A bold vision for South Australia

South Australian Greens proposed revenue measures:

- Mining Royalties - $3.8 billion over 4 years
- Bank Levy - $1.3 billion over 4 years
- Developers Tax - $1.7 billion over 4 years

TOTAL = $6.9 BILLION OVER 4 YEARS

Fair Royalties for Mining Corporations

South Australia has been robbed of its mineral wealth. Over the last 4 years mining corporations have made over $25 billion in South Australia from mineral mining, petroleum and gas, and paid only 5% in royalties. Rather than going toward schools, hospitals and public infrastructure, billions of dollars went into the pockets of multinational mining corporations. The Greens believe there should be more money for schools and hospitals and less for mining billionaires.

The South Australian Greens will

- Raise the refined mineral and mineral ore/concentrate royalty rates to 20% of the value of the resources
- Raise the petroleum royalty rate to 25% of the wellhead value of the petroleum
- Raise an extra $3.8 billion over four years

We can’t afford another lost four years of mining royalty revenue. It’s time South Australians finally receive a fair deal for resources we all own.

How much will you raise?

The South Australian Greens plan would raise in total $5 billion over four years, which equates to an extra $3.8 billion accounting for existing projected royalty revenue in the 2021/22 South Australian budget estimates. This is an extra $3.8 billion for South Australia’s schools, hospitals and public infrastructure.

While the increase from 5% to 20% for mineral ores and concentrates is substantial there has been no increase to this rate for over 10 years. There would be no change to other mineral royalty rates including industrial minerals, which are comparatively much smaller industries.

$million	2022/23	2023/24	2024/25	2025/26	**Total**
Mineral Royalties	$933	$933	$933	$933	**$3,733**
Petroleum Royalties	$335	$335	$335	$335	**$1,342**
Total	$1,269	$1,269	$1,269	$1,269	**$5,075**
Current SA Government Revenue	$322.70	$318	$320	$320	**$1,280.80**
Total Extra Revenue	$946	$951	$948	$948	**$3,794**

New royalty rates	Current Rate (%value of mineral or petroleum)	New Rate
Refined mineral products	3.50%	20%

Mineral ores and concentrates	5%	20%
Industrial minerals	3.50%	No Change
Minerals mined for a prescribed purpose	3.50%	No Change
Extractive minerals	52 cents per tonne	No Change
All petroleum and other regulated resources (e.g. LNG)	10%	25%

Big Bank Levy

Australian banks are some of the most profitable in the world. Over the last four years the five biggest banks have made $173 billion in pre-tax profits. The biggest banks get special protection from the government because they are seen as 'too big to fail', which amounts to a huge implicit subsidy.

Banks have made massive profits ripping off ordinary people. A study by the University of Melbourne found that bank 'misconduct' had cost Australians over $201 billion over the last five years.[1] Based on South Australia's share of the economy that means South Australians have been ripped off to the tune of $11 billion. In other words, the big banks have ripped $11 billion out of the South Australian economy and given nothing back. It's time for that to change.

South Australian Big Bank Levy

The South Australian Greens will impose a State-based Big Bank Levy, similar to the one proposed by Labor in 2017, of 0.05% of total liabilities per quarter on the five biggest banks operating in South Australia to raise over $1.3 billion over four years, or $340 billion every year:

- The rate will be set at 0.05% per quarter (or 0.2% per year) and apply to South Australia's share of a bank's total liabilities subject to the Commonwealth's Major Bank levy (Commonwealth Bank, Westpac, ANZ, NAB and Macquarie).

- The South Australian share of a bank's total liabilities will be calculated using South Australia's Gross State Product as a share of national GDP which is currently 5.5%.[2]

- Banks will be prohibited by law from passing on the cost of the levy directly to customers.

The Greens think it's time we had a little more for South Australians, and a little less for the big banks.

How much will it raise?
The bank levy will raise $1.3 billion over four years, or $340 million each year on average. We will take $1.3 billion from the inflated profit margins of dodgy, greedy banks to invest in crucial public infrastructure, schools, hospitals and publicly owned renewable energy.

South Australian Bank Levy Costings ($m)	2022/23	2023/24	2024/25	2025/26	Total	

[1] https://www.abc.net.au/news/2019-08-19/customers-may-have-lost-$201b-due-to-financial-misconduct/11422376?section=business
[2] 5220.0 - Australian National Accounts: State Accounts, 2019-20

South Australian Bank Levy	323	333	352	352	1,359	

'Too Big To Fail' is an Implicit Subsidy
The biggest banks benefit from an 'implicit guarantee' which is an effective subsidy. This is because, like big banks around the world, they are deemed 'too big to fail'. That means banks and investors can take big risks and even commit criminal offences while still paying very low costs for borrowing because everyone assumes the government will always bail them out in a crisis. They take the profits, but the Australian people carry the risks and the costs of a bailout.

A Fair Rate
The rate of the South Australian Greens' Big Bank Levy is based on the IMF's finding that 'Systemically Important Banks' receive an 'implicit subsidy' of at least 20 basis points (0.2%) per year as a result of the special protection they receive from the government.[3] The Reserve Bank of Australia has found that the large Australian banks receive an effective subsidy of between 20 - 40 basis points (0.2% -0.4%).[4]

A study conducted by modelling firm *Macroeconomics* and commissioned by the Customer Owned Banking Association found that the implicit subsidy for the big banks was between 22 and 34 basis points, amounting to up to $4.5 billion in 2014, or just under $5 billion in 2020 dollars.[5]

In this context the proposed rate of 0.05% per quarter or 0.2% per year is a perfectly fair recuperation of the benefits which the big banks receive from public protection.

What are bank liabilities?
The Big Bank Levy will be calculated based on a bank's total liabilities, which is exactly the same as the tax base for the Federal government's Major Bank Levy. Liabilities are banks' main source of funding and include deposits from customers, loans from the Reserve Bank, trading liabilities and other loans taken by the bank.

How does this work with the Federal Bank Levy?
The Federal Government's Major Bank Levy is set at 0.015% per quarter of total liabilities minus deductions and applies to all banks with total liabilities above $100 billion.[6] It is expected to raise $1.6 billion this financial year, which is below even the most conservative estimates with regard to subsidies the big banks receive.

The South Australian State Bank Levy would be applied on top of the Major Bank Levy and charged at the same time. It is applied to the exact same set of bank liabilities and

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[3] See Chapter 3: https://www.imf.org/en/Publications/GFSR/Issues/2016/12/31/Moving-from-Liquidity-to-Growth-Driven-Markets

[4] https://www.smh.com.au/business/banking-and-finance/taxpayer-subsidy-worth-up-to-37-billion-for-big-four-banks-20160525-gp3obl.html

[5] http://www.customerownedbanking.asn.au/view-2014-submissions

[6] https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/FlagPost/2017/June/The_Major_Bank_Levy_explained

institutions. However, the South Australian Big Bank Levy only applies to South Australia's share of total bank liabilities based on our GSP.

How much will each bank pay?

The below estimate is based on the proportions of liabilities held by each of the five banks, according to figures from the Australian Prudential Regulation Authority (APRA). As an example, the $291 million the Commonwealth Bank would pay in 2019/20 would represent about 0.7% of its total yearly revenue.

Bank Breakdown ($m)	**Proportion of Liabilities***	**2020/21**	**2021/22**	**2022/23**	**2023/24**	Total
COMMONWEALTH BANK OF AUSTRALIA	28.79%	93	96	101	101	391
NATIONAL AUSTRALIA BANK LIMITED	17.46%	56	58	61	61	237
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	26.83%	87	89	94	94	365
WESTPAC BANKING CORPORATION	22.32%	72	74	78	78	303
MACQUARIE GROUP LIMITED	4.59%	15	15	16	16	62
* Derived from APRA October 2019 figures						1359

Make Them Pay - A 75% Developer Tax

The South Australian Greens would make developers pay their fair share in tax with a 75% Developer Tax on land value gains from rezoning to raise $1.7 billion over four years.

Developers currently get a free ride
When land is rezoned for a higher use, property developers make massive, windfall profits, but they don't pay anything for the privilege. This is a massive giveaway of public wealth into private hands. The current system encourages corruption and backroom deals, and it makes property speculation worse, pushing up prices.

Making Developers pay

The Greens would impose a **75% Developer Tax** on increases in land value due to re-zoning. Estimates from Murray and Frijters in 2014 show that South Australia would earn **$389 million per year. In 2022 dollars this would be $438 million.**[7] That's an extra $1.7 billion over four years that we can use to pay for more affordable housing, schools and hospitals.

Our current system treats housing and land as speculative commodities instead of a place to live, and this has driven up housing prices. The Developer Tax would also discourage useless and parasitic land speculation, since the windfall gains from land rezoning would be properly taxed. Land speculation drives up prices for everyone and only benefits big property developers.

In the ACT, a similar set of policies brings in $183 million per year on a much smaller tax base. This system has been in place since 1971.

The Developer Tax would apply to any land which is rezoned to a higher use and subsequently has a development application approved. It would be levied at 75% of the difference between the officially assessed land value before the rezoning compared to the land value after the development application is approved.

The amount of tax due would be assessed at the time the new development application is approved in order to capture the full increase in land value. Landowners would pay the tax after the development application is approved under the new higher zone.

As UQ Economist Cameron Murray notes, by charging the tax against the value of the land post the development application approval "the value of the actual approved scale and type of development is the benchmark, regardless of the codified zoning controls. If the approval exceeds the density and use limits, the tax also captures a part of that additional betterment."[8]

[7] Cameron Murray and Paul Frijters, 2017, *Game of Mates*, page 20
[8] https://osf.io/n78m4/

How the Developer Tax would work

Outer-urban: *The company Development Ltd owns a block of agricultural land on the outskirts of a city which is valued at $50,000. After the local council rezones the land to low density residential, the same block is worth $1.05 million, an improvement of $1 million. Development Ltd submits a development application which seeks a higher height limit and smaller setbacks than outlined in the new neighbourhood zoning. After the company's development application is approved the land value increases to $2.05 million. The developer now needs to pay $1.5 million, which is 75% of the improvement in land value.*

Inner-city: *Ms Khalil owns a small house. Her land is worth $300,000. When the local council rezones the whole street to medium-density residential, her land is worth $1 million, an improvement of $700,000. Ms Khalil doesn't have to pay anything, because she isn't redeveloping her land and hasn't submitted a development application.*

Some years later, she moves to another suburb, selling her house to the company Property Ltd. When Property Ltd's development application, which conforms to the new zoning restrictions is approved by the local council, they would need to pay $525,000, which is 75% of the improvement in land value.

Costing

	2022/23	2023/24	2024/25	2025/26	Total
Developer Tax ($million)	438.2	444.8	451.5	458.2	1792.7

Further research
https://www.prosper.org.au/wp-content/uploads/2016/09/The-First-interval-Evaluating-ACTs-Land-Valur-Tax-Transition.pdf

South Australian Greens proposed initiatives:

- Free Public Transport
- Housing for all
- Publicly owned renewable energy
- Reverse Electricity Privatisation

Free, publicly owned public transport

The South Australian Greens will bring the bus network back into public hands, reverse the Liberal's privatisation of the train and tram network and Labor's privatisation of buses. We will introduce free public transport across the network.

The South Australian Greens will:

- **Scrap public transport fares and introduce free public transport at a cost of $433.4 million over four years**
- **Bring the bus network back into public hands**
- **Reverse the Liberal's privatisation of the tram and train network**
- **Invest $1 billion to upgrade South Australia's public transport network**

Essential Services Belong in Public Hands

Essential services like public transport should not be run by private corporations. The Greens will reverse the Liberal's privatisation of the train and tram network. The Greens will also reverse the privatisation of the entire bus network. We shouldn't be giving public money to private corporations to run essential services.

Free Public Transport

Free, frequent and reliable public transport would take pressure off families, cut congestion and transform how South Australians move around.

Free public transport would provide a massive economic stimulus at a time when South Australia's economy desperately needs it by putting more money in people's pockets, increasing travel around the city and making our neighbourhoods and communities accessible, thriving places to live.

Public Transport Expansion Fund

The South Australian Greens will invest $1 billion over four years upgrading the South Australian public transport system including the Adelaide Hills and regions.

Cost

Based on the 2020/21 South Australian budget, scrapping public transport fares would cost $433.4 million over four years. This is before you factor in the long term savings that come with scrapping the contract with the private ticket system provider, reduced traffic congestion, road maintenance and economic activity.

This would be covered by the proposed developer tax, which would raise $1.7 billion over four years.

($million)	2022/23	2022/24	2022/25	2022/26	Total
Lost Fare Revenue	105.1	107.7	110.3	110.3	433.4

Bring back the South Australian Housing Trust

South Australia is in the middle of a full blown housing crisis. Adelaide is the 2nd least affordable city in Australia[9] when it comes to rental affordability while there are currently 16,000 people waiting for social housing in the state. Meanwhile the South Australian Government has made no commitment to build any new public housing.

Before Labor gutted it, the South Australian Housing Trust (SAHT) used to build homes for tens of thousands of South Australian workers. At its peak SAHT was building 47% of all new residential dwellings in South Australia per year - that's the equivalent of 7000 homes per year today.[10] Because the SAHT provided homes for any worker who applied - not just the poor and homeless - it was able to generate enough income to be self-sustaining, despite the fact rents were still capped at 20% of income. In fact in the first 40 years of its existence the SAHT cost South Australian taxpayers nothing.

Back to the Future – The South Australian Greens will:

Go back to the future and revive the SAHT to its former glory:

- Re-establish SAHT as a fully independent statutory authority responsible for housing and public infrastructure
- Provide funding for SAHT to establish a universal public housing scheme building 40,000 quality public homes over four years, or 10,000 homes per year
- Cap rents at 25% of income or market rent, whichever is lower, and give tenants a lifetime right to their home and the right to pass their home onto to their dependents
- Create 10,000 thousand good construction jobs a year,
- Eliminate the social housing waitlist and ensure every South Australian has a place to call home

Like Medicare, but for housing
16,000 of the homes will be allocated towards people on the social housing waitlist with the other 24,000 made available to anyone who applies with priority given to teachers, nurses and other key workers. This will ensure a good social mix of different workers, families types and incomes and avoid the concentrations of disadvantage that come with heavily means tested public housing.

By making the homes available to all South Australians the SAHT will generate $1 billion in revenue over the first four years which it will put back into maintenance and building more public housing. Just like Medicare, SAHT homes will be available to any South Australian who needs one.

Jobs and Homes for All of South Australia
The South Australia Housing Trust will build public housing across South Australia with homes built based on need and existing population. SAHT will leverage existing publicly

[9] https://shelter.org.au/site/wp-content/uploads/RAI-2020-FINAL_compressed.pdf
[10] https://jacobinmag.com/2021/04/public-housing-south-australia-housing-trust-working-class-capitalism

owned land and brownfield sites, pursuing a strategy of good medium density, sustainable development. 40,000 public homes over four years would more than double South Australia's current public housing stock from 32,147 to over 70,000 public homes. Which is comparable to the 60,000 public homes the SAHT managed prior to the decades of cutbacks carried out by Labor and the Liberals.

Good Public Infrastructure and Planning
SAHT will be given the power to construct crucial public infrastructure surrounding new housing developments including transport infrastructure, public parks and sporting facilities, and have the power to recommend the construction of new public schools in areas of need.

Region Distribution	Public Homes Over Four Years	Jobs per year
Inner Metro	5207	1328
Adelaide - North	10347	2639
Adelaide - South	8402	2142
Adelaide - West	5456	1391
Adelaide Hills	1714	437
Barossa - Yorke - Mid North	2604	664
Fleurieu - Kangaroo Island	1258	321
Limestone Coast	1509	385
Murray and Mallee	1637	417
Eyre Peninsula and South West	1273	325
Outback - North and East	593	151

How will you pay for it?
The SAHT will take advantage of record low interest rates and raise $16.5 billion in government bonds over four years to invest in good quality, universally available public housing and other crucial public infrastructure. After accounting for maintenance costs on the new housing SAHT will raise $617 million over the first four years in rental revenue, which will be invested back into more public housing and public infrastructure around the new developments.

($million)	2022/3	2023/24	2024/25	2025/26	Total
Public Housing Construction Cost	$3,987	$4,087	$4,189	$4,294	$16,556
Maintenance Cost	$40	$82	$126	$172	$419
Rental Revenue	$94	$197	$310	$434	$1,036
Net Revenue (less maintanence)	$54	$116	$185	$262	$617

Publicly owned Renewable Energy

South Australia has a once in a generation opportunity to reverse the privatisation of our electricity system and become the renewable energy super power of Australia. As the cost of batteries, solar, and wind continue to drop, while new technology allows for grid stabilisation without the need for gas[11], now is the time for a massive public investment in renewable energy generation and storage.

The South Australian Greens will:

- Revive the Electricity Trust of South Australia as publicly owned generator, as well as sole retailer and network provider
- Invest $8.7 billion over four years in 7125MW of publicly owned renewable energy and storage
- Create 9,600 jobs a year installing and maintaining solar, wind and battery storage
- Set aside $2 billion of the investment to provide free solar and storage for 200,000 renters, social housing and low income households

Publicly Owned Renewable Energy
The South Australian Greens will take advantage of record low interest rates to invest $8.7 billion over four years in 7125MW of publicly owned renewable energy and storage, creating 9,600 jobs a year, cutting electricity bills and helping reverse the privatisation of South Australia's electricity system. $2 billion of the investment will be set aside to provide free solar and storage for renters, social housing and low income households.

A massive investment in public owned renewable energy will allow South Australia to transition faster, cheaper and with more jobs than relying on the private market.

The massive investment will allow South Australians to gain a 50% ownership over our electricity generation, ensuring the private corporations don't reap the benefits.

The investment would be managed, run and owned by the revived Electricity Trust of South Australia. Unlike the private corporations who make millions of dollars in profit overcharging us on our electricity bills, ETSA will be directed to run at cost to cut bills for South Australians.

Free solar and storage for renters, social housing and low income households
Electricity Trust of South Australia will set aside $2 billion to provide grants to renters, low income households and social housing tenants to install solar and battery storage systems. ETSA will install the systems in 200,000 households over four years.

[11] https://www.energy-storage.news/news/battery-storage-30-cheaper-than-new-gas-peaker-plants-australian-study-find

Electricity Trust of South Australia will retain ownership over the household systems with 50% of revenue going to households to cut energy bills and 50% going to pay off the investment over time and cover any maintenance costs.

Renters will be able to apply for the free grant with the consent of the landlord. If the renter moves out the revenue will go to the next tenant.

Every solar system installed will include battery storage to help ensure the stability of the South Australian grid.

Cost

ETSA will invest $8.7 billion over the first four years in publicly owned generation. The plan will be funded via Government bonds, taking advantage of record low interest rates, which will be paid off over time via the revenue raised from the publicly owned generation.

($million)	**2022**	**2023**	**2024**	**2025**	**Total**
100% publicly owned renewable energy	1939	1743	1563	1429	6673
Free household solar and storage	609	536	483	462	2089
Total	2547	2278	2046	1891	8762

Reverse electricity privatisation – Take Back the Power

South Australia has the most expensive electricity in the country because of privatisation. Since privatisation in 1999 electricity prices in South Australian have increased 216%. In comparison the cost of housing in Adelaide has increased by 99% in the same period. In other words electricity prices have grown more than twice as fast as the cost of housing.

In the last two years South Australia's private transmission company Electranet has made $209 million in profits while the private distribution company SA Power Networks has made $454 million. That's over $600 million that comes from ripping off South Australian's on their energy bills.

Essential services like electricity should not be in private hands and run for profit. The Greens will save the average South Australian $409 on their yearly energy bills by reversing privatisation.

The South Australian Greens will:

- Revive the Electricity Trust of South Australia as the sole public retailer and network provider for South Australia's electricity system
- Phase out private electricity retailers over two years
- Bring South Australia's electricity distribution and transmission network back into public hands and under the control of ETSA
- Establish ETSA as a statutory authority with a board comprised of at least two worker and consumer representatives
- Direct ETSA to run at cost, eliminating profit from the system and cutting the average bill by $409

$409 saving on your bill

By reversing the privatisation of South Australia's electricity system the Greens will be able to redistribute private profit back towards cheaper electricity bills. That equates to a 26% reduction in the average South Australian's electricity bill.

Savings on your electricity bill	Amount	Description
Average South Australian Bill	*$1,592*	*ACCC Inquiry into the Electricity Market November 2019*
Publicly owner retailer	$66	ACCC reported that $50 of the South Australian yearly bill was retail advertising and marketing costs while 1% of the South Australian bill was retailer profit
Publicly owned transmission and distribution	$343	Redistribute profits from privately owned electricity networks back to customers by dividing the total 2020 profits of Electranet and SA Power Networks by the total number of South Australia residential electricity customers
Percentage Saving	26%	

Total Savings	$409	

Reverse privatisation of our electricity network

The Greens will bring South Australia's electricity network back into public hands by compulsorily acquiring the distribution and transmission network off Power Network SA and ElectraNet for $4.5 billion.

The Australian Energy Regulator makes periodic determinations on the value of each state's distribution and transmission network known as the Regulated Asset Base (RAB). Under the most recent determination the total value of ElectraNet's transmission network is $2.7 billion while SA Power Network' distribution network is $4.5 billion. However, these are both overvalued estimations. A report by ex Powerlink executive Hugh Grant found that ElectraNet's RAB was overvalued by 50% while SA Power Network's RAB was overvalued by 29%.[12] Writing down the RAB of the distribution and transmission network this will further reduce South Australians' electricity bills.

Since acquisition ElectraNet and SA Power Network have already made billions of dollars in profit.

Phase out private retailers

Private electricity retailers are parasites on our electricity system, adding a mark-up on our bills despite not producing any electricity. According to the ACCC $50 a year of our electricity bills are literally just paying advertising and marketing costs for electricity retailers.

The Greens will phase out all private electricity retailers over 2 years, with billing services taken over by ETSA - similar to pre-privatisation. This will save South Australians at least $50 a year on their bills alone.

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http://files.canegrowers.com.au/Burdekin/canenewslinks/Hugh%20Grant%20Report%20May%202016.pdf