forecasts economic growth to slow to  $1\frac{1}{4}$  per cent in 2023-24, before progressively recovering to 2 per cent growth in the out years of the forward estimates.

The Budget also expects inflation to return to the RBA's target band by the 2025-26 financial year, reflecting the RBA's view that the final push to reduce inflation to the target band will be the hardest.

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### KEY ECONOMIC INDICATORS UNDERLYING THE BUDGET AND FORWARD ESTIMATES - SOUTH AUSTRALIA

	2023-24 Estimate	2024-25 Forecast	2025-26 Projection	2026-27 Projection	2027-28 Projection
Gross State Product – real growth (%)	1¼	1½	1¾	2	2
State Final Demand – real growth (%)	1¾	1½	1¾	2	2
Employment – growth (%)	2	½	¾	1	1
CPI (%)	4¾	3½	2¾	2½	2½

#### Quotes attributable to Peter Malinauskas

*This is a budget which delivers cost of living support to South Australians now, while building for the future.*

*We're building the housing, skills, education and health system needed to support a growing economy, which will soon be building the most complex machines on earth.*

*Importantly our prudent budget management is delivering surpluses.*

*The State Government managing our budget means we can help households with theirs.*

#### Quotes attributable to Stephen Mullighan

*The budget sees a second consecutive surplus this year and forecast surpluses across the forward estimates.*

*Not only are there no new taxes or tax increases, we remain the lowest taxing state on the mainland.*

*Our strong budget position means we can deliver cost of living relief to those who need it the most, complementing the Commonwealth's broad-based support.*

*This budget makes critical investments to set our state on a path for a more prosperous future.*

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