

Supply Bill response – 22 June 2010

Mr PEDERICK (Hammond) (12:56): I rise today to acknowledge the debate on the Supply Bill 2010 and note that we on this side of the house are supporting it. It is extraordinary that we have to approve over \$5 billion of funding because the Treasurer does not have his act together, quite frankly. We noticed earlier today where the Treasurer has not got his act together, has memory lapses, is not the sharpest tool in the shed, by his own admission in this place, and it is worrying that the state's finances are in this man's hands, quite frankly—very worrying.

We have seen budget increases in South Australia from around \$8 billion per annum when we were in office to where we are getting very close to \$15 billion budgets per annum under the current government. It is interesting to note that, while there has been record revenue growth from the goods and services tax and high state government taxes (and South Australia has been recognised as the highest taxing state government in the country), South Australians are wondering where the money has gone, where is the infrastructure, where is the build to match what is going on with record revenue receipts.

The reason we have nothing to show for this record increase in revenue is that the Rann/Foley Labor government has put South Australia in a position where we are paying \$1 million, increasing to \$2 million, per day in interest payments on Labor's debt, debt that is funding this government's everyday expenses. An amount of \$1 million per day in interest payments is what South Australians were paying when the previous state Labor government bankrupted the state, and here we go again. Government debt looks like it will soon hit \$6.8 billion. If it was not for the fact of the GST receipts coming in from the federal government and an extra \$1.2 billion in extra funding this year above what was provided last year, the financial position looked over by Labor would be worse in this state.

Also it is noted that Labor will reap an extra \$591 million in state taxation revenue over the next four years, including an extra \$156 million in land tax revenue above what was budgeted seven months ago. Health budgets continue with blowouts exceeding \$300 million over the forward estimates—more mismanagement over time. Then we get to the Labor government's Adelaide Oval patch-up plan, which is all it is—a patch-up plan. I seek leave to continue my remarks.

Debate adjourned and later resumed

Mr PEDERICK (Hammond) (17:15): In my remarks earlier today on the Supply Bill, I indicated that we, on this side of the house, support the bill. I was discussing the Labor government's Adelaide Oval 'patch up' plan and, if this proposal goes ahead, I believe it will give us a facility that will be 30 years out of date before it is constructed. When the Liberals went to the election, we had a far better plan to build a covered stadium (a full entertainment precinct) on the rail yard site. Suddenly, the Labor Party went into overdrive—'What are we going to do? We have to do something to match this'—because we had the best proposal and they saw that. They saw that Adelaide and South Australians were invigorated by the proposal we put up for the entertainment precinct, including a covered stadium on the rail yards, which tied in also with rebuilding the Adelaide Hospital at its current location. From memory, on Adelaidenow, 83 per cent of people who logged on indicated their support for our plan. So desperate measures were undertaken.

The Labor Party rounded up a few people to come over for a big announcement. Sadly, if the government's plan goes into play, Adelaide and South Australia will be short-changing themselves because, as I said, it will be 30 years out of date before the upgrade on the Adelaide Oval has started and, after seeing the western grandstand going up, it will destroy the iconic nature of the ground. In saying that, I reflect on what happened when retractable light towers were put in. The light towers that are there now bear nothing to what will happen if Labor, by some miracle—and I say that because I don't believe cricket and football will come on side by the end of August—move this project ahead. It will be a great shame not just for Adelaide but this state because we could have built an iconic covered stadium for multiuse events and use it all year in conjunction with the Adelaide Oval for cricket, etc. The costings of this have been quite interesting, and it is interesting that the

Treasurer has faced a barrage of questions not only today but other days on what he knew about the costings and how accurate these costings were.

The Labor government went to the people on 20 March saying that it was \$450 million and not a cent more for the stadium. Then it came out that it was \$535 million, and \$85 million of that is to help the South Australian Cricket Association out with a debt problem. 'We will leave out the \$38 million footbridge and we will get someone else to build a \$35 million car park.' This plan has so many holes in it. I believe that it will blow out well over \$700 million, and possibly as high as \$800 million or \$900 million, when we on this side of the house put up a proposal for a covered stadium, fully costed at \$800 million. So, it will be sad if it goes ahead.

As the leader on this side of the house has said, she would congratulate the government if it went ahead with our plan, but we will see what happens. I think we will still have the chance to build the covered stadium. It is interesting to note that there is no rock solid guarantee that the commonwealth will kick in any funding for this proposal.

I also want to make the comment that the government's Sustainable Budget Commission that has been tasked with fixing the state budget has, ironically, exceeded its budget significantly and will cost the taxpayer an additional \$2.5 million over the next two years. If the commission cannot stick to its own budget, how is it supposed to fix it for the whole state?

I will make some comments about the fiscal position and outlook from the Mid-Year Budget Review. For the 2009-10 budget, there are deficits in all three accounting measures: the net lending deficit, the cash deficit and the net operating deficit. The net lending deficit is \$1,551 million; the cash deficit is \$1,654 million and the net operating deficit is \$174 million. It is interesting to note that the revenues in the state have increased by \$606 million since the 2009-10 budget was delivered, but spending has also increased by \$476 million.

Despite the downturn, revenue income increased by \$1.5 billion from 2008-09 to 2009-10 due to the bailouts from the Rudd Labor government. We note that spending has also increased by \$1.5 billion in the same period. This signifies that the government, in the eight years it has been in government, has been unable to control its spending, going over budget by a total of \$2.9 billion since 2002-03.

Spending blowouts and not falls in revenue are the reason that the government's budget has slumped into deficit. As I and other people have said in here before, the interest bill that the government is paying is close to running out to \$2 million a day, which I believe surpasses even the infamous State Bank debt.

I will just comment on land tax. It is interesting that the Labor Party would not have gone near land tax. In fact, the Treasurer has talked about it in this place when discussing bills. He has made it feel like you are part of some wealthy blue ribbon elite set if you are paying land tax. I have certainly spoken about this issue in this place before. The Treasurer does not understand that people are paying land tax because they have invested in property for their superannuation. Whether it be migrants who came out here in the 1950s or 1960s, people who have built this state and nation, or whether it is people who have done well in business and want to make a future for their family, they have invested in property or housing to make money.

The Treasurer scoffs and says, 'If they don't want to pay land tax, they can sell it.' That is not the point. That is absolutely not the point. It is interesting that, when we came out with land tax cuts prior to the election, Labor came out with the same proposal. It did increase it slightly, and we immediately matched it, because if the money was there for them it would be there for us. Thankfully, that legislation is going through the parliament, and that will help out many thousands of people paying land tax.

It is interesting to note that GST revenue has increased markedly over time as well, but still we do not have enough money in the coffers. I mention briefly the Adelaide Hospital, and it horrifies me that we will spoil the opportunity to build a decent entertainment precinct in the rail yards instead of rebuilding most parts of the Royal Adelaide Hospital where it stands and save \$1 billion that could be transferred back through to Country Health and other metropolitan hospitals, and make far better use of the moneys so that other health services

could access some of that money that Labor is going to spend (the \$1.7 billion) on the rail yards hospital.

I also mention the desalination plant, which at \$1.8 billion is just an unbelievable amount of money. If Labor had acted when we brought out the policy in 2007, I am sure it could have saved at least 40 per cent of that costing if it had got on with the job of building a desalination plant back then.

We have all the discussion at the moment, not just in this state but throughout the Murray-Darling Basin, on sustainable diversion limits, and it is a very big issue, not just for this state but for all states involved along the Murray. Water will come from irrigators. There is talk, and Senator Penny Wong had it in the weekend's papers, that they will put pressure on Adelaide's licence. I was of the understanding (but you learn something new every day) that critical human needs licences may not be pressured for cuts.

It seems ridiculous that, from what I can gather, when the desalination plant in Adelaide is running and if there is plenty of water in the Murray, they will switch it off. As a businessman, I cannot see that that makes good business sense. If we are paying the water rates, which we will be, to pay for this plant, then that plant should be running.

We are told by the Premier that it is on 100 per cent green power. He must think that the windmills turn when it is not blowing, and there are also issues when it is too windy for wind turbines to operate, so you get the carbon offset there. I think that is insanity, especially with the strain on the river. When this plant is fully operational it can put out 100 gigalitres of water; we should be operating it 24 hours a day, seven days a week, and if the river has any excess flow then that can go through to the environment or, equally, 50-50 between the environment and irrigators.

Just in mentioning irrigators, agriculture has taken unprecedented cuts in the previous budget and in the coming budget I believe that \$22 million in cuts is coming. I already know of several long-term employees who have worked under PIRSA and the various departments under PIRSA. In fact, I was talking to one the other day who had many years of experience—decades of experience—working with primary industries, and the thanks he gets is that a few weeks ago he is called and told, 'It's all over. You're going to be reassigned.'

This government is putting all its eggs in one basket, mining. I support mining, but the government will pillage the long-term wealth of knowledge that we have in primary industries through the South Australian Research and Development Institute, and the people working through the outreach group with Rural Solutions. It is a disgrace to the people on the land, who produce about \$4 billion worth of primary production every year, depending on the season.

I urge this government to take a harder look at agriculture and work out where our food comes from, because if it is not careful we will be importing a lot more from China and other places. We already import far too much food, and we are seeing jobs in the agricultural industries disappear through drought and hard times, whether it be irrigated or non-irrigated agriculture. We are also seeing the effect of mice on agriculture; farmers are collectively spending millions of dollars on mouse-baiting programs just to try to get their crop out of the ground. I was talking to a farmer near Penong who told me he had decided not to even bother sowing a crop because the mice were that bad, and were tearing the grain out off the ground.

Speaking of plagues, I believe we have already had a plague of locusts throughout the Riverland stretching in a band down towards Pinnaroo and around Parilla, right down through that section of the Northern Mallee to the Southern Mallee. These locusts caused a lot of harm by delaying crop sowing, and forcing some people to resow crops one or two times so that they had a crop once the conditions got a bit better—once it got a bit colder to get rid of the locusts and a few sprays went out. I know that one operator went to the shop to buy his chemicals to spray the locusts, but by the time he got back to the farm the crop was gone.

I will continue my remarks in my grievance when I have the opportunity; however, I do commend the Supply Bill, although I still say that it is outrageous that we have to move for the \$5 billion of funding because the Treasurer could not recall that budgets are due in June.