South Australian Budget Delivers a Mixed Bag for Property

There were a number of positives which came out of the 2014 budget for residential builders in South Australia. The main positive to note was that the State Government has continued the State component of the First Home Owners Grant. Also continuing is the Stamp Duty concession on inner city apartments and the continuing undertaking to phase out that Grant from June of 2014.

The important negatives to the Budget are that every property owner in South Australia is being asked to fund the shortfall in Commonwealth Funding.

The Treasurer has announced that the State Government concession with respect to the Emergency Services Levy will be withdrawn and that every property owner in South Australia will now have to pay the full amount of that Emergency Services Levy. The concession for pensioners will however remain. The effect of this decision is that to a very large extent, property owners in this state are being asked to pick up the shortfall in funding which the State Government blames upon the Commonwealth.

This additional burden when taken with the high burden of Stamp Duty and Land Tax prevailing in South Australia does nothing to encourage increased activity in the home building segment of the construction industry. A segment which the State Government acknowledges is essential to the financial recovery of the State.

With respect to the provisions in the Budget there is unfortunately no clear vision of a way forward to address the systemic decline in the manufacturing and allied industries.

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