



### **AUDITOR-GENERAL'S REPORT**

Mr GRIFFITHS (Goyder) (15:23): In the few minutes I have available to make a contribution, I wish to speak about the Auditor-General's Report. Since its presentation at little after 2 o'clock on Tuesday, it has indeed been an interesting time, trying to review the volumes of information that are contained here. I know members on this side of the house, especially within their interest areas and their portfolio areas, have been doing a lot of reading, trying to identify issues.

The Auditor-General's Report does raise a lot of concerns about the future of this state government's budget. It is important that we discuss this, and I am looking forward to the coming weeks when individual shadow ministers have the opportunity to quiz ministers on issues that have arisen within the report, because there is a lot of information to come out.

As a member of the Economic and Finance Committee, I am also looking forward to when the Auditor-General will be appearing before that committee in about five weeks' time, or so; we are a bit unsure of the date. I wish to highlight a few issues that come out of the majority of Part A, the Audit Overview report.

I will just talk about a few things in relation to shared services. There is no doubt that it has been feature in today's question time because it needs to be. It was announced by the government with great fanfare, and it is used in other states where they have had financial problems in meeting their estimates on savings. It was intended here to have savings of \$25 million in 2007-08, progressively increasing to \$45 million this year, through to \$60 million for each financial year thereafter. There a lot of concerns out there about this program actually meeting those savings.

The Treasurer and the Minister for Transport, Energy and Infrastructure will stand up and talk about Future ICT savings of \$30 million, although the Auditor-General's Report identifies it as more like \$25 million, progressing through to \$26 million of savings. Where is the rest of it to come from? There are interesting gaps here that need to be identified. This financial year, there is a gap of \$16.6 million; next financial year, \$30.1 million; then \$28.6 million; and then \$27.8 million. So, across the forward estimate period of 2011-12, there are \$103 million that really need explanation.

Directly under those figures, the Auditor goes on to state that the 'balance of savings is a current target against which shortfalls are expected'. In response to a question today, the Treasurer talked about the fact that savings do not impact on the budget. Of course they do, because savings are figured into the bottom-line figures.

On this side of house, we certainly understand that across the forward estimates savings are identified that each department must meet. Before we have had efficiency dividends, and I think that was a quarter of a per cent for each department within the budget; now we have identified dollars within each department that is required to do it, but it really does need to happen.

There are a lot of concerns out there about the much-trumpeted shared services reforms, initially involving 2,500 people, but I understand that figure is now down 1,800 employees. Not only will they seriously affect them and the communities in which they live, because now they have to work somewhere else, but also there is the financial effect upon future budgets. The Treasurer has used the shared services reforms and the savings from that as a component of the efforts to retain the AAA credit rating. So, there is much to do.

The Auditor-General's Report also identifies some real concerns with public-private partnership programs. South Australia announced the \$1.7 billion Marjorie Jackson-Nelson Hospital which, I understand, is the largest PPP infrastructure project within Australia. With the credit crunch occurring across the world, and

the financial uncertainty that exists in all markets, in his report the Auditor expresses the concern about whether this will work. He states:

In such extraordinary circumstances, progress on these transactions should be done with a high degree of caution and may indeed need review of assumptions and information used to date. This may be a significant risk to the fundamental premise of whether a PPP provides a net benefit to the public compared to the conventional public sector procurement option.

We have asked questions about this. We have asked the Treasurer to give us information in regard to the public sector comparator (another term he uses quite often when answering questions in the house) because South Australians want to know that a PPP option, involving private enterprise and private capital, is indeed a better long-term option financially for South Australia.

If the government intends to build this hospital, let us ensure that, first, the design needs meet South Australia's future needs and, secondly, that we get it in the most cost-effective manner. You would have to say that we know that the AAA credit rating is at risk, and we know that because the net liabilities as a percentage of revenue (according to the Treasurer's answer only a couple of days ago) are in the 80 per cent range, and 75 per cent was the trigger point, but now we are at 80 per cent. There are numerous concerns about this, and I commend the Auditor-General's Report.

Time expired.