



HOUSE OF ASSEMBLY
TUESDAY 04TH JULY 2017
APPROPRIATION BILL 2017

Second Reading

Adjourned debate on second reading (resumed on motion).

Mr PEDERICK (Hammond) (20:34): I rise to speak to the Appropriation Bill 2017. The first thing I want to discuss in regard to this budget is net balance and net debt. Between 2016-17 and 2019-20, surpluses have been written down by a total of \$926 million since the 2016-17 Mid-Year Budget Review, and the total non-financial public sector debt is now \$13.84 billion and expected to peak at \$14.94 billion in the year 2020.

As we have already heard today and tonight, the Labor government claims that this budget is a jobs budget. This so-called jobs budget forecasts that during the next 12 months South Australia's jobs growth will be the lowest in the nation and only half that of Victoria. That is what it says in the budget. The commonwealth Treasury forecasts 1½ per cent employment growth in 2017-18 nationally, compared with 1 per cent by the South Australian Treasury locally.

As of May, South Australia had the highest unemployment rate in the nation, with a trend of 7.1 per cent, being the highest in the nation for 30 consecutive months: 60,300 people are unemployed, with a further 85,900 people underemployed. What we on this side of the house will do if we are elected next year is boost exports, and that is a sure way to create more jobs.

I want to discuss the closure of Holden's because much has been made of it in this budget. It was in the budget speech. There were comments made by the Hon. Kyam Maher from the other place that this is all the federal government's fault for not handing out money. I am going to talk about the Labor lie. This is a quote from *The Sydney Morning Herald* when the announcement was made that General Motors in Detroit decided—and it was a sad decision—that Holden's was going to close down in 2017:

Holden managing director Mike Devereux said he did not blame the Coalition government for the company's decision to leave Australia.

A quote from news.com.au is:

Holden general manager Mike Devereux, who just a day before told the Productivity Commission that GM in Detroit had made no decision to close operations, said yesterday 'this is an incredibly difficult day for everybody at Holden, given our long and proud history of building cars in Australia.'

But he added: 'As painful as it is to say, building cars in this country is just not sustainable.'

Another quote from The Advertiser is:

'General Motors has nothing but gratitude and praise for the very strong partnership we've had with successive governments over the decades,' said Mr Devereux, adding that the company was proud to 'have been a part of the industrialisation of this country.'

Another quote from *The Advertiser* is:

Over the decades, the car industry has employed generations of workers and, until the end, kept close to 50,000 people in a job—once you include the small businesses that supplied parts and services to Australia's car manufacturers.

But the tax payer has largely footed the bill, shelling out more than \$5 billion in 'industry assistance' over the past 10 years alone.

The car industry says it invested three dollars for every one dollar of taxpayer funds.

That figure may be debated but one thing is certain: the end was inevitable.

I want to make a comment about GM closing down, and this is a quote from General Motors in Detroit in late 2013, and the headline is 'GM to Transition to a National Sales Company in Australia and New Zealand':

Detroit—As part of its ongoing actions to decisively address the performance of its global operations, General Motors today announced it would transition to a national sales company in Australia and New Zealand. The company also said it would discontinue vehicle and engine manufacturing and significantly reduce its engineering operations in Australia by the end of 2017.

'We are completely dedicated to strengthening our global operations while meeting the needs of our customers,' said GM chairman and CEO Dan Akerson.

'The decision to end manufacturing in Australia reflects the perfect storm of negative influences the automotive industry faces in the country, including the sustained strength of the Australian dollar, high cost of production, small domestic market and arguably the most competitive and fragmented auto market in the world.'

As a result of the company's actions, approximately 2,900 positions will be impacted over the next four years—and we have to remember this was made in 2013—comprising 1,600 from the Elizabeth vehicle manufacturing plant and approximately 1,300 from Holden's Victorian workforce. The article went on to state:

Holden said it would continue to have a significant presence in Australia beyond 2017, comprising a national sales company, a national parts distribution centre and a global design studio.

General Motors Holden chairman and managing director, Mike Devereux, said that an important priority over the next four years would be to ensure the best possible transition for workers in South Australia and Victoria. He then said:

This has been a difficult decision given Holden's long and proud history of building vehicles in Australia...We are dedicated to working with our teams, unions and the local communities, along with the federal and state governments, to support our people.

That puts away the Labor lie, the lie perpetuated by the Treasurer, Kyam Maher from the other place and others who try to lay the blame on the federal government because it would not keep shelling out money. The simple fact was that General Motors were going to go no matter if money was handed out or not—and that is exactly what they said. People need to see the truth instead of its being put out in a budget document as a Labor lie and see it for what it is.

I want to reflect on other things regarding the budget and the cost of living. The majority of fees and charges that have hit individuals across the state have increased between 2 per cent and 2.5 per cent. We have seen in this budget an unprecedented measure attempting to put a \$370,000 million bank tax on our state banks here in South Australia. We know what happened 25 years ago and what a Labor government did to the former State Bank in this state: they bankrupted the state. The State Bank collapsed and we had economic collapse in this state.

Here we go: a state government so bereft of cash, so bereft after all their fire sales, the sale of the Motor Accident Commission, the forests that were virtually given away and sold well under their value. In regard to the Motor Accident Commission, the government basically budgeted for \$500 million to come in and they have got about \$2.8 billion and climbing, and yet the money just disappears and it is still not enough.

In all the years I have been in here, since 2006, I have seen rivers of GST gold that were not budgeted for, with former treasurers and the current Treasurer coming in, yet it all gets frittered away. It is frittered away on excesses, yet even then this government proposes a \$370 million bank tax to deter investment, to deter business and, in the end, exactly what that will do is to deter jobs. We stood up and made an announcement this week that we will vote against this budget measure part of the bill and we will vote it down because we have to look at the best thing for South Australians.

Then we look at the cost of the emergency services levy that rises every time there is an incident in South Australia. Again, on this side of the house we are committed to taking out \$360 million and putting that back into individual pockets right throughout the state—\$90 million a year over four years—and there will be plenty more tax reform announcements over time going into the next election.

Other key revenue measures have been announced in this budget, such as almost \$50 million over four years from the foreign investor surcharge on stamp duty. Remissions of the emergency services levy have still not been reinstated and, as I indicated, total distributions from the MAC are almost hitting \$2.8 billion. We see those good old revenue raisers being installed, with 10 new fixed location road safety cameras on metropolitan roads at a cost of \$2 million, but look at their return to Treasury: they expect to raise close to \$15 million over four years.

In relation to how this state Labor government complain about federal government funding—and they always complain that they do not get enough money from Canberra—during the next year they will receive more than \$10.5 billion in federal funds, close to \$700 million more than this year. I reflect on the River Murray diversification funding that this Labor government turned its back on in recent years. It was \$100 million that was put through all basin states. It was put through Queensland, New South Wales, Victoria and South Australia.

This was for communities so that they could diversify their income, diversify their industries away from being so reliant on the River Murray, which the Labor government make out they are so passionate about. But, no, what did they do, apart from all the deputations especially by myself and the member for Chaffey? They just knocked it back. They said, 'No, we're not going to take that \$25 million.' The federal government was handing them money to put into these river communities, yet this government turned its back once again not just on the river communities but on the regions of South Australia.

Let us talk about power costs. It has been talked about here tonight. The government have their so-called \$550 million energy plan. Why are we here? The government spruiks, 'We're going to fix up the energy,' after they have completely stuffed it up, switching off Leigh Creek and switching off Port Augusta because of their green ideology. Now, all of a sudden, we are going to have to truck in diesel generators, probably 200 megawatts of diesel, so that we can get through next summer. The simple fact is that if we do not do that—and I can see it from our side of the house—we will not have enough power because the \$360 million emergency station the government are talking about building will not be built.

It will probably not even have been started, despite three other gas plants being proposed around the place. Even though this Labor government has all this green ideology, they say, 'That's alright. We will just bring in containers of diesel generation, or perhaps we will bring a ship from overseas with 200 megawatts of diesel. It can burn sump oil, it can burn heavy fuel, whatever.' How is that going with the green credentials? In fact, from what I understand, the green energy target will drop from 49 per cent to 43 per cent because of the actions of the state Labor government.

The Finkel report, which is talked about by both sides of parliament, has just come down. That report talks about what I was saying in relation to Leigh Creek and Port Augusta, that the coal plants in Port Augusta, the coal-fired power stations, are shutting down. Right now, Australia is reliant on coal for 58 per cent of its power generation. In 2030, no matter what is going on in this state, the power generation from coal in Australia will be 56 per cent. It is 58 per cent now and it will only drop by 2 per cent by 2030. This lays the lie to this green ideology.

As of Saturday, a couple of days ago, South Australia has the most expensive power in the world, and that is a disgrace. This is why our people are leaving. This is why industries are not starting up. This is why the only jobs that are attracted to the state are the ones that are paid for, as the member for Fisher was stating. These are the only jobs that are coming in, if people think, 'Oh

well, here's some cash, we'll put another job in.' Head offices are coming here only because they are handed \$10 million to be here. It is all subsidised. This is how socialism works. It goes perfectly until the money runs out. The money has long run out and this Labor government's chances have run out.

As I indicated, the government is looking at 200 megawatts of diesel generation by December 2017. They are looking at that battery storage of 100 megawatts. We do not think the gas generator will be up until 2018-19 at the very earliest. At the same time, this government with its green ideology is forecasting a reduction in renewable energy as a share of South Australia's total generation mix in 2017-18, which indicates that the government's policies have not only impaired reliability and increased power prices but also will result in a reduced renewable energy outcome.

In regard to regional spending, there is virtually no spending in the regions. There is something like \$70-odd million out of a \$19 billion budget. There are no new builds in country South Australia in Country Health. In the regions, we are getting less than 2 per cent of the annual capital spend. I have written to the health minister about the Murray Bridge Soldiers' Memorial Hospital emergency rooms and emergency area. It needs \$2½ million spent to bring that up to speed after close to four decades of no decent amount of money being spent on it but, no, that is not coming.

All of a sudden we have seen Transforming Health tipped on its head. It has been three years of pain for the clinicians and for the 1.7 million people of South Australia. Overnight, in one day—the clinicians did not even see it coming—there is a supposed \$1.1 billion to do extra works on city hospitals, but where are the regions? Apart from the regional hospitals seeing no money, there is no money for the Repat, which is such a disgrace. Our returned servicemen are losing their valued hospital out at Daw Park.

Transforming Health has not just ended: it has failed. Eight Transforming Health projects were announced in the 2015-16 budget and two have been delivered. Six other projects are running a total of 2,460 days late and \$20 million over budget. When you look at the new Royal Adelaide Hospital, it is so many months overdue. We are already paying the \$1 million a day to have it open. There are no patients in there. When they do get in there, there will be the famous EPAS—the \$500 million lemon.

EPAS is a system that has cost us about the same as it cost to build the Adelaide Oval and it does not work. It is a shocker, yet more money keeps getting poured into the hole. The Royal Adelaide Hospital was set up for electronic record keeping under EPAS and it is not up to speed. It will not be there on day one if the hospital does open in September. The hospital was not built strong enough to store paper records, so what are they going to do? It is outrageous.

Time expired.