

APPROPRIATION BILL – 22 & 23 June 2011

Mr PEDERICK (Hammond) (22:55): I rise today to speak to the Appropriation Bill 2011. I would just like to reflect on issues that are affecting rural South Australia, especially out of the reckless spending of this state Labor government. We have a state Labor **government spending** \$9.1 billion on infrastructure and 99.9 per cent of that will be in urban areas. We see the \$1.8 billion desalination plant that will be coupled to over \$400 million worth of pipes—a desalination plant that only needed to be half the size—and had it been built when we had the policy in 2007, probably at least \$1 billion would have been saved.

We also have the new Royal Adelaide Hospital which is going to cost somewhere in the vicinity of \$2.8 billion, when we were told before the election by Labor that it would only be \$1.7 billion. Then it went up to \$1.8 billion virtually immediately and then—surprise surprise—we see it heading north towards \$2.8 billion. This will be a hospital that will cost all of us \$11 billion just to operate for 30 years. It will cost \$1.1 million per day for 30 years.

We also see major rail upgrades in the city costing billions of dollars and, yes, some of these are needed, but I look around my rural electorate of Hammond and I look around the state at infrastructure that is sadly lacking, such as railway infrastructure. I agree with the member for Frome's comments about the infrastructure in the Mallee, that I was well aware of and which we were also reminded of on our grain handling select committee, about how slowly trains have to operate on our Mallee rail lines out towards Pinnaroo.

This is the case right throughout the state, and I know that the member for Flinders is well aware of the shortcomings of the rail in his electorate, of the narrow gauge lines up there, and that there are vast areas and vast amounts of rail that need upgrading. I look at the country roads in this state and note that there is about \$54 million put aside for road maintenance. It is still about \$200 million behind what needs to be spent.

I reflect on issues like the \$80 million—and a lot of that is federal money—being spent on overtaking lanes and rest stops on the Dukes Highway. I know I have mentioned this several times in here: why do the state and federal governments not just get on with the job of duplicating the Dukes Highway so that we do not get so many of these horror smashes on these roads? I am told it will cost \$5 million per kilometre but it is still less than \$1 billion to do the 191 kilometres to the Victorian border, and I just wonder how many lives that would save.

Speaking of lives, I came across the tragic accident on the Riddoch Highway near Padthaway several hours afterwards, and what a sad loss to the family from Keith losing all those children and losing the father of two of those children and a husband. My sympathies certainly go out to that family. I am certainly not aware of what the issue was there, but there should be more money spent on rural roads so that people travelling these distances, as we do to our country electorates—and I know the Speaker does to her electorate of Giles—have better roads so that we can get around this state and go about our business safely.

I reflect on how everything is focused on the city and about the cuts that happened with the agriculture section of the **primary industries** budget last year, where we saw 179 jobs targeted. We saw \$80 million in cuts targeted over four years—\$20 million a year. I want to reflect on the jobs that were cut. Good friends of mine were targeted with these so-called targeted voluntary separation packages. I think you can take the word 'voluntary' out.

It is interesting to see that PIRSA would send along its representative to attend the farewells, and then off they go. It is interesting that I have not seen the Chief Executive, Geoff Knight, at any of those farewells. He was probably the one loading the gun for these targeted packages. I will reflect on what has happened and the decline in the budget for agriculture in this state.

I look back to 2009-10 where it was \$285,648,000. Then we get to the 2010-11 budget and it was \$225,607,000. Then we find out the estimated result is quite a bit lower for 2010-11 at \$216,337,000. To make matters worse we get to 2011-12 and it decreases to \$181,746,000. It is approximately \$104,000 less than was allocated to agriculture in the primary industries budget from 2009-10. It just goes to show how this government has no vision for the regions: no vision for one of the major wealth producers of this state.

Yes, we do have mining getting on its feet in this state, but it is only getting on its feet especially in comparison to Western Australia. We have a long way to go—a long way to go to come anywhere near anything like Western Australia produces, and I doubt we will ever get that far. I applaud all the exploration that companies are doing around the Yorke Peninsula and Eyre Peninsula. I know that the Terramin mine is well operational at Strathalbyn. I know with the Australian Zircon mine at Mindarie there are some new owners looking at whether to fire that up again.

People need to understand that agriculture is also a core supplier of funds to Treasury and of employment in this state. The Premier came into this place and carried on about the record harvest, the \$3.4 billion harvest, as if he had produced it. He probably does not know what a wheat stalk looks like.

The Hon. I.F. Evans: That was a wheat stalk.

Mr PEDERICK: A wheat stalk. Yes, that was the only stalk. It is just incredible to come in here and take credit for the rain when farmers are losing services and there are cuts to the budget. I note some of the cuts that are happening: the South Australian Research and Development Institute (SARDI) cuts, a \$2.7 million decrease in research spending; a \$4.1 million decrease in service expenses with SARDI; and we see a \$12 million decrease in biosecurity funding.

What commitment does this government have for agriculture? Absolutely zero. We have an agriculture minister who announced in the Riverland that he was the best agriculture spokesman in the country. If he is that damned good, tell him—

An honourable member: In the world!

Mr PEDERICK: Yes, in the world.

An honourable member: In the history of the world!

Mr PEDERICK: If he is that good, send him up to Indonesia and get him to fix the live cattle trade. That would be the go. Send him up there. Perhaps he needs to get out there and he can direct Joe Ludwig, the federal minister, and get that mess sorted out.

People need to be aware—and now I have digressed a little bit—that there are two sides to the story of the live cattle trade. They were horrendous images that we saw on the news on *Four Corners* the other week, horrendous images, and I know for a fact that cattle do not need to be killed that way. If people look at the other side of the industry, at the industry players, the big companies that are managing their stock appropriately, and the abattoirs that are killing appropriately, they would see that the trade is being run effectively; and yes, the cowboys need to be cut out and there needs to be the proper regulation and it needs to be sorted out.

People need to be aware in this place that there are at least 700 Aboriginal stockmen's jobs at risk. Some of them are losing their jobs already. State-of-the-art live cattle boats are still being built and this is affecting the whole of the north.

Mr Williams: It will affect the south too.

Mr PEDERICK: It is affecting the south already, because it is affecting the price of cattle. I do not think any of these northern cattle have come down, but the markets already know that there is the threat of all these hundreds of thousands of cattle that cannot be shipped out. People carry on about the live trade. The live trade—live sheep and live cattle—have supported farmers in this country for many, many years.

Some elements say, 'Oh, we can just kill everything here and send the meat up there.' Well, I can assure you that not too many Indonesians out in the poorer areas have fridges. They just do not have refrigeration, so you cannot keep the meat. Unless all these do-gooders are going to start building power stations and sending refrigeration up there, it is just not going to happen.

I just want to make one final comment about the live cattle trade, because I am being egged on a bit here, and that is that these people in Indonesia will not go hungry. They will import stock from countries that potentially have foot-and-mouth. They could come down through other countries like India and come into Indonesia, and if foot-and-mouth gets there it is only a short way down the archipelago to New Guinea—and I tell you what, Australia is only a short mosquito flight from New Guinea.

I will just indicate to the house what I understand is the protocol for clearing up a foot-and-mouth outbreak in the north of this country. The protocol, from what I understand, is to poison every waterhole in the north—every waterhole! That will not just kill all the cattle; it will kill all the crocs, all the kangaroos, all the native animals. So people need to reflect on that and they need to perhaps do a little bit of research before they go straight out and bag the live cattle trade. People do need to have a look and see what goes on. That is the protocol.

Members interjecting:

The SPEAKER: Order! There seems to be an outbreak of foot-and-mouth disease here!

Members interjecting:

The SPEAKER: Order! The member for Hammond has the floor.

Mr PEDERICK: I am a shy, retiring operator. Thank you, Madam Speaker. I am concerned about another couple of things that are going on in this state. It looks like the federal review about **broomrape** control is not going to recommend that broomrape can be eradicated. Now, look over at the other side: this is a state government that got in by the former member for Hammond signing away so that they would get his vote; but they agreed to eradicate broomrape. This government agreed to eradicate broomrape as part of that compact. Here we are; it is in the compact. Here we are 10 years later and there has been—

Mrs Geraghty interjecting:

The SPEAKER: Order!

Mr PEDERICK: —there has been \$45 million invested by state and federal governments—about \$1.9 million annually by the state government, \$2.6 million by the federal government—and yet here we see what looks like the federal government pulling out because, if they say it cannot be eradicated, the federal funding will have gone out of the broomrape eradication program.

I ask the government: will it step up and bring that funding up to the \$4½ million per year? That is what needs to happen. We will have a major problem if broomrape escapes the area that it is in at the minute, in the Murray Mallee, and spreads out across this state and throughout the country. It has the potential to decimate our dryland agriculture, but also our horticulture, in this country—not just in this state, but in this country. People need to be well aware of that.

I want to speak about **forestry** and this government's shortsightedness with the forward sale they are planning for the three rotations of forestry in the South-East. It is interesting to note that, on this side, the shadow treasurer has found a \$682 million hole in the budget which looks like about the amount that the government will potentially get for the forward sale. It will be a fire sale.

There have been some calculations made that the state could recoup over \$4 billion over 111 years but it is a state government that is very short-sighted. They get the SACA vote in one night. Surprise, surprise! The next day there is a re-announcement that the forward sale is going ahead because there was a bit of confusion between who was announcing what and whether it was going to happen and we have had these different announcements since 2008.

We even have a Treasurer who gave conflicting comments in answers to separate questions in this place on whether the ACIL Tasman study that was done was a cost benefit study. You only need to talk to the people in the South-East. They know darn well what will happen. The member for MacKillop told the house about a Victorian company that is going against its code of conduct and practices in sending logs offshore in containers. You can get containers to Asia for \$500 and less. It is pretty competitive to get empty boxes back to Asia because there are plenty of full ones coming this way.

Is this government prepared to sacrifice the whole economy of the South-East? I think they are. They are that shortsighted that they cannot see outside the bright lights of Glen Osmond and Gepps Cross. They cannot see past the bitumen and the concrete of the edifices that they are going to build as monuments—

Mr Williams: To their stupidity.

Mr PEDERICK: —to their stupidity. I agree with the member for MacKillop. Government members are saying that they are not into privatisation. Not only are they selling off the forward rotations and the forward generations of many people in the South-East in this state, they are also

selling off SA Lotteries because there is a risk. What is the risk? People are going to give up gambling? I do not think so. Whether you like gambling or not, people love a punt. There is supposedly a risk. I think about \$86 million that is contributed to the state's economy is going to be slashed. That is another privatisation by a party and a Premier who actually made a pledge that he would not privatise assets. So, it has gone directly against their ethos on—

Mr Williams: They have no ethos.

Mr PEDERICK: —yes—

Mrs Geraghty interjecting:

The SPEAKER: Order, the member for Torrens!

Mr PEDERICK: —what they were going to do. I just want to talk about **biosecurity** in regards to this budget. We have a government committed to what they call cost recovery. They have quite happily put a property identification code in by regulation that will drag in about \$240,000 to the government, but the biosecurity levy, which has to come in by legislation, has been deferred by 12 months. This government must be fearful of whether that legislation will get through the house. I think that will contribute something like \$8 million if they manage to get it through. It is interesting that it has been put off by 12 months.

I want to talk briefly about the **Murray Bridge police station**, which has had its funding deferred by 18 months before it is completed. I appreciate that we are getting something done in the electorate but, here again, so that the Treasurer can push the money aside, as they have done right throughout the budget, with hundreds of millions of dollars, they will just offset projects around the state. Here we go again—the Mallee will take the hit by not building the Murray Bridge police station for another 18 months. What we see is a short-sighted budget, one where the government does not reflect on the prosperity of this state and what people and producers can do for this state.

23 June 2011

Mr PEDERICK (Hammond) (17:16): I rise today to make a contribution to the Appropriation Bill 2011. I want to talk about some of the things that have been inflicted on us in this budget. At the Mid-Year Budget Review there was an \$81 million surplus. That has now turned into a **budget deficit** of \$263 million in 2011-12, and as the budget deficits roll out they go to \$114 million, \$80 million and \$655 million surpluses in the forward estimates.

Debt is rising to \$8.2 billion over the forward estimates, which is a \$900 million difference to the 9.1 infrastructure program that Labor has in place. I note that financial liabilities are up to \$20 billion by 2014, and the cost of living increases for families are up \$750 per year. I notice the liquor licensing fee increases which will impact on our pubs and clubs, which is basically the open door tax, a price rise of \$4 million per year.

The Office of Public Integrity, the Clayton's ICAC, will only be funded at \$3 million per year, commencing in the year 2012-13. When we look at further public sector **job cuts**, we see more job cuts of 400, on top of the 3,750 job cuts in the public sector last year. There is \$396 million in deferred capital works, and this involves projects in my community which I spoke about last night, the **Murray Bridge Police Station** which has been deferred by 18 months.

The Riverside precinct has been delayed by two years, so that will begin in 2015. The government has made a pre-budget release of a \$600 million drop in GST, and this is what the government has announced. It is actually \$650 million less in GST and royalties compared to the 2008-09 years. People need to understand what the government is referring to here. The government is really \$52 million better off on GST since the 2010-11 Mid-Year Budget Review over three years.

There is no funding for any upgrade to the current Royal Adelaide Hospital which is going to have to survive quite a long time before we get the monument to Mike Rann finished on the rail yards. We see the state's first home owner payment abolished and we see \$1.1 billion in **extra taxes** over the forward estimates imposed on the people of this state. We see driver's licence renewals are up by 32 per cent and speeding fines up by 29 per cent, and this is for speeding less than 15 kilometres an hour over the limit.

We see **water rates**, for everyone across this state, up to 50 to 60 per cent increase and more increases coming. Those increased fees make me fearful for what's going to happen to agriculture in this state. I have had many constituents come to me, especially constituents who have had to access water—like where I live off the Keith pipeline because water is too saline. We have had the Keith pipeline in place with River Murray water coming through it since the 60s and that has been a boon for our area. But the problem is, it is becoming uneconomic for people connected to reticulated water in agriculture. We see the cost to piggeries, to feed lots and to people running mobs of cattle on dryland farms because the simple fact is they are not going to drink any less water. You need to clean their water troughs out to make sure they have good clean water.

People are saying it is just going to become unviable, and there is a real risk that we will see people abandon these areas. I know that there were emergency procedures put in to put bunds in around to Menindee and Narrung. Once we got through the bureaucracy it was great to see that the one thing that did work was the contractors, who really got going, and they had several crews going, and I must commend the contractors. They had rock saws and several crews operating in a hurry to make sure that water got delivered—if only the bureaucracy previously could have operated just as quickly.

The sad thing is people are still heavily reliant on this pipe water because some of these people live around Lake Albert, and previous to the drought they were drawing fresh water from Lake Albert for their farming operations. But, no, we still have the effects of the **Narrung bund**, about which the government has not just hesitated, it has basically stalled in removing it. We see the problem with the bund at Clayton and Currency Creek. We have had the minister tell us that they are not sure how to get it out. I do not think it is that difficult. Just hire the contractors, get the money on the ground, and get it done.

When these things went in under emergency procedures, they went in relatively quickly but the bureaucracy and the bungling around applying for finance to get rid of these structures so that the people of communities around the Lower Lakes and the lower Murray can get the benefit of the fresh water that has been thundering down this river since the rains during last year is dissipating, because these people should be able to access this water that is coming down.

We have had thousands of gegalitres come back down through the river system, and it is a great boon, but I feel for those hundreds of producers, cattle producers, sheep producers and also people involved in our viticulture industries and other irrigation. The orchards and other associated horticulture, especially the ones that are on piped reticulated water, are paying through the nose.

I have had one grower in Murray Bridge—a herb operation—who basically said to me, 'Well, we've got to go. It's got too dear. We've got to get back next to the river and purchase an allocation because it's just uneconomic to put this water through the pipe.' I am very fearful that we will see a lot of this landscape turn into houses that will just be abandoned. It will be like the people who tried to grow wheat north of the Goyder line many years ago around Hawker. You just see relics of the farming operations that were there because they tried to crop wheat far too north in this state.

Another thing I want to talk about—and we were talking about it in a bill earlier today—is the introduction of more fixed speed cameras to raise revenue. The government—

Ms Sanderson interjecting:

Mr PEDERICK: Yes, absolutely. Why would you put them in otherwise? The government has targeted **speed cameras** to raise an extra \$24 million in additional expiation fees in 2011-12. We see payroll tax up by \$91 million in 2011-12. We see taxes across this state up by more than double the rate of inflation in each year of the forward estimates.

We see other projects that are being deferred. The government is still a long way off balancing a budget, but it is deferring \$193 million relating to rail network standardisation. We see regulatory fees up by \$75 million in 2011-12 and an increase of \$199 million in the forward estimates. We also see (and I mentioned it last night in my speech) that SA Lotteries will be privatised.

As I mentioned last night, here we have a government that is so anti-privatisation, but it is quite happy to sell off the lotteries, which is very much a profit-making venture, similar to its privatisation of the South-East forests, because it has no vision outside of the urban areas. Certainly, I feel in my mind that the forward sale of the forests is just pillaging the South-East for the government's coffers.