

# STATE BUDGET 2020-21

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### **State's largest ever stimulus spend to help create thousands of jobs**

The Marshall Liberal Government is injecting a record \$4 billion 'adrenalin hit' into SA's economy to create thousands of local jobs over the next two years, driving South Australia's ongoing recovery from the greatest economic challenge of our time, COVID-19.

In the **single biggest stimulus package by a State Government in South Australia's history**, the State Budget 2020-21 more than doubles the Government's stimulus spend and leverages another \$1 billion in Commonwealth and local government and business funding.

This brings the total stimulus funding being injected into the SA economy to \$5 billion.

The measures include a second round of \$10,000 cash grants for small business and not-for-profit organisations who employ staff and significant payroll and land tax relief. Small businesses that do not have employees are supported with new \$3,000 cash grants for eligible businesses.

The Government is also investing \$88 million over two years to deliver more training through the JobTrainer Fund National Partnership Agreement with the Commonwealth, which will be crucial as the South Australian economy continues to recover from the global COVID-19 pandemic. This builds on the existing Skilling South Australia initiative, which is driving growth in apprenticeships and developing a sustainable training system, through the around \$200 million Skilling Australians Fund National Partnership with the Commonwealth.

The Government is providing \$32.9 million of additional funding for 750 new traineeships and apprenticeships in government agencies and funded projects, and delivering a huge boost to the Economic and Business Growth Fund, to attract further job-creating investment into the state.

Treasurer Rob Lucas said the massive increase in stimulus was designed specifically to turbo-charge the state's post-COVID economic recovery and provide incentives for employers to hire more staff.

"We are delivering a huge adrenalin hit into our economy to create thousands of jobs and grow business confidence in South Australia," said Mr Lucas.

"By doubling our economic stimulus to an unprecedented \$4 billion, we are providing businesses with extended financial relief and direct, targeted support, through tax cuts and deferrals, up-front cash payments and access to a range of grants and funding programs.

"This will ease their cash-flow burden at a time when they need it most, giving them the confidence to invest and create more jobs.

# STATE BUDGET

## 2020-21

“We are investing more in public infrastructure than any other Government in the state’s history – spending a record \$16.7 billion over the next four years on a pipeline of job-creating projects – that will generate a groundswell of building and construction activity across Adelaide and the regions.

“Critically, the Budget funds a range of initiatives that will create new jobs in the short to medium term, with a focus on projects that can be completed, or significantly completed, within the next two years.”

Among the key job-creating measures in the State Budget 2020-21

- **Payroll Tax Relief**

The Government is providing \$233 million in total payroll tax relief for thousands of eligible businesses.

This includes the introduction of an extra 6-months’ payroll tax waiver for businesses with grouped annual wages under \$4 million -.

In addition to the existing 9-month waiver, this means eligible businesses won’t have to pay any payroll tax for 15 months – or until July next year. That is expected to assist around 2,400 business groups and save them up to \$210,000 over 15 months.

Businesses with grouped annual wages over \$4 million who are eligible for the extended Commonwealth JobKeeper payment from January 4 will now also be eligible for a 6-month payroll tax waiver to June 2021. This is expected to assist around 400 business groups and save them an average of around \$57,500 over 6 months.

The Government is also introducing a 12-month payroll tax exemption for wages paid to new apprentices and trainees who begin a relevant contract of training with an employer from today to June 30 next year.

This measure could assist with the retraining and reskilling of workers who have become unemployed as a result of COVID-19, and the employment of younger people whose job prospects have been adversely affected by the pandemic.

The Government has also exempted all Commonwealth JobKeeper payments from payroll tax.

- **Land tax relief**

In addition to the Government’s historic land tax reforms, which are delivering more than \$200 million in land tax savings to 92 per cent of mum and dad non-trust investors and 75 per cent of company groups over the next 3 years, eligible commercial and residential landlords impacted by COVID-19 can apply for land tax relief.

Eligible residential and non-residential landlords can receive up to a 50 per cent reduction on their 2019-20 land tax liability on affected properties, where they have provided relief to affected tenants or lost rental income due to a vacancy.

In addition, commercial owner-occupiers who own the land where they actively operate their business may be eligible to receive relief of 25 per cent off their 2019-20 land tax

# STATE BUDGET

## 2020-21

liabilities where they are receiving the Commonwealth Government's JobKeeper payment from 31 October 2020 and have an annual turnover of not more than \$50 million.

This measure is expected to save landlords an extra \$35 million.

- **Economic and Business Growth Fund boost**

The Government is investing an extra \$220 million over four years in the Economic and Business Growth Fund, to attract further job-creating investment into South Australia and encourage growth of new and existing industries.

- **Cash grants for small businesses and not-for-profits – including sole traders**

The Government is funding a second round of cash stimulus to support those small businesses and not-for-profits who are continuing to do it tough as a result of COVID-19. Eligible businesses who employ staff and meet the eligibility criteria (including being in receipt of extended JobKeeper payments) can apply for a new \$10,000 grant to support their operations. More than 7,000 businesses are expected to be assisted by the scheme.

This comes on top of the more than 18,700 businesses who benefited from the first round of grants – at a total cost of more than \$186 million.

And for the first time, small businesses who do not employ staff (including sole traders/partnerships) who operate from a commercial premise and are continuing to suffer COVID-19 hardship, will be able to apply for a \$3,000 cash grant.

- **Government supported Traineeships and Apprenticeships**

The Government is investing \$32.9 million over four years to support 750 additional traineeships and apprenticeships in government agencies and funded projects in high-growth sectors – such as cyber security, aged care, disability services and housing construction.

Not only will this initiative provide government-funded employment during the training period, it will equip trainees and apprentices with valuable qualifications with which to pursue ongoing employment in their chosen field.