

Supply Bill

April 30th, 2008

Mr PEDERICK (Hammond) (20:57): I rise today to make a contribution to the Supply Bill. This government has the distinction of being the highest taxing government in this state's history. If that translated into improved services and infrastructure for South Australians we could perhaps forgive this extraordinary level of taxation. Unfortunately, this government may well also become known as the most wasteful in the state's history. Its poor management of the extra revenue flooding the state's coffers represents a missed opportunity characterised by massive cost blow-outs on major projects and the neglect of much of the state's vital infrastructure. Water, water, water—oh, and railways—just being some examples.

One would have expected that with such massive income the state would be flush with surplus funds, yet a comparison of general government revenue and expenses figures over the past five years shows a disturbing fact. The total revenue in 2002-03 was \$9.3 billion, while the total expenses were \$8.9 billion. The difference is \$400 million, which as a percentage of income is around 4 per cent. In 2007-08, the total revenue is stated as \$12.4 billion, while the expenses are \$12.3 billion, the difference being \$100 million. That, as a percentage of income, is around 1 per cent. The same calculation on the years between indicates a general downward trend, with the estimates for 2010-11 showing a figure of close to 2 per cent.

It is worth bearing in mind at this point that for the first two years of this government the surplus was greatly enhanced by the carryover of \$270 million in South Australian Finance Authority dividends. In case honourable members have forgotten, this was described at the time by former New South Wales auditor-general as an 'accounting fiddle'. Couple this with the implementation of new taxes: the River Murray levy draws in \$22 million; gaming machines tax has increased by 31 per cent over the past six years from \$312 million to \$400 million; property taxes and stamp duties have almost doubled over the last six years from \$731 million to \$1.43 billion; motor vehicle taxes have gone up 26 per cent from \$324 million to \$406 million; insurance taxes are up 33 per cent from \$223 million to \$296 million; and there has been a boom in payroll tax of 45 per cent from \$601 million to \$871 million. This government has given itself a massive annual pay increase—almost \$4 billion more than the last Liberal government—yet, and as I just mentioned, the surplus this year is expected to be less than at any time since 2002.

In keeping with the perception of the formalised trickery described earlier, this government continues to hide serious unbudgeted increases in expenses behind huge underestimates of its annual revenue collection. Contrary to its 2002 election promise, the South Australian government's general taxes will have climbed more than 50 per cent—so much for the promise not to increase taxes.

A good proportion of this has come from high property tax collection which, as I have said, has almost doubled since 2001-02. With the exception of Victoria, South Australia has the highest stamp duty payable on property

acquisition in the country. While the government seeks ways to increase the state's population and maximise economic opportunities presented by the mining boom, the affordability of housing—particularly for first homebuyers—is deteriorating. With average house prices around South Australia at \$320,000, stamp duty concessions for first home buyers cut out at \$250,000. It ought to concern every South Australian - especially parents - that the percentage of those buying their first home has fallen by 35 per cent in the past six years from 20 per cent to just 13 per cent.

Payroll tax has become another little goldmine for this wasteful government. With the lowest threshold in the country of \$504,000, payroll tax will reap 45 per cent more than it did in 2001-02. Is it any wonder that the state's employment growth, measured against the national jobs market, has fallen significantly?

The subject of the state's **unfunded WorkCover liability** has been debated at length in this house recently. From a figure of \$276 million in 1994-95 grading steadily down to \$56 million, it has climbed steeply to sit at \$844 million last year, with forward projections even higher. The chart of those liabilities for the period 1994-95 to 2006-07 looks like the Mount Lofty Ranges next to the Himalayas—and, as everyone knows, very few have climbed Mount Everest and many have died trying. The Treasurer and his Minister for Industrial Relations would find Montefiore Hill a challenge.

The wastefulness of this government is well evidenced by two things. One is the blow-out in spending on major projects such as road extensions, bridges, tramlines, underpasses and hospital redevelopments - the list goes on. It is mirrored by the huge increase in the number of public service full-time equivalents since 2002-03, not to mention the 84 extra ministerial staff the government has bestowed upon itself in the 2007-08 budget.

The second example of wastefulness is in the **SA Water** figures. In the past five years over \$1.7 billion has been skimmed from SA Water customers. That might have seemed reasonable had the money being reinvested into vital water infrastructure—and how timely that would have been. As well as management and storage issues, the condition of much of the state's water delivery infrastructure has been largely ignored until now, and now we are in serious trouble with nowhere to go but beg our eastern state neighbours for enough water to survive. In 2006-07 less than 4 per cent of profits generated by SA Water found its way back for water storage and delivery infrastructure projects. That is just \$11 million out of a total profit figure of \$314 million; we can only wonder where the rest of that money went. Now that the state's water alarm clock has finally shaken itself off the government's desk and crashed to the floor, the public will be asked to find more money to fix what it has, arguably, already paid for.

It is almost impossible to talk money, budgets, surpluses, deficits and money management in South Australia without mentioning the **State Bank** debacle of 1992-93. As much as members opposite might moan that we always bring it up, it is perhaps fitting that we do because we recently commemorated another ANZAC Day, with its familiar and important catch cry of 'Lest we forget'. We will make sure that the public does not forget the State Bank debacle and the \$11 billion debt bestowed on this state. The former

Liberal government showed great fiscal skill in dealing with this mess left by the former Labor government, some members of which are, sadly, still with us today.

If the former Liberal government had been able to apply those same skills to focus on building the economy, rather than repairing it, one wonders where we would be today. I confidently suggest that the levels of taxation could be well below current levels and the state would be better placed to maximise the opportunities that currently exist, as well as deal with the extraordinary problems we currently face.

I would now like to discuss issues that affect not only the seat of Hammond locally but the state as a whole, especially regarding the lack of **water infrastructure** spending. On 6 November 2006, Premier Rann announced, 'We are going to build a \$20 million weir at Wellington.' There was no thought of whether it would supply water to all the Lower Lakes communities, the tens of thousands of people, the billions of dollars worth of industry below Wellington, until the government said, 'Hang on, we'd better do some testing and see how sound the base is; see what the soil is like under the river.'

It could have looked at the reports from the 1930s and the 1960s which would have told it exactly what it would have found between Pomanda Island and the McFarlane property at Wellington. It would have found silt, silt and more silt. I have heard that, even recently, some test drilling has been done to 170 metres and it is just silt. This was found out years ago. Down the track I will be endeavouring to find out exactly how much money has been spent on soil tests, etc. It has tested 14 sites and it still has not come to the realisation that not only is it a terrible idea to build a structure in the river but it is not feasible where it wants to do it because it will be a sinking structure. The minister has finally admitted that.

It will cost at least \$200 million by the time they allegedly reckon they will pull it out. My argument is that they will tip 700,000 tonnes of stone into that river, if it comes to that, and most of it will sink, never to be seen again. That will probably be the excuse not to bother with it.

We have seen what has been done to local communities, not only blocking off wetlands but backwaters where people access water. What has been done to Lake Albert? It has had to cut Lake Albert off from Lake Alexandrina. It has nowhere to go if it uses the excuse of acid sulphate soils in Lake Alexandrina. There is not another lake to protect that waterway. It is water from down that once mighty river—the Murray.

It is an absolute disgrace that we have a billion dollar industry at **Langhorne Creek** that is going to be on its knees because the government will not fund a pipeline to keep that industry going. It has just decided, in its so-called wisdom, that it will cut these people off, cut major industry off, major employers and several large towns. In Meningie, the shop owners and businesses in the town are down to 50 per cent turnover. It is just outrageous.

The people at Langhorne Creek are at the stage of deciding whether they will go ahead with funding for their own \$60 million pipeline. I know it is on a knife-edge and that decision has to be made very shortly. They know that

they cannot get it constructed before next vintage. The other problem is that, even if they do build it, they do not know what allocation they can get down that pipe.

I also want to talk about the lack of interest in the **Narrung and Potalloch peninsulas**. It will not be until the media start to give things a run that we might see Mike Rann, Minister Maywald and occasionally Minister McEwen have a set-up and stage-managed meeting with a few growers because they do not want to be out with a large group of people as they might get some tough questions.

The community at Narrung deserve a new pipeline from Taillem Bend, and it should be funded for \$40 million and of an appropriate size, starting with a 400-millimetre pipe. Instead, what I believe they will do is suck off already extended pipelines from Meningie and Cooke Plains and put in a pipe with a diameter that is too small so that there is no room for expansion in the future.

The dairy industry has gone from down there: people have sold their herds or cut off the heads of their cows. What does the government think? It does not seem to care, although it has quite happily taken hundreds of millions of dollars of tax from these areas. It has been quite happy to take this tax revenue and let people go without water.

The government should watch *Landline* this weekend, when it will see old men in the mud trying to access water. That is what this great state has come to for people to get drinking water into their homes. They went to the federal election with Kevin Rudd talking about equity and access for all Australians, but all we get out of the federal water minister is more talk about what they will do with water.

I want to talk about **public sector employment**. The government budgeted for 2,000 extra public servants, but all of a sudden it has 12,000. What a shock and what a horror! Do we know where they are? It is not been outlined to us, although 10,000 extra public servants over four years will cost \$24 million or \$25 million. It is just out of control.

Getting back to the water debate on the larger state scale, the Labor government did not decide to build a desalination plant until Mike Rann got over his phobia of worrying about whether it might rain. I still believe he has that phobia because the government now has the outrageous idea that it will build a desal plant it reckons it can switch off. It is just a crazy idea.

They want to increase the state's population to two million people. I have no problem with population growth, but you have to give them something to drink and they have to be able to wash. What will happen because of lack of action will be an absolute disgrace. You might think that it is out of sight, and out of mind below Wellington, but it will come home to roost when B-doubles are carting bottled water just so that people can drink. That is what will happen if we do not have a good winter. It is exactly what will happen, and I bet that it is in your disaster plan somewhere. It is absolutely outrageous.

First, we were told that the government wanted to expand **Mount Bold** but, all of a sudden, it got cold feet and said, 'Oh, no. We will check 139 different sites in the Mount Lofty Ranges.'

Mr Venning: They can't make a decision.

Mr PEDERICK: They can't make a decision to build another dam. I would not have so much trouble with their building another reservoir, except that they will still suck on the Murray to fill up the darn thing. I was going to say 'dam thing', but that would probably be swearing.

Mr Venning: It's a pun.

Mr PEDERICK: Yes; it is. Instead of wasting a billion dollars on a reservoir, do something with stormwater catchment.

I want to speak about another infrastructure issue in my electorate, that is, the new high security prison complex at **Mobilong**. Okay, we have been lumbered with it, but the government better make darn sure that it does the upgrades and puts in the transport infrastructure so that we can get people to Murray Bridge and back to Adelaide, or wherever they have come from, with decent bus services for visitors.

We also need roads, like Bremer Road in Murray Bridge, fully upgraded with a proper intersection, and other infrastructure items will need to be done to ensure that too much strain is not placed upon the Rural City of Murray Bridge. That is where I am afraid it will land, because they will pass the buck when they want to scrimp on a bit of money when they build this prison.

Roads and ferries are major issues in my electorate. There are eight ferries that cross the River Murray, and only a couple, I believe, are still carrying full weight. It is totally outrageous that the government finds it too expensive to fix the upstream ferry at Mannum for \$500,000. I hope there are not headlines one day telling us that emergency services were held up because they could not get from one side of the river to the other, and someone dies. I hope that does not happen, because I will probably know the person.

This government is outrageously tight with money when it should be awash with GST funds. The roads in the outer regions are just a disgrace. A 10-kilometre stretch of the Pinnaroo to Loxton Road should be rebuilt. I have no problem with the fact that the Berri Hospital will be the main regional centre for health, but you have to get the people there. If the government is not going to fix the roads, it had better get more health helicopters and make sure that there is plenty of Flying Doctor access, otherwise people will have to travel too far and lives will be at risk.

Just in closing, I am concerned about **health services** in the region. There are rumours that several hospitals might be turned into aged care facilities. I have no problem with aged care, but you still need acute care. We are used to travelling hundreds of kilometres to get services in the country, but we are also used to our acute care facilities. I marched on this place over 20 years ago with a group to save the Tailem Bend Hospital and, if I have to be involved again, I will be. We must make sure that we have health services for outlying regions and not just some wang-dang fan-dangled hospital in Adelaide.