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## SUPPLY BILL

Mr GRIFFITHS (Goyder) (15:50): It is my pleasure to have the opportunity to comment on the Supply Bill and to follow the Leader of the Opposition's contribution made immediately prior to the luncheon adjournment. It is interesting to listen to the level of dialogue that occurs between the Treasurer and the leader. There is no doubt that we have a perspective on things and the Treasurer has a different perspective on things, but that is what debate encourages, so let us hope that it continues.

I do indicate that the leader has offered to me the opportunity to be the lead speaker for the opposition on the Supply Bill. I am not sure how long I will go, but we will see. There is no doubt that even in my relatively short time in this house (only 25 months) the budgets produced by the government over the last six years do provide a lot of information and comment. This Supply Bill, as introduced by the Treasurer on 1 April, will make provision for an amount of some \$2.3 billion to be available for expenditure before the formal adoption of the budget.

There is great concern within the opposition about the level of debt in South Australia. The current figure, if we look at the forward estimates from the budget which was adopted last year, shows that by 2011 state debt was actually forecast to be \$3.4 billion, unfunded superannuation at that stage was \$6 billion and the WorkCover unfunded liability was, I think, \$843 million as at 30 June. The 31 December figure increased that to \$911 million. I might have that slightly wrong. Yes; it might have been March. We now know that it is \$925 million. On top of that, we also have the fact that the level of liability for public sector employees for workers compensation is in the vicinity of \$400 million. So, quite easily, we are looking at \$1.3 billion that is over there, too.

This is more than the State Bank debt disaster during Mr Rann's first attempt at being in government in the period up to 1993; and that is why we in opposition take up this matter quite often. We are sincerely and very deeply concerned about the future financial position of this state. Net government debt is forecast to increase tenfold from this year through to 2011. However, the debt delivers very little in long-term value to our state. The fact is that the government plans to spend more than it is earning and it needs to borrow. The debt is propping up a big spending budget on recurrent costs as much as it is in infrastructure, and that is where there is a lot of concern on our side of the house.

Debt is appropriate, I will not deny that. However, it is important that debt is used to fund infrastructure, because infrastructure is what will be critical to the future of the state. We know from what we hear already that for the mining opportunities that abound in this state to come to fruition something like \$20 billion of infrastructure is required. There will be an expectation that much of that will have to be funded by the state government, and we just question sometimes from where the resources will come, because it has been proven over the last six years that this government cannot manage financially, but we will talk about that a little later.

The debt is as a result of bad management with blow-outs in the day-to-day costs and will be difficult to sustain if economic conditions turn down. This is something from notes that were prepared early in this financial year. We all know that since January this year economically across the world there has been a significant downturn. Those of us who have investments in superannuation or shares would have noted a considerable drop. The share market, I think, is trading at about 5,600 indices points down from record levels of about 6,500 some three or four months ago. It is an enormous factor, and it has made a difference to the returns financially of the state funds invested, too. I think that Funds SA has invested something like \$13 billion.

The budget for 2007-08 was a disappointment to those of us on this side of the house, and a disappointment, we think, to many people in South Australia. There was nothing in it for families, pensioners or small businesses except higher taxes and charges. Motor vehicle registrations went up and the cost of buying a house went up, as did the hundreds of state fees and charges. In prosperous economic times the Rann Labor government is putting up the fares on public transport (by almost 8 per cent this financial year). Water supply charges increased by 7 per cent. We know that has gone up again. We know that from 1 July water supply charges will increase by 12.6 per cent, and we are told that it will continue to increase by a similar amount for each subsequent financial year until, I believe, 2012 when it will be reviewed again.

Speeding fines have increased by a staggering 20 per cent. All these increases were well and truly above inflation. The Premier promised that there would be no privatisations, but we know that the new \$1.7 million Marjorie Jackson-Nelson Hospital will be privately funded and privately owned. Who will make money out of that? Will it be the big banks from Sydney, Melbourne, or even New York? We are not too sure. The superschools will be privately owned as well, as will the new prisons. We believe that these are all broken promises and it is important that we on this side keep the government accountable.

There have also been delays. The new hospital will not be ready for nine years. We are now told that the Mount Bold reservoir is still under investigation—somewhere in the Mount Lofty Ranges. There is no surety that Mount Bold will be the site. It will be a \$1 billion project, as I understand, to increase the storage capacity, but who knows when it will happen, if at all. Water security has been one of the most pressing issues facing this state, there is no doubt about that. As a result of a proposal mooted in the budget this year, we now have a commitment from the government that \$10 million is being expended on the trial plant at Port Stanvac. We are told that a 50 gigalitre desalination plant will cost \$1 billion to construct, and I believe \$300 million to connect to the storage facilities and the network.

Ownership is an interesting point. The Treasurer has given some details on that, but what is interesting are the increases in water charges over the next five or so years, starting with 12.6 per cent in the 2008-09 financial year. We have done some sums on that and, based on consumption levels, we believe that the additional amount of revenue raised by SA Water will be in the vicinity of \$500 million. The Treasurer has given a commitment to quarantine those funds to ensure that they are available for the desalination plant. Let us hope that happens.

Public transport reform has been officially abandoned in the 2007-08 budget. It is part of the challenge for all governments over the next 20 years to ensure that the public transport network is there, but we still have the oldest diesel rail network in Australia, although an upgrading of a few buses might be happening. South Australians are truly disappointed with our road network. Many of us travel extensively around the state—and I know many members in this place do a lot of driving per year. The member for Hammond (who is in the chamber) would probably travel at least 60,000 kilometres per year. I know that I travel 60,000 kilometres per year. People within my electorate come to me all the time very concerned about not only the level of maintenance that takes place but also the lack of real investment in road infrastructure. They want to see something happen.

There are roads that are terribly thin and the shoulders are quite raised or broken off. There are many potential hazards on the roads. Many people who drive around South Australia are not familiar with the condition of the roads and, if they are towing a caravan or driving a truck and suddenly they hit a big pothole, anything can happen. The condition of many roads is just disgraceful. We know from figures provided by the RAA prior to the 2006 election that, at that stage, there was a backlog of \$200 million in road maintenance, and it certainly has not improved. All we have in the budget for 2007-08 is \$3.5 million per year over four years to try to fix the \$200 million backlog. I do not think it adds up.

I refer to some specific comments which have been made about whether the budget is in surplus or deficit. We on this side have asked the Treasurer quite a few questions about this. He defends his position and enforces the fact that the budget is in surplus. However, the facts are that in two of the three normally accepted accounting measures, the budget is in deficit. He will dispute this, but it is interesting that, after the 2002 election, the Rann Labor government said that it would use the accrual accounting measure, which is net lending over borrowing, and that they would produce surplus budgets using this measure.

This graph shows that, using the Rann government's original preferred budget measure—that is, net lending over borrowing—the budget is truly in deficit. I will emphasise a few figures to demonstrate it: 2006-07, a deficit of \$176 million; 2007-08, it is estimated to be \$428 million; 2008-09, \$383 million; 2009-10, \$167 million; and 2010-11, \$314 million. Using a cash measure, which the federal government uses, the Rann government is also in deficit. That is the second accounting measure. During these buoyant economic times being enjoyed by federal government and state governments and, indeed, our nation in many ways, the federal government has been able to repay debt, it has been able to plan for the future, whereas the Rann government has had cash deficits totalling \$1.423 billion from the 2006-07 original budget figures out to the 2010-11 estimates.

When the original measure of budget net lending/borrowing rapidly turned from surplus to deficit, the Rann government decided to ditch this budget measure and use the only measure left that showed the budget being in surplus—the net operating balance. The budget estimate for the 2007-08 financial year was \$30 million; for 2008-09, it was 205; for 2009-10, it was 336; for 2010-11, it was 278. They are the surplus figures that the Treasurer was quoting in the preparation of the 2007-08 budget. Again, we emphasise the fact that that is only one measure of surplus or deficit. In the two measures, including the one he announced after the 2002 election that the Rann Labor government was going to use, a deficit situation does actually exist.

If I can talk about the net debt as it relates to South Australia, budget figures show that the former Liberal government reduced the Rann government's debt and the State Bank debt in 1993 from \$11.6 billion down to \$3.2 billion in 2001. That was not achieved easily. I was not in this place but I had a perspective on it as a citizen like all of us did and I was worried about the financial position of our state. I know that very hard decisions were made by the Liberal government at that stage. Those decisions affected many people but they had to be made to ensure that not only were we going to put this state on a sound financial footing again but we were going to give people real hope.

In making those hard decisions, we reduced the 1993 debt from \$11.6 billion down to \$3.2 billion in 2001, and we have seen that drop a little bit and I respect that fact. The 2005-06 estimate of state public sector debt was confirmed as being \$2.126 billion, but it is on the rise now; it truly is. If we go out to the 2010-11 forward estimate period based on the budget figures prepared for this financial year, we find that state public sector debt has gone to \$3.36 billion.

We also note that general government net debt, which is a component of state public sector net debt, is currently forecast to multiply—and this is an astounding figure over the next four years—by 10 times. It is going to increase from an estimate of \$151 million in 2007, jumping up to the estimate of this financial year as at the budget figure preparation of \$618 million then increasing through to \$1.01 billion in 2009; in 2010, it is going to be \$1.165 billion; and, in 2011, the multiplication by 10 times comes into effect at \$1.443 billion. Hard decisions were made by the previous government, but it is obvious that this time around it is the opportunity to borrow for recurrent expenditure and not enough of capital investments that is actually occurring.

I want to reflect on a speech that was made by the previous federal treasurer, Peter Costello, on 1 June 2007 when he talked about the financial position of the states. He advised that the states are 'not funding

investments from their revenues' and stated:

The States are borrowing—drawing down on savings rather than adding to them—and in this respect adding to pressure on monetary policy...The windfall from the GST revenue and property taxes has been spent in recurrent expenditures .

That is what we are trying to highlight that it is recurrent expenditure and not capital works. He said further:

It has not been allocated to investment...This is why the States have insufficient operating surpluses to fund their planned infrastructure spending and are now engaged in debt financing. Planned state infrastructure spending is also, to some extent, making up for under investment in infrastructure through the early part of the decade...During the longest economic expansion in Australian history, debt will be rising at the state level.

It is important to recognise that. It is not just South Australia; it is the other states of this great nation (also in the hands of Labor) where debt is rising at the state level. From memory, and I will correct this if I am wrong, but I think I have read a figure where in about the 2010-11 period state debt is anticipated at being at something like \$70 billion. It is absolutely frightening.

In an interview with *The Australian* on 12 August 2006, the then outgoing Reserve Bank governor Mr Ian Macfarlane said that the return of states to deficit spending was an issue that could affect monetary policy in the future. So, here you have the then governor of the Reserve Bank and the then federal treasurer Peter Costello both issuing warnings about the financial position of not just South Australia but all the states and it has not been listened to. We on this side keep talking about it but not enough people are actually taking it up.

I want to provide an overview on taxation increases since the 2001-02 financial year. It makes very interesting reading because it sets the scene for what the funding policy of the Rann Labor government truly is. In 2002-03, total tax revenues amounted to \$2.431 billion. The budget papers from 2007-08 estimated that income from tax revenues was going to be \$3.243 billion. You might wonder—that is a lot of money—but it is actually a 48 per cent increase. Over six years, that is an average of an 8 per cent increase per year. We now know from the mid-year budget review that it has been a 56 per cent increase in state taxation revenues and that is of concern to people.

If we look at what the general government taxation revenue is—and I will break this down into the components that make up state taxation revenue—payroll tax (again starting from the 2002-03 financial year following the election of the Rann government) was \$654 million. The 2007-08 budget figure estimate for that was \$853 million or a 42 per cent increase. As to taxes on property in 2002-03, the actual figure was \$838 million. The estimate for the 2007-08 year was \$1.28 billion or a 75 per cent increase.

The Hon. R.J. McEwen interjecting:

Mr GRIFFITHS: Yes, I know. Taxes on gambling in 2002-03 totalled \$340 million; in the 2007-08 estimate, it was \$406 million or a 30 per cent increase. Taxes on insurance in 2002-03 totalled \$254 million; in the 2007-08 estimate, it was \$296 million or a 33 per cent increase. Motor vehicle taxes—and the Motor Trades Association has been quite outspoken about its concern about the South Australian car industry becoming uncompetitive—in 2002-03 totalled \$343 million; in the 2007-08 budget figures, it was \$409 million or a 26 per cent increase. Overall, if we look at all those state taxation measures, it is a 48 per cent increase in six years.

It all demonstrates that the money is rolling in and the money is rolling out, but it is not delivering the services or the infrastructure required by the people of South Australia. Payroll tax is a really interesting one. In the 2007-08 budget period, it was estimated that the Rann government has taken \$853 million from 80,000 small and medium sized businesses. When they first came into office in 2002-03 the actual figure was \$654 million, so there has been a \$198 million, or a little under 30 per cent, increase in payroll tax. The Treasurer has made adjustments, but it is interesting that the excess is still \$504,000.

The rate is dropping down. This financial year it has gone from 5.5 to 5.25 per cent, and from 1 July it will reduce to 5 per cent; however, budget estimate figures still show an increase in the income. The 2009-10 estimate is \$897 million, and in 2010-11 it is up to \$947 million. This has been taken directly out of business—the people out there who are generating the economic opportunities in this state—and it is money that could otherwise be spent on further growing our economy. Businesses are telling us that they want to make sure there is a bit more equity in it; indeed, Business SA has been quite outspoken about the fact that it would desperately like to see an increase in the threshold from \$504,000 (which is, I believe, the lowest in the nation) up to \$800,000. We keep talking about it, and I know the Treasurer has been petitioned on it, but while he is prepared to adjust the rate levied it appears he will not consider an adjustment to the threshold figure.

I would like to take a moment to look at what the national jobs market says about the South Australian economy. I know (from ABS data) that there are 778,000 people in work in South Australia. We also know that as at April 2007 (I do not have any more updated figures than that, but it is still a fairly accurate reflection) 7.19 per cent of jobs that existed in Australia were based within South Australia. We also know that South Australia's share of the population is 7.6 per cent, which is a bit more than 7.19. It may not sound a lot, but if you equate it back to the job opportunities being missed because of our percentage of existing jobs in relation to our proportion of the nation's population, you see that about 25,000 people who could be at work are not. Now, not only would 25,000 more South Australians being in work benefit our economy enormously: imagine what it would do for the livelihoods of those people.

I would also like to refer to property taxation—and I want to emphasise that I will refer back to the 2002-03 financial year a lot as it relates to now and to the forward projections. Total property taxation collections for 2002-03 were \$838 million. The 2007-08 estimate at the time of the budget preparation was \$1.28 billion, increasing next year to \$1.34 billion and the following year to \$1.36 billion. The year after that, 2010-11, it will increase to \$1.386 billion. Those are enormous increases, and that is where the windfall revenues have really come from. They have come from property-based taxation; hitting mums and dads, hitting small investors who want to build their wealth, making it very hard for young people to get into the housing market, and making it difficult for people renting homes, as they suddenly find that their rents are increasing through the roof because the people who own their homes want to make sure they get enough revenue to compensate for their expenditure.

Things need to happen. We know that the rental market has a less than 1 per cent vacancy rate, and we know that people are out there bidding for rental properties above the asking price just to ensure that they have a roof over their head. We know the government is out there with affordable housing programs, but we also know that there is a desperate need for a lot more in this state, and more has to occur.

Property conveyancing stamp duty has also been interesting over the last six years. In 2002-03 it was \$440 million; the estimate for 2007-08 was \$697 million and the forward estimate for the following financial year is \$742 million. In 2009-10 it will be \$773 million, and in 2010-11 \$788 million. Again, that is making housing affordability an enormous issue.

In terms of stamp duty, the median house price in Adelaide at the moment is about \$350,000, involving stamp duty of about \$15,000 (just off the top of my head). It is interesting to look at the competitiveness of South Australia compared, say, to Queensland, where I know that the corresponding stamp duty cost is about \$4,500. So we are looking at a \$10,000 to \$11,000 difference between what it costs to purchase a home in South Australia and what it costs to purchase one in Queensland.

If we want to attract more people to this state, if we want to make sure people want to live here and enjoy the wonderful climate we can provide (despite the recent rain we have had—thankfully) and the wonderful opportunities that will exist here in the future, we have to ensure that we have a taxation policy in place

that allows people to buy a home without incurring the enormous cost of stamp duty to be added to a loan that will be paid off over, say, 25 years. People do not suddenly have that money; they have to borrow it, and those of us who have borrowed money know that for a 25-year loan, no matter what you borrow, you pay back 1½ times that in interest only. So, if you have to spend \$15,000 in stamp duty you will pay back \$22,000 in interest on that stamp duty over the 25 years.

Gambling taxes have also been interesting. In 2002-03 they were \$340 million, and the estimate for 2007-08 was \$406 million. There was a slight adjustment downward in the following financial year at \$403 million, but I am sure that in the mid-year budget review that figure has gone up a bit. In 2009-10 it is \$423 million estimated, and in 2010-11 it is \$446 million estimated. In a previous role as shadow minister for gambling, I had the opportunity to meet with groups who had been enormously affected by the implications of gambling addiction, and they painted a very sorry picture. However, I think only about 1 per cent of the revenue received from gambling actually goes towards rehabilitation and assistance for those people.

There are also a lot of increases in fees and charges. The emergency services levy has not actually changed, but we will see an additional \$4.5 million in revenue because of the increase in housing valuations. Some would say that the government has been generous to River Murray licensees by contributing \$2.2 million to offset the natural resources management levies applicable to that area but, given that these licensees were on zero allocation at the start of this financial year and are now on 32 per cent (and who knows what it will be from 1 July 2008), as well as the fact that their businesses are being ruined by drought, this token gesture, while gratefully received, does not help their cause very much.

The supply charge for water in 2007-08 went up by 6.4 per cent, and usage costs also went up by that rate, and I have already indicated that from 1 July 2008 water costs will increase by 12.6 per cent. Expected revenue from the River Murray levies will grow this financial year by 1.4 per cent.

Public transport single trip ticket prices went up by 7.9 per cent, and the multitrip ticket cost increased by 7.2 per cent this financial year. This financial year, motor vehicle registration went up by 4.5 per cent, and compulsory third party insurance was projected to increase by 3 per cent. Speeding fines went up this financial year by 4.1 per cent but, if you do 30 km/h above the speed limit, it is a 20 per cent increase.

It is interesting that, in an ABC Radio interview on 28 April 2006, when discussing GST revenue received by the state government from petrol, the Treasurer said, 'A 1¢ a litre reduction in petrol pricing is \$26 million.' The table I am reading from shows that interstate comparisons with the current stamp duty on motor vehicles of \$40,000 paint a very different picture about what it costs to buy a car in South Australia: here, it is \$1,540 and in Victoria it is \$1,000.

I know that the opposition has certainly been approached by the Motor Trade Association, which is very concerned about its dealers in the South-East, who are worried that they are uncompetitive because people who live close to the Victorian border are deciding to buy their cars somewhere else to save money. That obviously needs to be looked at.

As to unfunded superannuation liability, the budget papers indicate that as at June 2001 unfunded superannuation liability stood at \$3.2 billion. In preparation for the 2007-08 budget, unfunded liability was shown to be \$5.9 million by 2011. In the last few weeks, the Treasurer has already talked about the fact that, with the global downturn in the economic market, suddenly his budget is under enormous pressure in preparation for 2008-09, and he included the fact that he has to find between \$100 million and \$120 million to support the unfunded superannuation liability.

As I understand it, the plan is to have superannuation liability fully funded by 2034. That plan has been in place probably since the mid-nineties. In these buoyant economic times, the Treasurer has not brought that plan forward. A lot of people will retire between now and 2034, and the age demographic of the Public

Service and members of the Triple S superannuation scheme will demand that costs over the next 15 years will be enormous.

It is interesting to contrast what the state has been able to achieve in six years of very buoyant times to what was achieved by the previous federal government, when federal debt of \$96 billion was not only paid off over that 11½ years but money was also put away. The future fund had \$51 billion in it to help unfunded superannuation liability. Unfortunately for South Australia, the Treasurer has not made similar provision. As to GST grant revenue—

Mr Bignell interjecting:

Mr GRIFFITHS: True, but financial management also makes a big difference, member for Mawson. In 2003, the Premier stated, 'The GST deal was a total lemon for South Australia.' That is an interesting statement, and I construe it as meaning that the state has been disadvantaged. But that is not actually the case, as we know that GST revenue is certainly above that originally estimated.

We know that in 2002-03 (again going back to the basis of when the Rann Labor government came to power), GST revenue was \$2.859 billion. The estimate for this financial year, at the time of the preparation of the budget, was that GST revenue would be \$3.855 billion; in the next financial year, \$4.075 billion; the following financial year, \$4.294 billion; and, in 2010-11, \$4.46 billion.

The total GST revenue over the 11 years until the end of the forward estimate period from when GST first came in is \$37.7 billion. The interesting point to note is that the windfall, or the additional GST revenue above that originally intended to be received over that same period, is \$1.5 billion. Just imagine what you could build with \$1.5 billion! It would just about be the Marjorie Jackson-Nelson Hospital or a desal plant that would ensure water security for Adelaide, but we do not have that sum.

I want to talk about the public sector, and I will again quote from the Treasurer when he provided an answer to a question during estimates on 18 October 2006. He stated, 'Getting a proper handle on the exact number of government employees is difficult.' I would have thought that it would be quite easy, but it turns out that it is not. That same day the Treasurer commented:

We do not have full confidence in the numbers that have been produced. We are not confident in the data collected by the Office of the Commissioner for Public Employment, despite its best endeavours.

We know that, when the Rann Labor government came to power in 2002, at the end of that financial year the total number of full-time equivalents in the Public Service was 69,770. From official reports, we can identify that, as at the end of June 2003, it was 71,373; at the end of June 2004, it was 72,141; at the end of June 2005, it was up to 76,720; and at the end of June 2006 it was 78,228, which is an increase of 9,344 from 2001 to 2006.

We now have some updated figures to show that the number has gone up by 12,000. It is interesting that the budget figures in those same times identify an increase of only 2,344 full-time equivalent employees; however, there is a difference of 10,000 public servants. If you use conservative estimates, you can identify that an additional 10,000 public servants per year is an impost of probably \$650 million on the budget which, over a four-year term of government, equates to \$2.6 billion, and that is an enormous amount.

I know that the Premier talks quite often on talkback radio about the fact that additional public servants have gone towards the additional 700 doctors, and I think that he quotes an additional 2,500 nurses and the intention to have another 400 police. On this side of the house, we do not deny the need for those people to be there, but we question the fact that those numbers do not add up either to 12,000 or to the 10,000 difference between the budget figure and the actual figure of people working in the Public Service.

It is important that controls are put in place.

Again, the Treasurer is recorded in *Hansard* on 19 September 2006 as saying, 'We do not walk away from the fact that managing the numbers in the public sector has not been as good as it should have been.' I think that is a bit of an understatement. We on this side want to make sure that the appropriate number of public sector employees are there to provide the services that South Australia needs. There is no doubt about that, but there have to be controls in place. There have to be ministers out there who will ensure that people are appointed to work within their departments when it is justified and when they know about it, because it is obvious to us that, if budget figures have identified that 2,300 people should be employed when in reality it is 12,000 people, then somebody is not doing their job properly.

The Treasurer has also implemented things like the Public Service cap, but I am not sure if it has actually worked very well. Even since it was introduced a year and a half ago, we still have numbers exceeding the cap figures identified. The Treasurer is still not able to accurately identify the number of people in the Public Service, so we are a bit worried that things are not going too well in that regard.

Infrastructure spending is something I want to focus on for a little while too, and it is an important issue because it affects the future of this state enormously. We on this side are constantly told by the government that the Liberal Party, when in government from 1993 to 2002, barely spent anything on infrastructure. We know that with a debt of \$11.6 billion and a deficit each year of \$300 million, there were enormous challenges out there to fund the infrastructure that South Australians need.

I can actually say with some degree of pride that I am aware now that during the period from 1997-98 through to the 2001-02 financial year, after the Liberal Party had had the opportunity to consolidate certain things, to actually project its vision of what the state needed and to actually start funding some projects, an average of \$771 million was spent on infrastructure each year during that period.

I think that it is important to look at that as a percentage of the state budget revenue because that is the true reflection of the government's commitment to infrastructure spending: in 1997-98 it was at 11.5 per cent, with \$807 million being spent; in 1998-99 it was 10.3 per cent, with \$751 million being spent; in 1999-2000, it was 11 per cent, with \$838 million being spent; in 2000-01, it was 8.8 per cent, with \$716 million spent; and in 2001-02 it was 8.7 per cent, with \$741 million being spent. Again, I point out that an average of \$771 million a year (amounting to an average of 10.1 per cent of the state budget) was spent over that five-year period.

Since the Labor government came into power, we have seen some interesting figures too. In 2002-03, it was \$703 million, or 7.5 per cent; in 2003-04, it was \$849 million, or 8.5 per cent; in 2004-05, we have an estimated figure of \$975 million, or 9.2 per cent; and in 2005-06, again, an estimated figure of \$914 million or 8.1 per cent. We have seen some significant jumps in the last two years: there is no doubt about that. In 2006-07, it was an estimated figure of \$1.169 billion, or 10 per cent; and in 2007-08, \$1.482 billion, or 12.2 per cent.

We argue that, especially in the last two financial years, a lot of that money that has gone towards infrastructure is not actually capital spending: it is maintenance work. I think that \$150 million spent on re-sleepering a railway line is actually a maintenance project, but the Minister for Transport says that it is actually capital works. Even if we are generous enough to include that, the average spent is \$1.015 billion for each of those six years, but if you relate it back to a percentage of the total state budget revenue, it is actually 9.3 per cent.

Rather than being told that South Australia under a Liberal government did not have enough money spent on capital works and infrastructure, we actually find out the truth: if we actually compare like periods, we find that over a six-year period the Liberal Party spent 10.1 per cent of state budget total revenue,

whereas the Labor Party spent 9.3 per cent. That is something that the people of South Australia need to understand. In difficult times, the Liberal Party still managed to contribute an enormous amount of money (both in dollar terms and as a percentage of its budget) to capital works. Labor is not doing quite as well. Even then, we actually managed to control spending on projects. We know that the Northern Expressway was originally costed at \$300 million, and then it was out to \$550 million; and now, with further proposals contemplated, it could be another \$1 billion on top of that.

I want to speak about some of the major projects that have occurred in South Australia. We have the \$1.7 billion proposal for a new hospital, which we know will not be completed for 10 years and which, interestingly, is to be funded via a 30-year lease. We do not know what the cost of that lease will be. We do not know what the comparative cost would have been for government itself to borrow the money and build the hospital as a project. I would have thought that, if you did your homework properly, you would actually have those figures. Indeed in a briefing provided to the opposition which quite a few members on this side attended with some of our staff and at which the Under-Treasurer and others were also present, we asked that specific question.

We asked, 'What are the comparators? Where is the information that proves that the public-private partnership option works in the case of the Marjorie Jackson-Nelson Hospital?' We were given an answer that did not really reassure me that the necessary work had actually been done. I support the principle of public-private partnerships, but I do so on the basis that I want to see the comparators between PPPs and the total cost over the life of a project, compared to the 'government-owned and built' cost. That is what we have not seen. We will keep asking questions on this side of the house because we want to know. With the Marjorie Jackson-Nelson Hospital being, I believe, the largest public-private partnership project to occur in the nation, as it is proposed, it is important that these questions are asked.

We have made some observations over the last couple of years that the government talks a lot but never actually builds many things. The Techport Australia Common User Facility was costed at \$226.5 million in 2006-07, but we know that it has blown out to \$243 million. That is another \$16 million that the South Australian taxpayer will have to find from somewhere. I want to talk about some other privatisation projects, and it is interesting that the Premier signed this 'No privatisation' decree immediately after the election and, all of a sudden, we find out that there are a few projects happening. The super schools program is privatisation. The intention to build gaols and to replace James Nash House at Murray Bridge is also privatisation. I think, though, from what I understand, these facilities, especially the gaol, will be near capacity as soon as they are occupied, so that is a challenge for the state.

The South Australian rail system, the only diesel rail fleet in the country, has not been upgraded. The government has, though, committed funding for the maintenance of track to replace ageing sleepers with concrete sleepers on the Belair and Noarlunga lines and I think that is the cost that was included in the capital infrastructure project. Again, we reinforce the fact that it is maintenance, not capital. Over the past three years, the Liberal Party has called for electrification of the rail system. All users of Adelaide public transport would know that the trains do not run on time and that there are problems with the track running speeds and breakdowns in signalling systems.

We know that the trams are causing people to faint, by the sound of it, from recent publicity. They are told to dress lightly, and it has been quite cold, between 17° and 18°, people are jumping on trams and they are still fainting—let alone what it was like during the hot weather in March. It is a crazy system where a tram is purchased, not necessarily because it is the best one, but because it is the one that can be delivered on time, to meet a budget and election promise, but is it truly the one that South Australia needs to go forward over the next 20 years? Is it going to deliver everything that people who use public transport in Adelaide will require? I think we can ask a few questions about that.

We have had some questions in the house today about the Port River bridges and the work that is occurring down there. We know that the opening bridges will be an extra cost of \$100 million over the life of the project. We believe that a lot of wrong priorities are in place: the tramline extension was a \$31 million project; and we questioned some of the Thinkers in Residence program, which was \$1.4 million over three years. There are many clever people in South Australia too who could contribute to what South Australians need. Let us ensure we use the intellect that exists in our state.

We know that in relation to public servants, the blow-out by a fraction over 10,000 full-time people equates to \$2.6 billion over four years. We know that, among ministerial staff, spin doctor numbers have increased by something like 84, which amounts to \$6.3 million per annum or \$25 million over four years. It is hard to imagine that the constant need to deliver a message requires the appointment of 84 people at a cost to South Australians of \$25 million.

Mr Kenyon interjecting:

Mr GRIFFITHS: Increased spin doctor numbers; spin doctors. We also have the additional cost of the Independent ministers' offices, that is \$2.5 million a year or \$10 million over a four-year period. For stages 2 and 3 of the Queen Elizabeth Hospital redevelopment, the cost has blown out from \$60 million to \$317 million and the project is now delayed until 2011, so that is an additional \$257 million. The Northern Expressway, as I mentioned before, was originally costed but we have been told that there were scoping problems, and that has gone from \$300 million up to \$550 million. For the South Road projects, the cost of the Port Road/Grange Road tunnel has increased from \$122 million to \$245 million. That estimated figure was provided to me, so we can look at that. The Anzac Highway underpass has increased from \$65 million to \$118 million.

An honourable member interjecting:

Mr GRIFFITHS: True. The Bakewell Bridge underpass increased in cost from \$30 million to \$41 million and the Techport Australia Common User Facility, as I mentioned before, has increased from \$226.5 million to \$243 million. If we look at the total cost over a four-year period for these things, which we think are either blow-outs or wrong priorities, it is only a fraction under \$3.5 billion.

I will focus for a little while on SA Water's contributions to government and capital works, which is a passionate issue for me. As a person from the regions who would love to see his regional communities grow but who knows they are held up by a lack of an improved reticulated potable water supply, I am truly amazed at the money that comes out of the SA Water budget and goes into state coffers.

We know that, since 2002-03, the total stripped from SA Water customers and not made available for infrastructure spending is \$1.688 billion. In 2007-08, it was estimated that the dividends and payments to the government from SA Water would be \$275 million. Last year's Auditor-General's Report to the parliament highlighted that the Rann government is actually treating SA Water as its cash cow, even though during a period of drought and water restrictions, the state government's own water utility is being starved of money to carry out capital projects, and that is what needs to happen. I quote the Auditor-General's Report, as follows:

For the corporation to maintain or increase the level of capital expenditure, it will have to increase its level of borrowings. Put simply, the corporation's ability to generate cash from its operations is not sufficient to fund its payment commitments to the government and maintain its current level of capital works.

That is from the Auditor-General's Report for the period ending 30 June 2006.

It is interesting to look back to when the Rann Labor Government came into power in 2002-03 and to note that the level of dividend to parliament, or to the Treasury coffers, was \$165 million. In 2003-04, it was \$164 million and, in 2004-05, it was again \$165 million. Then there was a quantum leap forward, in 2005-

06, to \$217 million. It came back a bit, in 2006-07, to \$204 million and in 2007-08 it was \$189 million, but I reinforce the fact that, in that six-year period, the total contribution to government in dividends from SA Water was \$1.688 billion. Those figures certainly speak for themselves.

The government has milked SA Water, increasing its take from the corporation from \$206 million in 2001-02 to \$386 million in 2005-06 and then on to \$275 million in 2007-08. That is a 34 per cent increase since the last Liberal budget. SA Water's capital works spending on repairing pipes and building new infrastructure has changed from \$174 million in 2003-04 to an estimated \$235 million in 2007-08. However, of this, only \$12.1 million is actually for new works and that is for the Clayton water supply pipeline, the Morgan-Whyalla pipeline and the Virginia-Angle Vale reuse extension.

Another issue I want to focus on is the shared services reform. We have heard much in this place and there has been a lot in the media about shared services. Anyone who works within TAFE, health or the Department for Environment and Heritage has been concerned about their job, especially if they are defined as being a back office person and they work in accounts payable or receivable, payroll or human services-type functions.

We know that, especially for those in regional areas, it is anticipated that there will be 256 full-time equivalent positions cut. I know from my discussion with people who work within those departments and who live in the regional areas and are upset about this, that a lot of those jobs are part-time. They are not full-time. So 256 full-time equivalents probably relates to something like 500 people. If we look at the drought situation and the importance of a wage in a regional community, you cannot suddenly take up to 500 people out of the regions, because it is not just the financial implications but, importantly, it is also the social implications also.

These people do not want to leave. They want to keep their jobs and continue to work in areas that they love, and they want to continue in the jobs they are passionate about, but their opportunities are being taken away from them because the government is intent on trying to save money under shared services reforms.

Already we know that this program has been delayed, and we know that there have been problems associated with it. We know that the costs associated with creating shared services this financial year are actually more than the reduction in cost will be. There is money being expended to save money in the longer term, but you have to question the need for it. In this time of drought, especially in the regions, you have to try to put more people into regional areas, not take people from them.

But it is not just the regional areas that will suffer. Probably about 2,000 people working within suburban and CBD areas will be affected. They will all be told that if they want to keep their jobs not only do they run the risk of not having it any more but, if they do manage to keep it, suddenly they have to work out of a CBD location. These people want some surety.

In the final moments of my contribution I want to refer to some of the figures in the midyear budget review as at 31 December, produced by the Treasurer and published I think on 24 December. General government revenue for 2007-08 is above that forecast in the budget by a not insignificant amount, that is, \$252 million. Suddenly, the government has \$252 million extra to spend in this financial year.

From 2007-08 through to the 2010-11 forward estimate period, it is interesting that total general government revenue has been revised up, again by an enormous figure, that is, \$1.888 billion. Members should remember that the midyear budget review was as at the end of December and the budget was presented in the first week of June 2007. In that six month period not only was there going to be additional revenue of \$252 million in the current financial year but also, over the forward estimate period of four years, it is nearly \$1.9 billion.

Taxation revenues are also above those forecast in 2007-08, by \$173 million. From 2007-08 to 2010-11, total general government taxation revenues have been revised up by a total of \$638 million from the original preparation of the 2007-08 budget. That \$638 million comes out of the pockets of every person who lives in South Australia and spends money and owns a home here. These people are screaming for more assistance. General government expenses are also above those forecast in the 2007-08 budget by, again, another enormous amount, that is, \$199 million.

So, not only has the income gone up by \$252 million, but expenditure has gone up by \$199 million in this financial year alone. From 2007-08 to 2010-11 total government expenses have been revised up by a total of \$1.473 billion. Again, during the six month period between the preparation of the budget and the adoption of the midyear budget review of the forward estimate period, we are looking at an additional \$1.473 billion extra being spent.

Employee expenses are also interesting, and I believe it is something like \$5 billion per year. For those forecast in 2007-08 to the midyear budget review figure it has gone up by \$75 million. Over the forward estimate period for 2008-09 to 2010-11, employee expenses have been revised up by a total of \$541 million from the 2007-08 budget.

You have to look at the fact that we know industrial action is being taken by doctors in the public health system and they want quite significant pay rises. We know that teachers are asking for pay rises as well, and TAFE employees are asking for pay rises. I know that late last year agreement was negotiated with the 4,200 police officers in South Australia for pay increases. There are a lot of demands out there.

Minister Michael Wright, in his negotiation, faces a lot of challenges, but forward estimates certainly indicate there is an enormous amount being spent on public sector employee expenses. If it is around \$5 billion now and it is going up by \$541 million, that is at least a 10 per cent increase.

Again, I want to enforce the fact that the budget does remain in deficit on two of the three of the normally accepted accounting measures. The Treasurer continually disputes this. He conveniently is using an accounting measure that proves he is in surplus. We remind him of the fact that when he was appointed Treasurer in 2002 he identified the system he wanted to use. Because circumstances changed and those figures no longer looked attractive to him, he suddenly changed his mind.

It is with a great deal of pride that we in opposition have decided that South Australia's tax system needs a bit of reform, and we have invited the South Australian public to contribute to that. The Treasurer has belittled our efforts and, after the announcement of our tax discussion paper about two weeks ago, he came out in the middle of the afternoon and said that the policies of the Liberal Party will bankrupt the state. He has conveniently forgotten that the discussion paper was not our policy but reflected the comments received from the 45 people who made submissions—the 45 people who have a deep interest in the state on behalf of the thousands of people who are worried about the taxation policy that exists. There is a lot of interesting comments in it. We look forward to 12 May when we have our tax summit in the House of Assembly chamber, and we are hopeful of having at least 100 people here who want to contribute to the tax debate in this state. Taxation debate will drive policy determinations: there is no doubt about that. There will be some things that come from that day that we will use and some that we will be unable to use. However, importantly, we are giving South Australians a voice, and that is what the parliament should be focused on.

Taxation creates the opportunity to provide services, and the Treasurer in answers about tax reform, after initially not only belittling us but also condemning our proposal, said that tax reform was not required. It was pretty interesting that, within about a week of that the 2020 Summit was held in Canberra and, suddenly, the Prime Minister is saying that a root and branch approach to tax reform, state and federal, is required.

We have asked the Treasurer questions about this, and he has recognised that, in some ways, the Prime Minister's comments were appropriate. He has gone on to defend himself by alluding to the issue of reform on taxation transfers between the state and the feds. However, it is important that South Australians have their say, and we think that 12 May will provide that opportunity. We think it is important. We know that people will access it and we look forward to the debate. It is interesting because \$2.3 billion is a significant amount. It is a percentage of the state budget which we do not necessarily have a chance to review but we must approve that expenditure.

We want South Australia to move forward, too. South Australia deserves to ensure that the level of taxes that are raised in this state provide the level of services and infrastructure that it requires. The last six years have proven that that is not the case. The last six years have proven that a party is in power that cannot manage itself. The last six years have proven that a party is in power that cannot ensure control of its expenditure or, indeed, the number of people it employs. The last six years have proven to many South Australians that, upon reflection, they probably made a poor choice with respect to whom they voted for in 2002 and 2006.

We hope that from 2010 members on this side of the house transfer their seating arrangements to the other side of the house and that we have the opportunity to make sure that the future of this state is bright. Budgets will be an enormous challenge, there is no doubt about that. The pressing need for infrastructure and services will challenge anyone in government. However, we believe that we have the skills. We certainly have the endeavour.

While I have varied somewhat from the Supply Bill and the debate on the \$2.3 billion, it has been a great opportunity to reflect upon the mistakes this government has made over the last six years and to comment on where opportunities will lie to enable members on this side of the house from 2010 when we have control of the Treasury books to make a difference to this state.