

# Master Builders SA

## Member Update: State Budget 2017-18



### “Record” infrastructure spend must be delivered

Infrastructure has been put front and centre in this Budget with the Government claiming a record spend of \$2.2 billion. However, some of the key projects – such as the \$415 million North-South Corridor extension (Regency Road to Pim Street) and the \$462.5 million electrification of the Gawler train line – depend on a Commonwealth Government contribution. Master Builders SA urges both the State and Federal governments to focus on working together to deliver these key South Australian projects.

Other major infrastructure investments include \$305 million to duplicate Main South Road from Seaford to Sellicks Beach (starting 2019-20) and the \$174.3 million Oaklands crossing upgrade. Another \$40 million will be available for projects identified by communities under the Fund My Neighborhood program.

### Social Infrastructure

The Government is heavily investing in hospitals. About \$528 million will deliver a new Women’s hospital alongside the new RAH, and The Queen Elizabeth Hospital will undergo a \$250.6 million redevelopment, originally flagged in 2010. The Lyell McEwin hospital will gain a new \$52.5 million emergency department and the existing Women’s and Children’s Hospital will get a \$24 million upgrade. Two new R-12 schools will be built at Munno Para and Sellicks Beach under a PPP arrangement, with a project office established this year.

### Future Jobs Fund

A \$200 million Future Jobs Fund will include \$120 million of grants and low-interest loans for business owners before 30 September. Advanced Construction could very well take advantage of this arrangement and the surplus of manufacturing skills available.

### Apprentices support tied to Job Accelerator Grant

The Job Accelerator Grant will be increased by \$5000 over two years for each eligible new apprentice employed and eligible for an existing Job Accelerator Grant. The amount will be paid in equal installments on the first and second anniversary of employment.

Businesses with payrolls between \$600,000 and \$5 million will receive up to \$15,000 for each new apprentice, while businesses with payrolls up to \$600,000 will receive up to \$9000.

With apprentices more than halving in number over the past five years and youth unemployment at a near 20-year high, this was an area requiring immediate action.

### Master Builders SA

47 South Terrace, Adelaide SA 5000 † 08 8211 7466

e [policy@mbasa.com.au](mailto:policy@mbasa.com.au) w [mbasa.com.au](http://mbasa.com.au)



**MASTER BUILDERS**  
SOUTH AUSTRALIA



## Education campaign for subcontractors

Subcontractors will benefit from the \$256,000 per year (indexed) allocated to the Small Business Commissioner to deliver an education program promoting the *Building and Construction Industry Security of Payment Act 2009*.

The program will provide construction industry participants with information about their rights to seek progress payments from other contracted parties. With cash flow so vital to the profitability of our industry Master Builders SA will work closely with the Small Business Commissioner to communicate the benefits of the Act to members.

## Payroll tax reductions

Current payroll tax rebates will be cemented in as cuts from 1 July, bringing cash savings forward 12 months and cutting red tape for all of our members.

A tax rate of 2.5 per cent will apply to payrolls of up to \$1 million, and business payrolls between \$1.2 million and \$1.5 million will gain new relief.

This is welcome news but the Government's boast of the lowest payroll tax rate in the nation doesn't tell the whole story. South Australian businesses start paying payroll tax from \$600,000 – only Victorian businesses pay earlier. There is more room for reform to support South Australian businesses and their commitment to new jobs.

## Missed opportunity on housing affordability

First homebuyers looking for a new apartment can save up to \$40,500 through a combination of stamp duty concessions and a new \$10,000 pre-construction grant if they act within the next three months to purchase in a project not yet built.

Stamp duty concessions of \$15,500 for off-the-plan apartments due to expire at the end of this month will be extended a further 12 months. Investors purchasing off-the-plan apartments until 30 June 2018 will enjoy a five-year exemption from land tax.

Unfortunately, those looking for a house or unit with a backyard will be disappointed by a lack of support, particularly given recent moves in other states to deliver stamp duty exemptions up to the median house price.

Foreign property investors, significant contributors to the South Australian market, have taken a hit in the Budget. A 4 per cent conveyance duty surcharge will be introduced from 1 January 2018.

## Economic Snapshot

The budget delivers a \$72 million surplus in 2017-18, increasing to \$462 million by 2020-21. However, the total over the forward estimates of \$859 million is about half the \$1.6 billion the Government forecast in December. Net debt, \$6.29 billion in 2017-18, is forecast to top out at \$6.8 billion in 2019/20.

Economic growth is forecast to be 2.25 per cent each year over the forward estimates.

Despite the strong focus on jobs and some welcome measures, such as tax breaks and incentives for businesses to take on extra workers, the Government is forecasting just 1 per cent jobs growth per annum over the forward estimates – the lowest rate in the country.

Visit [mbasa.com.au](http://mbasa.com.au) for full details of the 2017 State Budget. Search for "State Budget 2017: The Essentials".

## Master Builders SA

47 South Terrace, Adelaide SA 5000 † 08 8211 7466  
e [policy@mbasa.com.au](mailto:policy@mbasa.com.au) w [mbasa.com.au](http://mbasa.com.au)



MASTER BUILDERS  
SOUTH AUSTRALIA