



“As a state, getting back on track is not beyond us – South Australia needs to get its mojo back

BOB DAY IN MY VIEW

It wasn't that long ago that 20 of Australia's top 100 publicly listed companies had their head offices in Adelaide – Fauldings, Southcorp, Elders, Normandy Mining, Adelaide Bank, Adelaide Brighton, News Ltd, Standard Chartered Finance, to name just a few.

Today there are just two. From 20 to two in just over 20 years.

Our state is stagnating: “stranded in the slow lane” as Richard Blandy of Flinders University, calls it.

Our GDP growth rate is below the national average, business investment is falling, exports are weak, dwelling approvals have slumped, retail sales are stagnant and job ads are down.

Basically, SA is going broke because of bad management. It is a good state with a good product that has been badly managed.

Politicians are responsible for the management of the state. They are managers doing a job. If they're not good they should be sacked.

When things get out of balance then the answer lies not in what happens around you, but what happens within you.

You can't change the world but you can change yourself. You can get back on track. As a state, getting back on track is not beyond us. It will take courage, commitment and a change of direction.

First, you cannot spend your way out of financial trouble.

When a family, business or a government is in financial difficulty the only way out is to “shrink to viability” and build up from there.

The idea that higher taxes and more government spending is the best way to manage an economy is an idea that's failed everywhere it has been tried. It doesn't work.

SA is the highest taxing state in Australia. And it's not as if our taxes are put to good use.

The Government spends way too much of our taxes on itself.

Government spending on itself is sending the state broke.

SA deserves better.

On a remote dirt road in the northwest territories of Canada there is a large sign which reads, “Be careful which rut you choose – you'll be in it for the next 50 miles”. SA is in a rut and needs to get out. SA

has enormous potential in mining, food, tourism, wine, defence and international education.

SA has demonstrated more creativity and energy per square kilometre than almost anywhere in Australia – the world's best wine, the world's best wheat, the world's best tuna, sport, arts and music. We saw a whole page of world-beaters published following the launch of the state's new logo. It is also a state where older people are productive and leading positive lives well into their 70s and 80s.

SA was also once the home ownership capital of Australia. People who had missed out on home ownership due to the spiralling cost of housing in Sydney and Melbourne could come to Adelaide and be a part of the Great Australian Dream.

Not any more. The cost of housing in SA has doubled relative to incomes. Whereas once you could buy a basic house and land in

Adelaide on one income, it now requires two incomes.

As anyone in the real estate or housing industry will tell you, “entry level” housing is critical. If no one comes in at the bottom, no one can move up.

This distortion of the housing market has been a disaster for both homebuyers and the State Government's coffers. For example, housing construction attracts full GST – upwards of \$40,000 per house. So when housing starts to drop by 5000 a year the impact on the state budget is significant. I'm sure the State Government could do with an extra 5000 lots of \$40,000 (\$200 million), not to mention the people on the Housing Trust waiting lists looking for somewhere to live.

Our State Treasurer laments “falling GST and stamp duty revenues” but this has been the direct result of the State Government's own housing policies, in particular promoting urban densification

(squeezing more people into existing suburbs) over urban growth.

Whether it's traffic congestion, air pollution, the destruction of biodiversity or the unsustainable pressure on electricity, water, sewage, or stormwater infrastructure, urban consolidation has been a disaster.

For many people in SA life hasn't turned out the way they had hoped. Families, farmers, business owners, retirees, people on pensions and young people trying to get a start in life are finding the going tough.

At the time of Federation, SA led the constitutional debates and had an influential hand in shaping the Commonwealth of Australia. Back then there was no sense of inferiority like there is now.

For decades after Adelaide was Australia's No. 3 city. Adelaide was bigger and more prosperous than both Brisbane and Perth.

SA needs to get its mojo back.

– **Bob Day AO** is federal chairman of Family First

