

STATE BUDGET

2023-24

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A BUDGET THAT DELIVERS ON KEY PRIORITIES AND INVESTS IN THE FUTURE

The Malinauskas Government's second budget delivers on significant investments in housing, health, and child protection, while providing cost of living relief for those who need it most.

The 2023-24 State Budget contains no new taxes and there are no additional savings targets for agencies.

It provides \$4.3 billion over 2023-24 to 2026-27, in addition to \$713 million in 2022-23, for new expenditure initiatives and revenue measures.

Health

Health receives the greatest share of new funding, with an additional \$2.3 billion in new initiatives over the forward estimates to meet increased demand, ease pressure on hospitals, and provide better health care for South Australians.

Of this, \$1.3 billion over five years funds additional activity demand pressures, and \$567 million over four years from 2022-23 supports SA Health as it transitions from the height of a pandemic response to a 'living with COVID' framework.

The government is also allocating almost \$200 million for measures that seek to deliver better health care and reduce ramping, \$100.8 million over two years for the new Mount Barker Hospital, \$31.1 million over three years for the deployment of the Electronic Medical Record program across all regional Local Health Network hospitals, and \$20.1 million over two years to upgrade the Paediatric Intensive Care Unit at the Women's and Children's Hospital, to ensure it can continue delivering high quality services while the new hospital is being built.

Housing

The Malinauskas Government is investing \$474.7 million for a comprehensive suite of measures to deliver more social housing and affordable homes.

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In total, funding in the budget supports the delivery of 3,600 new homes over five years and reduces the cost of housing for about 14,000 more new homes.

The budget abolishes stamp duty for first home buyers when they purchase a new home valued up to \$650,000 or purchase vacant land valued up to \$400,000 to build a new home. The budget also retains the existing First Home Owner Grant and increases the property value cap to \$650,000.

These measures mean an eligible first home buyer can receive total relief of up to \$44,580 on the purchase of a new property valued at \$650,000.

The budget also provides funding for the delivery of 700 affordable homes, expands the government's public housing commitment and will build an additional 564 new homes as well as halt the sale of a further 580 public housing properties.

Cost of Living

The budget allocates more than \$470 million in the single largest cost of living assistance package ever deployed in our state.

The measures are targeted to ensuring the government is supporting those who need it most without adding to inflation.

The government has partnered with the Commonwealth in a \$254 million Energy Relief Plan with a rebate of up to \$500 on 2023-24 electricity bills available to 420,000 eligible households and up to \$650 available for 86,000 eligible small businesses.

The government has also indexed concessions at a further cost of \$44 million over five years.

Eligible pensioners who own their own home could receive up to \$580 in additional cost of living relief through the Energy Bill Relief plan and the increase to various government concessions, bringing total government concession relief of up to \$1,547 in 2023-24.

Seniors cardholders will also continue to benefit from the government's election commitment making public transport free at all times for seniors cardholders.

A family with two school aged children who are eligible for Family Tax Benefit A or B, could save around \$700 in 2023-24 as a direct result of the government's package to relieve cost of living pressures.

The budget ensures the government is providing help to those who need it most, without adding to inflation.

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Child protection and early intervention

The 2023-24 State Budget includes \$216.6 million for child protection and early intervention services, with additional resources to meet the costs of children and young people in care, early intervention measures to support families and other child protection system supports.

This includes \$35.7 million to increase targeted intensive family support services reflecting the government's effort to support vulnerable families. We are also increasing payments to family-based carers, including an additional \$50 per fortnight for each child under 16 in their care to assist with cost of living pressures.

Jobs and the economy

In the face of global economic headwinds, the government is investing in opportunities and initiatives to grow jobs and drive the economy, ensuring our state is the best place to live, work and invest.

The budget includes \$186 million to support economic growth and development opportunities, including:

- \$5.5 million over four years is allocated to establish an Office for AUKUS to help implement the Australian nuclear-powered submarine construction program at Osborne;
- A provision for the government to partner with the private sector to undertake the necessary environmental studies, final engineering and costings to facilitate a final investment decision in 2024 on Northern Water.
- A further \$22 million in 2026-27 for the Economic Recovery Fund announced last year;
- \$20 million for the Research and Innovation Fund including continued funding for the start-up hub at Lot Fourteen;
- \$20.8 million over four years for the Major Events Fund, and \$27.8 million over four years to boost funding to the racing industry.
- \$2.4 million over four years to expand South Australia's international network, including **trade offices** in Washington, D.C. and Frankfurt, Germany.

Budget position

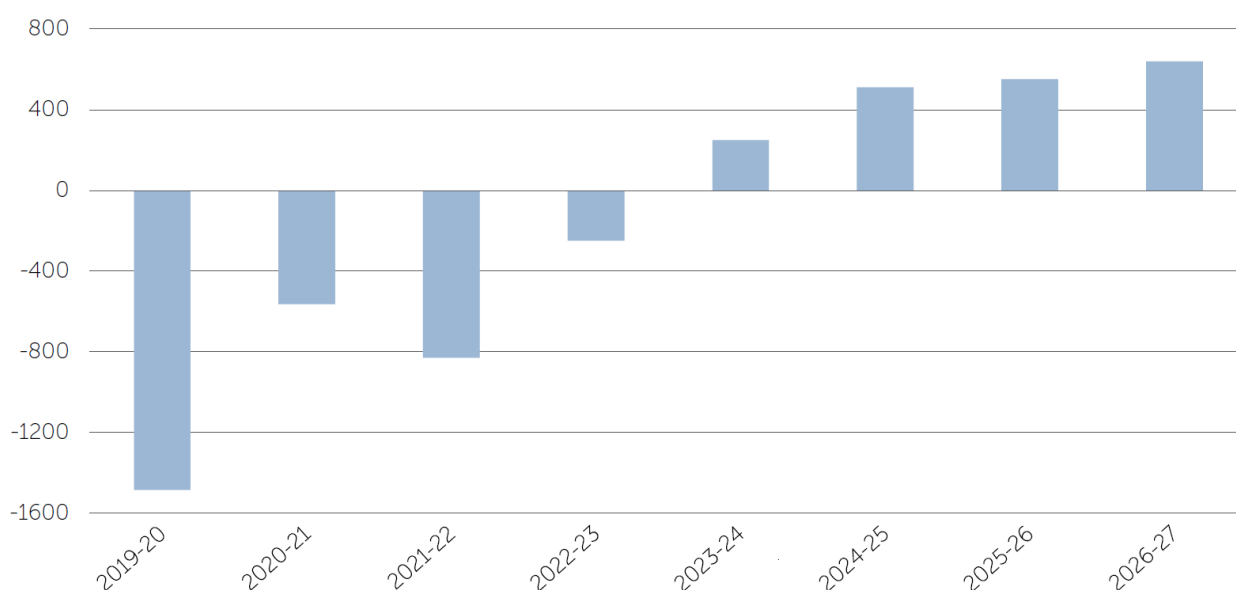
A further funding boost for health since the MYBR, additional flood recovery funding,

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child protection, and lower GST revenue of \$95 million in 2022-23 means the budget's return to surplus is delayed by a year until 2023-24 with a net operating balance deficit of \$249 million now estimated in 2022-23.

GENERAL GOVERNMENT SECTOR NET OPERATING BALANCE (\$MILLION)



Despite the reduction in GST revenue in 2022-23, these revenues increase by \$405 million over the period 2023-24 to 2025-26, compared to estimates in the MYBR, largely reflecting an increase in the national GST pool and changes in South Australia's share of revenue.

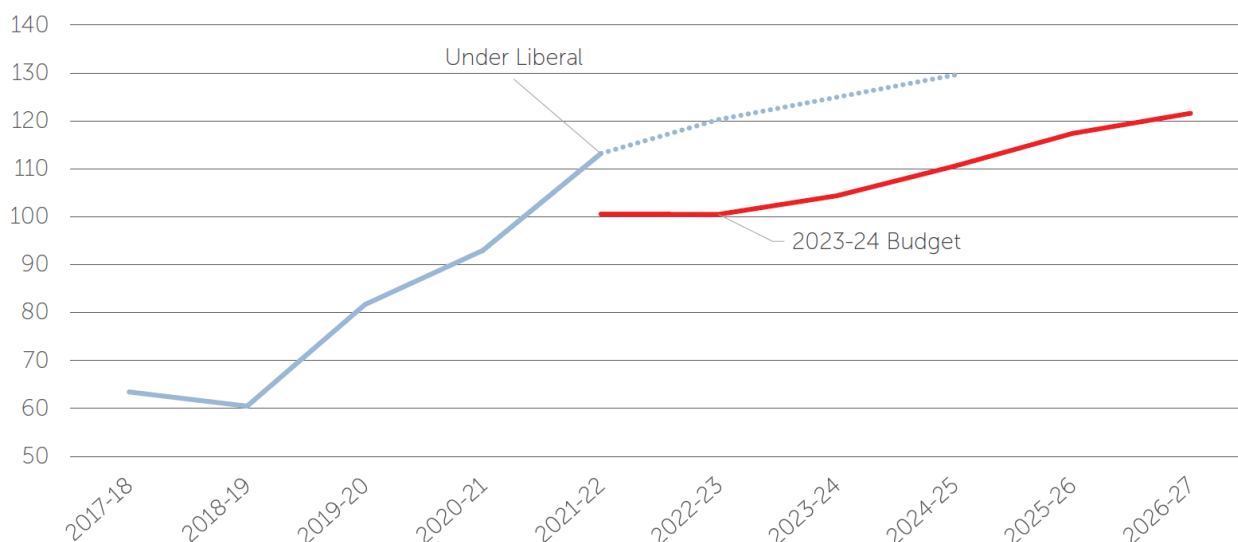
As the major projects of North South Corridor, Torrens to Darlington upgrade and the new WCH begin in earnest over the next four years, non-financial public sector (NFPS) net debt is projected to reach \$37.6 billion in 2026-27.

However the important metric of net debt to revenue remains lower across the forward estimates compared to the last budget of the previous government.

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



Taxes

Taxation revenue has been revised up across the forwards primarily due to higher than expected receipts from land tax, payroll tax and gambling taxes.

The budget keeps the Malinauskas Government's promise of no new taxes, and most fees and charges have been indexed by 4.8%, ensuring increases are kept well below inflation.

Not only is the government keeping its promise of no new taxes or increases, it is abolishing stamp duty for first home buyers on eligible new builds and the asset sustainability levy introduced by the former Liberal Government.

Savings

There are no new savings targets for agencies however 50 FTE executive positions will be cut across government, saving \$5 million in 2023-24 and \$10 million a year from 2024-25.

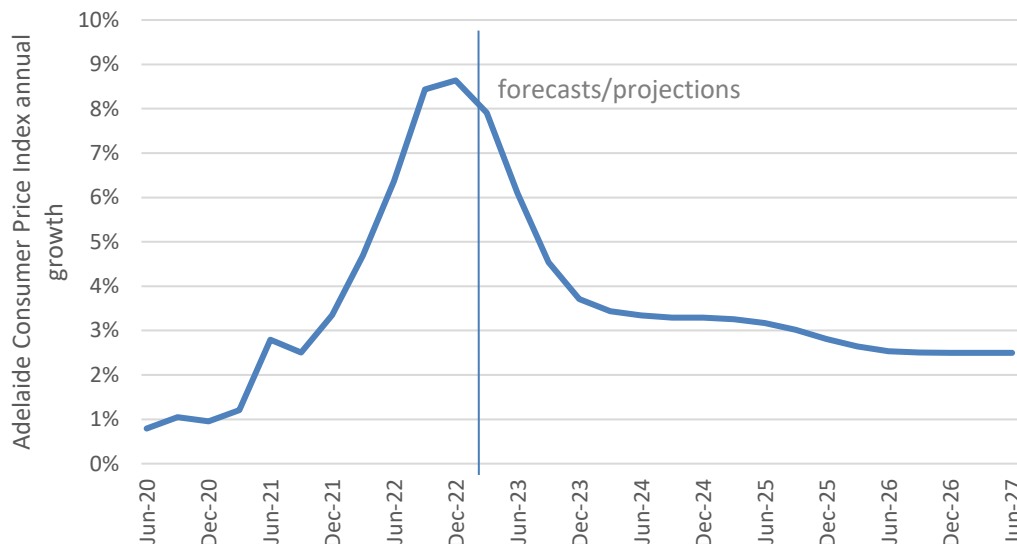
Economy

The SA economy continues to perform strongly with employment, construction activity, equipment investment, population growth and exports all still at, or near, record highs.

The economy is expected to grow by 3 ½ per cent in 2022-23. CPI growth is expected to moderate in 2023-24 and 2024-25.

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Quotes attributable to Peter Malinauskas

This Budget delivers major long-term investments in health and housing, while delivering the biggest package of cost-of-living relief in the State's history.

Every South Australian deserves a place to call home.

We're addressing the housing crisis by abolishing stamp duty on new homes for first home buyers, carrying out the largest ever land release, providing more rights for renters, and making a generational investment in public housing.

Our investments in healthcare reform will help ease pressures on the system while we hire more doctors, nurses and paramedics, and ultimately see more ambulances turn up on time.

We're making these substantial improvements to frontline services while keeping our promise not to increase taxes. In fact, we're reducing them.

While addressing the challenges confronting our community, this budget seizes on the economic opportunities before us, including building AUKUS submarines, and capitalising on the global effort to decarbonise industry.

Quotes attributable to Stephen Mullighan

This budget provides substantial funding where it's needed most.

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We are focused on the key areas of health and housing, while providing the single largest cost of living assistance package ever deployed in our state.

This relief is carefully targeted to reach those most in need, directly reducing costs where we can, without adding to inflation. There is no point providing a cash handout for households – only for it to be stripped away due to more interest rate hikes.

We are investing in measures to drive jobs and maintain momentum on the back of a record breaking year for our economy.

This budget focuses on the fundamentals while planning for the future. Better health care, support for our most vulnerable, a place to call home and a pipeline of work to keep jobs and the economy moving forward.

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