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Title:
Statement - State finances

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The first survey of State finances by Mr. Pearson reveals an extraordinary view of the way in which State Budgets should be cast, it was claimed by the Leader of the Opposition, Mr. Dunstan, today.

Mr. Dunstan said: "No loan monies were used in the last three years to finance the ordinary running costs of State services. All loan monies were used for capital works." "Monies originally planned to be spent this year on the Chowilla Dam were used for other major capital works expenditure including, for instance, the Taillem Bend to Keith Pipeline." "The capital works charged by Labor to loan monies are exactly the same classes of capital works all other States pay for out of loan", said Mr. Dunstan.

According to Mr. Pearson, every Liberal State Treasurer in Australia is adopting improper uses of Loan monies. Mr. Pearson's whole statement revolves around his use of the word "proper". According to him, there are only certain capital works for which it is proper to use monies borrowed. For instance it is clear from his statement that he considers it proper to use monies borrowed to finance the building of Government hospitals, but that it is not proper to use these monies to subsidize hospital buildings such as those of St. Andrew's Hospital and that in the last three years we should not have spent Loan money on such things as hospital subsidies to St. Andrew's Hospital but we should have got that money from somewhere else. Where else it was to come from is not revealed because when the Labor Government took office as Mr. Pearson well knows, current expenditure was running at \$4M. a year above current recurring revenues. By saying that Loan monies should not have been used for the capital works which they were in this State in the last three years, Mr. Pearson is saying either that we should have reduced Government services or we should have imposed very heavy extra taxation. It is an inevitable conclusion from his statement that we should not have brought our spending on schools, hospitals, relief of the poor and the aged, up to something consistent with the level of spending in these areas in the other States.

Mr. Pearson must already have the submission to the Commonwealth for a change in the tax reimbursement formula, because he mentions that he is going to proceed with seeking more funds from the Commonwealth on this basis. That whole submission

shows (and I have a copy of it prepared by the Treasury Officers) that one of the difficulties South Australia is faced with is that the formula for receipt of monies from the Commonwealth, agreed to by the Playford Government, was on the basis of South Australia's spending much less than the other States in the realms of Education, Health and Hospitals, Law, Order and Public Safety, and Relief of the Aged and the Poor.

So much for Mr. Pearson's review of the past, but what does his statement augur for the future? - one of three courses : The first is that Government spending on State services, particularly on improvements in conditions of public servants, spending on Health and Hospitals and Relief of the Poor will have to be cut severely. The second is that Mr. Pearson proposes vast increases in taxation which will heavily adversely affect both business and employees and retard economic growth in South Australia. The third is that he proposes a deficit of phenomenal proportions. These are the only alternatives to budgeting in the way that other Liberal Treasurers have in Australia, particularly Mr. Askin and Mr. Chalk, and which we followed. " said Mr. Dunstan.

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Mr. Dunstan said: "No loan monies were used in the last three years to finance the ordinary running costs of State services. All loan monies were used for capital works." "Monies originally planned to be spent this year on the Chowilla Dam were used for other major capital works expenditure including, for instance, the Taillem Bend to Keith Pipeline." "The capital works charged by Labor to loan monies are exactly the same classes of capital works all other States pay for out of loan", said Mr. Dunstan.

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