

## BUDGET SPEECH 2001-2002

**DELIVERED ON 31 MAY 2001, ON THE SECOND READING OF THE APPROPRIATION BILL 2001, BY THE HONOURABLE ROB LUCAS MLC, TREASURER OF SOUTH AUSTRALIA.**

Mr Speaker

Today heralds a new chapter in the budget management of this State. Today we are turning the page.

The first chapter was one of repair—Budget repair—after the Labor Government left us with a State in fiscal trauma, the work done in those early years following the State Bank and SGIC disasters was essentially ambulance work, patching the fiscal wounds of the past.

The second chapter could best be described as Restructure. With the fiscal wounds bandaged, it was time to take the hard decisions and set about building a sound platform for the future of South Australia. Such a platform required budget discipline and a new direction in business risk management.

Mr Speaker, we have delivered such a platform: budget discipline, incorporating balanced budgets, significant reductions in our debt levels, and unprecedented reforms in the ownership, management and regulation of government businesses. This discipline now provides a solid basis for the next chapter in the budget management of this State—Reinvestment in our future.

Such discipline does not come without effort. Turning the page on the chapters of repair and restructure, this budget reinvests in the future of our State through improved community services and infrastructure.

Last year the Government outlined a significant reduction in the Emergency Services Levy and the employment of 113 extra police and 27 staff as the first tangible signs of budget flexibility.

This budget continues that reinvestment with:

- an Older South Australians Package with increased concessions and targeted service improvements
- a comprehensive Jobs Package including the largest ever payroll tax cuts in our history
- increased spending on health, more police officers and new programs in education.

Mr Speaker, before outlining the details of the Government's reinvestment program it is important to summarise briefly the Government's record and in particular its record as measured against the four-year financial plan laid down in the 1998-99 Budget.

In today's dollars the Government inherited a net debt level of just over \$10 billion in 1993-94 and that has now been reduced to about \$3.3 billion. As a direct consequence of the sale/lease of our electricity assets, \$4.9 billion of the proceeds have been directed to reducing our net debt.

While total public sector net debt is now \$3.3 billion it is important to note that when the debt of commercial agencies like SA Water and others are excluded the general government sector net debt is now only \$1.2 billion.

Reductions in debt levels as a result of the ETSA sale/lease, mean government interest costs will be reduced by \$279 million in 2001-02.

Government savings on interest costs each year will obviously depend on the average level of interest rates in that year. This means that if interest rates return to the actual levels in 1989 of 15.2% the interest savings as a result of the ETSA proceeds would be \$745 million. Similarly if interest rates returned to 1994 levels of 9.03% the interest savings would be \$442 million.

The Government's record of fiscal repair also shows that unfunded superannuation liabilities have been reduced from the peak of \$4.3 billion in 1993 to now just \$3.3 billion. The annual budget deficit the Government inherited of over \$300 million has now been removed and we have produced a small surplus of just \$3 million this year and there will also be balanced budgets for next year and the forward estimates.

Finally the Government inherited an unfunded WorkCover liability which peaked at \$275 million in 1995 and this has now been reduced to just \$22 million.

So Mr Speaker the Government's record of fiscal repair shows significant improvement in all areas including net debt, unfunded superannuation liabilities, unfunded WorkCover liabilities and the annual budget balance.

This restructure of the State's financial position has created significant flexibility and thus opportunity.

This is an opportunity that must be seized not squandered.

One of the important features of the Government's budget strategy has been that the forward estimates continue to provide a structured avenue for meeting unexpected cost pressures and new policy initiatives approved by Cabinet. This budget continues that sensible planning parameter and the Government will announce further policy decisions over the next 12 months.

Mr Speaker, salaries and wages and associated payments are the largest single outlay for the Government and are expected to be around \$3.8 billion next year.

The 2001-02 Budget includes funding provisions for new enterprise agreements established during 2000-01 for teachers, medical officers and nurses. Similar provisions are in place to allow for increases in police salaries. These provisions allow for modest wage increases without impacting adversely on the level or quality of services available to the community.

Any significant unbudgeted movement in these costs will have major impacts on service delivery or funding requirements.

This policy of providing for reasonable wage increases has been the subject of attacks in the past and some have claimed it to be a recipe for a wages blow-out.

The Government is pleased to once again advise that wages outcomes have been managed in a way that has prevented such blow-outs. The success of our prudent, common sense

management of public sector wages is evidenced by ABS data showing that public sector earnings between August 1994 and February 2001 grew at an annual average of 4.7%. This was the most moderate of all the mainland States and below Victoria's increase of 5.3% and 5.0% in New South Wales.

In addition, public sector wages growth in South Australia since November 1997 has been 17.9% just below the comparative private sector wage growth figures of 18.9%.

Along with the significant results that flow to the budget through the restructuring of financial arrangements at the macro level through asset sales, and fiscal responsibility, significant benefits also flow through efficiency reforms.

There is always scope for improvement through the elimination of duplication, improvement in processes and reduction in over-expenditure and waste.

By targeting these areas we have the opportunity to create capacity within the budget to pursue new initiatives and meet cost pressures.

The Government can not afford to ignore these opportunities.

Last year, the Government set a target of reducing total public sector expenditure on consultants by at least \$40 million over two years. To achieve this, non-commercial agencies were set a target of achieving a 20% reduction in consultancy expenditures over two years to help fund new initiatives.

This 20% reduction is on target. The \$40 million reduction is also on target and should see consultancy costs decline from about \$105 million in 1999-2000 to below \$65 million next year.

Mr Speaker, in this budget the Government has adopted two additional strategies designed to free up an additional \$20 million, which will be retained by agencies and used to directly support the provision of additional services to the South Australian public.

Agencies will be required to adopt a targeted reduction of 5% in the number of administrative executive positions in portfolios. This strategy will provide for an effective transfer of resources away from red tape and back to the provision of services at a grass roots level. More indians and less chiefs.

In addition, in order to satisfy funding for new initiatives and emerging cost pressures on the provision of essential public services, agencies will be required to identify an additional 1% efficiency measure across all non-salary costs (excluding Commonwealth funded programs).

As an additional incentive to rejuvenate and restructure the service delivery capacity of the public sector, portfolios will have access to an Enhanced Targeted Voluntary Separation Package scheme. This scheme has been designed to foster restructuring on the grounds of efficiency and to support the recruitment of graduate officers thus creating a public sector which is better equipped to meet the service delivery needs of the future.

Mr Speaker, once again this government is delivering a responsible financial blueprint for the coming year and the books are balanced over the forward estimates horizon.

We continue to live within our means.

## REVENUE

Mr Speaker, this budget contains no new taxes.

This budget contains no tax increases.

In fact this budget contains significant tax reductions.

Consistent with this Government's 1997 election commitment to ensure the State has a competitive tax regime for business and job creation, tax reductions are a feature of this budget.

With effect from 1 July 2001 the payroll tax rate will be cut from 6% to 5.75%. This cut will benefit thousands of South Australian businesses with payroll tax relief estimated to be \$22.5 million next year, increasing to \$28.6 million by 2004-05.

A further rate cut to 5.67% and an increase in the tax-free threshold from \$456 000 to \$504 000 will apply from 1 July 2002. This will be funded through a broadening of the payroll tax base to include the full grossed-up value of fringe benefits and 'eligible termination payments' similar to the action taken by Victoria to assist in funding its payroll tax reforms.

Small businesses will benefit from changes to stamp duty rules applying to about 5700 leases of land and property each year. From 1 January 2002, leases with annual payments below \$50 000 will be exempt from stamp duty. The benefit of this is twofold for tenants of small business premises: not only are they relieved from paying duty of up to \$500, they also benefit from the reduced tax administration costs related to lodging and stamping lease documents.

This budget provides measures to remedy anomalies in the land tax legislation relating to land occupied as the principal place of residence. From the 2001-02 assessment year, relief from land tax will be provided in circumstances where an owner-occupier incurs land tax for technical reasons that relate to the land tax status of the vendor or the timing of the transfer from one principal place of residence to another.

The budget also ensures that Emergency Services Levy rates on fixed property next year will be adjusted to keep Emergency Services Levy revenue collections at the same level as this year. The adjustments have been aimed at minimising impacts on individual properties.

Emergency Services Levy rates on mobile property are unchanged from 2000-01.

Consistent with the policy used over the last three years the Government has announced today a 3.1% increase in a range of government fees and charges. This established policy reflects the cost of delivering the services to the community.

In addition to these tax reductions, revenue decisions have been taken on SAFA and SAAMC dividends.

A review of SAFA capitalisation has revealed that it currently retains a higher level of capital than is prudently required for its ongoing operation. The level of capital held by SAFA will be reduced to \$75 million which will then be consistent with equivalent interstate organisations giving a benefit to the budget of \$92 million over the forward estimates.

I am pleased to be able to report that South Australia remains the third lowest State for State taxation revenue per capita. In fact, South Australia's per capita tax levels are 25% below those for New South Wales.

## **EXPENDITURE**

Mr Speaker, I turn now to specific expenditure initiatives contained in this budget.

As I noted earlier in this Budget Speech, older South Australians are given special priority in this year's budget with additional funding of \$55 million over four years.

The Government will increase the maximum concessions on local government rates from \$150 to \$190 for pensioners, Centrelink customers and low income earners who own and live in their own homes.

The Government will also, for the first time, provide a maximum concession of \$100 on local government rates to self-funded retirees who hold a State Seniors Card. State Seniors Card holders already receive State concessions on the Emergency Services Levy and public transport fares. The Government will work with local government to ensure that the full benefits of these concessions are felt by those who receive the concessions. The total cost of these new concessions will be \$32.1 million over four years.

This budget ensures that the older and less fortunate members of our community are given assistance to allow them to remain in their own homes close to family, friends and the social networks they have developed.

State funding to the Home and Community Care Program will be increased by \$10.8 million over four years. Major recipients of HACC funding are the Royal District Nursing Services, Meals on Wheels and the Domiciliary Care Service.

Further funding of \$4 million over four years will be allocated to the 'Moving Ahead' project to provide post acute support to older people leaving hospitals. And older people in rural and regional communities will benefit from redevelopment and renovation of aged-care facilities at a cost of \$8 million.

Older South Australians will also benefit from the Government's decision to allocate an extra \$4 million over two years to reduce dental waiting lists by a subsidised treatment scheme through private dentists.

Health spending next year will be \$200 million higher than for this year as a clear sign of the priority placed on health spending. In fact health spending next year will actually be \$440 million higher than for 1997-98.

While demand for services in hospitals remains high, the Government has allocated an extra \$15 million this year for winter bed pressures and emergency department workloads in our public hospitals. Recent significant increases in private health insurance will be monitored to see whether they lead to lower demands on the public hospital system, providing the scope for improved service levels.

\$8 million over four years has been provided to implement the recommendation of the Mental Health Review while additional funding is also provided for diabetics, the clean needles

program, Gamblers Rehabilitation Fund, rural and remote patient transport, and the men's health screening and infection program.

In addition, through revised enterprise agreements, the Government has provided funding to support nurses and doctors working in the public health system. Almost \$200 million will be provided over the next three years for nurses, including 200 new nursing positions, and approximately \$110 million for doctors.

A \$248 million capital investment budget is directed at funding major capital works—redeveloping major hospitals and housing programs. Included in this figure is \$18.6 million over two years for hospital redevelopment and associated aged-care beds in a number of country hospitals and \$14.5 million over three years for new and more accessible mental health facilities at metropolitan hospitals.

Mr Speaker, a central focus for this budget is a comprehensive Jobs Package which will help generate more jobs by fostering a stronger economy.

The foundation to the Jobs Package is obviously the \$25.5 million cuts to payroll tax and stamp duty for small business outlined earlier. As from 1 July this year, business also will be assisted by the abolition of financial institutions duty and share duty on transfers of quoted marketable securities. Further cuts to WorkCover levies (in addition to this year's cut) will provide a benefit to employers of \$108 million in total.

In addition to these significant cuts in business costs the Jobs Package includes carefully targeted additional spending in key areas for jobs creation.

This Budget includes funding for the State's commitments under the Adelaide–Darwin rail link. This State will contribute \$176 million towards the total \$1.3 billion cost of this historic project over four years, with \$25 million to be paid in 2001-02.

This budget provides funding to lever off this important investment opportunity by developing a skilled and ready workforce in regional areas to contribute to the project.

Using the Adelaide–Darwin rail link as a basis, \$5.2 million will be spent over four years on the development of an Asian Gateway, including local participation and employment and training initiatives. This project ties the rail link with Asian export and business opportunities to provide a boost for employment and the State's economic development.

Funding in this budget and the forward estimates is also provided for key infrastructure projects such as the Adelaide Airport terminal development, the third river crossing at Gillman and the Industrial Park at Salisbury which is already attracting new businesses from the automotive and defence sectors.

The enormous recent growth in the aquaculture industry will be built on by an extra \$3.4 million over two years and an extra \$3.5 million over seven years on a new national aquaculture research centre which will attract up to \$40 million of research contributions.

Additional funding of \$6.7 million over four years will be directed to the successful State Food Plan initiatives which aim to triple the value of South Australia's food industry to \$15 billion by 2010.

Extra funding to Regional Development Boards will also promote strong job creation in our regional communities.

Bio Innovation SA has been allocated \$12.5 million over four years to maximise opportunities for South Australia in this key knowledge-based industry sector.

Recent successes in marketing South Australia as a prime tourist destination will be enhanced by a \$4.5 million funding boost over two years for international and interstate marketing campaigns. South Australians still spend \$926 million per year outside the State on holidays and the intrastate campaign will be targeted to encourage more of that money to be spent in South Australia.

After a review of the State's overseas trade offices the Government has allocated up to \$1.2 million next year for the establishment of a US Trade Office to especially target investment from leading food, information technology and electronics firms. To help fund this new office the Government has already decided to rationalise the existing Asian-based offices including the closure of one office.

Additional funding of \$29.5 million this year will ensure a continuation of recent successful investment attraction of companies such as Electrolux, BAE Systems, BHP, Compaq, Amcor, SAAB and others either moving to or expanding their operations in South Australia.

South Australia's small and smart IT companies will be supported by the operation of SA Bits which will also be able to take advantage of \$10 million of Commonwealth funding secured last year.

Additional funding in the forward estimates has been allocated to assist the State in matching funds made available from the Commonwealth Government's recently announced \$2.9 billion Innovation Action Plan.

The State's investment in mineral resources will be boosted by the injection of \$5 million over four years in the Mineral Resources Development Plan. This investment is targeted at quadrupling the value of minerals and petroleum products produced by the State by 2020 with a payback flowing to the community through increased royalty revenue.

The State Government has invested a further \$20 million next year in the South Australia Police budget as a part of our ongoing commitment to community security and law enforcement.

This budget will provide funding for an additional 90 police and, when added to last year's budget, will mean an additional 203 police and 27 staff in just two budgets.

The extra police will be dedicated specifically to target drug and drug-related crime, outlaw motorcycle gangs and particularly to target crime within local communities.

An extra \$8.5 million over four years will be used to upgrade the pilot 11444 call centre and \$9.6 million over three years will be spent on a new telephone and radio communication system for police and emergency services.

Mr Speaker, education spending next year will be \$280 million higher than spending in 1997-98 and it will also be \$105 million higher than last year's budget. Additional spending

on education has been approved through the last 12 months and these increases have been maintained in this year's budget.

It is important to note that South Australia's ageing population profile means that it is estimated there will be about 3100 fewer students in government schools next year compared to last year. So total education spending per student will obviously increase next year.

Mr Speaker, class sizes as measured by student teacher ratios in South Australia's primary and secondary schools continue to be smaller than the national average. Secondary school class sizes are the lowest of all States. This reflects our considerable investment in our State's future through education.

This investment will be supported further by the provision of \$16 million over four years for the new Active for Life strategy designed to increase students' physical activity and participation in sport.

Schools, preschools and TAFE campuses will benefit from a \$10 million school improvement program which will provide funding for external maintenance and painting of buildings and landscaping of outdoor areas.

Literacy outcomes will also be targeted as part of a \$5.6 million early intervention initiative, focusing on the need for stronger parental involvement in children's learning in early years.

As we start the new millennium it is essential that we equip our students for the significant economic challenge that will come from the need to master information technologies.

The Government's \$75 million computer scheme means we have reached our target of one computer for every five students—and over three years there will be another \$36 million for computers from Government, schools and parent contributions.

The Government has now committed another \$75 million over five years for the e-education program which will build on the success of the first five-year plan.

A number of significant school and TAFE redevelopments will be undertaken during 2001-02 with funding totalling \$98 million. This program of investment includes redevelopment of the Regency Institute costing \$15.7 million, and redevelopments at eight major schools costing a total of \$26.7 million.

Mr Speaker, in all other portfolio areas, there are many other new initiatives some of which I now list:

- \$100 million over seven years to fund the Save the Murray program
- \$7 million over four years to protect Adelaide coastline and beaches
- a \$500–700 rebate scheme for installing solar hot water systems
- unemployed people will be given a 50% concession for country bus travel
- \$6.65 million towards a new solar/gas power station and transmission grid being built in the Anangu Pitjantjatjara land
- \$55.6 million over four years for more overtaking lanes and the Safer Roads program
- \$19.5 million on more accessible and air-conditioned buses for public transport
- \$17 million over three years to improve community sporting and recreation infrastructure
- \$68.7 million over three years on wastewater treatment plants at Heathfield, Victor Harbor and Glenelg

- \$6.2 million over four years to start the Service SA initiative which will see a series of 'one-stop' government services shops introduced into rural and regional areas
- \$2 million to redevelop the Natural Sciences building at the SA Museum
- \$2.5 million over four years to continue a major domestic violence prevention program
- \$4.5 million to fund a number of pilot programs under the three-year Integrated Youth Strategy and the one-year Youth Employment Program
- \$4 million over four years to establish a permanent Office for Volunteers.

Mr Speaker, as you will note, this year's outline of new programs and initiatives is much more extensive than in previous years and further detail on other programs is provided in the budget papers.

## **ECONOMIC CONDITIONS**

Mr Speaker, the South Australian economy is expected to grow by around 2½% in 2001-02, with growth estimated to be 2¾% during 2000-01. This compares favourably with the expected growth in national GDP of 2% in 2000-01. Through the year South Australia recorded seasonally adjusted growth figures outperforming all other States. This prompted Access Economics to describe South Australia's recent record as the untold success story in Australia.

State growth continues to be underpinned by household consumption expenditure, and overseas merchandise exports.

South Australia's overseas exports of goods remained remarkably strong throughout the Asian crisis and continue to show robust trends into 2001. Exporters strengthened their ties with established markets such as the USA, UK and Middle East. The depreciation of the Australian dollar against the US dollar has fostered growth in exports by making local product more competitive. Overseas exports from South Australia grew 27% in the nine months to March 2001 compared to the nine months to March 2000. Our major contributors to growth in overseas exports continue to come from the automotive industry, wine, and metal and metal manufacturers.

Total Business Investment was the strongest component of growth in State Final Demand in 2000, growing by 7.1%. Private dwelling investment during 2000 grew by 4.1% down from 9.8% in the previous period reflecting the pull forward in anticipation of the GST. The recent easing of interest rates and the doubling of the first home owner's grant for new dwellings should assist a pick-up in dwelling investments in 2001.

Household consumption spending grew by a solid 3.9% in 2000, after growing more modestly in 1999.

Price growth in Adelaide was slightly below the national average this year and is forecast to rise in line with the national estimate of 2½% in 2001-02.

In line with the slowdown in the national economy, employment growth in South Australia is forecast to ease to ½% this year before rising to 1% next year. Despite recent falls in trend total employment, South Australia's trend unemployment rate was 7.2% in April 2001 and this compares favourably to 8% at the same time last year. Unemployment rates in the last six months have approached lows that were last experienced a decade ago.

Recent improvements in youth employment rates also reflect the success of government programs in this area.

South Australia continued the modest population growth experienced over recent years principally due to our ageing population profile.

Effects of interstate migration continue to be offset by overseas immigration and this budget continues the Government's commitment to the attraction and settlement of skilled migrants through the Immigration SA initiative.

## **COMMONWEALTH–STATE RELATIONS**

Mr Speaker, a new era in Commonwealth–State financial relations began on 1 July 2000, with GST revenues being paid to the States in lieu of financial assistance grants.

These funding arrangements are expected to make the States better off, in the medium to longer term, with GST revenues expected eventually to outstrip the projected revenues calculated on the old basis.

The Inter-Governmental Agreement guarantees that no State will be worse off under new funding arrangements by providing for budget balancing assistance over and above the funds received from the GST.

Most recent estimates suggest that South Australia can be expected to gain from tax reform from 2006-07 with budget balancing assistance continuing until 2005-06.

It remains the case that the tax reform package will deliver medium and longer term benefits to the State from the receipt of revenue from a genuine growth tax in the form of the GST. It remains critical to the State's future that there is not a roll-back of the GST by a future Commonwealth Government. Members need to be aware that roll-back means less money for schools, hospitals and police services in the States. If such a policy was to become a possibility then it will be critical to have strong bipartisan opposition to such a plan which could cost South Australia tens of millions of dollars in future budgets.

2001-02 heralds the introduction of further reforms resulting from the new funding arrangements, namely:

- the abolition of financial institutions duty
- the abolition of stamp duties on the transfer of listed marketable securities.

As the States continue to meet their commitments as part of national tax reform, it is important that the Commonwealth continues to meet its commitments on significant funding responsibilities that fall outside of the Inter-Governmental Agreement.

The Commonwealth uses a fiscal equalisation approach for the distribution of funds to the States. This approach is a key component of the Inter-Governmental Agreement.

Fiscal equalisation is based on Australia's commitment to ensuring that each State has the capacity to provide public services at a similar standard and level of efficiency to the other States for a similar revenue raising effort. It is an essential tool in ensuring equity between States regardless of economic, geographic or demographic circumstances. Reflecting South

Australia's circumstances, equalisation results in South Australia receiving 27% more than its simple per capita share of funding. This amounts to around \$480 million in 2001-02.

In recent times significant pressure has been placed on the Commonwealth to move away from this system of equity and fairness. If South Australia is to continue to provide high quality services without increases in State taxes and charges it is essential that the current system of equalisation is maintained.

One of the more significant achievements of this Government and the Premier in particular was the incorporation of this principle of fiscal equalisation into the Inter-Governmental Agreement which will now govern Commonwealth-State financial relations into the future.

## **REGIONAL SOUTH AUSTRALIA**

Mr Speaker, the expenditure and revenue initiatives outlined above and the budget strategies contained in this budget are designed to benefit all South Australians.

It is important to also highlight the significant contribution to the State economy that flows from our regions.

For example, the Murraylands region accounts for around 27% of South Australia's agricultural production, while the Northern and South East regions share the highest manufacturing turnover on a per capita basis in the State.

Mr Speaker, Cabinet has travelled to regional locations on a regular basis throughout the last three years to understand better the issues facing regional communities.

This Government strongly believes that rural and regional South Australia has a bright and optimistic future. This Government is committed to working in partnership with rural and regional people and their communities, businesses and other spheres of government to make our regions a better place to work and live.

Highlighting the importance of the regions and the Government's commitment to regional development, the Government has once again released its regional statement which identifies a range of new and ongoing initiatives.

## **COMMUNITY INFRASTRUCTURE**

The Government's Capital Investment Program for 2001-02 is \$1.035 billion. And while I have outlined some of the projects, the details are given in the Capital Investment Statement.

Mr Speaker, an important distinction with the Government's Capital Investment Program in this budget is that the Government has now pre-committed a three-year capital investment program rather than, substantially, just a one-year program.

While a modest contingency has been retained for emergencies, the pre-committed three-year program obviously places a much greater discipline on Governments promising new capital works projects. If Governments or Oppositions want to promise new projects at any time in the next three years then they will need to nominate which existing pre-committed project is to be excluded or raise additional revenue to fund it.

Mr Speaker, governments around the world including those of Britain, Victoria and New South Wales believe the private sector can play a significant role in providing infrastructure. The Government shares the view that by engaging the private sector, the Government is able to harness the respective skills and expertise of the public and private sectors to provide high quality and cost-effective services to meet the Government's social and economic priorities. The Government also believes that such a partnership has the potential to bring forward some capital projects and pay for them over a longer time period.

This Government is committed to pursuing realistic opportunities for public-private partnership through the Partnerships SA program.

The Partnerships SA program will not be simply an arrangement to gain access to private sector funding for infrastructure. The main benefit of successful partnership programs overseas has been a significant reduction in the total cost of delivering government services. In order to achieve such outcomes experience has shown that it is essential for the private sector to have a much greater role than just the financing of the project. The involvement of private sector capital also obviously reduces the calls on the budget for capital investment.

The development of Partnerships SA means that the public sector will be operating in a rapidly changing environment, which will require complex processes and innovative approaches by Government. With this in mind, the Government has established a separate unit within the Department of Treasury and Finance to undertake policy development and responsibility for assisting portfolios in developing public-private partnerships as a viable procurement alternative.

A number of significant projects are currently being considered as part of the Partnerships SA initiative, including:

- the upgrading of the Glenelg transport corridor and the procurement of new trams
- the development of a new State aquatic centre
- the development of a new Investigator Science and Technology Centre
- redevelopment of the Cavan Youth Training Centre
- a new regional hospital at Angaston and other hospital redevelopments
- new police stations in Mount Barker, Gawler, Victor Harbor, Port Adelaide and Port Lincoln
- a new women's prison.

With some of these projects (for example new State aquatic centre and Investigator Science and Technology Centre) the Government has decided that if the Partnerships SA model is not suitable then the Government will proceed with the project in the conventional publicly funded way with the bulk of the funding for each project not being expended until 2004 and onwards. For some projects there has been no Government decision taken yet about public funding in future three-year programs and the Government will consider those projects on a case by case basis.

## SUMMARY

Mr Speaker—three years ago in this House I highlighted that there were some people in the community, and in the Parliament, who believed in the magic pudding approach to managing the Budget.

They – oppose tax and revenue increases  
– oppose expenditure reductions, and  
– oppose asset sales.

However at the same time they support excessive wage demands from union leaders and still claim they can balance the budget and reduce the State's debt.

Sadly, the magic pudding club still exists today.

As we approach the end of this parliamentary term, the magic pudding believers will be required to explain how they believe this can all be done.

The community will look forward with much interest to that response.

Mr Speaker, this budget represents a responsible balance.

The balance is between the service provision improvements that the public expects after seven years of repair and restructure, and responsible investment in the future.

In this budget we continue to live within our means. We continue to pay our way in terms of superannuation and investment in the infrastructure necessary to provide continued high quality services in the future, as well as securing the future economic and environmental viability of the State.

The tough decisions of the past are starting to bear fruit.

However, we cannot afford to squander the opportunities the hard work has created. These gains could so easily be thrown away in just a few years of reckless spending.

This Government will continue to follow the economically responsible course, continue to make the tough decisions and continue to make a responsible investment in key areas like schools, hospitals and police to ensure a prosperous future for all South Australians.

I commend the Budget to the House.