

Supply Bill

Mr GRIFFITHS (Goyder) (12:18): When the member for Fisher approached me seeking an opportunity to speak, he said that he would be about 10 minutes, but he went a bit longer.

Members interjecting:

Mr GRIFFITHS: I know, I have been conned. Being too much of a gentleman sometimes gets you into trouble. It is a great pleasure to stand and speak on behalf of the people of Goyder and South Australia about the Supply Bill. I am a bit like the member for Davenport: I am rather intrigued about the timing of it all. We know the budget will be presented on 16 September. We know that after the 2006 election the budget was presented also in September. We know that tradition—certainly in the last eight years—has been that the budget is presented in the first week of June or so.

I respect the fact that an enormous amount of work goes in for the three or four months beforehand to ensure that budget bids from the various departments are considered seriously, and taken back to be renewed and reviewed in order to come up with a figure that allows the presentation of a budget that provides the services and infrastructure needed for our state. However, I seriously believe—and I support the member for Davenport in his comments earlier—that this budget should have been able to be presented far earlier than 16 September.

Election processes create time pressures—I understand that—but after some eight years in government, and with a variety of efforts in previous years to reduce costs through the Smith review and through dividends being required of, I think, one quarter of 1 per cent of departmental spend, at other times budgets have been brought down demanding significant dollar savings from within departmental expenditure.

In June last year, when the Treasurer walked in here and presented his eighth budget, he told us about the Sustainable Budget Commission—a group of people paid significant amounts of money per day, in some cases, to work with the challenge of trying to identify \$750 million in savings.

These people, it appears, have already reported on some level to the Treasurer. The Treasurer, in answering a question from the opposition in relation to the royalties taxation regime currently in place, stood up and, as part of his answer (especially as it relates to the federal recognition of his suggestion that South Australia was going to change its royalties regime), detailed the fact that the Sustainable Budget Commission was also here to consider revenue. It is not just expenditure but revenue also.

I still think that, in the fullness of time, after eight years of experience, with a government that understands the processes and a variety of ministers who have been there for some time and who also well understand the processes, there should have been the opportunity to present this budget in July of this year at the absolute latest.

That would have been appropriate because then there would have been an opportunity for the people of South Australia to ensure that the budget could be reviewed—a budget which will presumably again be at least in the \$15 billion range, given that last year's was \$15.05 billion. I am somewhat intrigued, though, that we are being asked to consider a one-page bill that allows for the expenditure of some \$5.22 billion in funds (approximately one-third of what the budget will be for the full 2010-11 financial year) without any knowledge of where that money is to be expended, what the priorities may be, where the real necessities exist and without the opportunity for debate to occur.

I am frustrated by that process. I understand that there is the traditional August break when the parliament will adjourn and many people will go back to their electorates, travel or do study tours and that sort of thing, but we are actually here to work on behalf of the community that put us here. That is why I believe that the budget should be presented far earlier.

If the election result had been somewhat different, I (and no doubt Isobel Redmond as the premier) would have demanded that a Liberal government present the budget far sooner than September. It would have worked as diligently as it could to ensure that that was actually achievable. History has told us that, in the 2001-02 financial year, when the Liberal Party was last in government, the budget was in the range of \$8.4 billion. History records now that the current financial year shows a budget of \$15.05 billion. That reflects an enormous increase in revenues, but also an enormous increase in expenditure.

The member for Waite, when he has spoken in the past, has referred to the fact that the Treasurer has a problem with expenditure and not with revenue. He has relied upon significant windfall gains from property taxation and, indeed, federal government grant revenues which I note have increased in

the current financial year by \$1.2 billion alone, even in a difficult economic climate. That is why there is a significant jump in our budget.

However, budgets have to be responsible. They have to be framed in such a way that they reflect as accurately as possible what the revenue and expenditure will be and that is where I have had great frustration in the last four years since coming into this chamber and looking at the performances of ministers and governments where expenditure has been significantly above the budget provisions.

I know that there will be members from our side who will stand up and talk about the experience in the commercial world where that level of error would never have been acceptable. Nor indeed can it be when you work with public funds. Those funds, in essence, are more important because the 47 House of Assembly members and the 22 members in the Legislative Council are charged with ensuring that those funds from the public purse are spent appropriately. Unless we have that opportunity to review the budget, I think we are sadly failing the commission that has been granted to us by virtue of our election to this place.

There is no doubt that we are a state that has great potential in the future but, to ensure that that potential becomes reality, we have to put in place a set of policies that encourages investment and encourages business to be successful. Government policy will drive opportunity, but it cannot be a hindrance to it. That is my great frustration.

We have to ensure that the discussions we have, the legislation that is put in place and the policy adopted by the government provide the opportunity for hard work to be recognised, for enterprise to be rewarded and for people to have the opportunity to be successful in their business ventures and, in turn, have the opportunity to employ in numbers.

We have nearly 800,000 people in the state who are unemployed. There will be some challenges in future years to ensure that the workforce that we need is actually going to be available due to the significant numbers who will retire. That is why migration and population increases will be important factors for us. It is important that we provide that framework for businesses to be successful. That is why I have a lot of frustrations with the taxation imposts imposed on business in South Australia.

Much has been said in recent weeks about the federal government's super profit tax on mining. The uncertainty that has created around the nation is frightening, when you look at the share values that have been affected by it. I was listening to an economics commentator on the radio this morning, and he believes that the significant drop in the sharemarket, while also a result of overseas impacts (we understand that we live in a global economy now) is because of the uncertainty in Australia when it comes to mining investment driving down the willingness of people to invest within that industry and, indeed, driving down the value of so many other businesses that are publicly listed. That is where government policy is absolutely critical.

If we look at state taxation regimes since 2001-02 until the 2009-10 financial year, the budget papers identify that there has been a 66 per cent increase in state taxation revenue. The Commonwealth Grants Commission reports, which are updated yearly, reflects also that South Australia regrettably is the highest taxing state in, I think, five of the nine key areas the commission reports on.

Mr Gardner: The IPA report.

Mr GRIFFITHS: The IPA report that came out just after Christmas 2009 identified again that South Australia was the state that makes it the hardest for small business to pay its level of tax because of the tax regimes put in place. It identified, I believe, that we were some 69 per cent above the land tax average for the nation when it came to our businesses.

Mr Gardner interjecting:

Mr GRIFFITHS: The member for Morialta refers to the fact that it is outrageous—and it is. There is so much media commentary about the fact that land tax is a serious disincentive when it comes to employment and, indeed, the willingness of people to own property. Media commentary constantly highlighted the fact that businesses were really concerned about their ability to retain their employment numbers because of land tax. The Liberal Party recognised that. On 9 October last year, after considerable debate in economically challenging times, we came out with a policy that we believed was appropriate to encourage people to invest in property and to give some 55,000 people some level of rebates by completely removing their land tax liability and decreasing the amount paid by people who own property above that \$250,000 threshold we proposed would be responsible for the payment of land tax.

At the time, the Treasurer came out and said that the Liberal Party was fiscally irresponsible, that the state could not afford that level of rebate and that we could not do that. But it is amazing (and I am sure that many others will refer to this) that, when polling starts to come out and you get closer to that electoral cycle and start to really feel the pinch at the boundary areas, when you know the marginal seats you have to win or, indeed, the seats that are swinging quite considerably, where for those people it is a really important area, the Treasurer finally is dragged into it. When he presented his Mid-Year Budget Review on 28 January, he told us about an increase in the land tax threshold from \$110,000 to \$300,000.

The Liberal Party came out and supported that because it was an appropriate move. It was a little better, as it turned out, than our proposal, but it is based upon a very different set of financial circumstances known to the state at that time. When we framed our policy and put it before the people of South Australia, we were not aware of the significant increases projected in GST income that was going to flow through. We have heard since then again—twice, as it has turned out—of significant further increases in the projections across the forward estimates of GST revenue. This is providing the opportunity.

But even then, when the Treasurer put out his figures, he talked about the loss to revenue from land tax of some \$52 million per year for the next three years. However, the budget papers from that mid-year review still identified that land tax revenue will increase during that same time by \$150 million. So, the Treasurer gives some back, but he pulls in a hell of a lot more. That is, I think, where people are shaking their head in wonderment. They want to operate businesses and they want to own property, but there are people out there who have been seriously scared off because of the fact that government policy is not encouraging it. That has to be a concern for all South Australians, and it has to be reviewed.

I also want to talk briefly about forward estimates on financial borrowings. There can be no doubt that \$6.8 billion is a significant amount in anybody's terms. The fact that the forward estimates identified that, at the same time as that \$6.8 billion liability is realised, it will have an interest cost of some \$711 million per year or, as the Leader of the Opposition says continuously, \$2 million per day in interest costs, and that worries people who understand the economics and the impact that will have on South Australia.

We did get to a situation only a few years ago when government debt was down to a very minimal figure. Significantly, it was created through the opportunity created by the Liberal Party making the hard decisions it did in the 1993-2002 period. I recognise that the treasurer got it down to a very low figure, but to allow state borrowings to get a back up to that \$6.8 billion, without necessarily ensuring that the provision of infrastructure that is required is there, is frightening. All South Australians should have a perspective on that. They need to understand the impost that that interest cost will create upon them.

I just want to talk a little about things that are relevant to me. There has been much debate about the stadiums and the various proposals the Labor Party has put forward for Riverside West and, indeed, the government's counterproposal on 2 December of last year. I will go to my grave believing in the fact that we could have delivered a 50,000 seat covered stadium, incorporating 5,000 car parks, on the rail yards land for \$800 million. I believe in that in all sincerity.

It was a proposal that actually excited the people of South Australia. They wanted to preserve the iconic nature of Adelaide Oval. They respected it wonderfully for the cricket ground it provides and for the forum it also provides for SANFL football, predominately for finals. They wanted to ensure that South Australia was brought to the standards that exist in the other states of Australia and that we had a covered stadium that ensured that 50,000 people could sit in comfort at all times and witness our wonderful national game.

Yes, claims and counterclaims occurred. The government proposed that their \$450 million was all that was going to be put on the table and 'not a cent more' were the words we continually heard and that agreement had to be reached by 30 June, whereas we are out there trying to sell our vision for Riverside West, which incorporated the stadium and also the revitalisation of the Riverbank precinct to ensure that it became a place for people. That is what it deserved to be.

Again, the government has seen the wisdom in our policy announcements. They have put out some sort of vision that recognises the need to provide that as an open space opportunity for people and for some developments to take place. For us, it was going to be a mixture of developments, a lot of that funded by the private sector. We have certainly all heard of the fact that the casino was interested in a

potential move there. The Entertainment Centre and the Convention Centre extensions, all of those things were a great opportunity for South Australia to move forward.

Regrettably, the result from 20 March removed the opportunity for the Liberal Party to provide that to the people of South Australia in the next four years, and it is a tragedy because the vision was an exciting one. Anyone who was able to witness the projections on what we intended to put there could only have believed that this was a state that was actually moving forward and that these were people who actually had a vision for our city and our state and who wanted to make sure that we lived in the best possible place.

We know we live in a great state as part of a great nation, but South Australia needs much more. Yes, our \$800 million proposal would have been delivered, whereas the government's comment now is that we are up from \$450 million to \$535 million with, potentially, additional money coming through from the federal government later on if the FIFA bid for the World Cup is achieved.

Discussions continue about the scope of the development—for example, whether car parking provisions are to be there and whether the SACA and if the SANFL have to put in more money forward. It has confused the issue so much that South Australians must be wondering, 'Why the hell did we vote for that Labor mob, because now they have gone back on their word? They are putting different figures out there. They had said not a cent more, but suddenly it has changed.' I will continually live with that frustration. I hope there is an opportunity to ensure that the riverbank precinct does become the exciting place that it should be and that all South Australians deserve.

I just want to build a little on some economic issues as they affect South Australia. I am very concerned, and I recognise that the shadow minister for industry and trade, the member for Waite, has been talking about export income being down, too, and lots of people talk about that because it is of great concern. In many ways, South Australia has built its economy upon its ability to export products, be they raw products from mining or from agriculture, or the value-added products that give us greater opportunity to employ more people. When you look at the significant drop in export income to our state over the last eight years, without adjusting for inflation, that is a real cause for concern to me.

If we also look at the fact that smaller number of businesses in South Australia are involved in the export business, my recollection is that the national figure is something like 14 per cent but that for South Australia it is more like an 8 per cent margin. That shows that there is a lack of serious encouragement from government to support businesses to make themselves export-ready or there is a concern about policies that are in place, or that we just have businesses that are not willing to challenge themselves to go to that next level of development to ensure that they have a chance to become export ready and to be competitive, internationally and nationally, when it comes to the business and the products that they produce.

South Australia is filled with clever people who undoubtedly have this opportunity to do it. I have absolute faith in the capacity of our community to be willing to challenge itself to move forward, to grow its business opportunities and to provide employment chances to people, but we have to ensure that we create the forum, the skills set, the support base and the people within government who are challenged to ensure that every hurdle is overcome and that we have champions within government and the community to make opportunity become reality. That is what I really want to see.

Within the transport field there is going to be a need for a significant investment in future years for infrastructure: the Superway being constructed at a cost of, I think, \$840 million; the Northern Expressway about to be completed soon (and those people who drive on that road all the time will be pleased with that); and the announcement by both political parties during the election campaign for the duplication of the Southern Expressway, some \$445 million. All these infrastructure items are appropriate and necessary.

I am concerned about the long-term future of the South Road, involving some 22 kilometres in length; to construct a form of overhead superway would involve billions of dollars in expenditure. We have to ensure that we have the opportunity for improvements in our productivity by getting the infrastructure right and by ensuring that our transport options, including provisions for funding and maintenance of our road network, are there.

Anyone who drives extensively throughout South Australia will have frustrations everywhere they go. There are some great quality roads; I readily admit that, and I recognise the efforts of the Hon. Michael Wright, the former minister for transport. When he had responsibility, he invested some

money on Yorke Peninsula, for which I am forever grateful, but there is a need to recognise that our regions need far more support, be it in road infrastructure, ensuring business opportunities, or general infrastructure development to support growth in the community.

I am lucky enough to represent the people of Yorke Peninsula, Adelaide Plains and the Copper Coast area. I am sure I heard the mayor, Paul Thomas, quote this yesterday: he has something like 2.4 per cent population growth per year—I think double the state's figure—and it is because people are making lifestyle choices. Unless the infrastructure is actually keeping up with the number of people wishing to locate there, we will have people thinking, 'Yes, I want to move to this area,' but they will go somewhere else where they think they are better served by a range of infrastructure provisions, whether it be roads or, indeed, hospitals.

We on this side have a great concern about the level of support that exists for the regional hospital network. The country health plan of June 2008 was a debacle. The government has revisited that and has put an enormous challenge in front of the health advisory councils to prepare a 10-year vision for health delivery in those communities. Those people, from the feedback I am getting, feel somewhat restricted regarding the supposed budget implications, and I have told the representatives I met that their challenge is to actually prepare a plan that ensures provision of the services they need. The debate about the money required for that purpose is to be held in another place. Overall, enormous challenges are facing our state. I believe that the next budget will be a difficult one also. I have no doubt that retail has suffered considerably in the last two or three months, and we rely upon a very strong economy for transactions to occur to actually drive government revenues.