

SUPPLY BILL 2007

Adjourned debate on second reading. (Continued from 27 March. Page 2173.)

Mr PEDERICK (Hammond): I rise today to speak in support of the Supply Bill. First, I want to comment on some of the overall revenue collections of the Rann Labor government. State finances continue to benefit from the GST, which Labor opposed. Currently, GST funding is \$3.4 billion of about a \$10.6 billion budget, which is about one-third of our state budget. If we did not have that money we would not be functioning as a state. Something that Labor opposed was debt reduction through the privatisation of ETSA. State budget figures also show that the Rann government is the highest taxing government in this state's history. Taxes combined with GST payments from the federal government make this the wealthiest government South Australia has ever had.

Labor's first budget in 2002-03 broke a key election promise by introducing new or increased taxes and charges, including the introduction of a gaming machine supertax and the River Murray levy as well as increases in stamp duty on conveyances and regulated fees and charges. The latest 2006-07 budget shows that the government will collect \$2 900 million more in revenue than the former Liberal government in its last year (2001-02). What has happened to all the money and where is the dividend for South Australia? What has happened to the extra \$2.9 billion per year?

An honourable member: It's gone to health.

Mr PEDERICK: That's an interesting comment. We have not seen \$2 900 million worth of improvements in hospital, school and police services.

I will now comment on how the government underestimates its revenue collections every year. Over the past four budgets the government has collected an average \$610 million more per year than originally budgeted. Where is the fiscal management here? As I said, it is the highest taxing government in South Australia. Taxes are up by 43 per cent. I note that that comment got quite a reaction from the member for Newland. He is obviously outraged because he did not realise that this was the position. Taxes are up by \$949 million compared with the last year of the former Liberal government in 2001-02.

Tax and revenue collections continue to rise, but there is no relief for struggling families and businesses. There is no stamp duty relief for struggling home owners, no extra concessions for financial assistance for older South Australians and no payroll tax relief. The South Australian payroll tax threshold, at \$504 000, is the lowest of all states and territories in Australia. Payroll tax collections in 2006-07 will be 40 per cent higher than in the last year of our Liberal government in 2001-02. These payroll tax collections are predicted to increase by around \$200 million per year by 2009-10. The government claims in its budget that over the next five years a further \$296 million of taxes will be cut, making the total amount of tax relief since coming into office over \$1.57 billion by 2010-11.

This claim is a furphy, as the \$296 million is a revised figure on the tax relief package announced in the last budget. That tax relief package was forced by Peter Costello as a result of the GST negotiations with the commonwealth,

which were originally negotiated by the former (Liberal) government. Most of the land tax relief only starts to kick in from 2009-10. I want to make some comments on property taxes. This Labor government is the first government in the state's history to collect more than \$1 000 million in property taxes. In 2006-07, it is budgeted at \$1 194 million. With stamp duty conveyance figures, in 2005-06 the government collected \$116 million, 24 per cent more than budgeted for—one of the Premier's broken promises.

Land tax relief packages announced in early 2005 have been ineffective and collections are continuing to rise. Total land tax collections increased from \$256 million in 2004-05 to \$342 million in 2006-07, even after the rebate and relief package. Some of our speakers have already noted the cost of the public servant blow-outs. The Liberal Party, as part of its policy package, was quite open before the 2006 election when it announced that it would be cutting 4 000 public servants.

The Hon. J.D. Hill: Please have the same policy at the next election, won't you!

Mr PEDERICK: One thing that I will say in reaction to the Minister for Health is that at least we are up front with our policy and did not do it by default after the election.

The Hon. J.D. Hill: So, you're accusing us of increasing the numbers and then decreasing the numbers. Is that the basis of your argument?

Mr PEDERICK: I would say to the minister that Labor comes in and the government takes out nearly half the 4 000 public servants with the 2 000 people that it is cutting. One of the reasons why Labor members figure they need to cut public servants is that there has been a blowout of almost 8 000 over the last four years. Labor budgeted for 1 135 and the actual increase was 8 885. Our party supports extra police, teachers and nurses, but obviously the government has just gone out of control and has people shuffling paper for no reason, costing the state \$500 million per year, or \$2 billion over four years. Ministerial staff have also increased, with costs amounting to more than \$16 million over four years, and the Independent ministers' offices amounting to \$2.5 million per year, \$10 million over four years.

With the Queen Elizabeth Hospital redevelopment, there is nothing wrong with having a redevelopment of a hospital, but you have a blow-out from \$60 million to \$317 million and the project completion now delayed until 2011. I have a few comments on the public servant cuts. Mr Rann's and Mr Foley's hypocrisy on the issue of public service cuts is stunning, given the promises that they themselves made during the last election. Using the words they used during the election, Labor announced the sacking of 1 571 public servants on top of the 222 public servants who accepted separation packages this June. That, as I indicated, is almost 2 000 public servants, and it has taken five years for the government to take action on these blow-outs.

The government promised no cuts in the public sector and, in particular, that key areas such as health, education and police should be quarantined from any efficiency dividend. We expect to see the full impact of these cuts in last year's budget come to light in future years, as un-detailed elements of the budget impact on the community and the public sector. The current Labor government likes to take all the credit for the credit rating at the moment, but part of the reason we have that AAA credit rating is the nil investment in infrastructure. The former (Liberal) government ensured that the AAA credit rating was within

reach through debt reduction and negotiation of the GST deal that is providing the state with growing GST income and financial flexibility.

I also have a comment on the unfunded superannuation liability. The budget papers show that, as at June 2001, the general government unfunded liability was \$3.2 billion. Under Labor, the unfunded superannuation liability has blown out to \$6.1 billion in June 2006 and is forecast to increase over the forecast estimates. The WorkCover unfunded liability is, I believe, heading towards \$1 billion. The latest figure we have is \$694 million, but who knows where it is exactly at the minute. Unless some reform is done in the WorkCover sector—and we are told that deals are done with unions not to cut benefits—I cannot see that happening. The worrying factor is that the figure of \$694 million comes from June 2006. As that figure we are referring to is nine months old, it would be interesting to see where it is at the moment.

I digress to some local issues in relation to the Hammond electorate and road funding. Works are planned for the South Road underpasses, the Bakewell Bridge is under construction, Northern Expressway, tramline extension, opening bridges and other works, which I believe over four or five years will cost the state up to \$1 billion, by the time all the blow-outs are factored in. I ask for more money to be spent on regional roads. Recently I was at Pinnaroo on the edge of my electorate and was asked by a local farmer to go for a ride into Pinnaroo in his truck. It was a fairly modern truck, only three years old, and I soon saw that the road is not wide enough and that 10 kilometres of the Pinnaroo-Loxton road needs not just patching but ripping up and a complete rebuilding.

When I arrived in Pinnaroo, a couple of the crew from the local ambulance service met me, and they wanted to tell me what it was like riding in an ambulance on that road towards Loxton, where they ferry a lot of patients at times. Instead of backing off to 60 or 70 km/h as they would with a patient with a hip injury, they held it to 100 km/h. I was just glad I was strapped in and had the grab-rails to hold onto. We certainly need a lot more money spent on regional roads. Approximately a billion dollars is going into urban infrastructure projects and, although I do not have a problem as such with money being spent on urban infrastructure, this government just seems to have let regional South Australia go to pack.

A few other local issues that are affecting my area are the aquatics, instrumental music and small schools programs that are under threat. One of those small schools in my area is Langhorne Creek. Funding of \$30 000 for 19 or 20 small schools has been cut. The threat of cuts to aquatics programs affects students throughout the state, and I hope that people have been writing to their local Labor member in the city whose people enjoy the wonderful facilities at Murray Bridge.

I have mentioned in this place before and I have written to the minister about fire hydrant maintenance, which used to be conducted. It does not happen any more in the country. I know there are many thousands throughout the area but, in my experience in the last several years of fighting fires, trying to find a hydrant that is operable and cleaned out ready to go can be hard work at times. More tactical use of aircraft in fighting fires is something I have spoken about before. For some reason the government must have forced a decree on the CFS, which I support, being a member. The morning after a large scrub fire is the best time to put out small wisps of smoke, and I refer to the most recent fire

earlier this year, which burnt thousands of acres of scrub. Perhaps it could have been pulled up first thing in the morning.

Another issue which could turn into a great blunder for the agricultural sector in this country, let alone this state, is the broomrape funding cut of more than \$3.25 million over four years. The government says it will take it up in efficiencies when we could eradicate more of this weed by using the cheaper options. Instead of methyl bromide, pine oil interceptor and Basamid can be used to fumigate more soil and get rid of this problem.

I hope the police station and court upgrade will happen fairly soon in Murray Bridge. Obviously the new prisons are coming, with the usual amount of consultation from the government—none. That seems to be a common theme, as with aquatics, instrumental music, prisons and the dreaded Wellington weir. The government seems to have a policy of making announcements, then it tries to put the fires out. I do not believe that is the best way to consult with people. Another issue is the Murray-Mallee Strategic Task Force which has recently lost funding. I will declare an interest here. My wife worked for the task force about 10 years ago, and she set up the Extreme Leadership program which PIRSA has now taken up to deliver across the state. It is a fantastic program giving instruction to youth in the Mallee. At a time when funding is needed to keep this task force going, and in a time of drought, it is just not happening.

I also comment on regional bus services, which have been under the hammer. The government has pulled some of its funding from these services. Regional bus services get 14 times less subsidy than people using city bus services, so we need some equity to get things on the right track. I would like to comment also on the federal takeover of the River Murray. I do not think it can happen soon enough. I even think the Minister for the River Murray is very keen for this to go ahead because, over the last 150 years, we have not managed it well. We need to reverse the over-allocation of water. I believe one way would be to compulsorily acquire 10 per cent of the water throughout the basin right up to Queensland. That would put approximately 1 500 gegalitres of water back into the system, as long as it was guaranteed to come down through South Australia and was not reallocated.

[Sitting suspended from 6 to 7.30 p.m.]

Mr PEDERICK: In finalising my comments, I think if everyone throughout the Murray-Darling Basin suffered a 10 per cent compulsorily acquired drop in their allocation, it would be better than what we have achieved at the moment with a 40 per cent reduction in South Australia on irrigation licences and, obviously, other licence restrictions in other states. I would like to comment on what the Minister for the River Murray said about the weir proposal, which I very much hope does not go ahead, and that we would do something else if it went wrong and water was too saline or too full of blue-green algae to access for Adelaide water. Something else should be done now, and one option is to start building an off-take above Lock 1. We already have a lock. I think it is the most sensible option at this stage. We will get those pumps deeper at Murray Bridge and Mannum. I know that they already are going deeper, but they need to go deeper again, because I think the Treasurer would be aghast at the \$110 million that could be spent on the temporary weir, let alone whatever it would cost to take it out. One estimate is \$25 million. With those comments, I support the Supply Bill.

