

# STATE BUDGET

## 2021-22

### TREASURER HON ROB LUCAS MLC MEDIA RELEASE

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### **Huge hip-pocket savings for families and households, as Marshall Government drives down cost of doing business in SA to create jobs**

Family household budgets continue to stretch a whole lot further under the Marshall Liberal Government's lower-cost policies, with the average\* Adelaide household now around \$940 a year better off.

The huge hip-pocket savings include massive reductions in average household water and sewerage bills (an average \$191 a year saving), cheaper ESL bills (\$184), cheaper electricity (\$269), reduced car rego costs through lower CTP Insurance premiums for a 2 car family (\$196) and a doubling of sports vouchers for school children's swimming, dance and other sports lessons (from \$50 to \$100).

This year, the Marshall Government has announced it is extending the popular Sports Vouchers Program to include children in Years 8 and 9 (from children in reception to Year 7) – with a \$1.6 million annual State Budget 2021-22 commitment - providing further cost-of-living relief to thousands more families across the State.

And Treasurer Rob Lucas said even more household budget relief was on the way, with the SA-NSW interconnector set to deliver cheaper, cleaner more reliable electricity – with analysis showing average SA families are expected to save another \$100 a year on their power bills when the interconnector is running.

“Hardworking families have an extra \$940 a year, on average, in their pockets through the Marshall Government's range of cost-of-living relief measures, ending the massive bill hikes they endured under 16 years of Labor,” said Mr Lucas.

“We've slashed more than \$360 million over 4 years from ESL bills, delivered huge power bill savings and driven down the cost of average water and sewerage bills that skyrocketed under Labor over several years – a direct result of Labor's deliberate, deceitful and shameful decision to over-inflate SA Water's opening regulated asset base (RAB) by at least \$520 million (in 2012 dollars).”

In June, last year, 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.

“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,” said Mr Lucas.

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Mr Lucas said the Default Market Offer determined by the Australian Energy Regulator will see power bills for the 68,000 households on legacy, or standard offers, fall by 6.3 per cent from July 1, this year.

This should also result in further reductions for customers on cheaper market offers from July 1.

These customers have already seen total reductions of around \$269 from mid-2018 to October 2020.

### **Reduced costs for businesses to create and support jobs**

South Australia is increasingly becoming one of the most cost-competitive and attractive places to invest, grow a business and employ staff as the Marshall Liberal Government continues to drive down the cost of doing business in the state.

Treasury modelling shows that in the three years between 2017-18 to 2020-21 – annual costs of doing business in SA have reduced by around \$5,200 for an average<sup>^</sup> business, and \$7,700 for a smaller<sup>^^</sup> business, such as a garden nursery.

This includes significant reductions in payroll tax, land tax, the Emergency Services Levy and water and sewerage bills.

“Reducing the overall cost of doing business in South Australia is one of the best ways we can support strong ongoing economic and jobs growth and attract further investment – and jobs - into the state,” said Mr Lucas.

“We are the most liveable city in Australia, our property values – while rising like the rest of the nation – are still among the nation’s most affordable and we are driving down water, electricity, payroll and land tax costs.”

The Marshall Government also delivered significant COVID-19 relief to businesses, including small business cash grants (\$263 million), payroll tax relief and deferrals (\$352 million) and the waiver of liquor licence fees (\$4 million) – as part of its record \$4 billion stimulus to turbo-charge the state’s economic recovery.

The State Budget 2021-22 also continues to fund key commitments of the abolition of payroll tax for small businesses (\$44 million per year indexed) and huge land tax savings (more than \$210 million over 3 years) for investors.

This includes additional \$10.7 million land tax relief in 2021-22 through the land tax transition fund, for taxpayers negatively impacted by changes to land tax aggregation rules in 2021-22. This initiative increases relief to 70 per cent of the relevant increase in 2021-22. The total value of estimated relief through the land tax transition fund is now \$48.7 million across 3 years.

And in a further boost for businesses wanting to hire a new apprentice or trainees, the State Budget 2021-22 also extends the 12-month payroll tax exemption for wages paid to eligible trainees and apprentices who commence a relevant training contract.

This scheme applies up until June 30 next year, for 12 months from the contract commencement date.

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*\*For a typical Adelaide household with two children and two cars, this equates to around \$940 in annual budget relief.*

*^An average business is assumed to have a total taxable payroll of \$5.5 million completely within South Australia, property with a capital value of \$1.779 million and land value of \$1.156 million, water usage equivalent to 409 kL per year, electricity usage equivalent to 20,000 kWh per year and a 5 car vehicle fleet.*

*^^ A small business is assumed to have a total taxable payroll of \$750,000 completely within South Australia, property with a capital value of \$1.525 million and land value of \$991,000, water usage equivalent to 335 kL per year, electricity usage equivalent to 20,000 kWh per year and a 2 car vehicle fleet.*