

STATE BUDGET 2020-21

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Lower costs for hard-working families and businesses

The Marshall Liberal Government continues to deliver significant cost-of-living relief for hardworking families and businesses, helping to drive down the cost of average household bills for water, electricity, car registration through lower CTP insurance premiums and the Emergency Services Levy.

In fact, an average household* is now around \$820 a year better off under the Marshall Liberal Government and its lower cost policies.

From July 1 this year, families are saving an average \$200-a-year on their SA Water bills alone, while businesses are saving on average \$1,400 a year.

This includes the impact of the Marshall Government reversing a deliberate, deceitful and shameful former Labor government decision to over-inflate SA Water's opening regulated asset base (RAB) by at least \$520 million (in 2012 dollars) – a decision that locked-in skyrocketing bills for consumers over many years.

In June, the Government took the first opportunity to revise down the value of SA Water's RAB by \$520 million (in 2012 dollars) – from \$7.77 billion to 7.25 billion – which is delivering important savings for consumers.

“While Labor deliberately inflicted hip-pocket pain on families and businesses every time they turned on the tap, we are getting on with the job of driving down costs for hardworking South Australians,” said Treasurer Rob Lucas.

“The revised Regulated Asset Base value, together with a lower interest rate environment, has resulted in significantly lower water and sewerage prices to customers and lower returns to the budget from 2020-21 onwards.”

This decision has a big impact on the State Budget as well, because there is an estimated reduction of around \$214 million this year in the contribution SA Water makes to the budget in dividends and income tax equivalents as a result of lower water and sewerage prices.

The State Budget 2020-21 also continues to fund key commitments of Emergency Services Levy reductions (\$90 million a year), the abolition of payroll tax for all small businesses (\$44 million per year indexed) and huge land tax savings (more than \$200 million over 3 years) for investors.

The Government is also investing in energy policies which will continue to drive down the cost of power whilst stabilising the grid – through interconnection with NSW, home batteries, and unlocking new investment in energy projects.

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The Government is working to deliver the critical SA-NSW interconnector, which is set to save households \$100 a year on their electricity bills on top of the \$158 reduction in the average market offer already delivered. Businesses stand to save considerably more.

This project will also create hundreds of jobs and unlock billions of dollars-worth of investment in other renewable energy projects.

The Government has secured the construction of the state's largest solar farm and another big battery, which once operational are expected to reduce power bills by a further \$10 for households.

The State Budget 2020-21 also invests an additional \$18 million into the Government's Home Battery Scheme to support consumer choice for larger home batteries. More than 13,000 households have signed up for a subsidy to install a home battery system, which drives down the cost of their electricity and alleviates pressure on the grid.

The Budget also expands access to bill savings for low-income households, with a \$5.2 million trial program investment offering solar systems to 1,000 concession holders, aiming to deliver bill savings that are double what they receive from their current concessions.

These measures complement other existing commitments to assist households, including continued funding for the doubling of sports vouchers for primary school-aged children's swimming lessons and other sports participation (from \$50 to \$100).

Treasurer Rob Lucas said these collective savings massively outweighed increases in some fees, including the Victims of Crime Levy, cost recovery for Environment Protection Authority assessments of development applications as well as some charges under the Mining Act 1971.

Victims of Crime Levy – which has not increased since 2011 - will increase by 50 per cent from January 1 next year, with the exception of Youth Levy fees which remain unchanged. The Victims of Crime Levy is paid by offenders and applies to expiation notices and court ordered fines and penalties. The VOC Levy applying to an expiation notice will increase from \$60 to \$90.

From July 1, offenders will have to pay the costs associated with impoundment of their vehicle at the time of its release. This initiative is expected to provide additional revenue of \$1.5 million per annum from 2021-22.

Consistent with the cost recovery practices of other states, South Australia has from July this year already increased the fees charged for public hospital services provided to admitted patients who are not eligible for Medicare, to better reflect the actual costs of delivering the service.

The State Budget 2020-21 also increases the investment management fee for Public Trustee growth common funds from 1 per cent to 1.2 per cent from July 1 next year.

Other fees and charges, including drivers' licence renewals and public transport fares, have already been increased from July this year by the standard indexation rate of around 2 per cent for 2020-21.

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As already publicised earlier this year when they were gazetted, this will add, for example, an additional 10 cents onto the cost of a single trip ticket, and 7 cents on to a MetroCard single fare, and an extra \$5 on to a five-year licence renewal.

*The huge hip-pocket savings include massive reductions in average household water and sewerage bills (an average \$200 a year saving), cheaper ESL bills (\$163.60), cheaper electricity (\$158), reduced car rego costs through lower CTP Insurance premiums for a 2 car family (\$200) and a doubling of sports vouchers for primary school-aged children's swimming and other sports lessons (from \$50 to \$100). For a typical Adelaide household with two children and two cars, this equates to around \$820 in annual budget relief.